

# Annual Report 2004



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Nicolas de Tavernost

# Message from the Chairman of the Management Board

## M6: an assertive multimedia Group

2004 was an important anniversary year for the M6 Group, as on 28 September 1994 shares of Métropole Télévision SA, the Group's parent company, began trading on the stock exchange. This historical moment enables us to assess the journey followed by M6 that has made it today a key player in the French audiovisual landscape. In one decade, the share price of Métropole Télévision SA has increased fourfold, as has its turnover, which amounted to M€ 1,192.8 in 2004. For that same year, the Group posted a net profit (group share) of M€ 138.7, making M6 one of the most profitable audiovisual groups in Europe. These few figures summarise the investment proposal made by M6 to its shareholders some 10 years ago: an audiovisual group in continuous profitable growth.

Despite the uncertainty of the markets and the inflexibility of major economic players, 2004

reflected this vision in full, with M6 Group realising another year of growth enabling it to post all time record profitability levels.

With an average 18.6% audience share and competition at its most intense level ever, M6 has confirmed for the 4<sup>th</sup> successive year its status as France's 2<sup>nd</sup> most popular TV network for housewives under 50 years old.

This 5% growth in the network's viewing audience size in one year reflects once again the relevance of the positioning of the network and the quality of its programming offering.

The new record audience levels registered in 2004 reflect a programme planning that is at the same time original, innovative and impressive. The programme line-up was restructured around weekly prime time shows, with a streng-

thening of offer in the areas of drama and documentaries, all the time ensuring a balance between the two main flagships of the network, notably in the area of news and new enterprises.

2004 was almost marked by an additional phase in the development of the network. M6 is focusing on a wider, more family oriented audience, thanks to a more diversified programme offer and unifying programmes.

These audience successes represent an increasingly high-return as an advertising medium: M6 consolidated its position as No 2 in the French advertising market.

Advertising revenues increased by 4.1% in 2004: the difficult 4th quarter environment, marked by impacts of the Bercy accords, should not detract from the excellent performances achieved in the 1<sup>st</sup> half of the year nor the appeal of the network that was able to largely benefit from the opening up of television advertising to the press sector.

M6 still benefits from significant growth drivers, in terms of both its tariffs and advertising slots fill rates.

Diversification operations crossed a new threshold of profitability in 2004. Despite a difficult economic and competitive environment in certain markets, notably the music and kiosk distribution markets, the commercial success and managing of activities on a margins basis have enabled M6 Interactions to again improve its profitability levels. M6 Web, supported by the power of its programming and the appeal of the

**M6 is focusing on a wider, more family oriented audience, thanks to a more diversified programme offering and unifying programmes.**

network, generated significant profitability. SND, for which 2004 marked a year of transition, pursued its strategy of 'full rights' acquisition, benefiting from more favourable prospects for 2005. Finally, important work was realised concerning the French Ligue 1 Football Club Girondins de Bordeaux, in order to ensure its rapid return to financial profitability.

Pursuing its diversification strategy which has made it a true multimedia group, in February 2005 M6 concluded a major mobile phone licensing agreement with Orange, in continuity with the development around the network, its brand and its programming, at the same time constituting a new phase in its relations with its public, in the broadcasting of its content and in the control of its distribution networks.

Digital TV operations, which encompass the group's thematic channels and the TPS Satellite offering, pursued its dynamic growth.

The portfolio of thematic channels, completed at the beginning of the year by the acquisition of Paris Première, whose integration into the group was quickly and successfully undertaken while safeguarding for the long term its editorial project, has seen its contribution to Group results increase sharply, under the effect of a progression of advertising revenues and the pooling of resources. Audience performances by the thematic channels, and notably those of Paris Première and Téva, were confirmed by the latest MediaCabSat TV ratings.

For TPS, 2004 was the year of balanced growth, with total subscribers numbering nearly 1.7 million,

a good start-up of distribution by DSL and a maintained operating profit. TPS shareholders are committed to pursuing the profitable development of this platform, through an attractive programme offering.

With its balanced profile, competitiveness, reactivity, rigorous management and continuous progress involving all personnel, M6 Group has demonstrated in its 18 years of existence its capacity to build an effective growth model in an increasingly competitive environment.

With the dynamic support of a new group of individual and institutional shareholders from 2004, M6 Group intends to apply this winning model even more so, with its sights set on the arrival of Digital Terrestrial Television, the development of new transmission supports such mobile television and the opening up of the advertising market to distribution in 2007.

**Nicolas de Tavernost**

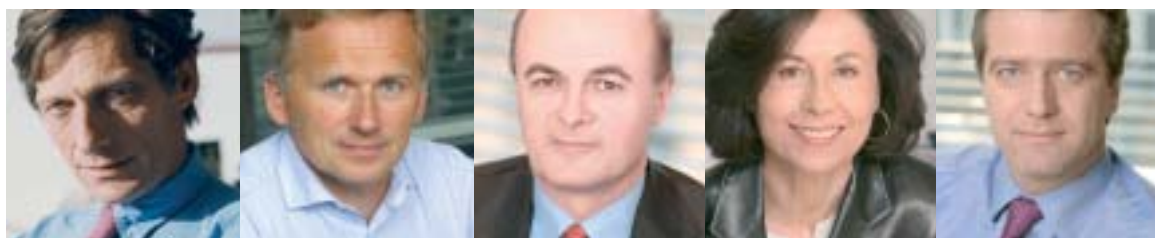


## M6 GROUP HISTORY: 10 KEY DATES

- **2004** - Suez disengages itself from the M6 Group, maintaining a 5% shareholding.
- **2002** - With the 2nd season of *Loft Story*, M6 sets an all time record prime time network viewing audience of 8.2 million.
- **2001** - Launch of *Loft Story*, 1<sup>st</sup> French venture into reality TV.
- **2000** - Record growth in advertising with an increase in advertising revenues in excess of 20%.
- **1999** - M6 takes over the Football Club, les Girondins de Bordeaux, with 66 % of the capital (increased to 100% in 2002).
- **1994** - M6 shares are launched on the Second Marché of the Paris Stock Exchange.
- **1992** - Creation of M6 Interactions, which commercialises derived products. M6 concludes its 1<sup>st</sup> profitable year of operation.
- **1989** - 1<sup>st</sup> local news station at Bordeaux, broadcast at 7:54 pm. The 1<sup>st</sup> of a long series of local news station opening at Grenoble, Lille, Lyon, Marseille, Montpellier, Nancy, Nantes, Nice, Rennes and Toulouse.
- **1987** - Métropole Télévision is granted the authorisation to exploit France's 6<sup>th</sup> analogue TV channel on 1 March. At 11:15 am, M6 broadcasts its 1<sup>st</sup> image.

# Corporate Governance

## Management Board



**Nicolas de Tavernost**

Chairman

**Thomas Valentin**

Vice-Chairman  
Head of  
programming

**Eric d'Hotelans**

Vice-Chairman  
Head of  
Administration

**Catherine Lenoble**

Head of  
Advertising

**Jean d'Arhuys**

Head of  
Digital TV  
Operations

## Supervisory Board

**Albert Frère,**

Chairman

**Gérard Worms,**

Deputy-Chairman

**Bernard Arnault**

**Vincent de Dorlodot**

**Axel Ganz**

**Jean-Charles de Keyser**

**Jean Laurent**

**Guy de Panafieu**

**Thomas Rabe**

**Remy Sautter**

**Yves-Thibault de Silguy**

**Gerhard Zeiler**

## Executive Committee

**Nicolas de Tavernost**

**Thomas Valentin**

**Eric d'Hotelans**

**Catherine Lenoble**

**Jean d'Arthuys**

**Philippe Bony**

Deputy Head of Programming

**Gilles Boyer**

Director of Institutional Relations

**Delphine Cazaux**

Director of Organisation and Human Resources

**Nicolas Coppermann**

Deputy Head of Programming

**Jérôme Dillard**

Director of Diversification operations

**Michelle Garrigues-Fredet**

Director of Information Systems

**Jean Golvan**

Director of Research and Marketing

**Jérôme Lefébure**

Director of Finance and Administration

**Nathalie-Camille Martin**

Director of Legal Affairs

**Nicolas Métro**

Managing Director of M6 Interactions

**Régis Ravanas**

Deputy Head of Programming

**Michel Rey**

Deputy Head of Administration and Secretary General

**Marc Roussel**

Director of Logistics and Technical Resources

# Group Structure and Management

## Free to Air TV

### ADVERTISING

#### M6 Publicité

Catherine Lenoble

### PRODUCTION RIGHTS NEGOTIATION

#### C. Productions

Frédéric Mercier

#### Métropole Production

Nicolas Coppermann

#### W9 Productions

Alexis de Gemini

#### Studio 89 Productions

Jérôme Fouqueray

#### M6 Droits audiovisuels

Thierry Desmichelle

#### TCM Droits audiovisuels

Anne Boudard

#### M6 Films

Philippe Bony

#### M6 Studio

Natalie Altmann

## Diversification

### HOME SHOPPING

#### Home shopping Service

Jérôme Dillard

### PUBLICATIONS, MUSIC, EVENTS, VIDEO & FILM DISTRIBUTION

#### M6 Interactions

Nicolas Métro

#### Société Nouvelle de Distribution – SND

Thierry Desmichelle

#### M6 Evénements

François Vincent

#### M6 Web

Xavier Marvaldi

### FOOTBALL

#### M6 Foot (F.C. Girondins de Bordeaux)

Jean-Louis Triaud /

Alain Deveseeler

## Digital TV

### M6 Thématique

Jean d'Arthuys

### Paris Première

Jean d'Arthuys

### Téva (51 %)

Catherine Comte

### W9

Pierre Robert

### M6 Music Hits/Black/Rock

Nicolas Gicquel

### Fun TV

Pierre Robert

### TF6 (50 %)

Frédéric de Vincelles /

Fabrice Bailly

### Série Club (50 %)

Frédéric de Vincelles /

Fabrice Bailly

### TPS (34 %)

Emmanuel Florent

# Shareholder's Notebook

## Stock Market Listing

### Company name:

Métropole Télévision SA

**ISIN code :** FR0000053225

**Reuters code:** MMTPPA

**Bloomberg code :** MMT:FP

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

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

**Date 1<sup>st</sup> listed:** 28 September 1994

**Differed Settlement Eligibility (SRD):** yes

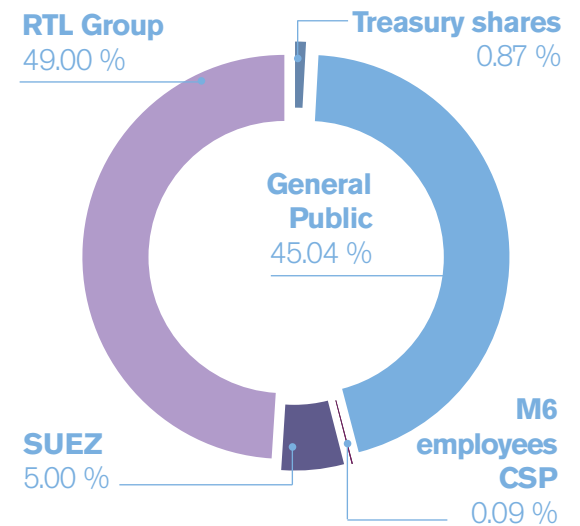
## Indices

The M6 share is a component of the SBF 80, SBF 120, SBF 250, EURONEXT 100 (from 1 July 2004), IT CAC 50 and IT CAC indices.

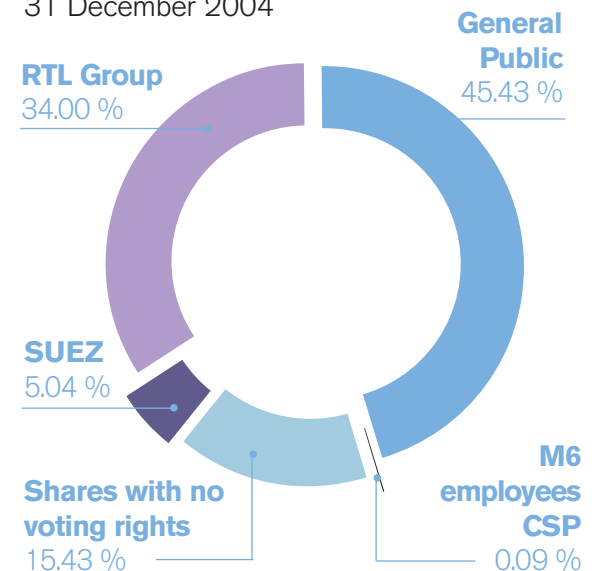
Since their creation on 1 January 2005, the M6 share is a component of the new **CAC Next 20** index, comprising the 20 shares eligible for inclusion in the CAC40, and the **CAC IT 20** index, comprising the 20 tech shares the most representative of the SBF 120.

The M6 share is also a component of **DJ Euro Stoxx Media** and **DJ Stoxx Media** sector indices, respectively grouping the 33 most important European media shares and the 60 most important global media shares.

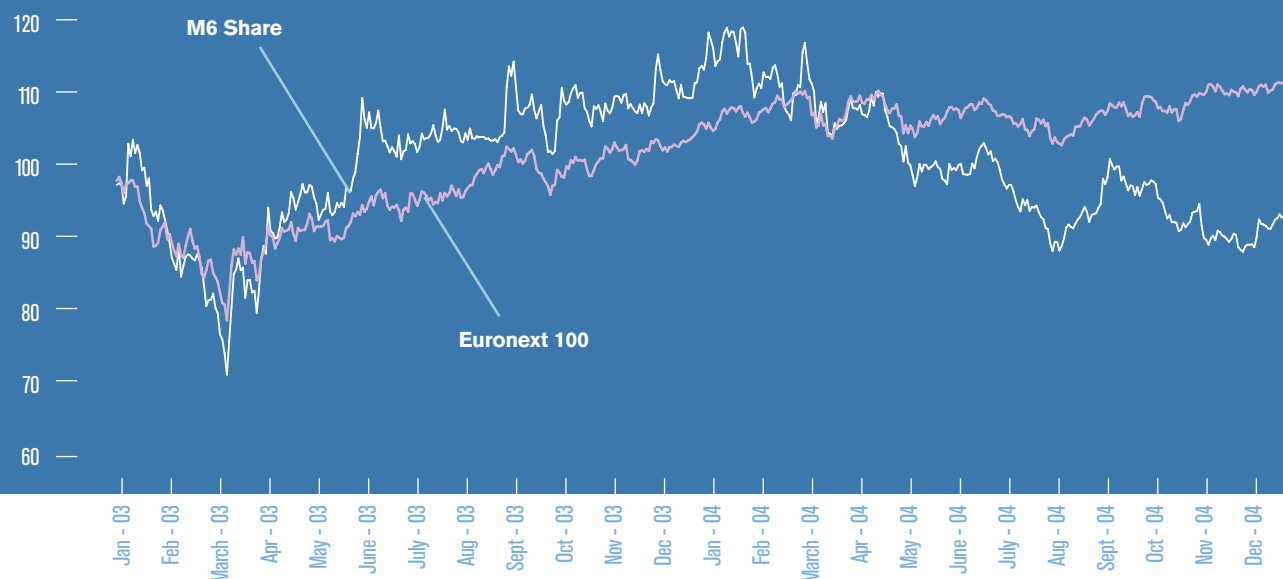
Share capital ownership at 31 December 2004  
(based on Euroclear bearer shares survey at year-end)



Voting rights ownership at 31 December 2004



Comparative change of the M6 stock and the Euronext100 index, since the 1<sup>st</sup> of January, 2003 (base 100)



### Year Stock Performance

(€)	1999*	2000	2001	2002	2003	2004
<b>Number of shares</b>	131,888,690	131,888,690	131,888,690	131,888,690	131,888,690	131,888,690
<b>Share price - high</b>	50.60	88.00	44.21	35.50	27.68	29.30
<b>Share price - low</b>	13.50	36.00	13.75	19.50	14.25	18.94
<b>Share price - closing</b>	49.20	39.95	32.00	20.89	26.02	20.90
<b>Stock market capitalisation at 31 Dec. (€ millions)</b>	6,489 M€	5,269 M€	4,220 M€	2,755 M€	3,431 M€	2,756 M€
<b>Average daily trading volume</b>	70,096	85,956	94,236	79,915	100,791	434,262

\* taking into account 10-for-1 stock split

### Dividend in Progression

(€)	2002	2003	2004*
<b>Cash dividend</b>	0.57	0.67	0.84
<b>Annual growth rate</b>	-	17.5 %	25.4 %
<b>Pay-out ratio</b>	67 %	67 %	80 %

\* Cash dividend proposed to General Meeting of shareholders of 28 April 2005

## SHAREHOLDERS' Agenda for 2005

Thursday, 28 April 2005  
Combined Meeting of Shareholders

Thursday, 28 April 2005  
Publication of 2005 1<sup>st</sup> Quarter sales

Tuesday, 3 May 2005  
Distribution of 2004 financial year cash dividend

Wednesday, 27 July 2005  
Publication of 2005 2<sup>nd</sup> Quarter Sales

Wednesday, 31 August 2005  
Publication of 2005 Interim results

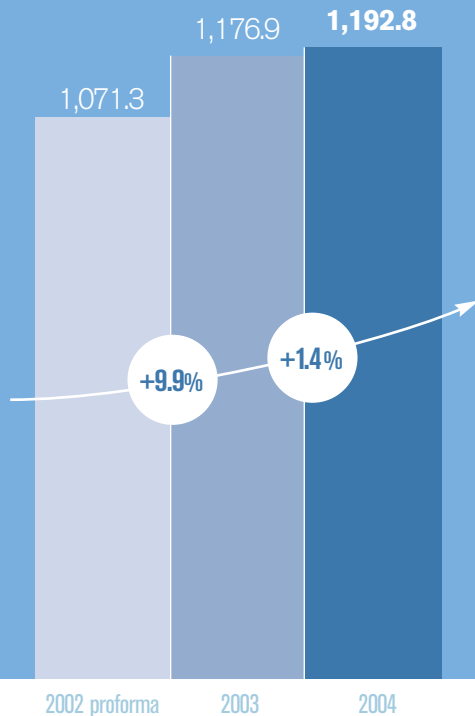
Thursday, 27 October 2005  
Publication of 2005 3<sup>rd</sup> Quarter sales

• M6 Group financial news may be accessed at: <http://www.m6finances.com>

• Investor Relations may be contacted at: [actionnaires@m6.fr](mailto:actionnaires@m6.fr)

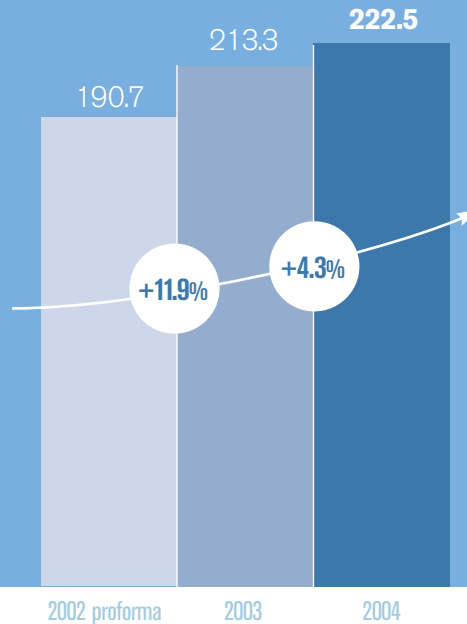


Consolidated turnover  
(in M€)



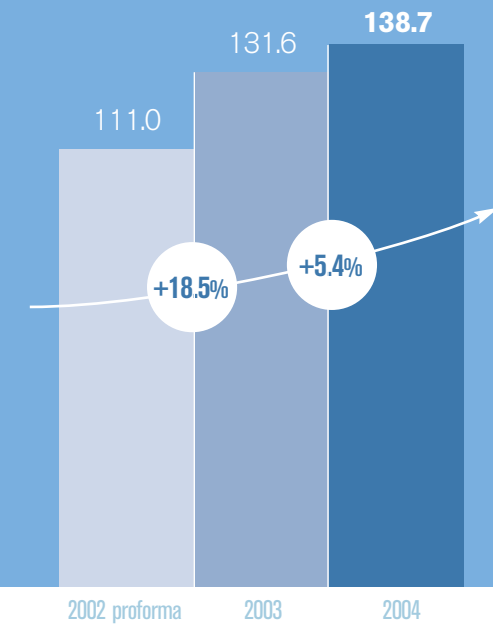
**M€ 1,192.8**  
in consolidated turnover

Consolidated operating profit  
(in M€)



**18.7 %**  
operating profit margin

Consolidated net profit  
(in M€)



**11.6 %**  
net profit margin

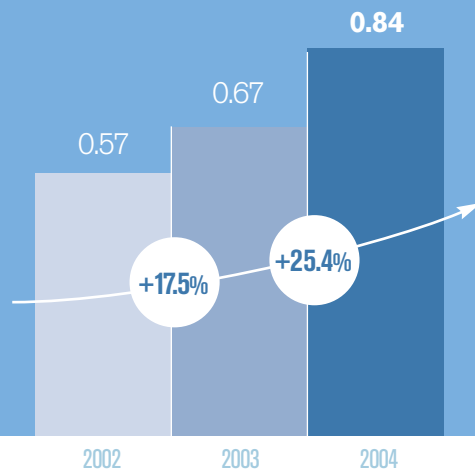
# Key Figures

## Financial structure (M€)

	2002	2003	2004
Equity	362.7	420.0	471.3
Net financial debt	90.5	46.0	10.3
Cash and marketable securities	259.5	253.6	231.5

## Dividend per share (in €)

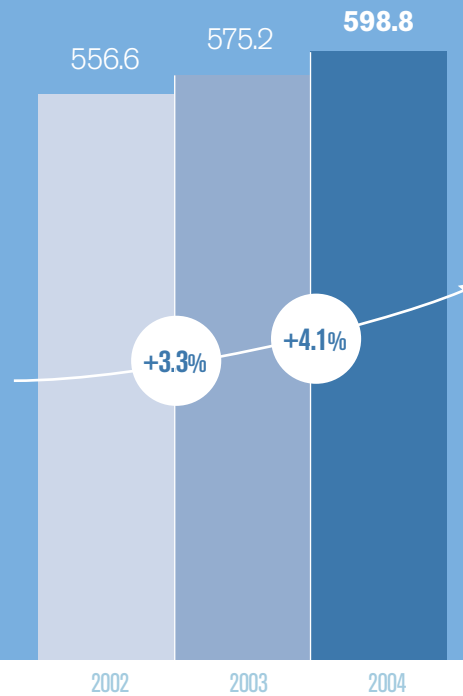
The 2004 dividend of 0.84€ will be submitted to the approval of the Annual General Meeting to be held on the 28<sup>th</sup> of April, 2005.



# + 25.4 %

growth of the dividend per share  
pay-out ratio of 80%

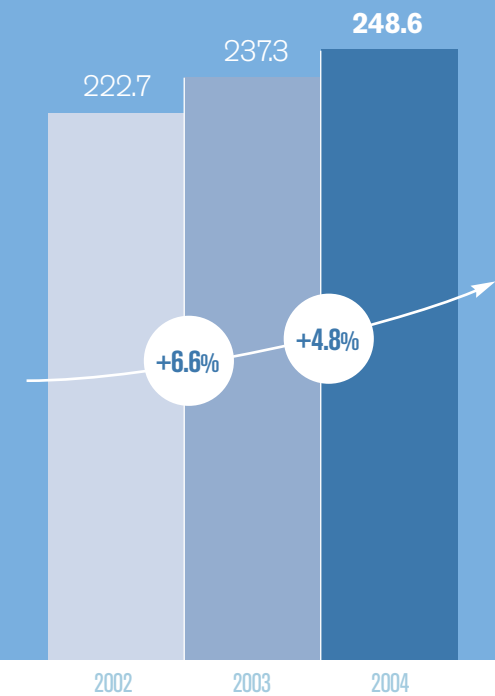
## Change in M6 advertising revenues (in M€)



# M€ 598.8

of consolidated advertising revenues

## Change in M6 programming costs (in M€)



# M€ 248.6

a controlled programming costs  
increase

## Breakdown of Group turnover by business segment





# The Year in Review

## 2004

### January

**1 January:** opening up of TV advertising to the press: *Bien dans ma vie*, 1<sup>st</sup> press title to be advertised on M6. The *éditions Michel Lafon* is the first advertiser of the year on Téva. Launch of *On a échangé nos mamans* produced by PAF Productions.  
**16 January:** M6 announces its decision to buy all shares in Paris Première from Suez.

### February

**3 February:** Suez disengages itself from the M6 Group, maintaining a 5% shareholding.  
**10 February:** first episode of the 3-part documentary series *Ma vie aux urgences*.  
**18 February:** launch of the Spanish series *Uno, dos, tres*, starring Monica Cruz.  
**23 February:** M6 implements the concept of public quiz shows with a special evening show produced by Starling: *Permis de conduire: le grand test*.

### March

**7 March:** launch of the new M6 co-produced French TV series *Léa Parker*, starring Sonia Rolland.  
**15 March:** TPS acquires the TV retransmission rights for France of the English Premier Football League.  
**16 March:** Home Shopping Service acquires in full the Canal Club company from Canal Satellite, a subsidiary of Canal +.

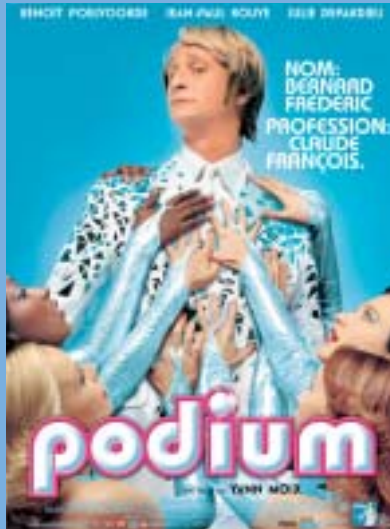
**17 March:** The M6 web cam inaugurates a new mode of interactivity between M6 and viewers, who can now see their videos on air.  
**29 March:** launch in Paris of the DSL option (TPS L) by TPS and France Télécom.

### April

**9 April:** M6 Web announces the first broadcast of a television channel on mobile phone via the Orange GPRS and UMTS networks, with the







transmission of the M6 show, *Les Colocataires*.

**23 April:** M6 commits itself with all analogue TV networks to devote 3 days of airtime to Sidaction: appeal for donations, reports,...

**29 April:** launch of the 24-7 home shopping channel M6 Boutique la Chaîne, which replaces Club Téléachat.

## May

**3 May:** launch of the *Le Chantier* show hosted by Véronique Mounier, who recently joined M6

**7 May:** M6 finalises the acquisition in full of the share capital of Paris Première, in which the Group already had a 10.6% shareholding.

## June

**3 June:** M6 realises for the first time a high definition broadcast: *Nouvelle Star*.

**9 June:** the *Fan 2* magazine, edited by M6 Éditions, receives an OJD star\* for the best progression in absolute sales value in the category of print magazines.

**30 June:** M6 Films co-productions (*Podium*, *Jeux d'enfants*, *Les 11 commandements*) win all of the NRJ Ciné Awards for French productions.

## July

**1 July:** M6 joins the Euronext index for the 100 highest capitalisation values of firms that are listed on the Paris, Amsterdam, Brussels and Lisbon Stock Exchanges.

## August

The single *Dragostea Din Tei* released by the Moldavian group O-Zone on 14 April in France becomes the summer's favourite song and top selling single for the year.

## September

**2 September:** *Le Pensionnat de Chavagnes* attracts 6.2 million viewers for its 1<sup>st</sup> episode. M6.fr proposes a new high definition video service.

## October

**13 October:** M6 signs an exclusive contract with UEFA to broadcast the next two finals (2005 and 2006) of the UEFA Cup as well as the Super Cup in 2005.

**14 October:** M6 parodies reality TV with *Gloire et Fortune, la grande imposture*.

## November

**1 November:** record audience for a film on M6 with *The Mask of Zorro* (7.5 million viewers).

## December

**10 December:** *Camera Café, ça va déchirer ce soir*, prime-time inspired by the famous cult mini-series starring Yvan Le Bolloc'h and Bruno Solo, attracts 5.5 million viewers.

## Beginning of 2005

## January

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

**7 January:** immediate success of the adventure of Cyril Lignac and his apprentice cooks in *Oui Chef!*

## February

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

**10 February:** M6 concludes a mobile phone agreement with Orange, notably regarding the launch of a new mobile telephone offer: *M6 Mobile by Orange*.

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



## March

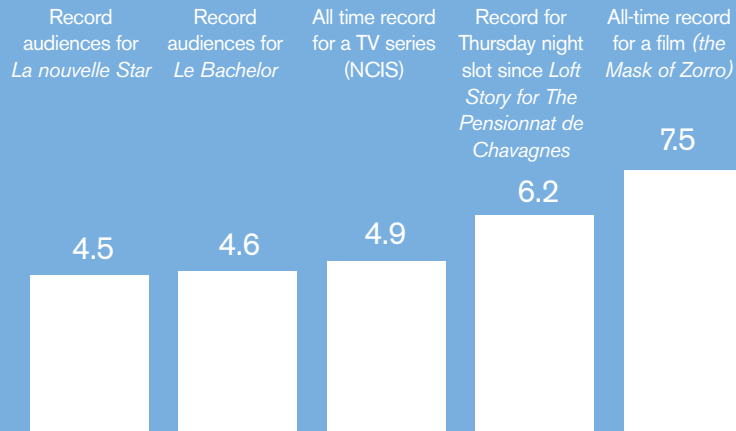
**11 March:** M6 applies for 3 new channels on free Digital Terrestrial TV (DTT): Téva, M6 Famille and M6 Boutique la Chaîne.

**31 March:** launch of free DTT, with notably the W9 station on channel 9.

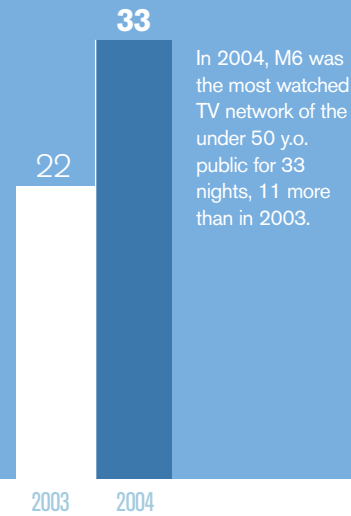




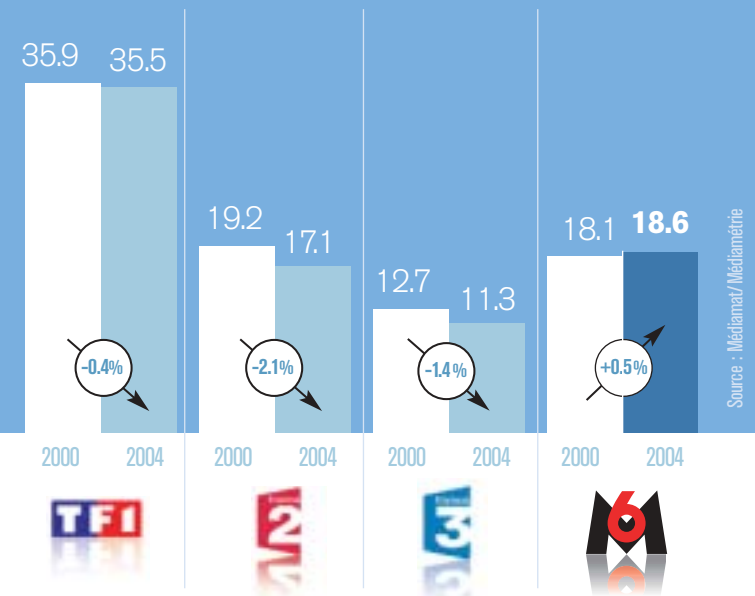
### New records set and increase in the audience size (in million TV viewers)



### Records in prime time



### Audience share in housewives under 50 y.o. (in %)



# Audiences

Audience ratings for 2004 consolidated M6's position as France's **2<sup>nd</sup> most watched generalist TV network** for a 4<sup>th</sup> consecutive year (under 50 year old housewives)

**Among the programmes aired by the network, the highest audiences were achieved by:**

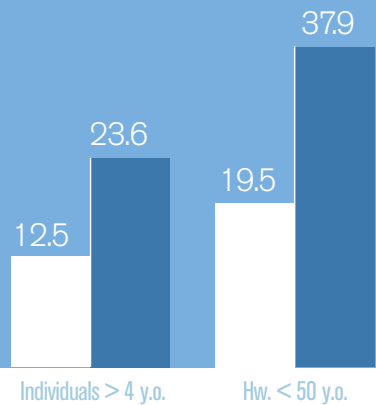
- **lifestyles magazines:** Tuesday nights viewing, such as *On a échangé nos mamans* (4.3 million viewers),
- **news magazines:** new documentary report *Ma vie aux urgences* (3.9 million viewers), or the success of established programmes such as *Zone Interdite* (5.4 million viewers), *Capital* (5.2 million viewers)...
- **docu-reality shows:** this variation of reality TV is attracting an ever increasing audience with programmes such as *Le pensionnat de Chavagnes* (6.2 million viewers),

- **entertainment:** first night broadcast of *Nouvelle star* (4.5 million viewers), *La saga des gaffes* (4.4 million viewers) and first evening broadcast of *Caméra Café* (5.3 million viewers),
- **French series and fictions:** M6 launched 15 new series including event series such as *Les 4400* (6.2 million viewers) or *NCIS* (4.9 million viewers), original and family oriented French dramas and comedies including *Trois pères à la maison* (4.3 million viewers), *Si j'étais elle* (4.9 million viewers)...
- **le cinéma :** the broadcast of blockbuster films such as *The Mask of Zorro* (7.5 million viewers), *Along came a Spider* (5.5 million viewers), or *Armageddon* (5.4 million viewers)...

## A start of the year 2005 marked by historical record (audience share in %)

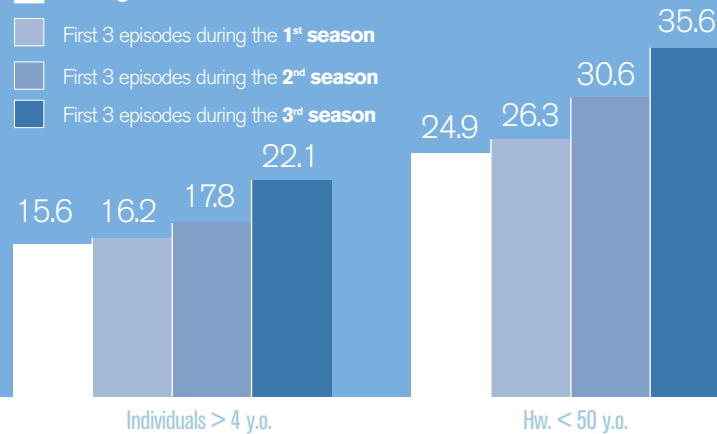
The 4400 - in prime-time

■ Average in 2003-04 ■ The 4400



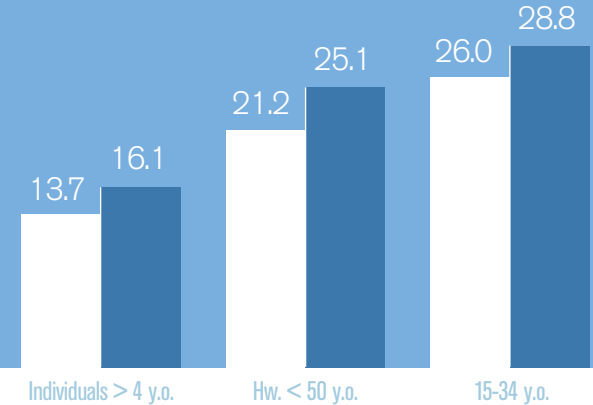
Nouvelle Star – 3rd season

■ Average in 2003-04  
 ■ First 3 episodes during the 1<sup>st</sup> season  
 ■ First 3 episodes during the 2<sup>nd</sup> season  
 ■ First 3 episodes during the 3<sup>rd</sup> season



Kaamelott

■ Average in January ■ Average in February



**Those strong increases in audience are linked to M6\* innovative programming strategy.**

• **20 new programmes** were created in numerous formats including for prime-time airing (*Le Pensionnat de Chavagnes, Ma vie aux Urgences, Jumeaux, L'expérience inédite*). This confirms the capacity of M6 to achieve its dual objective: **attract a large family oriented audience** while continuing to progress **with young viewers** for all types of programmes.

### A constant progression

In 2004, M6's audience share remained stable at 12.5 % for all individuals over the age of 4, and since 2000, **M6 is the only major generalist television network in France to record an increase** in one of the most important target audiences for advertisers: the under 50 year old housewives.

### New viewers

M6 is progressing with its traditional core target market - the under 35 year olds – while all the time maintaining a privileged relationship with the under 50 year old adult segment, which has grown up with it: 0.6 basis point increase with the under 35 year olds (19.9% for 2004 versus 19.3% for 2003).

### The 1<sup>st</sup> quarter of 2005

M6 posted in the month of February 2005 **its best monthly performance in nearly 3 years** (its previous best performance was in June 2002 when it was broadcasting *Loft Story*), reflected in average audience shares of 13.4% and 20.7% respectively for all individuals over the age of 4 and the under 50 year old housewives segment. In addition, for the first time since its creation, **M6 was ranked as the most watched television**

# 3h24'

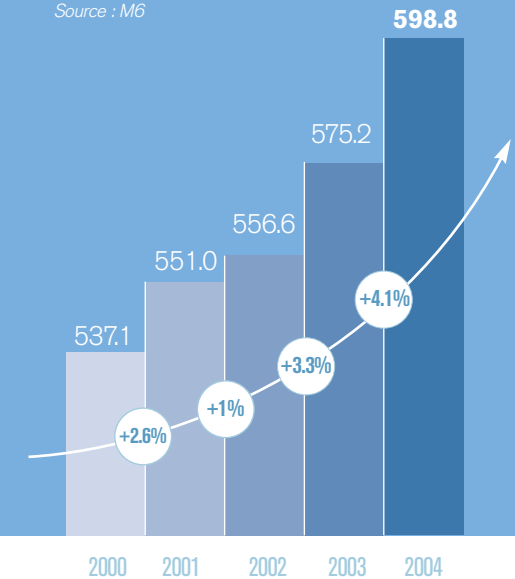
The average viewing time by French residents increased for an 8<sup>th</sup> successive year to reach a new record of 3 hours 24 minutes. On average, more than 45.7 million people watch television in France each day.

**network** in France for the week 7 to 13 February 2005 for under 50 year old housewives, with a market share of 26% between 8:55 pm and 10:40 pm. M6's viewing audience progressed by 500,000 in the first half of the night (attracting an average of 4 million viewers in February 2005 compared with an average of 3.5 million viewers in February 2004). The network continues to surprise, inform, make people laugh... in one word attract viewers: **4 times leader in prime-time** for the 2004-2005 season, compared to only once for the 2003-2004 season for all viewers, and 33 times for the under 50 year old housewives segment compared to only 22 times in 2003.



## Change in M6 net advertising revenues (in M€)

Source : M6



# Advertising

In an atypical advertising environment, M6 posted a new progression in advertising revenues in 2004.

In France in 2004, major medias' net expenditures increased by 4 % to M€ 9,820. Television was the second most popular media, garnering a 32.6 % share of advertiser expenditures for 2004, valued at M€ 3,204, while experiencing the greatest increase in net expenditures amongst all medias with a growth rate of 6.5 %.

The atypical advertising environment faced by M6 in the last quarter of 2004 arose from the Bercy accords (products sales price reductions between mass distributors and mass consumption products manufacturers),

\*source : IREP

**4.1 %**  
is the growth rate  
of M6 TV Network  
advertising  
revenues in 2004.

and their impact on advertising expenditures of advertisers, which **should not detract from the excellent commercial performances** achieved in the first half of the year, when revenues rose by 8.8 %.

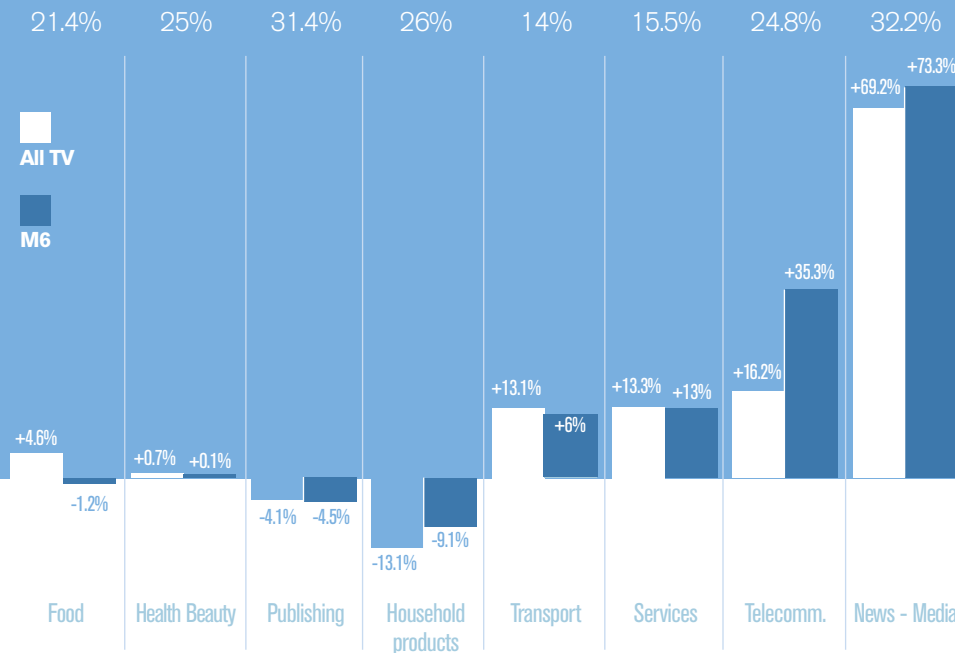
M6 maintained its ranking as the television network in France garnering the **2<sup>nd</sup> highest amount of advertising expenditures**, with a 22.1 % gross market share.

This commercial success reflects its ability to attract a large public through innovative and impressive programming.

### Change in 2004 among the 8 first TV advertising expenditures sectors

Source : TNS Mediamintelligence

M6 Market share by sector



The diversity of advertising credits of M6 reflects the major events and current developments of the network.



For sectors experiencing the most dynamic growth, namely Transportation, Services and Telecommunications, M6 recorded increases in advertising revenues of 6 %, 13 % and 35.3 % respectively.

2004 was marked by **the opening up of television advertising to the press sector:** gross expenditures by this sector amounted to M€ 74.9 on analogue channels, representing 1.4 % of TV advertising expenditures. M6 has successfully exploited this opportunity, garnering 27 % of these new expenditures.

Strengthened by its new audience successes that the network is experiencing since the beginning of 2005, M6 continues to record a growth in its market shares. M6 benefits from significant structural growth drivers, linked to available slot numbers, sector presence rate and favourable price differential. These elements enable the network to look forward with confidence to the next important phase, the opening up of television advertising to the mass distribution sector on 1 January 2007.

**27 %**  
is M6's market share for new advertising expenditure by the press sector.





# M6, a Responsible Group

Open to the world, M6 is committed to promoting the respect of identities and cultures. M6 affirms with solidarity dimension, through both its network activities and its involvement with charitable causes.



## M6 for all audiences

In order to improve the accessibility to programmes for people who are deaf or hard of hearing, television networks in France are required to sub-title a certain number of programme hours annually. M6, which has participated since 1998 in this **hearing deficiency accompaniment programme**, subtitled 694 hours in 2004, significantly exceeding the quota set by the Conseil Supérieur de l'Audiovisuel (CSA). M6 is also participating in the development of a common graphic chart on teletext.

In addition, in the area of viewer protection from unsuitable content, M6 was the **first French television network to broadcast**, from 7 October 1989, a four-colour **rating symbol system** serving to specify to what type of

audience the movies and made for TV movies are addressed. Presently, a committee of three mothers of families view, at our premises, all movies and made for TV movies as well as all TV series of which certain episodes may hurt the sensitivities of the youngest viewers. The conclusions of this committee result in a recommended symbol (general audience, under 10s, under 12s and under 16s) proposed to programming management. For movie theatre films, the CNC rating system is used as a reference, with M6, the party ultimately responsible for television broadcasting, reserving the right to increase the rating on any such films. M6 also reserves the right to censure any music clips judged to have an excessively violent theme. Finally, M6 ensures that its programming is **representative** of France's cultural and racial

diversity. At the *Écrans pâles* symposium in April 2004, M6 emphasised its commitment to diversity from 1988 with its airing of television series such as *The Cosby Show (My Wife & Kids in 2004)*, as well as the use of presenters such as Charly Nestor and Magloire, and envisages going even further by integrating more people from immigrant communities in its teams responsible for programming.

## A Social Agenda

In 2004, M6 **financially supported a number of charitable causes** offering 551 advertising spots (compared to 402 in 2003) to organisations and causes such as the French Red Cross, Secours Populaire, Road Safety and medical research amounting to M€ 5.4 in value. Clips for charitable causes are often realised by groups of singers (Restos du cœur, Asian



Tsunami relief... and are widely broadcast through all music mediums. M6 regularly airs free of charge, calls for donations for the benefit of Sidaction and humanitarian causes, and its commitment to helping the disadvantaged and dispossessed is further reflected, for example, by the transfer of *La Nouvelle Star* and *Tubissimo* voting proceeds to charitable organisations. On the field, M6 renews its partnerships annually (logistics, programming ...) with, amongst others, the Solidays concerts and Neck'airs (music theme parties for hospitalised sick children). Finally, as witnessed in the day following the recent catastrophe in South Asia, M6 has done all that is possible to ensure the best information for humanitarian projects.



## HUMAN RESOURCES

M6 Group's major strength resides in the know-how and dynamism of its people at work daily, who average less than 34 years of age.

The development of the different sectors of activity in 2004 enables the Group to increase its permanent workforce size by 6.3% to 1,223, of which 40% are directly employed by Métropole Télévision, with the remaining 60% employed in the Group's subsidiaries. Most of the new hiring concerned Free to Air TV. More than 60 tentative positions were converted into permanent full time jobs.

A particular effort is undertaken to welcome new employees, who benefit from integration seminars. Internal mobility is sustained by a strong training policy. Some 446 courses comprising 10,555 hours were held in 2004, focusing on perfecting job performance, or acquiring management skills and new

techniques. Finally, M6 opens its doors to hundreds of student trainees who initiate themselves in a wide range of areas, including production, communications and information systems. They represent a reservoir of future talent.

The Group is attentive to social advancements: profit sharing and Company Savings Plan contributions totalled M€ 6.3 million in 2004. 0.83% of payroll is dedicated to charitable causes, and in addition to the direct employment of disadvantaged employees, M6 has contracted out for many years now the performance of routine administrative tasks to specialised organisations.



# Free to Air TV



**51.4%**  
of M6 Group turnover  
is derived from its  
Free to Air TV operations







Thomas Valentin

# A Word from the Head of Programming

## How would you sum up the year 2004?

2004 was a good year for M6, which consolidated its position as France's 2nd national television network with a real progression in viewers less than 35 years of age (19.9% of audience share). We set ourselves as our objective the expansion of our target audience to the whole family, and the public has followed. Today, we attract young viewers as well as continuing to appeal to their parents who were twenty years old at the launch of M6.

## How would you define M6's editorial line?

M6 affirms its difference and originality through a singular editorial line that has M6 as a generalist TV network, but one apart from the others. Our identity is reflected in our promotion of inno-

vation and creativity, our bringing together of the best talent and our discovery of new ideas that correspond to the tastes of the public. Our commitment is to make M6 an increasingly generalist TV network with all types of programming in order to reach an ever increasing public. In 2004, we significantly enriched our programme line-up in the area of news magazines, society magazines and French drama.

M6's programme line-up is a combination of our flagship programmes (*Capital*, *Zone interdite*, *Turbo*, *E=M6*...) and innovative formats such as documentary series (*Ma vie aux urgences*) and docu-reality shows. The success of lifestyles magazines broadcast on Tuesday nights was confirmed during the course of this year.

As for French drama, we have resolutely enga-

ged ourselves with a new tone. These brand new series, including comedies, police dramas and reports, have been immediate hits: *Elodie Bradford*, *Jeff et Léo*, *flics et jumeaux*, *Trois pères à la maison*. Other series will be aired in 2005 including *Faites comme chez vous*. A dozen pilot series of 90 and 52 minutes in length are also in the making.

**As a pioneering TV network with Loft Story, how do you envisage the evolution of reality TV shows?**

In 2004, we evolved reality TV to docu-reality, with the creation of the TV event of the autumn season, *Le Pensionnat de Chavagnes*, which attracted on its very first episode 6.2 million viewers from all generations. The other docu-reality show, *Oui chef !*, which also touched the hearts of viewers, is based on a positive and constructive approach anchored in the trials and tribulations of real life. *On a échangé nos mamans*, *Super Nanny* and *Il faut que ça change* are also derived from the same concept: the raising and solving of everyday problems faced by the French.

**What importance do you wish to give sports at M6?**

The network wishes to give sports an increasingly important role. M6 notably signed an exclusive contract with UEFA to broadcast the next two finals (2005 and 2006) of the UEFA Cup as well as the Super Cup in 2005. And we shall participate in the competitive bidding

process for major sporting events.

**What are M6's ambitions in an ever more competitive world?**

M6 strengthened its position of challenger in 2004 by expanding its public and offering innovative programmes in sync with the expectations of television viewers. We are continually in search of new themes and the first months of 2005 have demonstrated that M6 has been able to pursue its innovation policy successfully. Independence, creativity and authenticity are our greatest strengths in the offering of quality content to an increasingly demanding public.

**Thomas Valentin**

Vice-Chairman of the Management Board  
Head of Programming








The two subsidiaries founded in 2002 yearly produce about a thousand hours of programmes.

# Internal Productions

Guarantors of the creativity of programmes and standard bearer of the M6 mission, internal production companies accompanied the Group's growth and development of successful programmes in 2004.

## An independence commitment

If in 1990 all of the programmes (with the exception of newscasts) were produced by external production companies, **the vast majority of day-time and prime-time programmes** are today produced by Métropole Production (*Turbo, Sport 6*), C. Productions (*Capital, Ma vie aux urgences*) or even, Studio 89 Productions (*C'est pas trop tôt*) and W9 Productions (*Bachelor*).

The creation of these subsidiaries reflects M6's wish to guarantee its autonomy relative to external companies, control the realisation of a project from casting and assure its broadcast on air.



Left, *C'est pas trop tôt*, a two-hour morning live entertainment programme produced by Studio 89.



## W9 Productions, Entertainment specialists

In 2004, W9 Productions produced **more than 30 prime-time** programmes including major variety shows presented by Laurent Boyer such as *les Grands Classements* and reality TV programmes: *Les Colocataires*, continuously broadcasted during ten weeks on cable and satellite, and *Bachelor, le gentleman célibataire*, which for its 2<sup>nd</sup> season, attracted on average 3.7 million viewers over 8 weeks. *Les Jumeaux: la nouvelle expérience* was the 50<sup>th</sup> prime time programme produced by W9 in two years. Broadcasted in December, it attracted 4.4 million viewers\*.

These performances have confirmed W9 Productions' place among the major producers of programmes, whether they be a one-off or limited series, of the French audiovisual landscape.



**3.7**  
million, that is the average number of viewers that followed the adventures of Steven each week, in *Le Bachelor* 2004.

## Studio 89 Productions Discovering talent

Studio 89 is the Group's most important production company with 854 hours of programmes broadcast in 2004. Its areas of expertise are **entertainment, games and infotainment magazines for M6 and the Group's digital channels**. Studio 89 is also characterised by the creativity of its teams and its committed policy of discovering new talent. In 2004, Studio 89 developed and produced seven new programmes serving to feed the daily programme line-up of M6, including *C'est pas trop tôt*, *Classé Confidentiel*, *Duels de Stars* and *Tubissimo*. Studio 89 also produced for M6 in November a prime time event-driven show: *La Coupe du monde du rire*, which attracted 3.5 million viewers. Finally, Studio 89 significantly developed its digital TV channel

activity with daily programmes and event driven programmes for Téva, TF6, Fun TV and Paris Première.

In 2005, Studio 89 will continue its rapid development, whether it be through the production or integration of new programmes for M6 (including *Hit Machine*, *Fan de*), or the pursuit of the development of its digital TV activity. Studio 89 is for example positioned as the leading provider of streaming programmes for the Group's latest channel W9. Hence, Studio 89 envisages for 2005 an important growth in its activity that should increase its annual production to more than 1,000 hours of programmes.

\* Audiences source: Médiamétrie - Médiamat





# News magazines

News magazines are part of the network's genetic heritage. Original formats, anchored in the daily lives of the French, simplicity of tone: M6 gives priority to the deciphering of everyday life.

*Ma vie aux urgences*, first reality saga in 3 episodes, introduced a new genre of programmes at M6.



**Capital and Culture Pub**, two flagship programmes broadcast on Sunday nights.

## Deciphering and sharing

With relevant reporting topics and angles, *Capital*, *Zone Interdite* and *Secrets d'actualité* continue to be recognised as the network's flagship programmes and make **Sunday night viewing widely adopted**. News magazines alone represent nearly one half of the top 20 viewing audiences for 2004: 5.4 million for *Zone Interdite* devoted to everyday frauds *Du faux malade au garagiste escroc*, 5.2 million for *Capital* for *Destinations de rêve*. In the second half of the evening, the news magazine *Secrets d'actualité*, whose broadcast frequency has increased to 3 episodes monthly, attracted up to 2.4 million viewers.

In reaction to current developments, *Zone Interdite*, in particular, proposed **special editions**, such as on the tsunami catastrophe: seven teams of journalists travelled to South-East Asia. Our news magazines are also regularly recognised at festivals for their quality and investigations they have conducted: in 2004, *Zone Interdite* was awarded the Grand Reporters Prize for *Patrick Bourrat* and *Sur les traces de Ben Laden* by Mohammed Sifaoui and Manolo d'Arthuys, as well as the 2<sup>nd</sup> prize at the Amiens International Medical Programmes Festival for its report *Cannabis, ecstasy, cocaine: qui sont les victimes des nouvelles drogues?*

## Major documentaries

New television reports, based on **real situations filmed on a real time basis**, appeared in 2004 with documentary series such as the three part *Ma vie aux urgences*, which touched the viewing public (nearly 3.6 million viewers on average)\*. In this time slot, M6 regularly show exceptional documentary – dramas. Produced by C.Productions or adapted from the BBC, they will enable viewers to relive or discover, supported by concise images, past and potentially future major catastrophes (*Le jour où la France s'est arrêtée*, *Super Volcano*, *Virus Alert*).

\* Audiences source: Médiamétrie - Médiamat

## SIX MINUTES

*Six Minutes* mission is to provide a concise newscast focusing on key events of regional and national importance. This all-image format news summary attracts a nightly viewing audience of 3.2 million (most recent record in February 2004: 4.4 million\*).

*Six Minutes* is France's 2<sup>nd</sup> most watched newscast by the under 50 year old general public, employing some 150 journalists and broadcast throughout the day, half-hourly between 7:00 and 9:00 am during the *C'est pas trop tôt* show, at 11:50 am and 7:50 pm. The national edition is fed content from 11 local stations. A 7-minute local newscast is broadcast at 8:40 pm, from Mondays to Fridays.

Le *Six Minutes* is accessible at any moment on M6's web site at [www.m6.fr](http://www.m6.fr), and now also by mobile phone.



\* Audiences source: Médiamétrie - Médiamat





## Discover

News on M6 is also presented in a more entertaining format reflecting the passion of viewers: first **cars** with *Turbo*, 9,000 shows and counting, which has posted exceptional audience levels attracting nearly 4.1 million viewers over one weekend\*; then, **cinema** with *Grand Écran* and *Cinésix*, **advertising** with *Culture Pub*, which in its monthly one hour version pursues its deciphering of brands and stars communications; finally, sciences with *E=M6* which remains true to its educational fun mission, with an average 2.7 million viewers following topical reports and new quizzes of the show.

## Sport 6

An all image format sports magazine, *Sport 6* focuses on **all sports** and all sportsmen and sportswomen, whether they be well or little known figures, each Sunday and Monday. *Sport 6* is a concise information magazine featuring sports results, image highlights and, of course the famous red cards for the sins of sports: doping, field violence...



From left to right, some of M6 news magazines presenters: Dominique Chapatte (*Turbo*), Laurent Delahousse (*Secrets d'actualité*) and Frédérique Courtadon (*Affaires de famille*).



# Lifestyle magazines

Sharing life's experiences, whether they are authentic or outrageous, discovering concrete solutions for one's wellness or education, such are the objectives of the lifestyles magazines, programming for the whole family.

## From tele-view to tele-advice

In one year, **M6 has totally revamped its Tuesday magazines offer.** We all have a need to compare our lifestyle with those of others. In this context, M6 launched new programmes that focus on the people and customs of family life: docu-reality TV. *On a échangé nos mamans* and the magazine *Affaires de famille* presented by Frédérique Courtadon cover popular themes such as culture conflicts, our love lives, and children's behaviour. It is these daily preoccupations that are addressed in *Super Nanny* or *Il faut que ça change*. These society magazines promote positive values and offer solutions to everyday problems (education, psychology), supported by advice of experts.

## To change, innovate

This response to viewers' desire for change extends to one episode magazines where men and women agree to proceed with physical and psychological enhancements in *J'ai décidé de maigrir* and after, *Nouveau look pour une nouvelle vie*, *J'ai décidé d'être belle...* These comparative experiences, often emotional, have touched viewers of such shows as *Jumeaux, la nouvelle expérience*.



**Sandra, one of the mothers who agreed to change homes and families for one week.**





## Docu-reality TV

Inserting 24 young people from 14 to 16 year old into the 1950's, *Le Pensionnat de Chavagnes* demonstrated that docu-reality TV had a mirror effect.

On average 5.2 million viewers\* experienced on Thursday nights the trials and tribulations of their senior school years. In addition, *Oui chef!* brought an authentic look into the kitchen life of a restaurant, following the adventure of the young chef, Cyril Lignac, who recruited and trained a young team of apprentices before opening his restaurant in Paris, all in the eye of the camera.



\* Audiences source: Médiamétrie - Médiamat



# Entert Youth

Music on M6 is a daily occurrence, in the morning, afternoon, as well as at night, through the broadcast of live event-driven programmes such as *Les Grands Classements* or *Nouvelle Star*, whose success is renewed from year to year.



From left to right, *Hit Machine*, *Plus vite que la musique* and *la Nouvelle Star*, Benjamin Castaldi with two season finalists.

# ainment and

## Totally committed to music

Music is omnipresent in the network's program line-up. Each morning, **many programs air video clips and news** on the stars of the music industry: *C'est pas trop tôt*, *Star Six Music*, *Tubissimo*. Shows with Charly and Lulu (*Hit Machine*, the weekly singles chart show), Séverine Ferrer (*Fan de*), and Laura (*Plus vite que la musique*), attract on average 20% to 30% of the 15 to 34 year old viewing audience each Saturday\*.

2004 was marked by prime-time event-driven programming with **new formats** presented by Laurent Boyer, music entertainment and nostalgia expert: *Les grands classements*, *Les hits de diamants*, *100 % Johnny*, *100 % Claude François*, not forgetting special *Fréquenstar* shows with, notably, Franck Dubosc and Gad El Maleh.

One of the star event-driven shows of M6, *La Nouvelle Star* (season 2), attracted 3.9 million viewers and revealed new talent such as Steeve Estatof, as well as Amel Bent, who topped the French singles chart at the beginning of 2005 for many weeks. With more than 25,000 auditioned candidates, *La Nouvelle Star* is **the largest song contest ever organised** in France. A third season of broadcast will begin in February 2005.

\* Audiences source: Médiamétrie - Médiamat







# Dreams

We can be entertained through our dreams, and **making us dream, that is the ambition of *Bachelor***, le gentleman célibataire whose journey in quest of the lady of his own dreams fascinated television viewers, some 4.6 million\* of whom followed his dilemmas in the final episode. A third season has begun with Karl, the new *Bachelor*.

## FUN WITH M6 KID

Children have three weekly rendezvous with *M6 Kid*.

On Sunday, a revamped *M6 Kid* is broadcast in new settings. In the company of the commentator Lucky, Karine Lima invites children to discover the latest about their favourite stars, as well as create funny and useful things. In addition, the *M6 Kid* reporter provides answers to the practical questions of children while providing original solutions to parents!



Cartoons broadcast in 2004, whether they be acquisitions or co-productions, reflected unifying themes emphasising positive heroes and role models.

As regards these co-productions, *M6 Kid* broadcasted two new series: *Atomic Betty* (in co-production with Télé Images) and *Martin Mystere* (in co-production with Marathon). *Atomic Betty* is the story of an ordinary young girl who becomes an intergalactic guardian. *Martin Mystere* brings his young viewers along his fantastic journeys where he meets scary creatures.

A new season of *Funky Cops* as well as new episodes of *Yu-Gi Oh* were aired at the start of the autumn season. Finally, children found their happiness with a cartoon classic: *the Smurfs*.



# Humour

Virginie Efira, M6's charming ambassador of entertainment hosted not less than 5 live shows of the Sagas (*gadins...*). **Humour was one of M6's priorities** for 2004, reflected in the creation of programmes such as *Bluff impossible*, *Serial Piégeurs*, and *Drôles d'Équipes*, all of which proved to be very popular with young viewers.



# Drama

Smallville, Elodie Bradford, NCIS special investigations, Un, dos, tres...: 15 new series saw daylight on M6 in 2004, with French comedy making a real comeback this year in the form of recurring heroes, leisure, intrigue and offbeat humour.

*Elodie Bradford and Trois pères à la maison (co-produced dramas), and opposite, Kaamelott, the new off-beat mini-series at 8:40 pm.*

## French Drama and Comedy

M6 is committed to co-producing an increasing number of dramas and comedies (TV series and made for TV movies), with

**new prime-time comedies on**

**Wednesday** appealing to the whole family.

These new genre comedies such as *Trois Pères à la maison* starring Pierre Palmade, Daniel Russo and Yvon Bach, and *Si j'étais elle* starring Thierry Lhermitte, Hélène de Fougerolles and Hippolyte Girardot attracted 4.3 and 4.9 million viewers respectively.\*

Recurring heroes, with nerves of steel, regularly entertain viewers with their exploits: Armelle Deutsch, cop with a heart of gold, in *Elodie Bradford*, Olivier Sitruk, detective in *Jeff*



\* Audiences source: Médiamétrie - Médiamat





Opposite, Bruno Solo and Yvan Le Bolloc'h, stars of the successful TV series *Caméra café*.

*Si j'étais elle*, drama starring Thierry Lhermitte and Hélène de Fougerolles (below).



et Léo, flics et jumeaux, and Sonia Rolland, the hero in *Léa Parker*.

In 2005, these heroes will return to the screen, in a drama and comedy offering that continues to enrich, with more than forty films currently in development.

## Mini-series: off-beat atmosphere

An average 3.9 million viewers in 2004 related to the adventures of Yvan Le Bollo'ch and Bruno Solo, stars of the famous mini-series **Camera café** airing at 8h40 pm.

Following this success, M6 once again associated itself with CALT to offer in 2005 a new off-beat and hilarious mini-series:

**Kaamelott**. The magic once again, with this parody of life at the time of King Arthur



attracting an audience of more than 4 million viewers\*.

## International series: great viewing on Saturdays

M6 remains **at the leading edge of cult series** with the broadcasting on Wednesday and Saturday nights of *NCIS: special investigations*, *Charmed*, *Alias*, *Smallville*, and beginning in 2005, *Dead Zone*, and *The 4400*, co-produced by Francis Ford Coppola. This 6-episode series attracted 6.2 million viewers\*.

*Nip/Tuck*, which examines with humour the practice of cosmetic surgery in the second half of the night constitutes the other event that marked the beginning of 2005.

\* Audiences source: Médiamétrie - Médiamat



**The supernatural has never had such a large following: *The 4400* and *Smallville* (Superman's youth) are among the major successes.**



## MONDAY NIGHTS AT THE MOVIES

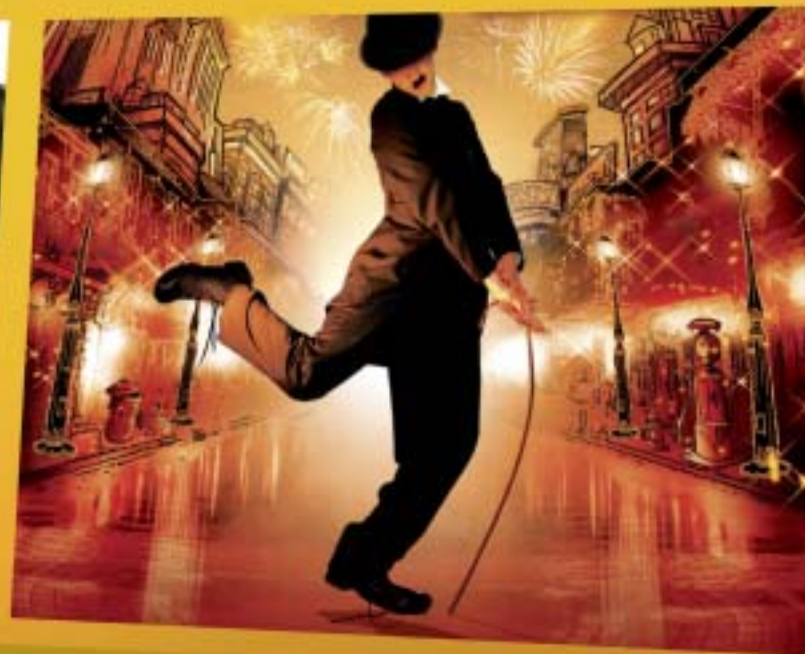
2004 was marked by the rise in importance of cinema on M6, reflected in the 7.5 million viewers who tuned in to *The Mask of Zorro*, the highest audience level ever achieved by the network.

Other blockbusters also flirted with the distinction of highest viewing levels, including *Along came a Spider*, *Armageddon*, *The Shawshank Redemption*, *Ronin*, *There's something about Mary...*

2005 is expected to be an exceptional year with the broadcast of the 5 films of the Star Wars saga, which will be their premier broadcast, uncut, on a Free to Air TV network.



# Diversification





28.3 %  
of M6 Group turnover  
is derived from its  
Diversification operations

Breakdown of Diversification activities' share of M6 Group turnover:

- 11% Interactions
- 9% Home shopping
- 3 % FCGB
- 3 % SND
- 2 % M6 Web





# Publishing and Distribution

M6 Interactions posted a strong growth in operating profitability (M€ 14.8 versus M€ 10.6 for 2003), thanks to an attractive offer of original products.

In the space of 4 years, M6 Group, through its M6 Interactions subsidiary, has imposed itself as a **major player in production and shop distribution** of composite products: collections of objects, videos (DVD and VHS), discs, video games, multimedia CD-ROMs and print magazines.

## DVD – Video

(excluding collections)

The video activity developed in 2004 recorded some major successes in terms of films, including *Le Bon, la Brute et le Truand*, *La planète bleue*, *Ong Bak* and *Michel Vaillant*, and informative and original content productions such as *Warning* and *Ayrton Senna*.

## Video collections

These productions have been very popular with the general public, particularly the collection of 20 made for TV movies adapted from the novels of Mary Higgins Clark (1.4 million copies sold) and the *Comiques de légende* (1.1 million copies sold).

The success of the collections launched in the previous years continued, notably with regard to the Belmondo filmography.

## Video games

M6 Interactions has succeeded in its endeavour to offer in its catalogue a large selection of titles from each editor of PC and Playstation video games. Hence, in 2004, games such as the *Matrix*, *Prince of Persia*,



*The Incredibles*, were commercialised.

## Multimedia CD-ROMs

The collection *Vie Pratique* recorded some nice successes with the CD-Roms *Architect 3D* or *Garden 3D*, which sold 19,000 copies.





# N°1

O-Zone - best selling single in France in 2004, at the top of the charts for 15 consecutive weeks



## COLLECTIONS OF OBJECTS

Strengthened from its previous *Porcelain Eggs* success (nearly 1.3 million copies sold), M6 Interactions further developed its collection of objects business in 2004, achieving notable successes such as *The Construction of the Smurfs Village* (1.3 million copies sold).

An activity in expansion, as sales increased by 16% over the previous year. Four collections were launched in January 2005, including *Miniature Renault cars* and *Horses*, which enjoyed rapid success.



# Music

In a lethargic discs market in 2004, reflected in overall decrease in sales of 14.3%\*, M6 Interactions was able to buck this trend through its **selection of winning artists**.

In 2004, on its own or in co-production with a partner, M6 occupied the top of the charts 12 times for singles, albums, compilations or music clips sales thanks to talented artists: Chimène Badi, J-Five, Leslie, Lorie, Gone with the Wind... O-Zone was the best selling single in France in 2004, at the top of the charts for 15 consecutive weeks.



**2005** looks promising, as for the first time, two artists co-produced by M6 reached the top of the charts for singles and albums in February 2005: Chimène Badi with her album *Dis moi que tu m'aimes* and Amel Bent, a discover of *Nouvelle Star* season 2, with her single *Ma Philosophie*. Their success confirms the ability of M6's music shows to discover sustainable talent that is recognised by both critics and the general audience.

\* Source: SNEP





*Hit Machine Girl and Fan 2: Each month, the full info on the favourite stars of French youth.*

# Magazines

Through M6 Editions, M6 affirms its status as a pre-eminent editor of magazines for French youth. It now publishes three titles: *Fan 2*, which is consolidating its leadership in the youth magazine market; *Hit Machine Girl*, launched in 2003, which became a monthly in February 2005 and completes the offer of M6 Editions, and *Manga Hits*, a new magazine from the world of Manga, launched in November 2004.



The most recent M6 Editions magazine offers pre-publications and news on Mangas.





# M6 Événements

The year for M6 Événements, a subsidiary entirely dedicated to the creation, co-production and sponsorship of events, was characterised by two major successes: the *Gone with the Wind* musical comedy tour that was seen by more than 185,000 spectators, and the strengthening of its corporate events activity.

## Large-scale shows

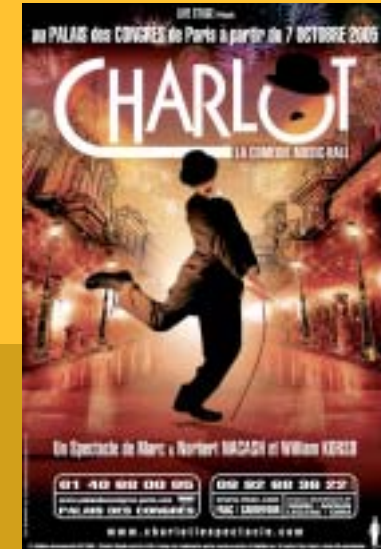
M6 Événements pursued with success the **co-production of theatre plays and concert tours** that it started in 2002 (*On tire bien sur les lapins*, *L5...*). *Arrête de pleurer Pénélope* was seen by more than 300,000 spectators in 3 years and the *Pénélope 2* project is already in its writing phase. In addition, M6 Événements successfully sponsored the musical comedy *Chicago*, *Shaolin Monks*, and *Holiday On Ice*, the *Anne Roumanoff* show, and the *Disney on Ice* show. Group synergies were exploited to their maximum regarding disks and then videos sales for *Gone with the Wind*, as well as with the Paris Première channel, which, given its cultural positioning, broadcast these very shows.



*Chicago*, the world renowned musical comedy, was sponsored by M6 Événements for all of its Paris showings.

## Numerous projects

After having successfully met the challenge of the musical comedy *Gone with the Wind*, M6 Événements is currently preparing, with the assistance of its subsidiary Live Stage, **another long awaited show** of the same genre: *Charlot*, a music-hall comedy. A true challenge, as it will require the reconstitution in full on set of Charlie Chaplin's world. 85 performances are planned for the Palais des Congrès of Paris from October to December 2005. The outlook for co-productions in 2005 is also quite promising, as for example, the co-production of the Leslie tour.



## CORPORATE EVENT BUSINESS IN FULL GROWTH

Thanks to its expertise in the development of new offers (stands design, etc.), M6 Événements has become a major player in the corporate events market. 2005 is anticipated to be an active year in France and internationally for corporate gatherings (fairs, conventions, shows) for prestigious advertisers, such as Lindt, Volkswagen ...



# SND-Cinema and video

M6 Group is significantly involved in the world of cinema. This activity is split into two parts: co-production and exploitation of all audiovisual rights for films, movie theatres, television and video.

The movie *Espace Détente* registered excellent box office performances from the start of its release.

## SND

### 11 films in 2004, 15 in 2005

In 2004, SND (Société Nouvelle de Distribution) **distributed 11 films in movie theatres**, including *People jet set 2* and *Arsène Lupin*. In 2005, it envisages distributing 15 films, including the very promising *Sahara*, *J'épouse pas*, *Mr & Mrs Smith* and *Vaillant*.

Its **video activity** oversaw the sale of 3.85 million copies of DVD and VHS through all distribution channels: news stands, supermarket distributions..., with the highest sales generated by *Underworld*, *Caméra Café* and *Basic*.

The year was highlighted by the purchase of Hachette (videos + TV sales) catalogue rights to more than 300 titles.

## M6 Films

### Successful co-productions

**European and French films co-production** is assured by the Group's M6 Films subsidiary, which also manages the pre-purchasing rights for broadcast on M6. In 2004, 9 new films were produced, generating box office ticket sales of 11.75 million, with 4 films exceeding 1 million tickets sold and 6 ranked among the top 30 French films of the year, including *Podium*, the first film of Yann Moix starring Benoît Poelvoorde and *Les 11 commandements* by Thomas Sorriaux and François Desagnat, starring Mickaël Youn, which were ranked 3<sup>rd</sup> and 4<sup>th</sup> respectively in terms of box office receipts. M6 Films pursued its policy of supporting French movies such as *Iznogoud* by Patrick



Braoudé, and *les Chevaliers du ciel* by Gérard Pires, as well as young talent for their first and second films.





# 3.6

3.6 million box office tickets sales, 1<sup>st</sup> film by Yann Moix. This score has propelled it to 3<sup>rd</sup> place in French box office sales.





m6.fr, turbo.fr, web sites dedicated to events broadcasts, were strongly enriched in video imaging.

# M6 Web

M6 Web, the Group's subsidiary responsible for all of its multimedia developments, is structured around three operations: the Internet, programmes interactivity and finally, mobile telephony, a major stake for 2005. In 2004, M6 Web developed and improved its profitability.

## France's N° 2 Internet media site

M6 web sites were accessed by more than **one million individual visitors** in 2004, viewing more than 720 million pages, making m6.fr France's 2nd most popular audiovisual web site in France. 2004 was marked by the development of the high speed peer-to-peer video offer: **HD video service**.

Exclusive content (clips, non televised extracts) in coherence with the expectations of web surfers, as an average 5 million video broadcasts are realised each month.

M6 Web edits some 20 Internet sites, with the most popular ones being the M6 TV network web site and its car portal turbo.fr, which is accessed by more than 320,000 visitors each month.



## Interactivity: the M6 web cam

M6 Web strengthened its **involvement in the creation of programme concepts**. Internet, audiotel, SMS, all favouring a closer relationship with the public are integrated upstream of the programmes broadcast: casting, vote... Since April 2004, M6 Web enables viewers to transmit their videos filmed with the **M6 webcam** by connecting directly to M6 servers. The stake: presence on air within the framework of a game or questions asked to guests. The programmes *C'est pas trop tôt*, *Star Six Music* and *Tubissimo* use this new interactive process on a daily basis. All of these devices promoting interactivity are very much sought after by the viewers, as M6 Web has registered more than 50 million uses of M6 interactive devices.

## MOBILE TELEPHONY: A MAJOR STAKE

Since the 1<sup>st</sup> vote by SMS inaugurated in 2001 for *Loft Story*, M6 Web has not ceased to develop the possibilities offered by telephony. It has adapted content on MMS, as well as on WAP, as it now offers information and games sites with 3 French mobile phone network operators.

In 2004, it put into place the first live video channel available 24-7 with *Les Colocataires*. In 2005, 5 M6 Group channels will be broadcast direct using this support.

Strengthened by its privileged relationship with the music world and the commitment of the Group as producer, M6 Web launched a legal e-music downloading site: *m6music.fr*. This site provides access to 500,000 titles and 15,000 artists of all music types.

In February 2005, M6 Web took an additional step in mobile telephony with the M6-Orange partnership agreement providing for the launch of a new mobile telephony offer: M6 Mobile by Orange.





# Home Shopping Service

100% Group-owned subsidiary since 1998, Home Shopping Service dominates today the home shopping sector with a 55% share of the French and Benelux market, reflected in 700 hours of programmes broadcast per week, 2 million active customers, and 2.5 million products sold in 2004.



## Programmes for 39 channels

The subsidiary produced **230 hours of new programmes per month**. Each of these programmes is realised and targeted according to the medias that ensure its broadcast. 34 channels benefit from its productions in France (including M6 Boutique la Chaîne, Téva, Série Club, Paris Première, Cuisine TV), 3 in Belgium (RTL-TV, AB4) and 2 in the Netherlands (Yorin and RTL4).

## Multiple distribution channels

Thanks to the successful merger between the Internet, telephone and television, Home

# 20"

A M6 Boutique product is shipped every 20 seconds.

Shopping Service **controls in full the distribution network of its products** from the taking of order to customer service. Thanks to its **partnership with RTL Shop**, a German home shopping channel that airs on RTL, Vox, and NTV, Home Shopping Service extends its broadcasts internationally. More than **6 million** mail order **catalogues** were distributed in 2004. **7 web sites** accessed by 450,000 visitors monthly account for 20% of its turnover. No effort is spared to strengthen the loyalty of our customers, who benefited in 2004 from the latest advances in technology: interactive e-purchasing, SMS alert when their product is ready, voice server, etc. . .

## M6 BOUTIQUE A 24-7 CHANNEL

2004 was a transitional year for M6 Group's home shopping operations:

- on 15 March, Home Shopping Service acquired in full the Canal Club subsidiary, which specialises in infomercials and flash sales of exclusive products, and,
- on 29 April, Club Teleachat became M6 Boutique la Chaîne, a channel fully dedicated to TV sales reaching a potential audience of 5 million households and broadcast live 8 hours per day.

**M6 Boutique la Chaîne** was conceived as a true department store, offering some 50 brand names and hundreds of products presented each week in the areas of beauty, decorations, multimedia, cooking, travel etc... To provide advice or carry out demonstrations, M6 Boutique la Chaîne avails itself of the services of a dozen hosts and specialists, including Julie Arnold, Pierre Dhostel and Jean-Pierre Coffe. M6 Boutique la Chaîne is broadcast on the best cable TV networks in France and Belgium, and has been assigned to channel 80 on TPS and channel 140 on Canal Satellite. It is one of the three channels that M6 proposes to broadcast on free DTT, in a submission filed last March 11<sup>th</sup>.





# Girondins de Football Club





# Bordeaux French Ligue 1

In 2004, under the direction of Michel Pavon, the Club pursued its player development focused business strategy with the massive integration into its squad of young talent produced by the Hallian development centre.

2004 was marked by the **confirmation of the club's young players** at the international level. Rio Mavuba has been selected twice to play on the French national team since September 2004. In this same perspective of optimisation of player development, a new phase was completed in 2005 with the **establishment of the École Technique Privée FC Girondins de Bordeaux** that will serve to develop the younger players.

On the sporting side, the club is in the process of completing a second year of transition, a period of financial austerity necessary to balance its accounts.

The Girondins are posting performances below those achieved in the previous season. They finished in 12<sup>th</sup> place in the French Ligue 1, which will not enable them to participate in the 2004/2005 UEFA Cup, despite reaching the quarter finals in 2003/2004.

The Club's ambition is to **breakeven financially** in 2005. M6 Group negotiates the club's TV rights, and in particular, is studying the possibility next season of broadcasting the Girondins matches on a time delayed basis to viewers living in the metropolitan Bordeaux area.



# Digital TV



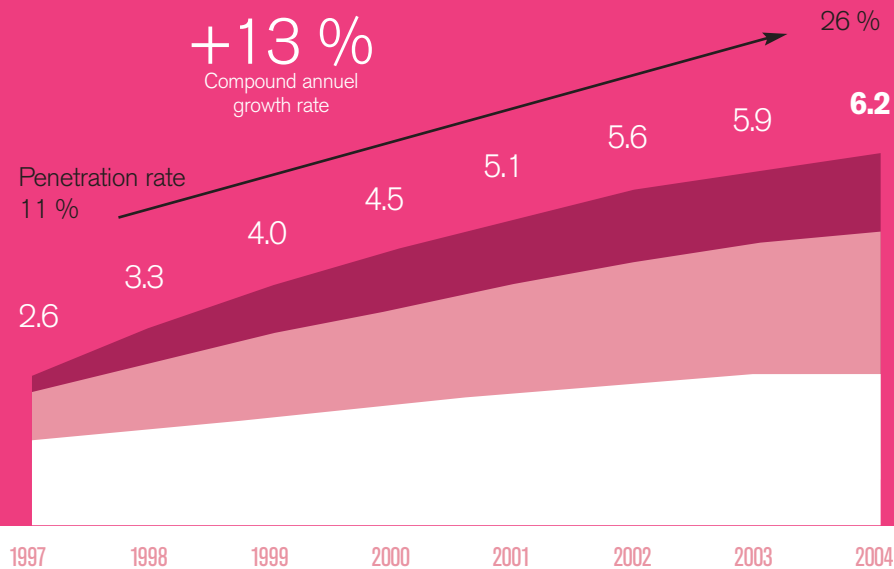


20.3 %  
of M6 Group turnover  
is derived from its  
Digital TV operations



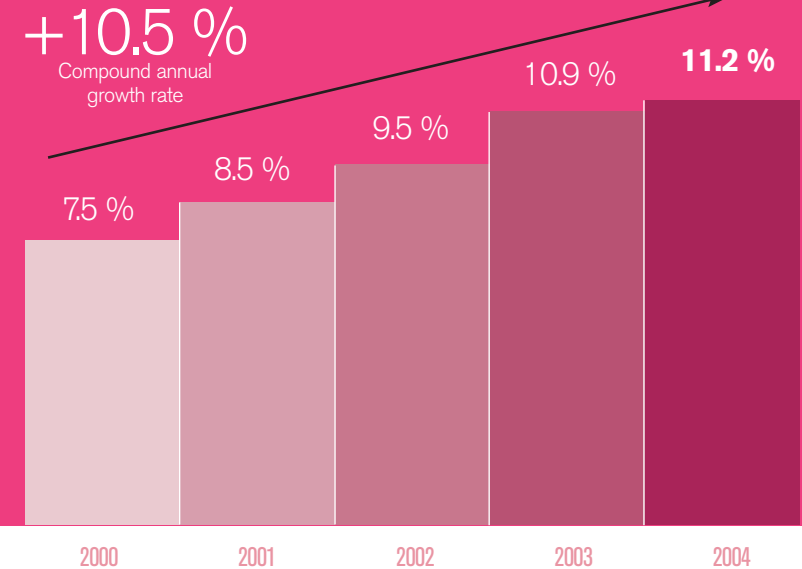
## Enlarged TV offer (in million of households)

Source : M6 estimates (DTH operators / Afom / Mediacabsat)



## Change in the « Other TV » audience share in France

Source : Médiamétrie 2003/2004 – change in the individuals over 4 y.o.



# The Digital Landscape

## Expanded television offer

- The number of households subscribed to an expanded television offer (more than 15 channels) increased from 2.6 million in 1997 to 6.2 million at the end of 2004, representing a penetration rate of 26%.
- The growth in this market is primarily driven by DTH. 2004 **witnessed an increase in**

**DSL television subscribers**, progressing and accelerating in the last quarter, notably thanks to the launch of TPSL, TPS's channel offering broadcast via DSL. Cable TV distribution experienced a consolidation with the merger of the four main players into two groups.

- Audience shares for 'Other TV', which essentially regroups thematic channels, had an 11.2% national audience share in 2004.

**26 %**  
is the French household penetration rate of the expanded offer at the end of 2004.

This audience share experienced a **growth rate in 2004 that was lower** in relation to previous years.

- For a population subscribed to an expanded offer, **the audience of complementary channels**, according to the latest MédiaCabSat ratings (wave 8 - September 2004 to February 2005) was **37.2%** (4+ years old individuals).



- In terms of advertising revenues, complementary channels accounted for **13% of gross advertising expenditure** on television, accounting for 4% of total net advertising revenues (source: CSA – 2003 figures).

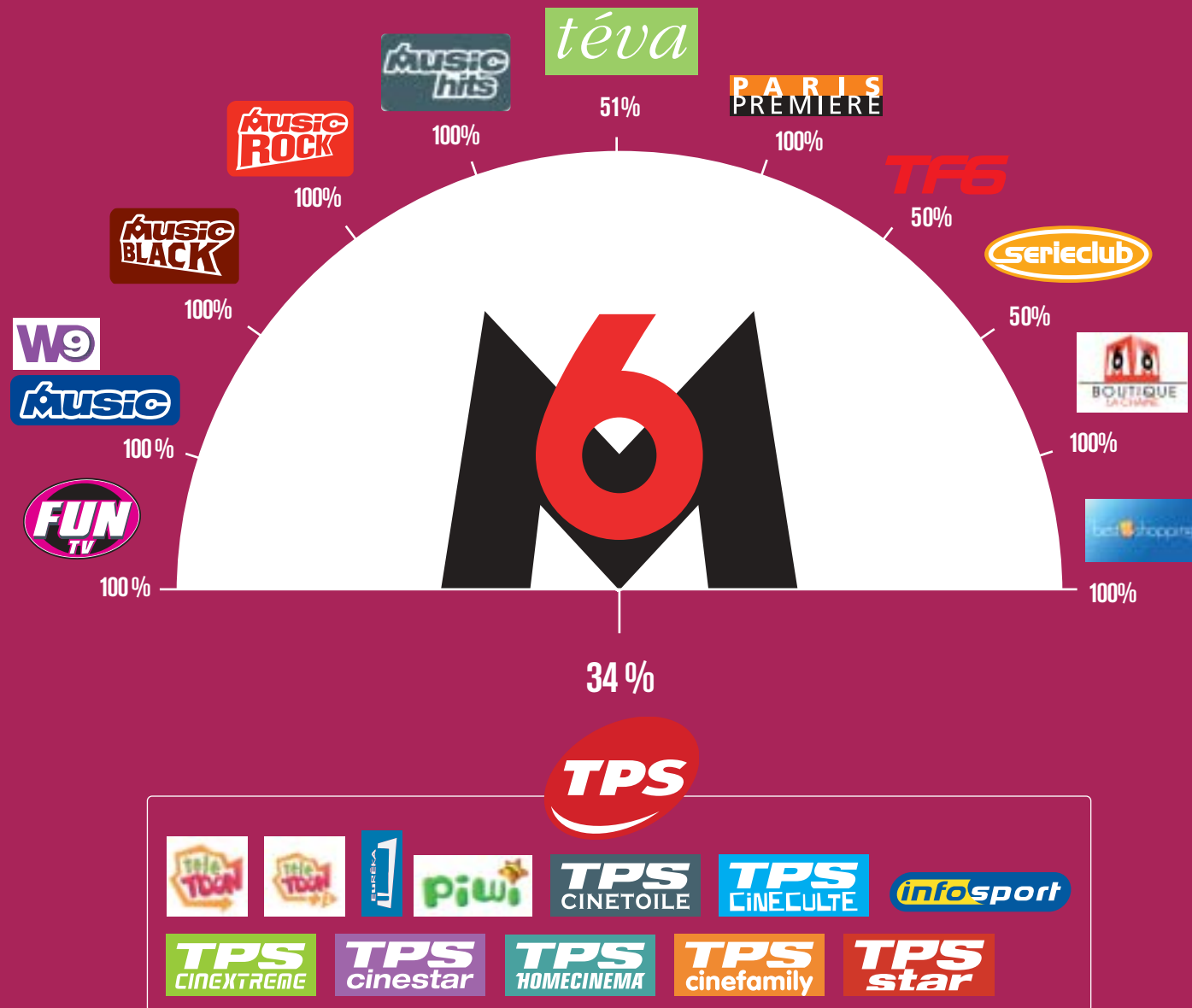
- For the 120 complementary channels created in 10 years and which make up today's digital landscape, the **20 leading channels accounted for about 50% of the audience** and more than 70% of thematic channels advertising expenditure in 2004 (source: MediaCabSat, TNS MI).

## Positioning of M6 Group

With 11 specialty channels, M6 is one of the leading digital TV players in France. Its thematic channels' activities increased their positive contribution to Group results in 2004, thanks to performances realised in the advertising market. The portfolio of thematic channels directly held by M6 Group was enriched in 2004 with the acquisition of Paris Première.

In addition, with its 34% shareholding in TPS, M6 Group is present in the DSL and satellite distribution, as well as in the production of **12 thematic channels for TPS**.

Groupe M6 thematic channels portfolio  
(% = owned by Groupe M6)



# Thematic Channels

M6 Group is an important player in Digital TV. The channels of M6 Thématique have recently set an all time daily viewing audience record of 4.35 million (daily cumulative audience – 4+ year old individuals).

The integration of 9 thematic channels of M6 Thématique has enabled the **optimisation of key activities** for the channels (acquisition of programmes, advertising slot sales, programme management...) and the rationalisation of cost structures.

Today, this portfolio of channels can be broken down as follows:

- **3 powerful generalist and complementary channels:** Paris Première (CSP+ focus), Téva (women focus), and TF6 (young adults focus).
- **6 thematic channels with strong legitimacy targeting the youth audience:** W9, M6 Music Hits, M6 Music Rock and M6 Music Black, Fun TV and Série Club.

To this portfolio can be added **2 home shopping channels** operated by Home Shopping Service, M6 Boutique la Chaîne and Best of Shopping.

Unique source for audiences: Médiametrie - MédiaCabSat wave 8 (September 2004 to February 2005)  
Médiametrie - MédiaCabSat reference wave 7 (January to June 2004)  
Audience shares are expressed for a 'more than 15 channels' perspective



## Fun TV

**Date created:** 1997

**Number of households subscribed:** 1,561,000

**Broadcast on:** TPS, TPSL, FT Câble, NC Numericable, Noos, Canal + Belgique, Parabole Réunion.

Fun TV is recognised as **the preferred channel of 15 to 24 year olds**, with its audience level growing by 25% between waves 7 and 8 of the MédiaCabSat ratings.

Its unique format is built around 3 themes: innovation, originality and diversity.



2004 marked the launch of new productions : *100 choses interdites aux plus de 30 ans* hosted by Karine Ferri and Luigi, identity series (*Roswell*, *Jake 2.0*, *Dark Angel*), and a more intense event strategy: *Nouvelle Star*, *ça continue*, *The Joe Schmo Show*.





## M6 MUSIC BLACK, M6 MUSIC ROCK and M6 MUSIC HITS

On 10 January 2005, M6 Music organised its music offer with two music channels broadcast on TPS presenting hits, concerts and events wrapped around two themes : M6 Music Rock (rock and metal), and M6 Music Black (all urban music: French Rap, Ragga, R'n'B, Reggae). In March 2005, a new music channel was created: **M6 Music Hits**.

## téva Téva

**Date created:** 1996

**Number of households subscribed:** 4,138,000

**Broadcast on:** TPS, TPSL, Canal Satellite, UPC, FT Câble, NC Numéricable, Noos, Canal + Belgique, Parabole Réunion.

**As a generalist channel for women and families,** Téva offers a diversified programming, including recently released feature films, original and cult TV series (*Alias*, and *Sex & The City*) and original shows (*Téva Déco*, *Les Dossiers de Téva*, *Téva en parle...*) presented by hosts with

strong personalities: Anne Depétrini, Laurent Mariotte, Cécile Siméone and Alexandre Devoise have recently joined Cendrine Dominguez and Marielle Fournier.

In 2004, Téva proposed new series (*Missing*, *Compte à rebours*, *Léa Parker*), original TV reality shows (*Top Models USA season 2*, *Les Nouveaux Riches*) and the broadcast of films such as *The Horse Whisperer*. Téva's share of the under 50 year old housewives audience progressed by 45% between waves 7 and 8 of the MédiaCabSat ratings, being an audience share of 1.4%.

## W9 M6 Music

**Date created:** 1998

**Number of households subscribed:** 1,849,000

**Broadcast on:** TPS, TPSL, NC Numéricable, Noos, Canal + Belgique, Parabole Réunion, TNT.

**Channel whose triptych is based on music, action and leisure.**

The M6 Music channel, known as W9 since March 2005, has evolved: its programme offer is built around a rock solid base of music through a varied programming appealing to the

general public. In continuity with this universe, the channel offers a great diversity of music genres in tune with its target audience, young adults.

Its programme line-up integrates a subtle mix of music shows (such as *Starter*, *Gold List*, *Wake Up*, or *Tendances*, in discovery of new music trends), cult, original series (such as *De la Terre à la Lune*, or the adventures of Apollo XIII directed by Tom Hanks), powerful and unifying films, entertainment and original TV magazines.

# PARIS PREMIÈRE

## Paris Première

**Date created:** 1986 (fully owned by M6 since 7 May 2004)

**Number of households subscribed:** 5,224,000

**Broadcast on:** TPS, TPSL, Canal Satellite, Canalsat DSL, câble, Canal + Belgique, Free, 9 telecom.

Paris Première is a channel apart from the others: cultural and glamorous, with a tone that is at the same time sparkling and audacious. Its emphasis is on the broadcast of events, performances, theatre...

A 100% -owned subsidiary of the Group since May 2004 (prior to that the Group had a 10% shareholding), it has taken its right place among the Group's thematic channels while preserving its identity and uniqueness. In addition to established programmes (*Paris Dernière*, *93 Faubourg St-Honoré*), are new TV magazines: *Ça balance à Paris* hosted by Michel Field, *Petites confidences entre amis* hosted by Ariane Massenet and *Vous prendrez bien un peu de recul* hosted by Philippe Gildas.

Paris Première has seen its audience continuously grow since the beginning of the MédiaCabSat ratings.







## Série Club

**Date created:** 1993

**Number of households**

**subscribed:** 2,426,000

**Broadcast on:** TPS, TPSL, NC Numéricable, Noos, FT Câble, UPC, Parabole Réunion.

Série Club continued in 2004 with the **broadcast of standard-bearer and original TV series** such as *The Practice* (season 5), *Washington Police* (season 4), and *Frasier* (season 9). The start of the 2005 school year will be rich in new programmes, with

three new series making their entry into the programme line-up: *Blue murder* (original): N°1 TV series in Canada, *Coupling* (original): winner of *Screenings 2004*, *Firefly*: by the producers of *Buffy*. Série Club does not hesitate to revolutionise its programmes by creating events driven series: *US Election Night Special*, *Les Screenings* where viewers participate in the selection of the channel's programming, and *Le Hit des Séries*, top 50 ranking of the French's favourite TV series, hosted by Flavie Flament and Benjamin Castaldi, shown in January 2005 over five exceptional nights.

## TF6

## TF6

**Date created:** 2000

**Number of households**

**subscribed:** 2,287,000

**Broadcast on:** TPS, TPSL, NC Numéricable, FT Câble, Noos, UPC.

TF6 is TPS's premier non-analogue channel, affirming itself **as the entertainment channel** with *Cauetivi* presented by Cauet, new reality TV formats (*Real TV USA*), series (*Les frères Scott*), as well as recent quality made for

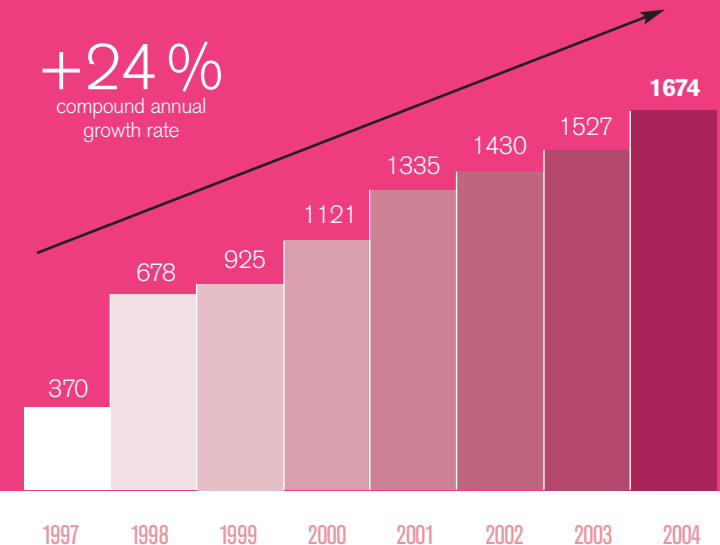
TV movies targeting young adults. TF6 set new all time record high audience levels, progressing, like Série Club, by 32% for the under 50 year old housewives between waves 7 and 8 of the MédiaCabSat ratings.

# TPS

In 2004, TPS, which is 34% owned by Group M6, reported a 6.6% increase in turnover to M€ 572.4 and achieved breakeven profitability. At the end of 2004, there were 1.7 million active subscribers to TPS's programmes and digital services.

Change in TPS subscribers : DTH, cable and DSL (in million subscribers)

Source : TPS



## The major events in 2004 were:

- **new channels:** Berbère TV, RTR Planéta, TV8 Mont Blanc in exclusivity, EWTN, Duna TV and Pink TV. In 2005, M6 Music Black, M6 Music Rock and Ushuaïa TV were added;
- **three new radio stations:** Jazzy Love Radio, New Hits Radio, and WR'n'B Radio, as an offering of 40 thematic radio stations (Xtra-Music);
- **more cinema:** TPS signed a contract with CBS Paramount until 2010 and with Regency Enterprise in order to exclusively acquire the pay TV rights for all feature films it produces for release in US movie theatres from 2006 to 2010;



- **exclusive sports:** TPS was awarded the rights to rebroadcast English Premier League games in France over the next three seasons. TPS has also acquired the exclusive preview broadcasts for boxing matches promoted by Don King.

## Towards DTT

TPS has submitted a proposal to be a DTT operator. TPS will also launch TPS Star on DTT, as a pay TV channel.

## Towards High Definition TV

TPS responds to one of the major expectations of viewers by prioritising the development and broadcast of high definition TV programmes.

## The deployment of TPSL

TPS is now available by phone. After the launch in Lyon in December 2003, France's major cities will **benefit from TPS by phone line:** hence by the end of 2004, some 4.7 million households were able to access MaLigne tv and TPS L. In 2004, TPS L recruited nearly **50,000 new customers.**





A record year for recruitment: 71,000 new Satellite subscribers (37% market share)  
44,000 net new DSL subscribers (73% market share)



# Digital Terrestrial TV (DTT)



DTT is the adaptation of the digital technology to analogue transmission. Viewers will eventually be able to receive an **expanded television offer of some thirty digital image and sound quality channels** using their ordinary television antenna, without any satellite, DSL or cable TV link.

Launched on 31 March 2005, the DTT free channel offering currently comprises some fifteen channels. The Pay TV offering will be launched between September 2005 and January 2006. For households living in an area covered by the digital terrestrial TV network, all that is required is that they buy an adaptor, or a new digital TV set, in order to receive the DTT unscrambled signal offer, while access to the pay TV channels will be through paid subscription.

The digital terrestrial TV network currently reaches 35% of the population of France, and this coverage should increase progressively over a short period of time (September 2005: 50%, June 2006: 65%, 2007: nearly 85%).

## M6 Group and DTT

The **W9** channel will be part of the free channel offering from 31 March 2005. The Paris Première, TF6 and TPS Star pay TV channels will begin broadcasting between September 2005 and January 2006 with the launch of the pay TV channel offering by the DTT commercial operators.

M6 Group in addition has submitted **3 new channels** to be broadcast unscrambled on digital TV: Téva, M6 Boutique la Chaîne and M6 Famille.

DTT constitutes an opportunity for the M6 channel to expand **its broadcast reach in France**, to win big-time by developing its programmes offer, and increase its advertising potential.

In more general terms, DTT will enable M6 Group to sustain its Digital TV development and strengthen its position in Free to Air TV.







# Financial Report



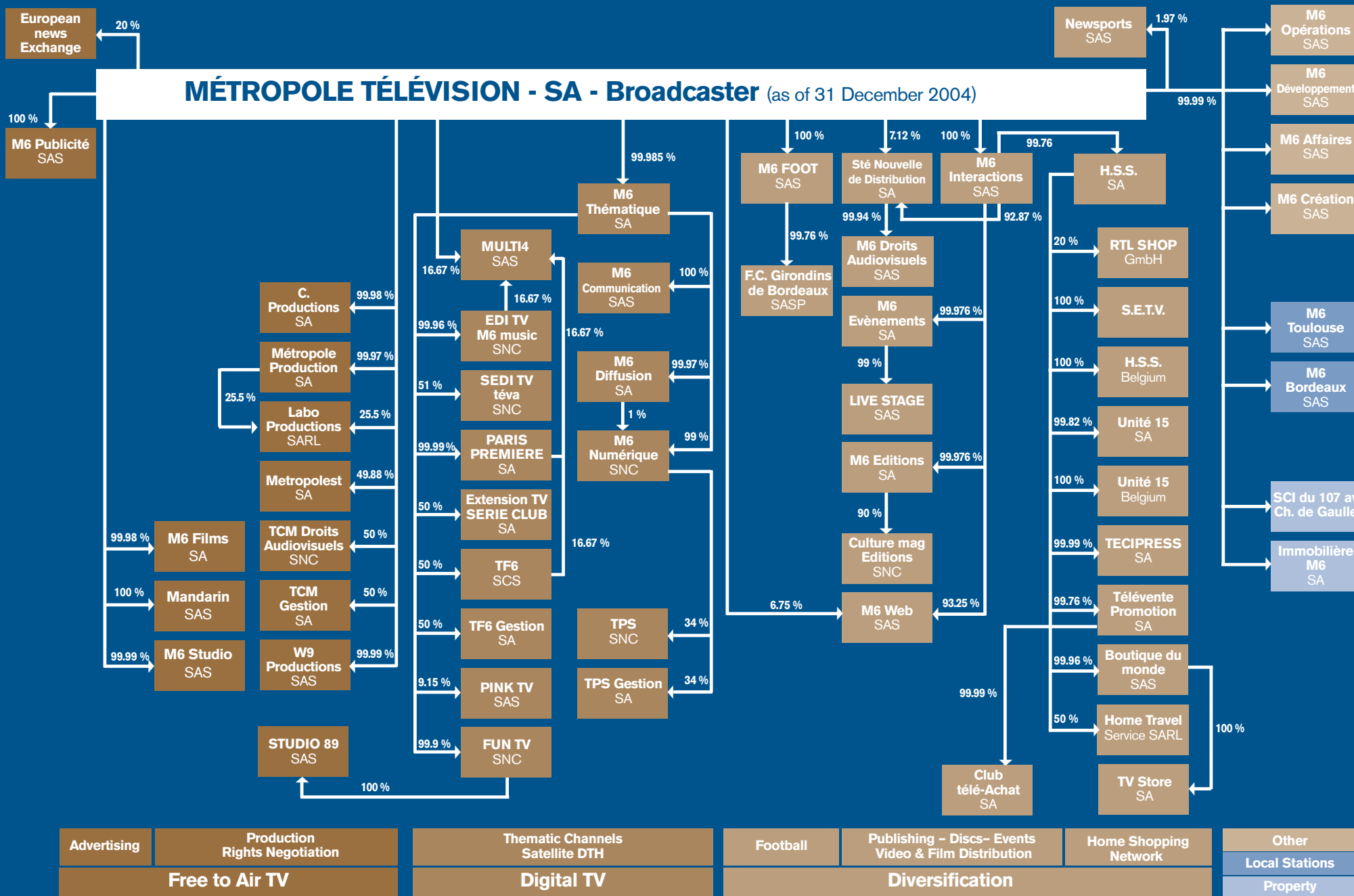
FINANCIAL REPORT





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# 1. M6 Group Presentation

## 1.1. Group structure changes

In 2004, M6 Group's structure evolved as follows:

### Home Shopping operations:

- Acquisition on 15 March 2004 of 100% of the share capital of Boutiques du Monde SAS, formerly known as Canal Club, consolidating M6's home shopping activities.

### Thematic channels operations:

- Purchase in May of Suez's 89.34% stake in the share capital of Paris Première, following the exercise of M6's statutory pre-emption right. Paris Première is now a wholly owned subsidiary of the M6, with its results consolidated with those of the Group from 1 May (8 months).
- Acquisition of a 9.15% stake in the share capital of Pink TV. This investment is not consolidated in the Group's accounts.

### Diversification operations:

- Purchase in December 2004 of a 28.5% stake in the share capital of the Live Stage SAS company, specialists in the staging of concerts and music performances, and now a 99%-owned subsidiary of M6.

## 1.2. M6 Group in 2004

### 1.2.1 Highlights

In 2004, M6 Group opted to pursue its strategy of profitable growth, by adapting to evolutions in its environment and its markets thanks to the flexibility of its costs, particularly those relating to its broadcasted programmes, and to the direction it set for its different businesses.

### AN INNOVATIVE AND EFFECTIVE PROGRAMMING STRATEGY

For the fourth successive year, M6 confirmed its position as France's 2<sup>nd</sup> most watched television network by under 50 year old housewives, its privileged target audience, with an 18.6% share for 2004, up 0.1 basis point. The audience grew by 5%.

The network's share of the individuals over the age of 4 audience is 12.5%, down by 0.1 basis point, in a competitive environment marked by the development of new channels, whose audience share progressed by 0.3 basis points in 2004 to 11.2% (source: Mediamétrie).

The trend towards audience fragmentation was stabilised in 2004, as reflected in the other television networks' share of the under 50 year old housewives audience, which decreased by 0.3 basis points to 9.7%.

This evolution confirms that generalist TV channels have maintained their ability to attract and unify large audiences in a multi-channels environment.

M6's programming strategy, based on innovation and originality, has proven its effectiveness, by reaching and unifying an ever larger audience. Indeed, in 2004, M6 confirmed its positioning for privileged viewers by achieving record new audience levels, affirming itself as a family TV network.

### Successful launch of 20 new programmes

With new documentary programmes such as *Ma vie aux urgences*, new lifestyles magazines such as *On a échangé nos mamans*, new tales of every day life such as *Le pensionnat de Chavagnes*, original and family French dramas and comedies such as *Trois Pères à la Maison* and *Si j'étais elle*, new TV series such as *NCIS – Special Investigations*, M6 has been richly rewarded for its creativity venture.

For example, *Le pensionnat de Chavagnes* attracted a viewing audience of 6.2 million for its 1<sup>st</sup> episode, a record performance for a Thursday night not witnessed since *Loft Story*. *Si j'étais elle*, reflecting a strengthening of the comedy and drama offer, attracted an audience of 4.9 million viewers.

### Confirmation of the success of M6's network flagship programmes

*Capital*, *Zone Interdite*, *Secrets d'Actualités*, *Turbo*, as well as *Six Minutes*, remained more than ever must view programmes that are appreciated by viewers. Eight of the twenty best viewing audiences achieved in 2004 were for *Capital* and *Zone Interdite*, Sunday night news magazines produced by M6.

*Six Minutes* share of the French viewing audience in 2004 improved to 15.1% from 14.3% in 2003 and is the only nightly newscast to increase its audience share, attracting on average 3 million viewers over the age of 4.

**New seasons of the *Bachelor and Nouvelle Star*** surpassed record audience levels achieved in their first seasons, with 4.6 and 4.5 million viewers respectively.

**Monday night** has now become 'Movie Night', attracting a family audience. Eight of the twenty highest viewing audiences were for feature films, with M6 realising an all time record high audience level for a film, of 7.5 million during its broadcast of *the Mask of Zorro*.

The programming strategy deployed by the channel in 2004 was focused on strengthening the programme line-up throughout the week, by offering innovative concepts, supported by the strong brands of the network.

Strengthened by its successes, M6 will pursue this orientation in 2005, already having generated record new audiences.

The beginning of 2005 already illustrates the quality and relevance of this programme offer, with the broadcast in its original version of *4400*, the launch of the 3<sup>rd</sup> season of *Nouvelle Star*, the successes of the *Oui Chef* and *Super Nanny* programmes, as well as *Zone Interdite* and *Kaamelott*, mini series replacing *Caméra Café*, with M6 attracting an average 19.9% share of the under 50 year old housewives audience in the first 8 weeks of 2005, up 0.4 basis points on 2004.

**The month of February, with a 20.7% share of this same target audience, has enabled M6 to realise its best monthly audience level since *Loft Story 2* in June 2002.**

## AN ATYPICAL ADVERTISING YEAR

The 2004 advertising year for M6 ended with a 4.1% net increase in advertising revenues. In a TV advertising market that grew by 4.9% in term of gross expenditures, M6 achieved a gross expenditure growth rate of 3.7%, accounting for 22.1% of total market gross expenditures.

**During this period**, M6 Group was able to attract advertisers to its programme line-up, enabling it to realise the highest growth rate in the market for the 1<sup>st</sup> half of 2004, 7.2% versus 6.5% for the market.

The year was highlighted by a strong dynamism for the first eight months, with growth driven by expenditures in traditional sectors such as Food and Health & Beauty, as well as the opening of TV advertising to the Press sector, whose presence was felt throughout the year, representing 1.4% of total television advertising expenditures in 2004. Following the signing at the beginning of September of products price reduction accords between manufacturers and mass distributors, advertising expenditures were immediately adjusted downwards by advertisers, resulting in an important decrease for the September - December period.

Overall for 2004, and despite the slowdown in the market, the Food sector remained the leading advertiser, followed by the Health & Beauty and Publications sectors, which collectively accounted for 51.8% of television advertising expenditures. Mass consumption sectors (Food, Health & Beauty and household products) garnered 46% of TV advertising expenditures.

M6 has benefited from new expenditures by the Press sector, gaining a 27% market share, markedly superior to its global market share. The Telecommunications sector, whose television advertising expenditures significantly increased in 2004, also benefited M6, which recorded with its advertisers a growth rate above that of the market.

Overall in 2004, Free to Air TV operations accounted for 51.4% of M6 Group's consolidated turnover, of which 97.7% were advertising revenues.

## PROFITABLE DIVERSIFICATION OPERATIONS

In 2004, Diversification operations accounted for 28.3% of consolidated turnover, grouping the activities M6 Interactions, Home Shopping Services, SND (audiovisual distribution rights), M6 Web and FCGB.

These operations, generators of revenues and profits complementary to those of the M6 TV network, were managed with a commitment to optimise their present and future contribution to Group profitability.

**M6 Interactions activities** on the one hand adapted to the recession in the discs market in realising a performance that enabled it to sustain its level of activity, while on the other hand, its object collections, such as *The Smurfs*, were developed with regard to a more favourable costs structure. Furthermore, the print magazine activities were adversely impacted by a drop in the youth press market in the 2<sup>nd</sup> half of 2004. Finally, the musical comedy *Gone with the*



*Wind* was seen by more than 185,000 spectators during its tour.

**Home Shopping activities** pursued its growth, driven by the good development of infomercials (advertising format presenting a product by way of a scripted programme), and strengthened by the acquisition of Canal Club.

**SND** did not benefit in 2004 from the distribution of blockbusters, limiting its activity instead to films with a more targeted viewing audience.

**M6 Web** recorded a new year of growth for its Internet and interactivity activities.

**The Girondins de Bordeaux Football Club (French Ligue 1)** pursued its cost rationalisation measures, enabling it to turnaround in the 2<sup>nd</sup> half of year, results adversely affected by a disappointing 2003-2004 season performance.

## GOOD PERFORMANCES BY DIGITAL TV

In 2004, the Group's Digital TV operations accounted for 20.3% of consolidated turnover, up from 17.8% for 2003.

### Thematic channels consolidated their profitability.

Cumulative audience shares for TF6, Série Club, Téva, Paris Première, M6 Music and Fun TV reached 8.7% for under 50 year old housewives and 7.1% for individuals over the age of 4 (source: Media-CabSat wave 8 September 2004 - February 2005, TPS representative world). The number of subscribed households pursued its progression for all of the channels.

Emphasis has been placed on the strengthening of programmes, in order to consolidate the positioning of each channel on its targeted market.

The success of this audience shares consolidation strategy has enabled the thematic channels to benefit from a strong growth in their advertising revenues. The ongoing focus on costs control and consolidation of technical and structure costs has enabled the Group's thematic channels' activities to significantly increase their contribution to the Group's operating profitability.

The acquisition of Paris Première, completed in May 2004, reflects the Group's commitment to pursue the establishment of complementary thematic channels focused on niche markets.

### TPS strengthens its subscribers' base and expenditures, and achieves breakeven.

Finally, TPS ended 2004 with a net increase of 115,000 subscribers, marking its highest level of recruitment since 2001. The deployment of the TPSL offer was accentuated, the offer content enriched notably in the area of cinema. TPS contributed positively to the Group's operating profitability.

## 1.2.2 Consolidated Income Statement

M6 Group realised 2004 financial year consolidated turnover of M€ 1,192.8, up 1.4% on 2003 (-1.1% on a constant scope).

**Free to Air TV operations** experienced a market environment in 2004 that was adversely affected by the signing of the Bercy accords at the beginning of September.

In this context, M6 TV network advertising revenues increased by 4.1% to M€ 598.8, with the excellent commercial performances of the 1<sup>st</sup> half of 2004 softening the adverse impact of year-end developments.

**Diversification operations turnover**, which decreased 8.1%, (-11.5% on a constant scope), to M€ 337.9, reflected contrasting developments: pursuit of Home Shopping and M6 Web activities growth, committed adjustment to the level of activity of M6 Interactions, unfavourable base effect for SND, lower audiovisual rights for FCGB following its drop in Ligue 1 ranking.

**Digital TV operations (thematic channels and TPS)** registered a sustained growth in turnover up 15.8% to M€ 241.7, rising 8% on a constant scope.

Thematic channels, thanks to the quality of their programmes and the relevance of their positioning, accentuated their growth with a 16.1% increase in turnover on a constant Group structure basis, primarily driven by higher advertising revenues.

TPS pursued its development, with its turnover rising by 6.6% to M€ 572.4, of which M€ 195.1 were incorporated into M6 Group consolidated turnover. At 31 December 2004, TPS had 1.68 million subscribers, of which 1.35 million were Satellite and DSL subscribers.

Overall consolidated operating revenues for 2004 amounted to M€ 1,239.1, up 1.1% from M€ 1,226.1 for 2003.

**Programming costs** of the M6 television network progressed by 4.8% for the year, reflecting the flexibility of programming costs and the capacity to adapt to the economic environment. After a 1<sup>st</sup> half-year growth of 7.1% financed by higher advertising revenues, programming costs were adapted to the slowdown in the advertising market without any deterioration in the network's audience levels.

**Consolidated operating expenses** marginally increased by 0.4% to M€ 1,016.7 from M€ 1,012.8 for 2003.

**Consolidated operating profit** progressed by 4.3% to M€ 222.5, resulting in an improvement in operating profit margin to 18.7% from 18.1% for 2003.

**Free to Air TV operations** contributed M€ 196.8 to Group operating profit, a progression of 1.8%.

**Diversification operations** saw their contribution to Group operating profit decrease slightly, to M€ 17.0 from M€ 17.8 for 2003, with the adverse performance of Girondins de Bordeaux Football Club (M€ 8.5 operating loss versus M€ 6.2 operating loss for 2003) absorbing the operating profit growth of other activities.

**Digital TV operations'** contribution to operating profitability increased significantly. Thematic channels (including Paris Première) realised an operating profit of M€ 3, compared with an operating loss of M€ 0.7 for 2003.

TPS realised an overall operating profit of M€ 2.2, of which M€ 0.4 was incorporated in M6 Group operating profitability.

The Group has prepared itself from 2004 for **the start-up of DTT** in 2005 by integrating, on a pro-rata basis, each of the channels awarded a digital license in the expenses relating to the reallocation of analogue frequencies undertaken by GIE Fréquences. At 31 December 2004, the Group estimated these expenses to be M€ 1.4 in total.

**Net financial income** decreased to M€ 0.9 from M€ 3.6 for 2003, with the increase in investment income net of TPS interest charges considerably offset by a writedown in treasury shares in order to reflect the decrease in the M6 share value in 2004.

**Net exceptional income** amounted to M€ 2.6, notably due to the favourable resolution of Group litigations.

**Goodwill amortisation** amounted to M€ 6.5, up as a result of the acquisition of Paris Première (M€ 1.5 amortisation over 8 months) and an exceptional M€ 2 amortisation of Fun TV goodwill.

**Profit from ordinary activities** increased to M€ 223.4 from M€ 216.9 for 2003.

Income tax charges increased to M€ 80.7 from M€ 76.3 during this time, taking into account income taxes payable and deferred.

Share of associates' results decreased to negative M€ 0.6 from M€ 1.6 for 2003, reflecting reduced losses at RTL Shop.

**M6 reported a net profit (Group share) of M€ 138.7 for 2004, a 5.4% increase over the previous year**, after M€ 0.5 in minority interest allocation.

### 1.2.3. Analytical Consolidated Income Statement

(in M€)	2004	% change	2003	% change	2002
		2004/2003		2003/2002	proforma*
<b>M6 GROUP CONSOLIDATED TURNOVER</b>	<b>1,192.8</b>	<b>+1.4%</b>	<b>1,176.8</b>	<b>+9.8%</b>	<b>1,071.3</b>
M6 TV Network advertising revenues <sup>(1)</sup>	611.9	+3.6%	590.5	+3.7%	569.5
M6 Group advertising revenues	598.8	+4.1%	575.2	+3.3%	556.6
Advertising agency costs	-15.7		-16.2		-19.6
Taxes and royalties	-60.9		-60.3		-57.4
Broadcasting costs	-34.6		-34.0		-34.1
<b>Free to Air TV net revenues <sup>(2)</sup></b>	<b>500.7</b>	<b>+4.3%</b>	<b>480.0</b>	<b>+4.7%</b>	<b>458.4</b>
Programming costs <sup>(3)</sup>	-248.6	+4.8%	-237.3	+6.5%	-222.7
<b>GROSS MARGIN ON PROGRAMMING <sup>(4)</sup></b>	<b>252.1</b>	<b>+3.9%</b>	<b>242.7</b>	<b>+3.0%</b>	<b>235.7</b>
M6 Network operating profit	197.3	+1.4%	194.5	-0.6%	+195.6
Other Free to Air TV operating revenues	14.4	-42.8%	25.2	+17.0%	21.5
Other Free to Air TV operating loss	-0.5	-58.3%	-1.2	-87.8%	-9.8
<b>Free to Air TV operating revenues</b>	<b>613.2</b>	<b>+2.1%</b>	<b>600.4</b>	<b>+3.9%</b>	<b>578.1</b>
<b>FREE TO AIR TV OPERATING PROFIT <sup>(5)</sup></b>	<b>196.8</b>	<b>+1.8%</b>	<b>193.3</b>	<b>+4.0%</b>	<b>+185.8</b>
<b>Diversification operating revenues</b>	<b>337.9</b>	<b>-8.1%</b>	<b>367.8</b>	<b>+21.7%</b>	<b>302.3</b>
<b>DIVERSIFICATION OPERATING PROFIT <sup>(6)</sup></b>	<b>17.0</b>	<b>-4.5%</b>	<b>17.8</b>	<b>+25.4%</b>	<b>+14.2</b>
TPS operating revenues	195.1	+6.9%	182.5	+10.2%	165.6
Thematic Channels operating revenues	46.6	+78.3%	26.1	+3.3%	25.3
TPS operating profit	0.4		1.3		-7.8
Thematic Channels operating profit	8.3		0.9		-1.5
<b>Digital TV operating revenues</b>	<b>241.7</b>	<b>+15.9%</b>	<b>208.6</b>	<b>+9.3%</b>	<b>190.9</b>
<b>DIGITAL TV OPERATING PROFIT <sup>(7)</sup></b>	<b>8.7</b>		<b>2.2</b>		<b>-9.3</b>
<b>M6 GROUP OPERATING PROFIT (EBIT) <sup>(8)</sup></b>	<b>222.5</b>	<b>+ 4.3%</b>	<b>213.3</b>	<b>+ 11.9%</b>	<b>+190.7</b>
<b>% turnover</b>	<b>18.7%</b>		<b>18.1%</b>		<b>17.8%</b>
<b>Net financial income</b>	<b>0.9</b>		<b>3.6</b>		<b>-2.8</b>
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>223.4</b>	<b>+3.0%</b>	<b>216.9</b>	<b>+15.4%</b>	<b>+187.9</b>
<b>Net exceptional income/(expenses)</b>	<b>2.6</b>		<b>-9.3</b>		<b>-15.0</b>
Goodwill amortisation	-6.5		-2.3		-2.2
Share of associates' results <sup>(9)</sup>	-0.6		-1.6		-2.3
<b>Profit before tax</b>	<b>218.9</b>	<b>+7.5%</b>	<b>203.7</b>	<b>+21.0%</b>	<b>+168.4</b>
<b>% turnover</b>	<b>18.4%</b>		<b>17.3%</b>		<b>15.7%</b>
Income tax	-80.7		-73.6		-58.3
<b>PROFIT BEFORE MINORITY INTEREST</b>	<b>138.2</b>	<b>+6.2%</b>	<b>130.1</b>	<b>+18.2%</b>	<b>+110.1</b>
<b>% turnover</b>	<b>11.6%</b>		<b>11.1%</b>		<b>10.3%</b>
Minority Interest	0.5		1.5		+0.9
<b>NET PROFIT (Group share)</b>	<b>138.7</b>	<b>+ 5.4%</b>	<b>131.6</b>	<b>+ 18.5%</b>	<b>+111.0</b>

\* TPS full year results 34% proportionally consolidated

### Glossary

#### Change in presentation

The 2002 and 2003 Analytical Consolidated Income Statements by business segment were restated in order to provide greater transparency on the contribution of the M6's Advertising Agency activity to Group results.

#### 1. M6 TV Network advertising revenues

These represent overall advertising revenues from external and Group internal customers from advertising time sold on the M6 TV channel.

#### 2. 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.

#### 3. Programming costs

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

#### 4. Gross margin on programming

This represents the difference between Free to Air TV net revenues and programming costs.

#### 5. Free to Air TV operating profit

Comprises operating profits from the Group's Free to Air TV operations, calculated from gross margin on programming and adjusted for residual operating expenses not included in programming costs such as overhead costs, structure personnel costs, communications costs, depreciation and amortisation charges, computer systems costs, etc. It also integrates the operating profit of production, audiovisual rights and property subsidiaries.

#### 6. Diversification operating profit

Comprises the operating profit of the Group's Diversification operations, which are detailed in the following page, as consolidated in the Group's accounts.

#### 7. Digital TV operating profit

Comprises the operating profit of the Group's thematic channels and TPS platform, proportionately consolidated based on the pro-rata share of Group's ownership (TF6, Série-Club and TPS).

#### 8. M6 Group operating profit

M6 Group operating profit comprises the operating profit of its consolidated operations.

#### 9. Share of associate's results

This concerns M6's share of the net profit/loss of RTL Shop, which is 20% owned by the Group.



## 2. Group's Businesses Financial Results

### 2.1. Free to Air TV business

(In M€)	2004			2003			Change 2004 versus 2003		
	Turnover	Op. Profit	Net Profit	Turnover	Op. Profit	Net Profit	Turnover	Op. Profit	Net Profit
<i>M6 Channel</i>	598.8	213.0	143.2	575.2	210.7	138.7	23.6	2.3	4.5
<i>M6 Advertising Agency</i>	-	(15.7)	(10.2)	-	(16.2)	(10.6)	-	0.5	0.4
<b>Subtotal - M6 TV Network</b>	<b>598.8</b>	<b>197.3</b>	<b>133.0</b>	<b>575.2</b>	<b>194.5</b>	<b>128.1</b>	<b>23.6</b>	<b>2.8</b>	<b>4.9</b>
<i>M6 DA</i>	2.5	(3.3)	(2.3)	4.2	(3.2)	(2.7)	(1.7)	(0.1)	0.4
<i>M6 TV Other</i>	0.1	-	-	0.3	-	-	(0.2)	-	-
<i>M6 Films</i>	1.5	(0.6)	(0.5)	3.0	(0.4)	(0.3)	(1.5)	(0.2)	(0.2)
<i>Mandarin</i>	0.4	(2.7)	(2.7)	6.2	(0.4)	(0.3)	(5.8)	(2.3)	(2.4)
<i>TCM</i>	5.2	1.2	0.7	5.5	1.1	0.6	(0.3)	0.1	0.1
<b>Subtotal - Audiovisual rights</b>	<b>9.7</b>	<b>(5.4)</b>	<b>(4.8)</b>	<b>19.3</b>	<b>(2.9)</b>	<b>(2.7)</b>	<b>(9.5)</b>	<b>(2.5)</b>	<b>(2.1)</b>
<i>Métropole Production</i>	2.7	0.2	0.1	2.8	(0.1)	(0.3)	(0.0)	0.3	0.4
<i>C.Productions</i>	0.1	0.4	0.2	1.2	0.7	0.5	(1.1)	(0.3)	(0.3)
<i>M6 Studio</i>	-	(0.0)	(0.2)	-	-	-	-	(0.0)	(0.2)
<i>Studio 89 <sup>(1)</sup></i>	0.2	0.7	0.4	0.1	0.8	0.5	0.1	(0.1)	(0.1)
<i>W9 Productions</i>	0.6	0.4	0.1	0.2	0.7	0.4	0.4	(0.3)	(0.3)
<b>Subtotal - Production</b>	<b>3.6</b>	<b>1.6</b>	<b>0.6</b>	<b>4.2</b>	<b>2.1</b>	<b>1.1</b>	<b>(0.6)</b>	<b>(0.5)</b>	<b>(0.5)</b>
<b>Advertising Agency - non-Group</b>	<b>1.0</b>	<b>1.1</b>	<b>0.8</b>	<b>1.7</b>	<b>(2.4)</b>	<b>(1.6)</b>	<b>(0.7)</b>	<b>3.5</b>	<b>2.4</b>
<i>Immobilière M6 et SCI 107 CdG</i>	0.1	2.2	1.0	0.1	2.0	0.8	(0.0)	0.2	0.2
<b>Subtotal - Property</b>	<b>0.1</b>	<b>2.2</b>	<b>1.0</b>	<b>0.1</b>	<b>2.0</b>	<b>0.8</b>	<b>(0.0)</b>	<b>0.2</b>	<b>0.2</b>
<b>TCM goodwill</b>	<b>-</b>	<b>-</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>613.2</b>	<b>196.8</b>	<b>130.5</b>	<b>600.4</b>	<b>193.3</b>	<b>125.6</b>	<b>12.8</b>	<b>3.5</b>	<b>4.9</b>

(1) Studio 89 was previously integrated within the Group's Digital TV business

### 2.1.1 M6 TV Network

#### M6 TV CHANNEL MÉTROPOLE TÉLÉVISION (SA)

M6 Métropole Télévision, Parent Company of the M6 Group broadcasts the M6 channel. It sets programming strategy, programme acquisition and production policy and the network's programme lineup. M6 collects revenues from advertising slots and sponsorships broadcast on the network. Finally, M6 Métropole Télévision defines the strategic orientations of the Group's different entities and manages the cross-organisational support functions.

For 2004, M6 Métropole Télévision reported a 4.1% increase in turnover and an operating profit of M€ 213, including M6 advertising agency result realised with the channel.

#### ADVERTISING AGENCY M6 PUBLICITÉ (SAS)

M6 Publicité collects and commercialises advertising and sponsorship aired on TV on behalf of the Métropole Télévision Group. It also manages the advertising on the 18 thematic channels. In this regard, M6 Publicité realises all commercial and marketing studies, enabling channels to improve the effectiveness of their programming.

## 2.1.2. Other Free to Air TV activities

### AUDIOVISUAL RIGHTS

#### Droits Audiovisuels (SA)

M6 Droits Audiovisuels markets and sells its catalogue of rights and programmes for which it has acquired the rights or secured the mandate for distribution.

The decrease in turnover was notably due to the absence in 2004 of *Capital* and *Turbo* programme sales compared to 2003, as well as a downturn in feature films sales.

#### 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 2004, investments corresponding to this obligation amounted to M€ 16, up 0.4% in relation to 2003, enabling M6 Films to undertake the production of 9 new films, of which 4 were the first or second films of the producers concerned.

M6 Films pursued its ambitious policy of financing French films, such *Iznogoud* by Patrick Braoudé and *Les Chevaliers du Ciel* by Gérard Pirès, and first films, with *Espace Détente* by Bruno Solo and Yvan Le Bolloc'h and *Brice de Nice* by James Huth.

In 2004, in an environment marked by an increase in box office attendance figures (up 11.6% on 2003; source CNC), the 9 films co-produced by M6 in the previous years registered very good performances, with cumulative box office ticket sales of 11.75 million, with 4 films (*Podium*, *Les 11 Commandements*, *Double Zéro*, *Arsène Lupin*) exceeding 1 million in box office ticket sales and 6 ranked in the top 30 French film box office sales for the year.

The decrease in M6 Films turnover on 2003 resulted from a refocusing in 2004 on co-production activity, while the 2003 financial year had benefited from income arising from its TV rights distribution mandate. M6 Films was able to limit the negative evolution of its operating profit through effective management of its costs.

#### TCM Droits Audiovisuels (SNC)

Established in 1996, TCM Droits Audiovisuels has as its mission the acquisition and distribution of exploitation rights of all audiovisual and film works. The company is jointly owned by M6 and TF1. TCM DA sales are realised to the major national analogue TV channels and cable and satellite TV channels in France, as well as export sales to Belgium and Switzerland. Sales to cable and satellite TV channels increased significantly in 2004, and now represent TCM's leading source of revenues.

TCM posted 2004 turnover and operating profit of M€ 5.2 and € 1.2 respectively, virtually unchanged from 2003.

#### Mandarin (SAS)

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

No significant commercial activity, was recorded in 2004, leading to a decrease in profitability under the effect of the amortisation of the catalogue.

### 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*, as well as the children's programme *M6 Kid* and the movie magazine *Grand Ecran*. The company realises most of its activity with other companies of the M6 Group, as well as operating the Group's technical resources.

Company turnover was derived from sponsorship sales.

#### C. Productions (SA)

C.Productions is a production company that primarily serves the various channels of the M6 Group, providing them with flagship magazines including *Capital*, *Secrets d'Actualité*, *Plus Vite que la Musique*, *Docs de Choc* and more recently, *Ma Vie aux urgences*, a new documentary format TV series. In 2004, C.Productions produced 168 hours in programming

in 144 formats, of which 110 were uncut.

The magazines *Capital*, *Secrets d'Actualités* and *Plus Vite que la Musique* continue to post impressive audience levels, respectively averaging 19%, 18.8% and 17.6% of the under 50 year old housewives segment. 2004 was marked by the success of *Ma Vie aux Urgences*, whose concept will be extended in 2005. *The day France came to a halt* and *Virus Alert*, new docu-drama formats, will also be launched.

Turnover decreased in 2004 due to fewer sales outside the Group.

### M6 Studio (SAS)

Created in 2003, M6 Studio is dedicated to the development and production of French animated feature films. M6 Studio is currently producing, as associate producer, its first animated feature film, *Astérix and les Vikings*, in co-production and in association with other subsidiaries of the M6 Group.

This very ambitious M€ 22 project inspired by the novel of René Goscinny and Albert Uderzo, has been under development within the M6 Group since the end of 2002, and its production, ensured by French and European studios, began in 2003, and will end at the end of 2005, with a box office release date in France sometime in the Spring of 2006.

The film's heroes benefit from an unrivalled recognition status in Europe and beyond, as international pre-sales have indicated: Germany, Spain, Benelux, Scandinavia, Portugal, Greece, Switzerland, Russia, Canada, Eastern Europe, Turkey and Indonesia.

### Studio 89 Productions (SAS)

Studio 89 produces entertainment and games shows, as music documentaries and infotainment magazines for the M6 TV network and the thematic channels of the Group.

In 2004, the company produced 854 hours of programming, with 7 shows broadcast daily on M6 (*C'est pas trop tôt*, *Génération Hit*, *Duels de Stars*, *70/80/90 à l'heure*, *Classé Confidentiel*, *Tubissimo*, *the Weather*), one prime time broadcast on M6 (*La Coupe du Monde du Rire*), 6 weekly programmes and two stand alone programmes for the TF6 and Fun TV thematic channels (*Hit TF6*, *Real TV USA*, *Téva en parle*, *les dossiers de Téva*, *Top Model USA...*). Studio 89 pioneered the new concepts and adaptations of international programmes. It has introduced a new generation of hosts for its programmes (Max, Magloire, Sébastien Follin, Céline Balitran).

Since 2003, Studio 89 has exploited under lease the production of Fun TV programmes, which was terminated on December 2004, with the transfer of the business by Fun TV to Studio 89.

### W9 Productions (SAS)

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

The company produces entertainment shows (*Le Grand Zap*, *Jumeaux: l'expérience inédite*), variety shows (*Le Grand Classement*, *100%...*), and reality TV shows (*Bachelor: le gentleman célibataire*, *les Colocataires*) for M6 and the thematic channels

of the Group, and accordingly realises most of its business activity within the Group.

One of the main highlights of 2004 was the success of season 2 of *Bachelor: le gentleman célibataire*, presented by Stéphane Rotenberg, which attracted on average 3.7 million viewers over the 8 weeks it aired.

More than 4.6 million viewers watched the final show on 26 February 2004, including 32% of under 50 year old housewives. *Les Colocataires*, a reality TV programme, was broadcast live and continuously on cable and satellite TV, generating 72 daily shows broadcast at 6 :00 pm watched by more than 30% of under 50 year old housewives, as well as 10 live evening broadcasts each Wednesday from April to June. *Jumeaux: la nouvelle expérience*, broadcast in December 2004, was W9's 50th prime time production, with 4.4 million viewers, including 28.4% of under 50 year old housewife viewers, confirming the success it had already encountered in 2003 as *Jumeaux, l'expérience inédite* and the capability of W9 to use its know-how to create new programmes.

W9 Productions hence confirmed in 2004 its place among the major producers of streaming French audiovisual programmes.



## PROPERTY

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

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

## 2.2. Diversification business

(In M€)	2004			2003			Change 2004 versus 2003		
	Turnover	Op. Profit	Net Profit	Turnover	Op. Profit	Net Profit	Turnover	Op. Profit	Net Profit
<i>M6 Interactions</i>	103.6	15.3	9.3	131.8	9.0	3.0	(28.2)	6.3	6.3
<i>M6 Éditions</i>	10.6	(0.3)	(0.2)	10.8	1.4	0.9	(0.2)	(1.7)	(1.1)
<i>M6 Événements - Lifestage</i>	15.7	(0.2)	-	15.4	0.2	0.2	0.3	(0.4)	(0.2)
<b>Subtotal - M6 Interactions</b>	<b>129.8</b>	<b>14.8</b>	<b>9.1</b>	<b>158.0</b>	<b>10.6</b>	<b>4.1</b>	<b>(28.2)</b>	<b>4.2</b>	<b>5.0</b>
<i>SND</i>	38.9	(1.8)	(1.6)	47.9	2.3	4.8	(9.0)	(4.1)	(6.4)
<b>Subtotal - Audiovisual Rights</b>	<b>38.9</b>	<b>(1.8)</b>	<b>(1.6)</b>	<b>47.9</b>	<b>2.3</b>	<b>4.8</b>	<b>(9.0)</b>	<b>(4.1)</b>	<b>(6.4)</b>
<i>Home Shopping Services</i>	111.9	4.6	4.3	92.5	4.1	3.6	19.4	0.5	0.7
<i>Club Téléachat</i>	-	-	-	-	-	-	-	-	-
<i>RTL Shop</i>	-	-	(0.4)	-	-	(1.6)	-	-	1.2
<b>Subtotal - Home Shopping</b>	<b>111.9</b>	<b>4.6</b>	<b>3.9</b>	<b>92.5</b>	<b>4.1</b>	<b>2.0</b>	<b>19.4</b>	<b>0.5</b>	<b>1.9</b>
<i>M6 Web</i>	26.5	7.9	5.1	24.3	6.7	4.2	2.2	1.2	0.9
<b>Subtotal - Web</b>	<b>26.5</b>	<b>7.9</b>	<b>5.1</b>	<b>24.3</b>	<b>6.7</b>	<b>4.2</b>	<b>2.2</b>	<b>1.2</b>	<b>0.9</b>
<b>TOTAL - EXCLUDING FCGB</b>	<b>307.1</b>	<b>25.5</b>	<b>16.5</b>	<b>322.7</b>	<b>23.7</b>	<b>15.1</b>	<b>(15.6)</b>	<b>1.8</b>	<b>1.4</b>
<i>FCGB</i>	30.8	(8.5)	(5.0)	45.1	(6.2)	(5.4)	(14.3)	(2.3)	0.4
<b>Subtotal FCGB</b>	<b>30.8</b>	<b>(8.5)</b>	<b>(5.0)</b>	<b>45.1</b>	<b>(6.2)</b>	<b>(5.4)</b>	<b>(14.3)</b>	<b>(2.3)</b>	<b>0.4</b>
<b>Advertising Agency - Diversification</b>	-	-	-	-	<b>0.3</b>	<b>0.2</b>	-	<b>(0.3)</b>	<b>(0.2)</b>
<b>Goodwill - HSS/U15/</b>									
<b>Culture Mag/M6 Foot/SND</b>	-	-	<b>(1.9)</b>	-	-	<b>(1.4)</b>	-	-	<b>(0.5)</b>
<b>TOTAL</b>	<b>337.9</b>	<b>17.0</b>	<b>9.6</b>	<b>367.8</b>	<b>17.8</b>	<b>8.5</b>	<b>(29.9)</b>	<b>(0.8)</b>	<b>1.1</b>

### 2.2.1. M6 Interaction activities

#### M6 INTERACTIONS (SAS)

M6 Interactions has two core activities: discs and composite products (DVD, Collections) production and distribution.

The 2004 financial year was highlighted by:

- the contraction of the disc market for a second successive year, with a 14.3% decrease in value and a 10.2% decrease in sales volume according to SNEP,
- the good performance of the video market, which

according to SEV, progressed by 9.6% in value and 23% in volume, with a marked trend towards lower DVD sales prices.

In this context, M6 Interactions committed itself to an adjustment strategy for its activity, privileging profit margins over sales volumes. Hence, despite a drop in turnover of 21.4%, the company achieved a significant increase in operating profit to M€ 15.3 from M€ 9 for 2003, enabling it to improve its operating profit margin to 14.8% from 6.8% during this time.

## Composite Products Production and Distribution

8.65 million units were sold in 2004, virtually unchanged from 2003's 8.7 million units, but driven by two contrasting trends:

- lower individual DVD and VHS sales (0.9 million units sold in 2004 versus 1.9 million units in 2003)
- higher DVD and objects collections sales (7.5 million units sold in 2004 versus 6.5 million in 2003).

## Discs

In a disc market in crisis, discs realised turnover virtually the same as the previous year, despite a 15% drop in units sold, from 9.8 million in 2003 to 8.3 million in 2004.

This good performance is driven by:

- major commercial successes, with 12 top of the charts singles, albums, DVD musicals and compilations, including *O-Zone (Dragostea Din Tei)* which topped the singles chart for 15 consecutive weeks, with the added distinction of being the only single released in 2004 to have exceeded more than 1 million in unit sales;
- a progression in the number of albums and compilations sold, with the positive price effect neutralising the negative singles volumes effect.

2005 began with the success of the recording artists *Amel Bent (la Nouvelle Star season 2 discovery)*, whose first single went straight to the top of the charts on the week of its release, and *Chimène Badi (a Popstars season 2 discovery)*, whose album is N° 1 in sales.

## M6 ÉDITIONS (SA)

M6 Éditions mission is to publish youth market oriented magazines, and it currently edits two bi-monthly magazines, *Fan 2* and, since mid-2003, *Hit Machine Girl*. In 2004, these magazines benefited from a growth in advertising revenues, reflecting the positive impact of being awarded an OJD star, crowning the strong increase in circulation numbers in 2003. This growth partially compensates a difficult market in youth publications news stands sales negative contribution to the group operating profit since the beginning of the 2<sup>nd</sup> half of 2004.

Accordingly, the company posted an operating loss of M€ 0.3.

## M6 ÉVÉNEMENTS (SA) - LIVE STAGE (SAS)

M6 Événements specialises in the staging of shows and communications of events. 2004 was marked by the progression in the staging of private events.

The Group's Live Stage subsidiary co-produced and presented in 2003 and 2004, the musical comedy *Gone with the Wind*, which was seen more than half a million spectators in Paris and in its tour throughout France (62 showings). In December 2004, M6 Événements increased its equity stake in Live Stage to 99% from 70.5% at 31 December 2003).

M6 Événements and its Live Stage subsidiary posted an operating loss of M€ 0.2.

## 2.2.2 Société Nouvelle de Distribution (SA)

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

After a very good 2003 financial year, exceptionally marked by the success of the film *Gangs of New York*, which was optimally exploited over all medias (cinema, TV sales, video), 2004 was a year of reversal, in terms of turnover, which contracted to M€ 38.9 from M€ 47.9 for 2003, and operating profitability, with a 2003 operating profit of M€ 2.3 transformed into an operating loss of M€ 1.8. This decline in turnover and operating profitability resulted from:

- the absence of films in the 1<sup>st</sup> half of the year, which in contrast to 2003, did not enable the showing of these films throughout the year for the rights acquired (cinema, video, TV),
- unexpected low box office ticket sales for the two blockbusters of the year, *People Jet Set 2* (0.8 million) and *Arsène Lupin* (1.15 million),
- delay in releases until 2005.

On the other hand, video revenues progressed to M€ 23.5, primarily driven by the acquisition of the Hachette catalogue (M€ 3.7) and the success of such titles as *Caméra Café*, *Underworld* and *Basic*.

In 2004, SND effectively strengthened its rights catalogue and pursued its acquisition policy:

- The Hachette catalogue, comprising more than 300 titles (video and TV rights), was acquired on 1 January 2004 and its exploitation was begun during the year (5 new video releases and 100 catalogue established titles)

- Full rights to high potential films were purchased and will be exploited in 2005, notably some 15 for box office release.

### 2.2.3. Home Shopping activities

#### HOME SHOPPING SERVICE (SA)

Home Shopping Service (HSS), the Group's home shopping subsidiary, experienced a new year of growth, with turnover up 21%, rising 7.5% on a constant scope

With the purchase in full in March 2004 of the share capital of Canal Club, which was then renamed Boutiques du Monde SNC, and the launch in April of *M6 Boutique la Chaîne* (produced by Club Téléachat SNC), HSS has strengthened its:

- commercial offer, with the expansion of its infomercials activity;
- distribution channels, with the broadcast of the channel on a 24-7 basis on TPS, CanalSatellite and cable TV, representing a potential viewing audience of 5 million households.

HSS is the market leader, with a 55% share of the market in France and the Benelux. Present in 3 segments that are programmes on free to air TV and cable channels, the 24-7 channel and infomercials, HSS broadcasts 700 hours of programming a week, serving an active customer base of some 2 million, to whom it sells 2.5 million items yearly.

The growth in 2004 is primarily related to the development of catalogue sales (6 million copies issued)

and the infomercials activities.

Operating profitability was affected by the costs associated with the launch of the *M6 Boutique la Chaîne* channel and its new format (an increase to 8 live broadcasting hours from 3). The infomercials activity has added a new significant contribution to operating profitability. Losses by RTL Shop, which is accounted for on an equity basis, were sharply reduced, with the company expected to achieve breakeven profitability in 2005.

Home Shopping activities posted an operating profit of M€ 4.6 for 2004, generating an operating profit margin of 4.11%, lower than the 4.43% operating profit margin generated in 2003.

#### 2.2.4. M6 Web (SAS)

M6 Web, the Group's interactivity subsidiary, recorded an increase in turnover for 2004, up 9.1%, driven by its Internet activity advertising revenues and Interactivity activity revenues.

M6 Web edits some twenty web sites, for both the Group (M6.fr, Turbo.fr, ...) and third parties. M6.fr is France's 2<sup>nd</sup> most popular media web site, with, on average, more than 1 million individual visitors accessing its pages monthly.

2004 was marked by the launch of:

- a music downloading platform M6music.fr,
- an HD video service, the first peer-to-peer high speed video service, with the company pursuing the development of its interactivity business.

M6 Web achieved an overall operating profit of M€ 7.9 in 2004, up 17.9% over the previous year.

In 2005, M6 Web will implement the *M6 Mobile by Orange* agreement, which will focus on M6's entry into the mobile telephony market supported by its commercial and marketing expertise in order to provide consumers with a new offer of subscriptions and enriched services.

#### 2.2.5. 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.

For the 2003-2004 season the Club finished in 12<sup>th</sup> position in the French Ligue 1. This disappointing performance will not enable the Club to participate in the UEFA Cup competition in 2004-2005.

The decrease in turnover arises from a drop in TV rights, which is indexed to the Club's end of season position in the Ligue 1. The Club incurred an operating loss of M€ 8.5, which drops to M€ 5.6 when transfer fees are excluded. In 2004, the Girondins de Bordeaux Football Club pursued its development strategy based on training and young players, with the integration of players developed at the Training Centre into the squad. 2004 was also marked by the confirmation of these young players at an international level.



In this same perspective of optimisation of player development, a new phase will be completed in 2005 with the establishment of the École Technique Privée FC Girondins de Bordeaux that will serve to develop the younger players.

Having implemented at the end of 2003 an operating costs rationalisation plan, the Club benefited from its first positive effects by the 2<sup>nd</sup> half of 2004, enabling it to limit its annual loss to that incurred in the 1<sup>st</sup> half of the year.

The winning bid for Ligue 1 TV broadcast rights, announced in mid-December, will have a positive impact on Club revenues for the next 3 seasons.

## 2.3. Digital TV business

(In M€)	2004			2003			Change: 2004 versus 2003		
	Turnover	Op. Profit	Net Profit	Turnover	Op. Profit	Net Profit	Turnover	Op. Profit	Net Profit
TF6	6.7	1.0	0.6	5.9	-	(0.1)	0.8	1.0	0.7
Série Club	4.7	0.7	0.5	4.0	0.4	0.2	0.8	0.3	0.3
Teva	11.2	(0.8)	(0.3)	8.6	(2.9)	(0.5)	2.6	2.1	0.2
Fun TV	3.1	0.6	0.5	3.5	-	(0.1)	(0.5)	0.6	0.6
M6 Music	4.6	1.9	1.2	4.1	1.8	1.2	0.5	0.1	-
Paris Première	16.3	(0.3)	(0.3)	-	-	-	16.3	(0.3)	(0.3)
<b>Subtotal Thematic Channels <sup>(1)</sup></b>	<b>46.6</b>	<b>3.0</b>	<b>2.2</b>	<b>26.1</b>	<b>(0.7)</b>	<b>0.7</b>	<b>20.5</b>	<b>3.7</b>	<b>1.5</b>
<b>Advertising Agency - Digital TV</b>	<b>-</b>	<b>5.5</b>	<b>3.5</b>	<b>-</b>	<b>1.7</b>	<b>1.0</b>	<b>-</b>	<b>3.8</b>	<b>2.5</b>
TPS	195.1	0.4	(1.2)	182.5	1.3	(1.8)	12.6	(0.9)	0.6
<b>Subtotal TPS</b>	<b>195.1</b>	<b>0.4</b>	<b>(1.2)</b>	<b>182.5</b>	<b>1.3</b>	<b>(1.8)</b>	<b>12.6</b>	<b>(0.9)</b>	<b>0.6</b>
M6 Numérique	-	(0.0)	(1.8)	-	-	(1.7)	-	(0.0)	(0.1)
M6 Thématique	0.0	(0.2)	0.2	(0.0)	(0.1)		0.0	(0.1)	0.2
<b>Goodwill TPS/Fun TV/Paris Première</b>	<b>-</b>	<b>-</b>	<b>(4.3)</b>	<b>-</b>	<b>-</b>	<b>(0.8)</b>	<b>-</b>	<b>-</b>	<b>(3.5)</b>
<b>TOTAL</b>	<b>241.7</b>	<b>8.7</b>	<b>(1.4)</b>	<b>208.6</b>	<b>2.2</b>	<b>(2.6)</b>	<b>33.1</b>	<b>6.5</b>	<b>1.2</b>

<sup>(1)</sup> The change in contributions in 2003 arises from the reclassification of Studio 89 as a Free to Air TV activity.

### 2.3.1. Thematic channels

#### TF6 (SCS)

This jointly owned subsidiary with TF1 had 2.73 million subscribers at 31 December 2004, up 14.7% (350,000 households) since the previous year-end.

The channel is exclusively available by satellite on TPS and is integrated in offers of the main cable operators. TF6 confirms its ranking as the most wat-

ched thematic channel on TPS, with a 2.8% share of the individuals over the age of 4 viewing audience (source: Mediacabsat wave 8, September 2004 - February 2005). The programmes offer was further enriched in 2004, notably in the area of entertainment (weekly shows and prime time event-driven programmes) and fictions (comedy and drama original version TV series and feature films appealing to a wide audience), in order to strengthen the generalist offer of the channel.

TF6's contribution to the Group's turnover and operating profit (50% integration) progressed with the channel reporting in 2004 its first ever operating profit of M€ 1.

## SÉRIE CLUB – EXTENSION TV (SA)

This subsidiary, jointly owned with TF1, had 2.34 million household subscribers at 31 December 2004 through TPS and major cable TV operators, gaining 220,000 cable and satellite TV household subscribers during the year, representing an increase of 10.4%. Série Club, which provides viewers with a varied offer of TV series, many of which in their uncut version, continued with its strategy of creating events-driven nightly specials.

Série Club's audience continued to progress, notably with the under 50 year old housewives, for which it has a 32% market share (source: MediaCabSat wave 8, September 2004 - February 2005).

Série Club benefited in 2004 from an important growth in its advertising revenues, and strengthened its contribution to M6 Group operating profit, for which 50% of its results are integrated, posted a 2004 financial year operating profit of M€ 0.7.

## TÉVA – SEDI TV (SNC)

Téva, the generalist channel for women, is 51% owned by M6 and 49% owned by CTF (Groupe Marie Claire and Hachette Filipacchi Media). Broadcast on TPS, CanalSatellite and the major cable operators, Téva had more than 4.76 million household subscribers at 31 December 2004.

Téva consolidated its position among the leading complementary channels, and is now the 3<sup>rd</sup> most watched thematic channel on cable and satellite TV by under 50 year old housewives (source: MediaCabSat wave 8, September 2004 - February 2005).

The progression in turnover, driven by increased advertising revenues, enabled Téva to significantly reduce its operating loss to M€ 0.8.

## FUN TV (SNC)

Fun TV, the live entertainment channel for 15 to 24 year olds, had 1.7 million cable TV and TPS subscribers at 31 December 2004. Fun TV is integrated from March 2004 in the basic offer of the cable operator Noos. The channel continues to progress with its target audience, increasing its 15 to 24 year old viewers by 25% in 2004 (source: MediaCabSat wave 8, September 2004 - February 2005).

Despite a slight decrease in turnover, Fun TV improved its operating profitability, generating an operating profit margin of 19.3%, thanks to good costs control and the pooling of broadcasting means with those of the other thematic channels of the Group. Fun TV had leased to Studio 89 its programme production business. At the end of 2004, Fun TV decided to transfer this business to Studio 89, terminating this lease arrangement.

The acquisition goodwill of Fun TV, contributed by M6 Thématique, was subject to an exceptional amortisation of M€ 2 in 2004, resulting in its net book value being decreased to M€ 2.1 at 31 December 2004.

## M6 MUSIC – EDI TV (SNC)

A fully owned subsidiary, the music channel M6 Music had nearly 2 million subscribers at 31 December 2004. Broadcast on cable and satellite TV (TPS), M6 Music is TPS's leading music channel, with a 2.1% share of its targeted 15 to 34 year old audience (source: MediaCabSat wave 8, September 2004 - February 2005). M6 Music pursues its progression in audience size, reporting a 28% increase on its target audience between wave 7 and 8.

M6 Music confirmed its growth in 2004, posting an operating profit of M€ 1.9.

Two new thematic music channels were launched in January 2005 on TPS: M6 Music Rock and M6 Music Black.

## PARIS PREMIÈRE (SA)

Paris Première was acquired by M6 in May 2004, generating acquisition goodwill of M€ 22.9 based on a purchase price of M€ 18.5 and the value of shares previously held. At 31 December 2004, Paris Première had 5.2 million household subscribers, registering a 33% growth in individuals over the age of 4 viewers between waves 6 and 8.

2004 revolved around two key events:

- **from May to July, integration of the channel within M6 Group's thematic channels activity**

A Job Savings Plan, necessary for the survival of the channel, was negotiated and implemented with social partners within an innovative framework agreement between 10 May and 20 July.

The broadcast of Paris Première was transferred to

the Group's thematic channels broadcast centre on 21 July 2004, enabling the merger in full of the technical processes.

Paris Première operations were finally moved into the building housing all of the Group's thematic channels' activities on 20 September 2004 in order to enable the pooling of all of the support activities of the Group's thematic channels operations (financial, legal, Human Resources, computer systems...).

• **in September, presentation of the return to school programme line-up:** alongside established programmes (*Paris Dernière, 93 Faubourg St.-Honoré*), new programmes strengthened the channel's identity status: *Les femmes et les patrons d'abord, Ca balance à Paris, Petites confidences entre amis* and *Vous prendrez bien un peu de recul*.

A national communications campaign based on the theme 'You can turn your TV back on' was conducted in December 2004 and January 2005.

Financial turnaround measures introduced in 2004 have led to a significant reduction in fixed costs, leading to a sharp drop in Paris Première's operating loss to M€ 0.3. Restructuring costs of M€ 7.8 were considered as an acquisition price item and accordingly integrated into acquisition goodwill, for which an M€ 1.5 annual charge was incurred in 2004.

## 2.3.2. Satellite TV

### M6 NUMÉRIQUE (SNC) AND TPS GESTION (SA)

Owned by M6 Thématique, M6 Numérique holds the Group's two investments in Satellite digital TV: TPS SNC and TPS Gestion SA, both of which are 34% owned by M6 and 66% owned by TF1. TPS Gestion is the management company of TPS.

#### TPS (SNC)

In 2004, TPS reported a 6.6% increase in turnover to M€ 572.4, of which M€ 195.1 were incorporated in M6 Group's consolidated turnover. In addition, the company posted an operating profit.

At 31 December 2004, TPS had 1.67 million subscribers, of which 1.35 million were the DTH and DSL subscribers, with a net increase in subscribers in 2004 of 115,000 (of contract cancellation), 74% greater than the net growth reported for 2003.

TPS reported a 7.5% net growth in the DTH market, corresponding to a progression in its market share of the new subscribers recruitment. Following the launch of the TPSL offer with France Télécom in Lyon in December 2003, the deployment of this service was pursued in 2004 in more than 25 cities and agglomerations.

In 2004, TPS was enriched with new thematic channels. From August 2004, TPS offers viewers in France broadcasts of full English Premier League football matches. However, following the comple-

tion of the competitive bids process for the French Ligue 1 football matches, TPS will cease to broadcast these matches for the 2005 to 2007 seasons (July 2005 - June 2008).



## 3. Financial Structure and Cash Flows

### 3.1. Financial Structure

At 31 December 2004, M6 had group equity of M€ 471.3, up 12.2%, a minority interest of M€ 0.4, corresponding to its equity stake in Sedi TV, and total assets of M€ 1,220.2.

The Group also had, on that date, cash and cash equivalents net of financial debt of M€ 221.2, up from M€ 207.6 at 31 December 2003, with this improvement primarily resulting from TPS's reduction in borrowings from financial institutions (excluding finance leases). TPS is now financed by shareholders, with the only residual debt financing relating to the finance leasing of its terminals.

### 3.2. Cash Flows

Cash flows from operations, which reflect the Group's self-financing capability, decreased to M€ 223.9 in 2004 from M€ 261.4 for 2003.

Net cash flows applied to investment activities increased slightly during this time to M€ 102.3 from M€ 101.6, and primarily concerned:

- M€ 61.8 in intangible assets, relating to the acquisition of audiovisual and co-production rights.

• M€ 17.9 in property, facilities and equipment acquisitions, in line with previous years.

• M€ 0.7 in equity investments, including the acquisition of a stake in Pink TV for M€ 0.4.

• M€ 18.5 and M€ 1.1 concerning net cash outflows for the acquisition of Paris Première and Boutiques du Monde.

The change in Working Capital Requirements results from significant tax payments in 2004 regarding the liquidation of the 2003 balance and 2004 prepayments.

The receivables recovery policy has demonstrated its effectiveness, generating resources necessary to the financing of programmes acquisitions.

Regarding its financing activities, M6 Group distributed a cash dividend of M€ 86.2 in 2004, generated from its 2003 net profit, and was impacted accordingly by TPS's liquidation of its bank debt.

At 31 December 2004, the Group had net cash and cash equivalents of M€ 221.2, consisting of M€ 231.5 in cash and cash equivalents and M€ 10.3 in financial debt. At 31 December 2003, the Group had net cash and cash equivalents of M€ 207.6, consisting of M€ 253.6 in cash and cash equivalents and M€ 46.0 in financial debt.

Furthermore, M6 Group is involved through many of its subsidiaries in new technology developments, such as interactivity, mobility and high definition TV.

## 4. Investment Policy

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

- within the framework of conventional agreements and/or regulatory obligations, M6 Group invests in cinematographic and audiovisual works, which in 2004 amounted to M€ 107.4, that is 21.2% of consolidated advertising revenues.

- within the framework of broadcast rights acquisition, which are accounted for as inventory and represent the Group's investments in its programme lineup. These purchases amounted to M€ 220.5 in 2004.

- within the framework of equity stakes and company acquisitions in order to complement the activities of the Group. For 2004, these investments notably concerned Paris Première (M€ 18.5) and Boutiques du Monde (M€ 1.1).

M6 Group does not realise any Research and Development activity for its own account.

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 digitisation of thematic channels was finalised in 2004.

## 5. Off-Balance Sheet Commitments

M6 Group's off-Balance Sheet commitments totalled M€ 874.6 at 31 December 2004, compared to M€ 1,011.4 at 31 December 2003, and essentially comprised:

- M€ 390.5 representing amounts remaining to be paid on contracts for co-production of films and audiovisual programming as well as amounts relating to rights acquisition contracts;
- M€ 155.1 relating to the transmission of images and the rental of satellites and transponders;
- M€ 304.4 in commitments given regarding partnerships (Sociétés en Nom Collectif) in which it is a participant.

Commitments received decreased to M€ 341 from M€ 394.9 during this time and relate primarily to commitments received concerning partnerships in which it is a participant. The decrease in commitments given and received primarily relates to the refinancing of TPS's bank debts by its associates.

TPS accounts for M€ 531.3 and M€ 286.1 of M6 Group's off-Balance Sheet commitments given and received at 31 December 2004.

## 6. Significant Post Balance Sheet Events

- In January 2005 two new music channel offerings of M6 Music, M6 Music Black and M6 Music Rock, began their broadcast exclusively on TPS.
- M6 Group announced in February 2005 the conclusion of an agreement with Orange, the leading mobile telephone network operator in France, structured into two parts:
  - a licensing agreement whereby Orange will distribute, before the summer of 2005, the M6 Mobile by Orange offer, with the option for M6 to eventually fully convert this into a MVNO (Mobile Virtual Network Operator) agreement.
  - an agreement for M6 to exclusively supply content to Orange's 3G offer by 2005.

## 7. 2005 Outlook

M6 Group will pursue in 2005 its growth strategy on all of its activities.

- In continuity 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 and Digital TV operations will be faced with a market that has opened up more widely to competition with the start-up of Digital Terrestrial TV (DTT).

On 31 March 2005, M6 Group commenced broadcasting of the M6 and W9 (formerly M6 Music) channels on the DTT network alongside with 11 other freely aired programmes authorised by the CSA in 2002.

M6's analogue signal will be simultaneously transmitted in digital on the analogue network, and W9 will become the channel of music, action and relaxation.

W9 may very well be included in all of the digital TV distribution offers and thus benefit from a large initial subscribers' base. The new call for tenders launched by the CSA in December 2004 regarding the awarding of 8 DTT national channels licenses represents an opportunity for M6 Group to launch, in the coming months, Free to Air and Pay TV channels on the new DTT network.

TPS, as a distributor, has submitted its candidacy to commercialise an offer of Pay TV channels on the

DTT network, which should be in place by October 2005.

- With the implementation of the *M6 Mobile by Orange* license, the Group's Diversification operations have entered into a new M6 brand and contents development phase, orientated towards new technologies and guided by a commitment to enrich and strengthen its interactivity with its viewers.

## 8. 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, acquired in 2004, has opted to be integrated in the M6 Group tax grouping as from 1 January 2005.

## 9. Compliance with General Obligations and Agreement Terms

M6 Group met all of its obligations during 2004 regarding its contractual undertakings and regulatory obligations.

**Broadcasting quotas**, requiring that 40% of audiovisual programming be originally produced in French and that 60% of audiovisual programming be European produced, were complied with, throughout the day as well as during significant viewing hours, ie. 2 pm to 11 pm on Wednesdays and 5 pm to 11 pm on other days. In addition, M6 complied with the 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 quotas of a maximum of 192 hours during the year, with no more than 144 hours during prime, with at least 40% of these films originally produced in French and 60% European produced. Finally, M6 complied with all other obligations concerning the broadcast of music shows, cartoons and subtitled programmes for deaf people and those with hearing deficiencies.

**Expenditure commitments** concerning audiovisual productions contracted during 2004 amounted to M€ 91.4, comprising M€ 81.9 in original French audiovisual programming and M€ 9.5 in other audiovisual programming.

In addition, M€ 16 in investments was committed to the production of 11 French and European films. In total, M6 committed itself to M€ 107.4 in audiovisual programming and film production, representing 21.4% of its 2003 financial year net sales, for an obligation quota of 21.2% (18% for audiovisual programming and 3.2% for films).

The CSA will review M6's compliance performance for 2004 towards at the beginning of the 2<sup>nd</sup> half of 2005.

## 10. Share Capital

### 10.1. Share listing

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

The share price opened the 2004 year on 2 January at € 26.34 and closed the year on 31 December at € 20.90, achieving its highest price of € 29.30 on 28 January and its lowest price of € 18.94 on 2 December.

The Company's share price decreased by 19.7% in



value in 2004, reflecting a difficult stock market year for French and United Kingdom listed companies, with investors favouring other European media stocks that are enjoying a turnaround or benefiting from a highly dynamic domestic advertising market (notably Spain).

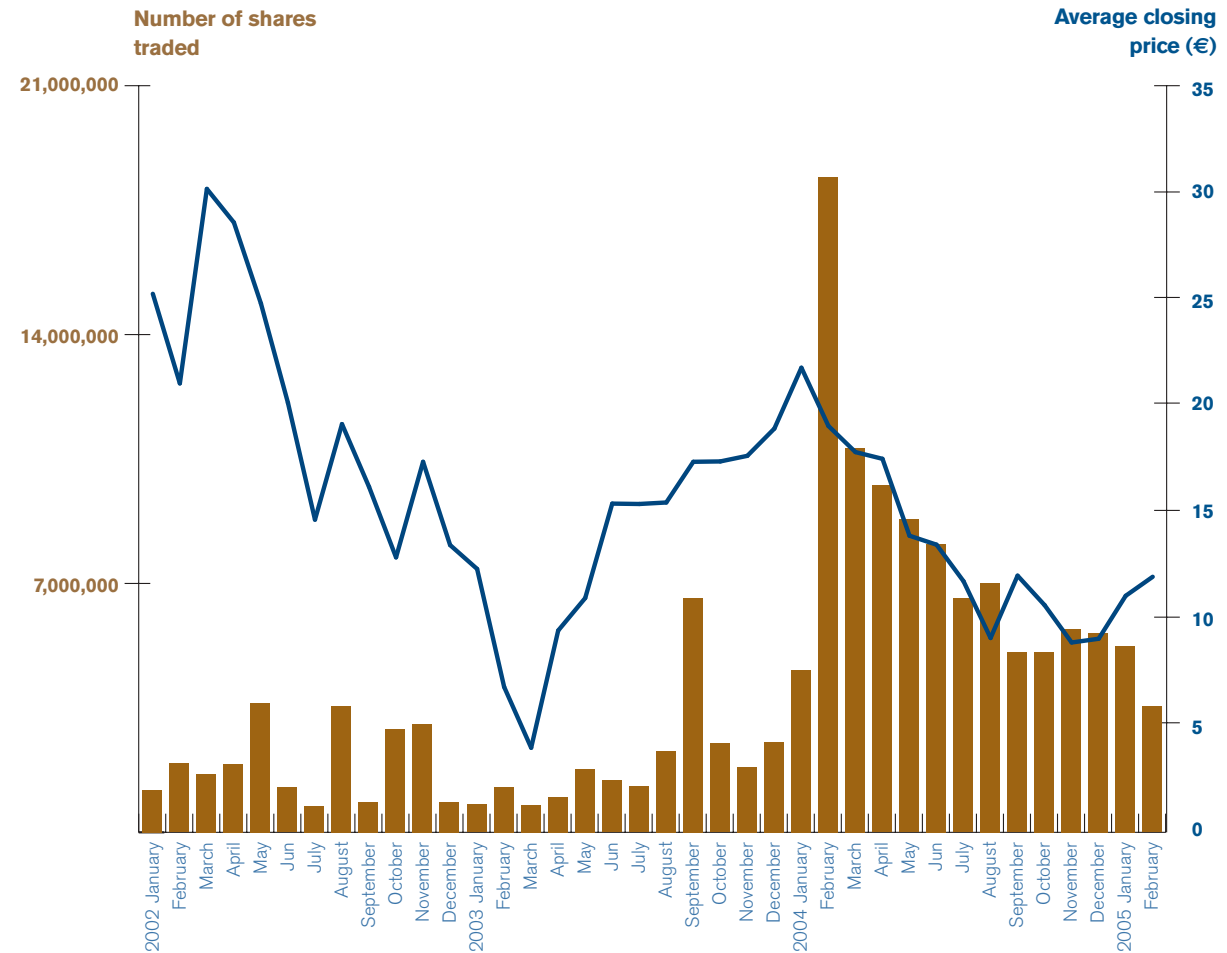
The Company had a market capitalisation of € 2.76 billion at 31 December 2004.

The average number of shares traded on a daily basis in 2004 significantly increased to 433,682 from 100,590 for 2003, reflecting the large increase in the float arising from the partial sale by Groupe Suez in February 2004 of its shareholding. Accordingly, general public and institutional investors owned 48.5% of the Company's shares at 31 December 2004, compared to 16.4% at 31 December 2003.

Pursuant to a change in the Euronext Paris Stock Exchange listing, effective from 21 February 2005, the Company's share is now listed in Euro-list Compartment A (companies whose average market capitalisation exceeds € 1 billion).

In the new range of indices created, the Company's share is now a component of the CAC Next 20 (comprising the 20 shares eligible for inclusion in the CAC40) and the IT CAC 20 (comprising the 20 tech shares the most representative in market capitalisation and liquidity).

## 10.2. M6 share price and trading volume performance



Source: Euronext Paris

	Average number of shares traded	Average closing price (in €)	Monthly high (in €)	Monthly low (in €)	Trading value (in M€)
<b>2002 January</b>	<b>1,160,731</b>	<b>29.46</b>	<b>32.98</b>	<b>26.70</b>	<b>34.29</b>
February	2,030,620	27.06	28.68	25.17	55.23
March	1,448,054	32.27	35.50	28.01	47.02
April	1,762,019	31.37	33.80	26.71	55.04
May	3,485,800	29.20	31.50	26.00	103.68
June	1,335,891	26.54	29.91	23.00	35.97
July	913,659	23.41	27.09	20.20	21.29
August	3,936,936	25.97	27.73	24.00	101.4
September	994,951	24.29	27	21.59	24.38
October	3,627,946	22.40	25.10	19.50	82.91
November	3,378,698	24.96	27.68	22.75	86.99
December	1,080,202	22.73	27.72	20.10	24.29
<b>2003 January</b>	<b>994,730</b>	<b>22.09</b>	<b>24.45</b>	<b>20.32</b>	<b>22.27</b>
February	1,917,330	18.93	21.3	17.17	36.54
March	1,298,977	17.30	19.44	14.25	21.94
April	1,382,235	20.44	22.5	16.7	28.64
May	2,374,300	21.31	22.12	20.2	50.64
June	1,750,844	23.84	25.44	21.69	41.54
July	1,531,524	23.83	25.48	22.8	36.74
August	2,751,336	23.87	24.53	23	65.58
September	7,315,332	24.96	27.2	23.05	188.23
October	2,838,208	24.97	26.14	23.02	71.31
November	2,095,922	25.12	25.91	24.6	52.52
December	2,784,981	25.85	27.68	24.75	72.74
<b>2004 January</b>	<b>4,702,017</b>	<b>27.48</b>	<b>29.3</b>	<b>26</b>	<b>130.71</b>
February	20,092,974	25.92	28.45	24.45	526.56
March	12,044,250	25.22	28.3	23.22	308.94
April	11,187,213	25.04	26.12	23.83	278.67
May	10,871,677	22.98	24.44	21.6	251.47
June	10,217,074	22.74	23.74	21.84	231.48
July	8,713,417	21.76	23.8	20.6	187.95
August	9,982,569	20.24	21.18	19.14	200.24
September	6,613,623	21.91	23	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	18.94	160.29
<b>2005 January</b>	<b>7,017,033</b>	<b>21.37</b>	<b>22</b>	<b>20.2</b>	<b>149.50</b>
February	4,613,010	21.88	22.62	21.18	101.16

Source : Euronext Paris

## 10.3. Buyback of Company shares

In 2004, the Company used the authorisation to buyback its own shares that was conferred to it by the Combined General Meeting of 28 April 2004.

This authorisation was used to acquire shares in the context of the market situation, and within the framework of the establishment of a liquidity agreement from 15 December 2004.

The implementation of this liquidity contract in compliance with the Ethics Charter of the AFEI was confided to the investments services company CA Chevreux. 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 M€ 5. To date, 145,500 treasury shares have been concerned by the operation of this contract.

During the course of 2004, 25,427 shares were purchased at an average price of € 20.57 and 98,912 shares were sold at an average price of € 20.58 pursuant to the operation of this contract, which had treasury shares holdings of 72,015 and cash holdings of € 1,479,008.5 at 31 December 2004.

In 2004, 314,820 shares worth M€ 4.57 were allocated to beneficiaries of the stock option plans.

## 10.4. Treasury shares

At 31 December 2004, M6 held 1,147,547 shares of its own shares, amounting to 0.87% of its share capital, which were classified on the consolidated Balance Sheet as marketable securities at their acquisition cost of M€ 59.4.

A provision for loss on treasury shares disposal was

established, amounting to M € 39.5 at 31 December 2004, in order to adjust the book value of these shares to their stock option allocation price.

The number of shares allocated for this purpose includes the 72,015 held at 13 October 2004 for the different objectives prescribed in the liquidity contract.

In accordance with the coming into effect on 13 Octo-

ber 2004 of European Regulation N° 2273/2003 in application of EU Directive 2003-6, otherwise known as the Market Abuse Directive, a proposal will be 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.

## 10.5. Stock purchase and subscription option plans

### 10.5.1. Information on stock purchase and subscription option plans

Shareholders' AGM date	5/06/98	5/06/98	4/06/99	4/06/99	26/05/00	26/05/00	26/05/00	26/05/00	26/05/00	28/04/04	Total
Board Meeting date	2/09/98	4/12/98	4/06/99	19/01/00	30/06/00	7/06/01	7/06/02	25/07/03	14/11/03	28/04/04	
Option Plan type	Purchase	Purchase	Purchase	Purchase	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	
<b>Total number of shares that may purchased or subscribed to</b>	<b>705,000</b>	<b>745,000</b>	<b>600,000</b>	<b>175,000</b>	<b>338,100</b>	<b>551,800</b>	<b>710,500</b>	<b>743,500</b>	<b>20,000</b>	<b>861,500</b>	<b>5,450,400</b>
- Board members	-	-	120,000	20,000	80,000	113,000	168,000	150,000	20,000	175,000	846,000
- 10 first beneficiaries	380,000	380,000	295,000	155,000	112,400	89,000	139,500	146,000	-	155,000	1,851,900
<b>Dates options exercisable from</b>	<b>2/09/01</b>	<b>4/12/01</b>	<b>4/06/04</b>	<b>19/01/03</b>	<b>30/06/04</b>	<b>7/06/05</b>	<b>7/06/06</b>	<b>25/07/07</b>	<b>14/11/07</b>	<b>29/04/06</b>	
<b>Options expiry date</b>	<b>1/09/05</b>	<b>3/12/05</b>	<b>4/06/06</b>	<b>18/01/07</b>	<b>29/06/07</b>	<b>6/06/08</b>	<b>7/06/09</b>	<b>25/07/10</b>	<b>14/11/10</b>	<b>28/04/11</b>	
<b>Exercise price</b>	<b>14.11</b>	<b>13.64</b>	<b>18.76</b>	<b>44.63</b>	<b>58.58</b>	<b>30.8</b>	<b>28.06</b>	<b>22.48</b>	<b>23.82</b>	<b>24.97</b>	
<b>Number of shares subscribed to at 7 March 2005</b>	<b>484,470</b>	<b>455,000</b>	<b>125,000</b>								<b>1,064,470</b>
<b>Remaining unexercised subscription/purchase options</b>	<b>160,530</b>	<b>230,000</b>	<b>375,000</b>	<b>20,000</b>	<b>233,100</b>	<b>398,300</b>	<b>580,000</b>	<b>673,500</b>	<b>20,000</b>	<b>822,500</b>	<b>3,512,930</b>
<b>Options cancelled during the year</b>	-	-	15,000	-	21,900	47,000	62,000	70,000	-	39,000	254,900

Stock purchase options exercised to date by personnel relate to 1,064,470 shares.



## 10.5.2. Stock options granted to executive officers

Management Board and Supervisory Board members	Number of options granted/exercised	Exercise price (€ )	Expiry date	Stock Option Plans approved by the AGM of	
				26/05/2000	04/06/1999
<i>&gt; Stock purchase and subscription options by all Group companies eligible to grant options</i>				Date allocated by Supervisory Board	
Nicolas de Tavernost	55,000	24.97	28 Apr. 2011	28 April 2004	
Thomas Valentin	30,000	24.97	28 Apr. 2011	28 April 2004	
Jean d'Arthuys	30,000	24.97	28 Apr. 2011	28 April 2004	
Catherine Lenoble	30,000	24.97	28 Apr. 2011	28 April 2004	
Eric d'Hotelans	30,000	24.97	28 Apr. 2011	28 April 2004	
<i>&gt; Stock options exercised by Board members</i>					
Catherine Lenoble	10,000	18.76		4 June 99	

## 10.5.3. Stock options granted to the 10 highest paid managers (excluding executive officers)

Stock subscription and purchase options granted to and exercised by the 10 first beneficiaries (excluding executive officers)	Number of subscription and purchase options	Average price (€)	Management Board meeting dates
<b>&gt; Options granted</b>	155,000	24.97	28 April 2004
<b>&gt; Options exercise</b>	27,500	14.02	2 Sep. 1998 and 4 Dec. 1998

## 10.6. Executive officers' remuneration and fringe benefits

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

Name	Company	Position	Date appointed	Gross pre-tax remuneration (€)		
				2004 fixed <sup>(1)</sup>	2003 variable <sup>(2)</sup> (paid in 2004)	2004 variable (paid in 2005)
Nicolas de Tavernost	Métropole Télévision	Chairman of the Management Board	26/05/2000	759,141	591,700	540,800
Thomas Valentin	Métropole Télévision	Vice-Chairman of the Management Board	26/05/2000	379,130	355,020	324,480
Eric d'Hotelans	Métropole Télévision	Vice-Chairman of the Management Board	14/11/2003	272,185	6,780	108,976
Jean d'Arthuys	Métropole Télévision	Member of the Management Board	26/05/2000	254,060	80,501	100,972
Catherine Lenoble	M6 Publicité	Member of the Management Board	26/01/2001	168,076	132,021	103,665

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

<sup>(2)</sup> supplementary remuneration determined on profit before tax from ordinary activities, as set by the Management Board and approved by the Supervisory Board.

Supervisory Board members' sole remuneration consists of attendance fees.

No appointment or departure bonuses exist.

Name	2004 attendance fees (€)*
Albert Frère	18,000
Gérard Worms	12,000
Axel Ganz	8,000
Jean Charles de Keyser	8,000
Yves-Thibault de Silguy	8,000
Remy Sautter	10,000
Gerhard Zeiler	10,000
Guy de Panafieu	10,426
Bernard Arnault	6,951
Jean Laurent	6,951
Thomas Rabe	7,896
Vincent de Dorlodot	6,317
<i>Patrick Quart</i>	<i>699</i>
<i>Xavier Moreno</i>	<i>1,049</i>
<i>Valérie Bernis</i>	<i>699</i>

Please note the following:

- Remy Sautter is Chairman and CEO of Bayard d'Antin SA, a subsidiary of RTL SA, a listed company.
  - Thomas Rabe is a director of Immobilière Bayard SA, a subsidiary of RTL Group SA, a listed company.
- They do not receive any remuneration or attendance fees from these companies.
- Gerhard Zeiler is CEO and director of RTL Group SA, a listed company.

\* The distribution of attendance fees among members (current or resigned) is done on a pro-rata basis reflecting the term of their appointment in 2004

## 10.7. Cash dividend policy

Cash dividend distributions over the last 5 financial years

Per share (€)	2003	2002	2001	2000	1999*
Cash dividend	0.670	0.570	0.570	0.510	0.410
Tax credit	0.335	0.285	0.285	0.255	0.205
Gross dividend	1.005	0.855	0.855	0.765	0.615
Return On Investment (based on closing share price)	2.57 %	2.73 %	1.78 %	1.28 %	0.83 %
Pay-out ratio	67 %	67 %	65 %	65 %	70 %

\*after 10-for-1 share split

M6 Group has maintained over the last 5 financial years, a regular distribution of cash dividends, with an average distribution rate of 67%. This distribution rate has enabled shareholders to benefit from a constant growth in cash dividend distributions, reflecting the progressive growth in Group profitability over the last 5 financial years.

## 10.8. Main shareholders at 31 December 2004

	At 31 December 2004				At 31 December 2003		At 31 December 2002	
	N° shares owned	% share capital	N° rights owned	% voting rights	N° shares owned	% share capital	N° shares owned	% share capital
RTL Group <sup>(1)</sup>	64,625,201	49.00%	44,451,989	34.00%	63,816,796	48.39%	62,646,169	47.50%
SUEZ	6,594,435	5.00%	6,594,435	5.04%	45,116,229	34.21%	49,619,098	37.62%
Treasury shares	1,147,547	0.87%	0	0.00%	1,390,352	1.05%	1,650,002	1.25%
Group personnel	120,500	0.09%	120,500	0.09%				
Institutional and Public	59,401,007	45.04%	59,401,007	45.43%	21,565,313	16.35%	17,973,421	13.63%
<i>French investors</i>	<i>28,349,410</i>	<i>21.49%</i>	<i>28,349,410</i>	<i>21.68%</i>				
<i>Other investors</i>	<i>31,051,597</i>	<i>23.54%</i>	<i>31,051,597</i>	<i>23.75%</i>				
<b>Total</b>	<b>131,888,690</b>	<b>100.00%</b>	<b>110,567,931</b>	<b>84.57%</b>	<b>131,888,690</b>	<b>100.00%</b>	<b>131 888 690</b>	<b>100.00%</b>

<sup>(1)</sup> voting rights limited to 34% pursuant to the modification of M6's bylaws by the General Meeting of 18 March 2004 (Article 35), following the disengagement of Suez (CSA agreement amendment signed 2 February 2004).

source: Euroclear report

At 31 December 2004, some 20,910 shareholders held shares in Métropole Télévision SA, according to a Euroclear survey. 116,169 of these shares were held by members of the Management Board (0.09% of the company's share capital), with a further 1,910 shares held by members of the Supervisory Board. No legal threshold crossing was brought to the atten-

tion of the Company in 2004. The Company was equally not aware of any investor, whether institutional or from the general public, that directly or indirectly owned more than 5% of the Company's share capital or voting rights. There are no shareholder agreements currently in existence.

No concert action has been brought to the attention of the Company. Following the partial disengagement in February 2004 by the Suez Group, the latter agreed to maintain a 5% shareholding in the Company for a minimum period of 3 years, that is until 2 February 2007, in accordance with requirements set by the CSA.



## 10.9. Agreements between M6 and related parties

### 10.9.1. Parent company and subsidiary agreements

Relations between the parent company and its subsidiaries are presented in subsection 2.3 of the Legal Information section of this Reference Document.

### 10.9.2. Shareholder agreements

Shareholder agreements are described in subsection 2.2 of the Legal Information section of this Reference Document.

## 11. Risks Management

### 11.1. Business environment risks

#### 11.1.1. 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.

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, consumption).

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.

#### 11.1.2. Customer risks

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

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

There are no individual customer risks of importance that would impact the Group's sustained profitability for its other activities.

### 11.2. Market risks

#### Liquidity risk

M6 Group is not exposed to any liquidity risk, in light of its net financial position.

#### Interest rate risk

M6 Group financial debts are comprised in full by its pro-rata share of a TPS finance lease.

### ■ Maturity schedule of financial debt and financial assets at 31 December 2004

FINANCIAL DEBT (M€)	Within 1 year	1 to 5 years	After 5 years	TOTAL
Fixed rate financial debt (TPS)	3.9	6.4	-	10.3
Variable rate financial debt	-	-	-	-
Unexposed financial debt	-	-	-	-
<b>TOTAL FINANCIAL DEBT</b>	<b>3.9</b>	<b>6.4</b>	<b>-</b>	<b>10.3</b>

FINANCIAL ASSETS (M€)	Within 1 year	1 to 5 years	After 5 years	TOTAL
Net marketable securities and cash at variable rates	(202.2)	-	-	(202.2)
Unexposed treasury shares	(19.9)	-	-	(19.9)
Unexposed bank overdraft	(9.4)	-	-	(9.4)
<b>TOTAL MARKETABLE SECURITIES AND CASH</b>	<b>(231.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>(231.5)</b>

### ■ Maturity schedule of interest rate hedges at 31 December 2004

(M€)	Within 1 year	1 to 5 years	After 5 years	TOTAL
Fixed rate payer swap (TPS)	23.8	27.2	-	51.0

TPS had financial debts with banks until December 2003. TPS entered into hedges in the form of fixed rate payer swaps in order to secure its financial income.

### ■ TPS financial debt sensitivity analysis

	Variable rate < 1 year	Fixed rate < 1 year
Financial debt		10.3
Exposed financial assets (marketable securities and cash)	(0.6)	
Net financial position	(0.6)	10.3
Sensitivity (short term rate decreases from 2% to 1%)	0.0	0.1

TPS's financial debt is a fixed rate finance lease. A 1 point drop in interest rate would generate short-fall in earning of M€ 0.1. Since December 2003, TPS has been financed by its shareholders in lieu of the banks, with the lines of unused credit with the former nevertheless maintained, thereby justifying the maintenance of swaps as off-Balance Sheet commitments.

For the nominal value of fixed rate payer swaps at 31 December 2004, a 1 point drop in interest rate would yield a financial charge of M€ 0.5.

### ■ M6 sensitivity analysis

	Variable rate < 1 year	Fixed rate < 1 year
Financial debt		
Exposed financial assets (marketable securities and cash)	(201.6)	-
Net financial position		
Off-Balance Sheet		
<b>Net exposed position</b>	<b>(201.6)</b>	<b>-</b>

At 31 December 2004, the Group had variable rate net financial assets of M€ 201.6, comprising primarily SICAV and liquid FCP, selected on the basis of specific credit risk, liquidity risk and other criteria.

### Foreign exchange risk

M6 Group purchases programmes denominated in \$US and £UK from international suppliers. In order to protect itself from random market movements that could adversely impact its financial income and wealth, M6 Group decided to hedge its purchases of rights. The coverage is undertaken once an economic risks appears, and is weighted as a function of the underlying due date. The Group only uses simple products providing for a guaranteed covered amount at a maximum coverage rate, which for the most part are term purchases.

A monthly report is prepared on the movement in exchange risks in order to help direct risks management.

### Foreign exchange hedges in effect at 31 December 2004

M€	M6	TPS	Total
\$US purchase hedge	47.2	6.3	53.5
\$US activating purchase hedge*	-	0.6	0.6
£UK purchase hedge	-	5.6	5.6
£UK activating purchase hedge*	-	0.5	0.5

\* Within the framework of its foreign exchange risk coverage policy, TPS has entered into activate hedges guaranteeing a minimum coverage price and enabling it to benefit from a favourable evolution of the currency up to a predefined threshold. If this threshold is crossed, the coverage rate becomes again the minimum guaranteed rate.

(K€)	\$US	£UK	Total
<b>FINANCIAL ASSETS</b>	<b>1.9</b>	<b>-</b>	<b>1.9</b>
<b>DEBTS</b>	<b>(27.1)</b>	<b>-</b>	<b>(27.1)</b>
<b>OFF-BALANCE SHEET *</b>	<b>(68.4)</b>	<b>(8.3)</b>	<b>(76.7)</b>
<i>ind. TPS Off-Balance Sheet</i>	<i>(33.6)</i>	<i>(8.3)</i>	<i>(41.9)</i>
<b>FOREX HEDGES</b>	<b>54.1</b>	<b>6.0</b>	<b>60.1</b>
<i>ind. TPS Forex Hedges</i>	<i>6.9</i>	<i>6.0</i>	<i>12.9</i>
<b>Net unhedged position</b>	<b>(39.6)</b>	<b>(2.3)</b>	<b>(41.9)</b>
Position sensitivity	(0.4)	(0.02)	(0.42)
+/- € 0.01 exchange rate movement	1.35	0.70	-

\* The \$US off-Balance Sheet comprises multi-year contracts for many companies (TPS, M6). The foreign exchange exposure coverage policy of the Group is to cover a percentage of the total exposure as a function of the maturity date. The further the maturity date, the lesser the foreign exchange coverage.

The Group's net exposed position for all its activities is M€ 41.9, which would yield a M€ 0.4 loss in the event of an unfavourable foreign exchange movement of € 0.01 against all other currencies.

### Treasury share risk

Treasury shares held as marketable securities are valued at the lower of cost and stock market price, except for treasury shares held for the purposes of allocation pursuant to a stock option purchase plan, for which the exercise price is retained. A 10% swing in the M6 share price would have an M€ 2 impact on the value of treasury shares.

## 11.3. Legal risks

### 11.3.1. Regulatory risks

M6 operates a private terrestrial TV network, whose signals are broadcast unscrambled throughout continental France. It was initially awarded a 10-year broadcasting licence on 1 March 1987, with an expiry date of 28 February 1997, within the framework of Article 30 of the Law of 30 September 1986, which was subsequently modified pursuant to freedom of communication.

Primarily financed by advertising revenues, M6 is bound by the general obligations arising from this legal category and from the particular obligations arising from its licence agreement.

M6's initial licence was renewed in July 1996 and July 2001 for two successive 5-year terms, from 1 March 1997 and 1 January 2002, respectively.

These renewals were the object of negotiations with the CSA, in accordance with the provisions of the Law of 30 September 1986.

The agreement of 24 July 2001, which expires on 1 January 2007, may cover a period of 5 additional years in the event that M6 wishes to avail itself of its priority right as prescribed by the modified Law of 1986, regarding the offering of a 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. Arti-

cle 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, as well as a lack of control at the network.

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.

No new regulations have been adopted since the beginning of 2004 that could have a significant impact on Métropole Télévision Group.

### 11.3.2. Intellectual property, freedom of press and key persons risks

M6 Group's broadcast of audiovisual programmes, whether produced in-house or by third parties, is susceptible to claims of various natures concerning the violation of provisions relating to laws on intellectual property rights, press rights and personal privacy rights.

No contractual provision can provide M6 Group with total protection against legal recourse, particularly



with regard to legal action matters based on the Law of 29 July 1881 on the freedom of the press.

In addition, M6 Group Brand Diversification activities may generate claims regarding the infringement of the aforementioned rights.

Nevertheless, procedures have been implemented within M6 Group to protect it from this type of risk: contract mechanisms (guarantee clauses) and internal procedures, such as assignment of legal advisors to production in-charges, pre-screening and guidelines, which will enable this risk to be considerably reduced.

## 11.4. Major operating risks

M6 Group does all that is possible to ensure the uninterrupted broadcast of programmes on the M6 TV Network and on thematic channels it controls. Any exceptional event resulting in the inability to access the different buildings of the M6 Group would have a major impact on its activity. For this reason, the Group this year strengthened procedures guaranteeing continuity of service for key processes by locating them at an extremely secure site.

### 11.4.1. Broadcasting and signal transmission break risks

M6 programmes are currently received by French households through the following transmission means:

- electromagnetic beams from 107 main transmission sites and 856 retransmission sites operated by TDF,
- satellite transmission (Atlantic Bird 3 for unscrambled transmission and Hot Bird for TPS transmission),
- cable TV transmission ("must-carry analogue" transmission requirement for cable operators).

The TDF company ensures the carrying (feeding broadcast sites with M6 signal) and broadcast of M6 programmes (as well as those of all other national TV networks) in a joint manner through its terrestrial analogue and satellite network. TDF is the sole television signal transmission operator in France, as there is not any other alternative offer that could act as a substitute for the TDF network.

Within the framework of the launch of DTT, M6 Group will depend on the R4 multiplex for the three existing operators on the French market (TDF, Towercast, Antalis). M6 is thus dependent on TDF for the transmission of its signal, and may not call upon any other means of transmission in the event that the TDF network fails. Transmission sites are for the most part secured thanks to their multiplicity. However, antenna systems are not fully sheltered from mishaps (antennas, guide wave and frequencies multiplexer), and electric supply continuity may be overlooked by TDF (responsibility of EDF).

The injury that M6 may be subject to in the event of a transmitter failure is of course proportional to the viewing audience size served by the transmitter. This is why M6 has negotiated with TDF very short service times in the event of transmission failure.

### 11.4.2. 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, M6 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 zones.

## 11.5. 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.

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 and cannot be substituted for a detailed reading of the policies), other than those concerning FC Girondins de Bordeaux, which has its own insurance policies.

### Property damage insurance

**Policy:** *All risks for IT and technical equipment*

**Insured Parties:** METROPOLE TELEVISION, its subsidiaries and/or related companies

**Coverage:** monetary damages arising from all direct material losses and all direct material damages caused to equipment to a maximum of € 20,000,000 per disaster per year

**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 disaster 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 disaster for all professional liability type damages and up to a maximum of € 7,000,000 per disaster per year for all civil liability type damages.

### Executive Officers General Liability insurance

**Insured Parties:** METROPOLE TELEVISION, its senior managers<sup>(1)</sup> (by law or fact) and Board members of Métropole Télévision SA and its subsidiaries

**Coverage:** monetary damages arising from Board members and senior management civil liability up to a maximum of € 11,500,000 per insured period.

<sup>(1)</sup> *Senior managers and Directors: individuals, past, present or future, ordinarily invested with company powers pursuant to the laws or bylaws of the parent company and its subsidiaries*

All of M6 Group insurance contracts were renewed in 2005 on similar bases as those of 2004.

## 12. Human Resources

### 12.1. M6 Group Workforces

#### 12.1.1. Workforce size / hirings (Full Time Permanent (FTP) and Fixed Term Contract (FTC) / departures and causes / outsourced work

M6 Group employed an average permanent workforce of 1,142 in 2004, compared with 1,074 in 2003. This significant net increase of 68 is notably due to the hiring policy for show performers and freelance journalists, of which there were 60 appointments. Excluding the Girondins de Bordeaux Football Club, the average permanent workforce of M6 increased to 978 from 921 during this time.

164 personnel were hired on a full time permanent contract basis, compared to 131 in 2003. The majority of FTP hirings (53%) were undertaken by the Group's Free to Air TV business. 60 contract workers in the performing arts (intermittents) and freelance journalists were hired on a full time permanent contract basis.

At 31 December 2004, permanent workforce was composed of 1,224 employees of which 161 work

on a fixed term contract. The employees split between Métropole Télévision (493 personnel) and its subsidiaries (731 personnel), a distribution that is virtually the same as last year.

Freelance journalists and contract workers full-time equivalents decreased to 462 from 480 for 2003.

During 2004, 26 members of personnel were made redundant for personal reasons. In addition, a Job Savings Plan was implemented at Paris Première following the conclusion of a framework agreement with unions, resulting in the elimination of 42 positions. Reclassification initiatives enabled 13 of these employees to find work within the Group. Accompanying measures form part of the negotiated agreement. A mobility programme was put into place in order to facilitate reclassification actions.

The average age of Group personnel in 2004 was under 34, unchanged from 2003. M6 Group employed as many men as women. Excluding the Girondins de Bordeaux Football Club, women accounted for 55% of the Group's workforce.

M6 Group primarily outsources to sub-contractors its reception, security, facilities cleaning and maintenance, company restaurant and information systems maintenance projects activities, with M6 Group subcontractors employing 146 persons in the delivery of these services. This figure was significantly up from 2003's 117, primarily as a result of information systems developments.

#### 12.1.2. Working week organisation / full time and part time employee

#### breakdown / absenteeism and causes

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 more than 5% of the Group's workforce, comparable with 2003. The Group's cumulative absenteeism rate for 2004, including paid leave, was 16.19% of hours worked. The Group's illness and maternity leave absenteeism rate for 2004 was 5%.

#### 12.1.3. Remuneration evolution / social security charges / M6 Group Profit Sharing Plan (PSP) and Company Savings Plan (CSP)

The average wage of full time employees (payroll/average workforce size) for 2004 was € 49,593, compared to € 46,350 for 2003. Group payroll (excluding the Girondins de Bordeaux Football Club) totalled € 64,420,532.

Social security charges as a percentage of payroll amounted to 48%, unchanged from 2003.

##### 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 2004, € 5,976,709 was distributed to 1,583 personnel, including 569 contract workers and freelance journalists based on



2003 financial year results, compared to € 4,920,523 paid out in 2003 based on 2002 financial year results. The Group's Company Savings Plan implemented in December 2004 benefited from a double employer's contribution 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).

64% of the Group's 1,474 employees and managers have subscribed to the M6's CSP. Group companies contributed € 63,760 to the CSP in 2004, compared to € 588,698 for 2003.

Total CSP contributions and payments in 2004 amounted to € 6,375,614, compared to € 5,285,784 in 2003.

### 12.1.4. Employee relations and collective agreements

Many agreements were concluded in 2004 concerning:

- The organisation of work at the M6 TV network (Métropole Télévision),
- Definition of the functions of contract workers for performing arts and freelance journalists (Métropole Télévision, Métropole Production, M6 Bordeaux, M6 Toulouse).
- The integration process of Paris Première into M6 Thématique's framework agreement
- Paris Première reorganisation and accompaniment measures
  - Group PSP
  - Group CSP
- Arrangement and reduction of work time at Paris Première
- Social status of Paris Première employees

### 12.1.5. Health and safety

Health and safety conditions are periodically monitored, notably within the framework of the Health and Safety Committee, resulting in the introduction of numerous measures in 2004 to improve working conditions. 63 employees received safety training (first aid and fire prevention) during the year.

### 12.1.6. Training

M6 Group spent € 500,738 on professional training in 2004, comprising some 10,555 hours in training provided at 446 training sessions focusing primarily on the development of business and management skills and the mastering of new techniques. 10 employees benefited from insertion contracts in 2004 (qualification contracts, apprenticeship contracts), excluding FC Girondins de Bordeaux.

### 12.1.7. Employment of the handicapped

M6 Group has for many years outsourced the performance of repetitive administrative tasks, such as mail sorting, to workshops for the handicapped.

### 12.1.8. Charitable works

M6 Group allocates 0.83% of its employee payroll for charitable work contributions.

## 12.2. Remuneration of 10 highest paid employees

Total remuneration received in 2004: M€ 4.968, including fringe benefits (2003: M€ 4.307).

*(1) includes Management Board and Supervisory Board members but excludes Girondins de Bordeaux Football Club players given the atypical nature of this activity within a private television group*

## 13. 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;
- a legal proceeding 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 copyrights and acts of unfair competition.

### Bouygues Group appeal

The Bouygues Group has launched an appeal against

the CSA decision authorisation allowing for the re-composition of Métropole Télévision SA's share capital, pursuant to its partial disengagement from Suez. A decision from the Conseil d'État is expected in the 1<sup>st</sup> half of 2005.

## 14. Presentation of IFRS Financial Accounts

M6 Group will publish its first IFRS based consolidated accounts in compliance with International Financial Reporting Standard (IFRS) 1 - First time adoption of International Financial Reporting Standards-in its 2005 financial year Annual Report. The Group's 2005 interim consolidated accounts at 30 June 2005 will be prepared in accordance with IFRS accounting and valuation rules.

In conformity with IFRS 1 section G 63, the following information is provided in M6 Group's 2004 consolidated accounts:

- I)** A reconciliation of French GAAP equity to IFRS equity, both at the date of transition, that is at 1 January 2004, presented in a simplified Balance Sheet format with a summary of restatements.
- II)** The same reconciliation at the closing date for this financial year (31 December 2004) ;
- III)** The same reconciliation for the 2004 financial year Consolidated Income Statement;
- IV)** An explanatory note on the main IFRS adjustments retained and presented in the reconciliation tables ;
- V)** An explanatory note regarding the major adjustments to the 2004 financial year Consolidated Cash Flow Statement.

## 14.1. French GAAP to IFRS Transition Tables

The reconciliations presented were prepared using the IFRS accounting base, as adopted by the European Union in its Regulations 1725/2003, 707/2004, 2086/2004, 2236/2004, 2237/2004 and 2238/2004, and based on the opinion issued by the Accounting Regulatory Committee on 20 December 2004.

Unless otherwise mentioned, amounts are in millions of euros (M€).

### SUMMARY OF OPENING CONSOLIDATED BALANCE SHEET RESTATEMENTS

<b>French GAAP Equity at 1 January 2004</b>	<b>420.0</b>
Treasury shares reclassification	(64.1)
Restatement of treasury shares writedown	39.7
Reclassification of government grants	(0.5)
Retirement benefits accounting	0.0
Derivative financial instruments	(3.7)
Translation adjustment	1.4
Audiovisual rights amortisation upon revenues	8.0
Revenue recognition measurement	(8.6)
Business combinations treatment	0.0
Acquisition goodwill amortisation	0.0
Tax impact of restatements	1.0
<b>IFRS Equity at 1 January 2004</b>	<b>393.2</b>

### 14.1.1. Reconciliation of Consolidated Balance Sheet and Equity at 01/01/2004

<b>ASSETS (M€)</b>	<b>French GAAP 1 Jan. 2004</b>	<b>IFRS Restatements</b>	<b>IFRS 1/01/04</b>
Acquisition goodwill	10.7	91.0	101.7
<b>Non-Current Assets</b>			
Intangible assets. net	172.2	(75.9)	96.3
Property. facilities and equipment. net	91.5		91.5
Investments. net	8.7		8.7
<b>Total Fixed Assets</b>	<b>283.1</b>	<b>15.1</b>	<b>298.2</b>
Other non-current assets	33.9	1.1	35.0
<b>Total Non-Current Assets</b>	<b>317.0</b>	<b>16.2</b>	<b>333.2</b>
<b>Current Assets</b>			
Inventory	226.2	(121.5)	104.7
Trade receivables	263.6	56.1	319.7
Other receivables. prepaid expenses and accrued income	155.4	14.8	170.2
Cash and marketable securities	253.6	(24.4)	229.2
<b>Total Current Assets</b>	<b>898.8</b>	<b>(75.0)</b>	<b>823.8</b>
<b>TOTAL ASSETS</b>	<b>1,215.8</b>	<b>(58.8)</b>	<b>1,157.0</b>
<b>EQUITY AND LIABILITIES (M€)</b>	<b>French GAAP 1 Jan. 2004</b>	<b>IFRS Restatements</b>	<b>IFRS 1/01/04</b>
Shareholders' equity	419.5	(26.3)	393.2
Other equity	0.5	(0.5)	0.0
<b>Total Equity</b>	<b>420.0</b>	<b>(26.8)</b>	<b>393.2</b>
<b>Minority Interest</b>	<b>(1.2)</b>		<b>(1.2)</b>
Provisions for liabilities and charges	67.1	(54.0)	13.1
Financial debt	46.0	(1.9)	44.1
Other non-current liabilities	6.8	44.5	51.3
<b>Total Non-Current Liabilities</b>	<b>119.9</b>	<b>(11.4)</b>	<b>108.5</b>
Provisions for liabilities and charges	0.0	58.6	58.6
Financial debt	0.0	1.9	1.9
Derivative financial instruments	0.0	4.3	4.3
Trade liabilities	426.2	(132.5)	293.7
Income tax and social security liabilities	151.5		151.5
Other current liabilities. deferred income and accrued expenses	99.4	47.1	146.5
<b>Total Current Liabilities</b>	<b>677.1</b>	<b>(20.6)</b>	<b>656.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,215.8</b>	<b>(58.8)</b>	<b>1 157.0</b>



## 14.1.2. Reconciliation of Consolidated Balance Sheet and Equity at 31/12/04

ASSETS (M€)	French GAAP 31 Dec. 2004	IFRS Restatements	IFRS 31 Dec. 2004
Acquisition goodwill	28.2	86.4	114.6
<b>Non-Current Assets</b>			
Intangible assets, net	174.6	(80.6)	94.0
Property, facilities and equipment, net	86.8		86.8
Investments, net	9.7		9.7
<b>Total Fixed Assets</b>	<b>299.3</b>	<b>5.8</b>	<b>305.1</b>
Other non-current assets	29.3	2.1	31.4
<b>Total Non-Current Assets</b>	<b>328.6</b>	<b>7.9</b>	<b>336.5</b>
<b>Current Assets</b>			
Inventory	267.6	(149.4)	118.2
Trade receivables	237.1	57.6	294.7
Other receivables, prepaid expenses and accrued income	155.4	26.3	181.7
Cash and marketable securities	231.5	(19.9)	211.6
<b>Total Current Assets</b>	<b>891.6</b>	<b>(85.4)</b>	<b>806.2</b>
<b>TOTAL ASSETS</b>	<b>1,220.2</b>	<b>(77.5)</b>	<b>1,142.7</b>

EQUITY AND LIABILITIES (M€)	French GAAP 31 Dec. 2004	IFRS Restatements	IFRS 31 Dec. 2004
Shareholders' equity	470.5	(29.2)	441.3
Other equity	0.8	(0.8)	0.0
<b>Total Equity</b>	<b>471.3</b>	<b>(30.0)</b>	<b>441.3</b>
<b>Minority Interest</b>	<b>(0.4)</b>	<b>0.0</b>	<b>(0.4)</b>
Provisions for liabilities and charges	61.3	(43.9)	17.4
Financial debt	10.3	(3.9)	6.4
Other non-current liabilities	6.0	40.7	46.7
<b>Total Non-Current Liabilities</b>	<b>77.6</b>	<b>(7.1)</b>	<b>70.5</b>
Provisions for liabilities and charges		46.2	46.2
Financial debt		3.9	3.9
Derivative financial instruments		5.9	5.9
Trade liabilities	458.7	(150.0)	308.7
Income tax and social security liabilities	125.6		125.6
Other current liabilities, deferred income and accrued expenses	87.4	53.6	141.0
<b>Total Current Liabilities</b>	<b>671.7</b>	<b>(40.4)</b>	<b>631.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,220.2</b>	<b>(77.5)</b>	<b>1,142.7</b>

## SUMMARY OF CLOSING CONSOLIDATED BALANCE SHEET RESTATEMENTS

<b>French GAAP Equity at 31 December 2004</b>	<b>471.3</b>
Treasury shares reclassification	(59.4)
Restatement of treasury shares writedown	39.5
Reclassification of government grants	(0.8)
Retirement benefits accounting	0.6
Derivative financial instruments	(7.5)
Translation adjustment	1.5
Audiovisual rights amortisation upon revenues	4.9
Revenue recognition measurement	(6.1)
Business combinations treatment	(7.8)
Acquisition goodwill amortisation	2.8
Tax impact of restatements	2.3
<b>IFRS Equity at 31 December 2004</b>	<b>441.3</b>

### 14.1.3. Change in 2004 IFRS Consolidated Equity

The change in 2004 IFRS consolidated equity is analysed as follows:

	Share capital	Share premiums	Treasury shares	Consolidated reserves	Net profit	Other (*) reserves	Equity
<b>BALANCE AT 1 JANUARY 2004</b>	<b>52.8</b>	<b>24.2</b>	<b>(64.1)</b>	<b>384.6</b>	<b>-</b>	<b>(4.3)</b>	<b>393.2</b>
Change in consolidating company's equity	-	-	-	-	-	-	-
Net profit (Group share) for 2004	-	-	-	-	128.8	-	128.8
Cash dividends by consolidating company	-	-	-	(87.6)	-	-	(87.6)
Change in value of derivative financial instruments	-	-	-	-	-	(0.2)	(0.2)
Stocks options	-	-	-	2.4	-	-	2.4
Treasury shares	-	-	4.7	-	-	-	4.7
Other movements	-	-	-	-	-	-	-
<b>BALANCE AT 31 DECEMBER 2004</b>	<b>52.8</b>	<b>24.2</b>	<b>(59.4)</b>	<b>299.4</b>	<b>128.8</b>	<b>(4.5)</b>	<b>441.3</b>

(\*) including revaluation and translation differences

## 14.1.4. Reconciliation of 2004 Consolidated Income Statement

(M€)	French GAAP 2004	IFRS Restatements	IFRS 2004
Turnover	1,192.8	4.8	1,197.6
Other income from ordinary activities	46.4		46.4
<b>Total revenues from ordinary activities</b>	<b>1,239.2</b>	<b>4.8</b>	<b>1,244.0</b>
Other income from operations		9.4	9.4
<b>Total revenues from operations</b>	<b>1,239.2</b>	<b>14.2</b>	<b>1,253.4</b>
Materials and services purchases	(645.8)	(2.4)	(648.2)
Personnel costs (including profit sharing plan contributions)	(160.6)	(5.9)	(166.5)
Other external services and charges	(79.0)	(0.6)	(79.6)
Taxes and duties	(54.5)	(0.1)	(54.6)
Other expenses from operations		(6.7)	(6.7)
Net depreciation/amortisation/provision charges	(76.8)	(5.2)	(82.0)
Acquisition goodwill amortisation	(6.5)	2.9	(3.6)
<b>Total expenses from operations</b>	<b>(1,023.2)</b>	<b>(18.0)</b>	<b>(1,041.2)</b>
<b>Profit from operations</b>	<b>216.0</b>	<b>(3.8)</b>	<b>212.2</b>
Revaluation of derivative financial instruments		(2.5)	(2.5)
Other financial income	0.9	(2.1)	(1.2)
<b>Net financial income/(expense)</b>	<b>0.9</b>	<b>(4.6)</b>	<b>(3.7)</b>
<b>Net exceptional income/(expense)</b>	<b>2.6</b>	<b>(2.6)</b>	<b>0.0</b>
Share of associate's results	(0.6)		(0.6)
<b>Profit before tax</b>	<b>218.9</b>	<b>(11.0)</b>	<b>207.9</b>
Income tax	(80.7)	1.1	(79.6)
<b>Profit before minority interest</b>	<b>138.2</b>	<b>(9.9)</b>	<b>128.3</b>
Minority interest	0.5		0.5
<b>Net profit (Group share)</b>	<b>138.7</b>	<b>(9.9)</b>	<b>128.8</b>
Number of shares in circulation (thousands)	131,889		131,889
Earnings Per Share - Basic (€)	1.052		0.985
Earnings Per Share - Diluted (€)	1.038		0.971

### SUMMARY OF 2004 CONSOLIDATED INCOME STATEMENT RESTATEMENTS

<b>French GAAP 2004 Net Profit (Group Share)</b>	<b>138.7</b>
Restatement of treasury shares writedown	(0.3)
Retirement benefits accounting	0.6
Derivative financial instruments	(3.5)
Translation adjustment	0.0
Valuation of stock options	(2.4)
Audiovisual rights amortisation upon revenues	(3.0)
Revenue recognition measurement	2.5
Business combinations treatment	(7.8)
Acquisition goodwill amortisation	2.8
Tax impact of restatements	1.2
<b>IFRS 2004 Net Profit (Group Share)</b>	<b>128.8</b>



## 14.2. Options retained for the initial application of IFRS

Within the framework of IFRS, the Group retained the following options in the preparation of its opening consolidated Balance Sheet:

- business combinations prior to 1 January 2004 were not restated;
- IAS 39 was retrospectively applied from 1 January 2004.

Other available options per IFRS were not retained or were not applicable to the Group's situation.

Notably, options regarding non-recorded retirement benefits actuarial differences and cumulative translation differences are not applicable to the Group as it:

- records actuarial differences as they occur;
- does not have any cumulative translation differences in equity arising from the translation of subsidiary accounts denominated in non-Euro currencies.

Furthermore, the Group did not proceed with the revaluation of any of its tangible and intangible assets, which were maintained at their net book value.

## 14.3. Explanations for restatements impacting consolidated financial statements

### 14.3.1. Presentation of consolidated financial statements

#### Presentation of Consolidated Balance Sheet

IFRS distinguishes, for both Assets and Liabilities, items that have a current horizon (realised within the ordinary operating cycle of the company) and a non-current horizon.

- Deferred tax assets have been reclassified as non-current assets;
  - Non-current liabilities include long-term provisions (retirement benefits, equity accounted company losses), deferred tax liabilities, certain operating liabilities (relating to agreements or transactions resulting in cash disbursements deferred at least beyond one year), debts on non-current assets due after one year and financial debts due after one year.
- In addition, as presented in § 14.3.2, Balance Sheet reclassifications between one account and the other were realised pursuant to the application of certain IFRS standards.

#### Presentation of Consolidated Income Statement

The presentation of the Group's Consolidated Income Statement was reviewed in conformity with IAS 1.

- Exceptional items were reclassified in the appropriate operating revenue and operating expense accounts.
- Nevertheless, the Group retained a presentation by nature for its consolidated Income Statement instead of opting for a presentation by function.

In addition, settlement discounts received by a Group's subsidiary, which until now were accounted for as financial income, have been reclassified as an offset against purchases. As well, provisions for customer returns, which previously were accounted for as provisions for charges, have now been reclassified as an offset against turnover. The impacts of these restatements are of little significance, in both cases amounting to less than M€ 1.0.

#### Earnings per share

Earnings per Share as regards IFRS derived net profit (Group share) is calculated in conformity with *IAS 33 – Earnings per Share*.

### 14.3.2. Changes in Group accounting methods and principles

#### Intangible assets

#### Audiovisual rights recorded as intangible

### assets – amortisation depending upon revenues pattern

The application of *IAS 38 – Intangible Assets* has resulted in no change in the Group's accounting methods for audiovisual rights, with production and co-production rights purchased in view of their commercialisation (distribution, sale) now recognised as intangible assets.

On the other hand, the application of *IAS 38*, which specifies that an asset's amortisation must reflect the rate by which the advantages generated by this asset are consumed, resulted in the review of the amortisation methods of the catalogues of audiovisual rights held by SND and TCM DA.

Henceforth, these rights:

- are amortised at the rate of revenues generated in relation to estimated total revenues
- are the object of an impairment test, with a writedown in value recorded when the right's net book value exceeds its recovery value. This method has already been applied to production and co-production rights.

The impact of this change of accounting method is as follows:

Impact on opening consolidated equity balance at 1 January 2004 (before tax): ..... M€ +8.0  
 Impact on closing consolidated equity balance at 31 December 2004 (before tax): ..... M€ +4.9  
 Impact on 2004 financial year net profit (Group share - before tax): ..... M€ -3.0

### Player assets of the Girondins de Bordeaux Football Club

CNC Opinion N° 2004-12 of 23 June 2004 reflects

the consensus reached on the nature of professional players' contracts with sports clubs and confirms the position of the IFRS treatment to be retained in compliance with *IAS 38*.

Accordingly, the purchases of Girondins de Bordeaux FC players, previously accounted for as deferred charges to be expensed over the duration of their contracts, are now accounted for as intangible assets. Each player is amortised over the duration of his contract.

Each contract's net book value is reviewed at the year-end in accordance with the rules prescribed by *IAS 36 - Impairment of Assets*, with the following impacts arising from this change in accounting method:

- No impact on consolidated equity and net profit (Group share)
- Reclassification from deferred charges to intangible assets, at opening and closing balances of respectively M€ 10.0 and M€ 6.4 to intangible assets.

### TPS market shares

In 2002, pursuant to the acquisition of a 9% equity stake in TPS, the Group allocated excess fair market values arising from the successive purchases of equity stakes in TPS (1998 and 2002) to an unamortised intangible asset corresponding to TPS market shares.

Pursuant to *IFRS 3 - Business Combinations*, a company does not exercise sufficient control on market shares in order for it to recognise them as an asset on its Balance Sheet. These market shares accordingly are not recognisable as intangible assets within the framework of business combina-

tion accounting pursuant to a business combination.

M6 Group, accordingly, has reclassified these market shares (M€ 91) from intangible assets to acquisition goodwill.

### Acquisition goodwill

The Group has opted not to restate acquisition goodwill arising before 1 January 2004, as allowed for by *IFRS 1*.

### Paris Première acquisition goodwill

French GAAP allows for liabilities arising from the Paris Première acquisition to be accounted for as an offset to acquisition goodwill. Per *IFRS 3 – Business Combinations*, some of these liabilities do not meet the conditions for treatment as an offset against acquisition goodwill within the framework of the accounting of the acquisition of Paris Première, and accordingly should be expensed as charges in the 2004 financial year.

The impact of this change of accounting method is as follows:

Impact on opening consolidated equity balance at 1 January 2004 (before tax): ..... M€ +0.0  
 Impact on closing consolidated equity balance at 31 December 2004 (before tax): ..... M€ -7.8  
 Impact on 2004 financial year net profit (Group share - before tax): ..... M€ -7.8

### Acquisition goodwill amortisation

Acquisition goodwill is set at its net book value at 1 January 2004 and is no longer amortised from this date.

The impact of this change of accounting method is as follows:

Impact on opening consolidated equity balance at 1 January 2004 (before tax): ..... M€ +0.0  
 Impact on closing consolidated equity balance at 31 December 2004 (before tax): ..... M€ +2.8  
 Impact on 2004 financial year net profit (Group share – before tax): ..... M€ +2.8

### Writedown of acquisition goodwill

Although not amortised, acquisition goodwill is subject to impairment tests on a regular basis, as prescribed by *IAS 36 – Impairment of Assets*. The Group has applied since 2003 impairment test methods meeting the requirements of CRC Regulation 2002-10 on asset amortisation and writedown. Accordingly, it has not identified any differences in principles between those currently applied by the Group (French GAAP), and those advocated by IFRS, regarding acquisition goodwill impairment tests.

### Inventory

*IAS 2 – Inventories specifies* that inventories should be recorded on the Balance Sheet on the date of transfer of full ownership, that is when the essential risks and advantages of ownership have been transferred to the acquirer.

Accordingly, the Group will record its broadcast rights on its Balance Sheet only when these rights become valid:

- Rights that have yet to become valid and that have not yet been billed are treated as off-Balance Sheet commitments;
- The billed portion of rights that have yet to become valid is treated as an advance.

The impact of this new accounting standard is as follows:

- No impact on equity and net profit (Group share).
- Reduction in inventory opening and closing balances of respectively M€ 128.9 and M€ 152.7. This decrease is counterpart to an increase in advances and instalments of M€ 57.6, a decrease in trade liabilities of M€ 99.3, with the difference impacting the tax liabilities accounts (VAT).
- The impact on the total value of off-Balance Sheet commitments for these same amounts is respectively M€ 72.8 at the opening and M€ 95.1 at the closing.

### Revenue (turnover) recognition

The principles retained by the Group for the recognition of its revenue do not markedly diverge from those prescribed in *IAS 18 – Revenues*.

The only differences to report are as follows:

- *SND*: regarding the date of recognition of full rights sales, IFRS now requires this to be the date of delivery of the material and no longer the date of contract or letter of commitment signing;
- Girondins de Bordeaux Football Club: regarding the nature of certain revenues, although acquired at the beginning of the Ligue 1 season, these must be recognised as the season progresses.

The impact of this change of accounting method is as follows:

Impact on opening consolidated equity balance at 1 January 2004 (before tax): ..... M€ -8.6  
 Impact on closing consolidated equity balance at 31 December 2004 (before tax): ..... M€ -6.1  
 Impact on 2004 financial year net profit (Group share – before tax): ..... M€ +2.5

### Purchase and subscription stock options

*IFRS 2 – Share based payment* requires that benefits granted to personnel pursuant to stock option programmes must now be expensed as an offset to equity. This charge is recognised throughout the period of rights acquisitions by beneficiaries, with the fair market value measured on the basis of mathematical models.

The retrospective application of the provisions of IFRS 2 is not required for equity instruments granted after 7 November 2002 for which rights have not yet been acquired by 1 January 2005.

The Group has retained a trinomial method to value its options. Taking into account market data at the allocation dates, the total charge to personnel cost of such costs for 2004 amounted to M€ 2.4.

### Application of IAS 32 and IAS 39

*IAS 32 – Financial Instruments - Disclosure and Presentation* and *IAS 39 - Financial Instruments – Recognition and Measurement* concern the following Balance Sheet items:

- Shareholdings /equity investments;
- Cash and marketable securities;
- Derivative financial instruments;
- Treasury shares.

These standards have been retrospectively applied by the Group from 1 January 2004.



### Context of utilisation of derivative financial instruments within the M6 Group

The Group is primarily exposed to exchange risk arising from the purchase of rights denominated in non-Euro currencies. To cover itself against this foreign exchange risk, the Group uses simple derivative financial instruments providing guaranteed amount coverage with maximum rate coverage. French GAAP requires that such derivative financial instruments be treated as off-Balance Sheet commitments.

#### IAS 39 principle

Derivative financial instruments are recognised at their fair value and recorded on the Balance Sheet. The change in fair value between two accounting period ends is recorded in results, introducing an element of high volatility to the Income Statement.

IAS 39, in order to address this issue of volatility, authorises as the sole exception to this principle, the accounting for exchange risk coverage: hedge accounting. Derivative financial instruments may be designated as hedges provided they can be proven as such (effectiveness test and documentation), in relation to fair market value or future cash flow hedging.

Fair value hedge accounting:

Changes in the value of derivative financial instruments hedging the fair values of financial assets and liabilities are directly recorded in the Income Statement. Balance Sheet items denominated in non-euro currencies are revalued at the closing date exchange rate, with any changes recorded in the Income Statement. Hence, the impact of the change in derivative financial instrument values is off-set in full in the Income Statement, reflecting the effectiveness of the coverage.

Future cash flow hedge accounting::

- Changes in derivative financial instruments used as hedges as regards to their effective part (covering off-Balance Sheet commitments) will accumulate in equity, to be transferred to the Income Statement when the underlying business transaction is recorded on the Balance Sheet.
- Changes in derivative financial instruments used as hedges as regards to their ineffective part will be directly recorded into the Income Statement.

#### General principles adopted by the Group

The Group has decided to apply hedge accounting to most of its derivative financial instruments in order to reduce the impact on the Income Statement of coverage put in place.

#### Exception to general principle

- In certain subsidiaries, when the underlying asset is recorded on the Balance Sheet, there is natural

coverage without the necessity of a particular qualification.

- IAS 39 requires significant documentation; it has been decided for certain derivative financial instruments not to apply hedge accounting in order to simplify monitoring.
- Certain intra-Group derivative financial instruments qualifying for hedge accounting under French GAAP may not be considered as such under IAS 39.

The impact of this change of accounting method is as follows:

Impact on opening consolidated equity balance at 1 January 2004 (before tax): ..... M€ -3.7  
 Impact on closing consolidated equity balance at 31 December 2004 (before tax): ..... M€ -7.5  
 Impact on 2004 financial year net profit (Group share – before tax): ..... M€ -3.8

#### Treasury shares

The application of IAS 32 implies the reclassification of all treasury shares as a reduction to equity. For the Group, treasury shares held within the framework of a stock allocation plan were accounted for until now on the Balance Sheet as marketable securities and cash assets.

The impact of this new accounting method resulted in the reclassification of marketable securities and cash to equity for M€ 24.4 at the opening balance and M€ 19.9 at the closing balance.

## Translation adjustments

In accordance with *IAS 21 – The Effects of Changes in Foreign Exchange Rates*,

- Credit exchange differences are now recorded as financial income instead of their previous recording uniquely to the Balance Sheet (adjustment accounts);
- Debit exchange differences are now recorded as financial expenses instead of their recording as charges to provisions for liabilities and charges.

The impact of this change of accounting method is as follows:

Impact on opening consolidated equity balance at 1 January 2004 (before tax): ..... M€ +1.4  
 Impact on closing consolidated equity balance at 31 December 2004 (before tax): ..... M€ +1.5  
 Impact on 2004 financial year net profit (Group share – before tax): ..... M€ +0.0

## Other adjustments

- In application of *IAS 20, Accounting for Government Grants and Disclosure of Government Assistance*, grants received from the CNC are no longer accounted for as investment grants, but instead are deducted against the value of co-productions.
- The Group has retained the option prescribed by *IAS 19 – Employee Benefits*, to spread out the actuarial differences, instead of the previous practice of recognising the actuarial differences in the Income Statement in the period in which they occur.

## 14.3.3. Standards having no impact on the Group's consolidated accounts

### Consolidation scope

A review of the consolidation scope and methods has not led to the identification of any divergences between principles applied by the Group and described in Note 1.2 to the Consolidated Financial Statements and those required by IFRS. Notably, *IAS 31-Interests in Joint Ventures* maintains the possibility of proportionally consolidating the financial statements of joint ventures.

### Property, facilities and equipment

The application of *IAS 16 – Property, Facilities and Equipment* did not have any impact on the Group's accounts, the Group having previously adopted its current principles on the breakdown and following of the book values and accumulated depreciation of such assets in accordance IAS 16.

### Leases

The application of *IAS 17 – Leases*, had no impact on the Group accounts. A review of lease contracts conducted by the Group did not reveal any finance lease contracts, other than equipment leasing contracts that are the object of restatements in accordance with accounting principles currently in application by the Group (Note 1.3.3 to the Consolidated Financial Statements).

## Provisions for liabilities and charges

The Group applies CRC Regulation 00-06 on liabilities, the application of *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*, not having any impact on the Group. A distinction is however made between current and non-current provisions for liabilities and charges.

## 14.4. Consolidated Cash Flow Statement restatements

In application of the recommendations of *IAS 7 – Cash Flow Statements*, the following restatements were applied to the current consolidated Cash Flow Statement:

- In order to emphasise the impact of the change in cash and cash equivalents, the income tax charge (income tax and deferred income tax) will be restated from cash flow from operations (self-financing capability) and the change in income tax liability will be restated for the change in working capital requirements (WCR) to a specific line in the Cash Flow Statement in order to highlight the effective income tax cash outflow.  
 For 2004, income tax cash outflows amounted to M€ 107.6, the highlighting of which will result in an adjustment of M€ 73.9 to Cash Flow from Operations and M€ 33.7 adjustment to WCR.
- The reclassification of Girondins de Bordeaux FC adjustment accounts to intangible assets will have

a positive impact of M€ 3.5 on WCR and a negative impact on investment cash outflows of M€ 3.5.

- The impact of financing interest disbursements was incorporated in the financing activity, with the total amount of interest charges to be reclassified in 2004 amounting to M€ 0.3.

## 15. Statutory Auditors' Fees

The following fees were paid to Statutory Auditors for services rendered in 2004:

(in K€)	Ernst & Young				KPMG				PERONNET				AMYOT				TOTAL				
	2004	%	2003	%	2004	%	2003	%	2004	%	2003	%	2004	%	2003	%	2004	%	2003	%	
<b>Financial Audit</b>																					
Statutory audit planning, execution and reporting work	303		245		251		198				32		27		27		581		502		
Other audit work			47		23		32										23		79		
<b>Subtotal</b>	<b>303</b>	<b>80%</b>	<b>292</b>	<b>82%</b>	<b>274</b>	<b>77%</b>	<b>230</b>	<b>92%</b>			<b>32</b>	<b>100%</b>	<b>27</b>	<b>100%</b>	<b>27</b>	<b>100%</b>	<b>604</b>	<b>79%</b>	<b>581</b>	<b>88%</b>	
<b>Other Services</b>																					
Tax, legal and administrative			43																43		
Information technologies																					
Internal audit																					
Transition to IFRS	77		20		81		20										158		40		
<b>Subtotal</b>	<b>77</b>	<b>20%</b>	<b>63</b>	<b>18%</b>	<b>81</b>	<b>23%</b>	<b>20</b>	<b>8%</b>									<b>158</b>	<b>21%</b>	<b>83</b>	<b>13%</b>	
<b>Total</b>	<b>380</b>	<b>100%</b>	<b>355</b>	<b>100%</b>	<b>355</b>	<b>100%</b>	<b>250</b>	<b>100%</b>			<b>32</b>	<b>100%</b>	<b>27</b>	<b>100%</b>	<b>27</b>	<b>100%</b>	<b>762</b>	<b>100%</b>	<b>664</b>	<b>100%</b>	



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# A - Consolidated financial statements (French GAAP)

## 1. CONSOLIDATED BALANCE SHEET - ASSETS

### ASSETS

(IN M€)	Notes	31 Dec. 2004			31 Dec. 2003	31 Dec. 2002
		Gross	Acc Dep & Amort/Prov	Net	Net	Net
<b>ACQUISITION GOODWILL</b>	<b>3.1</b>	<b>45.8</b>	<b>17.6</b>	<b>28.2</b>	<b>10.7</b>	<b>15.1</b>
Audiovisual rights		201.6	186.0	15.6	33.1	39.8
Business goodwill		91.8	0.2	91.6	91.6	91.8
Other intangible assets		276.4	238.4	38.0	25.7	27.7
Advances on non-current assets		29.4		29.4	21.8	22.0
<b>INTANGIBLE ASSETS</b>	<b>3.2</b>	<b>599.2</b>	<b>424.6</b>	<b>174.6</b>	<b>172.2</b>	<b>181.3</b>
Land		7.8		7.8	7.8	7.8
Buildings		56.6	19.6	37.0	39.3	42.0
Facilities and equipment		40.2	31.6	8.6	5.5	6.8
Other property, facilities and equipment		134.9	103.2	31.7	35.2	39.9
Assets under construction		1.7		1.7	3.7	1.5
<b>PROPERTY, FACILITIES AND EQUIPMENT</b>	<b>3.2</b>	<b>241.3</b>	<b>154.5</b>	<b>86.8</b>	<b>91.5</b>	<b>98.0</b>
Equity investments	3.3	1.2	0.3	0.9	0.5	0.8
Investment receivables	3.4	7.3		7.3	7.2	16.7
Other investments	3.5	1.5	0.0	1.5	1.0	1.0
<b>INVESTMENTS</b>		<b>10.0</b>	<b>0.3</b>	<b>9.7</b>	<b>8.7</b>	<b>18.5</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>896.2</b>	<b>597.0</b>	<b>299.3</b>	<b>283.1</b>	<b>312.9</b>
Broadcast rights inventory	3.6	325.0	66.0	259.0	218.3	218.4
Commercial inventory	3.6	16.4	7.7	8.7	7.9	6.0
Trade receivables	3.7	256.6	19.5	237.1	263.6	258.4
Other receivables	3.7	156.8	1.4	155.4	155.4	160.2
Cash and marketable securities	3.8	271.0	39.5	231.5	253.6	259.5
<b>TOTAL CURRENT ASSETS</b>		<b>1,025.8</b>	<b>134.1</b>	<b>891.7</b>	<b>898.8</b>	<b>902.5</b>
Deferred tax assets	3.9	29.3		29.3	33.9	23.7
<b>TOTAL ASSETS</b>		<b>1,951.3</b>	<b>731.1</b>	<b>1,220.2</b>	<b>1,215.8</b>	<b>1,239.1</b>

**EQUITY & LIABILITIES**

(IN M€)	Notes	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Share capital		52.8	52.8	52.8
Share premium		24.2	24.2	24.2
Reserves		254.8	210.9	173.3
Financial year net profit (group share)		138.7	131.6	111.8
<b>GROUP EQUITY</b>	<b>3.10</b>	<b>470.5</b>	<b>419.5</b>	<b>362.1</b>
Investment grants		0.8	0.5	0.6
<b>OTHER EQUITY</b>		<b>0.8</b>	<b>0.5</b>	<b>0.6</b>
<b>TOTAL EQUITY</b>		<b>471.3</b>	<b>420.0</b>	<b>362.7</b>
<b>MINORITY INTEREST</b>	<b>3.11</b>	<b>(0.4)</b>	<b>(1.2)</b>	<b>(0.4)</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>3.12</b>	<b>61.3</b>	<b>67.1</b>	<b>90.2</b>
<b>FINANCIAL DEBT</b>	<b>3.13</b>	<b>10.3</b>	<b>46.0</b>	<b>90.5</b>
Trade payables		458.7	426.2	433.3
Income tax and social security liabilities		125.6	151.5	114.8
<b>OPERATING LIABILITIES</b>	<b>3.14</b>	<b>584.3</b>	<b>577.7</b>	<b>548.1</b>
Liabilities relating to non-current assets	3.14	23.4	26.9	63.6
Other liabilities and accruals		64.0	72.5	76.8
<b>OTHER LIABILITIES</b>	<b>3.14</b>	<b>87.4</b>	<b>99.4</b>	<b>140.4</b>
Deferred tax liabilities	3.9	6.0	6.8	7.6
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,220.2</b>	<b>1,215.8</b>	<b>1,239.1</b>



## 2. CONSOLIDATED INCOME STATEMENT

(IN M€)	Notes	2004	2003	2002
Turnover	4.1	1,192.8	1,176.9	948.5
Other operating revenues	4.2	46.4	49.2	41.3
<b>OPERATING REVENUES</b>		<b>1,239.1</b>	<b>1,226.1</b>	<b>989.8</b>
Materials and services purchases	4.3	645.8	595.7	455.9
Personnel costs (including profit sharing plan contributions)	4.4	160.6	155.6	128.9
Other operating charges	4.5	79.0	76.7	79.9
Taxes and duties		54.5	56.9	51.2
Depreciation, amortisation and provision net charges	4.6	76.8	127.9	80.8
<b>OPERATING EXPENSES</b>		<b>1,016.7</b>	<b>1,012.8</b>	<b>796.7</b>
<b>OPERATING PROFIT</b>	<b>4.7</b>	<b>222.5</b>	<b>213.3</b>	<b>193.1</b>
<b>NET FINANCIAL INCOME</b>	<b>4.8</b>	<b>0.9</b>	<b>3.6</b>	<b>1.0</b>
<b>PROFIT FROM ORDINARY ACTIVITIES</b>		<b>223.4</b>	<b>216.9</b>	<b>194.1</b>
<b>NET EXCEPTIONAL INCOME/(EXPENSES)</b>	<b>4.9</b>	<b>2.6</b>	<b>(9.3)</b>	<b>(14.9)</b>
Income tax	4.10	80.7	73.6	58.2
<b>PROFIT BEFORE SHARE OF ASSOCIATES' RESULTS</b>		<b>145.3</b>	<b>134.0</b>	<b>121.0</b>
<b>SHARE OF ASSOCIATES' RESULTS</b>	<b>4.11</b>	<b>(0.6)</b>	<b>(1.6)</b>	<b>(6.9)</b>
<b>PROFIT BEFORE GOODWILL AMORTISATION &amp; MINORITY INTEREST</b>		<b>144.7</b>	<b>132.4</b>	<b>114.1</b>
Goodwill amortisation		6.5	2.3	3.3
<b>Minority interest</b>	<b>3.11</b>	<b>(0.5)</b>	<b>(1.5)</b>	<b>(1.0)</b>
<b>NET PROFIT (GROUP SHARE)</b>		<b>138.7</b>	<b>131.6</b>	<b>111.8</b>
Number of shares in circulation(thousands)		131,889	131,889	131,889
Earnings Per Share - Basic (€)		1.052	0.998	0.847
Earnings Per Share - Diluted (€)		1.038	0.989	0.848

### 3. CONSOLIDATED CASH FLOW STATEMENT

(IN M€)	2004	2003	2002
<b>Operating activities</b>			
Financial year net profit	138.7	131.6	111.8
Minority interest's share of subsidiaries' net loss	(0.5)	(1.5)	(1.0)
Share of associates' results	0.6	1.6	6.9
<b>Elimination of items not impacting on operating cash flows</b>			
Depreciation, amortisation and provision charges	79.8	140.3	105.2
Net losses/(gains) from non-current asset disposals	0.4	0.6	6.2
Other items	5.0	(11.2)	2.9
<b>CASH FLOW FROM OPERATIONS (Self-Financing Capability)</b>	<b>223.9</b>	<b>261.4</b>	<b>232.0</b>
<b>Movements in working capital requirements</b>			
Inventories	(35.1)	(13.3)	(4.8)
Trade receivables	32.3	(23.8)	(23.0)
Operating liabilities	(19.6)	40.7	38.5
Transfer of expenses to deferred charges	(3.5)	(9.1)	(15.6)
<b>NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS</b>	<b>(25.9)</b>	<b>(5.4)</b>	<b>(5.0)</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>198.0</b>	<b>256.0</b>	<b>227.0</b>
<b>Investing activities</b>			
Intangible asset acquisitions	(61.8)	(46.4)	(56.3)
Property, facilities and equipment acquisitions	(17.9)	(18.4)	(17.9)
Investment acquisitions	(0.7)	(1.7)	(8.9)
Acquisitions related borrowings	(2.7)	(36.7)	10.1
Cash and cash equivalents arising from acquisitions/disposal of subsidiaries	(20.7)	0.1	(55.8)
Intangible assets and property, facilities and equipment disposals	1.3	0.4	-
Investments disposals/writedowns	0.2	1.0	0.1
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(102.3)</b>	<b>(101.6)</b>	<b>(128.6)</b>
<b>Financing activities</b>			
Share capital increases	4.0	0.2	0.4
Borrowings repayments	(35.7)	(44.6)	(14.6)
Dividends paid to Parent Company shareholders and minority interest	(86.2)	(73.6)	(73.1)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(117.9)</b>	<b>(118.0)</b>	<b>(87.2)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(22.1)</b>	<b>36.4</b>	<b>11.2</b>
Cash and cash equivalents - start of year	253.6	259.5	248.3
Treasury shares provision - start of year <sup>(1)</sup>	-	(42.3)	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>231.5</b>	<b>253.6</b>	<b>259.5</b>
including treasury shares (net book value)	19.9	24.4	69.3

<sup>(1)</sup> accounted for prior to 2003 as a provision for liability

# B - Notes to the Consolidated Financial Statements

Unless otherwise mentioned, the amounts presented in the Notes are expressed in millions of euros (M€). The Notes are an integral part of the financial statements.

## 1. Summary of Significant Accounting Principles, Policies and Methods

### 1.1. Consolidation principles and methods

M6 (Métropole Télévision) Group consolidated financial statements are prepared in accordance with Regulation 99-02 of the French Accounting Regulatory Committee (CRC).

They conform to the consolidation principles and methods described below.

#### Financial year-end

All companies have a 31 December financial year-end.

#### Financial statements comparability

The consolidated financial statements at 31 December 2004 were prepared using the same methods as those in 2003.

Company	Legal Form	Nature of operations	% share capital	% voting rights	Method	Nationality
Métropole Télévision - M6	SA	Parent company	-	-	FC	French
C. Productions	SA	Programme production	99,98%	100,00%	FC	French
Culture Mag Editions	SNC	Print magazine production	90,00%	90,00%	FC	French
Edi TV - M6 Music	SNC	M6 Music channel	100,00%	100,00%	FC	French
FC Girondins de Bordeaux	SASP	French Ligue 1 football club	99,76%	100,00%	FC	French
Fun TV	SNC	Fun TV music channel	100,00%	100,00%	FC	French
Immobilière M6	SA	Neuilly buildings	100,00%	100,00%	FC	French
Live Stage	SAS	Staging of shows and events	99,00%	100,00%	FC	French
M6 Bordeaux	SAS	Local TV station	100,00%	100,00%	FC	French
M6 Diffusion	SA	Holding company - digital operations	100,00%	100,00%	FC	French
M6 Droits Audiovisuels	SA	Broadcast rights sales	99,94%	100,00%	FC	French
M6 Editions	SA	Print publications	99,98%	100,00%	FC	French
M6 Evénements	SA	Staging of shows and events	100,00%	100,00%	FC	French
M6 Films	SA	Co-production of films	99,98%	100,00%	FC	French
M6 Foot	SAS	Holding company - sports operations	100,00%	100,00%	FC	French
M6 Interactions	SAS	By-product rights exploitation	100,00%	100,00%	FC	French
M6 Numérique	SNC	Holding company - digital operations	100,00%	100,00%	FC	French
M6 Publicité	SAS	Advertising agency	99,97%	100,00%	FC	French
M6 Studio	SAS	Production of animated feature films	100,00%	100,00%	FC	French
M6 Thématique	SA	Holding company - thematic channels	99,96%	100,00%	FC	French
M6 Toulouse	SAS	Local TV station	100,00%	100,00%	FC	French
M6 Web	SAS	Internet content and access provider	100,00%	100,00%	FC	French
Mandarin	SAS	Production of feature films	100,00%	100,00%	FC	French
Métropole Production	SA	Production of audiovisual programming	99,98%	100,00%	FC	French
Paris Première	SA	Paris Première thematic channel	100,00%	100,00%	FC	French
SCI du 107	SCI	Neuilly buildings	100,00%	100,00%	FC	French
Sedi TV - Téva	SNC	Téva thematic channel	51,00%	51,00%	FC	French
Sté Nelle de Distribution	SA	Distribution of films to movie theatres	100,00%	100,00%	FC	French
Studio 89 Productions	SAS	Production of audiovisual programmes	100,00%	100,00%	FC	French
W9 Production	SAS	Production of audiovisual programmes	100,00%	100,00%	FC	French
ExtensionTV - Série Club	SA	Série Club thematic channel	50,00%	50,00%	PC	French

Company	Legal Form	Nature of operations	% share capital	% voting rights	Method	Nationality
TCM DA	SNC	Broadcast rights portfolio	50,00%	50,00%	PC	French
TF6	SCS	TF6 thematic channel	50,00%	50,00%	PC	French
TF6 Gestion	SA	TF6 management company	50,00%	50,00%	PC	French
<b>Sub-group HSS:</b>						
Home Shopping Service	SA	Home shopping programmes	99,80%	100,00%	FC	French
Boutique du Monde	SNC	Home shopping programmes	99,80%	100,00%	FC	French
Club Téléachat	SNC	24 hour channel	99,80%	100,00%	FC	French
HSS Belgique	SA	Home shopping programmes	99,80%	100,00%	FC	Belgian
HSS Hongrie	SA	Home shopping programmes	99,80%	100,00%	FC	Hungarian
SETV Belgique	GIE	Home shopping center	99,80%	100,00%	FC	Belge
Tecipress	SA	Production of audiovisual programmes	99,80%	100,00%	FC	French
Télévente Promotion	SA	Home shopping programmes	99,80%	100,00%	FC	French
TV Store	SA	Acquisition and broadcast of home shopping	100,00%	100,00%	FC	French
Unité 15 Belgique	SA	Customer services	99,80%	100,00%	FC	Belgian
Unité 15 France	SA	Management and promotion of home shopping	99,80%	100,00%	FC	French
Home Travel Services	SARL	Travel sales	50,00%	50,00%	PC	French
RTL Shop	GMBH	Production and broadcast of home shopping	20,00%	20,00%	EA	German
<b>Sub-group TPS :</b>						
TPS	SNC	Broadcaster of digital channels	34,00%	34,00%	PC	French
Multivision	SNC	Pay per view thematic channel	34,00%	34,00%	PC	French
TPS Cinéma	SNC	Film thematic channel	34,00%	34,00%	PC	French
TPS Cinéfaz	SNC	A to Z film thematic channel	34,00%	34,00%	PC	French
TPS Cinétoile	SNC	Film thematic channel	34,00%	34,00%	PC	French
TPS Entreprises	SNC	Communications project	34,00%	34,00%	PC	French
TPS Foot	SNC	Sports thematic channel	34,00%	34,00%	PC	French
TPS Interactif	SNC	Production and commercialisation of services	34,00%	34,00%	PC	French
TPS Jeunesse	SNC	Youth thematic channel	34,00%	34,00%	PC	French
TPS Motivation	SA	Marketable securities management	34,00%	34,00%	PC	French
TPS Sport	SNC	Sports thematic channel	34,00%	34,00%	PC	French
TPS Star	SNC	Film thematic channel	34,00%	34,00%	PC	French
TPS Terminaux	SNC	Management of equipment	34,00%	34,00%	PC	French

\* FC = Full Consolidation PC = Proportional Consolidation EA = Equity Accounted

## 1.2. Consolidation scope

### 1.2.1. Consolidated subsidiaries

Companies exclusively controlled by M6 Group are fully consolidated.

Companies jointly controlled are proportionally consolidated.

Other companies over which M6 Group exercises significant influence are equity accounted.

Dormant companies and companies in which M6 Group exercises no significant influence are accounted for under the cost method.

Provisions of the shareholders' agreement concluded in 2002 between M6 and TF1 at the time of their 100% acquisition of TPS provide for the joint control of this company, thereby justifying the proportional consolidation of the TPS Group into their accounts.



## 1.2.2. Change in consolidation scope

Two companies were consolidated for the first time in 2004: Paris Première and Boutiques du Monde (formerly Canal Club).

On 1 May 2004, M6 Group increased its equity stake in the Paris Première company from 10.66% to 100% with the acquisition of the remaining 89.34% equity stake from Suez. The company, previously unconsolidated, was consolidated from 1 May 2004 under the full consolidation method.

The HSS sub-group acquired on 1 January 2004, a 100% stake in the Boutiques du Monde company, which operates an infomercials channel. This company is consolidated under the full consolidation method within the HSS subgroup.

The impacts of these acquisitions on 2004 turnover and operating profit are as follows:

	Paris Première	Boutiques du Monde
Turnover	163	12,5
Operating profit/(loss)	(0.3)	0.7

M6 Group also increased its equity stake in the Live Stage company from 70.5% to 99% on 27 December 2004.

## 1.2.3. Unconsolidated companies

Company	Form	Operations	% owned	Nationality
M6 Affaires	SAS	Dormant company	99,99%	French
M6 Communication	SAS	Dormant company	99,99%	French
M6 Création	SAS	Dormant company	99,99%	French
M6 Développement	SAS	Dormant company	99,99%	French
M6 Opérations	SAS	Dormant company	99,99%	French
Labo Productions	SARL	Programme production	51,00%	French
TCM Gestion	SA	TCM management company	50,00%	French
Metropolest	SA	Local TV station	49,88%	French
Multiplex R4	SAS	Television programmes broadcast	41,67%	French
TPS Gestion	SA	TPS management company	34,00%	French
ENEX	SA	News images exchange company	20,00%	French
Pink TV	SAS	Pink TV thematic channel	9,15%	French
Newsports	SAS	Sports multimedia content production	1,97%	French

The Labo Productions company does not have any significant activity outside the Group. The Group is neither a shareholder nor an actively involved in any adhoc company.

## 1.2.4. Intercompany transactions and balances

All significant intercompany transactions and balances between consolidated companies have been eliminated. In the case of companies consolidated under the proportional consolidation method, the intercompany transactions are eliminated to the extent of the Group's ownership level in these companies.

## 1.3. Valuation policies and methods

### 1.3.1. Acquisition goodwill

At the time of an acquisition, the difference between the acquisition cost and the corresponding share in the net assets at the date of the acquisition, after allocating specific valuation differences (excess fair market values), is classified as an 'Acquisition Goodwill' asset on the Balance Sheet.

M6 Group continues to apply the partial revaluation method, in accordance with the option allowed in section 230 of CRC regulation 99-02.

Acquisition goodwill is ordinarily amortised on a straight-line basis over 10 years, but may be the subject of accelerated amortisation where the financial situation of the subsidiary justifies it, as described in Note 1.3.5.

### 1.3.2. Intangible assets

Intangible assets primarily comprise:

- advances and payments on account,
- audiovisual rights held for commercialisation by companies with such a mandate
- co-production share of drama and feature film and other costs,
- business goodwill,
- computer software.

#### Advances and payments on account

Advances and payments on account on intangible assets comprise unused audiovisual rights and 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, are classified as an intangible asset and amortised on a straight-line basis over the life of the contract or the following upper limits, whichever is the lesser:

- 3 years, if the company is a distributor of these rights;
- 5 years, if the company is a dealer in these rights.

An additional provision may be established, on a case-by-case basis, according to the future cash receipts prospects.

This provision appears in the consolidated financial statements as incremental amortisation.

#### Co-Production costs - films for movie theatre distribution, dramas and other

Co-production costs are also capitalised as non-current assets and are amortised on the basis of their receipts or straight-line over three years where their receipts are insufficient.

These assets may be subject to accelerated amortisation when it appears that the present value of future receipts will be insufficient.

#### Business goodwill

Business goodwill primarily comprises market shares relating to ownership interests acquisition.

As described in Note 1.3.5, these intangible assets

are the object of periodic valuations in order to justify their maintenance in value.

#### Computer software

Computer software purchased is reported at acquisition cost and amortised on a straight-line basis over one to four years.

### 1.3.3. Property, facilities and equipment

Property, facilities and equipment assets are recorded at their acquisition cost, and are depreciated on a straight-line basis over the following useful lives:

Buildings	25 years
General-purpose facilities, office furniture	10 years
Satellite Set-Top boxes	5 years
Computer hardware	4 years
Office and technical equipment	3 to 5 years

Assets acquired through finance leases are, for purposes of consolidation, capitalised as property, facilities and equipment assets on the Balance Sheet together with an offsetting borrowings liability amount.

### 1.3.4. Financial investments

Non-consolidated investments are recorded at their acquisition cost.

A writedown provision is established when their value in use is lower than their acquisition cost.

### 1.3.5. Review of non-current assets' values

The valuation of non-current acquisition value, in conformity with Group accounting principles, is realised each year, or more frequently if events or circumstances arise, whether internal or external, indicating a reduction in value is susceptible of occurring. In particular, the value of intangible assets (excluding audiovisual rights valued in accordance with the principles described in Note 1.3.2) is compared to their recovery value.

M6 Group did not opt for an early application of CRC Regulation 2002-10 concerning asset writedown provisions. However, the method applied to realise this comparison did not result in any significant differences with that prescribed by this Regulation.

Net realisable value is the greater of fair market value and value in use. In order to determine its value in use, intangible assets for which no independent cash flows can be directly associated with are grouped together within a Cash Generating Unit (CGU) to which they belong. The value in use of the CGU is determined using the Discounted Cash Flow methods, based on the following principles:

- cash flows are derived from medium term business plans set by the entity concerned;
- the discount rate retained corresponds to the Group' weighted average cost of capital;
- the terminal value is calculated by summing to infinity the discounted cash flow determined on the basis of a standardised flow and a perpetual growth rate. This growth rate is in agreement with the development potential of the markets on which the entity operates, as well as its competitive position on these

markets.

The net realisable value thus calculated for the CGU is then compared to the net value of these non-current assets (including acquisition goodwill), as they appear on the consolidated Balance Sheet. A provision for writedown is established if the Balance Sheet value exceeds the CGU's net realisable value.

### 1.3.6. Inventories

Inventories are primarily comprised of broadcast rights and, to a lesser extent, commercial inventories.

#### Broadcast rights

Broadcast rights are transferred from inventory and charged to cost of sales as the programmes they relate to are broadcast on TV, in accordance with the following rules:

- rights acquired for a single broadcast and various rights (documentaries, concerts etc.):
  - 100% expensed on first broadcast
- rights acquired for multi-broadcasts:
  - 1<sup>st</sup> broadcast: 67%
  - 2<sup>nd</sup> broadcast: 33%.

A provision for writedown is established for broadcast rights relating to programmes that are not likely to be broadcast.

#### Commercial inventories

These inventories comprise derivative products and home shopping products, relating to the Brand Diversification activities of M6 Group.

Inventory acquisitions are recorded at their purchase cost, net of any trade discounts and rebates earned,

but excluding the effect of any possible settlement discounts. Cost of sales is recorded at purchase cost.

A writedown provision is established whenever their value in use is less than the purchase cost.

### 1.3.7. 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.

### 1.3.8. Translation of foreign exchange denominated transactions

Foreign currency denominated receivables and liabilities are recorded at their Balance Sheet date exchange rate.

The Group has adopted for the first time in 2004 the preferred method prescribed by Regulation 99-02 concerning the recording in the Income Statement of translation differences arising from the consolidation of subsidiaries. The impact of this new accounting principle did not have any significant impact on financial year net profit.

### 1.3.9. Cash and marketable securities

Cash and marketable securities recorded on the Balance Sheet comprise mutual funds, money based unit trusts, assets relating to liquidity contracts, treasury shares to be allocated pursuant to the exercise of stock purchase options granted to personnel and bank account credit balances.

Marketable securities are recorded at their gross value.

A provision is established whenever the market value is less than the acquisition cost

### 1.3.10. Treasury shares

Treasury shares are a component of cash and marketable securities and are valued at their gross book value. A marketable securities writedown provision is established when their market price or exercise price is less than their acquisition cost. This writedown provision was previously accounted for in 2002 as a provision for liability.

### 1.3.11. Deferred tax

Consolidated deferred taxes primarily result from:

- temporary differences between the different financial periods in which revenues and expenses are recognised for tax and accounting purposes;
- elimination from the consolidated accounts of accounting entries that were made solely for tax law purposes.

Deferred tax is calculated using the liability method, without any discounting, as the latter impact is insignificant given that most reversals occur in the short term.

Deferred tax assets are only recorded if the companies have a reasonable assurance of being able to use them in future years.

### 1.3.12. Provision for liabilities and charges

Provisions are established on an individual basis for liabilities and charges whose occurrences are likely to result based on previous events or those in process. Each provision is valued based on their likely future financial impact, estimated on information available at year-end. Costs relating to litigation are provided for once the Group foresees an unfavourable conclusion as probable based on court proceedings.

All potential significant liabilities at year-end have been accounted for in the Group's accounts.

### 1.3.13. Provision for retirement benefits

The provision for retirement benefits was calculated in accordance with IAS 19, using an actuarial method that takes into account the acquired rights of all Group's employees and their most recent salary. The indemnity that is susceptible of being paid for each employee is estimated based on personal data projected until the normal retirement age.

It is calculated by multiplying the estimated benefit by an actuarial factor that takes into account:

- the probability of presence in the company of the employee at the date of his retirement (taking into account the risk of death or departure from the company before retirement age),
- the discounting of the benefit at the date of the valuation.

These global commitments, calculated for the pro-

jected total career of the employee, are then uniformly distributed over each of the financial periods, past and future, having resulted in an allocation of retirement plan rights to the employee.

### 1.3.14. Derivative financial instruments

The Group is exposed to foreign exchange risk when the network or its subsidiaries undertake operations in a currency other than its operating currency (euro). These operations essentially concern the purchase of programmes from international suppliers denominated in US dollars.

In order to protect itself from random market movements that could adversely impact its financial income and wealth, M6 Group decided to hedge such operations generating a foreign exchange risk through simple products and always with an intent to hedge commitments arising from its activity and never for a speculative purpose.

Foreign exchange hedge contracts are presented as off Balance Sheet commitments at their market value closing date.

The Group through its TPS subsidiary has also entered into interest rate hedge contracts in order to set its borrowing rate. These interest rate hedge contracts are also presented as off Balance Sheet commitments, valued at their year-end market value.

### 1.3.15. Revenue (turnover) recognition

Advertising revenues are recorded net of commercial discounts.



Brand Diversification revenues are recorded at the moment of service/products delivery and are recorded net of returns provisions.

### 1.3.16. Exceptional income and expenses

Exceptional income and exceptional expenses arise from activities other than those concerning the ordinary activities of the business, as well as those arising from infrequent events that are unusual in their nature or value.

### 1.3.17. Earnings per share

Earnings per share is calculated in accordance with Standard N° 27 of the French Institute of Public Accountants (Ordre des Experts-Comptables) using two methods:

- basic earnings per share is calculated based on the number of shares in circulation,
- diluted earnings per share is calculated when dilutive instruments exist.

Dilutive instruments exclusively relate to stock subscription options plans.

Diluted earnings per share reflects the impact on earnings, arising from the maximum possible dilution of financial instruments, on an instrument by instrument basis, regardless of their dilution probability

Funds arising from the resulting creation of new shares are collected on the date these financial instruments are issued and are placed and remun-

nerated at the internal treasury rate of return, which is added before tax to net profit before dilution. The calculation is effected taking into account the number of new shares created pursuant to the exercise of stock subscription options.

### 1.3.18. Consolidated Cash Flow Statement

The Consolidated Cash Flow Statement presents the cash and cash equivalents movements that occurred for all the Group's consolidated companies during the financial year.

The impact on cash and cash equivalents of subsidiaries being included or excluded from the Group structure as a result of their recent acquisition or disposal is identified as 'Cash and cash equivalents arising from acquisitions/disposals of subsidiaries'. Cash and cash equivalents comprise mutual funds, money based unit trusts and bank accounts credit balances, as well as treasury shares, net of provisions.

## 2. 2004 Financial Year Significant Events

No significant transactions or events occurred in 2004, other than the acquisitions of Paris Première and Boutiques du Monde (formerly Canal Club), as described in Notes 1.2.2 and 3.1, and the equity stake acquired in Pink TV (non-consolidated company).

## 3. Notes on the Consolidated Balance Sheet

### 3.1. Acquisition goodwill

(M€)			Net value	
	Gross value	Acc. Amortisation	31 Dec. 2004	31 Dec. 2003
HSS	10.4	7.4	3.0	4.1
Unité 15	0.2	0.2	-	-
TPS Multivision	1.6	1.6	-	-
TCM	0.6	0.3	0.3	0.3
Fun TV	8.4	6.3	2.1	4.9
M6 Foot	1.0	1.0	-	0.6
SND	1.1	0.4	0.7	0.8
Culture Mag Editions	0.3	0.3	-	-
Boutiques du Monde	0.9	0.2	0.7	-
Paris Première	22.9	1.5	21.4	-
<b>Total</b>	<b>47.3</b>	<b>19.1</b>	<b>28.2</b>	<b>10.7</b>

#### 3.1.1. New acquisition goodwill

The increase in acquisition goodwill in 2004 arises from the first consolidations of Paris Première and Boutiques du Monde (formerly Canal Club), which generated acquisition goodwill of M€ 22.9 and M€ 0.9 respectively.

##### Paris Première acquisition goodwill

The supplementary acquisition of Paris Première shares on 1 May 2004 increased the Group's shareholding in this company to 100 % from 10.66%. The calculation of the acquisition goodwill was based on the 1 May 2004 accounts and was determined as follows:

Total value of shares	1.5
Equity at 1 May 2004	(14.0)
<b>Initial acquisition goodwill</b>	<b>15.5</b>
Revaluation of assets and liabilities acquired	(7.4)
<b>Acquisition goodwill</b>	<b>22.9</b>

##### Boutiques du Monde acquisition goodwill

HSS Group acquired on 15 March 2004 100% of the share capital of Boutiques du Monde SNC, formerly known as Canal Club. Pursuant to the terms of acquisition, this company was retroactively consolidated from 1 January 2004 with its acquisition goodwill determined as follows:

Total value of shares	1.1
Equity at 1 January 2004	0.0
<b>Initial acquisition goodwill</b>	<b>1.0</b>
Revaluation of assets and liabilities acquired	0.2
<b>Acquisition goodwill</b>	<b>0.9</b>

#### 3.1.2. Review of acquisition goodwill values

The review of acquisition goodwill values in accordance with the methodology described in Note 1.3.5 did not result in any loss of value at 31 December 2004, with the exception of Fun TV (treated as a Cash Generating Unit), whose acquisition goodwill, in addition to straight line amortisation, was written down by a further M€ 2.0.

The following assumptions were retained in the performance of valuation tests that led to these write-downs:

CGU on Balance Sheet:	M€ 4.25
project horizon:	5 years
discount rate:	10.04%
perpetual growth rate:	2%

## 3.2. Non-current operating assets

### 3.2.1. Intangible assets

Business goodwill essentially relates to intangible assets associated with the TPS Sub-Group.

The review of business goodwill valuations using the methodology described in Note 1.2.2 does not result in a loss of value at 31 December 2004.

Other intangible assets comprise computer software, co-productions and minimum guarantees.

Advances on intangible assets comprise unused audiovisual rights and co-production rights awaiting receipt of technical acceptance. They are subsequently reclassified as audiovisual rights and other intangible assets.

### 3.2.2. Property, facilities and equipment

Buildings comprise two buildings, including the Group's head office facilities.

Other PFE assets at 31 December 2004 comprised € 19.9 million in TPS Set-Top boxes.

(M€)	31 Dec. 2003	Additions	Disposals	31 Dec. 2004
<b>Gross book values</b>				
Audiovisual rights	198.3	9.1	5.8	201.6
Business goodwill	91.8			91.8
Other intangible assets	227.6	49.3	0.5	276.4
Advances on intangible assets	21.8	9.2	1.6	29.4
<b>Subtotal</b>	<b>539.5</b>	<b>67.7</b>	<b>8.0</b>	<b>599.2</b>
<b>Accumulated amortisation</b>				
Audiovisual rights	165.2	26.5	5.7	186.0
Business goodwill	0.2			0.2
Other intangible assets	201.9	36.9	0.4	238.4
Advances on intangible assets				
<b>Subtotal</b>	<b>367.3</b>	<b>63.4</b>	<b>6.1</b>	<b>424.6</b>
<b>Net book values</b>				
Audiovisual rights	33.1	(17.4)	0.1	15.6
Business goodwill	91.6	0.0	0.0	91.6
Other intangible assets	25.7	12.4	0.2	38.0
Advances on intangible assets	21.8	9.2	1.6	29.4
<b>Total</b>	<b>172.2</b>	<b>4.3</b>	<b>1.9</b>	<b>174.6</b>

(M€)	31 Dec. 2003	Additions	Disposals	31 Dec. 2004
<b>Gross book values</b>				
Land	7.8	-	-	7.8
Buildings	56.1	0.5	-	56.6
Technical facilities	34.7	10.2	4.7	40.2
Other PFE <sup>(1)</sup>	126.6	14.6	6.3	134.9
Advances on PFE	3.7	2.5	4.5	1.7
<b>Subtotal</b>	<b>228.9</b>	<b>27.8</b>	<b>15.4</b>	<b>241.3</b>
<b>Accumulated amortisation</b>				
Land	-	-	-	-
Buildings	16.8	2.8	-	19.6
Technical facilities	29.2	6.5	4.1	31.6
Other PFE <sup>(1)</sup>	91.4	16.2	4.3	103.2
Advances on PFE	-	-	0	-
<b>Subtotal</b>	<b>137.4</b>	<b>25.5</b>	<b>8.4</b>	<b>154.5</b>
<b>Net book values</b>				
Land	7.8	-	-	7.8
Buildings	39.3	(2.4)	-	37.0
Technical facilities	5.5	3.6	0.6	8.6
Other PFE <sup>(1)</sup>	35.2	(1.6)	2.0	31.7
Advances on PFE	3.7	2.5	4.5	1.7
<b>Total</b>	<b>91.5</b>	<b>2.2</b>	<b>7.0</b>	<b>86.8</b>

<sup>(1)</sup>Including finance lease: M€ 16.4; <sup>(2)</sup>Including finance lease: M€ 8.9

### 3.3. Equity investments

(M€)	31 Dec.2003	Acquisitions	Disposals	31 Dec. 2004
Investments in non-consolidated companies <sup>(1)</sup>	0.5	0.1	-	0.6
Other equity investments <sup>(2)</sup>	2.9	0.4	2.7	0.6
<b>Total</b>	<b>3.4</b>	<b>0.5</b>	<b>2.7</b>	<b>1.2</b>
Other equity investments - provisions for writedowns <sup>(2)</sup>	(2.9)	-	(2.6)	(0.3)
<b>Total</b>	<b>0.5</b>	<b>0.5</b>	<b>0.1</b>	<b>0.9</b>

<sup>(1)</sup> These are investments whose long-term holding is useful for group operating purposes but which have not currently significant activity.

<sup>(2)</sup> These are investments in which the Group has less than 20% voting rights. Its opening balance primarily comprised shares of Paris Première, a company consolidated as from 1 May 2004.

### 3.4. Investment receivables

(M€)	31 Dec. 2003	Increases	Decreases	31 Dec. 2004
RTL SHOP	7.2	-	-	7.2
Others	-	0.1	-	0.1
<b>Total</b>	<b>7.2</b>	<b>0.1</b>	<b>-</b>	<b>7.3</b>

### 3.5. Other investments

(M€)	31/12/2003	Increases	Decreases	31 Dec. 2004
Deposits and sureties	1.0	0.6	(0.1)	1.5
<b>Total</b>	<b>1.0</b>	<b>0.6</b>	<b>(0.1)</b>	<b>1.5</b>

### 3.6. Broadcast rights and commercial inventories

(M€)	31/12/2003	Increases	Decreases	31 Dec. 2004
Broadcast rights - gross value	286.4	220.5	(181.9)	325.0
Provision for writedown	(68.1)	(20.8)	22.9	(66.0)
<b>Broadcast rights - net value</b>	<b>218.3</b>	<b>199.7</b>	<b>(159.0)</b>	<b>259.0</b>
Commercial inventory - gross value	15.0	52.1	(50.7)	16.4
Provision for writedown	(7.1)	(4.9)	4.3	(7.7)
<b>Commercial inventory - net value</b>	<b>7.9</b>	<b>47.2</b>	<b>(46.4)</b>	<b>8.7</b>

Increases arise from the purchases of broadcast rights, while decreases relate to the broadcasting of the related programmes or the expiry of the rights.



## 3.7. Trade and other receivables

### 3.7.1. Movements during 2004

(M€)	31 Dec. 2003	Net movement	31 Dec. 2004
<b>Trade receivables</b>			
<b>Gross value</b>			
Advances and payables on account	12.3	2.3	14.6
Receivables	268.5	(26.6)	241.9
<b>Subtotal</b>	<b>280.8</b>	<b>(24.3)</b>	<b>256.6</b>
Provision for writedown	(17.2)	(1.2)	(19.5)
<b>Total</b>	<b>263.6</b>	<b>(25.5)</b>	<b>237.1</b>
<b>Trade receivables</b>			
<b>Gross value</b>			
State receivables	90.1	8.1	98.2
Deferred charges	27.0	(6.6)	20.4
Other receivables	39.9	(1.7)	38.2
<b>Subtotal</b>	<b>157.0</b>	<b>(0.2)</b>	<b>156.8</b>
Provision fro writedown	(1.6)	0.2	(1.4)
<b>Total</b>	<b>155.4</b>	<b>0.0</b>	<b>155.4</b>

Trade receivables relate primarily to receivables from advertisers.

Deferred charges movements relate primarily to Girondins de Bordeaux players transfer costs allocated over the duration of their contracts.

### 3.7.2. Analysis by maturity

(M€)	TOTAL	Within 1 year	1 to 5 years	After 5 years
<b>Trade receivables</b>				
<b>Gross value</b>				
Advances and payables on account	14.6	14.6	-	-
Receivables	241.9	233.5	8.5	-
<b>Subtotal</b>	<b>256.6</b>	<b>248.1</b>	<b>8.5</b>	<b>-</b>
Provision for writedown	(19.5)	(19.5)	-	-
<b>Total</b>	<b>237.1</b>	<b>228.6</b>	<b>8.5</b>	<b>-</b>
Advances and payables on account	98.2	98.2	-	-
Receivables	20.4	20.1	0.3	-
Other receivables	38.2	35.6	2.6	-
<b>Subtotal</b>	<b>156.8</b>	<b>153.9</b>	<b>2.9</b>	<b>-</b>
Provision fro writedown	(1.4)	(1.4)	-	-
<b>Total</b>	<b>155.4</b>	<b>152.5</b>	<b>2.9</b>	<b>-</b>

### 3.8. Cash and marketable securities

	31 Dec. 2004	31 Dec. 2003
<b>Gross value</b>		
Treasury shares	59.4	64.1
Mutual funds, money based unit trusts	211.6	229.2
<b>Subtotal</b>	<b>271.0</b>	<b>293.3</b>
<b>Treasury shares writedown</b>	<b>(39.5)</b>	<b>(39.7)</b>
<b>Net cash and marketable securities</b>	<b>231.5</b>	<b>253.6</b>

The parent company, Métropole Télévision SA, held 1,147,547 of its own shares at 31 December 2004. Year-end writedown provision amount was € 39.5 million compared to € 39.7 million for the previous year, which was accounted for as a provision for liability. There were no unrealised holding gains on mutual funds and unit trusts as all had been realised at 31 December 2004.

### 3.9. Deferred tax assets and liabilities

	31/12/2004	31/12/2003
Temporary differences	28.5	33.8
Tax credits	-	-
Tax loss benefits	0.8	0.1
<b>Total deferred tax assets</b>	<b>29.3</b>	<b>33.9</b>
Temporary differences	6.0	6.8
<b>Total deferred tax liabilities</b>	<b>6.0</b>	<b>6.8</b>

Deferred tax assets primarily relate to provisions for liability and charges whose deductibility will only be certain in the financial year in which they are disbursed.

## 3.10. Equity

The changes in total Equity are explained as follows:

(M€)	Share capital	Share premiums	Consolidated reserves	Net profit (Group share)	Other	Total Equity
<b>At 31 December 2002</b>	<b>52.8</b>	<b>24.2</b>	<b>173.3</b>	<b>111.8</b>	<b>-</b>	<b>362.1</b>
Change in parent company's share capital						
Net profit (Group share) for 2003 financial year				131.6		131.6
Allocation of 2002 net profit (group share) to reserves			111.8	(111.8)		-
Cash dividend distributions by parent company			(74.2)			(74.2)
Other movements						-
<b>At 31 December 2003</b>	<b>52.8</b>	<b>24.2</b>	<b>210.9</b>	<b>131.6</b>	<b>-</b>	<b>419.5</b>
Change in parent company's share capital						
Net profit (Group share) for 2003 financial year				138.7		138.7
Allocation of 2003 net profit (group share) to reserves			131.6	(131.6)		-
Cash dividend distributions by parent company			(87.6)			(87.6)
Other movements			(0.1)			(0.1)
<b>At 31 December 2004</b>	<b>52.8</b>	<b>24.2</b>	<b>254.8</b>	<b>138.7</b>	<b>-</b>	<b>470.5</b>

The Company's share capital at 31 December 2004 amounted to € 52,755,476, consisting of 131,888,690 fully paid-up shares, each with a par value each of € 0.40.

## 3.11. Minority interests

(M€)	
Opening balance - 1 January 2004	(1.2)
Minority interest share of subsidiary 2004 losses <sup>(1)</sup>	(0.5)
Dividends paid by minority interest subsidiaries	-
Minority interest share of partnership's net profit	1.4
<b>Closing balance - 31 December 2004</b>	<b>(0.3)</b>
<sup>(1)</sup> <b>Contribution by company</b>	
Sedi TV	(0.4)
Girondins	(0.1)
<b>Total</b>	<b>(0.5)</b>

## 3.12. Provisions for liabilities and charges

(M€)	31/12/2003	Charges	Uses	Reversals	Reclass.	31 Dec. 2004
Provisions for litigation <sup>(1)</sup>	28.4	4.5	8.6	6.1		18.1
Provisions for exchange losses	1.9	1.1	1.0	0.7		1.3
Associates investments <sup>(2)</sup>	7.2	0.6			2.5	10.3
Other provisions for liabilities <sup>(3)</sup>	13.0	5.5	5.9	1.1		11.5
<b>Provisions for liabilities</b>	<b>50.5</b>	<b>11.6</b>	<b>15.5</b>	<b>7.9</b>	<b>2.5</b>	<b>41.2</b>
Provisions for retirement benefits	5.9	2.1	0.1			7.9
Other provisions for charges	10.7	4.7	0.9		(2.3)	12.2
<b>Provisions for charges</b>	<b>16.6</b>	<b>6.8</b>	<b>1.0</b>	<b>0.0</b>	<b>(2.3)</b>	<b>20.1</b>
<b>Total</b>	<b>67.1</b>	<b>18.4</b>	<b>16.5</b>	<b>7.9</b>	<b>0.2</b>	<b>61.3</b>
<b>Impact on profitability (net of charges incurred)</b>						
Operating profit		(12.7)		-		
Net financial income		(1.1)		-		
Net exceptional expenses		(0.6)		-		

<sup>(1)</sup> These provisions include:

Provisions for M6 TV Network litigation	7.1
Provisions for Diversification litigation	1.9
Provisions for Pay TV litigation	6.1
Provisions for social litigation	2.6
Provisions for customer litigation	0.4
<b>Total</b>	<b>18.1</b>

<sup>(2)</sup> The following equity accounted investments reported a net deficit at 31 December 2004 and were accordingly classified as provisions for liabilities and charges:

(M€)	31 Dec.2003			31 Dec. 2004			
	Reserves	Net loss	Net deficit	Reserves	Net loss	Reclass.	Net deficit
RTL Shop	(5.6)	(1.6)	(7.2)	(7.2)	(0.6)	(2.5)	(10.3)
<b>Total</b>	<b>(5.6)</b>	<b>(1.6)</b>	<b>(7.2)</b>	<b>(7.2)</b>	<b>(0.6)</b>	<b>(2.5)</b>	<b>(10.3)</b>



<sup>(3)</sup> the other provisions for liabilities covered the following risks:

Provision for TPS terminals charges	4.6
Provisions for M6 Television Network charges	1.8
Provisions for Paris Première miscellaneous charges	3.3
Provisions for Pay TV charges	0.6
Provisions for Girondins de Bordeaux FC charges	0.5
Other	0.7
<b>Total</b>	<b>11.5</b>

No additional disclosure of individual litigation amounts is provided, as their communication may be prejudicial to M6 Group.

Litigation provision reversals during the year arose from the non-utilisation or partial utilisation resulted from the conclusion of litigation matters in favour of the Group.

Provisions for retirement benefits at 31 December 2004 were based on the following assumptions:

- inflation rate: 2.0%
- discount rate: 4.5%
- average wage increase rate by age segment: 3.5%
- personnel turnover rate: variable according to age

### 3.13. Financial debt

M6 Group borrowings result from its 34% share of TPS borrowings, entirely consisting of finance leases.

Analysis by rate

(M€)	Variable rate	Fixed rate
Bank loans	-	-
Finance lease	-	10.3
Outstanding interest on current loans	-	-
<b>Total</b>	<b>-</b>	<b>10.3</b>

Analysis by due date

(M€)	Total	< 1 year	1 to 5 years	> 5 years
Bank loans	-	-	-	-
Finance lease	10.3	3.9	6.4	-
Outstanding interest on current loans	-	-	-	-
<b>Total</b>	<b>10.3</b>	<b>3.9</b>	<b>6.4</b>	<b>-</b>

M6 Group borrowings did not result in any pledges, guarantees or real security.

## 3.14. Operating and other liabilities

### 3.14.1. Movements during 2004

(M€)	31 Dec. 2003	Net movement	31 Dec. 2004
<b>Operating liabilities</b>			
Advances and payments on account <sup>(1)</sup>	46.4	(2.6)	43.8
Trade liabilities	379.8	35.1	414.9
Tax and social security liabilities <sup>(2)</sup>	151.5	(25.9)	125.6
<b>Total</b>	<b>577.7</b>	<b>6.6</b>	<b>584.3</b>
<b>Other liabilities</b>			
Debts relating to non-current assets	26.9	(3.5)	23.4
Deferred revenues <sup>(3)</sup>	42.2	(4.0)	38.2
Other <sup>(4)</sup>	30.3	(4.5)	25.8
<b>Total</b>	<b>99.4</b>	<b>(12.0)</b>	<b>87.4</b>

<sup>(1)</sup> generally comprises the Group's pro-rata share of TPS subscribers' guarantee deposits.

<sup>(2)</sup> Tax and social security liabilities include M€ 77.3 million in VAT and M€ 18.4 in income tax liabilities at 31 December 2004.

<sup>(3)</sup> These relate primarily to TPS subscription deferred revenues

<sup>(4)</sup> Comprises miscellaneous liabilities and current accounts with related parties.

### 3.14.2. Analysis by due date

(M€)	TOTAL	< 1 year	1 to 5 years	> 5 years
<b>Operating liabilities</b>				
Advances and payments on account	43.8	43.8	-	-
Trade liabilities	414.9	407.0	7.9	-
Tax and social security liabilities	125.6	125.6	-	-
<b>Total</b>	<b>584.3</b>	<b>576.4</b>	<b>7.9</b>	<b>-</b>
<b>Other liabilities</b>				
Debts relating to non-current assets	23.4	23.3	0.1	-
Deferred revenues	38.2	38.2	-	-
Other	25.8	24.8	1.0	-
<b>Total</b>	<b>87.4</b>	<b>86.3</b>	<b>1.1</b>	<b>-</b>

## 4. Notes on the Consolidated Income Statement

### 4.1. Turnover

#### 4.1.1 Analysis by business segment

(M€)	2004	2003	%
Free to Air TV	613.2	600.4	2.1
Diversification	337.9	367.8	(8.1)
Digital TV	241.7	208.6	15.9
<b>Total</b>	<b>1,192.8</b>	<b>1,176.8</b>	<b>1.4</b>

#### 4.1.2. Analysis by geographic region

(M€)	2004	2003	%
France	1,149.4	1,114.1	3.2
Europe	38.0	56.3	(32.5)
Other countries	5.4	6.4	(15.6)
<b>Total</b>	<b>1,192.8</b>	<b>1,176.8</b>	<b>1.4</b>

### 4.2. Other operating revenues

Other operating revenues primarily comprise Girondins de Bordeaux Football Club player transfer fees.

### 4.3. Material and services purchases

The most significant amounts concern charges relating to programmes broadcast and the actual broadcasting.

### 4.4. Personnel costs

(M€)	2004	2003
Wages and social security charges	154.8	149.5
Profit sharing plan contributions	5.7	6.1
<b>Total</b>	<b>160.5</b>	<b>155.6</b>

## 4.5. Other operating expenses

Other operating expenses amounted to M€ 79.0 and consist primarily of royalty fees paid to performing rights societies.

## 4.6. Depreciation, amortisation and provision charges (net of reversals)

(M€)	2004	2003
Amortisation - audiovisual rights	276	19.4
Amortisation - co-production costs	8.3	8.1
Amortisation and net provisions - other intangible assets	27.2	28.8
Depreciation - property, facilities and equipment	21.6	24.0
Expensing of broadcast rights	(9.0)	12.3
Deferred charges - amortisation	7.1	22.0
Provision for retirement benefits charges	2.0	(2.4)
Other	(8.0)	15.7
<b>Total</b>	<b>76.8</b>	<b>127.9</b>

Deferred expenses charges relate to the amortisation of Girondins de Bordeaux Club player transfer premiums.

## 4.7. Operating profit analysis by business segment

(M€)	2004	2003	%
Free to Air TV	196.8	193.3	1.8
Diversification	17.0	17.8	(4.5)
Digital TV	8.7	2.2	295.5
<b>Total</b>	<b>222.5</b>	<b>213.3</b>	<b>4.3</b>



## 4.8. Net finance income

(M€)	2004	2003
Investment income	5.6	6.2
Interest and other financing charges	(2.5)	(3.8)
Foreign exchange net gains/(losses)	(0.5)	0.5
Financial provisions net (charges)/reversals	(1.7)	0.7
<b>Total</b>	<b>0.9</b>	<b>3.6</b>

## 4.9. Net exceptional expenses

(M€)	2004
Net losses on non-current productive asset disposals	(0.2)
Provisions for litigation, liabilities and charges	3.8
Other	(1.0)
<b>Net exceptional income before tax</b>	<b>2.6</b>
Income tax	(0.9)
<b>Net exceptional income after tax</b>	<b>1.7</b>

## 4.10. 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 Paris Première and Boutiques du Monde, which were acquired in 2004.

(M€)	2004	2003
Income tax payable	73.8	84.6
Income tax deferred	6.9	(11.0)
<b>Total income tax charge</b>	<b>80.7</b>	<b>73.6</b>

A deferred income tax rate of 34.93% was used for 2004.

The deferred tax amount recorded on the Income Statement incorporates future tax savings on non-deductible provisions as well as the tax impact of consolidation restatements.

The following schedule reconciles the income tax accounting expense amount with the income tax amount arising from the theoretical tax rate for the financial year ending 31 December 2004:

(M€)	
Profit before income tax and acquisition goodwill amortisation	225.4
Income tax expense based on a theoretical rate of 35.43%	79.9
Impact of permanent differences	0.8
<b>Total income tax charge</b>	<b>80.7</b>

## 4.11. Share of associate's results

This comprises the Group's share of losses by RTL Shop.

# 5. Other Notes

## 5.1 Average workforce size (headcount)

	2004	2003	% change
Employees	350	329	6.4
Supervisors	237	210	13.0
Managers	650	549	18.4
Journalists	125	130	(4.1)
<b>Full-time permanent workforce</b>	<b>1,362</b>	<b>1,218</b>	<b>11.8</b>
<i>Including proportional integration</i>	<i>220</i>	<i>150</i>	<i>46.5</i>
<b>Full-time fixed term workforce (Full time equivalents)</b>	<b>508</b>	<b>539</b>	<b>(5.7)</b>
<i>Including proportional integration</i>	<i>23</i>	<i>20</i>	<i>14.2</i>

## 5.2. Management Board remuneration

Total Management Board remuneration amounted to M€ 2.99 for 2004.

### 5.3. Off-Balance Sheet commitments

	< 1 year	> 1 year	Total 2004	Total 2003	Terms and conditions of implementation
<b>Commitments given:</b>					
Rights purchase and co-productions commitments <sup>(1)</sup>	213.5	177.0	390.5	434,6	Contracts signed
Images transmission, satellite rental and transponders <sup>(2)</sup>	43.6	111.5	155.1	183.1	Contracts signed
Financial commitments <sup>(3)</sup>	3.9	2.1	6.0	-	Contracts signed
Responsibility for partnership liabilities <sup>(4)</sup>	-	304.4	304.4	377.8	SNC liquidation
Non-cancellable leases <sup>(2)</sup>	5.2	3.6	8.8	7.0	Leases
Others	9.1	0.6	9.7	8.9	-
<b>Total commitments given</b>	<b>275.4</b>	<b>599.2</b>	<b>874.6</b>	<b>1,011.4</b>	
<b>Commitments received:</b>					
Responsibility for partnership liabilities <sup>(4)</sup>	-	311.3	311.3	384.6	SNC liquidation
Sales commitments	10.2	12.2	22.4	3.9	Annual deadlines
Financial support granted by the CNC	1.8	0.0	1.8	2.0	Agreement date
Others	1.0	4.4	5.4	4.4	-
<b>Total commitments received</b>	<b>13.1</b>	<b>328.0</b>	<b>341.0</b>	<b>394.9</b>	

<sup>(1)</sup> comprises:

- purchase commitments relating to rights not yet produced or completed,
- contractual commitments relating to co-productions waiting receipt of technical acceptance or exploitation visa, net of payments on account made.

<sup>(2)</sup> These commitments are valued by taking into account each contract's remaining amounts until their expiry date.

<sup>(3)</sup> At 31 December 2003, financial commitments relating to rights purchase coverage were accounted for as 'Rights purchases and co-production commitments', valued at the hedge rate.

At 31 December 2004, this off-Balance Sheet commitment comprised the following items:

- derivative foreign exchange financial instruments valued at their year-end market value, that is M€ 5.2, thereby covering rights and co-productions commitments at their hedge rate.
- derivative interest rate financial instruments also valued at their year-end market rate, that is M€ 0.8.

<sup>(4)</sup> 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 commitment received the other partners' share of these liabilities.

Accordingly, the Group reports M€ 286.1 both as an off-Balance Sheet commitment given and an off-Balance Sheet commitments received, regarding TPS' share of these commitments.

No significant off-Balance Sheet commitments have been excluded in accordance with accounting standards in place.

None of M6 Group's non-current assets have been pledged or mortgaged.

## 5.4. Related party transactions

Related parties to the M6 Group comprise unconsolidated subsidiaries, subsidiaries consolidated using proportional consolidation, and associates accounted for under the equity method, RTL Group - 49% shareholders of the Group's parent company Métropole Télévision SA, executive officers and members of the Supervisory Board.

The Group's relations with the above parties, previously listed, are commercial in nature and are concluded on the basis of normal market conditions.

The amount of remuneration received by the Group's executive officers is described in Note 10.6 of Management Report.

Members of the Supervisory Board received 114,989 € in attendance fees as their sole source of remuneration from the Group, owning a cumulative equity holding of 0.001% of the Group's parent company share capital.

## 6. Subsequent Events

No major events have occurred since 1 January 2005 that are susceptible of having a major impact on the accounts for the financial year ending 31 December 2004 or to significantly impact the Group's activity in 2005.



**KPMG AUDIT**

Immeuble KPMG  
1, cours Valmy  
92923 Paris-La Défense Cedex

**BARBIER FRINAULT & AUTRES**

**Ernst & Young**  
41, rue Ybry  
92576 Neuilly-sur-Seine Cedex

**Métropole Télévision S.A.**

Registered Office: 89, avenue Charles de Gaulle – 92 200 Neuilly-sur-Seine  
Share capital: €. 52 755 476

**STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

To the shareholders of Métropole Télévision SA company,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the financial year ended 31 December 2004, on the audit of the accompanying consolidated financial statements of Métropole Télévision Group.

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.

**1. 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, prepared in accordance with generally accepted accounting principles in France, give a true and fair view of the consolidated financial position, assets and liabilities, and net profit of Métropole Télévision SA and its subsidiaries for the financial year then ended.

**KPMG AUDIT**

Immeuble KPMG  
1, cours Valmy  
92923 Paris-La Défense Cedex

**BARBIER FRINAULT & AUTRES**

**Ernst & Young**  
41, rue Ybry  
92576 Neuilly-sur-Seine Cedex

**2 Justification of assessments**

Pursuant to the application of the provisions of Article L. 225-235 of the Commercial Code relative to the justification of our assessments, we bring to your attention the following matters:

Notes 1.3.2 and 1.3.6 disclose the Group's principles and methods for accounting for its audiovisual rights and broadcast rights. Note 1.3.5 concerns the monitoring of other intangible assets values. Within the framework of our assessment of the accounting principles and methods used by your Group, we have ensured the appropriateness of these accounting methods and of the information disclosed in the Notes, and we have assured ourselves of their correct application.

These assessments were made within the framework of our audit, which focus on the consolidated 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**

We have also performed, in accordance with professional standards, 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.

8 April 2005, Neuilly-sur-Seine and Paris-La-Défense,

**The Statutory Auditors,**

KPMG Audit  
*Division of KPMG SA*

Barbier Frinault & Autres  
Ernst & Young

Frédéric Quélin  
Partner

Grégoire Menou  
Partner

Bruno Bizet  
Partner

# C - Parent Company Financial Statements (French GAAP)

## 1. Parent company balance sheet assets

### ASSETS

(IN M€)	NOTES	31 Dec. 2004			31 Dec. 2003	31 Dec. 2002
		Gross	Acc. Dep/Amort. & Prov.	Net		
Broadcast rights, licences and concessions		-	-	-	-	-
Business goodwill		-	-	-	-	-
Other intangible assets	3.1/3.2/3.3	102.1	98.3	3.8	15.1	23.4
Advances on intangible assets	3.1	1.2	-	1.2	1.5	1.2
Technical facilities, equipment and tools	3.1/3.2	15.4	14.1	1.3	1.4	1.1
Other property, facilities and equipment	3.1/3.2	14.3	9.6	4.7	4.0	3.9
Assets under construction	3.1	-	-	-	0.2	-
Equity investments	3.1/3.3	125.8	20.7	105.1	124.0	90.5
Investment receivables		-	-	-	-	-
Other equity investments		-	-	-	-	-
Loans	3.1/3.5	21.2	-	21.2	26.0	26.6
Other investments	3.1/3.5	1.6	-	1.6	1.3	1.2
<b>TOTAL NON-CURRENT ASSETS</b>		<b>281.6</b>	<b>142.7</b>	<b>138.9</b>	<b>173.5</b>	<b>148.0</b>
Broadcast rights inventory	3.3/3.4	280.2	62.5	217.7	182.8	181.0
Advances and payments on account		5.7	-	5.7	0.1	-
Trade receivables	3.3/3.5	205.9	1.5	204.4	199.2	182.9
Other receivables	3.5	279.6	-	279.6	306.7	276.7
Marketable securities	3.3/3.7	257.3	8.0	249.3	270.5	260.8
Cash	3.7	27.1	-	27.1	56.5	35.9
Prepaid expenses		2.4	-	2.4	3.5	0.6
<b>TOTAL CURRENT ASSETS</b>		<b>1,058.2</b>	<b>72.0</b>	<b>986.2</b>	<b>1,019.3</b>	<b>937.7</b>
Deferred charges		-	-	-	-	-
Bond redemption premium		-	-	-	-	-
Deferred translation gain		0.4	-	0.4	-	0.3
<b>TOTAL ASSETS</b>		<b>1,340.2</b>	<b>214.7</b>	<b>1,125.6</b>	<b>1,192.8</b>	<b>1,086.0</b>

**EQUITY & LIABILITIES**

(IN M€)	Notes	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Share capital	3.8	52.8	52.8	52.8
Share premium	3.8	24.2	24.2	24.2
Legal reserve	3.8	5.3	5.3	5.3
Regulated reserves	3.8	13.4	13.1	13.1
Retained earnings	3.8	416.4	399.0	317.5
<b>Financial year net profit</b>	<b>3.8</b>	<b>122.4</b>	<b>105.5</b>	<b>155.8</b>
Interim dividend		-	-	-
Regulated provisions	3.3	2.0	1.2	1.0
<b>TOTAL EQUITY</b>		<b>636.4</b>	<b>601.1</b>	<b>569.6</b>
<b>Proceeds from participating securities</b>				
<b>OTHER EQUITY</b>		-	-	-
Provisions for liabilities		46.4	70.7	50.8
Provisions for charges		6.8	18.1	28.7
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>3.3</b>	<b>53.2</b>	<b>88.8</b>	<b>79.5</b>
Financial debts from banks <sup>(1)</sup>	3.6	29.9	66.2	49.4
Other borrowings	3.6	-	-	-
Advance payments received	3.6	-	-	-
Trade payables	3.6	233.3	222.6	209.0
Income tax and social security liabilities	3.6	52.3	76.0	50.5
Liabilities on non-current assets	3.6	14.1	16.4	27.0
Other liabilities	3.6	105.4	120.2	100.6
Deferred revenues		0.5	-	0.5
<b>TOTAL LIABILITIES</b>		<b>435.5</b>	<b>501.4</b>	<b>437.0</b>
Deferred translation loss		0.5	1.5	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,125.6</b>	<b>1,192.8</b>	<b>1,086.0</b>
Financial year net profit (€)		122,396,381	105,525,515	155,769,370
Total assets (€)		1,125,563,138	1,192,826,381	1,086,008,630

<sup>(1)</sup> short-term bank overdrafts



## 2. Parent company income statement

(IN M€)	NOTE N°	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Net turnover	4.1	612.1	589.9	580.7
Production capitalised as inventory		-	-	-
Production capitalised as non-current assets		-	-	0.3
Amortisation, depreciation and provision reversals		40.0	43.9	40.5
Other operating revenues		20.9	25.6	8.9
<b>OPERATING REVENUES</b>		<b>673.0</b>	<b>659.4</b>	<b>630.5</b>
Merchandise purchases (including customs duties)		244.2	204.8	166.3
Merchandise inventory movement		(33.2)	(18.6)	(1.0)
Other purchases and external charges		132.7	132.6	123.1
Taxes duties and royalties		42.6	42.1	40.9
Payroll		33.6	30.9	30.3
Employment benefits		14.0	15.6	11.3
Non-current assets depreciation and amortisation		12.6	16.3	17.2
Non-current asset investment writedowns		6.2	13.2	21.8
Current assets provision charges		18.5	24.5	24.1
Provisions for liabilities and charges		4.7	3.6	3.4
Other operating expenses		32.9	33.0	32.1
<b>OPERATING EXPENSES</b>		<b>508.8</b>	<b>498.0</b>	<b>469.7</b>
<b>OPERATING PROFIT</b>		<b>164.2</b>	<b>161.4</b>	<b>160.7</b>
Investments financial income		33.6	31.6	35.9
Other interest and related financial income		5.0	4.9	6.2
Provision reversals/expense transfers		19.5	7.6	20.8
Foreign exchange gains		1.1	0.5	-
<b>FINANCE INCOME</b>		<b>59.2</b>	<b>44.6</b>	<b>62.8</b>
Financial amortisation and provision charges		22.4	28.5	7.3
Interest and related expenses		0.9	0.6	20.5
Foreign exchange losses		1.3	-	0.4
<b>FINANCE EXPENSES</b>		<b>24.6</b>	<b>29.1</b>	<b>28.3</b>
<b>NET FINANCE INCOME</b>	<b>4.2</b>	<b>34.6</b>	<b>15.5</b>	<b>34.5</b>
<b>PROFIT FROM ORDINARY ACTIVITIES</b>		<b>198.8</b>	<b>176.9</b>	<b>195.3</b>
Exceptional income - operating activities		-	0.1	0.2
Exceptional income - investing and financing activities		4.9	0.1	0.1
Provision reversals/expense transfers		4.8	2.4	2.0
<b>EXCEPTIONAL INCOME</b>		<b>9.7</b>	<b>2.6</b>	<b>2.2</b>
Exceptional expenses - operating activities		0.0	0.3	1.6
Exceptional expenses - investing and financing activities		24.5	1.4	0.3
Provision reversals/expense transfers		1.3	6.5	2.4
<b>EXCEPTIONAL EXPENSES</b>		<b>25.8</b>	<b>8.2</b>	<b>4.4</b>
<b>NET EXCEPTIONAL EXPENSES</b>	<b>4.3</b>	<b>(16.1)</b>	<b>(5.6)</b>	<b>(2.1)</b>
Employee profit sharing plan contributions		2.7	2.9	2.5
Income tax	4.4	57.7	62.9	34.9
<b>TOTAL REVENUES, INCOME AND GAINS</b>		<b>741.9</b>	<b>706.6</b>	<b>695.5</b>
<b>TOTAL EXPENSES, CHARGES AND LOSSES</b>		<b>619.5</b>	<b>601.0</b>	<b>539.7</b>
<b>NET PROFIT</b>		<b>122.4</b>	<b>105.5</b>	<b>155.8</b>

### 3. Parent company cash flow statement

(IN M€)	31 Dec. 2004	31 Dec. 2003	31 Dec. 2002
Financial year net profit	122.4	105.5	155.8
Depreciation, amortisation and provision charges	1.4	34.9	18.7
Gains/losses from non-current asset disposals	17.9	-	-
Other items not having an impact on operating cash flows	-	-	-
<b>CASH FLOW FROM OPERATIONS</b>	<b>141.7</b>	<b>140.4</b>	<b>174.5</b>
<b>Movements in working capital requirements</b>			
Inventories	(32.2)	(10.9)	(11.8)
Trade receivables	17.5	(49.0)	(58.8)
Operating liabilities	(30.5)	48.9	5.8
Transfer of expenses to deferred charges	-	-	-
<b>NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS</b>	<b>(45.2)</b>	<b>(11.0)</b>	<b>(64.7)</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>96.4</b>	<b>129.4</b>	<b>109.8</b>
<b>INVESTING ACTIVITIES</b>			
Intangible asset acquisitions	(5.1)	(5.8)	(15.0)
Property, facilities and equipment acquisitions	(3.8)	(2.5)	(1.6)
Investment acquisitions	(23.5)	(34.0)	(2.9)
Cash and cash equivalents arising from acquisitions/disposal of subsidiaries	-	-	-
Intangible assets and property, facilities and equipment disposals	0.8	-	-
Investments disposals/writedowns	8.9	0.7	2.8
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(22.7)</b>	<b>(41.6)</b>	<b>(16.6)</b>
<b>FINANCING ACTIVITIES</b>			
Share capital increase	-	-	-
Other equity increases	(0.3)	-	-
New borrowings	-	-	-
Repayment of borrowings	-	-	(1.0)
Dividends paid to Parent Company shareholders	(87.6)	(74.2)	(74.2)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(87.9)</b>	<b>(74.2)</b>	<b>(75.2)</b>
<b>Net change in cash and cash equivalents</b>	<b>(14.2)</b>	<b>13.6</b>	<b>18.0</b>
Cash and cash equivalents - start of year	260.8	247.2	229.2
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>246.6</b>	<b>260.8</b>	<b>247.2</b>

# D - Notes to the Parent Company Financial Statements

Métropole Télévision, henceforth also referred to as the 'Company', reported a net profit of M€ 122.4 and total assets of M€ 1,125.6 for the 12-month financial year ending on 31 December 2004. The Parent Company Financial Statements were approved by the Management Board on 7 March 2005.

The amounts reported in the accounts are expressed in millions of Euros (€ millions), unless otherwise indicated.

## 1. 2004 Financial Year Significant Events

En 2004, Métropole Télévision sold shares in its subsidiary M6 Droits Audiovisuels for an amount of M€ 4 to its other subsidiary Société Nouvelle de Distribution.

## 2. Summary of Significant Accounting Principles, Policies and Methods

The 2004 parent company financial statements are 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 with the following basic assumptions:

- going concern,
  - consistency of accounting policies,
  - independence of the accounting period;
- and according to general rules established with regard to the presentation of annual financial statements.

### 2.1. Intangible assets

Intangible assets primarily comprise software and co-production costs.

#### 2.1.1. Computer software

Computer software is amortised on a straight line basis over one to five years, supplemented by accelerated amortisation where necessary.

#### 2.1.2. Drama, documentaries, concerts, shows and music video co-productions

Co-production costs arising from contracts are treated as Off-Balance Sheet commitments, until receipt of invoices, which are recorded as advances and

payments on account.

Co-production costs are accounted for within 'Other intangible assets' upon receipt of technical acceptance.

Co-production costs are amortised on a straight-line basis over 3 years and are eventually fully written off when it appears that the present value of future receipts will be insufficient.

## 2.2. Property, facilities and equipment and investments

### 2.2.1. Property, facilities and equipment

Property, facilities and equipment assets are recorded at their acquisition cost, and are depreciated on a straight-line or reducing balance basis. The key periods of amortisation are as follows:

Mobile technical equipment	3 years
Other mobile equipment	4 years
Technical equipment	3 or 4 years
Computer hardware	3 or 4 years
Office equipment	5 years
Video equipment	6 years
General facilities	10 years
Office furniture	10 years

### 2.2.2. Investments

Investments are recorded at their acquisition costs. A write-down provision is established when their current market value justifies it.

## 2.3. Broadcast rights inventory

Broadcast rights are considered as intangible consumables and 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 the number of broadcasts in the following manner;

- 1 - Rights acquired for a single broadcast: 100% of the contract value.
- 2 - Rights acquired for multi-broadcasts:
  - 1<sup>st</sup> broadcast: 67% of the contract value
  - 2<sup>nd</sup> broadcast: 33% of the contract value.

A writedown provision is established for broadcast rights relating to programmes that are not likely to be broadcast and where their value in use is below their net book value.

Costs arising from pre-purchase music video contracts are recorded on the Balance Sheet as prepaid expenses for the amount stated in the contract, based on a forecast number of broadcasts, which is then written off to expenses each time a broadcast takes place.

## 2.4. Receivables and liabilities

Receivables and liabilities are valued at their nominal values.

A provision for receivables writedown is established based on the risks of non-collection.

Foreign currency denominated receivables and liabilities which are not the subject of a financial hedge, are translated at their Balance Sheet data exchange rate. Only deferred exchange losses are recognised 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 when beneficiaries have left the plan.

## 2.7. Provisions for liabilities and charges

Provisions for liabilities and charges are determined, based on a 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 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 2004, but which were at that date not contracted;
- Co-production costs for which technical approval has not yet been granted;
- Fees for future broadcasts of existing contracts.

## 2.11. Derivative financial instruments

In order to protect itself against unfavourable exchange rate movements, M6 covers its principal foreign currency transactions by using simple financial instruments. Hedged transactions are accounted for at their agreed exchange rate.

# 3. Notes on the Parent Company Balance Sheet

## 3.1. Non-current assets: gross book value

Non-current assets comprise the following:

	31 Dec. 2003	Additions	Disposals	31 Dec. 2004
Intangible rights	-	-	-	-
Commercial deposits	-	-	-	-
Other intangible assets	97.0	5.1	-	102.1
Advances and payments on account	1.5	3.1	3.4	1.2
<b>Total intangible assets</b>	<b>98.5</b>	<b>8.2</b>	<b>3.4</b>	<b>103.3</b>
Technical facilities and equipment	15.0	1.3	0.9	15.4
Other property, facilities and equipment	12.1	2.5	0.3	14.3
Property, facilities and equipment in progress	0.2	0.5	0.7	-
<b>Total property, facilities and equipment</b>	<b>27.3</b>	<b>4.3</b>	<b>1.9</b>	<b>29.7</b>
Equity Investments	124.5	23.2	21.9	125.8
Intercompany receivables	-	-	-	-
Loans	26.0	-	4.8	21.2
Other investments	1.3	0.3	-	1.6
<b>Total investments</b>	<b>151.8</b>	<b>23.5</b>	<b>26.7</b>	<b>148.6</b>
<b>Total Non-current assets</b>	<b>277.6</b>	<b>36.0</b>	<b>32.0</b>	<b>281.6</b>

Intangible assets essentially comprise co-production rights.

Movements in equity investments concern M6 Droits Audiovisuels, of which the share capital has been restored before being sold.

The M€ 21.2 in Loans represents a loan granted by M6 to its subsidiary Immobilière M6 for the acquisition of the head office

## 3.2. Non-current assets: accumulated depreciation and amortisation

	31 Dec. 2003	Charges	Reversals and disposals	31 Dec. 2004
Intangible Rights	-	-	-	-
Other Intangible Assets	81.9	10.2	-	92.1
<b>Total intangible assets</b>	<b>81.9</b>	<b>10.2</b>	<b>-</b>	<b>92.1</b>
Technical facilities and equipment	13.6	0.8	0.3	14.1
Other property, facilities and equipment	8.1	1.6	0.1	9.6
<b>Total property, facilities and equipment</b>	<b>21.7</b>	<b>2.4</b>	<b>0.4</b>	<b>23.7</b>
<b>Total amortisation</b>	<b>103.6</b>	<b>12.6</b>	<b>0.4</b>	<b>115.8</b>

### 3.3. Provisions

Provisions in 2004 comprise the following:

	31 Dec. 2003	Charges	Reversals	Reversals (used provisions)	31 Dec. 2004 (unused provisions)
Supplementary licences amortisation	1.2	1.1	0.3		2.0
<b>Total regulated provisions</b>	<b>1.2</b>	<b>1.1</b>	<b>0.3</b>	<b>-</b>	<b>2.0</b>
Provision for litigation <sup>(1)</sup>	12.2	2.7	0.9	5.0	9.0
Provision for share purchases <sup>(2)</sup>	36.6	-	2.1	-	34.5
Provision for subsidiary losses	21.9	-	19.4	-	2.5
Provision for exchange losses	-	0.4	-	-	0.4
Provision for rights write-down	13.2	-	13.2	-	-
Provision for social security charges	4.8	1.7	-	-	6.5
Provision for other charges	0.1	0.5	0.2	-	0.4
<b>Total provisions for liabilities and charges</b>	<b>88.8</b>	<b>5.2</b>	<b>35.8</b>	<b>5.0</b>	<b>53.2</b>
Provision for intangible assets	-	6.2	-	-	6.2
Provision for investments <sup>(3)</sup>	0.5	20.2	-	-	20.7
Provision for inventories	65.2	18.4	21.1	-	62.5
Provision for trade accounts receivable	1.5	0.1	0.1	-	1.5
Provision for marketable securities	6.1	1.9	-	-	8.0
<b>Total provisions for writedowns</b>	<b>73.3</b>	<b>46.7</b>	<b>21.2</b>	<b>-</b>	<b>98.9</b>
<b>Total provisions</b>	<b>163.3</b>	<b>53.1</b>	<b>57.3</b>	<b>5.0</b>	<b>154.2</b>
<b>Analysis by nature:</b>					
Operating		29.4	38.1		
Financial		22.4	19.4		
Exceptional		1.3	4.8		

<sup>(1)</sup> Provisions for litigation are intended to cover litigation or contingent liabilities existing at 31 December 2004

<sup>(2)</sup> Provisions for share purchases are intended to cover the difference between the acquisition price and the market value of the shares allocated to employees

<sup>(3)</sup> The provision for subsidiary losses principally concern the writedown of the M6 Foot shares

### 3.4. Inventory and work in progress

	31 Dec. 2003	Increases	Decreases/ Transfers	Invalid Rights	31 Dec. 2004
Inventory	238.6	153.4	115.3	4.8	271.8
Work in progress	9.4	33.2	34.3		8.4
<b>Total</b>	<b>248.0</b>	<b>186.6</b>	<b>149.6</b>	<b>4.8</b>	<b>280.2</b>

Rights for which there is a risk of no broadcast are the subject of a provision totalling M€ 62.5 at 31 December 2004 (see note 3.3)

### 3.5. Receivables

	Gross Values	Due within 1 year	Due after 1 year
<b>Non-current assets</b>			
Intercompany receivables	-	-	-
Loans	21.2	-	21.2
Other investment receivables	1.6	-	1.6
<b>Total</b>	<b>22.8</b>	<b>-</b>	<b>22.8</b>
<b>Current assets</b>			
Trade receivables <sup>(1)</sup>	205.9	204.0	1.9
Other receivables <sup>(2)</sup>	279.6	46.1	233.5
<b>Total</b>	<b>485.5</b>	<b>250.1</b>	<b>235.4</b>
<b>Total receivables</b>	<b>508.3</b>	<b>250.1</b>	<b>258.2</b>

(1) Trade receivables are principally composed of advertising receivables

(2) Within other receivables due within 1 year is M€ 34.2 of recoverable VAT

Other receivables due after 1 year are exclusively intercompany receivables

### 3.6. Liabilities

Liabilities comprise the following:

	Gross Value	Due within 1 year	Due between 1 to 5 years	Due after 5 years
Borrowings from financial institutions	29.9	29.9		
Deposits and guarantees received	0.0	0.0		
Trade payables	233.3	229.3	4.0	
Income Tax and social security liabilities	52.3	52.0	0.3	
Liabilities on non-current assets	14.1	14.0	0.1	
Other liabilities	105.4	105.4		
<b>Total</b>	<b>435.0</b>	<b>430.6</b>	<b>4.4</b>	<b>-</b>
Accrued expenses included in the above:				
- Trade suppliers	171.5			
- income tax and social security	11.6			
- providers of property, facilities and equipment	-			

### 3.7. Cash and marketable securities

Cash and marketable securities comprise the following:

	31 Dec. 2004	31 Dec. 2003
Treasury Shares	60.9	67.1
Liquidity contracts (treasury shares and other marketable securities)	2.9	-
Investment funds, SICAV and certificates of deposit	193.5	209.5
Cash	27.1	56.5
<b>Cash and marketable securities</b>	<b>284.4</b>	<b>333.1</b>
Provision for treasury shares writedown	(8)	(6.1)
<b>Net cash and marketable securities</b>	<b>276.4</b>	<b>327</b>

At 31/12/2004, Métropole Télévision has 1 147 547 treasury shares.

314 820 options have been exercised by their beneficiaries in 2004

Marketable securities do not include any unrealised capital gain other than that realised at 31 December 2004

### 3.8. Shareholders' Funds

The evolution of shareholders' funds during the period is as follows:

	01 Jan. 2004	Allotment of profit	Other movements		31 Dec. 2004
			Additions	Disposals	
Capital	52.8				52.8
Share premium	24.2				24.2
Legal reserve	5.3				5.3
Long term capital gain	13.1	0.3			13.4
Profit carried forward	399.1	17.6		0.3 <sup>(2)</sup>	416.4
Profit for the year	105.5	(105.5)	122.4		122.4
	<b>599.9</b>	<b>(87.6)</b>	<b>122.4</b>	<b>0.3</b>	<b>634.4</b>
Regulated provisions	1.2		1.1	0.3	2
<b>Total Shareholders' Funds</b>	<b>601.1</b>	<b>(87.6)<sup>(1)</sup></b>	<b>123.5</b>	<b>0.6</b>	<b>636.4</b>

(1) Dividends paid on 5 May 2004

(2) This reduction is the counterpart of the debt owed to the State, corresponding to exceptional tax of 2.5% on long-term capital gains



## 4. Notes on the Parent Company Income Statement

### 4.1. Turnover

	2004	2003	%
TV advertising revenues	577.1	557.3	3.55
Sponsorship advertising revenues	34.8	30.8	12.77
Other revenues	0.2	1.7	(88.24)
<b>Total Sales</b>	<b>612.1</b>	<b>589.9</b>	<b>3.76</b>
<b>Analysis of sales by geographic region</b>			
France	94.86%		
Europe	3.58%		
Other countries	1.56%		

Advertising revenues are recorded net of commercial discounts

### 4.2. Net financial income

Net finance income is comprised as follows:

	2004	2003
Dividend income from subsidiaries	27.5	25.5
Interest income from loans to subsidiaries	6.2	6.1
Marketable securities income	5.0	4.9
Net charges to provisions for exchange rate losses	(0.4)	0.3
Net charges to provisions linked to financial investments	(0.7)	(22.3)
Net charges to provisions for marketable securities	(1.9)	1.2
Exchange differences	(0.2)	0.5
Other	(0.9)	(0.6)
<b>Total net finance income</b>	<b>34.6</b>	<b>15.5</b>

### 4.3. Net exceptional expenses

Net exceptional expenses are as follows:

	2004	2003
Net provision charges (including accelerated depreciation/amortisation)	3.5	(4.1)
Depreciation on transferred assets	(17.9)	
Other	(1.7)	(1.5)
<b>Total</b>	<b>(16.1)</b>	<b>(5.6)</b>

### 4.4. Income tax

The Company has declared itself the parent company of a tax grouping pursuant to articles 223A and subsequent of the Income Tax Code.

The tax grouping arrangement adopted by the group is based on non-discriminatory tax treatment

Each profitable company pays its own income tax charge

the Company incurred an income tax charge of M€ 57.7 for 2004.

### 4.5. Analysis of income tax by activity

The breakdown of income tax charges is as follows :

	Profit before tax	Income Tax
Profit from ordinary activities	198.9	64.3
Net exceptional expense	(16.1)	(6.6)
Profit before tax and employee profit sharing plan charges	182.8	
Company income tax		57.7

### 4.6. Other purchases and external charges

These primarily relate to TDF services and advertising payments.

## 5. Other Notes

### 5.1. Balance Sheet and Income Statement Balances at 31 December 2004 arising from Transactions with Associate Companies

	Related Companies <sup>(a)</sup>	Associate Companies <sup>(b)</sup>
Investments	102.6	0.8
Receivables relating to investments	-	-
Loans	21.2	-
Trade receivables	5.0	0.1
Other receivables (1)	115.5	11.3
Other Financial debt and liabilities	-	-
Liabilities relating to investments	-	-
Trade payables	14.8	1.3
Liabilities relating to property, facilities and equipment	0.8	-
Other liabilities	-	-
Finance expenses	0.3	-
Finance income	3.7	0.3
<sup>(1)</sup> including current accounts with subsidiaries	115.1	11.3

(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. At 1 January 2004	131,888,690	0.4 €
2. Shares issued during the financial year	-	-
3. Reduction in nominal value	-	-
4. At 31 December 2004	131,888,690	0.4 €

### 5.3. Off-Balance Sheet Commitments

	Total at 31 Dec. 2004	Due within 1 year	Due in more than 1 year	Total at 31 Dec. 2003	Terms and conditions of implementation
<b>Commitments given</b>	<b>288.3</b>	<b>156.3</b>	<b>132.0</b>	<b>374.6</b>	
Purchase of broadcasting rights	107.7	48.7	59.0	147.2	Contracts signed
Co-production commitments	57.3	57.3	-	60.3	Contracts signed
Satellite rental contracts <sup>(1)</sup>	8.7	2.9	5.8	23.1	Contracts signed
Broadcasting contracts <sup>(1)</sup>	88.7	29.6	59.2	118.1	Contracts signed
DTT contracts <sup>(1)</sup>	6.0	0.9	5.2	-	Contracts signed
Financial commitments	1.8	1.4	0.4	5.5	Contracts signed
Financial commitments of group companies	0.9	0.4	0.5	-	SNC Liquidation
Liability for partnership responsibilities	11.5	11.5	-	19.7	SNC Liquidation
Commercial commitments <sup>(2)</sup>	4.5	2.5	2.0	0.7	Contracts signed
Other	1.1	1.1	-	-	Contracts signed
<b>Commitments received</b>	<b>17.0</b>	<b>15.1</b>	<b>2.0</b>	<b>23.6</b>	
Liability for partnership responsibilities	11.5	11.5	-	19.7	SNC Liquidation
Sales commitments	4.7	2.7	2.0	3.9	Annual due dates
Others	0.8	0.8			Contracts signed

(1) These contracts correspond to services provision. Commitments are valued based on the outstanding amounts due to contract expiry

(2) Commercial commitments principally relate to rented premises

The presentation above does not omit any significant off-balance sheet commitments, in compliance with current accounting standards

### 5.4. Net deferred tax assets at 31 December 2004

	Deferred tax asset (+) at 31 Dec. 2004	Deferred tax liability (-)	Total deferred taxation at 31 Dec. 2004
<b>Nature of temporary differences</b>			
Regulated provisions			
Tax on non-deductible provisions	19.7	(0.8)	18.9
Tax on long-term capital gains			

The deferred taxation asset has been valued using a taxation rate of 34.93%.

### 5.5. Executive officers remuneration

	Total
Directors remuneration	2.7



## 5.6. Average Company workforce size

The average workforce of Métropole Télévision is composed as follows :

	2004 salaried employees	2003 salaried employees
<b>Permanent workforce</b>	<b>453</b>	<b>441</b>
Employees	66	72
Supervisors	110	111
Managers	196	174
Reporters	81	84
<b>Temporary Workforce (full time equivalents)</b>	<b>96</b>	<b>108</b>
<b>Total</b>	<b>549</b>	<b>549</b>

## 5.7. Attendance fees

The amount of attendance fees paid during the period was 114,989 euros.

# 6. Consolidation of Accounts by Shareholders

The Métropole Télévision company is the top 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 Dec. 2004	31 Dec. 2003	31 Dec. 2002	31 Dec. 2001	31 Dec. 2000
NUMBER OF MONTHS	12 months	12 months	12 months	12 months	12 months
<b>Closing financial year capital</b>					
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
<b>Financial Results (Euro millions)</b>					
Sales (ex-VAT)	612.1	589.9	580.7	569.0	554.4
Profit before tax, employee profit sharing , amortisation, depreciation and provision charges	205.6	213.9	208.4	239.8	305.2
Income Tax	57.7	62.9	34.9	53.7	53.5
Employee profit sharing plan	2.7	2.9	2.4	2.4	2.7
Net profit	122.4	105.5	155.8	141.6	155.1
Dividends paid	109.7	87.5	74.2	74.2	66.2
<b>Earnings and Dividend per share (Euros)</b>					
Basic earnings per share - profit after tax, employee profit sharing, before amortisation, depreciation and provision charges	1.10	1.12	1.30	1.39	1.89
Basic earnings per share - Net profit	0.93	0.80	1.18	1.07	1.18
Dividend per share	0.84	0.67	0.57	0.57	0.51
<b>Workforce</b>					
Average workforce size	549	549	534	518	496
Payroll*	30.0	29.2	26.6	25.8	24.4
Total employment benefits costs including social security and medicare*	14.0	15.6	11.3	10.9	9.2

Notes: Par value of share was converted to € 4 from FRF 20 at the AGM of 4 June 1999 and decreased to € 0.40 at the AGM of 26 May 2000

\* (in € millions).

## 9. Subsidiaries and Associates

€ millions	Address	N° Siren	Share Capital	Reserves & retained earnings	Share Capital % ownership	Book Value of shares owned Gross
<b>Subsidiaries</b>						
	<b>M6 PUBLICITE sas</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	34094903100025	50	7	99.99	38
	<b>M6 FILMS sa</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	38072740400028	60	(2,536)	99.98	166
	<b>METROPOLE PRODUCTION sa</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	38247713100025	50	(395)	99.98	1,150
	<b>C. PRODUCTIONS</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	40790865600025	50	(567)	99.97	38
	<b>M6 INTERACTIONS sas</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	38890945900041	34,050	9,500	100.00	34,007
	<b>M6 THEMATIQUE sa</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	40310510900025	41	13,277	99.99	56,450
	<b>IMMOBILIERE M6 sa</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	39947635700021	9,600	1 696	99.99	9,147
	<b>M6 FOOT sas</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	42313378400011	18,360	2	100.00	19,128
	<b>SCI 107 sci</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	42169913300011	2	(235)	99.90	2
	<b>M6 DEVELOPPEMENT sas</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	42811522400019	40	(19)	99.99	40
	<b>M6 STUDIO sas</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	42811529900011	45	(19)	99.99	45
	<b>M6 CREATION sas</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	42881567400018	40	(7)	99.99	40
	<b>W9 PRODUCTIONS sas</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	42881563300014	50	5	99.99	50
	<b>M6 AFFAIRES sas</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	42881585600011	40	(21)	99.99	40
	<b>M6 BORDEAUX sas</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	43350336400013	40	(65)	99.99	40
	<b>M6 TOULOUSE sas</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	43350341400016	40	48	99.99	40
	<b>MANDARIN sas</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	40536317700024	114	(344)	100.00	2,500
	<b>M6 OPERATIONS sas</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	45140640900016	40	(4)	99.99	40
<b>Associates</b>						
	<b>LABO PRODUCTIONS sarl</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	42369616000013	10	9	25.50	2
	<b>SOCIETE NOUVELLE DE DISTRIBUTION sa</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	41485722700030	14,692	7,926	7.12	1,650
	<b>M6 WEB sas</b> - 89, Avenue Charles de Gaulle - 92200 NEUILLY	41454946900016	740	81	6.75	50
	<b>METROPOLEST sa</b> - Rue Théophraste Renaudot - 54180 HOUEMONT	39473579900014	40	0	49.88	19
	<b>EUROPEAN NEWS EXCHANGE sa</b> - 45 bld Pierre Frieden - 1543 LUXEMBOURG-KIRCHBERG		496	(108)	20.00	100
	<b>TCM DROITS AUDIOVISUELS snc</b> - 3, rue du commandant Rivière - 75008 PARIS	40952892400031	240	-	50.00	655
	<b>TCM GESTION sa</b> - 145 Quai de Stalingrad - 92130 ISSY-LES-MOULINEAUX	40952934400031	40	(1)	49.88	20
	<b>ATHLÉTELINE sas</b> - 2, rue du chemin Vert - 92110 CLICHY	42490517200039	91	37	3.64	305
	<b>MULTIPLEX R4 (MULTI 4)</b>	44975397900011	60	0	16.67	10

## D - Parent Company Financial Statements (French GAAP)

Book Value of shares owned Net	Outstanding loans and advances	Value of guarantees and deposits given by the Company	2003 Sales	2004 Sales	2003 net profit / (loss)	2004 net profit / (loss)	Dividends paid to the company in 2004
38	-	-	67,906	68,048	21,139	26,630	21,134
-	9,571	-	3,054	1,508	(414)	(798)	
-	3,931	-	24,720	23,310	(399)	46	
38	-	-	13,559	13,921	737	409	
34,007	3,263	-	135,653	108,709	4 686	24 984	3,140
56,450	94,558	-	709	1,616	468	(3,289)	
9,147	21,181	-	6,300	6,317	843	894	
42	7,415	-	-	-	4	(18,324)	
2	7,584	-	1,242	1,221	35	147	
40	123	-	364	498	(13)	(23)	
45	10,012	-	-	3	(13)	(238)	
40	-	-	-	-	(2)	(2)	
50	-	-	8,488	20,216	385	644	375
40	-	-	137	80	(16)	(4)	
40	853	-	930	951	13	(45)	
40	987	-	950	915	-	(36)	
2,500	3,056	-	6,735	489	(413)	(937)	
40	-	-	-	-	(4)	(3)	
2	-	-	186	262	-	-	-
1,650	22,418	-	54,311	41,600	3,313	(2,358)	107
50	-	-	31,589	31,360	6,506	8,041	434
19	11	-	852	NC	34	24	
100	-	-	4,604	NC	32	NC	
655	11,375	-	20,940	-	4,541	1,053	
20	-	-	3	-	-	-	
-	-	-	-	-	-	NC	
10	-	-	13	58	-	2	



**KPMG AUDIT**

Immeuble KPMG  
1, cours Valmy  
92923 Paris-La Défense Cedex

**BARBIER FRINAULT & AUTRES**

**Ernst & Young**  
41, rue Ybry  
92576 Neuilly-sur-Seine Cedex

**Métropole Télévision S.A.**

Registered Office: 89, avenue Charles de Gaulle – 92 200 Neuilly-sur-Seine  
Share capital: €. 52 755 476

**STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 31 DECEMBER 2004**

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you for the financial year ended 31 December 2004, on:

- the audit of the accompanying parent company financial statements of the Métropole Télévision SA company,
- the justification of our assessments,
- the specific verifications and information required by law.

The parent company financial statements have been prepared by the Management Board. Our role is to express an opinion on these financial statements based on our audit.

**I. Opinion on the parent company 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 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 parent company financial statements give a true and fair view of the financial position, assets and liabilities, and net profit of the Métropole Télévision SA company for the financial year then ended.

**KPMG AUDIT**

Immeuble KPMG  
1, cours Valmy  
92923 Paris-La Défense Cedex

**BARBIER FRINAULT & AUTRES**

**Ernst & Young**  
41, rue Ybry  
92576 Neuilly-sur-Seine Cedex

**II - Justification of assessments**

Pursuant to the application of the provisions of Article L. 225-235 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

These assessments were made within the framework of our audit, which focus on the parent company financial statements financial statements as a whole, and accordingly contributed to the issuance of a clean opinion in the first part of our report.

**III - Specific verifications**

We have also performed, in accordance with professional standards, 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 parent company financial statements.

8 April 2005, Neuilly-sur-Seine and Paris-La-Défense,

**The Statutory Auditors,**

KPMG Audit  
*Division of KPMG SA*

Barbier Frinault & Autres  
Ernst & Young

Frédéric Quélin  
Partner

Grégoire Menou  
Partner

Bruno Bizet  
Partner

**KPMG AUDIT**

Immeuble KPMG  
1, cours Valmy  
92923 Paris-La Défense Cedex

**BARBIER FRINAULT & AUTRES**

**Ernst & Young**  
41, rue Ybry  
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**Métropole Télévision S.A.**

Registered Office: 89, avenue Charles de Gaulle – 92 200 Neuilly-sur-Seine  
Share capital: € 52 755 476

**SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS**

To the shareholders of Métropole Télévision SA company,

As Statutory Auditors to your Company, we hereby present to you our report on the regulated agreements that we have been made aware. It is not within our mandate to conduct a search in order to determine the potential existence of such agreements.

We inform you that we have not been made aware of any agreements prescribed in Article L. 225-86 of the Commercial Code.

8 April 2005, Neuilly-sur-Seine and Paris-La-Défense,

**The Statutory Auditors,**

KPMG Audit  
*Division of KPMG SA*

Frédéric Quélin  
Partner

Grégoire Menou  
Partner

Barbier Frinault & Autres  
Ernst & Young

Bruno Bizet  
Partner

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# 1. Corporate governance

The M6 Group is committed to implementing the principles of corporate governance and in this respect endeavours to follow the best practices in this regard in order to have effective management tools. Thus the year 2004 was marked by improvements to corporate governance practices as an extension of previous steps and in line with the new provisions that are applicable.

## Rules applicable to transaction in financial instruments by executive management

The rules applicable to transaction in 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 or their duties, the executive management of M6, which are the members of the Mana-

gement Board and the Superior Board, may have knowledge of privileged information. The term "privileged information" implies information not in the public domain (sales, performance proposals of every kind, etc.) which, if it became public knowledge, may affect the price of the M6 share, and more generally its business.

The rules require that executive management may not use, for their own account or for the account of others, such information on the financial market, either directly, or by an interposed person, buying or selling the shares or financial products linked to these shares. They must abstain from communicating privileged information to other ends or for another activity than that for the reason it is held. This applies also to privileged information concerning the ordinary business of the company as well as to the preparation or execution of a financial transaction. Pursuant to the regulation in force, executive management are subject to the declaration of commitments relating to transaction in the shares and to restrictions in respect of trading periods.

## 1.1. Composition and functions of the Management Board

Métropole Télévision is a limited liability company with a Management Board and a Supervisory Board.

### 1.1.1. Composition of the Management Board

The Management Board is appointed for a period of five years and it comprises five individuals designated by the Supervisory Board and who are employees of the Métropole Télévision Group and under 65 years old.

Members of Management	Age	Principal function within the company	Initial appointment date	End of term of office
Nicolas de Tavernost	54 years	Chairman of the Management Board	26/05/2000	2005
Thomas Valentin	50 years	Vice-Chairman of the Management Board, in charge of Programmes	26/05/2000	2005
Eric d'Hotelans	54 years	Vice-Chairman of the Management Board, in charge of Operations	14/11/2003	2005
Catherine Lenoble	55 years	Member of the Management Board, in charge of advertising	28/01/2001	2005
Jean d'Arthuys	38 years	Member of the Management Board, in charge of digital activities and development	26/05/2000	2005

## OTHER APPOINTMENTS AND FUNCTIONS OF THE MEMBERS OF THE MANAGEMENT BOARD

### Nicolas de Tavernost

- Member of the Supervisory Board of Ediradio RTL SA
- Chairman of the Board of Directors of Home Shopping Service S.A
- Director - Extension TV S.A; TF6 Gestion SA; Société Nouvelle de Distribution SA; Antena 3 (Spain)
- Permanent representative of: M6 Publicité, on the Board of Directors of Tecipress SA; Home Shopping Services, on the Board of Directors of Télévente Promotion SA; M6 Numérique, on the Board of Directors of TPS Gestion SA; Métropole Télévision, on the Board of Directors of SASP Football Club des Girondins de Bordeaux; Métropole Télévision, Director of Paris Première SA
- Permanent representative of: Métropole Télévision, Chairman of M6 Interactions SAS; Métropole Télévision, Chairman of M6 Publicité SAS; M6 Thématique, Chairman of M6 Affaires SAS; M6 Interactions, Chairman of M6 Développement SAS; M6 Interactions, Chairman of M6 Création SAS; Métropole Télévision, Chairman of M6 Toulouse SAS; Métropole Télévision, Chairman of M6 Bordeaux SAS; Métropole Télévision, Chairman of M6 Foot SAS
- Permanent representative of M6 Thématique: Managing Partner of Sedi TV SNC. Managing Partner of M6 Numérique SNC; Managing Partner of Edi TV SNC
- Permanent representative of Métropole Télévision, Managing Partner of SCI of 107 av. Charles de Gaulle

### Thomas Valentin

- Chairman of the Board of Directors of M6 Films SA, Métropole Production SA; C. Productions SA
- Director of: Société Nouvelle de Distribution SA; Extension TV S.A; TF6 Gestion SA
- Permanent representative of: Métropole Production, Director of M6 Diffusion SA; M6 Thématique Director of TPS Gestion SA M6 Films, Director of Paris Première SA
- Permanent representative of Métropole Télévision, Chairman of: Mandarin SAS; Chairman of: M6 Studio SAS; W9 Productions SAS

### Eric d'Hotelans

- Director of SASP. Football Club des Girondins de Bordeaux
- Permanent representative of M6 Publicité, on the Board of Directors of Home Shopping Service SA
- Permanent representative of Métropole Télévision: on the Board of Directors of Tecipress SA; on the Board of Directors of Unité 15 Fulfilment SA
- Permanent representative of Unité 15 Fulfilment, on the Board of Directors of Télévente Promotion SA
- Permanent representative of M6 Thématique, Director of Paris Première SA
- Permanent representative of Télévente Promotion, as Managing Partner of Club Téléachat SNC

### Catherine Lenoble

- Permanent representative of: M6 Publicité, Director of M6 Diffusion ; M6 Publicité, Director of M6 Editions SA; M6 Publicité, Director of M6 Evénements SA; M6 Publicité, Director of Unité 15 Fulfilment SA, M6 Publicité, Director of Paris Première SA
- Permanent representative of M6 Publicité, Manager non Partner of Sedi TV SNC

### Jean d'Arthuys

- Chairman and Managing Director of M6 Thématique SAS
- Chairman and Managing Director of Paris Première SA
- Chairman of the Board of Directors of TF6 Gestion; Extension TV,
- Director of extension TV SA; TF6 Gestion SA; C.Productions SA
- Permanent representative of Métropole Télévision; Director of TPS Gestion ; M6 Foot, Director of SASP Football Club des Girondins de Bordeaux; Métropole Télévision, Director of C. Productions SA ; Métropole Télévision, Director of M6 Films SA ; Métropole Télévision, Director of Métropole Production SA
- Permanent representative of Métropole Télévision, non-partner Manager of Sedi TV SNC
- Permanent representative of M6 Thématique: Managing partner of Fun TV SNC, Managing Partner of Edi TV SNC, Managing Partner of M6 Récréative SNC, Managing Partner of M6 Divertissement SNC
- Permanent representative of M6 Thématique, Chairman of M6 Conseils SAS; Chairman of M6 Opérations SAS; Chairman of M6 Communication SAS

## 1.1.2. Functions of the Management Board

The Management Board has the greatest powers with regard to third parties to act in all circumstances on behalf of the Company, pursuant to the provisions of Article 18 of the bylaws. Investments and divestments in excess of € 20 million, however, remain subject to the approval of the Supervisory Board. The Management Board meets as often as required in the interests of the company and a minimum of once a week.

## 1.2. Composition and functions of the Supervisory Board

### 1.2.1. Composition of the Supervisory Board

Up to the date of preparation of the present document, the Supervisory Board of Métropole Télévision comprised twelve members, individuals appointed for a period of four years.

Having considered the position of each member with regard to these criteria, the Board notes that

at least one third of its members are independent according to the independence criteria established by the Bouton report, these being Messrs Gérard Worms, Bernard Arnault, Jean Laurent, Yves-Thibault de Silguy and Guy de Panafieu. The members of the Board possess great experience which they make available to the Supervisory Board of Métropole Télévision.

Composition of the Supervisory Board	Age	Principal function exercised within the company	Date of first appointment	Expiry date of appointment	Date of departure	Attendance rate 2004
Albert Frère	79 years	President	26 May 2000	2008		78%
Gérard Worms*	68 years	Vice-President	26 May 2000	2008		100%
Axel Ganz	67 years	Member	7 March 2003	2008		56%
Jean Charles de Keyser	56 years	Member	26 May 2000	2008		89%
Yves-Thibault de Silguy*	56 years	Member	7 March 2003	2008		89%
Remy Sautter	60 years	Member	26 May 2000	2008		89%
Gerhard Zeiler	49 years	Member	8 March 2002	2008		100%
Guy de Panafieu *	62 years	Vice-President	18 February 2004	2008		100%
Bernard Arnault *	56 years	Member	18 February 2004	2008		33%
Jean Laurent *	60 years	Member	18 February 2004	2008		83%
Thomas Rabe	39 years	Member	18 March 2004	2008		100%
Vincent de Dorlodot	40 years	Member	18 March 2004	2008		100%
Valérie Bernis	46 years	Member	26 January 2001	-	2 February 2004	50%
Patrick Quart	45 years	Member	8 December 2003	-	2 February 2004	100%
Xavier Moreno	56 years	Member	26 May 2000	-	2 February 2004	100%

\* Independent member

"A member of the Supervisory Board is independent where he has no relationship with the company, the group or its management of a nature likely to compromise the exercise of freedom of judgement.". (source Bouton report)

## OTHER APPOINTMENTS AND FUNCTIONS OF THE MEMBERS OF THE SUPERVISORY BOARD

### Albert Frère

Number of company shares held: 100

- Chairman of the Board of Directors and Director of Groupe Bruxelles Lambert SA (Belgium)
- Chairman of the Board of Directors of Frère-Bourgeois SA, ERBE SA, Financière de la Sambre (Belgium)
- Vice-President, Director and Member of the Management Committee of Pargesa Holding SA (Switzerland)
- Vice-President of the Board of Directors of Suez (Paris)
- Director of LVMH SA, CHATEAU CHEVAL BLANC SA (France), Fondation "FRESERTH" (Belgium), Centre T.S.I.R.A. Asbl
- Member of the Board of Directors of Université du Travail Paul Pasteur
- Member of the International Consultative Council of Power Corporation of Canada (Canada) and of the International Committee of Assicurazioni Generali S.p.A. (Italy)
- Member of the Strategic Committee of Université Libre de Bruxelles (U.L.B.)
- Honorary Regent of Banque Nationale de Belgique
- Honorary Chairman of the Charleroi Chamber of Commerce

### Axel Ganz

Number of company shares held: 100

- Manager of Prisma Presse, PP1
- Director of MEDIA Communication

### Jean Charles de Keyser

Number of company shares held: 100

- President of the Board of Directors of RTL Nederland SA; RTL Hrvatska d.o.o. za usluge; Telesparks SA
- Director of Broadcasting Center Europe SA ; CLT-UFA SA ; Filmlux SA ; IPN SA ; SA ; RTL 4 Finance SA (Luxembourg)
- Director of I.P. France SA;
- Director of Paradigm Ltd; Radio Advertising Benelux BV
- Director of Thames Cable and Satellite Services Ltd
- Director of TVI SA; Inadi SA (Belgium)
- Director of M-RTL Rt (Hungary)
- Director of RTL 4 Beheer BV; RTL FM BV; Yorin TV BV; Yorin FM BV (Netherlands)
- Member of the Supervisory Board of Ediradio (RTL) SA (France)
- Management Committee of RTL d.o.o. (Croatia)

### Yves-Thibault de Silguy

Number of company shares held: 100

- Chairman of Société Polynésienne d'Eau et d'Assainissement – SPEA
- Director of Electricité de Tahiti – EDT, Marama Nui, Ondeo, Ondeo Degrémont, Vinci, Suez Environnement, Elyo
- Member of the Supervisory Board of Sofisport.
- Chairman and Managing Director of Calédonienne des Eaux – CDE, Société des Eaux de Tontouta – SADET, (New-Caledonia)
- Director of Electricité et Eau de Calédonie – EEC, (New-Caledonia).
- Chairman and Managing Director of Aguas Argentinas (Argentina)
- Chairman of the Board of Directors of Sino French

Holdings (China)

- Director of Suez-Tractebel (Belgium), Unelco Vanuatu (Vanuatu), Swire Sita Waste Services Ltd (Hong Kong), Fabricom (Belgium)

### Rémy Sautter

Number of company shares held: 600

- Chairman and Managing Director of BAYARD D'ANTIN
- Chairman of the Supervisory Board of EDIRADIO/RTL
- Chairman of Channel 5 Television Group Ltd
- Director of RTL 2, of FUN RADIO, of I.P. Advertising Agency.
- Director of Club des Girondins de Bordeaux.
- Director of PAGES JAUNES
- Member of the Supervisory Board of INSERT and NAVIMO
- Chairman of SICAV Multimédia et Technologies.
- Director of Taylor Nelson Sofrès Ltd
- Director of Partner Reinsurance Ltd

### Gérard Worms

Number of company shares held: 300

- Managing Partner of Rothschild & Cie Banque and Rothschild & Cie S.C.S.
- Chairman of the thematic channel Histoire SA
- Chairman of S.G.I.M SA
- Director of Mercapital S.A (Spain), Editions Atlas SA
- Member of the Supervisory Board of Publicis SA
- Censor of ONDEO Degrémont SA; Paris-Orléans SA, Francarep SA; SIACI SA



**Gerhard Zeiler**

Number of company shares held: 100

- CEO and Director of RTL Group SA, CLT-UFA SA,
- Chairman of the Board of Directors of FREE-MANTLEMEDIA SA
- Director of RTL Nederland SA
- Member of the Supervisory Board of EDIRADIO SA
- Member of the Supervisory Board of NTV
- Member of the Board of Bertelsmann Foundation
- Manager of UFA FILM- UND FERNSEH GmbH

**Bernard Arnault**

Number of company shares held: 100

- Chairman and Managing Director of LVMH Moët Hennessy Louis Vuitton SA; Montaigne Participations et Gestions SA (France)
- Chairman of the Board of Directors of Christian Dior SA; Société Civile du Cheval Blanc (France)
- Chairman of Groupe Arnault SAS (France)
- Member of the Supervisory Board of Lagardère SCA (France)

**Jean Laurent**

Number of company shares held: 110

- Director and Vice-President of BANCA INTESA SPA (Italy), BANCO ESPIRITO SANTO SGPS (Portugal)
- Chairman of the Board of Directors of CALYON, and CREDIT LYONNAIS SA
- Managing Director and Chairman of the Executive Committee of CREDIT AGRICOLE S.A
- Member of the Supervisory Board and Finance Committee of EURAZEO
- Member of the Executive Committee of Fédération Bancaire Française (Association Loi 1901)
- Member of the Committee of Association Fran-

çaise des Banques (Association Loi 1901)

- Member of Bureau de l'A.F.E.C.E.I. (Association Loi 1901)
- Board member of Conseil national du crédit et du titre
- Board member of Paris-Europlace (Association Loi 1901)
- Chairman of the Board of Directors of 'Institut Europlace de Finance (Association Loi 1901)

**Guy de Panafieu**

Number of company shares held: 100

- Chairman of the Supervisory Board Gras Savoye SCA
- Member of the Supervisory Board of 'IDI SCA, SANEF SA

**Thomas Rabe**

Number of company shares held: 100

- Chairman of the Board of Directors of Broadcasting Center Europe SA; CLT-UFA Holding SA (Luxembourg); SportFive SA (France); Thames Cable and Satellite Services Ltd
- Vice-Chairman of the Board of Directors of RTL Group Central & Eastern Europe SA (Luxembourg)
- Vice-Chairman of the Supervisory Board of Ediradio SA (France)
- Member of the Supervisory Board of RTL Hrvatska d.o.o. za usluge
- Director of Audiomédia Investments SA ; TVI SA (Belgium)
- Director of Channel 5 Télévision Group Ltd (UK)
- Director of CLT-UFA SA ; CLT Multi Media GmbH ; Media Assurances SA ; RTL 4 Radio SA (Luxembourg)
- Director of RTL 4 Beheer BV (Pays Bas)
- Manager of CLT Media Services GmbH ; RTL Group

Vermögensverwaltungs GMBH; RTL Group Verwaltungs und Holding GmbH; RTL Group Deutschland GmbH ; UFA Film und Fernseh GmbH (Germany)

- Representative of B & CE S.A, Director of Immobiliere Bayard d'Antin SA (France)
- Board member of Gérance de S5 SARL
- Board member of Edmond Israël Foundation

**Vincent de Dorlodot**

Number of company shares held: 100

- Chairman of the Board of Directors of B & CE SA (Luxembourg)
- Director of Audiomedia Investments SA (Germany)
- Director of CLT-UFA holding SA, CLT UFA SA (Luxembourg)
- Director of Sportfive SA (France)
- Director of IP Polska SP ZOO

## 1.2.2. Function of the Supervisory board

The Supervisory Board exercises permanent control over the management of the Company by the Management Board and provides the latter with the prior approval to complete transactions that it may not do without such authorisation.

At all times of the year, the Supervisory Board makes the verifications and checks appropriateness and may call for those documents it requires to fulfil its mission.

In its first meeting of 26 May 2000, the Supervisory Board adopted an internal regulation with the objective of specifying and completing the Company's bylaws regarding its organisation and functioning.

Reaffirming its commitment to Corporate Governance rules, the Supervisory Board, in its meeting of 30 April 2003, completed its internal rules to provide it with the ways and means of efficient operation in the service of the Company and its shareholders.

In addition, the Board considers its own function once a year at one of its meetings.

At its meeting of 8 March 2005, when it reviewed its own function, it appeared that the Board had the necessary independence to complete its assignment, that there was a good quality to the participation by the members in the debates, and that the Audit Committee and the Appointments and Remuneration Committee operated satisfactorily.

The information available to Board members is satis-

factory mainly due to the quality of the quarterly operating report by the Management Board and the presence of members of the Management Board at meetings which provide a detailed insight into the Group's operations.

The Supervisory Board meets as often as required in the interest of the Company and at a minimum quarterly.

It met 9 times in 2004 and the overall attendance rate was 84 %.

### Shares in the company held by members of the Supervisory Board

In accordance with the bylaws, the members of the Supervisory Board of Métropole Télévision must hold at least 100 shares in the Company.

At this date, the Board members held directly and collectively 1,910 shares in the company, representing 0.001% of the share capital.

### Directors' fees

The Combined General Meeting of 28 April 2004 set at € 120,000 the total fees to be allocated to members of the Supervisory Board in respect of 2004 until decided otherwise.

In 2004, Directors' fees were allocated as follows:

	Theoretical allocation of Directors' fees <sup>1</sup>	TOTAL
Chairman of the Supervisory Board	€ 18,000	€ 18,000
Chairmen of Committees (2)	€ 12,000	€ 24,000
Members of Committees (3)	€ 10,000	€ 30,000
Other (6)	€ 8,000	€ 48,000
		<b>€ 120,000</b>

*1 – the allocation of Directors' fees among members (in office or resigned) is pro rata temporis to the period of their duties in the year.*

### 1.2.3. Committees of the Supervisory Board

There are two committees within the Supervisory Board:

#### Audit Committee

The Audit Committee was established in 2000 and comprises a minimum of three members and a maximum of five members, appointed by the Supervisory Board from amongst its members.

It meets at least twice a year to:

- review the annual financial statements as well as the interim and preliminary results of the group,
- evaluate the proposals for appointing the Statutory Auditors and setting their remuneration, and to consider their conclusions,

Members of the Audit Committee	Date originally appointed	Expiry of term of office	Date of departure	Attendance rate 2004
Guy de Panafieu*				
Chairman of Committee	18 February 2004	2008		100 %
Remy Sautter				
Committee member	26 May 2000	2008		100 %
Thomas Rabe				
Committee member	18 March 2004	2008		100 %
Xavier Moreno				
Chairman of the committee	26 May 2000		2 February 2004	100 %
Jean Charles de Keyser				
Committee member	8 March 2002		18 March 2004	0 %

\* independent member

The Committee met 3 times in 2004. The overall attendance rate by members was 80%

In 2004, the Audit Committee considered the following:

- examination of the preliminary 2003 financial statements,
- the assignments and fees of the Statutory Auditors and consultants,
- the financial statements at 30 June 2004,
- the application of the Law on Financial Security and Internal Control,
- the new accounting standards IFRS,
- the reform of Euronext,
- the DTT transmission contract,
- a review of the portfolio of audiovisual rights,
- examination of the treasury agreement TPS/M6/TF1.

To complete its mission, the Audit Committee has extended to the Statutory Auditors of the company, the Financial Director, with responsibility for accounting and management control.

In order to ensure the proper functioning of the audit committee a detailed file is prepared by the financial staff of the company in respect of the agenda for every meeting.

The Audit Committee provides the Management Board with recommendations on financial communication.

The Audit Committee presents the Supervisory Board with conclusions on its deliberations at the time of meetings to examine the interim and full year financial statements.

### Remuneration Committee

The Remuneration and Appointment Committee was established in 2000 and comprises a minimum of two members and a maximum of five members, appointed by the Supervisory Board from amongst its members. It meets at least once a year, and:

- proposes the remuneration of the members of the Supervisory Board and Management Board;
- considers the plan(s) to subscribe or purchase shares in favour of the members of the Management Board and executives;
- ensures that the concept of an independent member of the Supervisory Board is respected.

The Committee met 3 times in 2004 with 100% attendance.

The Committee proposed to the Supervisory Board the granting of options to subscribe for shares and approved the list of beneficiaries of options granted on 28 April 2004.

Also, the Remuneration Committee approved, as in prior years, the principles and terms of employment contracts and the remuneration of the Chairman of the Management Board and the member of the Management Board.

The Remuneration and Audit Committee is presented with a file prepared by the Company to provide a complete understanding of the challenges requiring decisions.

Members of Remuneration & Audit Committees	Date of first appointment	Expiry date of appointment	Date of departure	Attendance rate 2004
Gérard Worms*				
Chairman of Committee	26 May 2000	2008		100 %
Gerhard Zeiler				
Member of Committee	30 April 2003	2008		100 %

\* Independent member

## 1.3. Statutory Auditors

AUDITORS	Address	Expiry date of appointment	Date of departure
KPMG Audit Frédéric Quelin	2 bis, rue de Villiers Les-Hauts-de-Villiers 92300 Levallois-Perret	2001 <sup>(1)</sup>	2005
BARBIER FRINAULT & Autres Ernst & Young Bruno Bizet	41, rue Ybry 92200 Neuilly-sur-Seine	2002	2008

ALTERNATE	Address	Expiry date of appointment	Date of departure
Guillaume Livet	1, cours Valmy 92923 Paris-La-Défense-Cedex	2001 <sup>(2)</sup>	2005
Pascal Macioce	41, rue Ybry 92576 Neuilly-sur-Seine-Cedex	2002	2008

(1) appointed to replace Perronnet et Associés, who resigned

(2) appointed to replace Mr Marcel Peronnet, who resigned.

## 1.4. Report of the Chairman of the Supervisory Board

In accordance with Article L 225-68 of the Commercial Code, I have the pleasure of reporting on the preparation and organisation of the Supervisory Board of Métropole Télévision (hereafter “the Company”), as well as the internal control procedures set up by the Company.

### I. Company objectives for internal control procedures

#### A. Control of management acts and completion of transactions

The Métropole Télévision Group ensures that management acts and the completion of transactions, as well as the behaviour of its employees are within the framework defined by:

- the directions given in respect of the Group that reflect, in addition to applicable law and regulation, the values, standards and internal regulations of the Group;
- the specific features of each of the three major business units, which are Free to air television, Digital television and Diversification activities;
- the existence of a number of functional services that operate within the Group. These functional duties are carried out by a group of experts within each business unit.

Internal control procedures can be presented in accordance with the standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

#### a/ Control environment

The Métropole Télévision Group has created an internal control environment in its business that is based on:

- fundamental ethical values set out in an Ethics Charter that defines and establishes the professional principles that group executive management and employees must observe in performing their duties and to guide them in any action they take;
- the separation of the management of the Company and the control of this management by the adoption of a legal corporate form with a Management Board and a Supervisory Board;
- the management of careers and human resources based on the development of skills and the encouragement of new talents;
- the functioning of management and an organisation based on:
  - the establishment of a management and control style for each department, according to each market's specific features:
    - programmes guaranteeing control of costs and content risks;
    - advertising seeking quality partnerships and ensuring the homogeneity of marketing according to the programme schedule;
    - diversified activities ensuring the quality of their partners and supervising the development of labels created by the network;
    - a technique to ensure reliability and security.
  - the managers of each operation, subject to control by the Management Board of Métropole Télévision meets once a week to direct and control the various businesses of the Group.
  - a system of delegation of power within the Group to ensure efficiency of what is done and that this conforms to the decision making process of cor-

porate governance principles. The delegations of powers are defined within each group company and take account of the management principles defined by Métropole Télévision, as well as the corporate governance principles that apply, among others, to listed companies.

#### b/ Risk evaluation

The Métropole Télévision Group is developing a methodology to identify and analyse risks to ensure an adequate control of the major risks as a function of the nature of the business and the objectives established.

To this end, the Group has prepared a summary of its operational and functional risks.

**This summary**, prepared by a steering committee with external consultants, is based on a self-assessment carried by members of the group Executive Committee, by the senior functional managers (finance, legal, human resources, and technical resources).

The risks were classified according to the group's strategic objectives, and their significance was evaluated (probability of occurrence and potential incidence should they occur). Existing control measures to manage these risks were identified. An action plan will be presented to the Management Board in order to allow a revision of existing procedures and validation of their effectiveness. This plan will be prepared in order of priority in regard to the financial consequences for the Group.

#### **This methodology is based on operating and functional management, who:**

- develop a risk management process to improve the analysis of risks and related decision-making;



- communicate their analyses and recommendations to their senior management.

The strategic decisions, as well as the analysis of major risks, are considered by the Company, with the Management Board, basing its decisions on these recommendations.

### **c/ Control**

The internal control system of the Métropole Télévision Group is designed to enable management to guarantee that instructions are followed within the Group and that the necessary action is taken to ensure that objectives are met. It is based on all the defined policies and procedures either at group level or at each business unit :

- the internal control procedures in the areas managed at group level are defined by functional management at head office. They relate mainly to Programme Management, Financial Management, Human Resource Management, Communication Management, Strategy and Development Management, and Legal Management, as well as Technical Management,
- the internal control procedures in the sales and marketing area, set up mainly by subsidiary management and personnel, in line with the requirements and specific features of the group's businesses, and in particular for advertising and diversification activities, have been defined

### **d/ Information and communication**

In view of the control and analysis of the efficiency of its operations, the Métropole Télévision Group has set up:

- an information system dedicated to the collection of key data

- communication resources that provide staff with the information required to carry out their duties.

During 2004, a matrix was developed to describe and evaluate risks at the time that the summary of risks was prepared, and this tool will now be used as an internal information and communication support on internal control.

### **e/ Monitoring**

The group has gradually established a methodology to evaluate the quality of internal control throughout the period:

- medium-term plan, annual budget and "targets" are defined by the Executive Committee in line with the overall strategy set up by the Management Board,
- the plan, budget and "targets" are followed up monthly at all levels in the Group, mainly via operational and financial approaches.

## **B. Quality of accounting, financial and management information**

Accounting, financial and management information communicated to the executive management of the Company:

- is based on a set of systems and procedures that are in widespread use throughout the Group,
- accurately reflects the operations and financial position of the Company.

All these tools and procedures are designed to provide management with the means of preventing and controlling risks arising in the business and the risk of errors and fraud, particularly in the accounting and financial area.

Group Financial Management sets the nature, extent,

form and frequency of financial information relevant to the group that must be provided by subsidiaries and departments. It sets out the standards for financial reporting, the accounting procedures and standards, performance indicators and standardised consolidation packages.

The IFRS standards migration programme contributed to an in-depth analysis of processes and content of financial information.

## II - Summary of internal controls in place

### A. General overview of internal control procedures

In order to achieve the operating and financial objectives that have been set, the Group has set up certain organisational and internal control functions that are part of the general organisation described above.

#### a/ Presentation, role and general conditions concerning individuals or bodies exercising control

##### 1 > Corporate governance form and conditions

Since 2000, the Métropole Télévision Company has operated as a limited company with a Management Board and a Supervisory Board. This legal form ensures separation between management and control of the Company. Beyond the operating conditions described below, the legal form complies with regulatory constraints required by the covenant agreed with the CSA, which gives a framework to the operating and broadcasting regulations of the network.

All the regulations concerning the corporate governance of Métropole Télévision Group are set out in the bylaws (Articles 14 to 19 as regards the Management Board and 20 to 25 as regards the Supervisory Board).

The following details relate more specifically to the form and conditions that contribute to the effectiveness of internal control.

#### ■ MANAGEMENT BOARD

- Its term of office runs for five years. It comprises five individual members, appointed by the Supervisory Board, receiving a salary from the Métropole Télévision Group, each less than 65 years of age and responsible for the Métropole Télévision Group larger business units or sectors.

The rules concerning multiple Directorships have been complied with.

- The Management Board meets once a week and reports are drafted for all meetings. Only compulsory decisions taken by a majority of members are subject to a formal report, signed by the members attending the meeting.

- The Management Board is granted all powers to act in any circumstances with third parties in the name of the Company. However, investments or divestments for a unit amount exceeding € 20 million remain subject to approval by the Supervisory Board.

#### ■ SUPERVISORY BOARD

- The Supervisory Board comprises twelve individual members, of which four are independent in accordance with the Bouton report. They are appointed by the Annual General Meeting for a four year term of office. The rules concerning multiple Directorships have been complied with.

Within the framework of conditions provided by the bylaws, the Supervisory Board meets at least once every quarter. Its Chairman is in charge of calling these meetings.

Decisions taken by a majority vote are formally recorded, and an attendance register is signed by the members attending.

The Annual General Meeting has allocated a fixed amount of € 100,000 in relation to Directors' fees to the Supervisory Board members for 2004. This amount was recorded as an expense of Métropole Télévision.

In 2004, the attendance rate of Supervisory Board members was 84%.

- The Supervisory Board exercises permanent control over the management of the Company by the Management Board, and grants prior authorisation to conclude transactions that the Management Board cannot carry out without authorisation from the Supervisory Board, thus abiding strictly by the provisions of the bylaws.

The Supervisory Board rules are codified in an internal set of rules which states:

- that the **Audit Committee**, comprising three members and meeting twice yearly:

- \* reviews full-year financial statements, as well as interim and preliminary results,

- \* considers accounting principles and rules used by the Group,

- \* evaluates Statutory Auditors' appointment proposals, their remuneration and reviews their conclusions,

- that the **Remuneration and Appointments Committee**, comprising two members and meeting once yearly:

- proposes remuneration for Supervisory Board and Management Board members, and monitors respect of collective and individual value principles and rules of conduct applicable to employees, upon which the Group's actions are based,

- ensures that the concept of independent Supervisory Board member is adhered to.

## 2 > Operational control key players

Beyond corporate governance, the Group has entrusted several collegial bodies or functional departments with powers of control.

### ■ AT GROUP LEVEL:

- **the Executive Committee** meets twice monthly and has as an objective to anticipate the main operational risks. It comprises twelve members, including Management Board members, and brings together the main functional and operational departments of the Group: the office of Programming General Secretary, the Research Department, the Financial Department, the Human Resources Department, the Legal Department, the Technical Department and the Programming Department,

- **The Management Committee**, meets once a week and brings together members of the Executive Committee as well as representatives of the main subsidiaries. Its object is to inform the group of the major decisions taken.

### ■ AT SUBSIDIARY LEVEL :

- **a Finance Committee** is set up in subsidiaries where the Group does not own a majority interest and reports the major decisions and direction taken to the Group;

- the weekly and monthly **reporting** of subsidiaries where the group owns a majority investment, thus ensuring a regular financial follow-up to the group.

### ■ THE FINANCE DEPARTMENT:

- ensures coordination of certain financial transactions of some significance to the Group,
- manages, after consultation with subsidiaries, the group's cash and foreign currency risks, by use of financial indicators and hedging instruments it deems appropriate,

- controls the management of direct and indirect taxes within a tax plan,
- sets up, after consultation with subsidiaries, a network of management controllers familiar with the specific features of the group's businesses,
- secures the process of accounting information and the transfer of information used in consolidation.

### ■ LEGAL DEPARTMENT:

- carries out a consultancy assignment for the Group, and submits legal advice when appropriate,
- takes part, together with subsidiaries and other functional departments, in preparing and negotiating standard legal documentation, in order to obtain a unified point of view with regards to this documentation,
- sets up a network of lawyers in charge of the follow-up and management of the group's legal risks.

### b/ Internal company references

- The Company has established a **code of ethics** applicable to all employees of the Métropole Télévision Group. This code of ethics was updated in May 2000 and has been circulated to all employees. It sets out all the professional principles required to be observed by employees as regards their personal conduct, and enables all staff members, whatever their status or rank in the hierarchy, however high it is, to direct their choice of actions.

- Additionally, the Company has made available to the various departments **descriptive instruction manuals for operational and administrative processes** applicable to each kind of operation carried out.

- The Company has also implemented a control procedure of commitments, along with a system of **delegation of signatory powers**.

- The Company has also introduced a procedure of

artistic validation of programme content, which ensures that editorial and ethical values, as well as legal standards are respected. This procedure takes the form of written recommendations forwarded to the Programming Department and the Management Board.

### c/ Preparation of shareholder financial and accounting information

- Internal control procedures relating to the preparation and processing of financial and accounting information are mainly implemented by the accounting, consolidation, financial reporting and management control departments, within the Group's Financial Department. The majority of these procedures are subject to deployment at Headquarters and subsidiaries in order to better take into account the Group's current method of operating.

- The Group's Financial Department ensures the implementation of:

- the standardisation of accounting principles, taking into account the complexity of managing several accounting standards at the same time within the Group: current French standards and future (IFRS) standards applicable to multi-stage sub-consolidation, standards used by the Group's shareholders,
- the standardisation of reporting tools (parameter setting, maintenance, communication and control of compliance with instructions), ensuring that adaptability and safety requirements are met,
- the development of the reporting process, in order to improve the frequency and relevance by including performance indicators,
- the communication of accounting and financial information to the Group's administration and management bodies and statutory auditors

## B. Presentation of summary information relating to internal control procedures

### a/ Main internal control procedures established by the Group

• Internal control procedures of the Métropole Télévision Group are centralised, with a strong hierarchical control based on an a priori control of decisions and the strict monitoring of individual objectives.

• Within the Group, operational control procedures are expressed in terms of follow-up commitments, programming, content, and quantity, as well as compliance with regulations (CSA, CNC...).

• The following are examples of the essential procedures and principles applied by the group:

- the gradual establishment of a new management information system, an integrated tool for operational follow-up dedicated to the audiovisual business:

- adapted to the purchasing and broadcasting of programmes
- as well as to selling advertising space
- which gave rise to the redefinition of all group processes to have a better control over the various steps and to achieve greater rationalisation

- the creation of a financial information control system and a procedure dedicated to general expense purchases

- strict procedures for treasury management, due to:

- centralised treasury control for the group,
- strict separation of duties, to guarantee an effective means of fraud prevention
- a regularly updated system of authorisations

and signatures,

- controls over computer access,
- security for payment systems

### b/ Preparation and processing of financial and accounting information

Internal controls exercised by the group in the preparation and processing of financial and accounting information is achieved using a number of procedures.

#### 1 > Accounting procedures

The accounting department collects and fully records transactions and accounting documentation for the year:

- by use of financial information systems, under the control of systems administrators who ensure their correct use and work closely with the user
- by document circulation, that gives the accounting department a leading role
- by adherence to accounting standards and the group's internal rules in force.

Internal procedures provide an after the event control over the consistency of accounting entries and reviews are carried out at every closing to check on work done.

During 2004, the group completed its accounting migration to the new IFRS standards that apply from 1 January 2005.

This project was implemented in a number of steps:

- identification of the differences in applicable principles

- measurement of the impact on the financial statements at 31 December 2003, in order to create

an opening balance sheet under the new standards

- set up of follow up procedures for the new standards for the 2004 financial statements
- harmonisation of the software tools with the new standards.

The project involved all the financial, information systems and operational staff concerned by the changes in method.

The financial impacts are included in the Group Management Report (Note 1-14).

#### 2 > Procedures for the preparation of the consolidated financial statements

The consolidation unit, fully committed to the consolidation of the group's financial statements, is based within the Financial Management section.

Head office uses consolidation software that is kept up to date by internal and external personnel, and data is collected from the subsidiaries.

The consolidation unit, which is in regular contact with the subsidiaries' accounting departments, ensures that standard accounting principles are applied throughout the group.

It also collects and checks the non-accounting data referred to in financial press releases and related to the consolidated financial statements.

This data is verified by the Company and the Statutory Auditors.

The group releases sales figures quarterly and profits every half year. Every year, the group issues a complete set of financial documentation.

#### 3 > Reporting procedures

The reporting department is within the management control section. It sets up the data collection and analysis process on a weekly or monthly basis depend-

ding on the business.

There is a monthly review with operating staff.

The reporting system provides operating staff with the means of measuring progress in achieving their objectives.

The reporting team checks on the correct allocation within the management and control software and controls the faithful transcription into the accounting records of information from the operating staff. At every closing, the reporting package is reconciled to the accounts and the consolidation.

Actual results in the reporting package are compared monthly to the budget and the previous year. They are also presented to the Audit Committee, Supervisory Board and, on occasion, the Financial Committees.

#### **4 > Follow up procedure for off-balance sheet commitments**

Every commitment requires an authorisation procedure.

At every accounting closing, the information required to establish the consolidated off-balance sheet commitments is collected by Financial Management from all group departments (mainly the departments for audiovisual rights acquisition and technical services).

This information is summarised and checked by the accounting and consolidation departments before being included in the off-balance sheet commitments of the group.

The Statutory Auditors check in detail the off-balance sheet commitments as part of their opinion on the financial statements.

#### **5 > Follow up procedure for operating assets**

Group assets are accounted for by an asset software package with an application dedicated to the

management of audiovisual rights.

The asset software package receives input and overview by the accounting department, after a check on the paperwork by the departments concerned (mainly the technical department).

The application for management of the audiovisual rights is run by the broadcasting rights department. Every closing of information from this software is reconciled to the accounting records.

Physical inventories and asset reviews are carried out regularly to ensure the existence of and the correct valuation of operating assets.

#### **6 > Valuation procedure for subsidiaries and investments.**

The principal acquisitions made by the group are subject to an annual impairment test to ensure the carrying value of the investment is lower than its operational value.

The operational value is the higher of its basic value and its value in use, which is determined on the basis of discounted cash flow according to the principles detailed in the group financial statements.

Neuilly sur Seine, 8 March 2005



**KPMG AUDIT**

Immeuble KPMG  
1, cours Valmy  
92923 Paris-La Défense Cedex

**Métropole Télévision S.A.**

Registered Office: 89, avenue Charles de Gaulle – 92 200 Neuilly-sur-Seine  
Share capital: € 52 755 476

**BARBIER FRINAULT & AUTRES**

Ernst & Young  
41, rue Ybry  
92576 Neuilly-sur-Seine Cedex

**STATUTORY AUDITORS REPORT**

**on the application of the last section of article L.225-235 of the commercial code on the report of the Chairman of the Supervisory Board regarding internal control procedures used in the preparation and processing of financial and accounting information**

**Year ending 31 December 2004**

To the shareholders of Métropole Télévision SA,

As Statutory Auditors to your Company and in application of the last section 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 of your Company in accordance with the provisions of Article L. 225-68 of the Commercial Code for the financial year ending 31 December 2004.

The Supervisory Board is responsible for defining and implementing adequate and effective internal control procedures. It is the Chairman's responsibility to account, in his report, notably on the conditions of preparation and organisation of the work of the Supervisory Board and of the internal control procedures implemented within the Company. It is our duty to communicate any observations we may have on the information contained in the report of the Chairman concerning internal control procedures regarding the preparation and processing of accounting and financial information.

We have performed our work in accordance with acceptable professional standards in France. These require the performance of diligence procedures to assess the fairness of information presented in the Chairman's report, regarding internal 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 control, as well as internal control procedures regarding the preparation and processing of accounting and financial information, as presented in the Chairman's report;
- becoming familiar with the work from which the data and information in this report are derived.

On the basis of our work, we have no observations to formulate on the description of internal control procedures regarding the preparation and processing of accounting and financial information contained in the report of the Chairman of the Supervisory Board, prepared in application of the provisions of the last section of Article L. 225-68 of the Commercial Code.

Paris La Défense and Neuilly-sur-Seine, 8 April 2005,

**Statutory Auditors**

KPMG Audit  
*KPMG S.A. Department*

Barbier Frinault & Autres  
Ernst & Young

Frédéric Quélin  
Partner

Grégoire Menou  
Partner

Bruno Bizet  
Partner

## 2. General information on the company and its share capital

### 2.1. Information on the company

#### 2.1.1 Bylaws

The bylaws of the Company are based on the following principal features:

##### COMPANY NAME

MÉTROPOLE TÉLÉVISION - Sign M6

##### HEAD OFFICE AND REGISTERED OFFICE

89 avenue Charles de Gaulle  
92575 NEUILLY SUR SEINE Cedex

##### LEGAL FORM

Public Limited company (Société Anonyme) under French Law with a Management Board and Supervisory Board governed by the Commercial Code, unrepealed provisions of the Decree of 23 March 1967 and subsequent texts on commercial companies.

##### DATE ESTABLISHED - DURATION

The Company was established on 13 October 1986 for a period of 99 years unless subject to early dissolution or extension

##### REGISTER OF COMMERCE - SIRET APE

The Company is registered in the Register of Commerce and Companies under the number: 339 012 452 RCS Nanterre - SIRET no. 339 012 452 00084 - Code APE 922D

##### INSPECTION OF DOCUMENTS

Legal documents concerning the Company may be inspected at its 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 the defendant and these courts will be designated in accordance with the location and nature of the litigation, unless otherwise specified by the New Code for Civil Proceedings.

##### COMPANY OBJECTS (ARTICLE 3 OF BYLAWS)

- to operate one or more audiovisual communication services broadcast or transmitted on terrestrial TV, cable TV, satellite TV or by any other means that may be authorised, as applicable, by the Conseil Supérieur de l'Audiovisuel (CSA), comprising notably the design, production, programming and broadcasting of television programmes, including all advertising and publicity.

- to undertake all industrial, commercial, financial and property transactions that relate directly or indirectly to this object or similar objects, connected to or complementary to or likely to facilitate their production or development, or to all corporate assets.

##### STATUTORY ALLOCATION OF NET PROFITS (ARTICLE 40 OF BYLAWS)

5% of the profit of the year, net of any prior year losses, shall be allocated to the legal reserve. This allocation ceases to be mandatory once the legal reserve amounts to 10% 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)** The amounts declared by the General Meeting, upon the recommendation of the Management Board, to be allocated to optional ordinary or extraordinary reserves or to be carried forward.

**b)** The amount necessary to give shareholders, by way of first dividend, 5% of the amount paid and not written down on their shares so that, if there is insufficient profit in a year to effect this payment, the shareholders have a claim on the profits of subsequent years.

The balance of distributable profit, after the above deductions, shall be split equally among all shares by way of an additional 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.

The General Meeting considering the accounts of the year may grant shareholders, for all or part of the dividend or interim dividend payment, the option of receiving payment in cash or in shares in accordance with legal provisions.

## **GENERAL MEETINGS (ARTICLES 27 TO 29 OF BYLAWS)**

### **Notification, admission, voting rights**

Notification requires, at least thirty days before the proposed date of the Meeting, the publication of a notice in the Bulletin des Annonces Légales Obligatoires, in accordance with the regulations in force.

Specific notifications are issued at least fifteen days before the proposed date of the Meeting. The time-frame is reduced to six days for reconvened Meetings.

Notification is by way of standard letter addressed to every nominative shareholder and by publication of a notice in a legal newspaper at the registered office, and in the Bulletin des Annonces Légales Obligatoires.

Notification will specify the place, date and time of the Meeting, as well as the purpose of the Meeting and matters included in the agenda.

A General Meeting comprises all shareholders whose shares are fully paid to date. No one may represent a shareholder unless he/she is a shareholder or the spouse of the shareholder represented.

The right to attend Meetings is subject to the nominative shares being recorded in the Company records, at least five days prior to the proposed date of the Meeting or, where it relates to identifiable bearer shares, the deposit, within the same timeframe, of a certificate prepared by the share registrar noting that the shares are unavailable until the date of the meeting.

Proxy and postal voting forms are prepared and addressed in accordance with legislation in force. The holders of securities referred to in the third paragraph of Article L 228-1 of the Commercial Code may be represented by a registered intermediary in accordance with the provisions of the said Article.

The intermediary who has satisfied the provisions of the third and fourth paragraphs of Article L 228-1 may, by virtue of a general mandate of securities management, assign for one Meeting the vote or the powers of a holder of shares as defined in paragraph three of the same Article.

## **VOTING RIGHTS LIMITATIONS (ARTICLE 35 OF BYLAWS)**

Subject to the provisions below, the voting right attached to shares is proportional to the share capital they represent, and every 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

## **CROSSING OF EQUITY OWNERSHIP THRESHOLD (ARTICLE 11 OF BYLAWS)**

Shares can be freely transferred.

Shares are transferred by transfer from one account to another in accordance with the law in force. In the event of an increase in share capital, shares may be traded as soon as it is completed.

All persons, whether they be individuals or corporate entities, acting alone or in concert, who come into possession of a number of shares representing at least 1% of the share capital and/or voting rights or any multiple of this percentage without restrictions, are required to declare to the Company the number of shares and/or voting rights held, within a period of five stock market trading days from the moment this threshold is crossed, by registered letter with proof of delivery addressed to the registered office.

In the determination of the above thresholds, the following is also considered: shares and/or voting rights held indirectly and shares and/or voting rights similar to shares and/or voting rights held, such as are defined by Articles L233-7 and subsequent of the Commercial Code.

This requirement to declare also applies in the same conditions in the event that a shareholding expressed in shares and/or voting rights falls below one of these thresholds.

In the event of failure to make the required declaration within the terms stipulated above, the shares exceeding the fraction that should have been declared are deprived of a vote, in accordance with the provisions of the Commercial Code concerning the

crossing of legal thresholds.

The intermediary registered as the holder of securities in accordance with the third paragraph of Article L228-1 of the Commercial Code is required, notwithstanding the obligations of the holders of these shares, to make the declarations provided for in the present Article, for all of the shares of the Company for which he/she is registered.

The requirements of this Article are not an obstacle to the application of the provisions of the Law of 30 September 1986 on freedom of communication and in respect of the holding of share capital or voting rights in companies that are authorised to provide an audiovisual communication service, or any other provisions arising from the legislation in force.

## 2.1.2 Legal environment

Due to its objects and the use by the company of a free to air and digital television transmission licence, a specific legal and regulatory framework applies in addition to the normal provisions.

### SHAREHOLDERS

According to the provisions of Article 39 of law n°86-1067 of 30 September 1986, as modified, one person, individual or corporate, acting alone or in concert, cannot hold, directly or indirectly, more than 49% of the share capital or voting rights of a company that is authorised to provide a national terrestrial television service.

This provision was modified by law n°2001-624 of 18 July 2001. This clause limits the 49% rule only to terrestrial networks whose average annual audience

(terrestrial, cable and satellite) exceeds 2.5% of the total television audience. Thus, this only concerns the new terrestrial digital networks.

Within the terms of Article 39 of Law n°86-1067 of 30 September 1986 as revised, when an individual or company hold, directly or indirectly, over 15% of the share capital or voting rights of a company holding an authorisation relative to a free to air national television service in analogue mode, it may not hold, directly or indirectly, more than 15% of another company holding such an authorisation.

Within the terms of Article 40 of Law n° 86-1067 of 30 September 1986 as revised, no foreigner may proceed with an acquisition which has the effect to bring, directly or indirectly, the share of the capital held by foreigners to over 20% of the share capital of a company holding an authorisation in respect of a free to air television service.

### BROADCASTING LICENCE APPLICABLE LEGISLATION

M6 is a privately owned terrestrial free TV network, which initially was granted a broadcasting licence for a period of 10 years from 1 March 1987 to 28 February 1997, within the framework set by Article 30 of the law of 30 September 1986 as modified in respect of freedom of communication.

Financed exclusively by advertising, it is subject to the general requirements of this legal classification and the particular requirements of its agreement.

M6's broadcasting licence 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's authorisation is prolonged to 28 February 2012.

The new broadcasting licence sets out particular obligations for the Network.

- In particular, it determines its requirements to invest in the production of audiovisual programmes:
  - 18% of the annual net sales of the previous year 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 obligation for the production of French and European new audiovisual production.
  - Of this 18%, M6 must reserve at least two-thirds for programmes that are independently produced.
- Broadcast of 100 hours of audiovisual programmes originally produce in France or in Europe, not previously publicly broadcasted on a free terrestrial TV network nationwide and with a starting broadcast time of between 8 pm and 9 pm.
- The obligations in respect of broadcasting sub-titled programmes for the deaf and hard of hearing require an increase of 200 hours every year to reach the requirement of 1000 sub-titled programme hours in 2006. M6 was required to produce 600 hours in 2004.

- At least 1% of the annual net sales of the previous year must be dedicated to the production of cartoons originally produced in French or in Europe.

The channel production obligations are also regulated by the decree dated 9 July 2001.

Pursuant to the application of the aforementioned decree, the network must also dedicate 3.2% of its sales to the production of European films for movie theatre distribution.

The agreement also determines the music requirements of the network (per year: broadcast of a minimum of 30% music per 24-hour period, with 50% of music broadcasts containing content originally produced in French, and the investment of € 21.34 million in music programmes and in the production and broadcast of 150 music videos dedicated to new talent).

The network's music offer may be re-examined in light of the music offer broadcast on free terrestrial digital networks.

All of the programmes are subject to a classification system consisting of 4 categories of viewing audience, enabling one to specify the audience segment being addressed by each programme.

The general requirements relating to the broadcast quotas arise primarily from decree 90-66 as modified on 17 January 1990 and the n°2 of the agreement dated 22 July 2003:

- Of the audiovisual programmes broadcast over a 24-hour period, 40% must have been originally produced in French and 60% must have been produ-

ced in Europe and the same requirements apply to peak viewing periods, set annually by the CSA, namely between 2 p.m. and 11 p.m. on Wednesdays and between 5 pm and 11 pm on the other days.

- M6 must not broadcast more than 192 films during the year and not more than 104 films during the prime time hours of 8.30 pm to 10.30 pm, with 40% and 60% of all such films broadcast having been originally produced in French and in Europe respectively, throughout the day and at peak times.

Concerning advertising, the Law No. 93-122 of 22 January 1993 (known as the Sapin law) regulates the relationship between advertisers, their agents and the advertising media.

Other regulations concerning the broadcast of advertisements arise primarily from decree 92-280 of 27 March 1992 and Article 73 of Law 86-1067 of 30 September 1986.

## 2.2 General Information on Share Capital

### 2.2.1. Terms and conditions in the bylaws relative to changes in share capital and attached rights

All changes in share capital or rights attached to securities comprising the share capital are contained in the Bylaws. Only an Extraordinary General Meeting is authorised to increase the share capital, following a report by the Management Board.

If the share capital is increased by way of incorporation of reserves, profits or share premiums, a General Meeting can decide, subject to the quorum and majority requirements of Annual General Meetings



**HISTORICAL MOVEMENT OF SHARE CAPITAL**

Date	Share capital transaction	Amount of share capital increase	Number of shares	Amount of the share capital after transaction	Number of shares
15.09.86	Establishment of the Company	10,000,000.00 F	100,000	10,000,000 F	100,000
16.05.87	Subscription	190,000,000.00 F	1,900,000	200,000,000 F	2,000,000
21.05.90	Capital Reduction	(198,000,000.00 F)	(1,980,000)	2,000,000 F	20,000
21.06.90	Share subscription	200,000,000.00 F	2,000,000	202,000,000 F	2,020,000
31.12.93	Share subscriptions exercised by employees <sup>1</sup>	6,900,000.00 F	69,000	208,900,000 F	2,089,000
06.09.94	5 for 1 share split	-	-	208,900,000 F	10,445,000
31.12.95	Share subscription options exercised by employees <sup>1</sup>	4,337,000.00 F	216,850	213,237,000 F	10,661,850
31.12.95	Conversion of bonds <sup>2</sup>	50,387,700.00 F	2,519,385	263,624,700 F	13,181,235
03.12.99	Conversion of Share Capital into €	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

<sup>1</sup> Par value subscription

<sup>2</sup> FRF 158,050,720 share premium

**FULLY PAID-UP CAPITAL, SHARE NUMBERS AND CLASSES**

At 31 December 2004, the fully paid up share capital amounted to € 52,755,476, consisting of 131,888,690 shares, each with a par value of € 0.40 and of the same class.

**SHAREHOLDERS AGREEMENT**

Nil.

**SHARES PLEDGED**

Nil.

**ALIENATION OF SHARES IN ORDER TO REGULARISE CROSS SHAREHOLDING**

(Article 251 of decree of 23 March 1967)

Nil.

**TREASURY SHARES**

(Article L.233-13 of the Commercial Code)

Controlling companies holding a share in the share capital : Nil.

**CAPITAL AUTHORISED BUT NOT ISSUED AND COMMITMENTS TO INCREASE SHARE CAPITAL**

Nil.

**INCREASE IN SHARE CAPITAL RESERVED TO EMPLOYEES**

Nil.

The most recent General Meeting to consider a proposal to increase the share capital reserved for employees was that of 28 April 2004.

**POTENTIAL CAPITAL (€)**

Date of General Meeting	26/05/00	26/05/00	26/05/00	26/05/00	26/05/00	28/04/04	Total of subscrip. plans
Date of Board Meeting (grant)	30/06/00	7/06/01	7/06/02	25/07/03	14/11/03	28/04/04	
Beneficiaries	84	146	123	119	1	135	
Maximum number of shares that may be subscribed							
By exercise of options granted	233,100	398,300	580,000	673,500	20,000	822,500	2,727,400
Start date for exercise of options granted	30/06/04	7/06/05	7/06/06	25/07/07	14/11/07	29/04/06	
Expiry date for options	30/06/07	7/06/08	7/06/09	25/07/10	14/11/10	28/04/11	
<b>Potential share capital based on options granted</b>	<b>93,240</b>	<b>159,320</b>	<b>232,000</b>	<b>269,400</b>	<b>8,000</b>	<b>329,000</b>	<b>1,090,960</b>
Subscription price	58.58	30.80	28.06	22.48	23.82	24.97	28.73 <sup>(1)</sup>
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
Par value per share	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
Number of shares comprising the share capital after exercise of options	132,121,790	132,286,990	132,468,690	132,562,190	131,908,690	132,711,190	134,616,090
New share capital after exercise of options	52,848,716	52,914,796	52,987,476	53,024,876	52,763,476	53,084,476	53,846,436
<b>Potential dilution</b>	<b>0.18%</b>	<b>0.30%</b>	<b>0.44%</b>	<b>0.51%</b>	<b>0.02%</b>	<b>0.62%</b>	<b>2.03%</b>

(1) Weighted subscription price

The exercise of all options would lead to the creation of 2,727,400 new shares, which would increase the share capital from 131,888,690 shares at 31 December 2004 to 134,616,090 shares, a maximum potential dilution of 2.03%

However, only the plan to subscribe for shares approved at the Board meeting of 30 June 2000 could have resulted in the exercise of option to subscribe in 2004.

But considering the price of the M6 share in 2004 (closing price on 31 December 2004: € 20.90), the option subscription price had a dissuasive effect on their exercise, thus reducing the possibility of a dilution of the share capital.

**AUTHORISED UNISSUED CAPITAL:****DELEGATIONS IN FORCE AND THE USE OF THESE DELEGATIONS**

(Article L.225-100 para 7 of the Commercial code)

	Maximum nominal value of capital increase	Maximum nominal value of bonds	Validity of authorisation	Period outstanding <sup>(1)</sup>	General Meeting	Resolution Number
Bonds	-	300 €M	5 years	3 years	AGM 3 May 2002	9
Share buyback programme <sup>(2)</sup>	-	-	18 months	18 months	AGM 28 April 2004	21
Capital reduction by cancellation of treasury shares <sup>(2)</sup>	-	-	18 months	18 months	AGM 28 April 2004	3

(1) With effect from the AGM of 28 April 2004

(2) Up to 10% of the share capital

During the year just ended, the Company used the authorisation to purchase its own shares, to acquire shares in the context of the market position and as part of setting up a liquidity contract with effect from 15 December 2004. There were 25,427 shares at an average price of €20.57 purchased under this contract and 98,912 shares at an average price of €20.58 were sold, which left a balance at 31 December 2004 of 72 015 shares and €1,479,008.5 in cash.

The company used none of the other delegations below during the year just ended.

### SHARE SUBSCRIPTION OPTIONS

Pursuant to the authorisation vested in it by the Combined General Meeting of 28 April 2004, the Management Board, over a 3 year period, may grant to designated staff and managers of the Company and its subsidiaries, for their benefit, share subscription options in the Company up to a maximum total of 2,700,000 shares with a nominal value of €0.40 and a maximum of 900,000 shares may be allocated this year.

During 2004 and within this authorisation, the Management Board allocated 861,500 options to subscribe for shares for the benefit of 135 employees..

### RIGHTS ATTACHED TO SHARES

There is only one class of shares with identical rights for all shares, in both the allocation of profit and the distribution arising from liquidation. Every share carries one vote at all Meetings. There are no shares with double voting rights. The right to dividends and interim dividends payable lapses after 5 years to the benefit of the State.

### TRADING IN SHARES

All shares may be freely traded on the Paris Stock Exchange Second Market.

### FORM OF SHARE REGISTRATION

Since its Stock Market launch, M6 share ownership has been registered as follows:

- in a pure nominative account held by Crédit Agricole Indosuez,
- in an administered nominative account,
- as an identifiable bearer with a standard intermediary.

The shares have been approved for EUROCLEAR-SICOVAM transactions.

### SHAREHOLDERS' IDENTIFICATION

The Company is authorised to use the legal means provided to identify the holders of those securities that give the right, immediately or over time, to vote at its Shareholders' Meetings.

### WITHHOLDING TAX ON DIVIDENDS

#### a) Shareholders Residing in France

##### • Individual Shareholders

##### Dividends:

Dividends earned from French shares are subject to the following tax considerations:

- an income tax charge at progressive rates up to 50% of their amount (after application of the 50% reduction provided by Article 15 8-3 of the General Tax Code) ;
- an 8.2% general social security deduction (Article 1600 - OE of the General Tax Code);
- a 2% social contribution deduction together with an additional contribution of 0.3%;

- a 0.5% social welfare debt repayment deduction.

In addition, dividends benefit from a total annual exemption of € 2,240 per married couple or partners, being jointly assessed to tax, and € 1,220 for single people, widow(er)s, divorcees, or spouses filing separate tax returns.

### Capital gains

Capital gains arising from the disposal of the Company's securities are subject to a tax rate of 27% <sup>(1)</sup> comprising:

- a 16% general income tax charge (Article 200A 2° of the General Tax Code);
- an 8.2% general social security deduction;
- a 2% social contribution deduction together with an additional contribution of 0.3%;
- a 0.5% social welfare debt repayment deduction.

### • Corporate entities subject to Corporate Income Taxes

Dividends distributed in 2005 do not carry a tax credit.

#### b) Shareholders not residing in France

Dividends distributed by companies whose registered offices are located in France are subject, in principle, to a withholding of 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, and the right to a repayment of the tax credit may be granted, in accordance with international double-tax agreements; dividends

(1): If the annual amount of disposals of marketable securities within the shareholders' taxable base exceeds €15,000 from transactions in 2004. In the opposite case, the capital gain is tax free.

distributed to parent companies of countries that are members of the European Union may, under certain conditions, be exempt.

## 2.2.2. Shareholders' agreement

All existing agreements concerning subsidiaries not majority-owned by M6, to which the Company is a party, were reviewed as part of the selection of consolidation method as well as for the preparation of the note on off-balance sheet commitments. There are no clause(s) in these agreements likely to have a significant impact on the Métropole Télévision share price.

M6 and TF1 concluded a shareholders' agreement stipulating that the management of TPS be undertaken by TPS Gestion (sole statutory manager). The TPS Gestion Board of Directors comprises 8 members, of which 3 are designated by M6 and 5 by TF1. The strategic decisions that are essential to the achievement of the TPS financial and operational objectives are taken by a 75% qualified majority of the Board of Directors. In particular, these decisions include the approval of the TPS annual functional budget, and investments or expenditures representing a commitment in excess of €6 million.

## 2.2.3. Mutual investment funds and profit sharing

### M6 Shares Mutual Investment Fund

These funds were established in September 1994 and they are invested in Métropole Télévision. At 31 December 2004, the net assets of these funds, which are exclusively held by group employees, amounted to €2.516 million (552 shareholders/

share price €20.90). The funds represent 0.1% of the share capital.

### Profit Sharing

Two profit sharing agreements are in place: one for the Home Shopping Service and the other for Métropole Télévision and its subsidiaries.

These allow for a pooling of profit sharing for the companies concerned, to the benefit of all personnel. This is split on the basis of 30% for the time present in a year (minimum 3 months) and 70% on the basis of annual remuneration (with a ceiling of €118,848).

### Acquisition of shares to be allocated to employees within a profit sharing agreement

(Articles L.225-211 para 2 and L.225-208 of the Commercial Code)

Nil.

### Analysis of Voting Rights

The allocation of voting rights is identical to the shareholdings, subject to Article 35 of the Bylaws concerning voting right restrictions.

There are no shareholders' agreements.

## 2.3. Subsidiaries and Affiliates of the company and controlled companies

### 2.3.1. Taking account of direct shareholdings in excess of a twentieth, a tenth, a fifth, one third or half of the share capital and taking control (Art. L 233-6 of the Commercial Code).

The following table contains information required to be reported by law:

Corporate Name	Legal Form	Holding		%
		Direct	Indirect	Total
PARIS PREMIERE	SA		100 %	100 %
PINK TV	SAS		9.15 %	9.15 %
BOUTIQUE DU MONDE	SAS		100 %	100 %

### 2.3.2. Parent Company – Subsidiaries relationships

Métropole Télévision has its own business and also defines the major strategic direction of the Group.

It directs the various group entities within a framework that it defines and sets:

- by directions given to the Group activities
- business areas that are Free to Air Television, Digital Television and Diversification Activities
- by the existence of some functional departments (Financial Management, General Services, Human resources, Legal Management, Information Systems, Internal Communication, etc. . .) that operate across

the Group that have a group-wide responsibility. These functional duties are fulfilled by experts within each group business. This availability is formalised by Technical Assistance Agreements that are invoiced to every subsidiary.

#### From a financial perspective:

- The central treasury function enables Métropole Télévision to manage and consolidate the cash resources of most Group subsidiaries. This optimises the use of Group cash resources to the benefit of every entity.
- With effect from December 2003, the shareholders in TPS (M6 and TF1) have taken the place of the banks to provide funding required by TPS via shareholder current accounts.

- The company Métropole Télévision is the parent of a tax grouping in accordance with the provisions of Article 223 A of the General Tax Code.

At 31 December 2004, the Métropole Télévision Group had 72 subsidiaries and investments thus:

- 23 significant consolidated subsidiaries,
- 36 non significant consolidated subsidiaries,
- 13 non consolidated subsidiaries.



Financial transactions with Métropole Télévision						
Significant consolidated subsidiaries (23)	Country	Loans/ guarantee	Treasury centralisation	Significant transactions*	Holding (rounded)	Impact of minority interests
C. Productions	France		Yes	- purchase of rights - technical assistance or services	100 %	-
Edi TV	France		Yes	NS	100 %	-
Extension TV	France		Yes	NS	50 %	-
Fun TV	France		Yes	NS	100 %	-
Studio 89 Productions	France		Yes	- purchase of rights	100 %	-
W9 Productions	France		Yes	- purchase of rights	100 %	-
Football Club des Girondins de Bordeaux	France		Yes	NS	99,76 %	No particular
Home Shopping Service	France		Yes	- external personnel	100 %	-
M6 Droits Audiovisuels	France		Yes	- purchase of rights	100 %	-
M6 Editions	France		Yes	- advertising	100 %	-
M6 Evénements	France		Yes	- travel, assignments and reception	100 %	-
M6 Films	France		Yes	NS	100 %	-
SND	France		Yes	- purchase of rights - advertising	100 %	-
M6 Interactions	France		Yes	- technical assistance or services - advertising	100 %	-
M6 Publicité	France		Yes	- payment broadcast schedule	100 %	-
M6 Thématique	France		Yes	NS	100 %	-
M6 Web	France		Yes	- advertising	100 %	-
Métropole Production	France		Yes	- external personnel - technical assistance or services	100 %	-
Paris Première	France		Yes	NS	100 %	-
SediTV	France		Yes	NS	51 %	No particular
TCM Droits Audiovisuels	France			- purchase of rights	50 %	-
TF6 SCS	France			NS	50 %	-
TPS	France	Yes		- advertising	34 %	-

\* Transactions in excess of € 500 thousand

Based on their individual activities, the existing flows between the companies listed below and Métropole Télévision are not significant.

Insignificant subsidiaries consolidated (36)	Shareholding (rounded)	Insignificant subsidiaries consolidated (36)	Shareholding (rounded)
M6 Numérique <sup>(1)</sup>	100 %	Culture Mag Editions <sup>(1)</sup>	90 %
M6 Studio <sup>(1)</sup>	100 %	Immobilière M6 <sup>(1)</sup>	100 %
M6 Toulouse <sup>(1)</sup>	100 %	Live stage <sup>(1)</sup>	99 %
Mandarin <sup>(1)</sup>	100 %	M6 Bordeaux <sup>(1)</sup>	100 %
SCI du 107 <sup>(1)</sup>	100 %	M6 Diffusion <sup>(1)</sup>	100 %
TF6 Gestion	50 %	M6 Foot <sup>(1)</sup>	100 %
<b>Sub-Group TPS <sup>(3)</sup></b>		<b>Sub-Group HSS :</b>	
Multivision	34 %	Boutique du Monde <sup>(2)</sup>	100 %
TPS Cinéfaz	34 %	Club Téléachat <sup>(2)</sup>	100 %
TPS Cinéstar	34 %	HSS Belgique	100 %
TPS Cinétoile	34 %	HSS Hongrie	100 %
TPS Cinéma	34 %	SETV Belgique	100 %
TPS Entreprises	34 %	Tecipress <sup>(2)</sup>	100 %
TPS Foot	34 %	Télévente promotion <sup>(2)</sup>	100 %
TPS Interactif	34 %	Unité 15 Belgique	100 %
TPS Jeunesse	34 %	Unité 15 France <sup>(2)</sup>	100 %
TPS Motivation	34 %	Home Travel Services	50 %
TPS Sport	34 %	TV Store <sup>(2)</sup>	100 %
TPS Terminaux	34 %	RTL Shop	20 %

(1) Centralisation of M6 Treasury ; (2) Cash pooling HSS / M6 ; (3) Shareholders' current account TPS / M6

Non-consolidated subsidiaries (13)	Shareholding (rounded)
Newsports	2 %
ENEX	20 %
Labo Productions <sup>(1)</sup>	51 %
M6 Affaires <sup>(1)</sup>	100 %
M6 Communication <sup>(1)</sup>	100 %
M6 Création <sup>(1)</sup>	100 %
M6 Développement <sup>(1)</sup>	100 %
M6 Opérations <sup>(1)</sup>	100 %
Métropolest	50 %
Multiplex R4	58 %
PINK TV	9 %
TCM Gestion	50 %
TPS Gestion	34 %

(1) Centralisation of M6 Treasury

## 2.4. Other information concerning the parent company financial statements

### 2.4.1. Tax information

Financial statements at 31 Dec. 2004	AMOUNT (€ thousands)
Total amount of non-deductible expenses and charges (Article 39-4 of the French General Tax Code)	14.5
Total amount of non-deductible fees (Article 210 of the French general tax Code)	0
> Remuneration and other charges relating to the highest paid staff	4,378
> Gifts and hospitality expenses	446.6
<b>Total amount of expenses appearing in the Special Statement of general expenses (Article 223.5 of the French general tax code)</b>	
> Amount of the above expenses incorporated in profit	14.5

### 2.4.2. Corporate information

The Company will make available to all shareholders on request the parent company financial statements as prescribed by Articles L.438-1 and subsequent of the Labour Code.

## 3. General Meeting

### 3.1. Agenda for the Combined General Meeting of 28 April 2005

#### 1 - IN ORDINARY SESSION

- Management Board report
- Comments of the Supervisory Board
- Statutory Auditors' Report on the financial statements for the year ended 31 December 2004
- Approval of the parent company financial statements for the year ended 31 December 2004
- Transfer and allocation of the special reserve for long term capital gains
- Statutory Auditors' Special Report on the Agreements covered by Article L.225-86 of the Commercial Code
- Allocation of 2004 financial year net profit and setting of dividend amount
- Approval of the consolidated financial statements for the year ended 31 December 2004
- Discharge
- Reappointment of Statutory Auditors
- Authorisation to grant the Management Board powers to trade in the Company's shares

#### 2 - IN EXTRAORDINARY SESSION

- Management Board Report
- Statutory Auditors' Special Report
- Authorisation to grant to the Management Board the right to reduce the share capital by cancelling shares
- Authorisation to be given to the Management Board to allocate free shares
- Global delegation to the Management Board to decide on capital increase of up to € 50 million.
- Possibility of an additional capital increase of up to 15% of the initial issue
- Authorisation given to the Management Board to eliminate partly or fully the pre-emption right to subscribe and the possibility of providing a priority time period
- Increase in share capital by the issue of shares reserved to employees
- Powers to complete formalities.

### 3.2. Management Board Report to the Combined General Meeting

Ladies and Gentlemen,

#### 1) GENERAL MEETING IN ORDINARY SESSION

**We have called you to this Annual General Meeting to submit the following for your approval:**

- In the 1<sup>st</sup> resolution, you will be presented with the financial statements and operations of the year 2004.
- In the 2<sup>nd</sup> resolution, the agreements covered by Article L.225-86 of the Commercial Code are summarised in the Statutory Auditors' Special Report. This special report accompanies the Reference Document. Another agreement has been authorised since the year end in respect of the acquisition of Société Nouvelle de Cinématographie.
- In the 3<sup>rd</sup> resolution, the allocation of the profit for the year, which is a distributable amount of € 538,766,183.93 with a dividend set at € 0.84 per share and a retained earnings closing balance of € 427,979,684.33.
- In the 4<sup>th</sup> resolution, pursuant to Article 39 of the Law 2004-1485 of 30 December 2004, the transfer to the special reserve for long term capital gains on the balance sheet at 31 December 2004 to an ordinary reserve and the allocation, to the ordinary reserve thus increased, of the exceptional tax of 2.5%.

- In the 5<sup>th</sup> resolution, the consolidated financial statements at 31 December 2004 as presented as well as the transactions reflected in these statements or summarised in the group Management Report included in the Directors' Report.
- In the 6<sup>th</sup> resolution, the discharge of the members of the Management Board and the Supervisory Board for the completion of their term of office for the year just ended.
- In the 7<sup>th</sup> and 8<sup>th</sup> resolutions, the reappointment for a period of six years of the term of office of the principal and substitute Statutory Auditors that expire at the general Meeting called to consider the financial statements for the year just ended.
- In the 9<sup>th</sup> resolution, an authorisation to be given to the Management Board to trade in the company's shares, it being noted that:
  1. Between the General Meeting of 28 April 2004 and 28 February 2005, the company used the authorisation to purchase shares: :
    - to acquire shares in accordance with the market situation in August 2004 for 145,500 shares at an average price of € 19.74;
    - also as part of establishing a liquidity contract with effect from 15 December 2004, in accordance with the following:

	Shares	Cash
<b>Resources defined by the liquidity contract</b>	<b>250,000</b>	<b>5 M€</b>
Treasury shares held	145,500	
Shares purchased under the contract before 31 December	+ 25,427	
Shares sold under the contract before 31 December 2004	- 98,912	
<b>Balance of shares under the contract at 31 December 2004</b>	<b>72,015</b>	
Shares purchased under the contract from 1 January to 28 February 2005	+ 53,853	
Shares sold under the contract from 1 January to 28 February 2005	- 61,234	
<b>Shares purchased under the contract on 28 February 2005</b>	<b>64,634</b>	

Note that the share purchase plans relative to 840,000 shares at 31 December 2004 are fully covered.

2. The conditions of the authorisation to trade in the company's shares to be given to the Management Board will be as follows:

- maximum purchase price: .....50 €
- minimum sales price: .....10 €
- maximum holding: ....10% of share capital
- maximum period: .....18 months

• Maximum amount of funds to carry out the buyback programme is limited to the amount of the free reserves: € 466,533,165.

The acquisition, disposal, transfer or exchange of these shares may be made by all means, particularly on or off market, by mutual agreement and where appropriate, by combination of derivative instruments; there is no limit on the part that may be traded in blocks and this may cover the full programme.

These transactions may be carried out at any time, including a period of public offer within the limit permitted by the stock market regulation in force.

3. Treasury shares held at 31 December 2004 will be allocated, in accordance with the European regulation n° 2273/2003 of 22 December 2003 that came into force on 13 October 2004, as follows:

- 130,502 shares to be granted free of charge,
- 840,530 shares to be allocated to cover the options to purchase shares
- 176,515 shares to be available under the liquidity contract.



## 2) GENERAL MEETING IN EXTRAORDINARY SESSION

We have called you to this Extraordinary General Meeting to submit the following for your approval:

- In the 10<sup>th</sup> resolution, a delegation to be given to the Management Board to reduce the share capital by cancelling treasury shares acquired by the company itself, within the limit of 10% of the share capital, subject to your approval of the share buy-back plan covered by the 9<sup>th</sup> resolution.
- In the 11<sup>th</sup> resolution, an authorisation to be given to the Management Board to proceed with the grant of free shares in accordance with the following: Since 1 January 2005, it has been possible to authorise the Management Board to proceed, for the benefit of salaried employees of the Company or certain categories of them, as well as the benefit of executive management, with the grant of free shares in the Company.

In order to ensure loyalty and motivation of the management staff in the group, while having a rigorous control of their remuneration, the Management Board proposes that you give it the possibility to use this new provision subject to the following conditions.

It is proposed to define the categories of beneficiaries likely to receive free shares and restrict them to the executives and staff of the Company and certain subsidiaries. Within these categories of beneficiaries, set by the Management Board. The Management Board will also set the conditions of allocating shares during this period and at a minimum, with a desire to improve the loyalty of the beneficiaries, a requirement will be provided for each beneficiary to

be present. Once this period has elapsed and the conditions of grant have been met, the beneficiaries will become the owner of shares and will be required to hold them for a period set by the Management Board, of at least two years.

The total number of free shares allocated may not, for each of the next three years, represent more than 0.5% of the number of shares comprising the share capital of the Company at the date of the allocation of the free shares by the Management Board.

This authorisation will be given for a period of 36 months with effect from the decision of the Meeting, allowing the allocation of shares to be spread over a number of years.

In the 12<sup>th</sup>, 13<sup>th</sup> and 14<sup>th</sup> resolutions

- a global delegation to the Management Board to decide on an increase in capital, for a period of 26 months and up to a maximum ceiling of € 50,000,000 (12<sup>th</sup> resolution);
- pursuant to Article L.225-135-1 of the Commercial Code and Article 155-4 of the decree of 23 March 1967 and in the event of a cash increase in capital, the possibility of an additional capital increase up to a maximum of 15% of the initial issue (13<sup>th</sup> resolution);
- in the event of a cash increase in capital, the authorisation to the Management Board to eliminate in part or in full the pre-emption right to subscribe and the facility to provide for a priority timeframe (14<sup>th</sup> resolution).

In effect, in order to seize opportunities offered by the financial markets in certain circumstances, the Management Board may decide, in the interests of

the company and its shareholders, to proceed with the issues, so that the shareholders' pre-emption right to subscribe is not exercised.

- In the 15<sup>th</sup> resolution, an increase in capital reserved for employees, pursuant to paragraph 1 of Article L. 225-129-6 of the Commercial Code that states the requirements, at the time of every increase in capital, that the Extraordinary General Meeting decides, on the basis of a special report by the Statutory Auditors, on a proposed resolution to carry out an increase in capital reserved for employees that are members of a business savings plan or an employee partnership savings plan.

In view of the previous resolution, this article is designed to apply even though the Management Board considers that such an increase in capital is not opportune.

It is therefore proposed, in accordance with the law, to carry out an increase in capital for a maximum nominal amount of € 100,000 per issue of a maximum number of 250,000 new shares with a nominal value of € 0.40, reserved for the employees and ex-employees members of a savings plan of the Métropole Télévision Group and to subscribe in cash in accordance with Article L.443-5 of the labour Code.

By way of indication, on the basis of the average closing price of the last 20 stock market trading days on 8 March 2005, which is € 21.904, and taking into account the assumption that all the shares in the increase in capital reserved for employees are subscribed, the effect on the shareholders' position of the proposed issue, on the basis of shareholders' equity at 31 December 2004, is net assets of

€ 4.825 per share before the increase in capital and € 4.833 after the increase in capital.

This proposal implies the waiver by the shareholders of their pre-emption rights to subscribe pursuant to Article L.225-129-6 of the Commercial Code and Article L.443-5 of the Labour Code.

We hope that these proposals will receive your support

Neuilly sur Seine, 8 March 2005

### 3.3. Comments of the Supervisory Board on the Management Board Report and the 2004 financial year financial statements

Ladies and Gentlemen,

We would like to bring to your attention that, pursuant to the application of Article L. 225-68 of the Commercial Code, the Supervisory Board must present to the Annual General Meeting of shareholders its observations on the financial statements approved by the Management Board as well as on the Management Board Report submitted to the Meeting.

We would also like to bring to your attention that the annual financial statements for the 2004 financial year, as well as the Management Board Report, have been communicated to the Supervisory Board within the time periods set by legal and regulatory provisions.

The Supervisory Board, at its 8 March 2004 meeting, reviewed the report presented by the Management Board to the General Meeting, as well as the 2004 financial year financial statements, in the presence of the Statutory Auditors.

These financial statements had been previously approved by the Management Board and certified

without observations by the Statutory Auditors. M6 Group net profit increased by 5.4% to € 138.7 million and sales increased by 1.4% to € 1.192.8 million. Advertising revenues accounted for 50.2% of M6 Group sales and enjoyed an increase of 4.1%. M6 Group net profit on ordinary activities increased to € 140.6 million.

M6 Group net exceptional expense amounted to € 2.6 million. Cash flow from operations was € 223.9 million. Group equity increased to € 470.5 million.

Métropole Télévision parent financial statements reported a net profit of € 122,396,381.3 million enabling the Company to propose a € 0.84 cash dividend per share.

In addition, the Supervisory Board recognises that it had been informed with regard to the consolidated financial statements. Taking into account all of the preceding items, we have no observations to formulate with regard to either the Management Report of the Management Board or the 2004 financial statements.

At all times, the Supervisory Board was fully able to exercise its mission of controlling the management of the Group by the Management Board. The Supervisory Board has been informed by the Management Board on a timely basis of all important developments occurring within the Group.

Neuilly sur Seine, 8 March 2005

**KPMG AUDIT**

Division of KPMG S.A  
Immeuble KPMG - 1, cours Valmy  
92050 Paris-La Défense

Statutory Auditors  
Member of the Compagnie  
régionale de Paris

**BARBIER FRINAULT & AUTRES**

**Ernst & Young**  
41, rue Ybry  
92576 Neuilly-sur-Seine Cedex

Statutory Auditors  
Member of the Compagnie  
régionale de Versailles

**Métropole Télévision**  
**Combined General Meeting of 28 April 2005**  
**(10<sup>th</sup> resolution)**

**REPORT OF THE STATUTORY AUDITORS**  
**on share capital reduction through the cancellation of purchased shares**

To the shareholders of Métropole Télévision SA company,

As Statutory Auditors to your company and in execution of our assignment, as covered by Article L 225-209 paragraph 5 of the Commercial Code in the event of capital reduction arising from the cancellation of shares purchased, we present to you our report on the reasons for and terms and conditions of the proposed share capital reduction. We have performed our work in accordance with applicable standards in France. These standards require that we carry out due diligence procedures in order to verify whether the reasons for and terms and conditions of the proposed share capital are regular.

This transaction arises from your company's share buyback programme, allowing it to purchase up to 10% of its share capital, in accordance with the provisions of Article L. 225-209, paragraph 5 of the Commercial Code. This purchase authorisation is also subject to approval by your General Meeting and will be for a period ending on the day of the next Annual General Meeting to approve the accounts and in any event for a maximum period of 18 months. Your Management Board proposed that you delegate to it, for a maximum period of 18 months, in respect of the implementation of the authorisation for your Company to purchase its own shares, all powers to cancel the shares thus purchased, up to the limit of 10% of the share capital.

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.

Paris-La Défense and Neuilly-sur-Seine, 8 April 2005

**Statutory Auditors,**

KPMG Audit  
*Division of KPMG S.A.*

Barbier Frinault & Autres  
Ernst & Young

Frédéric Quélin  
Partner

Grégoire Menou  
Partner

Bruno Bizet  
Partner

**KPMG AUDIT**

Division of KPMG S.A  
Immeuble KPMG - 1, cours Valmy  
92050 Paris-La Défense

Statutory Auditors  
Member of the Compagnie  
régionale de Paris

**BARBIER FRINAULT & AUTRES**

**Ernst & Young**  
41, rue Ybry  
92576 Neuilly-sur-Seine Cedex

Statutory Auditors  
Member of the Compagnie  
régionale de Versailles

**Métropole Télévision**  
**Combined General Meeting of 28 April 2005**  
**(11<sup>th</sup> resolution)**

**REPORT OF THE STATUTORY AUDITORS**  
**on the grant of free shares that exist or to be issued to employees and executive management**

To the shareholders of Métropole Télévision SA company,

As Statutory Auditors to your company and in carrying out the assignment covered by Article L. 225-197-1 of the Commercial Code, we have prepared the present report on the proposed grant of free shares that exist or are to be issued for the benefit of executives and senior staff of Métropole Télévision and certain of its subsidiaries that are related in accordance with Article L. 225-197-2 of the Commercial Code.

Your Management Board proposed that you authorise it to grant free shares that exist or are to be issued. It has to prepare a report on this transaction which it wishes to proceed with. It is our responsibility, where appropriate, to provide you with our comments on the information provided to you in respect of the transaction envisaged. In the absence of a professional standard that applies to this transaction, which is part of legislation of 30 December 2004, we have carried out due diligence that we consider necessary to verify that the terms and conditions envisaged are within the provisions of the law.

We have no observations to make on the information given in the Management Board report on the transaction envisaged to grant free shares.

Paris-La Défense et Neuilly, 8 April 2005

**Statutory Auditors,**

KPMG Audit  
*Division of KPMG S.A.*

Frédéric Quélin  
Partner

Grégoire Menou  
Partner

Barbier Frinault & Autres  
Ernst & Young

Bruno Bizet  
Partner

**KPMG AUDIT**

Division of KPMG S.A  
Immeuble KPMG - 1, cours Valmy  
92050 Paris-La Défense

Statutory Auditors  
Member of the Compagnie  
régionale de Paris

**BARBIER FRINAULT & AUTRES**

**Ernst & Young**  
41, rue Ybry  
92576 Neuilly-sur-Seine Cedex

Statutory Auditors  
Member of the Compagnie  
régionale de Versailles

**Métropole Télévision**  
**Combined General Meeting of 28 April 2005**  
**(12<sup>th</sup>, 13<sup>th</sup> and 14<sup>th</sup> resolution)**

**REPORT OF THE STATUTORY AUDITORS**  
**on the issue of various marketable securities with and without cancellation of pre-emption right of subscription**

To the shareholders of Métropole Télévision SA company,

As Statutory Auditors to your company and in carrying out the assignment covered notably by Articles L. 225-136 and L. 228-92 of the Commercial Code, we present to you our report on the planned issue of shares and marketable securities giving access to the share capital with and without cancellation of preferential rights to subscribe for a maximum amount of € 50,000,000 (50 million euros), a transaction for which you called on us to form an opinion. This amount can be increased by 15% according to the conditions provided in the 13<sup>th</sup> resolution.

Your Management Board recommends, on the basis of its report, that you delegate it the power to decide on this transaction and to set the terms and conditions and proposes to cancel, in the 14<sup>th</sup> resolution, your pre-emption right to subscribe.

We have performed our work in accordance with applicable standards in France. These standards require that we carry out due diligence procedures in order to verify the procedures to be used in setting the issue price.

The report of your Management Board does not contain information in respect of the terms and conditions of determining the issue price of capital securities to be issued pursuant to resolution.

Subject to a final review of the conditions of the proposed issue, we have no observations to formulate on the procedures used to determine the issue price, as disclosed in the Management Board report.

As the value of the issue price was not set, we do not provide any assurance on the final conditions in which the share capital increase will be realised, and accordingly, on the proposal to cancel the pre-emption right of subscription that has been made to you, whose principle is reflected in the logic of the operation submitted to you for your approval.

Pursuant to Article 155-2 of the Decree of 23 March 1967, we shall prepare a supplementary report when your Management Board realises the issue.

Paris-La Défense and Neuilly-sur-Seine, 8 April 2005

**Statutory Auditors,**

KPMG Audit  
Division of KPMG S.A.

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régionale de Paris

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41, rue Ybry  
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**Métropole Télévision**  
**Combined General Meeting of 28 April 2005**  
**(15<sup>e</sup> résolution)**

**REPORT OF THE STATUTORY AUDITORS**  
**on share capital increase reserved for employees and ex employees**  
**who are members of a company's savings plan**

To the shareholders of Métropole Télévision SA company,

As Statutory Auditors to your company and in execution of our assignment, as covered by Article L 225-138 of the Commercial Code, we present to you our report on the planned share capital increase, which may not exceed € 100,000 with the issue of 250,000 new shares of a nominal amount of € 0.4, reserved for current and ex-employees of the M6 Group Savings Plan, on which you are asked to decide.

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.

We have performed our work in accordance with applicable standards in France. These standards require that we carry out due diligence procedures in order to verify that:

- the information provided in the report of the Management Board on the motives for the proposal to eliminate the pre-emption right to subscribe, on the justification of the selection of factors used in the calculation of the issue price and its amount,
- the data taken from the annual report approved by the Management Board. The accounts were audited by ourselves in accordance with French professional standards.

We have no observation to make regarding:

- the accuracy of the data taken from the Company's accounts and given in the report of the Management Board,
- the proposal made to you to eliminate the pre-emption right to subscribe, the selection of factors used in the calculation of the issue price and its amount,
- the presentation and effect of the issue on the position of holders of capital securities, considered against the shareholders' equity and on the stock market value of the share.

Paris-La Défense and Neuilly-sur-Seine, 8 April 2005

KPMG Audit  
Division of KPMG S.A.

Frédéric Quélin  
Partner

Grégoire Menou  
Partner

**Statutory Auditors,**

Barbier Frinault & Autres  
Ernst & Young

Bruno Bizet  
Partner

## 3.5. Resolutions

### 1) SUBMITTED TO THE GENERAL MEETING CONVENED IN ORDINARY SESSION

#### 1<sup>st</sup> Resolution

*(Approval of parent company financial statements for the year ended 31 December 2004)*

The General Meeting in Ordinary Session, having considered the Management Report prepared by the Management Board and the Statutory Auditors' Reports, as well as the comments of the Supervisory Board:

- approves the financial statements for the year ended 31 December 2004 as presented, and which disclose a net profit of € 122,396,381.27 ;
- and by this act approves the transactions reflected in these financial statements and/or summarised in these reports;
- approves, in accordance with Article 223 quarter of the General Tax Code, the expenses and charges covered by Article 39-4 of the said code and which amounted to € 14.5 thousand and a corresponding tax charge of € 5.1 thousand.

#### 2<sup>nd</sup> Resolution

*(Statutory Auditors Special Report)*

The General Meeting, having considered the Statutory Auditors' Special Report on the regulated agreements covered by Article L 225.86 of the Commercial Code, approves the conclusions of the said Report.

#### (3<sup>rd</sup> Résolution)

##### Allocation of financial year profit and setting of dividend amount

2004 Company net profit:	122,396,381.27
Retained earnings opening balance	416,369,802.66
<b>Total amount distributable</b>	<b>538,766,183.93</b>
We propose:	
A cash dividend per share of € 0.84 for all	
131,888,690 shares comprising the Company's share capital	110,786,499.60
Retained earnings closing balance	427,979,684.33

The General Meeting approves the allocation of profit as proposed by the Management Board and, as a result, sets the 2004 financial year dividend at € 0.84 per share.

The amounts distributed are eligible for an abatement of 50%, pursuant to Article 158-3 of the General Tax Code, for the shareholders who can reclaim it. The cash dividend will be payable on 3 May 2005. We bring to your attention that, in the event that the Company holds some of its own shares at the time of this dividend payment, the amount corresponding to dividends, which are not payable on these shares in accordance with Article L 225-210 paragraph 4 of the Commercial Code, will be allocated to retained earnings.

In accordance with Article 47 of the Law of 12 July 1965 (Article 243 bis of the General Tax Code), the General Meeting notes that the dividends and related tax credits payable during the five previous financial years were as follows:

Financial year	Number of shares	Dividend distributed per share
2001	131,888,690	0.57 €
2002	131,888,690	0.57 €
2003	131,888,690	0.67 €
2004	131,888,690	0.84 €

#### 4<sup>th</sup> Resolution

*(Transfer and allocation of the special reserve for long term capital gains)*

The General Meeting decides, pursuant to Article 39 of the Law 2004-1485 of 30 December 2004 that the full amount of the € 13,420,744 taken to the special reserve for long term capital gains on the balance sheet at 31 December 2004, is transferred to an ordinary reserve.

At the same time, the general meeting decides to take from this reserve the amount of € 323,018.62 corresponding to the exceptional tax of 2.5% provided by the above mentioned Article 39, by the credit of retained earnings.

#### 5<sup>th</sup> Resolution

*(Approval of the consolidated financial statements for the year ended 31 December 2004)*

The General Meeting, having considered the report of the Management Board on the management of M6 Group as contained in the Management report, and the Statutory Auditors' report on the consolidated financial statements, approves:

- the consolidated financial statements for the year

ended 31 December 2004 prepared in accordance with Articles L.233-16 and subsequent of the Commercial Code, as presented to it and which disclose a net profit of € 138.7 million,

- as well as the transactions reflected in these financial statements or summarised in the group management report included in the Management Report.

### 6<sup>th</sup> Resolution

*(Discharge)*

The Annual General Meeting grants a discharge to members of the Management Board and Supervisory Board for the execution of their duties for the year just ended.

### 7<sup>th</sup> Résolution

*(Reappointment of the principal Statutory Auditors)*

The term of office of KPMG AUDIT represented by Frédéric Quelin, principal Statutory Auditors, is to expire, the General Meeting decides to renew this for a further period of six years, which is until the end of the General Meeting to consider the financial statements for the year ending in 2010.

### 8<sup>th</sup> Résolution

*(Reappointment of the alternate Statutory Auditor)*

The term of office of Guillaume Livet, alternate Statutory Auditor is to expire, the General Meeting decides to renew this for a further period of six years, which is until the end of the General Meeting to consider the financial statements for the year ending in 2010.

### 9<sup>th</sup> Résolution

*(Authorisation to grant the Management Board powers to trade in the Company's shares)*

The General Meeting, having noted the report of the Management Board in accordance with Articles L.225-209 and subsequent of the Commercial Code, authorises the Management Board to purchase, on one or more occasions, a number of shares representing a maximum of 10% of the share capital of the Company on the day of implementation of the share buyback programme.

The present authorisation is to enable the company to use the possibilities of trading in its own shares as provided by law in descending order of priority:

- to allocate these shares at the time of exercise of rights attached to marketable securities such as conversion, exercise, repayment or exchange, within the stock market regulation, and also to employees and executives of the company and its group, particularly within a profit sharing plan, schemes for options to purchase shares, or by way of a business savings plan, or any other form provided by the legislation in force;
- to stimulate the secondary market or the liquidity of the Métropole Télévision share by an investment services provider with a liquidity contract that conforms to the Ethics charter recognised by the Autorité des marchés financiers;
- to retain all or some of the shares acquired to be used subsequently in exchange or as payment in potential acquisitions;
- to cancel them, subject to the adoption of the 10<sup>th</sup> resolution by the Combined General Meeting of shareholders.

These share purchases can be made by every means, including by mutual agreement and by blocks of shares or by use of derivative financial instruments. In addition, should the Management Board decide, the shares acquired may be disposed or transferred by every means.

The General Meeting sets the maximum purchase price per share at € 50 and the minimum sales price per share at € 10, and sets the number of shares that may be acquired at no more than 10% of the share capital. The total amount that the company may apply to repurchase its own shares may not exceed € 466,533,165. In the event of an increase in capital by the incorporation of reserves and the allocation of bonus shares as well as the division or the consolidation of shares, the prices indicated above will be adjusted by a factor equal to the ratio of the number of shares comprising the share capital before the transaction and the number after the transaction.

The General Meeting notes that the shareholders will be informed, as part of the next Annual General Meeting, of the precise allocation of shares acquired to the various objectives adopted for all the shares repurchased.

The General Meeting decides that the present authorisation may be used in the period of a public offer to purchase and/or exchange shares as well to guarantee the price, within the regulations in force.

The 1,147,547 shares acquired before 13 October 2004 and still in the possession of Métropole Télévision at 31 December 2004 will be allocated thus:

- Allocation to authorised employees and executives of the company or its Group by the grant of free shares within the Article L. 225-197-1 and subsequent of the commercial Code: 130,502 shares.

- Allocation to authorised employees and executives of the Company or its Group by the grant of options to purchase shares within Article L. 225-179 and subsequent of the commercial Code: 840,530 shares.

- Animation of the market by an investment services provider acting independently within a liquidity contract that conforms to the Ethics charter recognised by the Autorité des Marchés Financiers: 176,515 shares.

The present authorisation is given for a period that ends at the new Annual General Meeting to approve the financial statements but in not more than eighteen months. All powers are granted to the Management Board with the facility of such delegation, to issue instructions to trade on the stock exchange, conclude all agreements, prepare all documents, particularly information documents, carry out all formalities and make every declaration to all bodies and, in general, do everything that is required.

## 2. SUBMITTED TO THE GENERAL MEETING CONVENED IN EXTRAORDINARY SESSION.

### 10<sup>th</sup> resolution

*(Delegation to be given to the Management Board to reduce share capital through cancellation of shares)*

The Extraordinary General Meeting, having consi-

dered the Management Board Report and the Statutory Auditors' Report, and pending the adoption of the 9<sup>th</sup> resolution, authorises the Management Board to reduce the share capital by cancellation of all or some of the shares in the Company that it may hold, notably through the acquisitions effected within the framework of the 9<sup>th</sup> resolution and within 10% limit of the share capital of the Company.

The Extraordinary General Meeting grants the Management Board all powers to modify the bylaws accordingly in the event the present authorisation is used and complete the formalities required.

This authorisation expires at the end of the Meeting convened to approve the 2005 Statutory Accounts.

### 11<sup>th</sup> Resolution

*(Allocation of free shares)*

The Extraordinary General Meeting, having considered the Management Board Report and the Statutory Auditors' Report, and in accordance with Article L. 225-197-1 and subsequent:

- authorises the Management Board to proceed, on one or more occasions, for the benefit of executives and senior staff of the Company and certain of its subsidiaries, with the grant of free shares in the Company;
- decides that the Management Board may determine, within the categories defined by the Meeting, the identity of the beneficiaries as a function of their performance;
- decides that the grant of shares to the beneficiaries will be final at the end of a minimum acquisition period of 2 years and that the Management Board

will determine the conditions of grant of shares during this period, particularly a minimum condition of the presence of the beneficiaries;

- decides that the minimum retention period of the shares by the beneficiaries is set at 2 years;
- decides that the total number of free shares granted may not represent, for each of the next three years, more than a number of shares greater than 0.5% of the share capital of the Company on the day of grant of free shares by the Management Board;
- sets at 36 months from this day, the period of validity of the present delegation

The General Meeting grants the Management Board all powers to implement the present authorisation.

### 12<sup>th</sup> Resolution

*(Global delegation to the Management Board to decide on an increase in capital, up to a maximum ceiling of € 50,000,000 million)*

Extraordinary General Meeting, within Articles L.225-129 and L.225-129-2. of the Commercial Code, delegates to the Management Board, within a ceiling of a capital increase defined below, the competence to decide on the issue of all capital securities or every marketable security giving access to capital.

The global ceiling for the increase in the nominal value of the share capital is set at € 50,000,000: it is being noted that this will be increased, when appropriate, by the amount of capital securities to be issued to preserve, in accordance with the law, the rights of holders of marketable securities giving access to

capital.

This delegation is given for all capital increases carried out:

- in cash;
- by incorporation of reserves, profits or premium;
- by transfers in kind:
  - either within a limit of 10% of the share capital, as consideration for transfers in kind comprising capital securities where the provisions of Article L.225-148 of the Commercial Code in respect of public takeover offers do not apply,
  - or where Article L.225-148 of the Commercial Code does apply, as consideration for securities tendered to a public takeover offer in respect of the securities in a company whose shares are listed on a regulated market of a State that is a party to the agreement on the European Economic Space or a member of the OECD.

This delegation is valid for 26 months with effect from the present Meeting.

### 13<sup>th</sup> Resolution

*(Possibility of an additional capital increase up to 15%)*

Pursuant to Article L.225-135-1 of the Commercial Code and Article 155-4 of the decree of 23 March 1967, the Extraordinary General Meeting decides that, in the event of a capital increase in cash, the number of securities may be increased by up to 15% of the initial issue, within 30 days from the close of the subscription period and at the same price as adopted for the initial issue.

### 14<sup>th</sup> Resolution

*(Authorisation given to the Management Board to eliminate in part or in full the pre-emption right to subscribe and the facility to provide for a priority timeframe)*

In the event of an increase in capital in cash, the General Meeting decides, in accordance with Article L.225-135 paragraph 1 of the Commercial Code, that the maximum ceiling of the increase in the nominal capital arising from all the issues of securities that may be carried by virtue of the delegation contained in the twelfth resolution and set, by the terms of the said resolution, at a nominal amount of € 50,000,000 (to which may be added, where appropriate, the nominal value of additional shares to be issued to reserve, in accordance with the law, the rights to holders of marketable securities giving access to these shares), may be used by the Management Board, if it considers it opportune, in part or up to its total amount by eliminating the pre-emption right to subscribe.

In the event of the elimination of the pre-emption right to subscribe, the Management Board may, in accordance with Article L.225-135 paragraph 2 of the Commercial Code, grant shareholders a priority subscription for all or part of the issue, during a timeframe that may not be less than 3 stock market trading dates.

### 15<sup>th</sup> Resolution

*(Increase in share capital reserved for employees)*

The Extraordinary General Meeting, having considered the Management Board Report and the Statutory Auditors' Report, and in accordance with Arti-

cle L. 225-129 VI of the Commercial Code and Article L. 443-5 of the Labour Code, decides to increase the share capital by a maximum nominal amount of € 100,000 by the issue of 250,000 new shares with a par value of € 0.40 with the waiver by shareholders of their pre-emption right to subscribe in favour of the employees and ex-employees that are members of Savings Plan of the Métropole Télévision Group.

The share subscription price, determined in accordance with the law and particularly Article L. 443-5 of the Labour Code shall be equal to the average of the share price quoted in 20 stock market trading days preceding the date of the decision that set the date of opening the subscription. The new shares shall be fully paid on subscription.

They will be assimilated with the existing shares and will have the same rights from their date of issue. Employees and ex-employees who are members of the Company's Savings Plan will have thirty days to subscribe from the opening date of subscription. The capital increase will not proceed unless the complete capital increase is fully subscribed. The employees can arrange among themselves for the share subscription. A list of subscribers will be filed at the registered office within the subscription period provided, together with the amount of their subscription.

The Extraordinary General Meeting gives all powers to the Management Board to carry out the capital increase within the timeframe set, to receive subscriptions and payments due, to note that shares are fully paid, to note the final completion and to proceed with the related change to the bylaws



**16<sup>th</sup> Resolution***(Powers to complete formalities)*

The Combined General Meeting grants all powers to a bearer of copies or certified extracts of the minutes of the current Meeting to carry out all filing and publicity and complete all legal and administrative formalities as required, in accordance with the law.

## 3.6. Person responsible for the Reference Document

To the best of my knowledge, the information presented in this reference document fairly reflects the current situation and includes all information required by investors to assess the net assets, operations, financial position, profits and future prospects of Métropole Télévision; there are no omissions of such a nature as to change these.

The above representations are the sole responsibility of Company management.

### **Nicolas de Tavernost**

Chairman of the Management Board

## 3.7. Report of the Statutory Auditors

### **on the Reference Document for the financial year ending 31 December 2004**

As Statutory Auditors of the Métropole Télévision SA company and pursuant to Article 211-5-2 of the regulations of the AMF, we have conducted, in accordance with professional standards in France, the verification of information concerning its financial position and historical financial statements as contained in the present reference document.

This reference document has been prepared under the responsibility of the Management Board. It is our duty to offer an opinion on the fairness of the information it contains relating to the financial position and financial statements.

The due diligence procedures we performed, in accordance with professional standards in France, consisted of assessing the fairness of the information presented concerning the financial position and financial statements and verifying their consistency with the financial statements which were already the subject of an audit report. They also consisted of reading other information contained in the reference document, in order to identify, where applicable, significant anomalies with information concerning the financial situation and financial statements, and to bring to your attention information that is clearly incorrect as a result of our general knowledge of the Company acquired during the course of our assignment.

This document does not contain any specific forecast data resulting from a structured elaboration process.

The parent company and consolidated financial statements for the financial year ended 31 December 2002, which were prepared by the Management Board, were the subject of an audit conducted by us in accordance with professional standards in France, and were certified without any qualifications. They were the subject of an observation concerning the change in accounting method arising from the first-time application of CRC Regulation N°2000-06 of 7 December 2002 on liabilities.

The parent company and consolidated financial statements for the financial years ended 31 December 2003 and 2004, which were prepared by the Management Board, were the subject of an audit conducted by us in accordance with professional standards in France, and were certified without any qualifications.

On the basis of our due diligence procedures, we have no comments to make regarding the fairness of the information concerning the financial position and financial statements as presented in this reference document.

Paris La Défense and Neuilly-sur-Seine, 14 April 2005,

#### Statutory Auditors,

##### **KPMG Audit**

*Division of KPMG S.A.*

*Frédéric Quélin Partner*

*Grégoire Menou Partner*

##### **Barbier Frinault & Autres**

*Ernst & Young*

*Bruno Bizet Partner*

#### Information notes:

The present Reference Document includes:

- the Statutory Auditors general report and their report on the consolidated accounts at 31 December 2004 on pages 133 and 153 respectively contain the justification of their assessments established pursuant to Article L.225-235 paragraph 1 and 2 of the commercial Code;
- the Statutory Auditors report established in accordance with the last paragraph of Article L.225-235 of the Commercial Code, on the Report of the Chairman of the Supervisory Board of Métropole Télévision S.A., describing the internal control procedures relating to the preparation and processing the accounting and financial information.

## 3.8. Information Policy

##### **Jérôme Lefebure**

Chief Financial Officer

Tel : + 33 1-41-92-64-30

Fax: + 33 1-41-92-64-59

e-mail : [jlefebure@m6.fr](mailto:jlefebure@m6.fr)

##### **Jean-Marc Duplaix**

Deputy CFO

Tel : + 33 1-41-92-57-94

Fax: + 33 1-41-92-64-59

e-mail : [jmduplaix@m6.fr](mailto:jmduplaix@m6.fr)

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The present Reference Document has been filed with the Autorité des Marchés Financiers on 14 April 2005, pursuant Articles 211-1 and 211-42 of the general regulations of the AMF.

It can be used for the purpose of a financial operation, if accompanied by a specific note approved by AMF.

## **CREDITS**

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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>