





# **2008 REGISTRATION DOCUMENT**

Disclaimer

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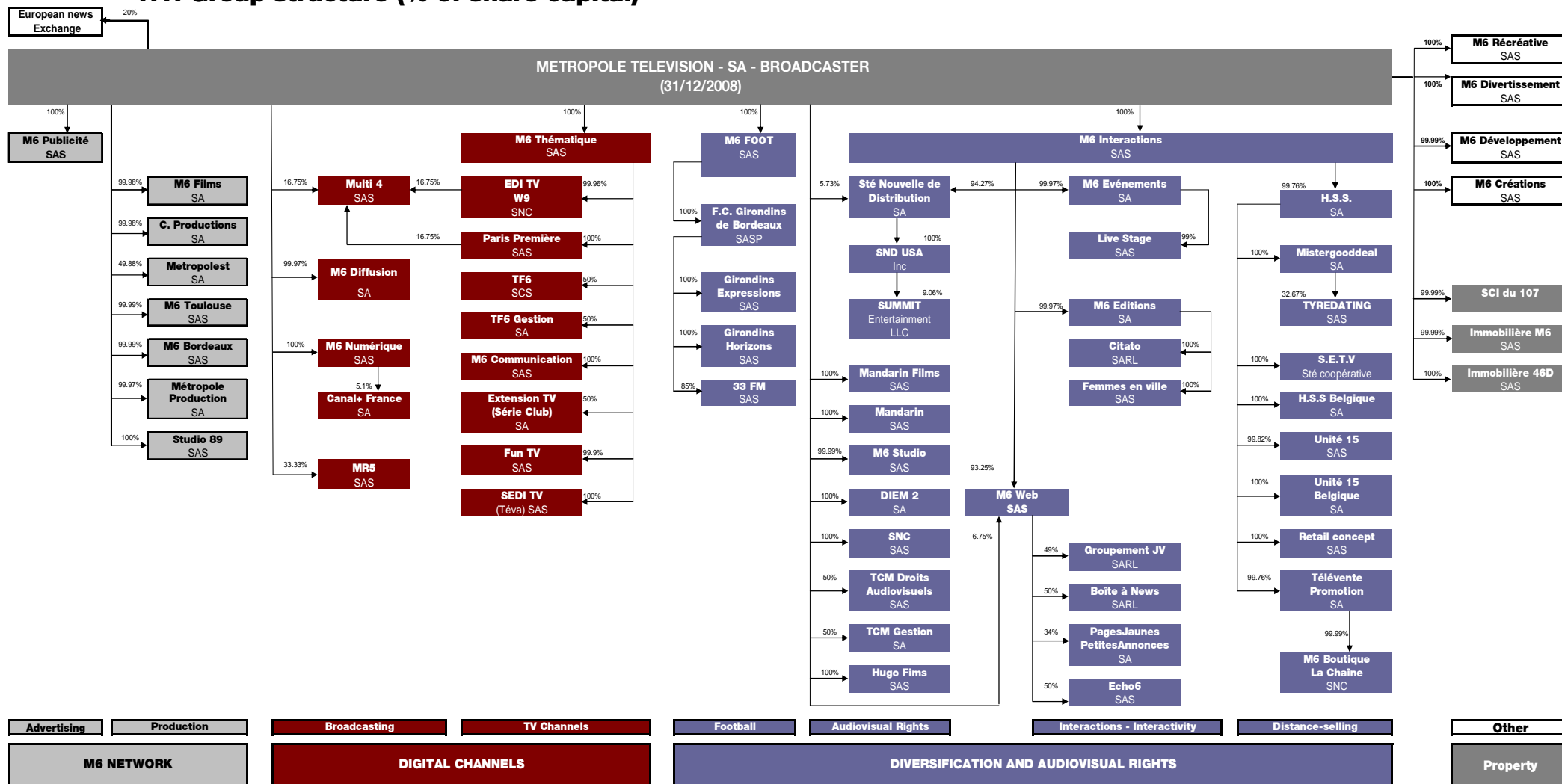
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# 1. M6 Group presentation in 2008

## 1.1. Group structure (% of share capital)



## 1.2. Group structure

In 2008, the Group continued to develop its diversification activities and more specifically its Internet operations.

In order to strengthen its position in the audiovisual rights distribution business, M6 thus made the full acquisition, on 26 February 2008, of the film production company Hugo Films, which owns a catalogue of feature films.

Registration

On 16 April 2008, Mistergooddeal made a 32.67% equity investment in Tyredating, the company that publishes and operates *Pop Gom*, a motor tyre selling website.

On 30 April 2008, M6 Web finalised the full acquisition of Cyréalís Group, which operates three websites based on high-tech themes (*clubic.com*), video games (*jeuxvideo.fr*) and e-business themes (*neteco.com*), as well as an engine for price comparison (*achetezfacile.com*). Due to this acquisition, M6 Group is in a position to continue its profitable growth strategy, while gaining the means to dynamise all its editorial websites and become a leader in this market.

In addition, with a view to simplifying the Group's organisation and management, the following transactions were carried out:

- With effect from 1 January 2008, transfer by M6 Interactions of newsstand DVD distribution to its SND subsidiary;
- On 13 February 2008, takeover by M6 Editions of the remaining 50% in Femme en Ville which it did not yet hold from the founder of the magazine and financial shareholders;
- On 30 December 2008, merger of Cyréalís Holding, Cyréalís Group's parent company into M6 Web, via the transfer of all its assets and liabilities

## 1.3 2008 highlights

### January

8: The French President, Nicolas Sarkozy, announced his wish to reform the public audiovisual industry. The Parliamentary Committee, chaired by Jean-François Copé, was instituted on 19 February 2008 to carry out the necessary consultations to this reform.

10: M6 Mobile by Orange confirmed its success, totalling 1,170,000 customers. The mobile phone offering had more than 1,500,000 customers by the end of the year.

### February

13: M6 Editions acquired the 50% in Femmes en Ville it did not yet hold, bringing its investment to 100%.

26: M6 made the full acquisition of the film production company Hugo Films, which owns a catalogue of feature films.

### March

05: The French *Conseil d'Etat* cancelled an addendum to the W9 agreement negotiated with the *Conseil Supérieur de l'Audiovisuel (CSA)*. This clause had been subject since 2005 to an appeal from competing channels. The *Conseil d'Etat* requested that this addendum be renegotiated, with respect to the channel's peak time hours, between M6 Group and the *CSA* before 1 July 2008.

10: M6 Group announced having entered into exclusive negotiations with a view to acquiring Cyréalís Group in full.

19: M6 Web launched its new catch-up TV service, M6 Replay, available on line.

### April

30: M6 Group announced having finalised the full acquisition of Cyréalís Group.

### May

21: M6 created, along with TF1 and Canal+, the *Association des Chaînes Privées (ACP)*.

27: The M6 and W9 channels were each allocated a Personal Mobile TV frequency by the *CSA*.

### June

06: Rollout of an exceptional organisation on Group channels and websites to broadcast UEFA Euro 2008 matches.

24: A new agreement was concluded between W9 and the *CSA*, defining peak time viewing as running from 10 am to 12.30 pm and from 5 pm to 11 pm, during which the channel must abide by its broadcasting quotas.

### October

30: Launch of High definition broadcasting of M6 on DTT.

### November

25: M6 entered into a trade agreement to update relationships with authors, producers and broadcasters and committed to all professional organisations of the audiovisual industry that it will continue to support a rich and varied French creation, by specifically stating production commitments for French language audiovisual works, so-called heritage works, and lastly by ordering heritage works produced by independent companies.

### December

11: M6 Group announced its decision to adhere to the *AFEP-MEDEF (Association Française des Entreprises Privées – Mouvement des Entreprises de France, (French Business Confederation))* recommendations of 6 October 2008 on the remuneration of Board members of listed companies, noting that they already constitute Métropole Télévision's governance code and that the new recommendations will be added to the said code.

16: Launch of the new, fully HD-designed broadcasting control room.

19: An agreement was signed on the planned part disposal of the local TV stations, according to which 5 offices would be retained outside Paris (Bordeaux, Lille, Lyon, Marseille and Toulouse). The broadcasting of local newscasts in these 5 cities will not resume in 2009, but the 5 offices will continue their local news production operations on behalf of national editing.

22: The Distance selling division was renamed Ventadis, combining the two flagship brands, M6 Boutique and Mistergooddeal, and marking the Group's wish to combine the expertise of these two distance selling players.

24: The Decree of 19 December 2008, amending the framework applicable to TV advertising, TV sponsoring and home shopping, was published in the Official Journal on 24 December 2008 and came into force on 1 January 2009, thereby introducing the change from 6 to 9 minutes of advertising per hour on average on terrestrial channels, as well as the switch to clock time.

29: M6 topped the 2008 ranking of the 100 best audiences of all channels with the Euro 2008 France-Italy match (17 June 2008). W9 ended the year with an average nationwide audience share of 1.8%, thereby doubling it in one year.

## 1.4 M6 Group operations and markets in 2008

In 2008, the Group's divisions generated the following sales and contributions to EBITA:

- **M6 network:** Sales of €664.6 million (down 2.5%), representing 49% of consolidated sales, with an EBITA of €137.8 million (down 29.9%), representing 69.2% of consolidated EBITA (excluding eliminations and unallocated items).
- **Digital TV:** Sales of €125.0 million (up 25.1%), representing 9.2% of consolidated sales, with an EBITA of €18.9 million (compared to €0.3 million in 2007), representing 9.5% of consolidated EBITA (excluding eliminations and unallocated items).



- **Diversification and audiovisual rights:** Sales of €565.1 million (down 1.7%), representing 41.7% of consolidated sales, with an EBITA of €42.3 million (down 9.2%), representing 21.3% of consolidated EBITA (excluding eliminations and unallocated items).

### 1.4.1 Business models

#### TV operations: Editing and broadcasting of free-to-air and pay channels

The editing and broadcasting operations of “free-to-air” channels, such as M6 and W9, i.e. that can be watched without subscription in either analogue or digital broadcasting, are based on a business model entirely financed by the advertisers’ advertising expenditure.

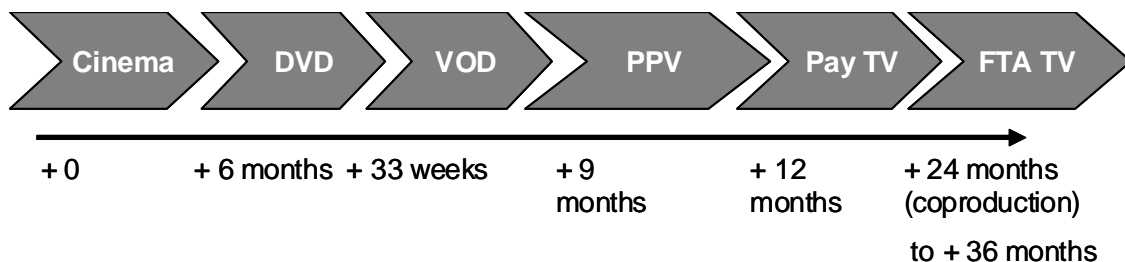
Depending on their communication strategy and marketing targets, advertisers seek to optimise the efficiency/cost ratio of their media campaigns and take their decisions of purchasing advertising space based on a media plan, which specifies the type of media, the activity periods and the TV time slots to use, in light of the achieved audience levels for each target and the price of commercial breaks.

The editing and broadcasting operations of pay channels, such as Paris Première, Téva, TF6 and Série Club, as well as music channels, are based on a mixed financing model, based both on advertising revenue and income from cable operators; the latter distribute the channels to subscribers in their pay TV packages and pay royalties to the channels in accordance with the terms and conditions of their commercial agreements.

The presentation of the Group’s markets hereafter will thus include a set of historic data on the multimedia and TV advertising market, TV equipment and consumption, as well as on audience and advertising market share analysis.

#### Diversification and audiovisual rights operations

- ▶ M6 Interactions operates in the music, newsstand publications, books and magazine publishing and event organising markets. The majority of these operations are mass-market oriented, and as a result are sensitive to consumer spending, as well as to changes in consumption patterns, in particular for music products, due to the switch from physical (CD) to digital media and issues relating to illegal downloading.
- ▶ The Audiovisual Rights business operates in the movie rights distribution market, throughout their operating cycle, to the general public (cinema, selling of physical and dematerialised videos) and subsequently to professionals (distribution of the rights portfolio to nationwide free-to-air and pay channels and international distribution). Catalogue operations, which consist in operating a portfolio of film rights after they have been shown in cinemas, enable the Group to distribute film works to the general public (selling of physical – DVD – and dematerialised videos) and editors of free and pay TV channels. The operations of this business thus require recurring investment to build up audiovisual rights assets, which are subsequently operated in accordance with a cycle defined by media chronology, as follow:



A reorganisation of the media chronology process is currently being studied, in line with the *French Creation and Internet* draft bill adopted by the French Senate on 30 October 2008 and due to be examined by the *Assemblée Nationale* in March 2009. This revision would seek in particular to shorten the time between cinema showings and video distribution, with a view to combat illegal film work downloading.

- ▶ The Distance selling division was renamed Ventadis. Its business is the distance distribution of consumer goods, through two main entities: Mistergooddeal.com, a multi-specialist e-commerce website (household appliances, furniture, sound and image, computers, DIY and gardening), and Home Shopping Service, a home shopping player operating multi-channel distribution, in particular through M6 Boutique, a 24/24 dedicated channel, sending catalogues, operating a website and opening points of sale. The growth in this business is linked to consumer spending, as well as the change in purchasing behaviours with the development and generalisation of online purchases, thanks to the ease of comparing prices and services and access to an extensive range of products.
- ▶ The Interactivity business, based on M6 Web, operates on all technological devices that can be used to either enhance interactivity between Group channels and their viewers (games, attending shows...), or extend the viewers' experience on other media, by putting into place convergence platforms (channel websites, thematic internet portals, such as teva.fr, deco.fr, [clubic.com](http://clubic.com), turbo.fr, m6replay.fr, catch-up TV website...), or, lastly, provide community or service websites (wideo.fr, habbo.fr, achetezfacile.com). In addition, the Interactivity business manages the MVNO (Mobile Virtual Network Operator) licence concluded with the Orange phone operator. The model of this licence is based on M6 Group's use of its brand and marketing power to promote the phone package provided by Orange, including a large quantity of content and many services. M6 Web thus avails of three distinct business models: advertising revenue from the proposed qualified audience levels, cost-per-click remuneration and transactions between and with customers.
- ▶ The Football Club des Girondins de Bordeaux is a football club created in 1881, owned by M6 Group since 1999. It plays in the French League 1 Championship, has won 5 French League titles, 3 French Cups and 2 League Cups. The team trains at Haillan Castle and also benefits from a recognised training centre for young players. Club revenues primarily comprise TV rights, complemented by sponsorship and match day revenues. The TV rights are apportioned by the LFP (French professional football league) based on the Club's ranking (over the last season and previous seasons). These rights are paid by the broadcasters who have been awarded match batches following calls for tender (seasons 2008-2012 have been allocated). The Club receives additional revenues in the event it qualifies for European competitions (Champions' League, UEFA Cup...or national competition (League Cup, French Cup).

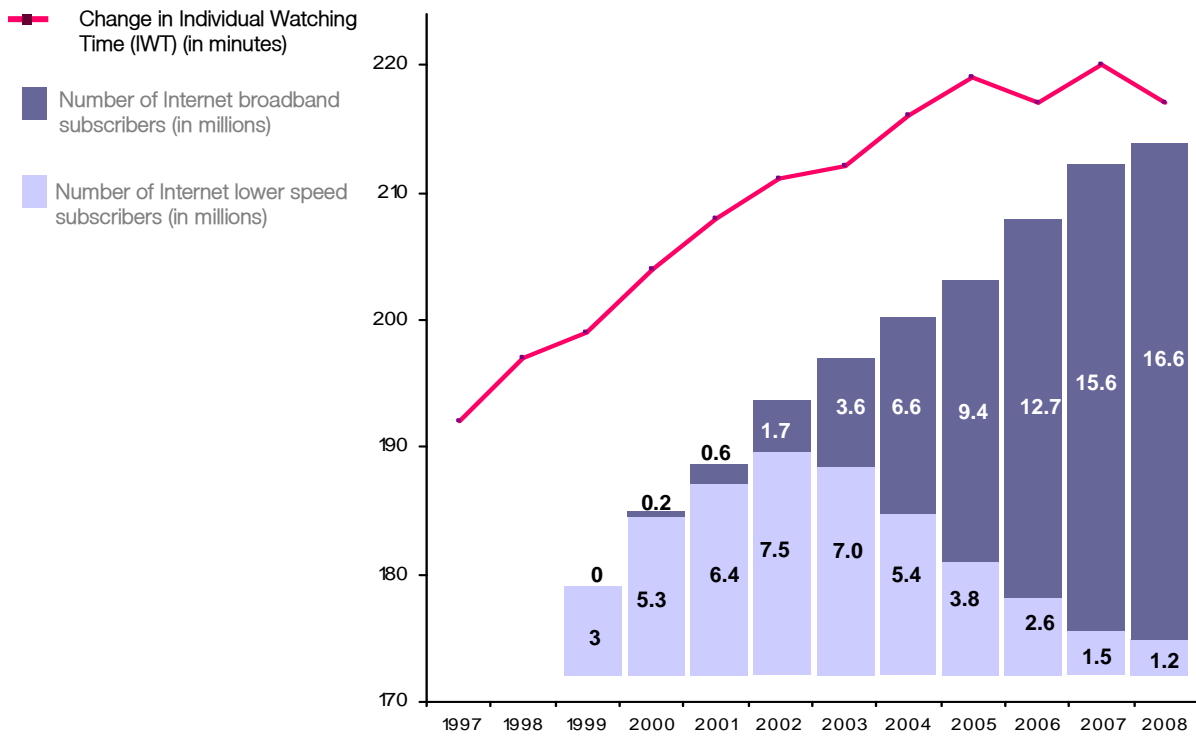
## 1.4.2 Main group markets and positioning of its operations

### 1.4.2.1 Structure of television market

#### ▶ Structural changes

The television market has undergone significant structural changes over the past few years, including:

- The start of new media, with the rapid development of the internet, supported by the rollout of the telecom operators' high-speed ADSL offerings and triple play (Internet, television, landline) packages. However, the growing penetration of the internet did not prevent the Individual Watching Time (IWT) of television from increasing over the past ten years.



Source: M6

IWT of 4+ year old individuals	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Daily IWT (hours : minutes)	3:06	3:09	3:14	3:18	3:21	3:21	3:24	3:27	3:24	3:27	3:25

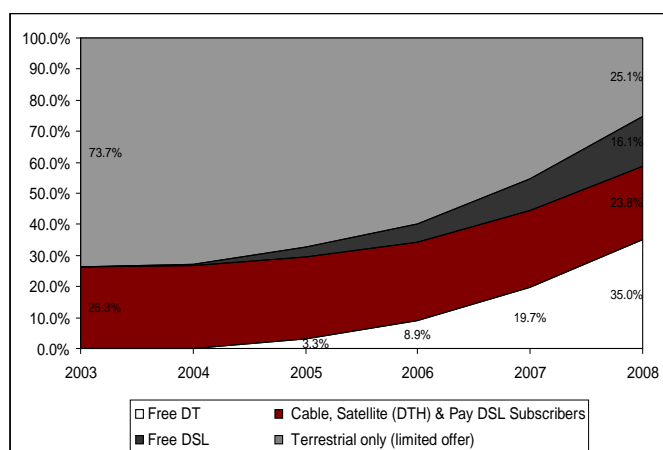
Source: Mediamat Médiamétrie

- The start of digital broadcasting, with the launch in March 2005 of the Digital Terrestrial Television (DTT), and the switch-off of the analogue signal planned for end 2011. The rollout of DTT marked the end of a TV environment featuring a limited number of free-to-air terrestrial television players availing of an analogue broadcasting licence (TF1, France 2, France 3, France 5/Arte, M6, Canal+ for unscrambled time slots), along with a significant number of pay TV channels, distributed by cable, satellite, and eventually ADSL. The arrival of a free DTT offering, broadcasted in digital terrestrial mode, resulted, in addition to the switch-off of the analogue signal channels to digital, the arrival of new channels, either coming from the pay environment or newly created, such as Direct8, W9, TMC, NT1, NRJ12, LCP/AN, France 4, BFM TV, iTélé, Virgin17, Gulli, which now represents a total of 18 nationwide free-to-air channels.

At the same time, in view of the planned switch-off of the analogue signal, French households are equipping themselves with TV sets or adapters able to receive the digital signal, as the DTT coverage is extended.

Given the DTT coverage of 87% of the population at end 2008, we consider that French households are equipped as follows: 25% of households benefit from a restricted analogue offering and 75% of households now have access to a multi-channel offering of 15 channels or more, compared to a reverse distribution in 2003.

Equipment of households by reception modes



DTT coverage (% of French population)



Source : CSA

Source: M6

- The rapid switchover of French households to digital reception and a multi-channel offering caused a change in the breakdown of audience shares between “historic” analogue channels and “Other TV”, which include:
  - Cable and satellite pay channels, whose nationwide 4 plus year olds audience share was 12.6% in 2008, compared to 11.7% in 2007
  - Free DTT channels, whose nationwide 4 plus year olds audience share was 11.1% in 2008, compared to 5.8% in 2007.

In total in 2008, changes in TV audience shares on the 4 plus year olds target (i.e. all audiences) were as follows, reflecting the so-called “audience fragmentation” phenomenon. Historic channels attracted in 2008 76.3% of the nationwide TV audience, compared to 23.7% for "Other TV".

National audience share of 4+ year old individuals					
(%)	2008	2007	2006	2005	2004
M6	11.0%	11.5%	12.5%	12.6%	12.5%
TF1	27.2%	30.7%	31.6%	32.3%	31.8%
France 2	17.5%	18.1%	19.2%	19.8%	20.5%
France 3	13.3%	14.1%	14.7%	14.7%	15.2%
Canal+	3.3%	3.4%	3.4%	3.6%	3.8%
France 5	2.6%	3.0%	3.1%	3.1%	3.0%
Arte	1.5%	1.7%	1.7%	1.8%	2.0%
<b>TOTAL Historic channels' audience share</b>	<b>76,3%</b>	<b>82,5%</b>	<b>86,2%</b>	<b>87,9%</b>	<b>88,8%</b>
Other TV	23.7%	17.5%	13.7%	12.0%	11.1%
of which DTT channels	11.1%	5.8%			
of which cable and satellite channels	12.6%	11.7%			
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source : Médiamétrie

- Changes caused by new technologies in TV consumption patterns: gradual extension of the offering of High Definition (HD) TV programmes and French households increasingly equipped with flat and HD compatible screens, adoption of new TV broadcasting media (TV on computer, TV on Demand), as well as Personal Mobile TV eventually. These developments improve viewers' experience, who benefit from a markedly better picture quality and can now have access to it on demand format (catch-up TV platforms) or as mobile TV (3G reception, or future PMT).

▶ Changes in the multimedia and TV advertising market

**Advertising expenditure (gross) – Multimedia**

(€millions)	2008	% change	2007	% change	2006	% change	2005	% change	2004	% change	2003
Press	7 888,3	3.1%	7 647.7	2.8%	7 438.1	9.5%	6 795.2	2.8%	6 611.3	9.5%	6 035.5
Total TV *	7 271.6	-2.6%	7 462.2	5.7%	7 057.5	8.8%	6 487.7	13.5%	5 717.9	6.4%	5 373.2
<i>Terrestrial TV</i>	<i>5 662.2</i>	<i>-9.1%</i>	<i>6 228.1</i>	<i>0.3%</i>	<i>6 208.0</i>	<i>5.6%</i>	<i>5 878.5</i>	<i>13.6%</i>	<i>5 175.1</i>	<i>4.9%</i>	<i>4 931.3</i>
<i>DTT TV</i>	<i>819.2</i>	<i>101.2%</i>	<i>407.2</i>	<i>118.9%</i>	<i>186.0</i>	<i>355.9%</i>	<i>40.8</i>	<i>-</i>	<i>0.0</i>	<i>-</i>	<i>0.0</i>
<i>Cab/Sat TV</i>	<i>762.2</i>	<i>-4.3%</i>	<i>796.7</i>	<i>25.6%</i>	<i>634.3</i>	<i>17.2%</i>	<i>541.3</i>	<i>5.5%</i>	<i>512.9</i>	<i>24.9%</i>	<i>410.8</i>
<i>Local TV</i>	<i>28.0</i>	<i>-7.3%</i>	<i>30.2</i>	<i>3.4%</i>	<i>29.2</i>	<i>7.4%</i>	<i>27.2</i>	<i>-9.0%</i>	<i>29.9</i>	<i>-3.9%</i>	<i>31.1</i>
Billboards	2 763.6	3.3%	2 675.6	2.7%	2 605.7	5.1%	2 479.7	3.6%	2 393.5	9.8%	2 180.3
Radio	3 393.5	2.5%	3 309.8	-1.1%	3 345.6	6.6%	3 139.7	6.9%	2 938.0	9.9%	2 672.7
Internet	3 815.0	28.8%	2 962.1	35.5%	2 185.9	92.0%	1 138.4	74.5%	652.3	73.2%	376.6
Cinema	196.2	-11.8%	222.5	9.8%	202.7	13.6%	178.5	33.8%	133.4	2.5%	130.1
<b>Total</b>	<b>25 328.1</b>	<b>4.3%</b>	<b>24 279.8</b>	<b>6.3%</b>	<b>22 835.5</b>	<b>12.9%</b>	<b>20 219.3</b>	<b>9.6%</b>	<b>18 446.4</b>	<b>10.0%</b>	<b>16 768.4</b>

\*including self-promotion

Source : TNS MI

- Developments in the multi year multimedia advertising market (Press, Television, Outdoor Advertising, Radio, Internet, Cinemas) highlighted the following trends:
  - A slowdown in gross multimedia advertising expenditure growth since 2007, with growth limited to 4.3% in 2008;
  - Dynamic gross online expenditure (+28.8% in 2008), representing 15.1% of gross multimedia expenditure, compared to 2.2% in 2003;
  - Lesser growth in so-called traditional media, whose market shares are declining; Press represented in 2008 31.1% of gross multimedia investment, compared to 36.0% in 2003, Radio declined from 15.9% in 2003 to 13.4% in 2008, BillBoard advertising from 13% in 2003 to 10.9% in 2008, lastly, Cinema remained stable at 0.8% of gross multimedia expenditure over the period.
  - As for Television, its market share was 28.7% in 2008, after having fluctuated between 32.1% and 30.7% over the period. This decrease was notably due to the change in the marketing of advertising slots by France Télévisions (net as opposed to gross), which makes the comparison of the years 2008 and 2007 difficult, and contributing to the sharp fall observed for terrestrial TV channels (TF1, M6, France 2, France 3, Canal+, France 5), adding to the difficult economic climate.
  
- The variations in gross TV expenditure in 2008 can be used to measure the various dynamics of analogue television, whose gross expenditure declined by 9.1%, and DTT, whose advertising sales growth (up 101.2%) grew at the same time as the audience levels of its channels, whereas advertising expenditure on cable and satellite TV channels was down 4.3%.
  
- Analogue channels represented in 2008 nearly 78% of TV advertising expenditure (compared to 91.8% in 2003 and 83.5% in 2007), whereas DTT channels represented in 2008 11.3% of gross TV expenditure (compared to 5.5% in 2007), the balance being invested in cable and satellite channels for 10.5% of the total in 2008.
  
- Even though variations in multimedia expenditure, measured in gross data (published prices) provides a significant indication of trends and expenditure distribution by media, it is nonetheless necessary to remain cautious when interpreting the data, which differs from net figures (price actually paid by advertisers to the media after discounts), with potentially significant differences between media.

- ▶ Analogue, Terrestrial channels: Distribution of advertising expenditure and market shares (gross data, historic channels, excluding self-promotion)

GROSS terrestrial TV expenditure (historic channels, excluding self-promotion)

(€millions)	2008	% change	2007	% change	2006	% change	2005	% change
M6	1 295.8	-2.3%	1 326.3	4.6%	1 268.0	5.5%	1 202.2	5.1%
TF1	2 944.5	-2.7%	3 027.2	0.9%	3 001.4	6.3%	2 823.8	-0.5%
France 2	378.1	-37.3%	603.2	-6.8%	647.1	3.5%	625.4	0.7%
France 3*	237.0	-37.8%	381.2	-4.2%	397.8	7.2%	371.2	-8.5%
France 5 / Arte **	25.2	-56.7%	58.2	3.4%	56.3	1.5%	55.5	7.7%
Canal+	161.3	44.9%	111.4	4.0%	107.1	-4.1%	111.7	-3.8%
<b>TOTAL Historic Nationwide Channels</b>	<b>5 041.9</b>		<b>5 507.5</b>		<b>5 477.8</b>		<b>5 189.8</b>	

Source: TNS MI

\* Excluding local programmes

\*\* La Cinq until April 1992 then La Cinquième since 1995 and France 5 in 2002

Market Share	2008	change	2007	change	2006	change	2005	change
M6	25.7%	1.6pp	24.1%	0.9pp	23.15%	0.0pp	23.2%	1.1pp
TF1	58.4%	3.4pp	55.0%	0.2pp	54.4%	0.4pp	54.4%	-0.4pp
France 2	7.5%	-3.5pp	11.0%	-0.9pp	12.1%	0.2pp	12.1%	0.1pp
France 3*	4.7%	-2.2pp	6.9%	-0.3pp	7.2%	0.1pp	7.2%	-0.7pp
France 5 / Arte **	0.5%	-0.6pp	1.1%	0.0pp	1.1%	0.0pp	1.1%	0.1pp
Canal+	3.2%	1.2pp	2.0%	0.1pp	2.2%	0.2pp	2.2%	-0.1pp
<b>TOTAL Historic Nationwide Channels</b>	<b>100%</b>		<b>100%</b>		<b>100%</b>		<b>100%</b>	

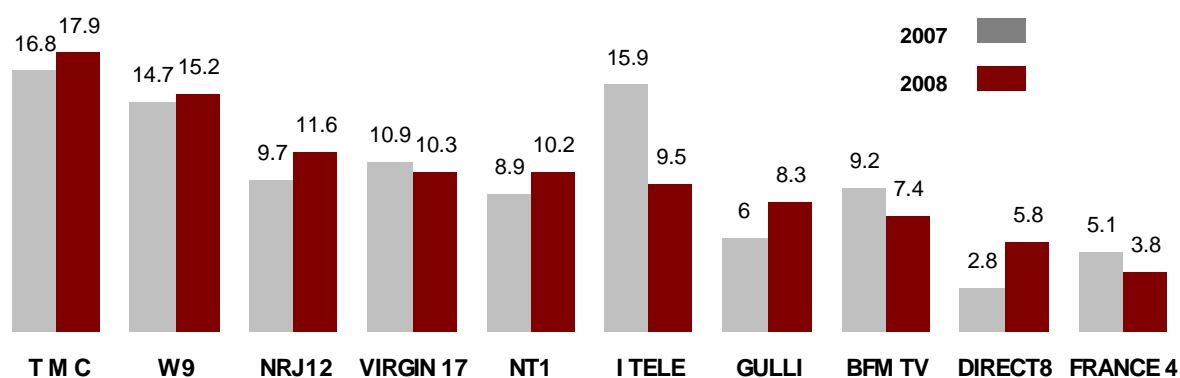
Source: TNS MI

\* Excluding local programmes

\*\* La Cinq until April 1992 then La Cinquième since 1995 and France 5 in 2002

- ▶ DTT channels: Distribution of advertising market shares (gross data, in %)

The distribution of the DTT channel gross advertising market, which totalled €819.2 million in 2008, up 101.2%, was as follows (in %):



Source: TNS MI

- ▶ Cable and satellite channels: Distribution of advertising market shares (gross data, in %)

The distribution of the gross advertising market of cable and satellite channels, whose revenue model is based on mixed financing by advertising and subscription income, which totalled €762.2 million in 2008, down 4.3%, potentially involves more than a hundred channels. Note however that the top 10 channels of the cable and satellite environment account for more than 50% of the advertising expenditure in this market, and that the following 20 channels have a combined market share of close to 33%.

Based on TNS MI data, the market share of M6 Group channels (Paris Première, Téva, TF6 and SérieClub (50% ) and M6 Music's music channels) reached 12.1% in 2008, compared to 11.7% in 2007.

#### 1.4.2.2 TV advertising 2008 market developments: M6 Group positioning and strategy

▶ FREE CHANNELS

▪ M6 TV Network

In a terrestrial advertising market declining by 9.1% in 2008, due to the combined effect of:

- the strong decrease in advertising volume and amended selling terms and conditions on France Télévisions Group channels,
- the first effects of the economic slowdown, which adversely impacted on advertising revenue felt from the start of the second half-year,

the M6 TV network managed to limit the decrease in its gross advertising expenditure to 2.3%, translating into a 2.6% fall in net advertising revenue.

The M6 TV network confirmed its position with its traditional partners (Food, Health, Beauty) and stepped up its presence with advertisers from the Transport, Financial Institutions and Insurance, Telecommunications and Pharmaceutical and Medical industries. The channel managed to increase its advertising revenue from five top advertising sectors on TV and limited its decline compared to the market on three others, thereby confirming its rank as the second channel in the French advertising market with a gross market share of 25.7%.

This relative over-performance should be seen as coming hand-in-hand with the channel's good performance in the face of audience fragmentation: with 11.0% audience share over the whole public in 2008, M6 is the major channel that showed the greatest strength to the development of "other TV", due to the growing significance of DTT channels.

This performance rewarded the channel's positioning against a more intense competitive background, attracting viewers with the daring, enthusiasm and innovation shown by its programming. M6 is a generalist channel, whose varied and popular programmes appeal to parents and children alike.

2008 was a turning point, since for the first time, M6 posted the best audience of the year with the France-Italy Euro match, on 17 June 2008, which attracted more than 13.2 million viewers. The channel broadcast 14 of the 30 matches of this great competition.

The prime time audience levels achieved were historic for some of the channel flagship programmes, with 7.9 million viewers for the broadcast of US series *NCIS* (14 November), 6.4 million viewers for *Capital* (20 January), 5.1 million viewers for *L'Amour est dans le pré* (11 August), 4.3 million viewers for the final episode of *Pékin Express 3* (8 April). The M6 channel is increasingly becoming the number one choice with 29 nights as the leader in 2008 for all audiences, compared to 7 in 2007.

The great novelty of 2008 was the launch in February of new access time programmes (5.50 pm – 7.40 pm), with *100% Mag*, followed by *Un dîner presque parfait*. These two programmes were enthusiastically received by the audience and attracted an average 2.5 million viewers in December 2008 over this time slot, which is double that achieved a year earlier over the same time slot.

Strategically speaking, the channel intends to focus its investment efforts in programmes of the midday-midnight time slot, which by itself represents 95% of TV advertising expenditure and 84% of daily audience levels.

In total, more than 10 new programmes met with success in 2008 when broadcasted, including *Accès Privé*, *Bon et à savoir*, *Maman cherche l'amour*, *Les Bougon* and *66 Minutes* (prime time), confirming the diversity of the channel's programmes, which are organised as follows:



- youth programmes, with M6 Kid, which shows innovative and never-seen before cartoon series to young children, either produced in France (*Le Manège enchanté, Spirou et Fantasio*) or internationally (*Charlotte aux Fraises, Spectacular Spiderman*) and programmes that help children better understand and cope with daily situations (*Kid et Toi, Vinz et Lou.*)
- news programmes, which first and foremost deal with daily news, with the *Six'* all-picture evening newscast, the daily anchor newscast *12:50*, and ever more recurring magazines that are increasingly popular: *66 Minutes, Capital, Enquête Exclusive, Zone Interdite, 100% Mag*, which are all original M6 creations.
- family entertainment programmes, including the adventure game show *Pékin Express*, lifestyle magazines such as *Maman cherche l'amour*, as well as *Nouvelle Star*, a music programme that searches for new talent.
- successful series, from *Desperate Housewives* to *Nip/Tuck* through *Bones, Kyle XY* and *NCIS*.
- French drama, with the series *Les Bleus*, which was awarded a prize at the 9<sup>th</sup> TV Drama Festival of La Rochelle, as well as *Les Bougons*, adapted from a Canadian series.
- sport, with the Euro 2008 event, the *100% Foot* magazine and, for the fourth consecutive year, the final phase of the UEFA Cup.

■ **W9 TV Network**

In the fast-growing free DTT market, both from the point of view of the relative significance of these channels in the overall audience and their attractiveness to advertisers, with the prospect of the switch to all-digital at end 2011 (switch-off of the analogue signal), M6 Group wished to rapidly position the W9 TV network as a leading DTT channel, with a view to making it a generalist channel for under 50 year old audiences.

With a DTT-equipped population of 41.5 million people at end December 2008, W9 achieved in 2008 a 3.8% audience share of the 4 plus year olds DTT-equipped population, compared to 3.5% in 2007.

In terms of nationwide audience share, W9's performance doubled in one year, increasing its 4 plus year olds nationwide audience share from 0.9% to 1.8% on average in 2008, thus posting the strongest growth rate of all channels. As for under 50 year old housewives, W9's nationwide audience share was 2.5% in 2008, compared to 1.3% in 2007, making the channel the leader in this major marketing target.

4+ year olds nationwide audience share (2008 vs.2007)

Housewives under 50 year old audience share (2008 vs.2007)

4+ year olds nationwide audience share (2008 vs.2007)				Housewives under 50 year old audience share (2008 vs.2007)			
	2008	2007	Change		2008	2007	Change
TMC	2.1%	1.2%	+0.9pp	W9	2.5%	1.3%	+1.2pp
W9	1.8%	0.9%	+0.9pp	TMC	2.1%	1.3%	+0.8pp
Gulli	1.5%	0.8%	+0.7pp	Gulli	1.5%	0.6%	+0.9pp
NT1	1.0%	0.6%	+0.4pp	France 4	1.2%	0.6%	+0.6pp
NRJ 12	1.0%	0.4%	+0.6pp	NRJ 12	1.2%	0.6%	+0.6pp
France 4	0.9%	0.4%	+0.5pp	NT1	1.1%	0.6%	+0.5pp
Direct 8	0.7%	0.2%	+0.5pp	Virgin 17	0.7%	0.5%	+0.2pp
Virgin 17	0.5%	0.4%	+0.1pp	Direct 8	0.6%	0.2%	+0.4pp
BFM TV	0.4%	0.2%	+0.2pp	BFM TV	0.4%	0.2%	+0.2pp
i>Télé	0.3%	0.3%	+0.0pp	i>Télé	0.3%	0.2%	+0.1pp

Source : Médiamétrie

Launched in March 2005, W9 is first and foremost an entertainment and relaxation channel, whose clear commitment bore fruit, as confirmed by two surveys conducted in 2008, which confirmed W9's status as the viewers' favourite new DTT channel (60% of interviewees) and the fact that W9 was also given the best satisfaction rating of all new DTT channels, based on the CSA 2008 survey, with 6.22 out of 10.

In 2008, W9 developed its show programming in depth, in particular in the following five areas: music, series, films, entertainment magazines and sport.

Music represents 50% of airtime and is a major feature of W9, which puts it forward in all its forms: videos, concerts, shows, rankings, music games, etc. Series, either original or recent, are unrivalled in the programming: *the Simpsons* thus continue to attract a loyal audience while *Prison Break* is starting its seasons 2 and 3, still enjoying the same success, and *Burn Notice, MPU* and *Honest* introduced new faces on air. Cinema, with more than 100 films per year and two major prime time nights per year, from action



films to comedies. Entertainment programmes, magazines and reality TV shows, with *Enquête d'action*, *W9 Mag*, *Enquêtes criminelles*, as well as *Menu W9*, which features the worst of Japanese TV, *Cauchemar en cuisine* and *Prêtes à tout pour plaire*. Lastly, sport features an extensive offering, from football (broadcasting of two major Euro 2008 matches, some qualification matches of Girondins de Bordeaux) to boxing, cycling (Amstel Gold Race) and WCR championship rallies.

Due to this diversity, the channel has asserted itself with a more and more extensive audience and attracted more than one million viewers on four occasions in 2008.

In 2008, such audience performance was accompanied by a strong increase in the channel's gross advertising revenue, which grew by 107.7% to €124.6 million, translating into a 15.2% market share of gross DTT advertising expenditure. All advertising sectors, including the major sectors of food and drink (+110%), publishing (+77%), telecommunications (+122%), health and beauty (+94%), transports (+132%) and financial institutions (+102%) sharply increased their expenditure on the channel.

At night time, W9 asserted itself early in 2009 as the 3<sup>rd</sup> advertising media on the main advertising targets: 15-24 year olds, 15-34 year olds, 15-49 year olds, under 50 year old housewives and 25-49 year old upper class individuals. The subscription to a daily nationwide audience rating is intended to better promote this offering to advertisers.

▶ PAY DIGITAL CHANNELS

The business model of pay channels is based on:

- extensive distribution of these channels to all broadcasting platforms and media (cable, satellite, ADSL, mobile), with a view to maximising the potential of subscribing households/individuals.
- thus enabling to attract targeted or generalist audiences, depending on each channel's positioning and as a result offer commercial breaks that meet the objectives of advertisers' campaigns.

Within this logic, M6 Group rolls out on its pay digital TV channels a strategy based on:

- the presence of its channels on all broadcasting media. In that respect, the Group's music channels have been broadcast since 2008 on the Canal+ France platform, which significantly increased the broadcasting pool, while, the signal of other Group channels was taken up by new ADSL operators (depending on the channels: Orange, Darty, ...)
- the development of a family of 7 complementary free channels, with strong and identity-building positioning and the wish to make each of these channels a benchmark in its niche market (Paris Première for upper class targets, Téva for women) or to rank among the top 3 channels of the pay environment of their target. This strategy is illustrated by the termination at end 2008 of the Fun TV channel, which no longer met these criteria, and the adapting of the music channel offering, with the launch early in 2009 of M6 Music Club, a channel dedicated to the new "dance floor" trends.

Summary table of broadcasting media by channel and number of equipped 4+ year old individuals by channel (at 31 December 2008):

	FREE DTT	PAY DTT	CABLE	SATELLITE	DSL	MOBILE	TOTAL
		  	 & Other operators	  	     	 	Number of individuals(4+) at Dec.31 in millions
							16.8
							14.2
							13.3
							11.1
  			  	  	  	  	5.6 3.8 3.7

Unscrambled time slot for Paris

Source: M6

Movements in the number of individuals (4 plus year olds) equipped to receive M6 Group's pay channels:

(millions of 4 + year old individuals)	December 2004	December 2005	December 2006	December 2007	December 2008
Paris Première	13.5	13.9	15.1	16.3	16.8
Téva	10.7	11.4	13.1	14.2	14.2
M6 MUSIC	4.5	10.1	10.4	11.7	13.1
<i>Music Hits</i>	4.5	4.5	5.0	7.6	5.6
<i>Music Black</i>	0.0	2.8	2.8	2.1	3.8
<i>Music Rock</i>	0.0	2.8	2.6	1.9	3.7
TF6	6.2	6.4	6.9	13.6	13.3
Série Club	5.2	5.0	5.6	11.8	11.1

Source : M6

■ Paris Première

On 15 December 1986 at 7pm, Paris Première was launched on Paris Cable's channel 8... Among a constantly changing audiovisual industry, Paris Première still benefits from good visibility and a strong identity. Paris Première benefits from an extensive broadcasting network: cable, satellite, ADSL, mobile TV (3G) as well as pay DTT since 21 November 2005, with a daily two-hour unscrambled time slot between 6.50pm and 8.50pm. Therefore, more than 45 million viewers can now access Paris Première's unscrambled time slot (accessible to households equipped with a DTT adapter); indeed, the channel is the 2<sup>nd</sup> most widely broadcast channel in France (excluding historic channels).

Paris Première elected to be the show, debate and culture channel and as a result dedicates a significant portion of its budget to the production or acquisition of original formats: *Ca balance à Paris*, *Paris Dernière*, *Intérieurs*, *Pif Paf*, *Do you Scopitone*... and since September 2008, *Cactus*, a new current affairs magazine. Paris Première confirmed in 2008 its event-driven programming, with numerous live broadcasts, including opera (Verdi's Nabucco at the *Stade de France*) or plays, as well as theme-based nights (Jacques Brel Tribute, Philippe Noiret Cycle, etc.)

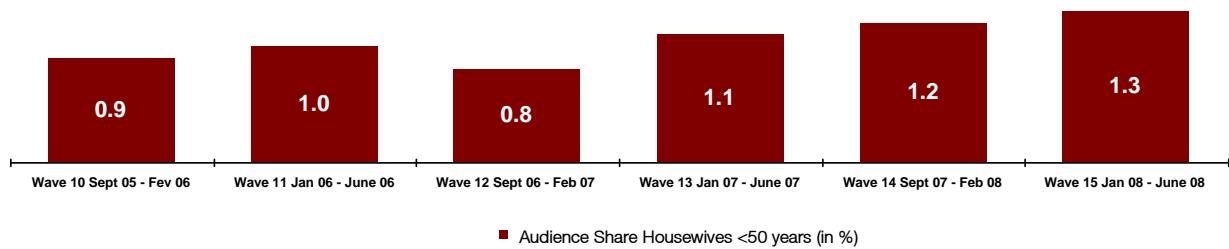
Paris Première is today one of the 3 leading pay TV channels among 4 plus year olds and upper class individuals, its core target, with an audience share of 1.3% of this public (September 2007-May 2008, *source Médiamétrie*, subscribers to an extended offering).

▪ Téva

Téva, which was launched on 6 October 1996 and became a fully owned subsidiary of M6 Group in January 2007, is the only French channel to address women as a priority, with more than 3 million viewers watching it every week. It is in that respect essential to a complementary TV offer and is therefore widely broadcast on all channels (it can be received by 14.2 million 4+ year old individuals).

Flagship programmes, such as *Les Dossiers de Téva* and *Téva Déco*, enabled the channel to record further audience successes this year, and were enriched in 2008 with the launch of *My Téva*, whose first show focused on well-being, as well as a diversified programming, combining series, in-house productions and documentaries, with in particular the launch of 90 minute-long documentaries, whose first issue focused on the working and private lives of five female politicians.

Téva was the leader for under 50 year old housewives and housewives with children within the cable and satellite environment, with a 1.3% audience share, up 0.1 percentage point:



Source: Médiamétrie / MédiaCabSat, January-June 2008, wave 15

▪ TF6 and Série Club

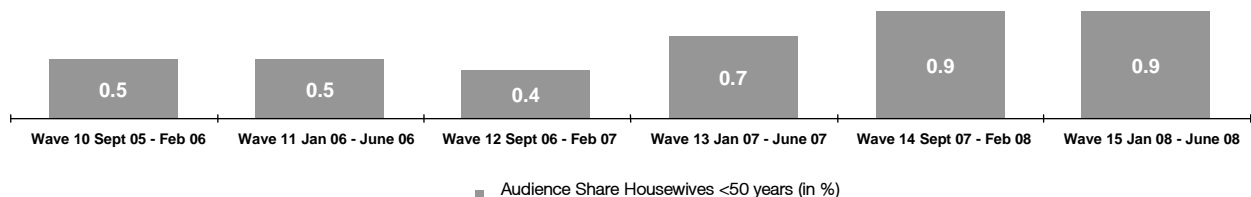
TF6 and Série Club are 50% held by M6 (and 50% by TF1). They were created in 2000 and 1993, respectively, and have occupied ever since a clearly identified position in the complementary TV offering:

- TF6, a generalist channel aimed at a young adult audience, offers original entertainment, never shown before series, recent drama and numerous feature films a year. It enhanced its offer to its target audience in 2008, with the development of event-driven entertainment programmes: *La folle route vers Saint-Tropez* with Magloire and Vincent Mc Doom, Cauet's special shows, as well as *TNA Impact!* wrestling matches.

TF6, distributed on all pay TV platforms, via DTT, satellite, ADSL and cable, is received by 13.3 million individuals (4 plus year olds). Its core marketing target is the under 50 year old housewives.

- Série Club, which celebrated its 15<sup>th</sup> anniversary in 2008, asserted its positioning as the "series channel" by launching a dedicated programme, *Tous fans de séries*, which complemented its wide range of recent series, such as *October Road*, successful series such as *Stargate SG1-Atlantis*, French series, including *Commissaire Valence*, etc.

The channel reported record-breaking audience levels in 2008 among under 50 year old housewives, with an audience share of 0.9%:



Source: Médiamétrie / MédiaCabSat, January-June 2008, wave 15, based on subscribers to an extended offering

▪ Music channels

The Group's three music channels, M6 Music Hits, M6 Music Black and M6 Music Rock celebrated their 10<sup>th</sup> anniversary in 2008 and gained nearly 600,000 viewers over MédiaCabSat's wave 15 (January-June 2008) compared to wave 13 (January-June 2007). An average of nearly 5.1 million viewers now watch M6 Group's music offer (4 week coverage, 1 second threshold, cumulative 3 channels). The Group's music channels extended their broadcast in 2008, with the introduction on Cable & Satellite in November 2008 of M6 Music Black and Rock, which can now be accessed by 3.7 to 5.7 million 4+ year old individuals. M6 Music Hits develops a programming focusing on hits and stars for the 15-34 year olds. M6 Music Black dedicates itself to groove R'n'B urban music for the 15-34 years old, whereas M6 Music Rock, positioned on pop rock music, gave way to the M6 Music Dance channel in January 2009, the channel of "dance floor" sound's new trends, sponsored by David Guetta. The Group's three music channels complement each other in terms of offers and audiences, and, in addition to broadcasting music videos, offer a wide range of music magazines.

Lastly, Fun TV, a channel dedicated to the 15/24 year olds and which combines entertainment, music and series, only broadcast on TPS, ceased to be broadcast on 31 December 2008.

1.4.2.3 Other Group operations and markets

M6 was one of the first TV channels to capitalise on its brands, its marketing expertise and its knowledge of the various audiences' expectations to extend its offer to products and services and diversify its sources of revenue, and as such pursue several complementary objective: implementing new growth drivers, seizing new development opportunities, lessening its dependence on this advertising market, securing its access to audiovisual content and anticipating new consumption patterns by developing its brands and programmes on new formats.

▶ AUDIOVISUAL RIGHTS

Audiovisual rights operations comprise several subsidiaries:

- SND (*Société Nouvelle de Distribution*) is the flagship of M6 Group's audiovisual rights business, operating on all film distribution formats. SND's main activity is the acquisition, management and distribution of the licensing rights of audiovisual works, throughout their operating cycle (cinemas, video, sale of rights to pay TV and free TV broadcasters).
- In order to consolidate its rank in the audiovisual right environment and secure its access to more diverse content, M6 Group owns a number of feature film rights catalogues:
  - SNC was acquired in April 2005. Its business is the distribution and management of the rights of a catalogue of nearly 450 European films.
  - TCM D.A was created in September 1996 and is jointly owned by M6 (50%) and TF1 (50%). Its business is the acquisition, distribution, sale, import and export, promotion, provision and negotiation of license rights of any cinema or visual works in all French speaking territories. The majority of TCM D.A sales are realised with DTT, cable and satellite channels, followed by the major French national analogue TV channels, and finally channels located in Belgium and Switzerland.
  - Mandarin and Mandarin Films, which were fully-acquired in 2002 and 2006 respectively own a catalogue of French feature films that were highly successful upon their release. Mandarin Films owns in particular *Brice de Nice* and *Les Chevaliers du ciel*.
  - Hugo Films, acquired in 2008, owns a catalogue of French feature films recently released in cinemas, including *Gomez et Tavares*, *les Aristos*, *U.V...*
- Lastly, M6 Studio, created in 2003, is dedicated to the development and production of French animated feature films. In 2006, the company thus produced its first animated feature film, *Asterix and the Vikings* and in 2009 started the production of the cartoon series *Le Petit Nicolas* (52x13 minutes), adapted from René Goscinny and Jean-Jacques Sempé's work, co-produced with Method Animation, M6, DataQuest and Luxanimation and the participation ZDF and Disney Channel. The series will be aired in September 2009, the year of *Petit Nicolas*' fiftieth anniversary.

These various investments enabled M6 Group to benefit from a wide range of assets in an increasingly fragmented environment where access to quality content is ever more critical.

The general public markets of audiovisual rights operations are facing an increasingly digitalised and dematerialised environment, which go hand-in-hand with a change in content consumption patterns.

Over the main general public markets of cinema distribution and video sales, SND had to cope with a contrasting environment in 2008.

▪ The cinema market in 2008

2008 box office sales increased by 6.2% to 188.8 million, a higher level than the average of the past 10 years, helped by the success of the film *Bienvenue chez les Ch'tis*, which topped the 20 million box-office sales mark over the year (*source: CNC*). Against this background, SND reported its best ever year, totalling 7.8 millions box office sales for 16 films distributed, including 4 films that reached or exceeded the 1 million mark: *Iron Man* (over 2 million), *Space Chimps* (1.25 million), *The Incredible Hulk* and *Vilaine* (more than 1 million). SND thus ranked in 9<sup>th</sup> place among distributors in France, behind major studios and industry players.

2008 distributor ranking				
Ranking	Distributors	Number of films*	French box office**	Market share
1	Pathé Distribution	20 (18)	38 086 238	21.12%
2	Paramount Pictures France	23 (20)	17 997 782	9.98%
3	Walt Disney Studios	15 (11)	13 018 572	7.22%
4	Warner Bros.	17 (15)	12 894 424	7.15%
5	20th Century Fox	19 (18)	11 961 451	6.63%
6	Studiocanal	18 (15)	10 605 956	5.88%
7	Sony Pictures	15 (14)	10 111 626	5.61%
8	Metropolitan Filmexport	29 (25)	8 340 093	4.62%
9	SND	16 (15)	7 888 871	4.37%
10	Universal Pict. Intl France	5 (5)	5 678 226	3.15%

\* In brackets, number of films released in 2008

\*\* Estimates based on French ranking

Source: 2008 distributor ranking (excerpt of *Le Film Français*)

▪ The video sales market in 2008

In 2008, the French market of retail physical video (DVD and High Definition formats) amounted to €1.38 billion, a 7.5% decrease in value compared to 2007. This is the 4<sup>th</sup> consecutive year of decline for this market, which thus lost nearly a third of its value over the period, or €600 million. This fall in value was nonetheless offset by the growth of High Definition sales, in particular with the development of Blu-Ray Discs. Sales of dematerialised formats, which exceeded €50 million in 2008 (or 4% of the video market) recorded significant growth, which however could not offset the decrease of the physical market (*source: SEVN*).

**Video format consumption in VALUE**

<i>(€ millions)</i>	2008	2007	Change
DVD	1 330.83	1480.34	-10.1%
High Definition formats	51.42	14.27	260.3%
<b>TOTAL</b>	<b>1 382.25</b>	<b>1 494.62</b>	<b>-7.5%</b>

*Source: CNC - GFK's 2008 Video Survey*

Market share		
2008	2007	Change
96.3%	99.0%	-2.8pp
3.7%	1.0%	2.8pp
<b>100.0%</b>	<b>100.0%</b>	<b>-</b>

**Video format consumption in VOLUME**

<i>(millions of units)</i>	2008	2007	Change
DVD	126.02	130.46	-3.4%
High Definition formats	2.15	0.54	298.1%
<b>TOTAL</b>	<b>128.17</b>	<b>131.0</b>	<b>-2.2%</b>

*Source: CNC - GFK's 2008 Video Survey*

Market share		
2008	2007	Change
98.3%	99.6%	-1.3pp
1.7%	0.4%	1.3pp
<b>100.0%</b>	<b>100.0%</b>	<b>-</b>

Bolstered by a catalogue of more than 650 films, with 800 references published under the M6 Video label, the audiovisual rights business is a major player in the video distribution market, operating in all distribution channels, from traditional networks to newsstands. The catalogue features varied works, representing all styles and periods of cinema, from comedy to animation and from art house films to mass market productions. In 2008, operations were strengthened by the acquisition of Hugo Films, which owns a catalogue of 18 French feature films. The best-sellers of 2008 include successful programmes broadcast on the M6 TV network, with *Kaamelott Livre V*, and feature films such as *Michael Clayton*, *L'ennemi intime* and *l'île de Nim*. In addition, with films such as *Iron Man*, produced by the Marvel studios, M6 Vidéo topped Blu-Ray sales in 2008 (*source: GfK*), a year that marked the true take-off of Blu-Ray as the sole high definition format on the market, with more than 50,000 copies sold, being 18% of its overall sales. *M6 Vidéo* ranked 9<sup>th</sup> place among distributors in France in 2008 (*source: SEVN*).

- **The TV rights transfer market**

The operating cycle of the rights portfolio continues with the sale of TV rights when pay or free-to-air TV time slots open up. M6 Group's audiovisual rights subsidiaries work with all market players, including subscription-based pay TV packages (Canal+ Group, Orange), free-to-air TV (historic channels, DTT channels) or complementary TV offering channels. Given the nature of their business models (subscriber recruitment and loyalty building by promoting a premium offer or purely financed by advertising revenue), these various players will not acquire the same rights, since the so-called "end-of-catalogue" dramas (film and series) are more suited to the programming of free DTT and complementary TV channels. M6 Group also calls on its rights catalogue to feed its programming, with for instance the catalogue broadcasting on M6 of the *Gendarmes* series.

Lastly, SND put the emphasis in 2008 on its business of renegotiating the broadcasting rights of French films internationally (Europe, Asia, North America).

- ▶ **PUBLICATION, PUBLISHING AND MUSIC**

With the creation of M6 Interactions in 1992 and M6 Événements in 1997, M6 very quickly decided to enter into other fields than television by initiating new expertise in publishing (press, music, collections, etc.), events and shows.

M6 Interactions' objective is thus to derive value and market the channel's brands and other M6 Group operations, as well as a number of products derived from audiovisual assets of which it has directly acquired the rights. These activities are broken down in 4 product lines, for which M6 Interactions looks after or directs the design, manufacturing and marketing of corresponding derived products:

1. **Music:** production, co-production or co-distribution of short and long playing formats (singles and albums) and compilations on physical and digital formats (downloads, ring tones). M6 Interactions also develops a publishing business and produces music for M6 Group TV programmes (musical channel identification, credits, drama dubbing...) and participates in the production or promotion of a number of shows (plays, stand up comedians, musical shows, etc.);

2. **Publishing and press:** book publishing or co-publishing (comics, practical guides, youth, general literature) and pay magazines (*Fan2, Hit Machine Girl*); M6 Interactions ceased in 2008 to publish its two free magazines, *CITATO* (a free monthly aimed at young adults and handed out in secondary schools, universities and third level schools), as well as *Femme En Ville*)

3. **Games:** publishing of Board games, based on M6 channel brands (*Nouvelle Star, E=M6*) or on behalf of whose owners M6 Interactions acts as an agent (*Prison Break, Desperate Housewives, etc.*) or has of a licence.

4. **Publications:** marketing, through newsstand networks, newspaper sellers, multimedia products and composite products in the form of collections, including an information sheet and an object (DVD, figurine, toy, etc.).

As a complement, M6 Interactions develops an activity of licence sale to third parties and of mounting promotional operations based on the brands or where it acts as an agent. It thus continued to operate the best-known TV brands such as *Nouvelle Star, Oui cheff!*, and *D&CO* but is also entrusted with representing non-Group brands.

In addition, M6 Interactions has an event organising division operated by the M6 Evénements structure, the business of which is show organising and event promoting communication.

Over the past few years, the new licensing operations have been able to offset the transition period that M6 Interactions is experiencing in its reference markets, such as the disc market.

This market was marked in 2008 by a further slowdown in retail sales (*source: SNEP*, net store sales and legal online downloading, excluding mobiles), with a 15% fall in value to €982.7 million, including €940.6 million in store sales and €42.1 million for online downloads, a 4.3% market share for digital formats. In volume, 61.1 million albums (down 5.9 million), 3.7 million music DVDs (down 2.2 million) and 25.2 million singles (up 2.6 million) were sold, a total of 90 million units compared to 95.5 million in 2007.

**French disc market**

**Net store sales and legal internet downloading, excluding mobile**

<i>in Value (€ millions)</i>	2008	Change	% change	Market share	2007	Change	% change	Market share
Store sales	940.6	-186.4	-16.5%	95.7%	1 127.0	-160.0	-12.4%	97.5%
Internet downloading	42.1	35.6	44.2%	4.3%	29.2	6.5	28.6%	2.5%
<b>TOTAL</b>	<b>982.7</b>	<b>1 136.2</b>	<b>-15.0%</b>	<b>100.0%</b>	<b>1 156.2</b>	<b>-153.5</b>	<b>-11.7%</b>	<b>100.0%</b>

<i>in Volume (millions of units)</i>	2008	Change	% change	Market share	2007	Change	% change	Market share
Store sales	68.0	-12.5	-15.5%	75.6%	80.5	-12.3	-13.3%	84.3%
<i>albums</i>	58.7	-6.7	-10.2%	65.2%	65.4	-4.1	-5.9%	68.5%
<i>singles</i>	5.6	-3.6	-39.1%	6.2%	9.2	-8.1	-46.8%	9.6%
<i>music videos</i>	3.7	-2.2	-37.3%	4.1%	5.9	-0.1	-1.7%	6.2%
Internet downloading	22.0	7.0	46.7%	24.4%	15.0	2.4	19.0%	15.7%
<i>singles</i>	19.6	6.2	46.3%	21.8%	13.4	1.9	16.5%	14.0%
<i>albums</i>	2.4	0.8	50.0%	2.7%	1.6	0.5	45.5%	1.7%
<b>TOTAL</b>	<b>90.0</b>	<b>-5.5</b>	<b>-5.8%</b>	<b>100.0%</b>	<b>95.5</b>	<b>-9.9</b>	<b>-9.4%</b>	<b>100.0%</b>

*Source : SNEP*



Against this background, co-production projects led by M6 Interactions performed well, with the success of the *Nouvelle Star* winners' albums, such as Christophe Willem with *Inventaire* and Julien Doré with *Ersatz*. Sheryfa Luna, from the *Popstars 4* show, also appealed to the public with her *Venus* album and her singles, *Il avait les mots* and *D'ici ou d'ailleurs*. Over the full-year however, the number of marketed products declined, as did the quantities sold.

In the publishing market, M6 Editions is now the only player in the pay magazine segment dedicated to young people and teenagers, with two publications, *Hit Machine Girl* (twice-monthly) and *Fan2*. These are entertainment press magazines, derived from TV programmes. M6 Editions is also a partner in publishing books derived from strong TV brands, such as *D&Co*.

M6 Interactions sharply reduced its presence in the collection market (objects, multimedia items) distributed by the newsstand network, by limiting the number of launches and focusing its investments on the *Charlotte aux Fraises* licence, with new products in the dolls' tea set and the rollout of a stationery collection.

Note that the video distribution business was transferred in 2008 to SND, the audiovisual rights distribution subsidiary.

▶ INTERACTIVITY

The accelerated digitalisation of media content digitalisation compels market players to adapt their offers to new content access modes. TV will thus be increasingly consumed on the internet and M6 Group intends to be prominent on these new content transmission channels, thanks to its M6 Web subsidiary, its flagship in the digital world. M6 Web, a subsidiary in charge of the development of new technologies is structured around operational businesses: channel and show websites, including the catch-up TV offering, thematic portals, mobile communications with the M6 Mobile by Orange offer, new services, community websites and, lastly, games.

The internet market is experiencing strong growth with over 15 million households connected to the internet in the 4<sup>th</sup> quarter 2008, which is more than 1 French household out of 2, compared to 12.7 million in the 4<sup>th</sup> quarter 2007, an 18% increase. More than 33 million web users (individuals aged 11 years old and over) are connected to the Internet, in December 2008, representing 63.5% of French people and over 27 million web users (or close to 95% of home web users) on high speed connections. (*source: Médiamétrie NetRatings*, internet audience in France, December 2008). The growth in this media will make it an increasingly popular format with advertisers, resulting in a 28.8% increase in its gross advertising revenue in 2008 to €3,815 billion, a 15% gross market share of the multimedia advertising market.

Over the past 10 years, M6 Group has become a major player in this market, and now ranks in 13<sup>th</sup> position of the most visited Group websites in France (December 2008) with more than 13 million unique visitors. Note that the Group had attracted 5.45 million unique visitors in 2007 and had the ambition of becoming a major player in audiovisual content by developing alternative pay or free services to traditional TV. The 2008 financial year indeed saw a strong development in the Groups presence in this market, with the takeover of Cyréalis, a pure internet player specialising in websites and online games, and the launch on the web, followed early in 2009 by TV and mobile, of an innovative catch-up TV offer, M6 Replay, and the gradual expansion of thematic portals.



**Excerpt of the Top 50 most visited Group websites in France  
all connection places, Internet applications included - December 2008**

Ranking	Group	Unique Visitors all connection places
1	Google	29 634 000
2	Microsoft	28 811 000
3	France Telecom	23 263 000
4	PagesJaunes	17 292 000
5	eBay	17 284 000
6	PPR	17 039 000
7	Iliad	16 390 000
8	Yahoo!	15 926 000
9	Groupe TF1	15 723 000
10	Benchmark Groupe	15 458 000
11	Groupe Lagardère	15 306 000
12	Wikimedia Foundation	13 151 000
<b>13</b>	<b>M6</b>	<b>13 083 000</b>
14	Vivendi	12 809 000
15	PriceMinister	12 547 000
16	Facebook	11 157 000
17	CommentCaMarche	11 004 000
18	Groupe Casino	10 606 000
19	Bertelsmann	10 348 000
20	Crédit Agricole	10 336 000

*Source Médiametrie NetRatings - December 2008*

▪ **Channel, show and thematic portals**

M6 Web publishes a family of websites featuring complementary audiences, including TV channel websites (m6.fr, w9.fr...), programmes websites (Nouvellestar.fr, M6Kid.fr) and editorial and thematic websites.

The acquisition of Cyréalys in the 1<sup>st</sup> half-year 2008, a specialist in websites and online games with [clubic.com](http://clubic.com), [jeuxvideo.fr](http://jeuxvideo.fr), as well as [netEco.com](http://netEco.com), [Mobinaute.com](http://Mobinaute.com), enabled the Group to expand and strengthen its online editorial offering.

Due to the expertise and successful integration of its new teams, three major thematic portals that give priority to an audience and quality-focused strategy were either successfully launched or redesigned: Turbo.fr, Deco.fr and Teva.fr (start of 2009). These are more than simple websites supporting M6 programmes. They have their own comprehensive and lively environment, based on popular fields such as cars, interior design, well-being and women's interests.

The objective is to develop a qualified audience, attractive to advertisers, to the extent that the business model of these websites is based on advertising revenue generation.

The acquisition of Cyréalys also enabled the Group to benefit from a price comparison engine with the [achetezfacile.com](http://achetezfacile.com) website, which analyses the catalogues of online stores and provides web users with an efficient purchase guide to save money and select the distance selling points of sale that meet their expectations. The business model is based on the cost-per-click billing of e-merchant partners.

M6 Web launched in March 2008 an innovative catch-up TV website, based on a free model: M6 Replay. This highly ergonomic website provides access to the best content of the M6 channel in a couple of clicks. The flagship programmes of the M6 channel can be accessed on M6 Replay only an hour after their broadcast: TV series, flagship programmes (*D&Co*, *Nouvelle Star*, *Capital*, *Zone Interdite*, *Un dîner presque parfait*,...), *M6 Kid's* cartoons and news programmes.

Results rapidly exceeded forecasts with 1.9 million unique visitors per month and 10 million programmes viewed. The success of this PC offer has been replicated on TV and mobile, following an agreement concluded early in 2009 with Orange (TV on-demand by ADSL, Orange World portal, orange.fr). M6 Replay's business model is based on the insertion of advertisements in videos. According to a Group

survey published early in 2009, more than half of web users use catch-up TV and watch TV programmes online after their broadcast, without actually reducing their on-line TV consumption; this is therefore additional audience for TV programmes.

- **Community services**

M6 Web develops, as part of an exclusive partnership, a leading service for 13 to 16 year olds, the virtual 3D environment Habbo, which totals 7 million subscribers in France. M6 Web also launched in 2008 Stardoll, a websites targeting girls and comprising a wide range of clothing, decoration and make-up games. These two services are based on “virtual goods” pay models.

- **Mobile telephony**

The MVNO licence (Mobile Virtual Network Operator) continued to expand, with more than 1.5 million customers at end 2008. This success since the launch in 2005 illustrates the relevance of the partnership between Orange and M6 Group, which combines mobile phone expertise and marketing power. By extending the offer with numerous new services and providing an environment that is suited to consumers’ expectations, in particular those of young people (flat-rate package with unlimited calls, and, depending on packages, calls, text messages, internet and TV, as well as access to game portals and M6 Group TV channels), M6 mobile by Orange has become the leader of alternative phone brands for the 15 to 25 year olds. Innovations continued in 2008 with the launch of the first 3G+ key dedicated to young people, with a view to providing access to two hours of internet navigation without a subscription.

The mobile phone market in France had a total of 58.1 million customers in December 2008, which is a penetration rate of more than 90% of the population.

MVNOs (including Afone, Auchan, Télécom, NRJ Mobile and Coriolis - *M6 Mobile by Orange is not included in this figure*) had a market share of 5.2% in December 2008 (*source: ARCEP*).

- **Games and Programme Interactivity**

M6 Web thus designs and operates all interactive processes offered to viewers on all programmes broadcast by the Group’s channels. This maintains a relationship between the audience and the programmes broadcast on Group channels by providing them with the opportunity of playing an active role in how the programmes develop. M6 Web also offers mobile phone content (personalisation, video, text message games, chat). This business includes the Echo6 company, created in 2006 and 50% held by the Group, which develops mobile entertainment products and services.

The Group’s interactive operations also comprise the 34% equity investment in Annonces Jaunes, a joint-venture with Pages Jaunes in the classified adds sector on the Internet in France, in particular for property and cars. Taking the difficulties experienced by professionals operating in the sectors into consideration, the M6 and Pages Jaunes groupe announced at end February 2009 the termination of their partnership agreement, resulting in M6 disposing of its 34% investment.

Note: this shareholding had been equity accounted in 2008 in the Group’s financial statements and thus did not contribute to sales and EBITA.

- ▶ **DISTANCE SELLING – VENTADIS**

Ventadis, which combines home shopping and e-commerce, is the new name of M6 Group’s distance selling. It combines stores specialising in selling household and personal goods. M6 Group continued its strategy of diversifying its activities in markets other than advertising, while using the power of its media to develop its market share in distance distribution.

Ventadis operates in a competitive market, in the presence of many players, including supermarket distribution players operating an internet portal, traditional distance selling players and internet players.

Over the past 12 months, there were 48,500 active merchant websites, which is a 30% increase compared to 2007.

Online spending grew by 29% in 2008 to €20 billion, according to a study published by *Fevad* and the *French State Secretary for Commerce, Small Industry, Small and Medium Enterprises, Tourism and Services*. During the year, the panel's websites reported sales growth of 16%.

The e-tourism sector posted the best performance with year-on-year growth of 20%. Retail client sales, excluding e-tourism, grew by 13% year-on-year. The clothing industry posted growth of 15%, whereas high-tech products experienced slower sales growth of 9%, marked by a significant fall in the price of this type of products.

Lastly, according to the results of *Médiamétrie's Observatory of Internet Usage*, the number of online purchasers in the 4<sup>th</sup> quarter 2008 continued to grow by 13% over one year, exceeding 2007 growth. Overall, there were more than 22 million online buyers, an increase of 2.5 million in one year.

Distance selling is one of M6 Group's historic businesses. It started with the home shopping programme "M6 Boutique", broadcast on the M6 channel, and was extended with "M6 Boutique la Chaîne", the first French channel dedicated to home shopping. The take over in 2005 of Mistergooddeal, a major e-commerce specialist, helped the Group develop its web expertise and benefit from the dynamic growth of e-commerce.

These two major distance selling participants merged in 2008 in a single site in Rungis, confirming their intent of uniting their complementary expertise, with a common "web factory" and the extension of their product ranges. More than 3 million parcels were delivered in 2008.

- **M6 Boutique**

M6 Boutique, the morning show on M6, celebrated its 20<sup>th</sup> anniversary this year. In addition, due to M6 Boutique la Chaîne, a channel dedicated to home shopping and available on cable, satellite and ADSL, viewers can discover new products, including cooking implements, household equipment, health, wellbeing and beauty products, hobbies... through 8 hours of live programming, as in every day since 2004. The catalogues, the website that was redesigned in 2008 and the 5 stores, located in Strasbourg, Nantes and Lille and in the Paris region complement M6 Boutique's distribution channels.

Due to its expertise, Ventadis develops home shopping formats on behalf of other broadcasters, such as Paris Première and Téva, entitled "Téva Boutique" and "Paris Première Boutique", as well as on behalf of Belgian TV channels for instance. This business also operates in the infomercial segment, and produces short news programmes and films demonstrating products and how to use them.

- **Mistergooddeal**

Mistergooddeal is a leading e-commerce website for house equipment and furniture. As a pure internet player, the website benefited in 2008 from the expertise of the home shopping teams to enrich its content with more than 400 product demonstration videos. At the same time, it is ceaselessly extending its product range, multiplying agreements with technological product and household appliance brand suppliers, as well as gardening, DIY and household equipment specialists. Benefiting from great brand awareness and constantly striving to improve its customers' experience from the moment they access the website to the follow-up of sales orders, Mistergooddeal was awarded the prize for best TV advertisement (*Jury's Favourite – Fevad*) and was elected "*Best Customer Service*" of the year (*IFOP – Viséo Conseil – Distance selling of technological products category*).

The Mistergooddeal.com website ranks among the top 15 most-visited e-commerce websites in France.

Top 15 most visited e-commerce websites in France  
December 2008

Ranking	Websites	Unique Visitors
1	eBay	14 593 000
2	PriceMinister	11 118 000
3	Cdiscount	10 014 000
4	Amazon	9 991 000
5	Fnac	9 300 000
6	La Redoute	8 434 000
7	Voyages-Sncf.com	7 300 000
8	Pixmania	6 971 000
9	3 Suisses	6 737 000
10	vente-privee.com	6 366 000
11	Rue du Commerce	6 245 000
12	Eveil et Jeux	5 814 000
13	Mistergooddeal	5 287 000
14	Carrefour	5 149 000
15	Kiabi	5 092 000

Source: Médiametrie Fevad - December 2008

▪ L'invité des marques

*L'Invité des Marques* is a website that offers items from prestigious brands, with attractive discounts, at event-driven sales, in a manner similar to that of the leader of the sector, the vente-privee.com website. It extended its offering in 2008 with the launch of permanent collections for men, women and children, after entering into agreements with ready-to-wear and accessory brands.

▪ "*Pop Gorn*"

In partnership with another tyre industry player, Ventadis launched in October 2008 a new website dedicated to online tyre sales, which offers a range of 150,000 tyres of all types and for all major makes. Once the order has been validated online, tyres are either delivered to customers who change them themselves, or are put at the disposal of one of its 500 technical partners who will change the tyres after customers make a booking.

▶ FOOTBALL CLUB DES GIRONDINS DE BORDEAUX (F.C.G.B)

The wholly-owned Football Club des Girondins de Bordeaux provides M6 Group with access to the football market, a reputation in the sports world and an opportunity to develop an asset.

The club must be rigorously managed due to the volatility of sporting results. Within this context, the recent results of the LFP's (French professional football league) call for tender for the League 1 and League 2 broadcasting rights made the most significant portion of the Club's revenues secure for four seasons, starting from the summer of 2008. The match broadcasting rights were allocated to Canal+ and Orange at an overall annual price of €668m.

The audiovisual rights were allocated by the LFP according to the following criteria: league ranking for the current season, league ranking over the past 5 completed seasons, number of matches broadcasted on TV during the current season, number of matches broadcast over the past 5 completed seasons and bonus for the best attacking teams. Other Club revenues comprise TV rights generated by potential participations in European (Champions' League, UEFA Cup) or French competitions (League Cup, French Cup), match day sales (subscription sales and match tickets), partnerships and sale of derivative products with the Club colours. Lastly, revenue may be recognised from transfers of players' contracts.

F.C.G.B had a good sporting season 2007/08, ending up in 2<sup>nd</sup> place of the French League 1, thus qualifying for the Champions' League and subsequently the UEFA Cup. 2008 was marked by an enhanced diversification policy, with the launch of the "Girondins TV" channel, accessible on ADSL from Orange TV, which enriched an already varied media offer, with a newsstand magazine, a website with 80,000 unique visitors per month and 3 million pages viewed, a mobile phone offering and a radio station. Lastly, the Club accelerated its commercial development by opening a 4<sup>th</sup> store in the Girondins' colours and the acquisition of a travel agency.

In addition, investments made for a number of years in the Haillan training centre, recognised as one of the best-performing centres in Europe, currently give tangible results as confirmed by the quality of the Club's players. FCGB asserts itself today as one of the most successful clubs in terms of young players training, with more than 50% of its professional team originating from the centre.

## **1.5 Consolidated income statement**

In 2008, M6 Group realised a consolidated sales of €1,354.9 million, a slight decline of 0.1%, including 1.3% growth in multimedia advertising sales (M6 TV network, digital channels, Press and Internet) and a 1.8% decrease in non-advertising sales.

M6 TV network's advertising sales decreased by 2.6% to €658.0 million. Against a market environment that suffered, especially since the third quarter of the financial year, from the rapid deterioration of the economic situation and in which TV advertising expenditure declined by 9% in 2008 for historic terrestrial channels, (*source: TNS M1*), M6 nonetheless confirmed its over-performance compared to other historic terrestrial channels and thus saw its advertising market share increase. This improvement was due to the channel's audience performance, in particular at prime time.

Digital channel reported marked sales growth (+25.1%, including +41.8% in respect of advertising sales) and amounted to €125.0 million compared to €100.0 million in 2007.

Diversification and audiovisual rights achieved sales of €565.1 million, down €9.5 million or 1.7%.

M6 Interactions, under the combined effect of falling consumer spending, lower physical product sales (DVD, CD, collections) to the benefit of dematerialised transactions and the reorganisation of its operations, leading to a lower number of items being sold, thus saw its sales decrease by €30.1 million to €36.3 million.

Companies whose operations include the production and marketing of audiovisual rights – first and foremost SND – also contributed to the decline in sales (down €16.6 million on a like-for-like basis, i.e. excluding Hugo Films acquired during the financial year), primarily relating to falling video and DVD sales.

Conversely, other diversification operations reported sales growth (up €32.8 million or €27.4 million on a like-for-like basis i.e. excluding Cyréalís acquired during then financial year). Even though the growth of Ventadis, which includes HSS and Mistergooddeal, was relatively weak (up €2.3 million or 0.8%) due to the deteriorated economic climate, interactivity-related operations (Internet, catch-up TV with the M6 Replay offer, M6 Mobile by Orange) strongly developed (up €7.5 million excluding Cyréalís or 10.2% on a like-for-like basis) relating to the growth of new media and entertainment consumption patterns.

FC Girondins de Bordeaux revenues also increased (up €17.6 million or 28.9%), driven by the Club's good results in League 1 in the 2007-2008 season and its participation in the first round of the 2008-2009 Champions' League.

Other operating income amounted to €12.9 million, a €7.7 million decrease compared to 2007.

This movement was primarily due to lower capital gains on the transfer of FC Girondins de Bordeaux players (down €9.8 million), as the 2008 financial year lacked any significant transactions.

Operating income thus totalled €1,367.8 million down €9.1 million (-0.7%).

Excluding amortisation charges and write downs of intangible assets relating to acquisition (including Goodwill) operating expenses increased by €32.9 million (+2.9%) to €1,173.8 million.

The growth was €25.9 million on a like-for-like basis and resulted from contrasting developments:

- M6 and W9's operating expenses grew by €52 million, primarily due to the broadcasting of Euro 2008 on M6 and the strengthened programming of W9.
- Those of growing operations (Interactivity, Ventadis, FC Girondins de Bordeaux) also rose (by €22.3 million or 5.9%) in line with revenue growth (+6.4%). The increase was due to variable and personnel costs, especially in the case of FC Girondins de Bordeaux.
- Conversely, the operating expenses of operations whose sales declined (SND and other licensing rights companies, M6 Interactions) decreased by €44.2 million.

Analysis of expenses by nature is as follows:

- consumables and other operating expenses increased by €14.9 million (+1.9%);
- personnel costs increased by €13.9 million (+6.6%); excluding FC Girondins de Bordeaux (+ €10.8 million), changes in group structure (+ €1.5 million) and the reduced charge recognised in application of IFRS 2 – *Share-based payments* (down €5.6 million), the change was a €6.7 million increase; the charge relating to IFRS 2 – *Share-based payments*, totalled €7.7 million, including €2.6 million in respects of share subscription plans whose exercise probability is very low due to the highly significant difference between the subscription price and the current M6 share price;
- tax and duties were virtually stable (+1.3%) at €61.4 million, taking account of the low growth in the main tax base of advertising sales;
- amortisation, depreciation and provision charges, excluding those relating to intangible assets of acquisitions, increased by €3.2 million to €87.6 million.

The amortisation of intangible assets relating to acquisitions and goodwill impairment charges amounted to €11.6 million, a much higher level than was recorded in 2007 (€1.8 million). The variation was due to the €9.7 million impairment of the goodwill recognised on the acquisition of Paris Première, pursuant to IFRS 3 – *Business combinations*, resulting from the recognition and use of deferred tax assets relating to retained losses that pre-dated the acquisition. This impairment charge was however offset by the recognition of tax income.

Group operating profit (or EBIT) thus reached €184.2 million in 2007, compared to €234.3 million in 2007, a decrease of 21.4%.

EBITA, defined by the Group as operating profit before capital gains on the disposal of subsidiaries and investments, amortisation, depreciation and impairment of assets relating to acquisitions (including goodwill) totalled €194.0 million in 2008, compared to €236.1 million in 2007.

Financial income declined by €3.0 million to €19.9 million, including the €20.0 million upward revaluation of the financial asset comprising Canal+ France shares and the attached put option. Excluding the fair value impact of the shares held by the Group in Canal+ France, financial income thus declined by €4.4 million, primarily due to the reduction in average cash deposits in 2008 and the sporadic use during the financial year of the credit facilities put into place in 2008.

The Group's share of losses from associates (or share of losses from equity-accounted companies) was €9.9 million, primarily comprising the contribution of Pages Jaunes Petites Annonces (Pages Jaunes) and the €5.4 million impairment of the attached non-current assets, including goodwill.



The income tax charge was €55.9 million, in sharp decline compared to the €87.9 million of 2007. Excluding the impact of the application of IFRS 3 – *Business Combinations*, resulting from the recognition and use of deferred tax assets relating to tax losses carried forward of Paris Première, which pre-dated the acquisition (€9.7 million), the recognition of a deferred tax asset in respect of the loss in value of the Pages Jaunes Petites Annonces shares (€3.4 million), the income tax charge would have been €69.0 million, corresponding to a 32.1% effective tax rate.

Net profit from continuing operations thus amounted to €138.4 million, down €30.3 million or 17.9% compared to 2007.

Due to the lack of profit or loss from discontinued operations and profit and loss attributable to minority interests, both in 2008 and 2007, net profit Group share also totalled €138.4 million.

## 2. Summarised 2008 consolidated income statement

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

Following the transfer by M6 Interactions of its newsstand DVD distribution business to SND, with effect from 1 January 2008, the segment information presented in 2007 in respect of the "diversification and audiovisual rights" segment was restated for comparability purposes.

EBITA is defined as operating profit (EBIT) before amortisation and impairment of intangible assets (except for audiovisual rights) from acquisitions (including goodwill) and capital gains on the disposal of investments or subsidiaries.

Eliminations and unallocated income/expenses relate to:

- The cost of share subscription options and cost of free share allocation plans, in accordance with IFRS 2 – Share-based payments;
- EBITA of property companies and dormant companies (€2.6 million in 2007 and €1.9 million in 2008);
- Unallocated consolidation restatements primarily corresponding primarily to the elimination of intra-Group gains on the disposal non-current assets or inventories.

Summarised consolidated income statement

€ millions	31/12/2008	31/12/2007	2008 / 2007 change (€ millions)	2008 / 2007 change (%)
<b>M6 TV Network</b>				
Turnover - advertising revenues	658.0	675.9	(17.9)	-2.6%
Total turnover	6.5	5.7	0.8	14.6%
(EBITA)	137.8	196.5	(58.7)	-29.9%
<b>Digital Channels</b>				
Turnover	125.0	100.0	25.0	25.0%
(EBITA)	18.9	0.3	18.6	N/S
<b>Diversification &amp; Audiovisual Rights</b>				
Turnover	565.1	574.6	(9.5)	-1.7%
(EBITA)	42.3	45.7	(3.4)	-7.4%
Other turnover	0.2	0.2	0.0	9.8%
Eliminations and unallocated items	(5.0)	(6.5)	1.5	-23.0%
Turnover from continuing operations	1 354.9	1 356.4	(1.5)	-0.1%
EBITA from continuing operations	194.0	236.1	(42.0)	-17.8%
Brand amortisation charges & Impairment of non-amortisable assets	(11.6)	(1.8)	(9.8)	
Capital gains on the disposal of non-current assets	1.8	0.1	1.7	
Operating profit (EBIT) from continuing operations	184.2	234.3	(50.1)	-21.4%
Net financial income/ (expenses) from continuing operations	(0.1)	4.0	(4.1)	
Fair value movement of the Canal+ France asset	20.0	18.9	1.1	
Share of associates' net profit	(9.9)	(0.7)	(9.2)	
Profit before tax from continuing operations	194.3	256.6	(62.3)	-24.3%
Income tax on continuing operations	(55.9)	(87.9)	32.1	
Net profit from continuing operations	138.4	168.6	(30.2)	-17.9%
Net profit (loss) from discontinued operations	-	-	-	
Net profit	138.4	168.6	(30.2)	-17.9%
Minority interests	0.0	0.1	(0.1)	
Net profit - Group share	138.4	168.7	(30.3)	-17.9%

## 2.1 M6 TV Network

Contributions to M6 TV network performance may be analysed as follows:

€ millions	31/12/2008			31/12/2007			2008/2007 change		
	Business segment total sales	External sales	EBITA	Business segment total sales	External sales	EBITA	Business segment total sales	External sales	EBITA
M6 TV channel*	742.1	660.7	139.4	759.1	677.2	197.4	(17.0)	(16.5)	(58.0)
Audiovisual and film production subsidiaries	94.3	3.9	(1.7)	84.4	4.5	(0.9)	9.9	(0.5)	(0.7)
Intra-group eliminations	(137.0)	-	-	(127.5)	-	-	(9.5)	-	-
<b>Total M6 channel</b>	<b>699.4</b>	<b>664.6</b>	<b>137.8</b>	<b>716.0</b>	<b>681.6</b>	<b>196.5</b>	<b>(16.6)</b>	<b>(17.1)</b>	<b>(58.7)</b>

\* including M6 Publicité (advertising agency)



**M6 TV network EBITA may be analysed as follows based on M6 channel gross margin in programming:**

(€ millions)	31/12/2008	31/12/2007	2008 / 2007 change (€ m)	change (%)
Sales - external advertising revenues	658.0	675.9	(17.9)	-2.6%
Sales - intra-Group advertising revenue	10.5	12.2	(1.7)	-13.7%
Advertising agency cost - (M6's share of taxes and copyright distribution costs)	(20.5)	(22.1)	1.6	-7.3%
Free-to-Air net revenues	544.6	558.6	(14.0)	-2.5%
Programming costs	(347.0)	(299.1)	(47.9)	+16.0%
Gross margin on programming	197.7	259.5	(61.9)	-23.8%
as % of sales	36.3%	46.5%		
Net other operating revenue/(expenses)	(68.0)	(69.7)	1.8	-2.5%
Ex-segment commissions net of advertising agency costs not allocated to M6	9.7	7.6	2.1	+27.3%
M6 TV Network other subsidiaries EBITA	(1.7)	(0.9)	(0.7)	N/S
<b>M6 TV Network EBITA</b>	<b>137.8</b>	<b>196.5</b>	<b>(58.7)</b>	<b>-29.9%</b>

*Free-to-air TV net sales: These consist of advertising sales earned by the M6 television network, offset by the cost of services provided by M6 Publicité (TV network share), mandatory charges levied as a proportion of sales and broadcasting costs.*

*Programming costs: These represent the cost of programmes broadcast on M6 channel (purchased, produced or co-produced), including charges relating to rights that are invalid or unlikely to be broadcast.*

*Gross margin on programming: This represents the difference between Free-to-air TV net sales and programming costs.*

- **Métropole Télévision (M6)**

M6 Métropole Télévision is the Parent Company of the M6 Group and broadcasts the M6 channel. It sets programming strategy, programme acquisition and production policy and the network's programme line-up. M6 also collects sales from advertising slots and sponsorships broadcast on the network.

In addition, M6 Métropole Télévision defines the strategic direction of the Group's various entities and manages the cross-organisational support functions. The majority of the Group's strategic economic assets are held by the Parent Company.

- **M6 Publicité: strong brands at the advertisers' service**

As the historical advertising agency of the M6 TV network, the growth of which it supported, M6 Publicité today markets the advertising space of 10 TV channels, all strong brands with a very strong positioning, including

- M6,
- W9,
- Paris Première,
- Téva and Série Club,
- M6Music Hits, Black and Club.

- **M6 Films and production companies**

Other Free-to-Air activities include film and TV production.

As for film production, **M6 Films** is responsible for the Group's obligations and ambitions in terms of cinema production. It produces French and European films and also manages the pre-purchase of TV broadcasting rights on behalf of the Group. This activity comes within the framework of all French broadcasting groups' obligation of financing the French cinema industry by contributing a portion of their advertising sales. M6's investment obligation is 3.2% of the TV network's net advertising sales, to be reinvested in French and

European cinema production.

In 2008, investments corresponding to this obligation amounted to €18.8 million, up 3% (based on 2007 investments, excluding postponed productions), enabling M6 Films to participate in the production of two films with a budget exceeding €20m, *Le Petit Nicolas*, adapted from the cartoon, and *From Paris With Love*, an international co-production starring John Travolta, as well as the production of Bruno Solo and Yvan Le Bolloc'h's new adventures in *Le Séminaire*.

The Group's production activities are driven by three separate production companies.

**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*, *Fan de* and *M6 Kid* (delegated production). It also operates all of the Group's technical production resource, directs the production of sponsorship slots, format management and self-promotion slots.

**C. Productions** is the second part of this segment, which primarily produced M6 TV network news magazines, such as *Capital*, *Enquête Exclusive*, *66 Minutes*, *100% foot*, *100% Mag*, as well as historic documentaries and *Enquêtes Criminelles* on behalf of W9.

Finally, **Studio 89 Productions** produces, both for the M6 TV network and the Group's digital channels, 48 different formats, including *Un dîner presque parfait*, *Pékin Express saison 3*, as well as *W9 Mag*, *Pif Paf* and *Les dossiers de Téva*.

Over the financial year 2008, the M6 TV network generated sales of €664.6 million, compared to €681.6 million in 2007, a 2.5% decrease primarily caused by the 2.6% decline in advertising sales. The segment's EBITA was €137.8 million, compared to €196.5 million in 2007; despite well-controlled operating expenses, programming costs sharply increased nonetheless to €347.0 million, compared to €299.1 million in 2007, due to the broadcasting of 14 Euro 2008 matches, at a total cost of €50m.

## 2.2 Digital channels

	31/12/2008			31/12/2007			2008/2007 change		
	Business segment total sales	External sales	EBITA	Business segment total sales	External sales	EBITA	Business segment total sales	External sales	EBITA
(€ millions)									
Total Digital Channels	127.0	125.0	18.9	101.4	100.0	0.3	25.6	25.0	18.6

In 2008, digital channels again represented a true growth driver for Group operations, with sales growth of 25.1% to €125.0 million, and a strong increase in their contribution to EBITA, which was positive by €18.9 million, compared to €0.3 million in 2007. W9 reported its first full-year profit in 2008.

## 2.3 Diversification and audiovisual rights

In 2008, the contribution to consolidated sales of diversification and audiovisual rights operations amounted to €665.1 million, down 1.7%. Its contribution to EBITA was a positive €42.3 million, a 7.4% decline.

(€ millions)	31/12/2008			31/12/2007			2008/2007 change		
	Business segment total turnover	External turnover	EBITA	Business segment total turnover	External turnover	EBITA	Business segment total turnover	External turnover	EBITA
Audiovisual Rights	112.9	90.4	3.0	114.2	102.7	4.2	(1.3)	(12.3)	(1.2)
Interactions	41.5	36.3	0.1	73.8	66.4	0.1	(32.3)	(30.1)	0.0
Distance-selling	282.1	273.2	8.9	278.6	270.8	9.6	3.5	2.3	(0.7)
Interactivity	101.1	86.7	24.8	89.4	73.8	19.8	11.7	12.9	5.0
FCGB	78.9	78.5	5.6	61.3	60.9	12.0	17.7	17.6	(6.4)
Intra-Group eliminations	(17.0)	-	-	(17.0)	-	-	(0.0)	-	-
<b>Total Diversification &amp; Audiovisual Rights</b>	<b>599.5</b>	<b>565.1</b>	<b>42.3</b>	<b>600.3</b>	<b>574.6</b>	<b>45.7</b>	<b>(0.8)</b>	<b>(9.5)</b>	<b>(3.4)</b>

The contribution of each division to the performance of diversification and audiovisual rights may be analysed as follows:

### 2.3.1 Audiovisual rights

This business includes the activities of SND (*Société Nouvelle de Distribution SA*), SNC (*Société Nouvelle de Cinématographie SAS*), TCM Droits Audiovisuels, Mandarin and Mandarin Films SAS and M6 Studio SAS. These various companies are in charge of rights acquisition, management or distribution activities.

During 2008, SND's cinema distribution business confirmed the high sales level achieved in the previous year with 16 films distributed to cinemas, recording more than 7.8 million box office sales, including 4 films that exceeded the 4 million mark. The Video business again posted a sharp decline, in line with the market, posting a fall in traditional network sales and newsstand distribution, consistent with the decreasing number of new releases and quantities sold. Revenue from licence rights disposals stabilised at a high level in 2008, following their 50% growth in 2007.

SNC reported sales growth, with the disposal of the licensing rights of flagship products of its catalogue, *Les Gendarmes* and *le Mur de l'Atlantique*. TCM maintained its level of performance due to growing Cable & Satellite and DTT sales. Lastly, the division benefited from the integration of Hugo Films, the contribution of which is specified in the notes to the consolidated financial statements (consolidated over 10 months).

Overall, the audiovisual rights business contributed €90.4 million to Group sales, down €12.3 million from 2007. Its contribution to EBITA was €3.0 million.

### 2.3.2 M6 Interactions

The main markets of M6 Interactions registered a marked slowdown in 2008, affecting both the music market, in decline, and sales of newsstand composite products, which were impacted by purchasing power and consumer spending issues.

Due to this unfavourable situation, the Group had to make a significant and rapid effort to adapt the organisation of the division and implement a strategy aimed at limiting the Group's exposure to launching and slow sales risks in the most weakened markets.

The number of publication launches was thus reduced, as were the number of music products sold.

The Interaction business contributed €36.3 million to consolidated sales, down 45.3%, along with a positive contribution to EBITA of €0.1 million; the level of fixed and variable costs were reduced, thanks to the postponed launches and cost-cutting steps implemented, so that the division could break even.

### 2.3.3 Interactivity

M6 Web continued its internet development and reported strong audience growth to more than 13 million unique visitors for all its websites in December 2008 (*source: Médiamétrie/NetRatings*). The integration of Cyréalís, the acquisition of which was finalised in May 2008, strengthened the qualified audience offer to advertisers and its personnel's expertise helped launch new thematic portals, such as deco.fr and teva.fr. The community website partnership strategy continued to bear fruit, with more than 7 millions subscribers to the habbo.fr website, as did the M6 Mobile by Orange mobile phone offer, which totalled more than 1.5 million customers at end 2008, after recruiting more than 330,000 new customers over the year. The main event of 2008 was the launch of M6Replay, a catch-up TV innovation, which already attracts more than 1.9 million visitors per month, who watched over 10 million programmes. Games, mobile phone content and programme interactivity operations reported more contrasting performance levels.

The Interactivity division (including M6 mobile by Orange) thus recorded a further year of growth in 2008, with sales up 17.4% to €36.7 million. EBITA grew sharply and totalled €24.8 million. Sales and EBITA benefited from the consolidation from 1 May of Cyréalís, the contribution of which is disclosed in the notes to the consolidated financial statements.

### 2.3.4 Distance selling - VENTADIS

The Distance selling Business operated in 2008 against a deteriorating economic situation from the summer and suffered from slower consumer spending and increased competition, in particular from e-commerce website, which implemented an aggressive promotional policy with a view to offsetting the slowdown in their sales, at the expense of profit margins. Mistergooddeal.com preferred to implement a gross profit margin preservation strategy, in order to draw value and differentiate its offer, banking on the quality of the products offered and related customer service it provides.

In 2008, the emphasis was put on marketing and operational synergies, by bringing the two entities together under a single brand and in the same premises, with the intention of uniting complementary expertise, as reflected by the common web factory and the extended product ranges.

The Ventadis business contributed €273.2 million to consolidated sales, an increase of 0.9% compared to 2007. Its contribution to EBITA was €8.9 million, reflecting the slowdown in revenue growth.

### 2.3.5 Football Club des Girondins de Bordeaux (SASP)

The 2007-2008 season was highly satisfactory for F.C.G.B, which ended up ranking 2<sup>nd</sup> in L1, followed by a participation in the Champions League in the second half of 2008. The professional team was reinforced offseason by the arrival of new world-class players, such as Yoann Gourcuff. The FCGB's training centre, which is the guarantee that the Club will continue playing at top level in the future, had another successful year in 2008.

FCGB's contribution to Group sales totalled €78.5 million, compared to €60.9 million in 2007, driven by TV rights, as well as rising match day ticket sales, derivative products and sponsorship revenue. The contribution to Group EBITA was €5.6 million, compared to €12.0 million in 2007, in which proceeds from player transfers had been recognised.

## **2.4 Unallocated items**

Immobilière M6 owns Métropole Télévision Group's 10,000 m<sup>2</sup> head office facilities located at Neuilly sur Seine. The SCI of 107, avenue Charles-de-Gaulle, owns two buildings of a surface area of 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.

## **3. Financial structure and cash flow statement**

### **3.1 Financial structure**

At 31 December 2008, total assets were €1,440.7 million, up €13.6 million, (+1.0%) compared to 31 December 2007.

Non-current assets totalled €748.9 million, an increase of €70.0 million (10.3%) compared to the 2007 year-end.

The financial asset corresponding to the 5.1% equity investment in Canal+ France is the main non-current asset, valued at €363.0 million. Its valuation was increased to €20.0 million in order to reflect the fair value of the put option on the Canal+ France shares which has a floor value of €384.2 million and which the Group may exercise in 2010.

Goodwill represented €83.0 million in balance sheet assets, an increase of €29.5 million due to the acquisition of Cyréal, which contributed €40.5 million to the movement. Conversely, the goodwill resulting from the acquisition of Paris Première in 2004 was restated downwards (€9.7 million), in application of IFRS 3 – *Business combinations*, following the recognition and use of deferred tax assets relating to retained losses that pre-dated the acquisition date.

Other movements in non-current assets primarily include:

- audiovisual rights, as a result of the acquisition of Hugo Films (+ €8.5 million) and SND's larger catalogue (+ €23.1 million);
- property, plant and equipment (+ €6.0 million) related to the commissioning of a new broadcasting control room and Girondins TV's technical equipment.

Current assets, excluding cash and cash equivalents, amounted to €651.3 million, a decrease of €7.8 million (down 1.1%) compared to 31 December 2007.

This development was primarily driven by the decline in other assets (down €36.6 million), caused by the offsetting of advances paid prior to 2008 in respect of programmes and audiovisual rights broadcast or delivered during the financial year. Thus, €26.1 million in advances paid on Euro 2008 rights were recognised in balance sheet assets at 31 December 2007.

Against a background of enhanced programming of the Group's main channels and the use of advances paid, as well as the decrease in purchase commitments following the provision or delivery of programmes, audiovisual rights inventories increased by €20.2 million.

The balance of current assets (€8.6 million) reflects contrasting developments: decrease in goods inventories (€6.1 million or up 19%), virtually stable trade receivables (€2.5 million or up 1.0%) and €12 million increase in income tax receivables.

Cash and cash equivalents amounted to €40.5 million, a €48.6 million decline compared to 31 December 2007.

Group equity totalled €795.1 million.

Their €7.1 million increase was primarily due to the net profit for the period (plus €138.4 million), the distribution of dividends (less €128.7 million) and treasury share transactions. The net impact of treasury share buybacks, (financial year or forward purchases) for cancellation or allocation purposes and in application of IFRS2 – *Share-based payments*, was a charge of €5.9 million.

Other equity items (current and non-current liabilities) amounted to €645.7 million, up €6.6 million (1.0%).

The majority of this increase related to non-current liabilities (up €4.9 million), due to the increase in debt resulting from non-current asset acquisitions.

Current liabilities were virtually stable (up €1.7 million), the modest increase in trade payables (up €5.2 million or 1.0%) being offset by the decline in other financial liabilities following the exercise during the financial year of the treasury share forward contract.

### **3.2 Cash flow statement**

Cash flow from continuing activities was €225.8 million in 2008, which is higher than the €18.2 million achieved million in 2007.

However, this €7.6 million increase (3.5%) resulted from contrasting developments in the self-financing capacity and working capital requirements.

- The self-financing capacity before tax generated by the Group was €276.0 million, a decrease of €42.5 million, primarily due to the €50.1 million decline in operating profit.
- The change in working capital requirements (WCR), excluding tax receivable and payable amounted to a €23.9 million cash generation, compared to a cash flow usage of €16.8 million in 2008. Excluding the advances paid in 2007 in respect of the purchase of the Euro 2008 TV rights, the first-half year 2008 would have still reflected a €2.2 million usage. The continuing targeted steps to follow-up inventories, trade payables and trade receivables initiated in 2007, contained the relative WCR level, in particular due to the recognition as inventories of rights that were previously recognised as commitments given by the Group.
- Income tax outflows were €74.0 million, compared to €83.4 million in 2007.

Cash flows applied to investments used €119.5 million of cash flow from continuing activities. Net investments had totalled €154.5 million in 2007.

- Growth in non-recurring investments totalled €24.1 million, compared to €89.8 million in 2007. The financial year just ended was indeed marked by the acquisition of Cyréalisis, Hugo Films, 50% de Femmes En Ville and a 32.67% investment in Tyredating (Popgom).

In 2007, the Group had proceeded with the acquisition of a building in Neuilly sur Seine, purchased the minority interests in Sedi TV (Téva) and Mistergooddeal, and made equity investments in Annonces Jaunes (34%) and Summit Entertainment LLC (9%).

- Virtually recurring investments (licensing rights purchases by SND, purchase and sale of players by FC Girondins de Bordeaux and renewal of technical equipment) increased from €64.7 million to €95.4 million. This development resulted from SND's significant activity in the licensing rights market (purchases up €16.2 million), the installation of fixtures and fittings at the Rungis site and in the building acquired in 2007 (€5.4 million) and the modernisation of technical broadcasting equipment (€6.9 million).

Cash flow applied to financing activities used up cash resources of €155.0 million in 2008 compared to €172.8 million in 2007.

This movement may be explained as follows:

- The increase in dividends paid was up modestly by €3.7 million to €128.7 million, since the increase in the dividend paid per share between 2007 and 2008 (up by 5 cents per share) and was not offset by the share capital reductions resulting from the share buyback programme.
- This share buyback programme had a €13.7 million impact on the cash position in 2008 (980,000 shares bought back), a much lower cash outflow than that incurred in 2007 (€45.2 million for 1,960,000 shares bought back). Other cash outflows relating to treasury share transactions (purchases as part of allocations, liquidity contract) amounted to €1.3 million over the financial year, compared to €1.4 million over the same period of 2007. In total, the cash outflows generated by share buybacks were €25.0 million, compared to €46.6 million in 2007.
- In order to finance its cash outflows, the Group put into place in 2008 two banking credit facilities totalling €35 million and a €50 million credit facility with its main shareholder, RTL Group, for a total of €135 million. During the year, a maximum of €30 million was drawn down to cope with a peak in funding requirements. None of them were in use at 31 December 2008.

The financial year thus resulted in a €48.6 million decrease in cash and cash equivalents, compared to €161.5 million in 2007, after taking account in particular of the €52.5 million refunded to Vivendi in January 2007, in relation to an advance received in 2006 as part of the transfer of TPS to Canal+ France.

Cash and cash equivalents thus totalled €40.5 million at 31 December 2008, compared to €39.1 million at 31 December 2007.

Considering the debt position, the Group thus went from a positive net cash position of €39.0 million at the 2007 year-end to a positive €38.3 million at 31 December 2008.

#### **4. Cash flow management policy**

The Group carries out cash management with the objective of being able to rapidly mobilise short-term deposits and limiting capital risk. The Group's approach is decidedly cautious and non-speculative.

Selected funds comply with criteria established by IAS 7 – *Cash Flow Statement*. The corresponding deposits are thus considered as cash equivalents, since they are highly liquid, easily convertible in a known amount of cash and subject to a negligible risk of losing their value.



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

- i) not to invest more than 20% of Group bank balances in a single counterparty;
- ii) not to hold more than 5% of the assets of a fund (control ratio),
- iii) to invest in funds that have the following features:
  - fund valued at least €1 billion,
  - fund operating for at least two years,
  - volatility of less than 0.25%,
  - correlation of fund volatility with that of the index
  - the great majority of shares are "investment grade" rated.

A follow up on all products in which the Group is invested, as well as a list of products in which the Group may invest is produced on a daily basis; the Group then arbitrates between them in order to favour the most regular and most profitable funds, within the framework of above-mentioned constraints.

The yields of the deposits, thus regularly monitored, are communicated to management on a monthly basis. Precise reporting of the various risks facing these deposits is also communicated every quarter.

In addition, from the beginning of the crisis in the interest rate markets in July 2007, the Group strengthened existing controls, by more particularly demanding:

- the full detail of each fund's investment portfolio, and their distribution by rating, on a monthly basis;
- the limitation of unrated securities to a maximum of 5% of the total of the fund.

## **5. Investment policy**

M6 investment policy is guided by the following:

- providing the Group with the necessary resources to develop future growth drivers that meet the challenges resulting from new broadcasting modes and media consumption patterns;
- the strategic obligation to supply existing operations with the best content and products possible in order to confirm their positioning and attractiveness;
- the importance to provide the Group with a safe and efficient working environment, both in terms of infrastructures and equipment (offices, means of production, etc.) and information and broadcasting systems;
- TV networks obligations and contractual commitment obligations, as well as regulations that govern these activities.

In order to guarantee the Group's development:

- with the objective of increasing the share of multimedia and digital operations, the Group made the full acquisition in 2008 of Cyréalys Group, a publisher of websites and of a price comparison engine;
- in order to adapt to new consumption patterns, M6 Web launched an innovative catch-up TV offering, M6 Replay, in March 2008;
- lastly, after having invested in HD experiments as early as 2006, and been authorised to broadcast an HD television service, the channel began to broadcast in HD on 30 October 2008. This new service required broadcasting and production investments in order to adapt them to the HD format. A new digital control room, fully HD designed, was thus rolled out.

In order to make the production and broadcasting environment, as well as support functions more reliable and optimise them, the Group has:

- put into place new technical broadcasting equipment,
- continued its IT modernisation efforts,
- renewed its office equipment.

In addition, the Distance selling division implemented in 2008 the operational merger process of Mistergooddeal and HSS, which involves the harmonisation of their IT systems and the relocation of their personnel in a single site, rented out in Rungis since January 2008.



With a view to supporting existing activities:

- SND increased its purchase level of audiovisual rights for resale (cinema and video distribution and TV sales) by investing €52.0 million in 2008;
- in the fields of audiovisual rights again, the Group made the full acquisition in 2008 of Hugo Films, which owns a catalogue of feature films;
- Mistergooddeal made a 32.67% investment in Tyredating, the publisher of the online tyre purchase and ordering website Popgom, with a view to rolling out its e-commerce expertise in a new market;
- M6 Editions increased its investment in Femmes en Ville to 100%;
- FC Girondins de Bordeaux strengthened its professional team with the value of the players bought exceeding that of players sold by €8.6 million;
- TV networks continued to implement their programme investment policy, in particular W9, which, due to its ambitious programming policy, asserted itself as a leading DTT channel in spite.

Finally, within the framework of contractual commitments and/or regulatory obligations, M6 Group invested €113.4 million in the production of cinematographic and audiovisual works, that is 19.27% of consolidated advertising sales, net of tax and contributions for the previous year, compared to an obligation of 19.2% (16% for audiovisual works and 3.2% for cinema works).

## 6. Off-balance sheet commitments

At 31 December 2008, commitments given by the Group totalled €738.8 million, compared to €884.3 million at 31 December 2007.

This significant decline in commitments given (€145.5 million) primarily resulted from the following developments:

- Rights purchase and co-production commitments, net of advances paid amounted to €549.7 million, which is a €141.4 million decrease.
- Commitments relating to TV channel transmission and broadcasting decreased by €16.1 million compared to 31 December 2007, to €141.0 million. This decline was primarily due to the completion of the analogue broadcasting contract of the M6 channel, since the selected end date of the contract matches that of the planned switch-off of the analogue signal provided by Law (30 November 2011). The commitments relating to the standard digital broadcasting (DTT SD) of M6, W9, Paris Première and TF6 (50%) were virtually stable, since the additional cost of the extension of DTT coverage areas in 2008 was offset by the termination of the contracts in force until 2007.

At 31 December 2008, commitments received by the Group totalled €106.5 million, compared to €140.9 million at 31 December 2007.

They primarily comprised the €38.7 million decrease in commitments received from Canal+ France and other distributors of the Group's channels, as contracts are carried out.

## 7. Agreements between M6 and subsidiaries

### 7.1 Shareholders' agreements

To date, Métropole Television and its subsidiaries have entered into shareholders' agreements with a view to organising, as a complement to bylaws, relations with joint shareholders in jointly controlled companies. The companies concerned are Métropolest, Echo6, Extension TV (Série Club), TF6, TCM Gestion, Multi 4 Tyredating and MR5.

## **7.2 Direct shareholding interests over 5%, 10%, 20%, 33% or 50% of capital and of controlling interests (Article L 233-6 of the Commercial Code) at 31 December 2008**

In accordance with legal provisions, the attached table states the direct shareholding interests held by Métropole Télévision or one of its subsidiaries during the 2008 financial year.

Company name	Legal form	2008 equity investments	% shareholding		Total
			Direct M6	Indirect M6	
CYREALIS HOLDING*	SAS	100%	–	100%	100%
CYREALIS*	SAS	100%	–	100%	100%
NETECONOMIE*	SARL	100%	–	100%	100%
GROUPEMENT JV	SARL	49%	–	49%	49%
BOITE A NEWS	SARL	50%	–	50%	50%
TYRE DATING	SAS	32.67%	–	32.67%	32.67%
MR5	SAS	33.33%	33.33%	–	33.33%
HUGO FILMS	SAS	100%	100%	–	100%
HUGO PRODUCTIONS*	SA	100%	–	100%	100%
FEMME EN VILLE	SAS	50%	–	100%	100%
GIRONDINS HORIZONS	SAS	100%	–	100%	100%
GIRONDINS EXPRESSIONS	SAS	100%	–	100%	100%

*\*compant dissolved on 31 December 2008*

## **7.3 Parent company/subsidiaries relationships**

Métropole Télévision has its own business activities and also defines the strategic objectives for the Group in its capacity as Parent Company.

It sets and defines the framework for oversight of the activities of Group entities as follows:

- through the strategic objectives defined for Group activities;
- through the specific features of its three core business lines: Free-to-Air TV, Digital TV and the Diversification and audiovisual rights;
- through the existing business-wide functional departments (Finance, Facilities Management, General Services, Human Resources, Legal Affairs, Information Systems, Internal Communications, etc.) which operate as shared services within the Group. These functional responsibilities are held by specialists from each of the business lines. The provision of these resources is formalized in Technical Assistance Agreements and is invoiced to each subsidiary.

From a financial point of view:

- the cash pooling agreement with subsidiaries enables M6 to manage and consolidate the cash resources of most Group subsidiaries to optimise its use;
- Métropole Télévision is the head of a tax consolidation group pursuant to the provisions of Article 223 A of the General Tax Code.

## MANAGEMENT REPORT

At 31 December 2008, the Métropole Télévision Group had 68 subsidiaries and affiliates as follows:

- 23 significant consolidated subsidiaries;
- 38 insignificant consolidated subsidiaries;
- 7 non consolidated subsidiaries

Significant consolidated subsidiaries were the following:

Financial transactions with Métropole Télévision					
Significant consolidated subsidiaries (23)	Country	Member of cash pooling agreement	Various significant transactions*	% interest (rounded up)	Impact of minority interest
<b>M6 TV NETWORK</b>					
M6 Publicité	France	yes	Advertising agency payment	100%	-
M6 Films	France	yes	NS	100%	-
Métropole Production	France	yes	Rights acquisitions technical or support services	100%	-
C. Productions	France	yes	Rights acquisitions	100%	-
Studio 89 Productions	France	yes	Rights acquisitions	100%	-
<b>DIGITAL CHANNELS</b>					
M6 Thématique	France	yes		100%	-
Extension TV Série Club	France	yes	NS	50%	-
Fun TV	France	yes	NS	100%	-
Paris Première	France	yes		100%	-
TF6	France			50%	-
EDI TV – W9	France	yes		100%	-
M6 Communication (M6 Music Black - Hit - Club)	France	yes		100%	-
SediTV - Téva	France	yes		100%	-
<b>DIVERSIFICATION AND AUDIOVISUAL RIGHTS</b>					
Football Club des Girondins de Bordeaux	France	no	NS	100%	-
Home Shopping Service	France	yes	NS	100%	-
M6 Editions	France	yes	Advertising	100%	-
M6 Evénements	France	yes		100%	-
Société Nouvelle de Distribution	France	yes	Rights acquisitions	100%	-
Société Nouvelle de Cinématographie	France	yes	NS	100%	-
M6 Interactions	France	yes	Advertising	100%	-
M6 Web	France	yes	Advertising	100%	-
TCM Droits Audiovisuels	France	no	Rights acquisitions	50%	-
Mistergooddeal	France	yes	Advertising	100%	-

\* Transactions valued in excess of € 500 thousand

In view of the size of their business activities, the transactions between the following companies and Métropole Télévision are insignificant.

Insignificant consolidated subsidiaries (38)	% interest (rounded up)	Insignificant consolidated subsidiaries	% interest (rounded up)
M6 Numérique (1)	100%	M6 Récréative (1)	100%
M6 Studio (1)	100%	Immobilière M6 (1)	100%
M6 Toulouse (1)	100%	Live stage (1)	99%
Mandarin (1)	100%	M6 Bordeaux (1)	100%
SCI du 107 (1)	100%	M6 Diffusion (1)	100%
TF6 Gestion	50%	M6 Foot (1)	100%
SND USA	100%	Immobilière 46D (1)	100%
M6 Développement (1)	100%	Femmes en ville	50%
Echo6	50%	Citato (1)	100%
Mandarin Films (1)	100%	M6 Divertissement (1)	100%
Pages Jaunes Petites Annonces	34%	M6 Créations (1)	100%
Girondins TV	100%	DIEM 2 (1)	100%
Girondins Expressions	100%	Hugo Film (1)	100%
33 FM	85%	Boîte à News	50%
		Groupement JV	49%
<i>Distance selling sub-group</i>			
M6 Boutique la Chaîne (2)	100%	Télévente promotion (2)	100%
HSS Belgique	100%	Unité 15 Belgique	100%
HSS Hongrie	100%	Unité 15 France (2)	100%
SETV Belgique	100%	Retail Concept (2)	100%
TYRE DATING	32.67%		

(1) M6 cash pooling

(2) HSS cash pooling

In addition, the following companies were not consolidated, due to either a percentage of interest below 10% (Canal+ and Summit Entertainment), or to insignificant operations (ENEX, Métropolest and TCM Gestion).

Unconsolidated companies (7)	% interest
ENEX	20%
Métropolest	49.88%
Canal + France	5.10%
TCM Gestion	50%
Summit Entertainment	9.06%
Multi 4	50.25%
MR5	33.33%

Please find hereafter the contributions of major Group companies in terms of non-current assets, financial debt, balance sheet cash and cash equivalents, cash flow from operations and dividends paid by subsidiaries to the parent company during the financial year presented below to disclose the respective scale of every company within the Group and more specifically the relative size of the parent company compared to the direct and indirect subsidiaries.

The Group's bank borrowings and finance leases amounted to €3.1 million, of which €2.4 million related to the liabilities generated by the acquisitions made during the year (Cyréalès, Hugo Films).

Parent company - subsidiary relationships		
<i>(€ millions)</i>	2008	2007
<b><i>Non-current assets</i></b>	<b><i>727.4</i></b>	<b><i>653.8</i></b>
M6 Numérique	363.0	342.9
SND	65.6	42.5
M6 Web	44.4	1.0
Immobilière 46D	41.3	39.6
HSS - Mistergooddeal: Distance-selling	51.4	51.2
Immobilière M6	29.5	30.1
FCGB	29.4	34.2
Métropole Télévision	23.0	21.7
SNC	12.0	12.6
SND USA	10.9	10.4
Hugo Films	8.5	-
Mandarin Films	8.5	9.3
TCM DA	7.3	10.3
SCI du 107	7.2	6.7
Annonces Jaunes	6.0	15.4
Paris Première	4.7	14.5
<i>Other</i>	<i>14.7</i>	<i>11.4</i>
<b><i>Balance sheet cash and cash equivalents</i></b>	<b><i>40.5</i></b>	<b><i>89.1</i></b>
Métropole Télévision	21.6	62.2
HSS - Mistergooddeal : Vente à Distance *	7.6	16.6
SND	3.3	0.4
Edi - W9 Tv	2.9	1.0
FCGB	2.1	3.2
<i>Other</i>	<i>3.0</i>	<i>5.7</i>
<b><i>Cash flow from operations</i></b>	<b><i>225.8</i></b>	<b><i>218.2</i></b>
Metropole Télévision	63.7	58.4
M6 Publicité	46.0	45.2
SND	33.2	40.9
M6 Web	20.8	22.4
FCGB	11.3	9.9
HSS - Mistergooddeal: Distance-selling*	6.9	25.2
TCM DA	7.7	-0.2
Edi - W9 Tv	5.6	-0.7
Sedi - Teva	4.9	4.2
M6 Interactions	4.7	13.0
Studio 89 productions	3.3	-0.5
<i>Other</i>	<i>17.7</i>	<i>0.4</i>
<b><i>Dividends paid to Métropole Télévision</i></b>	<b><i>177.1</i></b>	<b><i>60.5</i></b>
M6 thématique	123.1	15.3
M6 Publicité	27.8	27.4
M6 Interactions	22.4	14.3
Mandarin Films	1.4	1.3
M6 Web	0.9	1.0
Studio 89 productions	0.8	-
M6 Diffusion	0.7	-
SNC	-	1.1
Capital Production	-	0.1

*\* data relating to HSS and Mistergooddeal is presented cumulatively due to the increasing pooling of their resources within the Distance-Selling division*

## 8. Significant post-balance sheet events

On 5 January 2009, the Group ceased to broadcast local newscasts, resulting in a partial termination of the latter's operations, the social consequences of which were dealt with the implementation of an employment retention plan, as described in section 15.2 of this document.

On 7 January 2009, stakeholders to the TPS – CanalSat merger transaction that created Canal+ France received a grievance notification from the French Competition Committee, due to the fact that the reporting secretary of the Committee deemed that certain clauses of the agreements could be criticised from a competition point of view.

On 12 February 2009, the Cantonal Court of Freiburg delivered its judgement in the litigation opposing M6 and SSR. This ruling concluded that the broadcasting of M6 in Switzerland, including local advertising breaks, constitutes an infringement of copyright and acts of unfair competition. M6 decided to appeal the decision to the Federal Court.

On 26 February 2009, the M6 and PagesJaunes Groupe announced having terminated their partnership in the field of online property and cars classifieds, due to the economic slowdown affecting participants in this market segment. In light of this strategic change, M6 Group transferred its 34% shareholding in annoncesjaunes.fr to PagesJaunes Groupe.

On 3 March 2009, the French *Conseil Constitutionnel* validated the greater part of the Audiovisual Law, which was then promulgated on 7 March 2009. The provisions of the Law are specified in section 9 of the Management report.

To the Company's knowledge, no other significant event occurred since 1 January 2008 is likely to have or to have had in the recent past a significant impact on the Company and Group's financial position, results, activities and assets.

## 9. 2009 outlook

In 2009, M6 Group will continue to implement its profitable growth strategy for all its activities. In line with previous financial years, content will be at the core of growth, with a view to confirming the position of the family of channels, within a market environment undergoing extensive change and marked by the rapid development of Digital Terrestrial Television (DTT) and audience fragmentation.

Nonetheless, M6 Group will most likely operate against a difficult economic background in 2009, the deterioration of which materialised from the second half of 2008, in particular in relation to the advertising market, which was subjected to a certain downward cyclical pressure, as well as structural changes, including:

- in terms of demand, the cautious or even wait-and-see policy implemented by many advertisers as regards their 2009 advertising expenditure,
- in terms of supply, audience fragmentation, leading to the greater attractiveness of DTT channels, as well as changes affecting the available advertising capacities (cessation of advertising after 8 pm on public channels, increase in average daily advertising quota and of its recognition system).

Against this background, M6 Group will pay particular attention to the level of its operating expenses, without nonetheless putting the development of its operations in jeopardy, in order to maintain, as much as possible, a satisfactory profitability level.

## 9.1 Free-to-Air and Pay TV

Following the success of its access prime time programmes, launched in February 2008, and the sustained power of its programme in prime time, M6 announced that it would continue its strategy of increasing its audiences in key niche times slots of the day, by broadcasting a news programme presented early in the evening during 2009.

However, the cost of M6's programmes, which amounted to €347 million in 2008, which included the broadcasting of Euro 2008, will be significantly reduced in 2009.

In addition, as part of the:

- broadcasting of the channel on DTT in High Definition, effective from 30 October 2008, that enabled M6 to offer in the greatest number, free and with an extensive coverage, access to its programmes with an unequalled image quality
- continuing rollout of the DTT coverage.

The broadcasting costs of M6, as well as those of the channels in DTT (W9, Paris Première and TF6) should continue to grow.

The rollout of DTT coverage should see the first switch-off of the analogue signal in 2009. Following an initial experiment in Coulommiers, the first town where the analogue signal was discontinued on 4 February 2009, Kaysersberg in Alsace, the second pilot town, should move towards being fully digital during the year. At the end of the year, Cherbourg and its suburbs will have the analogue signal switched off. From 2010, the regions will transfer gradually towards all digital with completion on 30 November 2011, the date provided by the Law for the complete switch-off of analogue broadcasting. The first two regions for this switch-off are Alsace and Lower Normandy.

M6 actively participates in the management of major changes for all its viewers and holds 10% in the *Groupement d'Intérêts Public (GIP) France Télé Numérique*. This aims to support the switch-off process by taking all steps necessary (communication, training, technical studies, etc.) to ensure the success of this project.

On 27 May 2008, following a call for tenders issued by the *CSA*, the M6 Group was granted two frequencies for Personal Mobile TV (PMT) for the M6 and W9 channels, thus demonstrating its desire to be present on all broadcasting media available, to make its content accessible to the greatest number of viewers. Discussions are in progress with 15 other publishers selected as well as operators of land-based mobile radio communication networks open to the public to create a common broadcasting company (multiplex). The Government announced on 16 January 2009 that it will launch a process to accelerate the completion of the business model of the PMT by 31 March.

As concerns the digital channels (free for W9, paying for the others), in a competitive and technological context, marked by rapid changes, digital channels editorial lines will be strengthened to consolidate the complementarity and power of the Group's family of channels. The launch in January 2009 of M6 Music Club, a music channel dedicated to "dance floor" music to replace M6 Music Rock, and the end of broadcasting of Fun TV at the end of 2008, are evidence of this strategy.

Increased penetration of digital TV, with the success of the DTT and DSL distribution modes, will continue to provide the Group's digital channels with access to a further extended number of equipped individuals.

In line with the strategy implemented since its launch on this platform in March 2005, W9, the Group's second free DTT channel, will benefit from stepped up investments in order to improve its positioning. These investments should not call into question the financial stability of the channel, that reported its first profit in 2008.

## 9.2 Diversification and Audiovisual Rights

Growth drivers set up in recent years will continue their contribution to the dynamism of the diversification operations.

Interactive activities and more generally the Group's presence on the Internet will remain major thrusts of the strategy.

The integration of the Cyréal Group, which was acquired in the first half of 2008, has already enabled the Group to more than double the number of unique visitors to its Internet sites by the end of 2008, and to benefit from the expertise and know-how of the new teams to reinvigorate the publishing offer, with a repositioning and/or the launch of theme portals at the end of 2008 and the start of 2009 (turbo.fr, deco.fr, teva.fr) in order to develop a qualified audience.

In addition, M6 Replay, the television platform for catch-up TV available since March 2008 on the Internet, is available since January 2009 on the ADSL Orange television offer, and in the following weeks on mobile (Orange World portal) and during the year on PC (orange.fr). A repeat of the success of M6Replay on the W9 programmes is scheduled for 2009.

The audiovisual business continues to grow in scale, and this was started some years ago to improve the Group's access to more secure and diversified content.

The Distance selling business, renamed Ventadis, will be more than likely subject in 2009 to significant pressure on its level of sales, as it is dependent on the level of household consumption and it operates in a competitive environment that has increased due to the more difficult economic situation, Ventadis' teams are motivated to benefit from the synergies arising from the merger.

Lastly, the Football Club des Girondins de Bordeaux, whose coach and deputy coach renewed their contract with the club at the start of 2009 for two years, has a sound team for the 2008/09 season, but its performance remains subject to the uncertainties of sporting competitions.

## 9.3 Regulatory changes

### 9.3.1 The modernisation projects and the reform of the regulatory and legislative framework

- Revision to relationships between broadcasters and producers

On 8 October 2007, the Minister for Culture and Communication entrusted to Messrs Kessler and Richard an assignment to collaborate with the audiovisual industry professionals to propose revisions to the decrees of 2001 and 2002 that organise the relationship between producers and broadcasters.

As part of this, M6 concluded an interprofessional agreement with the representatives of the *Union Syndicale de la production audiovisuelle (USPA)*, the *Syndicat des producteurs de films d'animations (SPFA)*, the *Syndicat des agences de Presse télévisée (SATEV)*, and the *Syndicat des producteurs indépendants (SPI)*, an agreement defining the new regime for M6's contribution to audiovisual production.

The provisions of all the agreements concluded by the channels were taken into account by the Government that, as part of the parliamentary discussions of the law relative to audiovisual communication and the new public television service, revised the legislation necessary for the legal validity of these agreements and provides for them coming into force retroactively to 1 January 2009. The corresponding regulatory revisions are in progress and should be implemented during the first half of 2009.

These agreements notably reflect a reduction in the general obligation in European audiovisual programmes and programmes originally produced in France (for 16 to 15% of reference sales, the implementation of an investment sub-quota in the heritage programmes (drama, animation, creation documentaries, including those inserted into a broadcast other than a news programme or an entertainment programme, video-music, capture or the recreation of live performances, a 10.5% of reference sales (which may change depending on sales), a tighter definition of independence (relating solely to heritage programmes and release



of the criteria of shareholder holding the television service), the securitisation of exclusives acquired by the channel and the opening of a right of revenues.

▪ The draft law relative to the modernisation of audiovisual broadcast and the new public television service, adopted in its final form by Parliament on 4 February 2009, and issued on 7 March 2009 proceeded with the reform of the public television service by providing for the partial elimination of commercial advertising on the national channels on France Télévisions between 8pm and 6am with effect from 5 January 2009 and the transposition of the SMA directive by extending the competence of the CSA to audiovisual media services on demand, whose regime shall be defined by decree.

#### Advertising regime applicable to M6

The decree n° 2008-1392 of 19 December 2008 revising the regime applicable to television advertising, televised sponsorship and tele-shopping was authorised, with effect from 1 January 2009:

- the extension of the average advertising time for one hour from 6 to 9 minutes, with the maximum limit per hour set at 12 minutes;
- the change in the method of counting, clock time replacing the moving time.

The above mentioned draft law authorised the introduction of a second advertising break in audiovisual programmes and films as well as product placement under conditions to be defined by the CSA. At the same time as the elimination of commercial advertising on France Televisions' channels, the legislator set up a new tax on advertising sales of television channels net of the amounts paid pursuant to the COSIP tax and after a fixed deduction of 4%.

The tax is calculated by applying a rate of 3% to the fraction of the amount of the annual payments, excluding VAT in respect of each television service, that exceeds €1 million.

Until the year of switch-off in France of the free-to-air broadcast in analogue form of television services, the tax has a ceiling of 50% of the increase in advertising sales for the calendar year in respect of which the tax is due compared to 2008, without however the tax being less than 1.5% of the advertising sales.

### 9.3.2 The fight against juvenile obesity

Under the auspices of the Ministry of Health and the Ministry of Culture and Communication, the television channels, the producers and the advertisers signed a charter to fight juvenile obesity in France. With a duration of 5 years and monitored by the CSA, this charter grants the Institut National de prévention et d'éducation pour la Santé preferential tariffs for broadcasting its messages of health prevention designed to encourage a balanced diet and physical exercise and includes editorial commitments by the channels to promote and educate the young audiences notably in balanced diet behaviour.

## 10. Compliance with legal obligations and the agreement

Until 2007, the M6 channel benefited from a regime that enabled it to:

- allocate 18% of net annual sales of the previous year to costs contributing to the development of French and European audiovisual programmes, of which 75% is dedicated programmes originally produced in France;
- broadcast 100% of audiovisual hours of programmes originally produced in France or in Europe starting between 8 and 9 pm and not having been broadcast free-to-air on a national channel;

- have one additional hour, between 5 and 6 pm, to meet the broadcast quotas for audiovisual programmes originally produced in France or in Europe.

For films, the channel is not subject to the regime of common rights (broadcast of 192 films maximum in a year and 144 films at peak viewing times with a 40% proportion of films originally produced in France and 60% of films originally produced in Europe at peak times and throughout the day).

The *Conseil Supérieur de l'Audiovisuel*, meeting in plenary session on 12 June 2007, decided not to renew the regime for derogation for significant viewing times of the M6 channel with effect from 1 January 2008. It must therefore comply with the broadcast quotas of 40% of programmes originally produced in France and those originally produced in Europe, both throughout the day and peak viewing times, of 6 to 11pm and 2 to 11pm on Wednesdays; it must also broadcast 120 hours of brand new programmes originally produced in France or in Europe, offered free-to-air and whose broadcast starts between 8 and 9pm: it must lastly allocate 16% of net annual sales of the previous year to costs that contribute to the development of French or European audiovisual programmes with at least 66% of these costs in independent production.

For films, the channel is subject to the regime of common rights in the area of broadcast and must invest 3.2% of its sales in European films, with 2.5% in films originally produced in France.

In 2008, according to its calculations and subject to validation by the *CSA*, the M6 group complied with all the contractual commitments and obligations for music broadcasts, cartoons and sub-titled programmes for the deaf and hard of hearing.

## 11. Significant contracts signed over the last 24 months

The Group noted in 2006 the loss of control and the transfer of its 34% shareholding in TPS to Canal+ France. This transaction was completed on 4 January 2007. The Group is now a 5.1% shareholder in Canal+ France together with Vivendi (65%), Lagardère (20%), and TF1 (9.9%). The Group also has a put option to sell its shareholding in Canal+ France, exercisable three years after the date of completion of the transaction.

This agreement is the only significant contract concluded outwith the ordinary activities of the M6 Group during the last 24 months.

## 12. Share capital

### 12.1 Share listing

The share price opened 2008 at €17.81 on 2 January and closed the year at €13.84 on 31 December, achieving its lowest trading price of €11.47 on 27 October and its highest trading price of €17.81 on 2 January.

The Company's share price decreased by 23.11% in 2008 (movement based on the last price quoted in 2007 and on the 2008 closing price). The performance of French commercial TV networks in 2008 was in keeping with European broadcasters' general downward trend, the share price of which declined between -23.11% and -85.36%.

This trend reflects a context of generalised decreases in stock markets, emphasised in the second half 2008 by the first signs of the economic slowdown after the beginning of the banking and financial crisis during the first half.

The M6 share price fell less markedly than the CAC 40 index and its reference index the DJ EuroStoxx Média, which fell by 40.62%. The media shares are for the most part cyclical shares, which means they are sensitive to the movements in economic cycles as their revenues depend fully or partly on advertising.

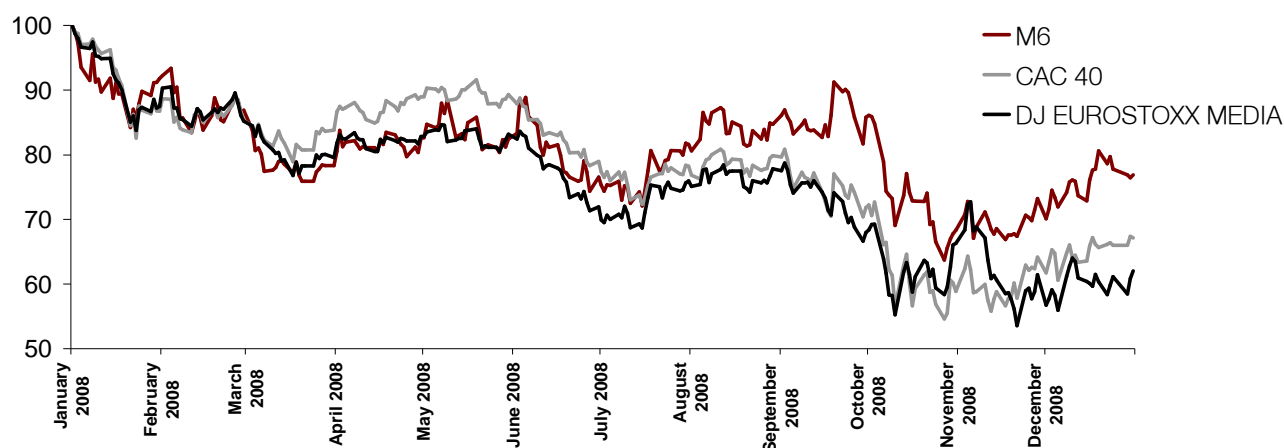
The movements in media shares in Europe and the broadcasting sector in particular, were enhanced by the fears for the financial conditions of the companies concerned, and in particular by their level of debt with regards to their presumed ability to generate cash.

The Company had market capitalisation of €1,783.0 million at 31 December 2008.

The average number of shares traded on a daily basis in 2008 amounted to 588,321, compared to 520,879 in 2007.

Since the reform of the Euronext Paris Stock Exchange listing of 21 February 2005, the Company's share is now listed in Eurolist Compartment A (companies whose average market capitalization exceeds €1 billion). It is also a component of the CAC MID100 and CAC Mid&Small190 indices.

Comparative trends of M6 share, CAC INDICES and DJ EuroStoxx Media since 1 January 2008



Share data since 2004

	2004	2005	2006	2007	2008
Number of shares	131 888 690	131 888 690	131 888 690	129 934 690	128 954 690
High price (€)	29.30	25.07	27.52	28.44	17.81
Low price (€)	18.94	19.12	22.29	17.32	11.47
Closing price (€)	20.90	23.40	27.06	18.00	13.84

*Source : Euronext*

**12.2 Information policy and documents available to the general public**

In order to establish and maintain frequent communication with shareholders and the whole financial community, a large number of meetings, in addition to the Annual General Meeting of 6 May 2008, were organised in 2008, including:

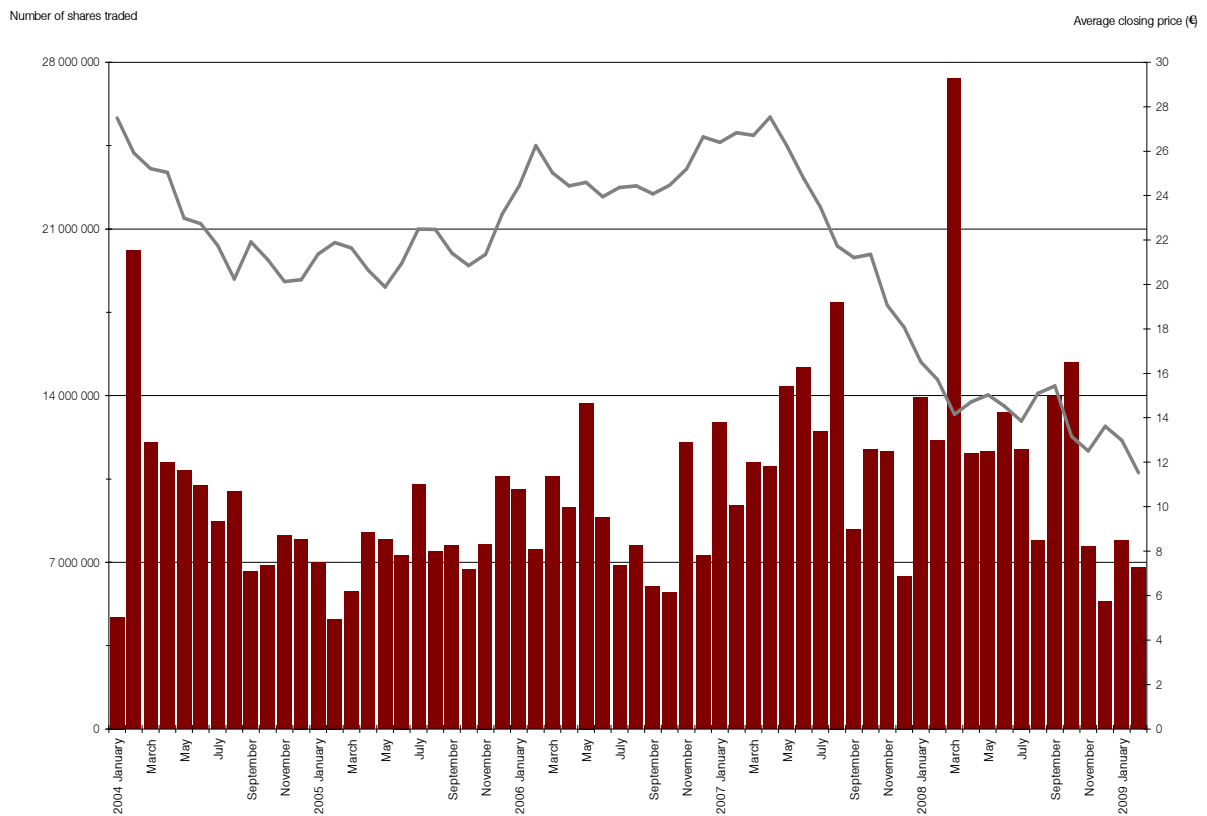
- an annual results presentation meeting;
- a conference call on the occasion of the publication of half-year results.

In addition, the Group increased meeting with the financial community in France and abroad at the occasion of road shows and investor conferences. Lastly, numerous individual meetings with analysts, investors and managers took place in 2008.

In order to improve the quality and availability of information provided, the web site, dedicated to investors and shareholders of the Group has been fully reworked and enhanced with new sections. This website is regularly updated in French and in English with our reference documents, latest publications, presentations, press releases, bylaws, audience figures, etc. and is accessible on [www.groupem6.fr](http://www.groupem6.fr).

In compliance with the Transparency Directive, the website also features a section dedicated to regulatory information, which comprises all required information, and calls on a professional publisher to ensure its effective and comprehensive publication. Lastly, the Shareholders' General Meeting is a privileged time for dialogue and exchange between the Group and its shareholders. A notice is sent to all holders of registered shares and sent to any shareholder upon request.

### 12.3 M6 share price and trading volume performance



Source : Euronext

**MANAGEMENT REPORT**

Date	Traded value	Average closing price (€)	Monthly high (€)	Monthly low(€)	Traded value (€millions)
2005 January	7 017 033	21.37	22.00	20.20	149.50
February	4 613 010	21.88	22.62	21.18	101.16
March	5 793 573	21.64	22.50	20.90	125.30
April	8 235 525	20.63	21.69	19.56	168.63
May	7 957 168	19.89	20.59	19.12	158.74
June	7 310 855	20.95	21.68	19.96	152.99
July	10 279 858	22.49	23.05	21.11	230.08
August	7 439 025	22.48	23.20	21.71	167.52
September	7 712 411	21.42	22.15	20.90	166.00
October	6 690 850	20.86	21.53	20.06	139.67
November	7 770 319	21.36	22.30	20.62	165.75
December	10 608 354	23.17	25.07	21.57	247.36
2006 January	10 048 792	24.43	25.93	23.35	246.18
February	7 528 877	26.25	27.14	25.12	197.09
March	10 589 672	25.02	25.60	24.21	264.50
April	9 303 744	24.43	25.74	23.21	226.96
May	13 695 431	24.60	26.40	23.15	336.39
June	8 873 899	23.94	25.40	22.29	211.86
July	6 854 558	24.36	25.20	23.20	166.81
August	7 691 345	24.44	25.87	23.31	187.93
September	5 980 897	24.07	24.80	23.40	143.82
October	5 732 695	24.47	24.90	23.91	140.11
November	12 030 676	25.21	26.47	23.80	302.49
December	7 290 447	26.64	27.52	25.37	194.35
2007 January	12 857 899	26.40	27.37	25.25	338.80
February	9 370 686	26.83	27.35	25.31	250.34
March	11 185 511	26.71	27.69	24.95	296.79
April	11 032 376	27.53	28.44	26.01	301.54
May	14 394 036	26.23	27.05	25.25	377.35
June	15 185 569	24.76	26.06	23.71	374.06
July	12 486 583	23.48	24.69	21.61	292.40
August	17 928 990	21.73	23.78	20.98	391.78
September	8 364 253	21.21	22.47	20.18	177.56
October	11 740 682	21.35	23.79	20.16	255.08
November	11 634 874	18.88	20.64	17.70	221.01
December	6 635 709	18.07	18.80	17.32	120.59
2008 January	13 916 538	16.35	18.19	14.52	225.70
February	12 131 237	15.72	17.08	14.80	189.87
March	27 304 409	14.16	15.49	13.10	382.11
April	11 546 448	14.69	15.15	14.09	169.34
May	11 663 090	15.03	16.24	14.35	177.06
June	13 276 826	14.53	16.22	13.20	194.46
July	11 752 530	13.85	14.82	12.52	161.85
August	7 919 750	15.11	15.77	14.39	119.54
September	13 958 224	15.44	16.45	14.38	215.63
October	15 391 878	13.16	16.11	11.14	205.13
November	7 652 398	12.52	13.40	11.71	95.71
December	5 364 149	13.62	14.59	12.24	72.42
2009 January	7 903 024	12.99	14.83	11.24	102.68
February	6 776 306	11.53	12.68	9.82	75.92

*Source : Euronext*

## 12.4 Cash dividend policy

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

(€)	2007	2006	2005	2004	2003
Cash dividend	1.00	0.950	0.950	0.840	0.670
Tax credit	-	-	-	-	0.335
Gross dividend	1.00	0.950	0.950	0.840	1.005
Yield (based on closing share price)	5.56%	3.51	4.10%	4.02	2.57%
Payout Ratio - In % of Net Profit - Group share of continuing operations	77%	82%	80%	80%	67%

With regard to its financial and cash flow generation situation, M6 Group submitted for approval to the General Meeting of 6 May 2008, in respect of the 2007 financial year, an increase in the distribution rate in order to reach 77% of Group share of consolidated net profit. Thus over the past 5 years, M6 shareholders have benefited from an average annual dividend increase of 10.5%.

In respect of the 2008 financial year, a proposal will be submitted for approval to the Combined General Meeting of 5 May 2009 for the payment of a cash dividend of €0.85 per share, corresponding to a payout ratio of 79% of Group share of consolidated net profit of continuing operations. The yield, based on the closing price is 6.14%.

## 12.5 Main shareholders at 31 December 2008

	At 31 December 2008				At 31 December 2007				At 31 December 2006			
	Number of shares	% share capital	Number of voting rights	% voting rights	Number of shares	% share capital	Number of voting rights	% voting rights	Number of shares	% share capital	Number of voting rights	% voting rights
RTL Group	62 609 621	48.55%	43 738 673	34.00%	63 089 371	48.55%	44 090 156	34.00%	64 049 571	48.56%	44 748 654	34.00%
Groupe Compagnie Nationale à Portefeuille	9 154 477	7.10%	9 154 477	7.12%	6 614 435	5.09%	6 614 435	5.10%	6 594 435	5.00%	6 594 435	5.01%
Treasury shares	311 535	0.24%	-	0.00%	257 761	0.20%	-	0.00%	275 002	0.21%	-	0.00%
FCPE M6 Personnel	131 600	0.10%	131 600	0.10%	130 100	0.10%	130 100	0.10%	119 600	0.09%	119 600	0.09%
Float	56 747 457	44.01%	56 747 457	44.11%	59 843 023	46.06%	59 843 023	46.15%	60 850 082	46.14%	60 850 082	46.23%
<i>in France</i>	<i>32 082 507</i>	<i>24.88%</i>	<i>32 082 507</i>	<i>24.94%</i>	<i>36 365 186</i>	<i>27.99%</i>	<i>36 365 186</i>	<i>28.04%</i>	<i>32 108 096</i>	<i>24.34%</i>	<i>32 108 096</i>	<i>24.40%</i>
<i>in other countries</i>	<i>24 664 950</i>	<i>19.13%</i>	<i>24 664 950</i>	<i>19.17%</i>	<i>23 477 837</i>	<i>18.07%</i>	<i>23 477 837</i>	<i>18.10%</i>	<i>28 741 986</i>	<i>21.79%</i>	<i>28 741 986</i>	<i>21.84%</i>
<b>Total</b>	<b>128 954 690</b>	<b>100.00%</b>	<b>109 772 207</b>	<b>85.33%</b>	<b>129 934 690</b>	<b>100.00%</b>	<b>110 677 714</b>	<b>85.35%</b>	<b>131 888 690</b>	<b>100.00%</b>	<b>112312771</b>	<b>85.34%</b>

At 31 December 2008, some 23,059 shareholders held shares in the Company, according to a Euroclear bearer share survey and to the register of shares held in nominative form.

At that date, 477,392 of these shares were held by members of the Executive Board (0.37% of the company's share capital), with a further 2,100 shares held by members of the Supervisory Board.

No legal threshold crossing was brought to the attention of the Company in 2008.

At 31 December 2008, after taking account of declarations of upward and downward legal threshold crossing (1% of the Company's share capital) disclosed to the Company:

- one institutional shareholder held more than 3% of the Company's share capital;
- four institutional shareholders held more than 2% of the Company's share capital;
- and three institutional shareholders held more than 1% of the Company's share capital.

The Company was not aware of any investor, whether institutional or from the general public, that directly or indirectly owned more than 5% of the Company's share capital or voting rights. There are no shareholder agreements currently in existence. No concert action has been brought to the attention of the Company.

By virtue of its corporate purpose and status as an operator of a Free-to-Air and digital and analogue television broadcasting license, the Company is governed by a specific legal and regulatory regime which applies in addition to the ordinary provisions, as specified in section 1.2 of the Legal information chapter of this document.

This legal framework applies in particular to provisions in terms of shareholders and shareholdings. Under the terms of Article 39 of law no. 86-1067 of 30 September 1986 as amended, as an individual or entity, acting alone or in concert, shall not hold, directly or indirectly, more than 49% of the capital or voting rights of a company licensed to operate a national television service by Free-to-Air terrestrial transmission with a nationwide audience level of more than 8%. Initially set at 2.5%, the audience threshold was increased to 8% according to Article 142 of the law n° 2008-776 of the 4 August 2008 on modernising the economy to take into consideration the rapid increase in audiences of digital terrestrial television channels but whose economy is still weak.

The *Conseil Supérieur de l'Audiotvisuel (CSA)* ensures that conditions and data that motivated the granting of the broadcasting authorisation are complied with. The breakdown of the share capital and governing bodies of license holders is such a data pursuant to Article 42-3 of the Law of 30 September 1986 in which light the authorisation was granted. Article 42-3 of the law of 30 September 1986 does not block [present] any change in the capital of a business as considered by the *Conseil d'Etat*. Where changes that occur do not call into question the initial decision of the *CSA*, they are permitted without the channel having to give up its authorisation. This agreement states that the company must inform the *CSA* of any substantial change in the amount or distribution of the share capital and voting rights as well as the crossing of thresholds, and that no change liable to result in a change of controlling shareholder may occur without the prior consent of the *CSA*.

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

In accordance with the new regulations on threshold crossing disclosure, and in respect of the obligation of providing continuous information, the Group now discloses, at the end of each month, the total number of voting rights and shares comprising its share capital (in the event a change occurred since the previous declaration). Taking account of the difference existing between the theoretical number of voting rights (determined on the basis of all shares to which voting rights are attached, including shares deprived of voting rights) and the actual number of voting rights (including the bylaws limit of 34%), the Group proceeded with the publication of both these figures. Measures undertaken in order to prevent unwarranted control are detailed in the report on internal control (Legal Information section 14.6).

## 12.6 Buyback of company shares

### General framework

The Combined General Meeting of 28 April 2005 decided in its 9<sup>th</sup> resolution to allocate existing treasury shares at 31 December 2004 to the following objectives, in accordance with the provisions of European Regulation n° 2273/2003 of 22 December 2003, coming into force on 13 October 2004:

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

### 12.6.1 Report on the 2008 share buyback plan

During the last year just ended, the company successfully used the two authorisations to purchase treasury shares that were granted to it by the General Meetings of 2 May 2007 and 6 May 2008.

These authorisations were used to:

- activate the buyback programme to cancel shares as disclosed on 5 March 2007 and authorised up to 10% of the capital over three years;
- a liquidity contract, in conformity with the ethics charter of AFEI (now AMAFI), and whose implementation was entrusted to the investment services provider CA Cheuvreux on 15 December 2004.

Note that the contract included a tacit renewal clause.

The total resources allocated to the contract at this date are 250,000 shares and €5 million. When the contract took effect, only 145,500 treasury shares were effectively available for the contract, thus an additional 104,500 shares can be given to the provider.

- In respect of the buyback programme for cancellation, 980,000 Métropole Télévision shares were acquired in 2008, for a total of €13.69 million.

This acquisition was made in one tranche, with the purchase in March 2008 of 980,000 shares by the intermediary Natixis, at a weighted average price of €13.97, of which 480,000 shares were acquired off-market from the RTL Group - Immobilière Bayard d'Antin at this same weighted average price. A total of €4.9 thousand ex VAT was paid in commission for this transaction.

The 980,000 Métropole Télévision shares acquired were cancelled following their purchase, thus bringing the number of shares comprising the share capital of the Company to 128,954,690.

- In respect of the liquidity contract, during 2008, the number of shares purchased by CA Cheuvreux was 531,637 at an average price of €13.22, and the number of shares sold was 485,196 at an average price of €14.68, being at 31 December 2008 a balance of 150,000 shares and €760,221.45 in cash held under the liquidity contract, Note that at 31 December 2007, the number of shares effectively held under the liquidity contract was 103,559 and the cash balance was €1,256,106.43.
- Lastly, on 7 June 2008, 432,667 shares were transferred to beneficiaries of the plan to allocate free shares of 6 June 2006, previously authorised by the General Meeting of 28 April 2005.



▪ **Movement of the treasury shares during the 2008 financial year and number of shares held at 31 December 2008**

Number of treasury shares at 31 December 2007	Acquisition for cancellation	Cancellation of shares	Movements in respect of liquidity contract	Movements in respect of allocation of free shares	Number of treasury shares at 31 December 2008	Carrying value of treasury shares at 31 December 2008 (€)	Market value of treasury shares at 31 December 2008 (€)	Number of shares comprising the share capital at 31 December 2008	% of capital
257 761	980 000	-980 000	46 441	7 333	311 535	4 253 656	4 311 644	128 954 690	0.24%

### 12.6.2 Report on the previous share buyback plan

The Combined General Meeting of 2 May 2007, decided in its 9<sup>th</sup> resolution, authorise the Company to implement a share buyback plan. This share buyback plan was approved by the AMF on 5 April 2007. It was in force up to 6 May 2008, the date of the Combined General Meeting, which approved the new share buyback plan currently in force.

At 2 May 2007, the Company held 297,502 of its own shares, representing 0.22% of the share capital.

Between the General Meetings of 2 May 2007 and 6 May 2008, the Company used the authorisation to buy its own shares as follows:

- In respect of the buyback programme for cancellation
  - 980,000 shares were acquired in June 2007 by the intermediary Oddo Securities, at a weighted average price of €24.19 (of which 480,000 Métropole Télévision shares were acquired off-market from the RTL Group-Immobilière Bayard d'Antin at this same weighted average price;
  - 980,000 shares were acquired in July and August 2007 by the intermediary CM-CIC Securities, at a weighted average price of €21.94 (of which 480,000 Métropole Télévision shares were acquired off-market from the RTL Group-Immobilière Bayard d'Antin à at this same weighted average price;
  - 980,000 shares were acquired in March 2008 by the intermediary Natixis, at a weighted average price of €13.97 (of which 480, 000 Métropole Télévision shares were acquired off-market from the RTL Group-Immobilière Bayard d'Antin at this same weighted average price.

A total of €39.4 thousand ex VAT, including stock exchange tax, was paid to the various intermediaries.

The 2 940 000 Métropole Télévision shares acquired were cancelled following their purchase, thus bringing the number of share comprising the share capital of the company to 128,954,690 (including the creation of 6,000 new shares following the exercise by a beneficiary of options to subscribe for shares).

- In respect of the liquidity contract, CA Cheuvreux acquired 548,256 shares at an average price of €19.78 and sold 436,256 shares at an average price of €19.57.
- On 3 June 2007, 100,800 shares were transferred to beneficiaries of the plan to allocate free shares of 2 June 2005, previously authorised by the General Meeting of 28 April 2005.

Thus, on 6 May 2008, date of new share buyback plan came into force, the Company held 308,702 of its own shares, representing 0.24% of the capital.

Number of treasury shares at 2 May 2007	Acquisition with view to cancellation	Shares cancelled	Movement in liquidity contract	Movement in respect of free shares allocated	Number of treasury shares at 6 May 2008	Number of shares comprising the share capital at 6 May 2008	% capital
297 502	2 940 000	-2 940 000	112 000	-100 800	308 702	128 954 690	0.24%

### 12.6.3 Report on the current share buyback plan

The Combined General Meeting of 6 May 2008, decided in its 26<sup>th</sup> resolution, to authorise the Company to implement a share buyback plan. This share buyback plan was approved by the AMF on 9 April 2008.

This share buyback plan authorised for a duration of eighteen months, enable the Executive Board to purchase Company shares, up to a maximum of 10% of the Company's share capital, in order to fulfil the following objectives:

- activate the Métropole Télévision share secondary market or the share liquidity through a investment service provider, within the framework of a liquidity contract complying with the AFEI (now AMAFI) Ethics Charter approved by the AMF;
- retain the purchased shares for future exchange or payment, within the framework of potential operations of growth by acquisitions, providing shares purchased to this end do not exceed 5% of the share capital of the Company;
- ensure the allocation of shares upon the exercise of rights attached to marketable securities allocated to Group employees and management, in particular within the framework of profit sharing or through a company saving plan or the allocation of free shares;
- allocate shares upon the exercise of rights attached to marketable securities in accordance with applicable regulations;
- cancel shares.

The maximum purchase price has been set at €30 per share. The maximum amount to be committed to this purchase programme was €389,804,070.

From 6 May 2008 to 28 February 2009, the Company used this authorisation to purchase:

- **In respect of the liquidity contract**, and up to 30 January 2009, CA Cheuvreux acquired 373,389 shares at an average price of €13.82 and sold 413,889 shares at an average price of €14.16.

With effect from 30 January 2009 the liquidity contract with CA Cheuvreux, was terminated, and the following resources were allocated to the liquidity account: 114,000 M6 shares and €1,209,180.79.

These resources were fully transferred to Exane, an investment services provider, with whom Métropole Télévision had concluded on 23 January 2009, a liquidity contract pursuant to the Ethics Charter of AMAFI of 20 September 2008 approved by AMF on 1 October 2008. Exane acquired 94,205 shares in February 2009 at an average price of €11.58 and sold 61,920 shares at an average price of €11.59.

In total, during the period concerned, 467,594 shares were acquired at an average price of €13.60 and 475,809 shares were sold at an average price of €13.90.

- In addition, in June 2008, 440,000 M6 shares were delivered to enable the allocation of shares to beneficiaries of a free share plan approved on 6 June 2006, corresponding to the unwinding of a forward purchase transaction to service this plan. Of these shares 432,667 were transferred immediately to the beneficiaries.

Summary disclosure table by the issuer of transactions carried out on its own shares from 6 May 2008 to 28 February 2009

Percentage of share capital directly or indirectly held	0.24%
Number of shares cancelled over the past 24 months	2 940 000
Number of transferred shares	432 667
Number of treasury shares	307 820
Book value of treasury shares at 28 February 2009	3 784 710 €
Market value of treasury shares at 28 February 2009	3 193 633 €

Summary of the execution of previous programme between 6 may 2008 and 28 February 2009

	Total gross flows		Open positions on the date of publication of the description of the programme			
	Purchases	Sales/Transfers	Open purchase positions		Open sales positions	
			Purchase options purchased	Forward purchases	Purchase options sold	Forward sales
Number of shares	907 594	908 476				
<i>incl. purchase then transfer of shares</i>	<i>440 000</i>	<i>432 667</i>				
Average maximum maturity	-	-	-	440,000 shares maturity 6 June 2008	-	-
Average price of transaction	€13.60	€13.90				
Average exercise price	€25.63	free	-	€25.63	-	-
Amounts	€17 636 478.4	€6 613 745.1				

The company did not use any derivative products within the framework of its previous share buyback plan.

#### 12.6.4 Description of the new share buyback plan

A proposal will be submitted to the Combined General Meeting of 5 May 2009 to authorise a new share buyback plan according to the following conditions:

- shares involved: ordinary Métropole Télévision shares listed on Compartment A of Euronext Paris, ISIN code FR0000053225,
- maximum purchase price: €22 per share. The maximum amount of the transaction is thus set at €283,700,318,
- maximum shareholding: 9.76% of the share capital, being 12,585,977 shares, taking account of treasury shares held at 29 February 2008, within the regulatory limit of 10%,
- maximum duration: 18 months from the date of the General Meeting.

These shares may be purchased to fulfil the following objectives:

- activate the Métropole Télévision share secondary market or the share liquidity through a investment service provider, within the framework of a liquidity contract complying with the AMAFI Ethics Charter approved by the AMF,
- retain the purchased shares for future exchange or payment, within the framework of potential operations of growth by acquisitions, providing shares purchased to this end do not exceed 5% of the share capital of the Company,
- ensure the allocation of shares upon the exercise of rights attached to marketable securities allocated to Group employees and management, in particular within the framework of profit sharing or through a company saving plan or the allocation of free shares,
- allocate shares upon the exercise of rights attached to marketable securities in accordance with applicable regulations,
- cancel acquired shares, subject to the approval of the extraordinary 10<sup>th</sup> resolution by the present Combined General Meeting.

These transactions may notably be carried out in a period of a public offer pursuant to Article 232-17 of the General Regulations of AMF if the offer is fully settled in cash and the buyback transactions are carried out within the execution of the programme in progress and they are not likely to cause the offer to fail.

The Company reserves the right to use option mechanisms or derivative instruments within the applicable regulations.

At 28 February 2009, the Company held 307,820 treasury shares representing 0.24% of the share capital.

These shares can be analysed as follows:

Treasury share allocation to the  
different objectives at 28 February 2009

Granting of shares	Increasing share liquidity within the framework of the liquidity contract	Total
57 035	250 785	307 820

including 146,285 shares currently held by the contract

## **12.7 Treasury shares**

At 31 December 2008, M6 held a total 311,535 of its own shares, amounting to 0.24% of the share capital, which was classified on the consolidated Balance Sheet of Métropole Télévision as a reduction of equity at their acquisition cost of €9.7 million. The number of shares includes the 150,000 shares actually held by the liquidity contract at 31 December 2008.

The table below summarises the allocation of treasury shares held at 31 December 2007 and 31 December 2008 according to different objectives.

The table below summarises the allocation of treasury shares held at 31 December 2007 and 31 December 2008 according to different objectives.

Treasury shares allocated to the different objectives at 31 December 2007	Total treasury shares at 31 December 2007						
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; vertical-align: top;">Granting of free shares</td> <td style="width: 40%; vertical-align: top; text-align: center;">Increasing share liquidity within the framework of the liquidity contract</td> <td style="width: 30%;"></td> </tr> <tr> <td style="text-align: right;">49 702</td> <td style="text-align: center;">208 059 shares including 103 559 shares held by the contract</td> <td style="text-align: right; vertical-align: bottom;">257 761 shares</td> </tr> </table>	Granting of free shares	Increasing share liquidity within the framework of the liquidity contract		49 702	208 059 shares including 103 559 shares held by the contract	257 761 shares	
Granting of free shares	Increasing share liquidity within the framework of the liquidity contract						
49 702	208 059 shares including 103 559 shares held by the contract	257 761 shares					
Changes over the 2008 financial year							
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; vertical-align: top;">Granting of free shares*</td> <td style="width: 40%; vertical-align: top; text-align: center;">Increasing share liquidity within the framework of the liquidity contract</td> <td style="width: 30%;"></td> </tr> <tr> <td style="text-align: right;">+ 7 333</td> <td style="text-align: center;">+ 46 441</td> <td style="text-align: right; vertical-align: bottom;">+ 53 774 shares</td> </tr> </table>	Granting of free shares*	Increasing share liquidity within the framework of the liquidity contract		+ 7 333	+ 46 441	+ 53 774 shares	
Granting of free shares*	Increasing share liquidity within the framework of the liquidity contract						
+ 7 333	+ 46 441	+ 53 774 shares					
Treasury shares allocated to the different objectives at 31 December 2008	Total treasury shares at 31 December 2008						
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; vertical-align: top;">Granting of free shares</td> <td style="width: 40%; vertical-align: top; text-align: center;">Increasing share liquidity within the framework of the liquidity contract</td> <td style="width: 30%;"></td> </tr> <tr> <td style="text-align: right;">57 035</td> <td style="text-align: center;">254 500 shares including 150 000 shares held by the contract</td> <td style="text-align: right; vertical-align: bottom;">311 535 shares</td> </tr> </table>	Granting of free shares	Increasing share liquidity within the framework of the liquidity contract		57 035	254 500 shares including 150 000 shares held by the contract	311 535 shares	
Granting of free shares	Increasing share liquidity within the framework of the liquidity contract						
57 035	254 500 shares including 150 000 shares held by the contract	311 535 shares					

*\* The 7,333 shares from the unwinding of the forward purchase of 440,000 M6 shares of which 432,667 shares were transferred to beneficiaries of the plan*

## **12.8 Share subscription option plan**

### **12.8.1 Information on share subscription option plan**

In accordance with the authorisation granted by the Combined General Meeting of 2 May 2007, the Executive Board decided to grant share options following the approval by the Supervisory Board meeting of 6 May 2008.

The 883,825 options allocation concerns 179 beneficiaries, including Board members.

The option subscription price was set at €14.73, without any discount to the average share price over the last 20 trading days preceding the implementation of the plan.

This new plan comes within the framework of the remuneration policy by allocating share subscription options on an annual basis.

All of these plans are detailed below:

Date of Meeting	26/05/2000				28/04/2004			02/05/2007		Total
Date of Board Meeting	07/06/2001	07/06/2002	25/07/2003	14/11/2003	28/04/2004	02/06/2005	06/06/2006	02/05/2007	06/05/2008	
Option type	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	
<b>Total number of options allocated</b>	551 800	710 500	713 500	20 000	861 500	635 500	736 750	827 500	883 825	5 940 875
- of which board members	113 000	168 000	130 000	20 000	175 000	90 500	90 500	75 500	75 500	938 000
- of which the top ten salaried employees	89 000	139 500	146 000	-	155 000	108 500	112 500	120 000	116 500	987 000
<b>Start of exercise of options</b>	08/06/05	08/06/06	26/07/07	15/11/07	29/04/06	02/06/07	06/06/08	02/05/09	06/05/2010	-
<b>Subscription and purchase price</b>	06/06/08	07/06/09	25/07/10	14/11/10	28/04/11	01/06/12	05/06/13	01/05/14	05/05/2015	-
	30,80	28,06	22,48	23,82	24,97	19,94	24,60	27,52	14,73	-
	293 100	440 000	497 000	20 000	622 500	508 000	631 000	779 250	-	3 790 850
- options allocated	-	-	-	-	-	-	-	-	883 825	883 825
- options exercised	-	-	-	-	-	-	-	-	-	-
- lost/cancelled options	293 100	47 500	40 000	-	55 000	48 750	46 750	47 500	13 100	591 700
<b>Subscriptions and purchase price options outstanding at 31 December 2008</b>	-	392 500	457 000	20 000	567 500	459 250	584 250	731 750	870 725	4 082 975
	-	374 000	434 000	20 000	543 500	441 750	554 750	715 500	858 025	3 941 525

The analysis of these plans by Board members is as follows:

Start of exercise of options	08/06/05	08/06/06	26/07/07	15/11/07	29/04/06	02/06/07	06/06/08	02/05/09	06/05/2010	Total
Expiry date	06/06/08	07/06/09	25/07/10	14/11/10	28/04/11	01/06/12	05/06/13	01/05/14	05/05/2015	
Subscription price (€)	30,8	28,06	22,48	23,82	24,97	19,94	24,6	27,52	14,73	
<b>Total number of shares allocated to Board members:</b>										
Nicolas de Tavernost	40 000	50 000	40 000	-	55 000	27 500	27 500	27 500	27 500	295 000
Thomas Valentin	25 000	40 000	30 000	-	30 000	18 000	18 000	18 000	18 000	197 000
Eric d'Hotelans	-	-	-	20 000	30 000	15 000	15 000	15 000	15 000	110 000
Catherine Lenoble	16 000	30 000	30 000	-	30 000	15 000	15 000	15 000	15 000	166 000
Jean d'Arthuys	16 000	24 000	30 000	-	30 000	15 000	15 000	-	-	130 000
Laurent Agrech	16 000	24 000	-	-	-	-	-	-	-	40 000
<b>Subscription options outstanding at 31/12/2007:</b>										
Nicolas de Tavernost	40 000	50 000	40 000	-	55 000	27 500	27 500	27 500	-	267 500
Thomas Valentin	25 000	40 000	30 000	-	30 000	18 000	18 000	18 000	-	179 000
Eric d'Hotelans	-	-	-	20 000	30 000	15 000	15 000	15 000	-	95 000
Catherine Lenoble	16 000	30 000	30 000	-	30 000	15 000	15 000	15 000	-	151 000
Jean d'Arthuys	16 000	24 000	30 000	-	30 000	15 000	-	-	-	115 000
Laurent Agrech	-	-	-	-	-	-	-	-	-	-
<b>Changes over the 2008 financial year:</b>										
Nicolas de Tavernost	(40 000)	-	-	-	-	-	-	-	27 500	(12 500)
Thomas Valentin	(25 000)	-	-	-	-	-	-	-	18 000	(7 000)
Eric d'Hotelans	-	-	-	-	-	-	-	-	15 000	15 000
Catherine Lenoble	(16 000)	-	-	-	-	-	-	-	15 000	(1 000)
Jean d'Arthuys	(16 000)	-	-	-	-	-	-	-	-	(16 000)
Laurent Agrech	-	-	-	-	-	-	-	-	-	-
<b>Subscription options outstanding at 31/12/2008:</b>										
Nicolas de Tavernost	-	50 000	40 000	-	55 000	27 500	27 500	27 500	27 500	255 000
Thomas Valentin	-	40 000	30 000	-	30 000	18 000	18 000	18 000	18 000	172 000
Eric d'Hotelans	-	-	-	20 000	30 000	15 000	15 000	15 000	15 000	110 000
Catherine Lenoble	-	30 000	30 000	-	30 000	15 000	15 000	15 000	15 000	150 000
Jean d'Arthuys	-	24 000	30 000	-	30 000	15 000	-	-	-	99 000
Laurent Agrech	-	-	-	-	-	-	-	-	-	-

The movements in the year related to:

- for the 2001 plan, to cancellations taking account of the expiry date of the plan (6 June 2008), the maintenance of the price of the M6 share beyond the exercise price led to no options being exercised by Board members;
- for the 2008 plan, the allocation decided by the Executive Board on 6 May 2008 following approval by the Supervisory Board and in compliance with the approval given to the Combined General Meeting of 2 May 2007.

Laurent Agrech and Jean d'Arthuys are no longer Board members since 14 November 2003 and 3 December 2006 respectively.

### 12.8.2 10 Leading stock options beneficiaries and 20 leading option exercise transactions by employees (excluding Board members)

The 10 leading share option beneficiaries of the option allocation of 6 May 2008 were the following:

Allocation of options to subscribe or purchase shares to the benefit of the ten leading beneficiaries excluding board members	Number of options allocated	Price (€)	Board Meeting of
> Options granted - overall information	116 500	14.73	06/05/2008

No options relating to prior allocations were exercised in 2008.

### 12.8.3 Transactions of the share capital in the course of the previous financial year performed by the Board members, executive officers and related parties

During the financial year, Board members and Executive officers informed the company of the following transactions on the share capital, performed by themselves or related parties:

Name and position	Nature of transaction	Date	Number of shares	Price per share	Total
Duplaix Jean - Marc, Deputy CFO	Purchase of shares	08/02/2008	200	15.59 €	3 118.00 €
Legal person related to Albert Frère, Chairman of the Supervisory Board	Purchase of shares	06/03/2008	615 715	14.42 €	8 877 933.01 €
Legal person related to Albert Frère, Chairman of the Supervisory Board	Purchase of shares	07/03/2008	513 176	13.98 €	7 172 199.09 €
Legal person related to Albert Frère, Chairman of the Supervisory Board	Purchase of shares	10/03/2008	354 000	13.59 €	4 809 798.00 €
Legal person related to Albert Frère, Chairman of the Supervisory Board	Purchase of shares	11/03/2008	14 000	13.94 €	195 112.40 €
Duplaix Jean - Marc, Directeur Financier Adjoint	Purchase of shares	11/03/2008	150	14.09 €	2 113.50 €
Legal person related to Albert Frère, Chairman of the Supervisory Board	Purchase of shares	13/03/2008	76 512	13.97 €	1 069 079.22 €
Legal person related to Albert Frère, Chairman of the Supervisory Board	Purchase of shares	17/03/2008	260 000	13.91 €	3 615 846.00 €
Legal person related to Albert Frère, Chairman of the Supervisory Board	Purchase of shares	18/03/2008	63 224	13.99 €	884 238.22 €
Legal person related to Albert Frère, Chairman of the Supervisory Board	Purchase of shares	19/03/2008	272 740	13.83 €	3 772 103.30 €
Legal person related to Albert Frère, Chairman of the Supervisory Board	Purchase of shares	25/03/2008	120 000	13.92 €	1 670 664.00 €
Legal person related to Albert Frère, Chairman of the Supervisory Board	Purchase of shares	26/03/2008	161 000	13.94 €	2 244 839.10 €
Legal person related to Albert Frère, Chairman of the Supervisory Board	Purchase of shares	27/03/2008	17 575	13.99 €	245 791.65 €
Legal person related to Albert Frère, Chairman of the Supervisory Board	Purchase of shares	31/03/2008	72 100	13.97 €	1 007 063.96 €
Boé Fabrice, Member of the Supervisory Board of Métropole Télévision	Purchase of shares	06/05/2008	100	15.07 €	1 507.00 €
Duplaix Jean - Marc, Deputy CFO	Sale of shares	19/09/2008	100	16.28 €	1 628.00 €
Valentin Thomas, Deputy Chairman of the Executive Board	Sale of shares	06/11/2008	1 300	12.59 €	16 368.29 €
Legal person related to Thomas Valentin, Deputy Chairman of the Executive Board	Sale of shares	06/11/2008	2 683	12.59 €	33 773.00 €
Legal person related to Thomas Valentin, Deputy Chairman of the Executive Board	Sale of shares	06/11/2008	2 683	12.59 €	33 773.00 €
Legal person related to Thomas Valentin, Deputy Chairman of the Executive Board	Sale of shares	06/11/2008	2 683	12.59 €	33 773.00 €
Duplaix Jean - Marc, Deputy CFO	Sale of shares	17/12/2008	100	13.73 €	1 372.50 €
Duplaix Jean - Marc, Deputy CFO	Sale of shares	23/12/2008	150	14.50 €	2 175.00 €



## 12.9 Free share allocation plan

Three free share allocation plans have come into force in 2008, including one that matured on 7 June 2008 and the last of which was proposed by the Executive Board on 6 May 2008, in accordance with the authorisation given by the Combined General Meeting of the same day.

The share allocation plan had the following features:

Date of AGM	28/04/2005		06/05/2008	Total
Management Board meeting date	06/06/2006	02/05/2007	06/05/2008	
Total number of shares granted	480 472	188 306	280 720	949 498
- to board members	392 222	25 167	30 200	447 589
- to the other 10 leading beneficiaries	34 417	72 846	123 242	230 505
Date of final vesting	07/06/2008	03/05/2009	07/05/2010	
Number of shares delivered at 31 December 2008	432 667	-	-	432 667
Number of shares not yet allocated at 31 December 2008	-	171 211	277 320	448 531
Allocated shares cancelled between 31 December 2008 and 15 February 2009 due to individuals leaving the Company	-	22 724	34 295	57 019

Each of these three plans is subject to beneficiaries being effectively employed by the Group over the two years following the grant.

As regards performance conditions, the 2007 and 2008 plans required the achievement of sales and profitability objectives.

For these plans, data provided do not include the revalued number of shares that may be allocated in the event objectives are over achieved. The maximum number of shares was thus set at 272,479 for the plan implemented on 2 May 2007 and 410,184 for the plan of 6 May 2008.

However, due to effective departures, performances achieved and forecast, the number of shares to be delivered is estimated at 149,912 and 255,070 shares, respectively.

The ten leading beneficiaries (excluding Board members) received a total of 123,242 shares on 6 May 2008 with a ceiling of 209,480 shares depending on objectives being over achieved.

In addition, 2006 plan shares were delivered on 7 June 2008. The ten leading beneficiaries excluding Board members, received 33,085 shares.

## 12.10 General information on the share capital

### 12.10.1 Changes in the share capital and voting rights

Any change to the share capital or rights conferred by securities that comprise it, must be made in accordance with the provisions of the bylaws. Share capital increases may only be decided by shareholders at an Extraordinary General Meeting, or by delegation of this to the Executive Board for a determined period and ceiling.

Where the Company's share capital is increased by capitalisation of reserves, profits or share issue premiums, the General Meeting must vote in accordance with quorum and majority requirements applicable to Ordinary General Meetings.

### 12.10.1.1 Paid-in capital, number and classes of shares

At 31 December 2008, the Company's share capital was €51,581,876, represented by 128,954,690 fully paid-in shares of the same class with a par value of €0.40 each.

Date	Description of capital	Nominal amount increase	Number of shares (issued /cancelled)	Share capital value	Total number of shares outstanding
15.09.86	Constitution	FF 10,000,000.00	100,000	FF 10,000,000	100,000
16.05.87	Subscription	FF 190,000,000.00	1,900,000	FF 200,000,000	2,000,000
21.05.90	Capital reduction	FF (198,000,000.00)	(1980,000)	FF 2,000,000	20,000
21.06.90	Share subscription	FF 200,000,000.00	2,000,000	FF 202,000,000	2,020,000
31.12.93	Exercice of share option by employees (1)	FF 6,900,000.00	69,000	FF 208,900,000	2,089,000
06.09.94	5 for share split	-	-	FF 208,900,000	10,445,000
31.12.95	Exercice of share options by employees (1)	FF 4,337,000.00	216,850	FF 213,237,000	10,661,850
31.12.95	Conversion of bonds (2)	FF 50,387,700.00	2,519,385	FF 263,624,700	13,181,235
03.12.99	Conversion 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
04.07.07	Capital reduction	€392,000.00	(980,000)	€52,363,476	130,908,690
03.09.07	Capital reduction	€392,000.00	(980,000)	€51,971,476	129,928,690
03.09.07	Exercice of subscription of options	€2,400	6,000	€51,973,876	129,934,690
15.04.08	Capital reduction	€392,000.00	(980,000)	€51,581,876	128,954,690

(1) Par value.

(2) FF 158,050,720 share premium.

### 12.10.1.2 Shareholders' agreement

No shareholder agreement exists to the best of the Company's knowledge

### 12.10.1.3 Pledges of the issuers' shares

Nil.

### 12.10.1.4 Alienation of shares in order to regularise cross shareholding

(Article R.233-19 of the Commercial Code)

Nil.

### 12.10.1.5 Treasury shares

(Article L.233 13 of the Commercial Code)

Controlled companies holding a share in the capital of the Company: Nil.

### 12.10.1.6 Capital increase reserved for employees

The General Meeting called on 5 May 2009 will give its decision on a proposal to increase the share capital reserved to employees, which will authorise the Executive Board to increase, if it deems it appropriate, in one or more offerings, to increase share capital by issuing ordinary shares for cash and by the granting of free ordinary shares or other securities giving access to the share capital reserved for employees of the Company and its subsidiaries members of a company savings plan, with cancellation of the pre-emption right for an amount not exceeding 0.5% of the nominal share capital par value and for a period of 26 months.

The most recent General Meeting to consider such a resolution was on 2 May 2007.

## 12.10.2 Potential share capital

The exercise of all options would lead to the creation of 4,082,975 new shares, which would increase the share capital from 128,954,690 shares at 31 December 2008 to 133,037,665 shares, a maximum potential dilution of 3.17%.

At the same date of 31 December 2008, no option remained to be exercised since the share price was lower than the subscription price.

During 2008, taking account of the subscription price of the various plans, compared to the stock exchange price, no plan to subscribe for shares was subject to subscription.

The maximum potential dilution plan by plan is as follows: the probability of the occurrence of this dilution however remains very low, since the M6 share price is significantly below the subscription price of the options plans below.

Date of the General Meeting authorising the plan	26/05/2000	26/05/2000	26/05/2000	28/04/2004	28/04/2004	28/04/2004	02/05/2007	02/05/2007	
Date of Supervisory Board Meeting granting the option	07/06/2002	25/07/2003	14/11/2003	28/04/2004	02/06/2005	06/06/2006	02/05/2007	06/05/2008	Total
Maximum number of shares which may be subscribed upon exercise of all options	392 500	457 000	20 000	567 500	459 250	584 250	731 750	870 725	4 082 975
Vesting date	08/06/2006	26/07/2007	15/11/2007	29/04/2006	02/06/2007	06/06/2008	02/05/2009	06/05/2010	N/A
Expiry date	07/06/2009	25/07/2010	14/11/2010	28/04/2011	01/06/2012	05/06/2013	01/05/2014	05/05/2015	N/A
Potential share capital upon exercise of share options	157 000	182 800	8 000	227 000	183 700	233 700	292 700	348 290	1 633 190
Exercise price (€)	28.06	22.48	23.82	24.97	19.94	24.60	27.52	14.73	22.64 (1)
Number of shares comprising the share capital	128 954 690	128 954 690	128 954 690	128 954 690	128 954 690	128 954 690	128 954 690	128 954 690	128 954 690
Nominal value per share (€)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Share capital (€)	51 581 876	51 581 876	51 581 876	51 581 876	51 581 876	51 581 876	51 581 876	51 581 876	51 581 876
Number of shares comprising the share capital upon exercise of options	129 347 190	129 411 690	128 974 690	129 522 190	129 413 940	129 538 940	129 686 440	129 825 415	133 037 665
Share capital upon exercise of outstanding share options	51 738 876	51 764 676	51 589 876	51 808 876	51 765 576	51 815 576	51 874 576	51 930 166	53 215 066
Potential dilution arising	0.30%	0.35%	0.02%	0.44%	0.36%	0.45%	0.57%	0.68%	3.17%

(1) Average weighted subscription price

Non-issued authorised share capital and existing delegations (Article L. 225 100, paragraph 7 of the Commercial Code) were as follows:

	Maximum nominal amount of capital increases	Maximum nominal amount of debt securities to be issued	Term of authorisation	Remaining terms <sup>(1)</sup>	General Meeting	Resolution N°
Capital increase by contributions in cash (2) (3) (delegation of competence to the Executive Board)	€50 million		26 months	2 months	AGM 02/05/07	12
Capital increase with cancelled pre-emption right (2) (3) (4) (delegation of competence to the Executive Board)	€50 million		26 months	2 months	AGM 02/05/07	13
Capital increase by contributions in kind (3) (authorisation given to the Executive Board)	10%		26 months	2 months	AGM 02/05/07	15
capital increase reserved for employees (3) (authorisation given to the Executive Board)	0.50%		26 months	2 months	AGM 02/05/07	16
Bonds Not giving access to capital (authorisation given to the Executive Board)		€300 million	5 years	2 years	AGM 14/04/06	8

(1) With effect from 5 May 2009 AGM.

(2) The number of shares to be issued may be increased according to the terms and conditions provided by Article L 225-135-1 of the Commercial Code and up to the limits set by the 12<sup>th</sup> and 13<sup>th</sup> resolutions of the AGM of 2 May 2007

(3) The Annual General Meeting called for 5 May 2009 should decide on the draft resolutions that propose a new share buyback programme for a further period of 18 months and that authorises the Executive Board to reduce the share capital by cancellation of shares bought back by the Company.

(4) Pre-emption right to subscribe

### 12.10.3 Acquisition by Métropole Télévision of its own shares: current authorisations and their use

	Maximum nominal amount	Term of authorisation	Remaining term <sup>(1)</sup>	General Meeting	Resolution No
Share repurchase programme	(2) (3)	18 months	6 months	AGM 06/05/08	26
Capital reduction	(2) (3)	12 months	AGOA 2009	AGM 06/05/08	27

(1) With effect from 6 May 2008.

(2) Within the limit of 10% of the share capital.

(3) The Annual General Meeting called for 5 May 2009 should decide on the draft resolutions that propose a new share buyback programme for a further period of 18 months and that authorises the Executive Board to reduce the share capital by cancellation of shares bought back by the Company.

### 12.10.4 Form of shares and rights attached to shares

#### 12.10.4.1 Rights attached to shares

All shares are part of the same class and hold equal rights to the Company's profits and assets on liquidation. Each share confers the right to a single vote at shareholders' meetings. None of the shares entitle their holders to double voting rights.

The right to distributed dividends and interim dividends lapses after 5 years to the benefit of the French state.

#### 12.10.4.2 Trading in shares

Shares are freely traded on Euronext Paris.

#### 12.10.4.3 Form of shares

Since the Stock Market introduction, shares are held at the option of the holder:

- in pure nominative form held in account maintained by CACEIS;
- in administered nominative form;
- in identifiable bearer form held in account by an authorised intermediary.

Shares are approved for EUROCLEAR-SICOVAM transactions.

#### 12.10.4.4 Identification of shareholders

The Company is authorised to apply the provisions of French company law at any time to identify holders of shares giving immediate or eventual voting rights at its General Meetings.

#### 12.10.4.5 Withholding tax on dividends

A significant overhaul of the tax treatment of dividends was implemented following the adoption of the 2008 French Finance Act. Shareholders now have the option to select a deduction at source of 18% in discharge of income tax for all dividends received (excluding PEA – personal equity plans). This option must be exercised with the intermediary holding your shares, at the payment date of the dividend at the latest.

If the option is exercised, the 18% flat-rate withholding tax will be added to the 12.1%, social contributions, which are automatically deducted at source by the intermediary holding the shareholders' share account from 1 January 2009 (for non-PEA dividends); the option thus discharges dividends from subsequent taxation but does not discharge shareholders from reporting dividends received in their annual income return. If the option is not exercised, the dividend shall be declared and taxed in accordance with usual conditions. The option is not open to legal entities and non-resident shareholders, who remain taxed according to the specific conditions applicable to them based on their particular situation.

Due to its scope of application, of its irrevocable nature and related consequences (in particular, taxation on 100% of the amount of dividends, early payment of tax, non-deductibility of CSG tax, loss of the tax rebate and annual tax credits applicable to income from shares), we recommend shareholders to contact the intermediary holding their shares or ask for their advice before the dividend payment date, in order to examine the applicability and terms and conditions of the option in the light of the conditions their shares are held (in the event in particular of shares held through an investment holding company), as well as the merit of this option in the light of their personal asset and tax position.

### 12.10.5 Employee shareholding

#### 12.10.5.1 M6 Group savings plan

Established in September 1994 as a *Fonds commun de placement* (collective investment scheme), the M6 Group savings plan invests exclusively in Company shares.

At 31 December 2008, the savings plan had 839 unit holders holding indirectly 131,600 shares. The fund represents 0.10% of the share capital.

#### 12.10.5.2 Purchase of shares for allocation to employees under a profit sharing agreement

(Articles L. 225 211 paragraph 2, and L. 225 208 of the Commercial Code)

Nil.

## **13. Corporate governance**

Métropole Télévision is a public limited company governed by an Executive Board and a Supervisory Board.

The Company makes sure it abides by recognised standards and applies the best practices of the Euronext Paris Stock Exchange in terms of governance.

The corporate governance rules of the M6 Group conform to current French legal and regulatory standards and recommendations issued by the various French and European institutions, notably the recommendations of *AFEP-MEDEF* that constitute the Company's code of governance.

The methods are explained in the report of the Chairman of the Supervisory Board.

Rules applicable to transactions performed on financial instruments by Board members:

The rules governing transactions on financial instruments by Board members are detailed in the Company's Ethics Charter.

These rules state that by reason of the nature of their function, and their duties, the Board members of M6, namely the members of the Executive Board and the Supervisory Board, may have access to privileged information. Privileged information means particular non-public information (sales, performance, proposals of every kind, etc.) which, if it became public knowledge, might affect the price of the M6 share and more generally its business.

The rules prohibit Board members from using such information on the financial market, either for their own account or for any other, whether directly or through a third party, by buying or selling shares or financial products linked to these shares. They must abstain from communicating privileged information for any other purpose or activity than that for which it is held. This also applies to privileged information concerning the ordinary business of the Company or the preparation or execution of any financial transaction.

Pursuant to current regulations, Board members are subject to the declaration requirements relating to transactions in shares and restrictions relating to trading periods.

## 13.1 Executive Board

### 13.1.1 Membership of the Executive Board

The Executive Board, appointed for a period of five years and since 22 November 2006, has had four members, all natural persons, designated by the Supervisory Board who are employees of the Métropole Télévision Group and are aged less than 65 years.

Members of the Executice Board	Age	Principal function	Date of first appointment	Expiry date of appointment
Nicolas de Tavernost	58	Chairman of the Executive Board	26/05/2000	27/04/2010
Thomas Valentin	54	Deputy Chairman of eht Executive Board with responsibility for programmes and Contents	26/05/2000	27/04/2010
Éric d'Hotelans	58	Deputy Chairman of the Executive Board with responsibility for management	14/11/2003	27/04/2010
Catherine Lenoble	59	member of the Executive Board with responsibility for advertising	28/01/2001	27/04/2010

## Members of the Executive Board:

### Nicolas de Tavernost

#### Appointments and functions

- *Outside the M6 Group*
  - Member of the Supervisory Board of Ediradio SA
  - Director of Nexans SA
  - Director of GL Events SA
  - Director of Antena 3 (Spain)
- *Within the M6 Group*
  - Director of Extension TV SA; TF6 Gestion SA and of Société Nouvelle de Distribution SA
  - Permanent representative of:
    - a. M6 Publicité in his capacity as Director of Home Shopping Service SA and Mistergooddeal SA ;
    - b. Home Shopping Services in his capacity as Director of Télévente Promotion SA
    - c. Métropole Télévision in his capacity as Director of SASP Football Club des Girondins de Bordeaux and Paris Première SA
    - d. Métropole Télévision in his capacity as Chairman of: M6 Publicité SAS; Immobilière M6 SAS; M6 Toulouse SAS ; M6 Bordeaux SAS and M6 Foot SAS
    - e. Métropole Télévision in his capacity as a Member of the Shareholders' Committee of Multi4 SAS
    - f. M6 Interactions in his capacity as Chairman of M6 Développement SAS
    - g. Métropole Télévision in his capacity of Managing Partner of SCl du 107, av. Charles de Gaulle

#### Appointments and functions expiring in the course of the last five financial years

- *Outside the M6 Group*
  - Director of Ediradio SA, Business Interactif and Hôtel Saint-Dominique (in his personal capacity)
- *Within the M6 Group*
  - Chairman of the Board of Directors of Home Shopping Service SA
  - Permanent representative of:
    - a. M6 Thématique in his capacity as Managing Partner of SEDI TV SNC and EDI TV SNC
    - b. Métropole Télévision in his capacity as Chairman of M6 Affaires SAS and M6 Interactions SAS
    - c. M6 Thématique in his capacity as Managing Partner of M6 Numérique SNC
    - d. M6 Thématique in his capacity as Chairman of M6 Numérique SAS
    - e. M6 Interactions in his capacity as Chairman of M6 Créations SAS
    - f. M6 Numérique in his capacity as Director of TPS Gestion SA
    - g. M6 Publicité in his capacity as Director of Técipress SA
    - h. Métropole Télévision in his capacity as Director of M6 Thématique SA and Paris Première SA

### Thomas Valentin

#### Appointments and functions

- *Outside the M6 Group*
  - Director of Channel 5 Broadcasting Limited (UK)
- *Within the M6 Group*
  - Chairman of the Board of Directors of M6 Films SA and Métropole Production SA
  - Chairman of Mandarin SAS and M6 Studio SAS
  - Director of Société Nouvelle de Distribution SA, C. Productions SA, Extension TV SA and TF6 Gestion SA
  - Permanent representative of:
    - a. Métropole Production in his capacity as Director of M6 Diffusion SA
    - b. M6 Films in his capacity as Director of Paris Première SAS and Home Shopping Service SA

#### Appointments and functions expiring in the course of the last five financial years

- *Outside the M6 Group*
  - None
- *Within the M6 Group*
  - Chairman of W9 Productions SAS
  - Chairman of C.Productions SA

- Permanent representative of:
  - a. M6 Thématique in his capacity as Director of TTPS Gestion SA
  - b. M6 Films in his capacity as Director of Paris Première SA
  - c. Métropole Production in his capacity as Director of M6 Thématique SA

### Éric d'Hotelans

#### Appointments and functions

- *Outside the M6 Group*

None

- *Within the M6 Group*

- Chairman of the Board of Directors of Mistergooddeal SA and Home Shopping Services SA
- Managing Director of Télévente Promotion SA
- Chairman of M6 Web SAS ; M6 Interactions SAS ; Unité 15 Fulfilment SAS and Retail Concept SAS
- Director of SASP Football Club des Girondins de Bordeaux
- Permanent representative of:
  - a. Unité 15 Fulfilment in his capacity as Director of Télévente Promotion SA
  - b. M6 Thématique in his capacity as Director of Paris Première SAS et de M6 Diffusion SA
  - c. M6 Interactions in his capacity as Director of Société Nouvelle Distribution SA
  - d. Métropole Télévision, in his capacity as Director of M6 Films SA, DIEM 2 SA, C. Productions SA and Métropole Production SA
- Manager of Citato SARL

#### Appointments and functions expiring in the course of the last five financial years

- *Outside the M6 Group*

None

- *Within the M6 Group*

- Chairman of Télévente Promotion SA and Société Nouvelle de Distribution SA
- Chairman of Téciexpress SAS
- Director of Echo 6 SAS
- Manager of Nétéconomie SARL
- Permanent representative of:
  - a. Home Shopping Services, in his capacity as Director of Mistergooddeal SA
  - b. M6 Thématique in his capacity as Director of Paris Première SA
  - c. M6 Web in his capacity as Chairman of Cyréal Holding SAS
  - d. Métropole Télévision, in his capacity as Director of Hugo Productions SA and Unité 15 Fulfilment SA
  - e. M6 Publicité in his capacity as Director of Home Shopping Service SA
  - f. Télévente Promotion in his capacity as deputy manager of ClubTéléachat SNC

### Catherine Lenoble

#### Appointments and functions

- *Outside the M6 Group*

None

- *Within the M6 Group*

- Permanent representative of M6 Publicité in her capacity as Director of M6 Diffusion SA; M6 Éditions SA; M6 Événements SA; Paris Première SAS and Mistergooddeal SA

#### Appointments and functions expiring in the course of the last five financial years

- *Outside the M6 Group*

- Director of Novacor SA (in a personal capacity)

- *Within the M6 Group*

- Permanent representative of:
  - a. M6 Publicité in her capacity as Non-Partner Manager of Sedi TV SNC
  - b. M6 Publicité in her capacity as Director of Paris Première SA and Unité 15 Fulfilment SA



### 13.1.2 Operation of the Executive Board

The Executive Board has the widest possible powers to act in all circumstances on behalf of the Company pursuant to Article 18 of the bylaws.

Investments and divestments over €20 million not provided for in the budget, however, require the prior approval of the Supervisory Board.

The Executive Board meets as often as required in the interests of the company and usually once a week. In 2008, the Executive Board met 42 times, with minutes kept for each of these meetings. The Executive Board prepares all files to be submitted to Supervisory Board meetings by providing a detailed presentation of the situation of each activity of the Group during the previous quarter. To that end, the Management Board ensures the relevance of operating management indicators presented to the Supervisory Board in order to reflect developments affecting the various activities and businesses.

The Executive Board examines and collectively takes decisions on investment projects submitted to it by operating teams. In 2008, the Executive Board decided in particular to submit for prior approval by the Supervisory Board an investment in the Cyréalís Group, publisher of Internet sites.

The Executive Board also approves interim and annual financial statements which are subsequently presented for approval to the Supervisory Board. Lastly, the Executive Board decides on the Group's financial communication.

In addition, the Executive Board directs the Group's senior executive managers by calling regular meetings of:

- the Executive Committee, comprising the main operational and functional managers, which is in charge of implementing the Executive Board's major operational and strategic decisions;
- the Management Committee, comprising the main managers responsible for activities and functional services, which inform the Group on business management.

In 2008, The Executive Committee met 22 times and the management Committee 23 times. Detailed minutes of each meeting were kept and handed out to each member.

## 13.2 Supervisory Board

### 13.2.1 Membership of the Supervisory Board

At the date of this report, the Supervisory Board of Métropole Télévision comprised thirteen members, all individuals, appointed for a period of four years. No member of the Supervisory Board was elected by the employees.

The Supervisory Board carried out in December 2008 an external report on the criteria of independence of its members and to the rules of governance set by the Code of corporate governance issued by the *AFEP-MEDEF* in December 2008 consolidating the Report of October 2003 and the Recommendations of January 2007 and October 2008. On this basis and pursuant to the addendum no 3 to the Agreement between the company and the *Conseil Supérieur de l'Audiovisuel*, the Supervisory Board decided that at least one third of its members is independent after considering the position of each of them. Thus, the Board found that 6 (six) of its members are independent to date according to those criteria, namely, Albert Frère, Gérard Worms, Guy de Panafieu, Bernard Arnault, Jean Laurent and Gilles Samyn, none of whom has any relationship with the Company, its group or its management that might compromise the free exercise of his judgment.

The members of the Board possess great experience which they make available to the Supervisory Board of Métropole Télévision.

It is consistent practice that any member of the Supervisory Board who has a direct or indirect interest in an issue submitted to the Board does not vote on that issue.

Members of the Supervisory Board are as follows:

Members of the Board	Age	Principal function within the Company	Date of first appointment	Expiry date of appointment	Exit date
Albert Frère*	83	Chairman	26 May 2000	2012	-
Gérard Worms*	72	Deputy Chairman	26 May 2000	2012	-
Guy de Panafieu*	66	Member	18 February 2004	2012	-
Jean Laurent*	64	Member	18 February 2004	2012	-
Remy Sautter	64	Member	26 May 2000	2012	-
Bernard Arnault*	60	Member	18 February 2004	2012	-
Gilles Samyn*	60	Member	2 May 2007	2012	-
Gerhard Zeiler	53	Member	8 March 2002	2012	-
Fabrice Boé**	47	Member	3 March 2008	2011	-
Axel Duroux	45	Member	6 February 2007	2012	-
Vincent de Dorlodot	44	Member	18 March 2004	2012	-
Andrew Buckhurst	43	Member	7 November 2007	2012	-
Elmar Heggen	40	Member	22 November 2006	2012	-
<i>Andreas Walker</i>	43	<i>Member</i>	<i>2 May 2007</i>	-	<i>3 March 2008</i>

\* A member of the Supervisory Board is independent when he has no relationship with the Company, its Group or its management likely to compromise the exercise of his free of judgement."

(Source: Code of corporate governance for listed companies issued by the 'AFEP-MEDEF in December 2008, consolidating the Report of October 2003 and the Recommendations on remuneration of Board members in January 2007 and October 2008).

\*\* Permanent representative of Immobilière Bayard d'Antin

The attendance rate is calculated for the effective period of the term of office in 2008, as follows:

Members of the board	Supervisory Board Meetings			
	3 March 2008	6 May 2008	24 July 2008	4 November 2008
Albert Frère	⊗	○	⊗	⊗
Gérard Worms	⊗	⊗	⊗	⊗
Guy de Panafieu	⊗	⊗	⊗	⊗
Jean Laurent	⊗	⊗	⊗	⊗
Rémy Sautter	⊗	⊗	⊗	⊗
Bernard Arnault	○	○	○	○
Gilles Samyn	⊗	⊗	⊗	⊗
Gerhard Zeiler	⊗	○	⊗	⊗
Fabrice Boé	⊗	⊗	⊗	⊗
Axel Duroux	○	⊗	⊗	⊗
Vincent de Dorlodot	⊗	⊗	⊗	⊗
Andrew Buckhurst	⊗	⊗	⊗	⊗
Elmar Heggen	⊗	⊗	○	⊗
<i>Andréas Walker*</i>	○	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

\* Member resigned

### Current members of the Supervisory Board:

#### Albert Frère

Number of company shares held: 100.

#### **Biography and principal functions outside the Company**

Albert Frère took an interest in the family business from a very early age before launching determinedly into industry. Along with his associates, he gained control over the entire steel industry of the Charleroi region, diversifying production and modernizing equipment. In 1981, in partnership with other entrepreneurs, he founded Pargesa Holding (Geneva). The following year the company bought into the Bruxelles Lambert SA group (Brussels). The creation of the Pargesa-GBL block led to an international business diversifying into three key sectors: finance, energy/services and audiovisual communications. He is notably a Grand Officer of the Order of Leopold (Belgium) and Grand Officer of the Legion of Honour (France).

#### **Appointments and functions**

- Chairman of the Supervisory Board of Métropole Télévision - M6 SA
- Chairman of the Board of Directors and Deputy Director of Groupe Bruxelles Lambert SA (Belgium)
- Chairman of the Board of Directors of Frère-Bourgeois SA, ERBE SA, Financière de la Sambre SA ; Fingen SA ; Stichting Administratiekantoor Frère-Bourgeois
- Deputy Chairman, Managing Director and member of the Management Committee of, Deputy Director and member of the Management Board of Pargesa Holding SA
- Deputy Chairman of the Board of Directors of GdF-Suez
- Director of LVMH SA, Château Cheval Blanc SA Raspail Investissements; Fondation " FRESERTH " (Belgium), Centre TSIRA Asbl
- Permanent representative of Beholding Belgium SA, Director of Groupe Arnault SA
- Permanent representative of Frère-Bourgeois SA, manager of GBL Verwaltung SARL (Luxembourg)
- Director of Gruppo Banca Leonardo
- Member of the Board of Directors of the Université du Travail Paul Pastur
- Member of the International Committee of Assicurazioni Generali SpA (Italy)
- Member of the Strategic Committee of the Université libre de Bruxelles (ULB)
- Honorary Regent of the Banque Nationale de Belgique
- Honorary Chairman of the Charleroi Chamber of Commerce and Industry
- Honorary Councillor for Overseas Commerce

#### **Appointments and functions expiring in the course of the last five financial years**

- Member of the International Consultative Council of the Power Corporation du Canada (Canada)
- Deputy Chairman of the Board of Directors of Suez (July 2008)

#### Gérard Worms

Number of company shares held: 300.

#### **Biography and principal functions outside the Company**

Gérard Worms graduated from the École Polytechnique in 1957 and the École Nationale Supérieure des Mines in 1960. He was Ingénieur en chef des Mines before joining the Rothschild Group in October 1995. After beginning his career as advisor to the Minister for Industry, Olivier Guichard, and later to the Prime Minister, Jacques Chaban-Delmas, he became Managing Director of the Hachette Group and later Managing Director of Rhône-Poulenc, with responsibility for finance and the pharmaceuticals business. He subsequently became Managing Director and then Chairman of the Compagnie de Suez and Chairman of the Banque Indosuez and Chairman of insurance group Victoire. He is Honorary Chairman of the Association Nationale de la Recherche Technique and of the Société d'Économie Politique. As well as being Vice-Chairman of Rothschild Europe, since June 2006 he is the current Chairman of COE-Rexecode, one of France's leading economic forecasters, and Chairman of the French National Committee of the International Chamber of Commerce (ICC) since June 2006.

#### **Appointments and functions**

- Vice-Chairman of the Supervisory Board of Métropole Télévision - M6 SA

- Vice-Chairman of Rothschild Europe
- Director of Éditions Atlas SA
- Member of the Supervisory Board of Publicis SA; Médias and Régies Europe SAD and Paris-Orléans SA
- Censor of Degrémont SA
- Censor of SIACI- SAINT HONORE

**Appointments and functions expiring in the course of the last five financial years**

- Chairman of the Board of Directors of the SGIM SA
- Member of the Supervisory Board of SIACI SA (2007)
- Managing Partner of Rothschild & Cie Banque and Rothschild & Cie SCS
- Chairman of the theme channel Histoire SA
- Director of Mercapital SA and Cofide SA (2007)
- Censor and member of the Supervisory Board of Francarep SA and of Paris Orléans SA

**Guy de Panafieu**

Number of company shares held: 100.

**Biography and principal functions outside the Company**

Guy de Panafieu is Senior Advisor to Calyon Corporate and Investment Bank, Chairman of the India Committee of Medef International and Deputy Chairman of the Business and Industry Advisory Committee (BIAC) of the OECD. He was Chairman of the BULL Group from 1997 to 2001. From 1983 to 1997 he worked in the Lyonnaise des Eaux group, in various management posts and latterly as Deputy Chairman and Managing Director.

From 1968 to 1982 he worked in the Ministry of Economics and Finance with various responsibilities in the department of foreign trade and international economic relations. From 1978 to 1981 he was a technical adviser to the French President on questions of international economics. He is a graduate of the Institut d'études politiques de Paris, licencié dès lettres et sciences économiques, and a former finance inspector.

**Appointments and functions**

- Member of the Supervisory Board of Métropole Télévision - M6 SA
- Chairman of the Supervisory Board of Gras Savoye SCA
- Member of the Board of Directors of SANEF SA

**Appointments and functions expiring in the course of the last five financial years**

None.

**Jean Laurent**

Number of company shares held: 110.

**Biography and principal functions outside the Company**

Jean Laurent is a civil aeronautical engineer (École Nationale Supérieure de l'Aéronautique) and holds a Master of Science degree from Wichita State University (USA). His entire career has been with the Crédit Agricole Group. He was successively Deputy Director of the Caisse régionale de Toulouse and of the Caisse régionale du Loiret, before being appointed Deputy Managing Director of the Caisse régionale de Paris et d'Ile-de-France. He joined CNCA as Central Director in 1993 and was Deputy Managing Director from 1994 to 1999. He was Chairman of the Board of Directors of Calyon from 2000 to May 2007, as well as Director of Crédit Agricole Indosuez (which became Calyon in May 2004) since 1997.

Jean Laurent was Chairman of the Board of Directors of Crédit Lyonnais from 2003 to the end of 2005. He is also a member of the Executive Committee of the Fédération Bancaire Française (FBF), of which he was the first Chairman (from January 2001 to June 2002).

**Appointments and functions**

- Member of the Supervisory Board of Métropole Télévision - M6 SA
- Member of the Supervisory Board and Financial Committee of Eurazeo SAD
- Director, Chairman of the Corporate Responsibility Committee and Member of the Appointment and Remuneration Committee of Danone SA Group

- Chairman of the Board of Directors of Institut Europlace de Finance (Association Loi 1901)
- Chairman of Crédit Agricole Egypt SAE
- Chairman of Pôle de Compétitivité Finance Innovation
- Director of Unigrains

#### Appointments and functions expiring in the course of the last five financial years

- Chairman of the Board of Directors of CALYON SA
- Director and Deputy-Chairman of Banco Espírito Santo SGPS (Portugal)
- Director of Banca Intesa SPA (Italy), Sofinco, Banque de Gestion Privée Indosuez, Crédit Agricole Asset Management, Amacam and SA Rue Impériale
- Managing Director and Chairman of the Executive Committee of Crédit Agricole S.A. and Deputy Managing Director of Caisse Nationale de Crédit Agricole
- Chairman of the Board of Directors of Crédit Lyonnais SA
- Member (Associations Loi 1901) of: the Executive Committee of Fédération Bancaire Française, the Council of Association Française des Banques and Paris- Europlace, the Bureau of the Association Française des Etablissements de crédits et des entreprises d'investissements
- Vice-Chairman of, Prédica and Banca Intesa
- Chairman and Director of the management Committee of CEDICAM
- Director and Chairman of Union d'Études et d'Investissement, Segespar
- Member of the Conseil National du Crédit et du Titre

#### Rémy Sautter

Number of company shares held: 690.

#### Biography and principal functions outside the Company

Rémy Sautter has a law degree and is a graduate of the Paris Institut d'Études Politiques and of the École Nationale d'Administration. He began his career in the Caisse des Dépôts et Consignations (1971-1981) before being appointed technical advisor on Financial and Budgetary Matters in the Ministry of Defence (1981-1983).

He then worked as Finance Director of Agence Havas from 1983 to 1985 and Deputy Chairman and Managing Director of RTL Radio until 1996. Rémy Sautter was Managing Director of CLT-UFA until 2000 and Chairman and Managing Director of RTL Radio until 2002, since December 2002 he has been Chairman of the Supervisory Board of Ediradio that operates RTL Radio.

#### Appointments and functions

- Member of the Supervisory Board of Métropole Télévision - M6 SA
- Chairman and Managing Director of Immobilière Bayard d'Antin SA
- Chairman of the Supervisory Board of Ediradio SA (RTL)
- Chairman of Five/Channel 5 Television Group Ltd
- Director of SERC SA (Fun Radio)
- Director of SASP Football Club des Girondins de Bordeaux
- Director of Pages Jaunes SA
- Member of the Supervisory Board of INSERT and NAVIMO (Duke Street Capital)
- Director of Taylor Nelson Sofres Ltd
- Director of Partner Reinsurance Ltd
- Director of Thomson
- Censor of H.G.L gestion
- Director of TVI SA Belgique
- Permanent representative of CLT-UFA, Director of SODERA SA (RTL2)
- Permanent representative of Ediradio, Director of IP France SA
- Permanent representative of Bayard d'Antin, Director of IP régions SA

#### Appointments and functions expiring in the course of the last five financial years

- Chairman and Managing Director of Ediradio SA
- Director of Wanadoo SA, de IP France (2007), IP Régions (2007) and SODERA (2007)
- Chairman of Sicav "multimedia and technologies"

### Bernard Arnault

Number of company shares held: 100.

#### Biography and principal functions outside the Company

Bernard Arnault's chosen career was as an engineer, working for Ferret-Savinel. In 1974 he became the firm's Construction Director, Managing Director in 1977 and finally Chairman from 1978 until 1984, when he became Chairman and Managing Director of Financière Agache SA and Christian Dior SA. He then undertook the reorganisation of the Financière Agache group as part of a development strategy focussing on prestige brand names, making Christian Dior the cornerstone of the new structure.

In 1989 he became the majority shareholder of LVMH Moët-Hennessy-Louis Vuitton, thus creating the first worldwide luxury group. He became its Chairman in January 1989 to this day.

#### Appointments and functions

- Member of the Supervisory Board of Métropole Télévision - M6 SA
- Chairman and Managing Director of LVMH Moët-Hennessy-Louis-Vuitton SA (France)
- Chairman of the Board of Directors of Christian Dior SA (France) et de Louis Vuitton pour la Création, Fondation d'entreprise (France)
- Chairman of Groupe Arnault SAS (France)
- Director of: Christian Dior Couture, SA (France), Raspail Investissements SA (France), Carrefour SA (France), Société Civile du Cheval Blanc (France) and LVMH Moët-Hennessy-Louis Vuitton (Japan) KK Japon
- Member of the Supervisory Board of Lagardère SCA (France)

#### Appointments and functions expiring in the course of the last five financial years

- Chairman and Managing Director of Montaigne Participations et Gestion SA (France)
- Director of Moët Hennessy Inc. (USA)
- Legal representative of Montaigne Participations et Gestion, Chairman of Développement SAS (France) and Société Financière Saint Nivard SAS (France)
- Permanent representative of Montaigne Participations et Gestion, Director of Financière Agache SA (France)

### Gilles Samyn

Number of company shares held: 100.

#### Biography and principal functions outside the Company

Gilles Samyn, a French and Belgian national, is a sales engineer graduate from École de Commerce de Solvay (Université Libre de Bruxelles, Belgium). He is currently the Managing Director of FRERE Group and Deputy Chairman and Managing Director of Compagnie Nationale a portefeuille (CNP).

#### Appointments and functions

- Member of the Supervisory Board of Métropole Télévision - M6 SA
- Deputy Director of Frère-Bourgeois SA, Belholding Belgium SA, Carpar SA, Erbe SA, Europart SA, Fibelpar SA, Financière de la Sambre SA, Fingen SA, Investor SA, SLP S A, Société des quatre Chemins SA
- Chairman of centre de Coordination de Charleroi SA, Distripar SA, Erbe Finance SA, Financière FLO S.A., Groupe FLO S.A., Groupe Jean Dupuis SA, Helio Charleroi Finance S A, Kermadec S A, Solvay Business School Alumni A.S.B.L., Swilux SA, Transcor Astra Group SA, Unifem SAS
- Deputy-Chairman and Managing Director of Compagnie Nationale à Portefeuille
- Chairman and Managing Director of Manoir de Roumont SA
- Director of Acide Carbonique Pur SA, Affichage Holding SA, AOT Holding SA, Banca Leonardo SpA, Belgian Sky Shops SA, Cheval des Andes (ex. Opéra Vineyards SA), Entremont Alliance SAS, Filux SA, Gesecalux SA, Grand Hôpital de Charleroi Asbl, Groupe Bruxelles Lambert SA, LYPARIS SA, MESA SA., Société Civile du Château Cheval Blanc, Pargesa Holding SA, Stichting Administratiekantoor Frère-Bourgeois, Swifin SA, Tikehau Capital Advisors SAS, TTR Energy SA
- Representative of Société des Quatre Chemins SA, Chairman of the Board of Directors of Finimpress SA



- Commissaris de Agesca Nederland NV, Frère-Bourgeois Holding BV et Parjointco NV
- Censor of Marco Polo Capital SA
- Liquidator of Loverfin SA

**Appointments and functions expiring in the course of the last five financial years**

- Member of the Supervisory Board of Bertelsmann AG (2006), Groupe Entremont SAS (2005), Imerys SA (2005)
- Member of the Executive Board of Groupe Taittinger SA (2005)
- Chairman of SA (2005), FEM SA, Fomento de Construcciones y contratos (2003), Helio Charleroi SA (2004)
- Deputy-Chairman of Hôpitaux Saint Joseph Sainte Thérèse & IMTR Asbl (2004), Project Sloane Ltd (2005)
- Director of Eiffage SA (2007), Fortis Banque SA (2003), FREE Asbl (2005), Gib SA (2004), Loverfin SA (2003), Petrofina SA (2003), Quick SA (2005), Rtl Group SA (2006), Swilux SA (2003), Taittinger CCVC (2005), The Polaris Centre Asbl (2006)
- Representative of la Compagnie Immobilière de Roumont SA: Chairman of the Management Board of Editions Dupuis SA (2005), Chairman of the Jean Dupuis SA Group 2003) Director of Director of Société du Louvre SA (2005)

**Gerhard Zeiler**

Number of company shares held: 100.

**Biography and principal functions outside the Company**

Gerhard Zeiler was appointed by Bertelsmann as CEO of RTL Television in November 1998 and continued until March 2003, when he was appointed CEO of the RTL Group. In September 2005 he decided to concentrate exclusively on his work in the RTL Group. In his capacity as CEO of the RTL Group, Gerhard Zeiler is also a member of the Supervisory Board of M6 France. Since October 2005 he has also been a member of the Executive Board of Bertelsmann AG, the main shareholder in RTL Group. In August 2006, the Board of Directors of RTL Group renewed Gerhard Zeiler's contract as CEO until May 2011. Gerhard Zeiler began his career as a journalist before becoming spokesman for the Austrian Minister for Education and the Arts, retaining this position when the Minister became Federal Chancellor of Austria in 1983. Then he became Secretary General of the Austrian public broadcaster ORF from 1986 to 1990. After two years as CEO of Tele 5 and another two as CEO of RTL II, he was appointed CEO of ORF in 1994, where he remained until November 1998.

**Appointments and functions**

- Member of the Supervisory Board of Métropole Télévision - M6 SA
- Director and Managing Director of RTL Group SA and CLT-UFA SA (Luxembourg)
- Chairman of the Board of Directors of M-RTL ZRT (Hungary)
- Chairman of the Supervisory Board of RTL Television GmbH (Germany) and RTL Radio Deutschland GmbH (Germany)
- Member of the Supervisory Board of RTL Nederland Holding BV (Pays Bas)
- Permanent representative of CLT-UFA SA, Director of Ediradio SA
- Member of the Executive Board of Bertelsmann AG (Germany)

**Appointments and functions expiring in the course of the last five financial years**

- Manager of RTL Television GmbH, RTL Group Deutschland GmbH and UFA
- Film-Und Fernseh GmbH (Germany)
- Chairman of the Board of Directors of Broadcasting Center Europe SA, Channel 5 Television Ltd and Freemantle Média SA
- Member of the Supervisory Board of Nachrichtenfernsehen Beteiligungs- GmbH N-TV) and Ediradio SA

Axel Duroux

Number of company shares held: 100.

**Biography and principal functions outside the Company**

Axel Duroux, a French national, is the holder of a master's degree in international law, a DEA in Law and a DESS from Institut Français de la Presse.

Axel Duroux was successively a reporter for the SIPA agency and a journalist for LA CINQ (1986-1992), prior to his appointment as Communication Advisor to the Chairman of IBM France (1992). He then joined the CLT-UFA Group (which subsequently became RTL-GROUP) in 1994 as Managing Director of M 40, entrusted with the mission of creating the RTL2 radio. He was appointed Chairman of Fun Radio in 1998. From 2000 to 2004, Axel Duroux was Chairman and Chief Executive Officer of Endemol Development and Deputy Chairman of Endemol France, a subsidiary of the European leader for audiovisual production. In November 2004, he was appointed Advisor to the Board members of RTL-GROUP in Luxembourg. Since 2005, Axel Duroux has been responsible RTL Group's French radio division: RTL, RTL2, Fun Radio and advertising agency IP France. He is also a Director of CLT-UFA.

**Appointments and functions**

- Member of the Supervisory Board of Métropole Télévision - M6 SA
- Permanent representative of Bayard d'Antin SA, Director of Médiamétrie
- Permanent representative of IP France SA, Director of IP Régions
- Chairman of the Executive Board of Ediradio SA
- Representative of the Radio Committee of Médiamétrie
- Chairman of the Board of Directors of IP France SA, of SERC SA (FUN Radio), and SODERA SA (RTL 2)
- Chairman of RTL Net SAS
- Director of CLT-UFA
- Joint Manager of Information & Diffusion SARL
- Manager of la SCP SARL
- Deputy-Manager of RTL Fun développement SARL

**Appointments and functions expiring in the course of the last five financial years**

None.

Vincent de Dorlodot

Number of company shares held: 100.

**Biography and principal functions outside the Company**

Vincent de Dorlodot was appointed General Counsel of the RTL Group in April 2000. A law graduate from Louvain University (Belgium) and Leiden University (Netherlands), Vincent de Dorlodot also holds a Masters in law from Duke University (USA). He began his career in 1990 as a lawyer with Brandt, Van Hecke et Lagae (now Linklaters). He later joined the Bruxelles Lambert Group as a legal advisor in 1995 before joining the RTL Group in 2000.

**Appointments and functions**

- Member of the Supervisory Board of Métropole Télévision - M6 SA
- General Counsel of RTL Group S.A
- Chairman of the Board of Directors of B & CE SA (Luxembourg)
- Director of Audiomédia Investments SA ; CLT UFA SA, de RTL Group Germany SA (Luxembourg) et de Soparad Holding SA

**Appointments and functions expiring in the course of the last five financial years**

- Chairman of the Board of Directors of FreemantleMédia SA
- Director of CLT-UFA Holding SA; LUXAIR SA ; RTL 4 Radio SA (Luxembourg); Sportfive SA (France); IP Polka SP ZOO (Poland) and Suprafin SA (Belgium)



### Elmar Heggen

Number of company shares held: 100.

#### **Biography and principal functions outside the Company**

Elmar Heggen, a German national, Elmar Heggen graduated from the European Business School and with an MBA in Finance. He began his career in 1992 with the Félix Schoeller group. He became Deputy Chairman and Managing Director of Felix Schoeller Digital Imaging in the United Kingdom in 1999 and joined the Head Office of the RTL Group in 2000 as Deputy Chairman of mergers and acquisitions. In January 2003 he was named Senior Deputy Chairman of Investment and Control activities and fulfilled the role of Deputy Chairman of control and strategy from July 2003 to December 2005. As a member of RTL Group's Management team from January 2006, Elmar Heggen was in charge of the group's operational development in emerging markets in Southern, Central and Eastern Europe, in radio activity and the Belgian market. Since 1 October 2006, Elmar Heggen is the Chief Financial Officer and Chairman of RTL Group, Corporate Center.

#### **Appointments and functions**

- Member of the Supervisory Board of Métropole Télévision - M6 SA
- Chief Financial Officer, Head of Corporate Center and Luxembourg Activities RTL Group SA
- Executive Director of RTL Group Central and Eastern Europe SA (Luxembourg)
- Chairman of the Board of Directors of Broadcasting Center Europe SA (Luxembourg); of MédiaAssurances SA (Luxembourg); of Audiomédia Investments SA (Belgium)
- Chairman of the Supervisory Board of RTL Hrvatska Doo (Croatia)
- Director of CLT UFA SA (Luxembourg); of RTL Group Germany SA (Luxembourg); of RTL 9 SA (Luxembourg); of FremantleMédia SA (Luxembourg); of Content Union S.A. (Luxembourg); of TVI S.A. (Belgium); of INADI SA (France); of Immobilière Bayard d'Antin SA (France); of Média Holding Ren TV (Russia); of Antena 3 de Television SA (Spain)
- Member of the Supervisory Board of: Ediradio SA (France); RTL Nederland Holding BV (Netherlands)
- Permanent representative of Immobilière Bayard d'Antin, Director of IP France SA (France)
- Manager of RTL Radio Deutschland GMBH (Germany); RTL Radio Berlin GMBH (Germany); CLT Multi Média GmbH (Germany); UFA Film und Fernseh GmbH (Germany); of RTL Group Vermögensverwaltung GmbH (Germany); of RTL Group Deutschland GmbH (Germany); of RTL
- Group Central and Eastern Europe GmbH (Germany); RTL Television GMBH (Germany)
- Member of the Management Committee of Média Properties Sarl (Luxembourg)

#### **Appointments and functions expiring in the course of the last five financial years**

- Director of Sportfive SA (France), Média Capital SA (Portugal), M-RTL (Hungary), RTL TV Doo (Serbia) and Radio H S.A. (Belgium)
- Manager of RTL Radiovermarktung GmbH & Co KG (Germany); S5 SARL (Luxembourg)

### Andrew Buckhurst

Number of company shares held: 100.

#### **Biography and principal functions outside the Company**

Andrew Buckhurst, a British national, began his professional career in the UK with Ernst & Young as a Chartered Accountant. He subsequently joined AEA Technology as a Financial Analyst. In 1995, he was Treasury Controller for the ORIFLAME International Group in Belgium, prior to being appointed Regional Financial Controller in Athens. He joined RTL Group in August 2000 as financial Controller. From 2003 to 2006, he headed the External Communication Department in addition to his duties as Investor Relations Officer. Andrew Buckhurst is Deputy CFO of RTL Group, in charge of investor relations.

#### **Appointments and functions**

- Member of the Supervisory Board of Métropole Télévision - M6 SA
- RTL Group Senior Vice-President Investor Relations
- Director of Bertelsmann Capital Investment S.A (SICAR)
- Director of Bertelsmann Digital Média Investments S.A
- Director of Channel 5 Broadcasting Limited
- Director of CLT-UFA UK Television Ltd

- Director of Hei Elei Film Production S.A.
- Member of the Supervisory Board of M- RTL zrt

Appointments and functions expiring in the course of the last five financial years  
None.

### IMMOBILIERE BAYARD D'ANTIN

Represented by Fabrice Boé

Number of company shares held by the legal person: 63,089,571.

Number of company shares held by its representative: 100.

#### **Biography and principal functions outside the Company by the representative of the legal person**

Following his national service in the French Navy, Fabrice Boé worked for L'Oréal Group from 1986 to 2002. From 1990 to 1993, he was Marketing Director of L'Oréal Paris, followed by Managing Director of L'Oréal Paris in Italy from 1993 to 1996. In 1996, he took over as Managing Director of L'Oréal Paris France's mass-consumption goods department. In January 2000, he was appointed Global Managing Director of Helena Rubinstein and then Global Managing Director of Lancôme's luxury product division. From May 2002 to Autumn 2003, he acted as General Manager of Hermès International. Fabrice Boé subsequently joined Prisma Presse in January 2004 as editor of the women's press division in March 2004, after spending 3 months with Gruner+Jahr in Germany. In January 2005, he was appointed Managing Director in charge of the magazine divisions. Fabrice Boé became Manager of Prisma Presse Group in July 2005 and, since January 2006, member of the Executive Board of Gruner+Jahr. He was elected Chairman of the Association pour la Promotion de la Presse Magazine in April 2007 and has been a Chevalier de l'Ordre National du Mérite since June 2007.

#### **Appointments and functions**

- Manager of Prima Presse SNC
- Chairman of Bien dans ma Vie SAS

#### **Appointments and functions expiring in the course of the last five financial years**

- Manager of PP1, liquidated company
- Manager of Vivia, SNC

## 13.2.2 Operation of the Supervisory Board

The Supervisory Board exercises permanent control over the management of the Company and subsidiaries by the Executive Board and grants the latter the prior approval for transactions that it may not perform without such authorisation.

Throughout the year, the Supervisory Board performs whatever verifications and checks it considers appropriate and may call for any documents it requires to fulfil its tasks.

### Internal regulations

At its first meeting on 26 May 2000, the Supervisory Board adopted its own internal regulations to detail and complete the Company bylaws so that they now cover its own organisation and functions, in particular regarding its committees.

Reaffirming its commitment to corporate governance, the Supervisory Board, at its meeting on 30 April 2003, completed its own internal regulations to ensure it has the ability and resources to operate efficiently in the service of the Company and its shareholders.

In its meeting of 6 May 2008, the Supervisory Board proceeded with a revision to its internal regulations with the more detailed text including best practices.

The internal regulations of the Supervisory Board and its committees cover the role and arrangements of operations of the Board and its committees according to the Law, Métropole Television's bylaws and the corporate governance regulations applicable to listed companies included in the code issued by the *AFEP - MEDEF* in December 2008.

It includes in a first article the position and duties of the members of the Board:

- legal and bylaws duties of the position as member of the Supervisory Board;
- conditions of presence, criteria of ability and independence;
- duties in respect of shares in the Company;
- duties of confidentiality;
- other...

The regulations detail the rules of operation and the methods of Board meetings:

- Notices, frequency and holding of meetings;
- Secretary to the Board and preparation of Minutes.

It describes the principles of how the Board exercises its powers and the means to carry them out:

- expertise of Committees;
- access and communication of information.

The internal Regulations of the Board are also the internal Regulations of its Committees:

- the composition of the Board's various Committees, Audit Committee and the Remuneration and Appointments Committee;
- the rules of operation, the definition of assignments and the functions of the various Board's Committees.

#### Self assessment by the Supervisory Board

The Board reviews its own modus operandi once a year at one of its meetings.

In 2008, a questionnaire was handed out to each member to assess the Supervisory Board's operating rules, which each member filled out anonymously.

The following emerged from the review:

- the Board benefits from the independence necessary to carry out its mission,
- member participation in discussions is of good quality,
- the information available to Board members is satisfactory owing to the quarterly operating report from the Executive Board and attendance of Executive Board members at meetings,
- the work of the specialised Committees is carried out in a comprehensive and thorough manner.

The Board has examined the qualifications of each of its members, in order to validate the list of independent directors.

The Supervisory Board meets as often as required in the interests of the Company and at least once a quarter. It met four times in 2008 and the overall attendance rate was 80%.

#### Company shares held by members of the Supervisory Board

In accordance with Company bylaws, the members of the Supervisory Board of Métropole Télévision must each hold at least 100 shares in the Company.

### Directors' fees

The Combined General Meeting on 28 April 2004 allocated €120,000 for attendance fees to be shared among the members of the Supervisory Board in respect of 2004 and thereafter until decided otherwise. The total annual amount of directors' fees is allocated by the Supervisory Board depending on the time spent in the office and taking account of the participation of members in the Committees.

In 2008, as in previous financial years, attendance fees were allocated as follows:

	Theoretical individual allocation of fees	TOTAL
Chairman of the Supervisory Board	16 615 €	16 615 €
Chairmen of Committees	11 077 €	22 154 €
Members of Committees	9 231 €	36 924 €
Other Board members	7 385 €	44 310 €

The Management Report details the attendance fees actually paid to individual members of the Supervisory Board (see paragraph 13.3.4 of the Management Report).

### 13.2.3 Committees of the Supervisory Board

The Supervisory Board has had the following two Committees since it was established in 2000:

- The Audit Committee
- The Remuneration and Appointments Committee

### Audit Committee

The Audit Committee, first set up in 2000, has a minimum of three and a maximum of five members chosen by the Supervisory Board from among its own members other than the Chairman of the Board, including at least two (2) among independent members, for the duration of their appointment as member of the Supervisory Board.

Its members were the following:

Members of the Audit Committee		Date of first appointment	Expiry date of appointment	Attendance rate 2008
Guy de Panafieu*	Chairman of the Committee	18 February 2004	2012	100%
Remy Sautter	Member	26 May 2000	2012	100%
Elmar Heggen	Member	22 November 2006	2012	100%
Jean Laurent*	Member	6 mai 2008	2012	100% (1)

\* *Independent member*

(1) *Attendance rate from his appointment*

It meets at least twice a year and has the following responsibilities:

- **as concerns the financial statements:** to review the annual financial statements and the Group's interim and quarterly results; study changes and adaptations of the principles and accounting rules used for their preparation;
- **as concerns external audit:** to consider proposals for the appointment and remuneration of the Statutory

Auditors and examine their conclusions;

- for internal control: to evaluate the systems of internal control of the Group with those responsible for internal control;
- as concerns risks: to review the major financial risks.

The Committee met four times in 2008 and the overall attendance rate was 88%.

In 2008, the work of the Committee included:

- scrutiny of the financial statements;
- validation of the registration document;
- the treasury position and the working capital requirements of the Group;
- 2008/2009 assignments and fees of the Statutory Auditors;
- internal control and risk management;
- the conditions of carrying out the share buyback programme;
- the financial statements at 30 June;
- 2009 budget;
- review of the audiovisual rights portfolio;
- follow-up of financial reporting.

In the course of this work the Audit Committee consulted with the Statutory Auditors, the CFO and his principal associates.

To ensure that the Audit Committee is working efficiently, a detailed file is prepared by the Company's financial staff.

The Audit Committee makes recommendations to the Executive Board regarding financial reporting, as well as financial, accounting or taxation issues that the company may have to face.

The Audit Committee presents the conclusions of its deliberations to the Supervisory Board at the meetings to discuss the half-yearly and annual financial statements.

### Remuneration and Appointments Committee

The Remuneration and Appointments Committee, first set up in 2000, has a minimum of two and a maximum of five members among the members of the Supervisory Board other than the chairman of the Board of which half from among the independent members and for the duration of their term of office as members of the Supervisory Board.

Members of the Remuneration and Appointments Committee are the following:

Members of the Remuneration and Appointment Committee		Date of first appointment	Expiry date of appointment	Attendance rate 2008
G�rard Worms*	Chairman of the Committee	26 May 2000	2012	100%
Gerhard Zeiler	Member	30 April 2003	2012	100%
Gilles Samyn*	Member	10 mars 2009	2012	N/A

\* *Independent member*

It meets at least once a year to:

- make proposals for the remuneration of members of the Supervisory Board and of the Executive Board;
- examine the proposal(s) for the allocation of stock options and free shares to members of the Executive Board and executives;
- consider every candidate for appointment or replacement of any member of the Board by ensuring the concept of an independent member of the Supervisory Board is complied with or of every member of the Executive Board.

The Committee met three times in 2008 with a 100% attendance rate.

At these meetings the Committee decided on:

- the conditions under which share subscription options and free shares are allocated and the list of beneficiaries of these allocations;
- the rules governing the sale of marketable securities by Board members;
- the principles and terms and conditions of the remuneration of the Chairman of the Executive Board and other Executive Board members, and more particularly, the application of the provisions of the Law of 30 December 2006 (overall senior executives and Board members' remuneration policy) and the Law of 21 August 2007 (*TEPA*).
- taking account, within the framework of the *AFEP-MEDEF* corporate governance Code to which the Company adheres, the new recommendations of the *AFEP-MEDEF* of 6 October 2008 on the remuneration of Board members of listed companies.

For each of its meetings, the Remuneration and Appointments Committee is provided with a file prepared by the Company to give the clearest possible insight into the implications of its decisions.

### **13.3 Board members' remuneration and fringe benefits**

In application of Article L. 225-102-1, paragraphs 1 and 2 of the Commercial Code, the total remuneration received by the Group's Board members, including fringe benefits was as follows, it being noted that the chapter was prepared with the assistance of the Remuneration Committee.

#### **13.3.1 Executive Board members' remuneration and fringe benefits**

##### **Policy to determine the fixed and variable remuneration of the members of the Executive Board**

The remuneration of the members of the Executive Board is provided by the parent company Métropole Télévision, with the exception of Catherine Lenoble whose salary is paid by M6 Publicité.

The fixed remuneration of members of the Executive Board is paid monthly over 12 months for Nicolas de Tavernost, Board member, and 13 months for Thomas Valentin, Eric d'Hotelans and Catherine Lenoble, employees. It includes the value of company cars as a benefit in kind.

The variable remuneration, which is limited to a maximum amount for each member of the Executive Board, comprises two elements:

- Additional remuneration based on the level of achievement of consolidated EBITA objectives for the Group, as defined by the Supervisory Board. As concerns Catherine Lenoble, this remuneration is calculated by reference to net annual advertising sales for M6 Publicité;
- A remuneration as member of the Executive Board determined by the Supervisory Board as a function of audience criteria calculated for all channels held by the M6 Group, and a criterion of gross advertising market share.

Summary of remuneration

Nicolas de Tavernost (Chairman of the Executive Board)				
	2007		2008	
	Amounts paid (€) (2)	Amounts due (€)	Amounts paid (€) (2)	Amounts due (€)
Fixed remuneration	850 008	850 008	850 008	850 008
Variable remuneration (2)	550 100	467 607	467 607	467 607
Exceptional remuneration				
Directors' fees				
<i>Sub-total paid</i>	<i>1 400 108</i>	<i>1 317 615</i>	<i>1 317 615</i>	<i>1 317 615</i>
Benefits in kind (1)	7 827	7 827	7 827	7 827
<b>TOTAL</b>	<b>1 407 935</b>	<b>1 325 442</b>	<b>1 325 442</b>	<b>1 325 442</b>

(1): company car provided

(2): variable remuneration due in respect of a year is paid the following year

Thomas Valentin (Deputy-Chairman of the Executive Board)				
	2007		2008	
	Amounts paid (€) (2)	Amounts due (€)	Amounts paid (€) (2)	Amounts due (€)
Fixed remuneration	450 008	450 008	450 008	450 008
Variable remuneration (2)	330 060	285 564	285 564	285 564
Exceptional remuneration				
Directors' fees				
<i>Sub-total paid</i>	<i>780 068</i>	<i>735 572</i>	<i>735 572</i>	<i>735 572</i>
Benefits in kind (1)	7 404	7 404	6 850	6 850
<b>TOTAL</b>	<b>787 472</b>	<b>742 976</b>	<b>742 422</b>	<b>742 422</b>

(1): company car provided

(2): variable remuneration due in respect of a year is paid the following year

Eric d'Hotelans (Deputy-Chairman of the Executive Board)				
	2007		2008	
	Amounts paid (€) (2)	Amounts due (€)	Amounts paid (€) (2)	Amounts due (€)
Fixed remuneration	290 004	290 004	290 004	290 004
Variable remuneration (2)	111 022	97 078	97 078	97 078
Exceptional remuneration				
Directors' fees				
<i>Sub-total paid</i>	<i>401 026</i>	<i>387 082</i>	<i>387 082</i>	<i>387 082</i>
Benefits in kind (1)	5 291	5 291	4 599	4 599
<b>TOTAL</b>	<b>406 317</b>	<b>392 373</b>	<b>391 681</b>	<b>391 681</b>

(1): company car provided

(2): variable remuneration due in respect of a year is paid the following year

Catherine Lenoble (Member of the Executive Board)				
	2007		2008	
	Amounts paid (€) (2)	Amounts due (€)	Amounts paid (€) (2)	Amounts due (€)
Fixed remuneration	265 005	265 005	290 265	290 265
Variable remuneration (2)	105 873	105 126	105 126	85 268
Exceptional remuneration				
Directors' fees				
<i>Sub-total paid</i>	<i>370 878</i>	<i>370 131</i>	<i>395 391</i>	<i>375 533</i>
Benefits in kind (1)	3 026	3 026	3 280	3 280
<b>TOTAL</b>	<b>373 904</b>	<b>373 157</b>	<b>398 671</b>	<b>378 813</b>

(1): company car provided

(2): variable remuneration due in respect of a year is paid the following year



### Benefits subsequent to term of office

All members of the Executive Board cumulate an employment contract with a term of office as Director, noting that the employment contract of the Chairman of the Executive Board has been suspended since 6 December 1990. The Supervisory Board on 10 March 2009 decided to maintain the suspended employment contract of Nicolas de Tavernost until the expiry of his term of office as Chairman of the Executive Board.

In addition, on the same subject and under the same conditions as Group employees, the members of the Executive Board benefit from a legal end of career payment.

Moreover, since July 2007, the members of the Executive Board benefit, as do all senior executives of the Group, from a supplementary and compulsory pension scheme of defined contribution that enables the establishment of an individual retirement account to finance the payment of a life annuity.

Lastly, it should be noted that the members of the Executive Board other than Nicolas de Tavernost are subject to a non competition clause on their employment contracts.

### Compensation for breach of contract

Compensation for breach of contract that Nicolas de Tavernost benefits from arising from his term office as Chairman of the Executive Board, while the other members of the Executive Board have contractual compensation included in their employment contracts, in the event of breach of which at the initiative of the Company, excluding misconduct or a serious offence.

Pursuant to the new recommendations published by the *AFEP and the MEDEF* on 6 October 2008, included in the *AFEP/MEDEF* consolidated corporate governance Code of December 2008, the Supervisory Board approved the proposal of the Remuneration Committee aimed at harmonising the compensation for breach of contract for the members of the Executive Board by stating (A) the basis and (B) the event of payment of this compensation (C) whose payment remains subject to the performance condition introduced by the Supervisory Board on 3 March 2008.

The revisions to the compensation terms of Catherine Lenoble, Thomas Valentin and Eric d'Hotelans, presented below, were formalised by the signing of an addendum to their respective employment contracts duly authorised by the Supervisory Board.

#### *(A) Basis of compensation for breach of contract*

Compensation for breach of contract for members of the Executive Board is now equal to the difference between (i) twenty four (24) months of gross monthly remuneration calculated on the basis of the total gross remuneration fixed and variable, received over the twelve (12) months preceding the termination of the term of office of the Chairman of the Executive Board Nicolas de Tavernost or the termination of the employment contract of Catherine Lenoble, Thomas Valentin and Eric d'Hotelans, and (ii) the cumulative amount x) of the legal and contractual compensation possibly due in respect of breach of employment contract of the beneficiary, and the amount (iii) of the compensation due, where appropriate, in respect of the non competition commitment.

It is specified, for the purposes of the calculation of this amount, that the remuneration as a member of the Executive Board is excluded from the basis of the calculation of compensation for Catherine Lenoble, Thomas Valentin and Eric d'Hotelans to the extent that the contractual compensation for breach of contract from which they benefit is part of their employment contract.

#### *(B) Event of payment of compensation for breach of contract*

The event of compensation for breach contract benefiting member of the Executive Board is now limited to Nicolas de Tavernost, in the event of termination of his term of office as Chairman of the Executive Board other than by way of resignation or breakdown in relationship, and for the other members of the Executive Board, in the event of breach of their employment contract other than dismissal for misconduct or serious offence, to resignation or breakdown in relationship.



*(C) Maintained performance conditions*

It is specified that the payment of compensation for breach of contract thus redefined by the Supervisory Board remains subject pursuant to Article L. 225-90-1 of the Commercial Code, to the achievement of the following performance condition, introduced by the Supervisory Board on 3 March 2008:

Profit from operations (EBITA) of Métropole Télévision Group for the 36 months prior to the termination of contract shall at least equal to 80% of the budgeted objective, as approved by the Supervisory Board. The amount of severance pay shall then be calculated in proportion (between 80% and 100% of its reference amount) of the percentage of profit from operations (EBITA) achieved compared to the budgeted objective. No severance pay shall be paid when profit from operations (EBITA) for the past 36 months prior to the termination of contract proved lower than 80% of the budgeted objective.

Payment of severance pay is subject to prior approval by the Supervisory Board, which will verify that the performance condition was fulfilled.

### 13.3.2 Allocation of options to subscribe or purchase shares and the allocation of free shares to members of the Executive Board

Allocation policy

As part of the consideration by the Supervisory Board on 10 March 2009 of the policy of the Company in the allocation of options to subscribe or purchase shares and the allocation of free shares for the benefit of Board members and the new recommendations of the *AFEP/MEDEF* in the subject, the Supervisory Board decided to introduce a certain number of rules to provide a future framework for all allocations of options to subscribe or purchase shares and all allocations of free shares for the benefit of members of the Executive Board.

*(A) Allocation ceilings*

The allocation of options to subscribe or purchase shares and the allocation of free shares for the benefit of members of the Executive Board shall now be subject to the following collective and individual ceilings:

- *Collective ceiling*

The total amount, determined under IFRS 2, of options to subscribe or to purchase shares allocated to all members of the Executive Board with effect from 1 January 2009 may not exceed 15% of the total amount authorised by the Extraordinary General Meeting;

The total amount, determined under IFRS 2, of free shares allocated to all the members of the Executive Board, with effect from 1 January 2009, may not exceed 15% of the total amount of authorised by the Extraordinary General Meeting;

- *Individual ceiling*

The cumulative amount, determined under IFRS 2, of options to subscribe or to purchase shares and free shares allocated to Nicolas de Tavernost during a given year may not exceed 150% of his gross remuneration, fixed and variable, due in respect of the year preceding the year of allocation;

The cumulative amount, determined under IFRS 2, of options to subscribe or to purchase shares and free shares allocated to Thomas Valentin, Catherine Lenoble or Eric d'Hotelans during a given year may not exceed 150% of his/her gross remuneration, fixed and variable, due in respect of the year preceding the year of allocation.

*(B) Performance conditions*

The new allocation of options to subscribe or purchase shares as well as the new allocation of free shares for the benefit of members of the Executive Board are now subject to the following performance conditions:

- an internal performance condition identical to that applied to all beneficiaries of each allocation plan, and set in 2007 and 2008 compared to an objective of earnings per share;

- an external performance condition based on the gross consolidated advertising market share (free-to-air, DTT, Cable & Satellite) achieved by the M6 Métropole Télévision Group: this share must be higher than 20% in the two previous years preceding the date of exercise of the option or the date of final vesting of free shares allocated.

*(C) Additional investment condition for the allocation of free shares*

The final vesting of shares allocated free to members of the Executive Board is now subject to prior acquisition on the market by the beneficiary concerned, of an additional number of shares of the Company representing 10% of the number of shares finally allocated free.

*(D) Retention commitment*

Pursuant to the meeting of the Supervisory Board of 3 March 2008, the members of the Executive Board are required to retain without conditions 20% of the shares arising from the exercise of options to subscribe or purchase shares, as well as shares allocated free. It is noted, also, that this retention rule applies also to the shares acquired on the market by members of the Executive Board in compliance with the additional investment condition of 10%.

*(E) Other provisions applicable to members of the Executive Board in the area of options and free shares*

It is noted that no discount is applied by the Company at the time of allocation of option to subscribe or purchase shares.

In addition, the members of the Executive Board may not enter into a hedging transaction for their risk where they benefit from the allocation of options to subscribe or purchase shares and free shares.

Also, the Supervisory Board decided to forbid the exercise of options to subscribe or purchase shares by members of the Executive Board during the following periods:

- from 30 December to 12 March 2009
- from 10 April to 7 May 2009
- from 6 to 31 July 2009
- from 14 October to 6 November 2009.

Options allocated to members of the Executive Board during 2008

Pursuant to the authorisation given by the Combined General Meeting of 2 May 2007 in its tenth resolution, the Executive Board decided in its meeting of 6 May 2008 to proceed with an option allocation plan, that was authorised by the Supervisory Board the same day.

This allocation plan represented 883,825 options to subscribe allocated to 179 beneficiaries, including Board members. The option subscription price was set without a discount compared to the average price of the 20 trading days preceding the implementation of the plan, being €14.73.

The Board members benefited from an option allocation plan of 6 May 2008 for 8.5% of the total allocated and now specifically under the following conditions :

Options to subscribe or purchase shares allocated to members of the Executive Board during 2008:

Name	N° and date of plan	Nature of options	IFRS 2 value of options <sup>(1)</sup>	Number of options allocated in 2008	Exercise price	Period of exercise
Nicolas de Tavernost	n° : SS0906052008 Date: Meeting of 6 May 2008	Subscription	3.59	27 500	14.73 €	From 6 May 2010 to 5 May 2015
Thomas Valentin	n° : SS0906052008 Date: Meeting of 6 May 2008	Subscription	3.59	18 000	14.73 €	From 6 May 2010 to 5 May 2015
Eric d'Hotelans	n° : SS0906052008 Date: Meeting of 6 May 2008	Subscription	3.59	15 000	14.73 €	From 6 May 2010 to 5 May 2015
Catherine Lenoble	n° : SS0906052008 Date: Meeting of 6 May 2008	Subscription	3.59	15 000	14.73 €	From 6 May 2010 to 5 May 2015
<b>TOTAL</b>				<b>75 500</b>		

*(1) This corresponds to the value of options and financial instruments at the time of their allocation as provided for by IFRS 2.*

Options exercised by members of the Executive Board in 2008

During the year, no Board member exercised options previously allocated.

Options to subscribe or purchase shares exercised by members of the Executive Board during 2008:

Nom	N° and date of plan	Number of options exercised during 2008	Price of exercise
Nicolas de Tavernost	n° : N/A date : N/A	N/A	N/A
Thomas Valentin	n° : N/A date : N/A	N/A	N/A
Eric d'Hotelans	n° : N/A date : N/A	N/A	N/A
Catherine Lenoble	n° : N/A date : N/A	N/A	N/A
<b>TOTAL</b>		<b>N/A</b>	<b>N/A</b>

Free share allocation plan

(A) Free shares allocated to members of the Executive Board during 2008

In accordance with the authorisation granted by the Combined General Meeting of 6 May 2008 in its 28<sup>th</sup> resolution, the Executive Board decided on 6 May 2008 to grant free shares following the approval by the Supervisory Board on the same day.

This allocation plan relates to 280,720 shares (base 100), granted to 59 beneficiaries under the conditions of being members of staff on 7 May 2010.

In this respect, members of the Executive Board benefited from the following allocation of shares, after approval by the Supervisory Board and upon the proposal of the Remuneration Committee:

Free shares allocated to members of the Executive Board in 2008:

Nom	N° and date of plan	Number of shares granted during 2008	IFRS 2 value of shares <sup>(1)</sup>	Date of final allocation	Performance conditions	Date of availability
Nicolas de Tavernost	n° : AAAG04060508 date: Board of 6 May 2008	13 200	13.42	7 May 2010	Achievement by the Group of consolidated net earnings per share calculated at 31 December 2008 on the basis of 128,954,690 shares, at least equal to €1	7 May 2012
Thomas Valentin	n° : AAAG04060508 date: Board of 6 May 2008	8 640	13.42	7 May 2010		7 May 2012
Eric d'Hotelans	n° : AAAG04060508 date: Board of 6 May 2008	7 200	13.42	7 May 2010		7 May 2012
Catherine Lenoble	n° : AAAG04060508 date: Board of 6 May 2008	7 200	13.42	7 May 2010		7 May 2012
<b>TOTAL</b>		<b>36 240</b>				

(1) This corresponds to the value of options and financial instruments at the time of their allocation as provided for by IFRS 2.

On the basis of the financial statements approved on 9 March 2009 by the Executive Board and on the basis of the net earnings per share achieved for 2008 the number finally allocated in 2010 should be limited to 32,314 shares for the entire Executive Board.

(B) Free shares allocated definitively to members of the Executive Board during 2008

Free shares allocated definitively to members of the Executive Board during 2008:

Name	N° and date of plan	Number of shares allocated finally in 2008	Acquisition conditions
Nicolas de Tavernost	n° : AAAG02060606 date: Board of 6 June 2006	198 933	N/A
Thomas Valentin	n° : AAAG02060606 date: Board of 6 June 2006	86 919	N/A
Eric d'Hotelans	n° : AAAG02060606 date: Board of 6 June 2006	35 743	N/A
Catherine Lenoble	n° : AAAG02060606 date: Board of 6 June 2006	43 986	N/A
<b>TOTAL</b>		<b>365 581</b>	

### 13.3.3 Analysis of remuneration of members of the Executive Board

#### Nature of factors comprising the remuneration of members of the Executive Board

	Employment contract		Supplementary retirement plan		Compensation or benefits due or likely to be due with the cessation or change of functions		Compensation in respect of a non competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Nicolas de Tavernost Chairman of the Executive Board Date appointed 26/05/2000 Expiry date of appointment 27/04/2010	<input checked="" type="checkbox"/> <sup>1</sup>		<input checked="" type="checkbox"/> <sup>2</sup>		<input checked="" type="checkbox"/> <sup>3</sup>			<input checked="" type="checkbox"/>
Thomas Valentin Deputy- Chairman of the Executive Board Date appointed 26/05/2000 Expiry date of appointment 27/04/2010	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/> <sup>2</sup>		<input checked="" type="checkbox"/> <sup>3</sup>			<input checked="" type="checkbox"/> <sup>4</sup>
Eric d'Hotelans Deputy-Chairman of the Executive Board Date appointed 14/11/2003 Expiry date of appointment 27/04/2010	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/> <sup>2</sup>		<input checked="" type="checkbox"/> <sup>3</sup>			<input checked="" type="checkbox"/> <sup>4</sup>
Catherine Lenoble Member of the Executive Board Date appointed 28/01/2001 Expiry date of appointment 27/04/2010	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/> <sup>2</sup>		<input checked="" type="checkbox"/> <sup>3</sup>			<input checked="" type="checkbox"/> <sup>4</sup>

<sup>1</sup> See 13.3.1

<sup>2</sup> Since July 2007, members of the Executive Board the members of the Executive Board benefit, as do all senior executives of the Group, from a supplementary and compulsory pension scheme of defined contribution that enables the establishment of an individual retirement account to finance the payment of a life annuity.

The cost paid by the employer and recorded by the Company in respect of these retirement commitments was as follows:

- For Nicolas de Tavernost: €13,300.44

- For Thomas Valentin: €13,300.44

- For Eric d'Hotelans: €13,300.44

- For Catherine Lenoble: €13,116.96

<sup>3</sup> See 13.3.1

<sup>4</sup> Thomas Valentin agreed to, in respect of his employment contract, a non competition commitment of 3 months for compensation of 1.5 months fixed remuneration.

Eric d'Hotelans agreed to, in respect of his employment contract, a non competition commitment of 3 months for compensation of 1.5 months fixed remuneration.

Catherine Lenoble agreed to, in respect of her employment contract, a non competition commitment of 6 months for compensation of 3 months fixed remuneration.

Value of factors of remuneration of members of the Executive Board

Nicolas de TAVERNOST	2007	2008
Remuneration due in respect of the year	1 325 442	1 325 442
Value of options allocated during the year	218 350	98 725
Value of performance shares allocated during the year	269 610	147 620
<b>TOTAL</b>	<b>1 813 402</b>	<b>1 571 787</b>

Thomas VALENTIN	2007	2008
Remuneration due in respect of the year	742 976	742 422
Value of options allocated during the year	142 920	64 620
Value of performance shares allocated during the year	176 472	96 624
<b>TOTAL</b>	<b>1 062 368</b>	<b>903 666</b>

Eric d'HOTELANS	2007	2008
Remuneration due in respect of the year	392 373	391 681
Value of options allocated during the year	87 340	39 490
Value of performance shares allocated during the year	147 060	80 520
<b>TOTAL</b>	<b>626 773</b>	<b>511 691</b>

Catherine LENOBLE	2007	2008
Remuneration due in respect of the year	373 157	378 813
Value of options allocated during the year	87 340	39 490
Value of performance shares allocated during the year	147 060	80 520
<b>TOTAL</b>	<b>607 557</b>	<b>498 823</b>

### 13.3.4 Supervisory Attendance fees

Pursuant to the decision of the Combined General Meeting of 28 April 2004, which had given its opinion on the amount of directors' fees to be distributed among Executive Board members, Directors' fees during 2008 were allocated depending on time dedicated to the function and taking account of the participation of members in the Committees, as follows:

Members of the Board	Directors' fees paid in respect of 2007	Directors' fees paid in respect of 2008
Albert FRERE	€18 000	€16 615 *
Gérard WORMS	€12 000	€11 077
Guy de PANAFIEU	€12 000	€11 077
Gerhard ZEILER	€10 000	€9 231 *
Bernard ARNAULT	€8 000	€7 385
Remy SAUTTER	€10 000	€9 231
Elmar HEGGEN	€10 000	€9 231 *
Jean LAURENT	€8 000	€9 231
Gilles SAMYN	€5 348	€7 385 *
Axel DUROUX	€7 211	€7 385
Vincent de DORLODOT	€8 000	€7 385 *
Andrew BUCKHURST	€1 205	€7 385 *
Immobilière Bayard d'Antin	-	€7 385
<i>Andréas WALKER* <sup>(1)</sup></i>	<i>€5 348</i>	-

\* Including 25% withholding at source

<sup>(1)</sup> member resigned

Members of the Supervisory Board do not receive any other form of remuneration from the Company.

### **13.4 Supplementary information on the membership of the Executive Board and Supervisory Board**

To the best of the Company's knowledge, no member of the Executive Board or Supervisory Board, and no company of which any member of the Executive Board or Supervisory Board is an agent, general partner or founder, or in which any such member is in any way involved with administration, management or supervision, has been found guilty of fraud, or been subjected to proceedings for bankruptcy, sequestration and/or liquidation, or found guilty of any offence and/or subjected to any public official sanction by any statutory or regulatory authority (including the relevant professional associations), or to any impediment, in the course of the last five years.

To the best of the Company's knowledge, there are:

- no family connection between any members of the Executive Board and of the Supervisory Board;
- no potential conflict of interest (as regards the issuer) between the duties of any member of the Executive Board or the Supervisory Board and their own private interests and other duties;
- no arrangement or agreement between any member of the Executive Board or of the Supervisory Board and any of the major shareholders, clients or suppliers;
- no service contract between any member of the Executive Board or Supervisory Board of Métropole Télévision and any of its subsidiaries.

In relation to the restrictions in trading in Company securities implemented by the members of the Executive Board and the Supervisory Board, the Supervisory Board has decided, on the recommendation of the Remuneration Committee, to implement the following rules:

- a minimum holding of 100 shares by each member of the Supervisory Board during their term;

- a ban on trading in the Company's shares during periods to be defined annually by the Executive Board to prevent insider trading.

Trading ban periods for the 2008 financial year were as follows:

- from 9 January to 31 January 2008
- from 11 February to 5 March 2008
- from 15 April to 7 May 2008
- from 3 July to 26 July 2008
- from 14 October to 5 November 2008.

## 13.5 Statutory Auditors

		Address	Date of first appointment	Expiry date of appointment
<b>PRINCIPAL AUDITORS</b>				
KPMG Audit	Grégoire MENOUE	1, cours Valmy 92923 Paris La Défense Cedex	2001	2011
Ernst & Young et Autres	Bruno PERRIN	41, rue Ybry 92200 Neuilly-Sur-Seine	2002	2014
PricewaterhouseCoopers Audit	Marc GHILIOTTI	63, rue de Villiers 92208 Neuilly sur Seine Cedex	2008	2014
<b>ALTERNATE AUDITORS</b>				
Guillaume LIVET		1, cours Valmy 92923 Paris La Défense Cedex	2001	2011
AUDITEX		Tour Ernst and Young, Faubourg de l'Arche 92037 Paris la Défense	2008	2014
Etienne BORIS		63, rue de Villiers 92208 Neuilly sur Seine Cedex	2008	2014

The three Principal Auditors are members of the *Compagnie régionale des commissaires aux comptes de Versailles*.

## 14. Risk management

Investors are invited to consider the risks described below, that may have an influence on the operations, financial position profit and development of the Group.

### 14.1 Business risk

#### 14.1.1 Risks related to the Group's market structure

##### Audiovisual

The M6 Group, via its broadcasting activities, operates in a changing audiovisual market, due to digitalisation and the rapid development of Digital Terrestrial Television (DTT), launched in March 2005, with the switch over to all digital set for 30 November 2011, the date of switch-off of the analogue signal.

The offering of the free channels is thus enlarged, with 18 free channels now available to the population that is covered and equipped with a DTT decoder, which is now included in new television sets at the time of purchase. This growth in content offering leads to, as presented in the section 1.4 "Group operations and markets in 2008", a dispersion of audiences across a greater number of channels, with a consequence of a



fragmentation of the TV advertising market, the only source of revenue of the Group's free channels, to the extent that the channels and free DTT have a business model based on advertising income.

Against this background, the M6 Group, that faces increased competition, enhanced its positions, by investing in the M6 channel to consolidate its audiences, and by developing a new offering on free DTT with the W9 channel.

The broadcasting activities of the pay channels evolve in a more stable competitive environment, with a penetration of the pay offer of some 30% of households equipped with TV access to an offer that can go to over one hundred channels, and benefiting, in addition to advertising income, from revenue from cable operators and distribution platforms. The calling into question of these distribution agreements would have a significant impact on the profitability of the Group's pay channels.

#### Other Group markets

For its other operations and revenue sources, the M6 Group has developed a product and services offering mainly directed at the mass market, and sold across the major national distribution networks. These operations, that do not depend on advertising resources for the majority of their income, are however sensitive to the economic position (see paragraph 14.1.3)

In addition, certain other Group markets, described in the section 1.4 "Group operations and markets in 2008" are also subject to pressures from digitalisation, notably the music publishing business (disks and video publishing). The digitalisation of media and the rollout of high speed Internet access have generated significant growth in illegal downloading, leading to a destruction of value for these markets. The law "*Création et Internet*" which should be voted by the *Assemblée Nationale* at the end of the first quarter 2009, sets up a certain number of measures to combat piracy, and the probable revision of the timeframe for media that should restrict the opportunities and the interest in illegal downloading.

### 14.1.2 Development of technologies, changes in use

The new technologies have led to changes in television use: the progressive extension of the offering of television programmes in High Definition (HD) and the provision of flat and HD compatible screens to French people, the adoption of new modes of TV broadcasting (TV on the PC, TV on Demand), as well as Personal Mobile TV in time.

The M6 Group is involved in the implementation of all these new broadcasting technologies to support and anticipate the new methods of use, a necessary condition for the preservation of the future of its model.

In addition, the continued rollout of high speed, and the more general use of the Internet, have led to a change in consumers' habits in the time dedicated to leisure and media, reflecting for advertisers, a new potential audience, and may thus lead to changes in the allocation of their communication budgets.

It appears however that the competition among the various media must be considered with regard to TV use – maintained at a high level, and the complementary features of the various media for an advertiser as a function of his objectives: cover, repeats, commercial targets, power, costs, etc.

### 14.1.3 Sensitivity to the economic position

The M6 Group, by its operations, presents a strong sensitivity to the economic position, to the extent that:

- Advertising sales depend on a level of investment in communication set by and advertisers, who for the most part are major brands active in the markets for mass market products and services (food, health-beauty, maintenance products, finance and insurance, transport, telecommunications, publishing, etc.). This level is notably related to growth prospects and profitability of these businesses on the French market.
- Communication expenses may represent a variable adjustment to costs for these businesses in a difficult economic context. In general, all changes create uncertainty on the level of income of advertisers, or constitute an additional constraint on their costs, may have an influence on the level of their television advertising expenditure, and thus be reflected in a negative impact on the Group's

advertising sales, even if the advertising market is regularly marked by an increase in scale of new sectors. The significant number of advertisers, the constant renewal of brands as well as the competitive environment significantly limiting for the M6 Group the risks related to a possible concentration and to an excessive sectoral exposure.

- If the M6 Group has, very early, implemented a strategy to diversify its income, in order to limit its dependence on the advertising market, the sources of non-advertising income of the Group, which represented 44.5% of consolidated sales in 2008, are dependent on the level of household consumption and the evolution of the part dedicated to leisure-media (TV subscription, telephone, video purchase, cinema, CDs, etc.) or to equipment purchases (Distance selling division).

#### 14.1.4 Adapting the cost structure and increase in content cost

With a cumulative programme cost of €400 million for Group channels, the Group is exposed to risks, of upwards movements in the purchase cost of audiovisual rights.

The growth in the cost of programmes, noted in recent years, affected all categories: retransmission rights for sports, competitions, broadcasts, series, and feature films. This development was enhanced by the relative scarcity of powerful and attractive programmes in a market where buyers are more numerous than before with an increase in the scale of the DTT channels and where the number of seller is restricted, notably concerning successful products such as series. In addition, the technological changes (transfer to HD capture), regulatory, legal and contractual (collective agreement for production for example) may also contribute to an inflation in costs of production and purchase.

However, in order to respond to this risk, the Group set up a number of years ago a purchasing team whose mission is to identify quite upstream a purchasing process for the best programmes for group channels, to participate in screenings organised by the studios and to negotiate the best possible prices by using their knowledge of the market and the sellers.

In addition, the Group has developed within its production companies, mainly C Productions, for programmes and news Studio 89 for entertainment programmes, enabling it to better control and the value chain of audiovisual production.

Lastly, the management of programme by Thomas Valentin, Deputy Chairman of the Executive Board, has the objective of defining the programme policy for Group channels giving them each their own identity but also enabling the sharing of resources (technical resource, studies, programmes where appropriate). Throughout the year, programme management ensures strict cost control of programmes and monitors this, as much as possible, depending on the advertising income.

SND is also exposed to a risk of movement in its purchase price for audiovisual rights it sells. SND seeks to reduce this exposure with an experienced team that identifies the promising projects, even in certain cases before they are shown, and contributes to film financing via purchase of the operating rights for all media (cinema, video, pay and Free TV) for France.

For the other Group companies, with the exception of FC Girondins de Bordeaux, the exposure to price risk, although real, is less to the extent that costs can be carried greatly in the diversification activities and when the number of suppliers is significantly greater.

The FC Girondins de Bordeaux ("F.C.G.B") is exposed to the risk of inflation in the prices to be paid for the transfer to F.C.G.B of players under contract with other clubs, due to the European scale of the transfer market. However, the efficiency of the club's training centre always ensures that part of the backbone of the team is made up from players trained by the club. In addition, the club has demonstrated in the past and more recently its ability to attract players whose qualities were revealed in Bordeaux, resulting in the upward revision of their transfer price.

### 14.1.5 Customer risk

This relates to the risk of financial loss incurred by the Group when a customer fails to meet its contractual liability.

An assessment of the risk is not the same across the Group's operations.

#### Advertising sales

In order to secure these sales, the principal measure used by M6 Publicité consists in carrying out solvency studies. With the assistance of external specialised companies, these are undertaken systematically for all new customers and at regular intervals for recurring customers.

The latter represent a large majority of advertisers. The advertiser base appears thus to be particularly stable, with over 90% of sales from the same customer year after year. It also comprises a majority of listed French companies or French subsidiaries of international groups.

Depending on the result of solvency studies and the value of the campaign, different terms of payment are imposed according to the customer: M6 notably requires advertisers, who do not meet the required solvency criteria, payment in advance of the campaigns. This requirement is included in the General Sales Conditions of Régie M6 Publicité.

Due to this prudent policy, the risk of non payment for advertising campaigns is less than 0.1% of sales.

In order to further limit this risk, M6 Publicité applies late penalties on unpaid invoices and has an internal credit collection department.

#### Non-advertising sales

Concerning sales, there is no risk that a single customer is sufficiently large to pose a significant risk to the Group's profitability.

However, the staff dedicated to credit collection ensures throughout the year that all resources are used to limit payment default. In addition to the reminder sent by them, specialised collection agencies are used when necessary.

The Group's does not use securitisation, discounting or sale of receivables for any of its receivables.

### 14.1.6 Payment terms risks

The provisions of the Law for Modernisation of the Economy in respect of terms of payment between customer and supplier came into force on 1 January 2009.

Companies that do not comply with the new payment terms imposed are exposed to certain financial risks and penalties:

- late payment penalties that are doubled (from 1.5 times to a minimum of 3 times the legal interest rate) for suppliers to invoice;
- a fine of up to €2 million may be charged by a court in the event of abusive late payment;
- a report on late payments is prepared by the Statutory Auditors to the Minister of the Economy in the event of significant and repeated failures to observe the law. The latter may instigate prosecutions if required.

In order to monitor its payment terms and comply with the legislation in force, the Group took a number of steps in 2008.

### Revision of the supplier payment procedure

An increase in internal controls covering the supplier payment procedure was combined with a revision to the IT system for processing invoices received. Moreover, the payment terms of every supplier to the Group are checked frequently.

### Follow up of late payments

Two alert and monitoring tools are available to the Group's financial management to deal with payment terms: a weekly summary of invoices that are due and not yet paid and a summary of the payment terms of every accounting department.

## **14.2 Market risks**

### 14.2.1 Foreign exchange risks

The Group is primarily exposed to foreign exchange risk through contracts for the purchase of audiovisual rights, both for broadcast on its TV networks and for its cinema distribution activity. These purchases are primarily denominated in US dollars.

In order to protect itself against unexpected market movements that could adversely affect profit or reduce the value of its assets, the Group decided to hedge its purchases of rights automatically at the time of the contract is signed. The hedging is then weighted depending on the maturity of the underlying items. Commitments to purchase rights for periods in excess of 24 months are partly covered.

The Group only uses simple products that guarantee an amount hedged and a maximum rate of cover. These are essentially forward purchases.

A report is prepared every month on the movements in exchange rates to assist with the monitoring of risk management.

However, in 2008, the purchase in foreign currencies only represented around 5% of total purchases. But, for the sales made in foreign currencies, no hedging was established since these were not significant (less than 0.1% of sales).

The Group's exposure to the foreign exchange risk may be analysed as follows:

#### Analysis of Group exposure to the foreign exchange risk:

€millions <sup>(1)</sup>	USD	Total
Assets	2.5	2.5
Liabilities	(3.5)	(3.5)
Off-Balance Sheet	(30.6)	(30.6)
Unhedged position	(31.6)	(31.6)
Hedges	30.0	30.0
<b>Net exposed position</b>	<b>(1.6)</b>	<b>(1.6)</b>

*(1) at closing price: € 1 = USD 1.3711*

The full balance sheet is covered, as well a 95% of off-balance sheet commitments.

The residual exposure to exchange risk is thus very modest, the unfavourable impact of a 10 cent movement in the US dollar would be €0.16 million on EBITA as 31 December 2008.

### 14.2.2 Interest rate risk

The Group is exposed to risks from movements in interest rates. The management of interest rate risk relative to the group's net treasury position is established as a function of the consolidated position and Market conditions.

The principal objective of the policy for interest rate management is to optimise the cost of financing the Group and to maximise financial income.

The net variable interest rate position of the Group was €39.8 million at 31 December 2008.

This net cash position is placed mainly in cash OPCVMs, that meet the criteria of IAS 7 – *Cash flow statements*. These investments, comply with the Group's procedure (described in part 4, "Cash management policy").

The Group has very little debt. Borrowings comprise a lease contract for technical installations and a fixed rate loan set up for a subsidiary to finance an acquisition.

The financing provided by the Group to its jointly owned subsidiaries is treated as a financial asset to the extent of the co-shareholder's investment. Conversely, the funding provided by the co-shareholder in jointly controlled subsidiaries is included in financial debt in the same proportion.

The impact of a 1% interest rate rise (one hundred basis points) is estimated at a cost of €0.3 million in a full year on financial expense. Also, a decline in interest rates of 1% (one hundred basis points) would lead to a decline in financial income of €0.3 million in a full year.

The principal features of financial assets and liabilities are as follows:

#### Maturity schedule of financial debt and financial assets at 31 December 2008:

€millions	< 1 year	1 to 5 years	> 5 years	Total
Variable rate financial assets	40.5	4.0	0.0	44.5
Other unexposed financial assets	0.0	0.0	0.0	0.0
<b>Total financial assets</b>	<b>40.5</b>	<b>4.0</b>	<b>0.0</b>	<b>44.5</b>
Variable rate financial debt	1.1	3.5	0.0	4.6
Other unexposed financial debt	0.0	1.5	0.0	1.5
<b>Total financial debt</b>	<b>1.1</b>	<b>5.0</b>	<b>0.0</b>	<b>6.2</b>

Sensitivity of variable rate net positions:

€ millions	Variable rates		Unexposed	Total
	< 1 year	> 1 year		
Financial assets	40.5	4.0	0.0	44.5
Financial liabilities	(1.1)	(3.5)	(1.5)	(6.2)
<b>Net position</b>	<b>39.4</b>	<b>0.5</b>	<b>(1.5)</b>	<b>38.3</b>

### 14.2.3 Share risk

To the extent that the Group does not own any listed financial asset, share risk exposure only relates to treasury shares.

In consolidated financial statements, treasury shares are recorded at their acquisition cost as a reduction of equity. Therefore, M6 Group share price movements have no impact on the Group's consolidated financial statements.

In the parent company financial statements, the net value of treasury shares is aligned with the corresponding asset at the listed share price, except for treasury shares held with a view to funding free share allocation plans, the net value of which is written down to zero over a two-year period. The overall net position of the treasury share portfolio was €3.4 million and 254,000 shares at 31 December 2008. A 10% movement in the M6 share price would have a €0.3 million impact on the value of treasury shares.

### 14.2.4 Counterparty risk

The credit risk for the Group is the bankruptcy of a customer or a banking counterparty.

#### Trade receivables

Concerning customer risk, the Group applies a prudent prevention and monitoring procedure previously described (see 14.1.5.).

#### Banking counterparties

Financial transactions are negotiated with carefully selected counterparties as described in part 4 "Cash management policy" of this report.

The specific context of 2008 has however made the Group particularly attentive to the quality of its banking counterparties. A prudent diversification was thus undertaken for the deposits with mutual funds where surplus cash is invested.

In addition, the Group is not exposed to a counterparty risk as part of financial transactions for the management of trade receivable as the group does not use securitisation, discounting of the disposal of receivables.

### 14.2.5 Liquidity risk

This is analysed as a risk that the Group incurs where it is not in a position to meet its liabilities when they fall due. In order to manage the liquidity risk, the Group has set up a monitoring policy to forecast its cash position and its working capital requirements in order to have funds to meet its current liabilities.

Thus, the Group's liquidity must be considered with regard to its cash position and its unused confirmed credit lines. At December 2008, the Group's cash position was €38.4 million and it had €135 million in unused credit lines.

### 14.3 Legal risks

#### 14.3.1 Regulatory risks

M6 operates a private terrestrial TV network, whose signals are broadcast unscrambled and free of charge throughout continental France. It is primarily financed by advertising sales.

M6 was authorised on 1 March 1987, on the basis of Article 30 of the Law 86-1067 of 30 September 1986, subsequently modified, pertaining to the freedom of communication. It has also broadcast since March 2005 in an integrated and similar manner free-to-air in digital mode pursuant to paragraph 111 of Article 30-1 of the Law.

M6 was initially awarded a 10-year broadcasting licence on 1 March 1987. M6's licence was renewed pursuant to the provisions of paragraph 1 of Article 28-1 of the above-mentioned Law of 30 September 1986, for two successive 5-year terms, from 1 March 1997 and 1 January 2002, respectively.

In addition, M6's licence was renewed for two further terms of five years each, the first of which in respect of the launch of digital terrestrial television (Article 82 of Law n° 2000-719 of 1 August 2000), awarded in January 2007. The second renewal will come into force upon the cessation of M6's analogue broadcasting, – planned for 30 November 2011 at the latest – if digital broadcasting of the channel reaches 95% of mainland France in 2011 (Article 96-2 of the Law of 30 September 1986).

M6 is subject to legal and regulatory authorisations provided by the Law of 30 September 1986 and related application decrees. The *Conseil Supérieur de l'Audiovisuel* ensures that channel meets its obligations. The channel is also bound to this regulatory body in application of Article 28 of the Law of 30 September 1986. This agreement sets the specific rules applicable to M6, due to the extent of the area serviced, of the channel's share in the advertising market, of the obligation of equal treatment between all TV networks and competitive conditions specific to each of them, as well as the development of digital terrestrial radio and television.

Sanctions incurred in the event of non-compliance with commitments are listed in Articles 42 and subsequent of the Law of 30 September 1986: summons, suspension, reduction of the broadcasting licence to a single year, monetary sanctions limited to 3% of sales or 5% in case of repeat offence, cancellation of the licence. Lastly, M6 may not lay claim to the renewal of its licence for a further period of five years, if it has not complied with the commitment to cover the country referred to above.

In order to minimise risks, M6 has put into place a set of control systems that monitors daily its prescribed production and broadcast quotas. In addition, one of these systems is exclusively focused on monitoring the network, ensuring on a daily basis that all programme contents are in accordance with regulations in force.

The main risk identified to date lies in the implementation of Law n° 2007-309 of 5 March 2007 on the modernisation of audiovisual broadcasting and the television of the future and the law relative to audiovisual communication and the new public television service. In particular, this law provides for the extension of digital terrestrial television coverage, the switch-off of analogue broadcasting on 30 November 2011, the launch of high definition television and Personal Mobile TV, as well as the implementation of an asset-based sub-quota in the audiovisual production financing system.

The law in respect of audiovisual communication and the new public television service eliminates commercial advertising on the national channels of France Télévisions between 8pm and 6am with effect from 5 January 2009 which is likely to disrupt the advertising market, and the establishment of a new tax on the advertising sales of television channels.



Lastly, the draft law on the reform of hospitals and relative to patients, the health and the territories will provide the occasion to debate the recurring question of the ban on advertising of fattening or sweet products in programmes watched by children and teenagers.

**M6 will meet these new requirements as follows:**

M6 also fully participates in the extension/switch-off process. It is subject to the obligation to gradually extend its digital coverage of mainland France, pursuant to Article 96-2 of the previously-mentioned Law of 30 September 1986, in accordance with the schedule defined by the CSA on 10 July 2007, and allocates the necessary resources to fulfil its commitments. The Company is also very vigilant that additional coverage commitments are not imposed by the legislation, notably at the local level and that the process of switch-off of the analogue signal is carried out within the GIP framework without delay and without unjustified additional costs to the channel.

Pursuant to the wishes of the Minister of Culture and Communication, M6 concluded an interprofessional agreement with the representatives of the Union Syndicale de la production audiovisuelle (USPA), the Syndicat des producteurs de films d'animations (SPFA), the Syndicat des agences de Presse télévisée (SATEV), and the Syndicat des producteurs indépendants (SPI), an agreement defining the new regime for M6's contribution to audiovisual production.

These agreements notably reflect a reduction in the general obligation in European audiovisual programmes and programmes originally produced in France (for 16 to 15% of reference sales, the implementation of an investment sub-quota in the heritage programmes (drama, animation, creation documentaries, including those inserted into a broadcast other than a news programme or an entertainment programme, video-music, capture or the recreation of live performances, a 10.5% of reference sales (which may change depending on sales), a tighter definition of independence (relating solely to heritage programmes and release of the criteria of shareholder holding the television service), the securitisation of exclusives acquired by the channel and the opening of a right to revenues.

This negotiation enabled the channel to reach a regime for contribution to audiovisual production that was more favourable than if this regime had been imposed by regulation.

In order to deal with parliamentary initiatives designed to ban advertising for fattening and sweet products in youth programmes, M6 concluded, under the auspices of the ministry of Health and the Ministry of Culture and Communication, a charter to battle juvenile obesity in France with the other television channels, producers and advertisers. With a duration of 5 years and monitored by the CSA, this charter grants the Institut National de Prévention et d'Education pour la Santé preferential tariffs for broadcasting its messages of health prevention designed to encourage a balanced diet and physical exercise and includes editorial commitments by the channels to promote and educate the young audiences, notably in balanced diet behaviour.

The Company is not aware of any new regulations adopted since the beginning of 2008 that could have a significant impact on Métropole Télévision Group.

### 14.3.2 Intellectual property, freedom of press, and personal privacy

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

Such claims relate in particular to certain intellectual property rights, copyright and so-called "ancillary rights" (performers' rights for instance) paid by the Group in the form of overall royalties, based on a percentage of sales, to collecting organisations which subsequently distribute them to the beneficiaries.

No contractual provision can provide M6 Group with total protection against legal recourse, particularly with regard to legal action matters based on the Law of 29 July 1881 on the freedom of the press.

In addition, Métropole Télévision Group diversification activities may generate claims regarding the infringement of the aforementioned rights.



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

## 14.4 Major operating risks

For the M6 channel and the Group's digital channels, the interruption of the broadcast of their programmes constitutes a major risk.

In order to protect itself from the occurrence of such a risk, the Group has taken a number of steps to ensure continuous broadcasting of the programmes of the Group's channels. These steps relate notably to securing the electricity supply to the units, the modernisation of the broadcasting installations and the selection of recognised and reliable suppliers for services to broadcast the signals.

More generally, every exceptional event that could result in no access to the Group's various buildings could have an impact on the business. For this reason, the Group has strengthened the procedures to guarantee continuity of service of its key processes by locating them in a secure and protected external site.

### 14.4.1 Broadcasting and transmission signal risks

The Group's methods of broadcasting are varied:

- M6 has been broadcast in analogue mode since its creation and is also broadcast free in digital mode on the DTT network (Digital Terrestrial Television), in standard definition (SD) or high definition (HD): the M6 signal is also included in most packages of channels offered by the satellite, cable and ADSL broadcast platforms.
- W9 is broadcast free in digital mode on the DTT network only in standard definition. The W9 signal is also included by the non free-to-air broadcast platforms (cable, satellite, ADSL).
- Other Group channels are pay channels offered by the various non free-to-air platforms. Paris Première and TF6 are nevertheless being broadcast in the offerings of DTT pay standard definition.

Concerning the broadcast in free-to-air analogue:

This is carried out by a broadcast network comprising 107 principal transmission sites and 856 retransmission stations, fed by the AB3 satellite (Eutelsat).

TDF ensures the transmission (feeding the transmission site with the M6 signal) and broadcasts the programmes jointly via its terrestrial and satellite networks.

TDF is the only national operator to broadcast the free-to-air analogue television signal, and there is no alternative offer to replace the TDF network, except for a very limited number of sites of the secondary network.

Concerning the broadcast in free-to-air digital (DTT):

Data compression in digital mode enables the broadcast of many DTT channels on the same frequency. As a result, the broadcast in DTT is shared by a group of three to seven associated channels in common companies, called Multiplex or MUX, whose composition is decided by the *Conseil Supérieur de l'Audiovisuel (CSA)*.

Thus, M6, W9 and Paris Première are associated with NT1 and Arte (for its HD signal) in the R4 Multiplex whose corporate name is Multi 4. TF6 is associated with multiplex R6 (SMR 6), of which TF1 is notably a part.

The networks rolled out by Multi 4 and SMR 6 today ensure a coverage of 93% of the French population with 113 principal transmission sites and around 300 secondary sites. Until the switch-off of the analogue signal of the historic free-to-air analogue channels provided by the Law for November 2011, over 1,000 additional transmission sites should be brought into service.

The HD broadcast was launched on 30 October 2008. M6 is associated with TF1 and France 2 on the Multiplex R5 (MR 5), whose network is under construction, three years later than the first DTT networks. Around fifty principal sites are operational or in progress.

- TDF for Multi 4 and MR 5 operate the top of the network which consists in compressing and multiplexing the signals. TF1 provides this service in the case of SMR 6.
- Multi 4 and SMR 6 use the company Arquiva (formerly BT) to ensure the upload to the AB3 satellite that reflects the signal to a large number of transmission sites. A terrestrial link operated by TDF is used for the multiplex signal of associated channels in MR 5 to transmit from Paris to the regional transmission sites.
- Lastly, the companies TDF, Emettel (purchased in 2008 by TDF) and Towercast (NRJ Group) operate the transmission sites of the R4, R5 and R6 networks. Onecast (TF1 Group) also was awarded the broadcast contracts by MR 5 and SMR 6.

For their broadcast, the channels thus heavily depend on the quality of the services of their technical providers (free-to-air broadcast) and on the continuity of service provided by the operators of cable, satellite and ADSL platforms.

More specifically, concerning the free-to-air broadcast that ensures the cover of the most significant part of the population, M6 and W9 have no alternative carrier in the event of breakdown of the analogue or R4 networks.

Antenna systems are not fully sheltered from technical incidents (antennas, guide wave and frequencies multiplexer), and electric supply may be discontinued in the event of a failure of the EDF network.

However, transmission sites are for the most part secured thanks to their multiplicity.

The injury that channels, and first and foremost M6, may be subject to in the event of a transmitter failure is proportional to the viewing audience size served by the transmitter. This is why M6 has negotiated with its service providers very short service times in the event of transmission failure.

Lastly, since the failure of a circuit breaker in the channel's general power supply resulted, in 2007, in a complete break in signal broadcasting for thirty minutes, the Group has stepped up its protection system by renewing part of its equipment, as well as by making its power supply more secure, in partnership with EDF, and reviewing the procedures to be implemented and stand-by duties of personnel and providers to manage any broadcasting and transmission incident.

#### **14.4.2 Industrial and environmental risks**

M6 Group operations do not structurally generate any significant environmental impacts, and as a result do not incur any industrial or environmental risks in light of existing regulations.

Nevertheless, Métropole Télévision Group does take its environmental protection responsibilities seriously, particularly with regard to the recycling of waste produced by its activities, such as the recycling of batteries, laser cartridges, neon lights and videocassettes through a recycling unit (see also paragraphs on Environmental responsibility in section 15).

## 14.5 Insurance coverage

M6 Group has adopted a prudent risk analysis and prevention policy in order to limit the occurrence and magnitude of such risks.

In order to complement these efforts, M6 Group has put into place an insurance policies plan focusing on the coverage of major risks, thereby providing for adequate coverage according to risk assessment, its own capabilities and the insurance market conditions. Métropole Télévision Group ensures the appropriateness of its insurance policies in relation to its requirements.

The major insurance policies subscribed to by the Group are listed below, followed by category of major risks covered (information below is provided purely on an indicative basis), other than those concerning FC Girondins de Bordeaux, which has its own insurance policies.

### Property damage insurance

Policy: Industrial and professional block policy

Insured parties: METROPOLE TELEVISION, its subsidiaries and/or related companies.

Coverage: Damages to a maximum of €47,500,000 per loss per year of coverage

Policy: All risks for IT and technical equipment

Insured parties: MÉTROPOLE TELEVISION, its subsidiaries and/or related companies.

Guarantees: monetary damages arising from all direct material losses and all direct material damages caused to equipment to a maximum of €34,000,000 per loss per year of insurance

### Public general liability insurance

Policy: Operational and professional liability

Insured parties: MÉTROPOLE TELEVISION, its subsidiaries and/or related companies, groups created by or for personnel, legal representatives and servants of the insured.

Coverage: monetary damages arising from personal injury, property damage or moral prejudice caused to third parties by the Group's operations, up to a maximum of €16,000,000 per loss for all professional liability type damages and up to a maximum of €7,000,000 per loss per year for all civil liability type damages.

### Board members' general liability insurance

Insured parties: METROPOLE TELEVISION, its senior managers (1) (by law or fact) and Board members of Métropole Télévision SA and its subsidiaries.

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

*(1) Senior managers and Directors: individuals, past, present or future, ordinarily invested with company powers pursuant to the laws or bylaws of subsidiaries.*

In 2008, the annual cost of insurance premiums to the Group amounted to about €580 thousand.

All of M6 Group insurance contracts were renewed in 2009 on similar bases as those of 2008.

There are no captive insurance companies

## 14.6 Report of the Chairman of the Supervisory Board on corporate governance and internal control procedures

Dear Shareholders,

In accordance with the Law and in my capacity as Chairman of the Supervisory Board of METROPOLE TELEVISION, I am honoured to introduce this report on the performance, planning and organisation of the work of the Supervisory Board and on the internal control procedures implemented by the Company.

This report also specifies the principles and rules used to determine remuneration and benefits of all nature granted to Board members.

The present report was submitted and approved by the Supervisory Board's meeting of 10 March 2009.

### I - ORGANISATION AND OPERATION OF THE SUPERVISORY BOARD

As concerns corporate governance, our company refers to the Corporate Code of Governance for listed companies of December 2008 prepared by the AFEP-MEDEF, consolidating the Report of October 2003 and the Recommendations in respect of directors' remuneration of January 2008 and October 2008.

The Supervisory Board of the Company in its meeting of 4 November 2008 confirmed its adherence to the AFEP-MEDEF recommendations of 6 October 2008.

#### 1.1 Membership of the Supervisory Board

The Supervisory Board comprises 13 members, including 12 individuals and 1 legal entity, appointed pursuant to Company bylaws, for a period of four years:

- Albert Frère, Chairman
- Gérard Worms, Deputy Chairman and Chairman of the Remuneration and Appointments Committee,
- Guy de Panafieu, Chairman of the Audit Committee,
- Jean Laurent, member of the Audit Committee
- Rémy Sautter, member of the Audit Committee,
- Bernard Arnault,
- Gilles Samyn, member of the Remuneration and Appointments Committee,
- Gerhard Zeiler, member of the Remuneration and Appointments Committee,
- Immobilière Bayard d'Antin, represented by Fabrice Boé,
- Axel Duroux,
- Vincent de Dorlodot,
- Andrew Buckhurst,
- Elmar Heggen, member of the Audit Committee.

The term of office of virtually all members was renewed in 2008 and will expire in 2011 and 2012. The Company does not consider it necessary today to organise a staggering of terms of office as provided by the AFEP-MEDEF's Code of corporate governance taking account of the presence of a long standing major shareholder whose rights are restricted by the law of 30 September 1986 and the authorisation to issue given by the Conseil Supérieur de l'Audiovisuel since 1 March 1987.

Pursuant to addendum n° 3 to the Agreement between the Company and the Conseil Supérieur de l'Audiovisuel, the bylaws and the Internal Regulations of the Company, the Supervisory Board confirmed that at least one third of its members are independent since, after consideration of the

individual position of each of its members with regards to the criteria set by the AFEP-MEDEF

Code of corporate governance for listed companies of December 2008, six of its members meet most of the criteria of independence and are considered to be independent. The AFEP-MEDEF Governance Code states that the Board may qualify as independent a member that does not meet all criteria or conversely, decide that a member who meets all the criteria is however not independent.

The independent members of the Board are:

- Albert Frère,
- Gérard Worms,
- Guy de Panafieu,
- Jean Laurent,
- Bernard Arnault,
- Gilles Samyn.

As far as the Company is aware, all members of the Supervisory Board comply with all legal requirements regarding multiple directorships. The list of positions held by each member is disclosed in the Group's 2008 Annual Report (paragraph 13.2 of the Management Report).

### 1.2 Conditions of preparation of the work of the Supervisory Board

Prior to each of its meetings, members of the Supervisory Board are provided by the Executive Board with all necessary information and documents to prepare their meetings, in the form of a file covering all items of the agenda and presenting Group operations during the last quarter as well as the various projects submitted to approval by the Board.

Each member of the Supervisory Board is also provided throughout the year with all the Company's corporate communications.

Works Council representatives also benefited from the same information as Supervisory Board members.

### 1.3 Supervisory Board meetings

Notices of meeting are sent in writing by the Chairman to Board members and Works Council representatives on average ten days before the date of the meeting.

In 2008, the Supervisory Board met four times in compliance with the quarterly legal framework and the schedule of decisions submitted to it for approval.

The overall attendance rate of its members was 80% in 2008, and at least one Works Council representative attended each meeting.

Minutes are prepared at the end of every Board meeting. These are formally approved at the next meeting of the Supervisory Board.

Statutory Auditors were requested to attend two meetings of the Supervisory Board in which annual and interim financial statements were considered.

### 1.4 Supervisory Board's internal regulations

At its first meeting in June 2000, the Supervisory Board adopted its own internal regulations, completed in April 2003, which primarily specified and completed the Company's bylaws regarding its organisation and operation: in particular, arrangements for Board meetings, how the Board exercises its powers, as well as membership, purpose and attributions of its Committees.

In its meeting of 6 May 2008, the Supervisory Board reviewed its internal regulations with a more detailed text that includes best practices and provides it with the resources to operate more efficiently and better serve the Company and its shareholders.

A summary of significant items of internal regulations is provided in the Group's 2008 annual report.

### **1.5 Subjects discussed by the Supervisory Board in 2008**

The key undertakings of the Supervisory Board since the last Annual General Meeting of Shareholders were as follows:

- interim and annual financial statements;
- budget for the 2009 financial year;
- membership and operation of the Board;
- implementation of the Executive Board members' general remuneration policy;
- renewal of the treasury agreement with RTL;
- acquisition of the Cyréalís Group ;
- major programme investment projects.

The Executive Board also informed or sought the opinion of the Supervisory Board even when its prior approval was not necessary.

### **1.6 Self assessment by the Supervisory Board**

The Board reviews its own modus operandi once a year at one of its meetings.

In 2009, a questionnaire was handed out to each member to assess the Supervisory Board's operating rules, which each member filled out anonymously.

The following emerged from the review:

- the Board benefits from the independence necessary to carry out its mission,
- member participation in discussions is of good quality,
- the information available to Board members is satisfactory owing to the quarterly operating report from the Executive Board and attendance of Executive Board members at meetings,
- the work of the specialised Committees is carried out in a comprehensive and thorough manner.

### **1.7 Remuneration and Appointments Committee**

The Remuneration and Appointment Committee comprises three members and is chaired by Gérard WORMS.

The Supervisory Board on 10 March 2009 decided to appoint Gilles SAMYN as independent member to the Committee.

Gerhard ZEILER is the third member.

The Committee thus comprises a two thirds majority of independent members.

The assignments of the Remuneration and Appointments Committee are defined in the internal regulations and included in the 2008 Management Report.

The Committee met three times in 2008 and decided on:

- the conditions under which share subscription options and free shares are allocated and the list of beneficiaries of these allocations;

- the rules governing the sale of marketable securities by Board members;
- the principles and terms and conditions of the remuneration of the Chairman of the Executive band other Executive Board members, and more particularly, the application of the provisions of the Law of 30 December 2006 (overall senior executives and Board members' remuneration policy) and the Law of 21 August 2007 (*TEPA*);
- taking into account, as part of the *AFEP-MEDEF* Code of corporate governance to which the company adheres, the new recommendations of *AFEP-MEDEF* of 6 October 2008 on the remuneration of Board members of companies.

The Committee reported on its work to the Supervisory Board, which took note of it and followed all of the Committee's recommendations.

### 1.8 Audit Committee

The Audit Committee comprises four members and is chaired by Guy de PANAFIEU. Rémy SAUTTER and Elmar HEGGEN and Jean LAURENT are the other three members. The majority of members are independent. The two thirds proportion of independent members recommended by the *AFEP-MEDEF* Code of corporate governance is not complied with due also to the presence of a long standing major shareholder.

The assignments of the Audit Committee are defined in the internal regulations and included in the 2008 Management Report.

The Committee met three times in 2008. Its work included:

- scrutiny of the financial statements;
- validation of the registration document;
- the treasury position and the working capital requirements of the Group;
- 2008 assignments and fees of the Statutory Auditors and the 2008/2009 audit plan;
- internal control and risk management;
- the conditions of carrying out the share buyback programme;
- the financial statements at 30 June;
- 2009 budget;
- review of the audiovisual rights portfolio;
- follow-up of financial reporting.

The Committee reported on its work to the Supervisory Board, which took note of it.

## II - PRINCIPLES AND RULES GOVERNING DIRECTORS' REMUNERATION

### 2.1 Remuneration of members of the Supervisory Board

The Supervisory Board shares among its members the directors' fees allocated by the Combined General Meeting on 28 April 2004, within the limits set by the latter.

The total amount of fees is allocated by the Supervisory Board depending on the time given to the function taking account of the participation by members in the Committee. It is planned with effect from 2009 to take account of the members' attendance in this allocation, as is recommended in the *AFEP-MEDEF* Code of corporate governance.

### 2.2 Executive Board members' remuneration

Every year, the Supervisory Board sets the Executive Board members' remuneration policy, as well as the remuneration of Supervisory Board members, upon recommendation of the Remuneration Committee, with reference to the *AFEP-MEDEF* recommendations of January 2007 and October 2008 on the conditions for setting the remuneration of listed companies' directors.



The remuneration policy sets all fixed, variable and exceptional remuneration items, in addition to commitments of any nature undertaken by the Company for the benefit of its directors.

It is not only based on the performance of work but also on results achieved, level of responsibility assumed, as well as practices observed in comparable companies and remuneration paid to other directors of the company.

The remuneration of members of the Executive Board is paid by the parent company Métropole Télévision, with the exception of Catherine Lenoble, whose salary is paid by M6 Publicité.

In 2008, Executive Board members' remuneration comprised the following items:

(1) a fixed element comprising:

- a basic salary for every member of the Executive Board;
- the value of a company car as a benefit in kind

(2) a variable part which in 2008 represented a fraction of between 30% and 63% of the fixed part, depending on members.

(3) annual granting of options and free shares, which may be taken up at the same time as those granted to other employees of the Group and the quantity of which reflects the assessment of individual performance.

The number of shares resulting from the exercise of options or the free allocation of shares that must be retained and recorded in nominative form until the termination of their office has been set by the Board at 20%.

The Board meeting of 10 March 2009 also decided to introduce a certain number of rules to provide a framework for the future allocation of stock options or free shares for the benefit of members of the Executive Board that are now subject to collection and individual ceilings as disclosed in the Group's Management Report.

(4) compensation for breach of contract, noting that pursuant to the new recommendations published by *AFEP-MEDEF* on 6 October 2008, the Supervisory Board on 10 March 2009 approved the proposal of the Remuneration Committee designed to harmonise all the compensation for breach of contract granted to members of the Executive Board, by restricting instances where payments are due and setting a ceiling of 24 months as a basis for this compensation, whose payment remains subject to the achievement of a performance condition introduced by the Supervisory Board on 3 March 2008.

The compensation mechanism (individual amount, payment terms, etc.) is detailed in the Group management report (paragraph 13 of the Management Report).

(5) a supplementary, compulsory and defined contribution retirement plan put into place in July 2007 for all Directors of the Group, resulting in the constitution of individual pension accounts intended to fund the payment of life annuities.

### **III- PARTICIPATION OF SHAREHOLDERS IN GENERAL MEETINGS**

The terms and conditions of participation of shareholders in General Meetings is described in Article 29 of the bylaws.

### **IV- FACTORS LIKELY TO HAVE AN EFFECT IN THE EVENT OF A PUBLIC OFFER**

These are disclosed in the Management Report (part 12.5)



## V- INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT

The present section was prepared on the basis of the principal conclusions arising from the work carried out in 2008 on internal control and risk management. The results of this work were considered in 2008, notably at the time of Audit Committee meetings that were held throughout the year.

### 5.1 General organisation of internal control

#### 5.1.1 Definition of internal control

As part of covering the risks the Group faces, M6 set up an internal control system.

This internal control is based on the benchmark of *Committee of Sponsoring Organizations of the Treadway Commission (COSO)* and the recommendations on corporate governance and internal control prepared by the *AMF*.

The Métropole Télévision Group (Métropole Télévision SA and its subsidiaries) defines internal control as a process that consist in setting up and continuously revising appropriate management systems, with the aim of providing managers and senior executives (Board members) with reasonable assurances that financial information is reliable, that legal and internal regulations are complied with and that the principal processes of the business functions effectively and in an efficient manner. In addition, one of the objectives of an internal control system is to prevent and manage risks of error or fraud. As with all control systems, it cannot furnish (provide) an absolute guarantee that these risks are fully eliminated or controlled.

#### 5.1.2 Summary of risks

The Group prepared and updates every year a summary of all the operational and functional risks incurred by its various operating and functional staff. This summary provides for the implementation of action plans and their close follow up.

This work is carried out with the support of members of the Executive Committee of the Group and the senior operating and functional executives.

#### 5.1.3 Allocation of responsibilities of operating and functional staff

The responsibility for the control of risks is entrusted to the Group Chief Financial Officer, assisted by the Risk Manager who coordinates the control assignments in line with the action plan approved by the Executive Board. He ensures continuous monitoring of the internal control mechanism and, where appropriate, calls on external assistance.

The internal control system of the Métropole Télévision Group is based on all the policies and procedures defined by every functional department and by all operating units:

- the internal control procedures in the area of group-wide activities are defined by functional management. They concern mainly Financial Management, Human Resources, Communications, Strategy and Development, Legal Department as well as Technical Management.
- the internal control procedures specific to operating management are defined at their level.

Thus:

- programme management monitors the costs and risks of content;
- the advertising section seeks quality in the channels' advertisers and standardisation of marketing depending on the programmes;
- the management of the diversification subsidiaries (other than television) ensure the quality of their contractual partners and monitor the development of trade marks created by Group channels;

## 5.2 Description of internal control procedures

### 5.2.1 Overall organisation of internal control procedures

In order to attain its operational and financial goals, the Group has set up organisational and internal control mechanisms as part of the general organisation described above.

#### *a. Corporate governance: forms and approaches*

Since 2000, Métropole Télévision has been a limited liability company with an Executive Board and Supervisory Board. This legal form facilitates the separation between company management and the supervision of that management. It also satisfies the regulatory constraints imposed by the agreement with the *Conseil Supérieur de l'Audiovisuel (CSA)*, which governs the operation and broadcasting rules of the network.

The rules of corporate governance in the Métropole Télévision Group are set down in the bylaws (Articles 14-19 for the Executive Board and Articles 20-25 for the Supervisory Board) in the 2008 Annual Report and in the first part of the present report.

#### *b. Operational control participants*

The Executive Board has invested the following collegial organisations or functional departments with control powers:

- The Executive Committee ensures the effective implementation of the Group's internal control policy, by monitoring and following up the internal control work carried out across the Group. It meets twice a month. It has twenty one members, including the Executive Board, and includes the main functional and operational departments of the Group: the General Programming Secretariat, managers of the diversification, audiovisual rights, distance selling and Internet divisions, as well as the Development, Financial management, Strategy, Human resources, Legal, General Secretariat and Technical departments.
- The Management Committee's purpose is to inform the Group about major decisions and relay the internal control policy to the various entities. It meets twice a month and comprises members of the Executive Committee as well as representative of the main operations or departments: programming, M6 programmes, studies, digital channels and Girondins de Bordeaux.
- The Finance Committee is established in subsidiaries in which the Group does not have a majority interest (TF6, Série Club and TCM). It ensures the Group is informed of major decisions and directions.
- The Financial Department, which
  - co-ordinates and steers the weekly and monthly reporting of majority-held subsidiaries, thereby guaranteeing regular financial follow-up to the Group;
  - co-ordinates certain financial operations that are of importance to the Group;
  - in consultation with the subsidiaries, manages the Group's cash flow and exchange risks by setting up financial indicators and hedging instruments as it considers appropriate;
  - monitors the handling of direct and indirect taxation as part of tax planning;
  - in collaboration with the subsidiaries, maintains a network of management controllers suited to the needs of the Group's individual business units;
  - strengthens the security of accounting information and the way it is passed up the Group for consolidation purposes.

- The Legal Department, which
  - issues legal opinions for all Group subsidiaries;
  - liaises with the subsidiaries and other functional departments to prepare and negotiate contracts;
  - maintains a network of lawyers to monitor and manage the Group's legal risks.
- The Corporate Secretary ensures compliance with laws and provisions specific to the Group's operating activities and follows legal and regulatory developments that may have an impact of the various activities.

*c. Company internal references*

In order to enable each of its employees to take part in reinforcing internal control of operations, the Company implemented the following:

- an Ethics Charter which was communicated to and must be observed by all employees of the Métropole Télévision Group. This Charter details the Company's ethical values and defines the professional principles which Directors and employees must respect in their own conduct and guides their choices in actions they undertake.
- descriptive manuals specifying the operational and administrative processes applying to all its operations of whatever nature;
- a commitment control procedure backed by a system for the delegation of signatory powers. This delegations of powers are updated and formalised on a regular basis as the roles and responsibilities of delegating individuals change;
- a procedure for artistic validation of programmes content, ensuring it respects editorial and ethical values and current legislation. This procedure is enacted by preparing recommendations for the attention of programme Management and the Executive Board.

The main key documents of the Group are available on the Group's website. Functional managers are responsible for their distribution.

*d. Preparation of financial and accounting information*

The internal control procedures relating to the preparation and processing of financial and accounting information are primarily implemented by the Accounting, Consolidation, Reporting and Management Control divisions of the Group's Financial Department.

Most of these processes are deployed in the subsidiaries to ensure best fit with the current modus operandi of the Group.

**5.2.2 Principal internal control procedures established by the Company**

The Métropole Télévision Group has a system of centralised control procedures with a high rate of hierarchical control based on a priori control of decisions and strict monitoring of individual objectives.

The Group's operational controls involve monitoring commitments, programming, content, quantity and compliance with regulations (CSA, CNC, etc.).

The procedures, and underlying principles, within the Group include:

- an integrated information system for monitoring operations in the audiovisual business units. This system simultaneously manages the purchase and broadcasting of programmes as well as the sale of advertising slots;

- a financial reporting system and procedures to cover payment of general expenses;
- centralised cash flow procedures.

The Group's internal controls for the preparation and processing of financial information comprise a number of procedures:

*a. Accounting procedures*

The Accounts Department gathers and records all movements and accounting documents throughout the accounting period using financial reporting systems controlled by system administrators which ensure such systems are correctly used and monitor updates in close collaboration with the publishers.

Document validation paths prioritise the Accounts Department; internal procedures exist to ensure a posteriori control of the consistency of accounting entries. Reviews are conducted at each balance sheet date to check the work done.

Lastly, the specific procedures relative to monitoring customer risk are applied in every accounting department: they related to all the steps in the commercial relationship, from contact with the customer (completion of solvency check) to collection of the receivables (different terms of payment, application of late penalties and procedures for recovery of unpaid invoices).

*b. Consolidation procedures*

The consolidated financial statements of the Group are prepared in accordance with the international accounting standards (IFRS) as adopted by the European Union since 1 January 2005.

The Consolidation Department ensures that accounting standards are consistently applied throughout the Group and are in line with IFRS developments. It also gathers and monitors non-accounting data included in financial reports that are relevant to the consolidated financial statements.

The Group publishes quarterly reports on the consolidated sales and financial position, and half-yearly reports on the results. It also issues financial documentation annually required for a company listed on a regulated market.

*c. Reporting procedures*

The Reporting Department is part of Management Control. It gathers and analyses data on a weekly or monthly basis depending on the activity concerned.

The first step in this process is the preparation of a three-year strategic plan, approved by the Executive Board. The second step consists in establishing an annual budget analysed by month. Although the budgetary process is decentralised to the level of each entity, its organisation and coordination is carried out by the central management control. In addition every entity or subsidiary presents its budget to the Executive Board and Financial Management. This budget is subject to a quarterly update to provide the best management of Group forecasts.

Reporting is reviewed monthly with operational staff, who are in a position to monitor and explain progress towards their budget objectives. The Group consolidated 55 companies of which 44 are operational: 33 are monitored directly by central management control and 12 by their own financial management. Among the active companies, 10 do not require monthly monitoring (holding or property companies) but are subject to quarterly reporting. The other 34 companies are subject to detailed monthly reporting that is presented to the Executive Board.

To complete this monthly reporting, all operational entities are included on the weekly management report (sales, programme costs, gross profit) or daily report (sales statistics).

*d. Monitoring off-balance sheet commitments*

The Group has an integrated tool to manage the rights and programming portfolios of the M6 free-to-air and digital networks, which comprise most of the off-balance sheet commitments of the Group. The other off-balance sheet commitments are summarised by Financial Management in close collaboration with the Legal Department in a half-year report.

At the balance sheet date the Financial Department obtains the information required to report consolidated off-balance sheet commitments from all Group departments.

*e. Monitoring non-current assets*

The Group's non-current assets are monitored using asset management software and a special application to manage audiovisual rights. At each balance sheet date the information generated by this software is reconciled with the accounting records.

Regular physical inventories and asset reviews ensure that the operating assets exist and have been accurately valued.

**5.3 Outlook**

In 2009, M6 intends to continue the development of an approach of supporting operating entities and making them responsible for internal control. More specifically, the Audit Committee will ensure to take account in its planning the provisions of the 8<sup>th</sup> European Directive that has been transposed into French law.

Neuilly sur Seine, 10 March 2009

Chairman of the Supervisory Board

## 14.7 Statutory Auditors' Report

KPMG Audit  
1, cours Valmy  
92923 Paris La Défense

PricewaterhouseCoopers Audit  
63, rue de Villiers  
92208 Neuilly-sur-Seine

Ernst & Young & Others  
41, rue Ybry  
92576 Neuilly-sur-Seine

Statutory Auditors  
Member of Compagnie  
Régionale de Versailles

Statutory Auditors  
Member of Compagnie  
Régionale de Versailles

Statutory Auditors  
Member of Compagnie  
Régionale de Versailles

Métropole Télévision, S.A.  
Financial year ended 31 December 2008

Statutory Auditors' report,  
prepared in application of Article L. 225-235 of the Commercial Code  
on the report by the Chairman of the Supervisory Board of Métropole Télévision,

To the shareholders of Métropole Télévision SA,

As Statutory Auditors to the Métropole Télévision company and in application of the provisions of Article L. 225-235 of the Commercial Code, we hereby present to you our report on the report prepared by the Chairman of the Supervisory Board in accordance with the provisions of Article L. 225-68 of the Commercial Code for the financial year ended 31 December 2008.

It is the Chairman's responsibility to give account, in his report, in particular on the conditions of preparation and organisation of the work of the Supervisory Board and of the internal control procedures implemented within the Company providing the other information required by Article L. 225-68 of the Commercial Code relative notably to the area of corporate governance.

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, and
- certify that this report includes the other information required by Article L. 225-68 of the Commercial Code, noting that we are not required to verify the accuracy of this other information.

We have performed our work in accordance with acceptable professional standards in France.

Information on the internal control procedures in respect of the preparation and processing of accounting and financial information

These require the performance of due diligence procedures to assess the fairness of information presented in the Chairman's report, regarding internal control procedures for the preparation and processing of accounting and financial information. These procedures notably consist of:

- becoming familiar with internal control procedures regarding the preparation and processing of accounting and financial information supporting the information provided in the Chairman's report, as well as existing documentation;
- becoming familiar with the work from which the data and information in the report are derived;

- establishing if major deficiencies of internal control regarding the preparation and processing of accounting and financial information that we may have identified as part of our assignment were properly supported by information provided in the Chairman's report.

On the basis of our work, we have no observations to formulate on the description of internal control procedures regarding the preparation and processing of accounting and financial information contained in the report of the Chairman of the Supervisory Board, prepared in application of the provisions of Article L. 225-68 of the Commercial Code.

#### Other information

We certify that the report of the Chairman of the Supervisory Board includes the other information required by Article L. 225-68 of the Commercial Code.

Paris La Défense and Neuilly-sur-Seine, 27 March 2009

The Statutory Auditors

KPMG Audit  
Grégoire Menou

PricewaterhouseCoopers Audit  
Marc Ghiliotti

Ernst & Young & Others  
Bruno Perrin

## **15. Sustainable development and corporate responsibility**

### **15.1 Human resources**

#### 15.1.1 Group workforce

##### 15.1.1.1 Workforce

###### Recruitment

At 31 December 2008, the total permanent workforce was 1,719 people including the 49 Cyrealis Group employees. In total, 242 employees were recruited on permanent contracts in 2008, compared to 249 in 2007. A large number of positions available were posted on the Group's website.

With the intention of providing women with an equivalent footing to men, the M6 Group pays particular attention to balance in the workforce. Thus, in 2008, M6 had 52% women (53% excluding Cyrealis) compared to 53% in 2007. Women also represent 52% of the executive staff of the Group (excluding Football Club des Girondins de Bordeaux).

The average age of the workforce remains 34 years, demonstrating the ability of the Group to enable younger people to find sustainable employment and to acquire experiences essential for their career development.

The average number of permanent employees in the Métropole Télévision Group was 1,678 in 2008 (1,645 excluding Cyrealis) compared to 1,646 in 2007.

Excluding Football Club des Girondins de Bordeaux, the average number of permanent employees was 1,487 in 2008 (1,454 excluding Cyrealis) compared to 1,462 in 2007.

At 31 December 2008, the workforce of 1,719 permanent employees, of which 183 on fixed term contracts, was split in 579 employees for M6 free-to-air (Métropole Télévision, M6 Bordeaux, M6 Toulouse, M6 Films, Métropole Production), being 34% of the workforce, and 1,140 for the other subsidiaries of Métropole Télévision.

The number (of full time equivalents) of freelance journalists and event contract workers was 514 in 2008, compared to 488 in 2007, an increase of 5%, mainly due to the new daily broadcasts produced by the Group (*Un dîner presque parfait*, *100% Mag*).

Lastly, seeking to respect diversity, the Group is particularly vigilant to provide an equal opportunity for everyone; to this effect, recruitment personnel were trained in non-discrimination in 2008.

### **Departures**

During 2008, 60 employees were made redundant across the Group, 102 employees left the company after tending their resignation, and 8 people due to breach of contract. In total, taking account of other reasons for leaving (retirement, trial period termination, etc.), the net growth in the permanent workforce was 52 people in 2008.

### **External labour**

The Métropole Télévision Group uses external service providers for the following:

- General services: reception, post and messages, security, facilities cleaning and maintenance, collective catering, as well as IT project maintenance. The subcontractors concerned employed 149 people compared to 154 in 2007;
- IT: 15 service providers employ a total of 59 people in 2008
- Technical services: technical and IT support and maintenance of the 5 local newscasts, a subcontractor employing 4 people.

#### **15.1.1.2 Working week organisation**

Since the conclusion of a company agreement in 2000, Group employees benefit from an organisation of their working time calculated in hours or days according to their categories.

However, the M6 Group, convinced that a balance between work and personal time for employees plays a part in the good performance of the business, does not hesitate to offer variable working time for 6% of Group employees who thus work part time (excluding Girondins de Bordeaux).

Cumulative absenteeism (family reasons, unpaid holidays, parental leave, illness, maternity, etc.) excluding paid holidays, represented 9% of theoretical hours worked in 2008, compared to 6% in 2007.

The Group's illness and maternity leave rate was 6.5%, also higher than in 2007.

During 2008, 5,418 supplementary or complementary hours were worked by the employees of the M6 Group.

## **15.1.2 Development of talents**

### **15.1.2.1 Promotion and career development**

As in previous years, all employees had an annual review with their manager. Assessment criteria go beyond results achieved during the year just ended, and focus on know-how specific to each position, Group-wide knowledge and, where necessary, the ability to manage.

At these meetings, employees make known their promotion and training expectations. The summary of annual meeting is accessible on the intranet for every employee and is archived.

All vacancies are posted on the Group's intranet in order to give priority to internal candidates.



M6 develops the skills of its employees with a policy of continuous training, which is based on training in its businesses, management and increasingly in mastering languages. In 2008, 671 people benefited from such action, compared to 646 in 2007.

In order to further improve the individualisation for training and to tailor it to business projects for employees, the Individual Right to Training continues to be rolled out across the Group. Every full time employee has an Individual Right to Training of 21 hours per year, which can be accumulated for a period of 6 years and managed on a calendar year basis. In 2008, 21% of the training budget was allocated to such requests from employees.

In 2008, the training budget was €28 thousand, being a total of 1,981 training days provided for 671 employees. This training was equitably split between men and women.

In addition, the Group set up in 2007 its own training organisation, M6 Campus, which provides training internally in management, office automation and languages but also technical.

#### 15.1.2.2 Training policy

In accordance with the French national trainee charter, the Group conducted a number of actions for the benefit of student trainees.

##### - Encourage the training process

In 2008, The Group received and trained 400 trainees, all covered by contract and paid for period for the most part of 3 to 6 months. M6 is more and more committed to work-study programmes, and the Group catered for 28 young people, being double compared to 2007; M6 received 201 pupils from 3<sup>rd</sup> or 2<sup>nd</sup> class for periods of one week for observational work experience.

##### - Prepare future recruits for the Group and encourage loyalty among trainees

Before the end of their training period, the young people have an evaluation meeting with their supervisor, which enables the validation of their choice of professional direction as well as their potential and motivation for the Group. Their job applications have priority for filling junior vacancies immediately at the end of their training period or subsequently. In 2008, 68 trainees were recruited on a contract, permanent, freelance or occasional basis.

### 15.1.3 Group remuneration policy

#### 15.1.3.1 Remuneration evolution

In addition to their basic salary, all employees receive a 13<sup>th</sup> month salary.

The Group payroll paid to permanent employees (excluding Football Club des Girondins de Bordeaux and Cyrealis) in 2008 amounted to €108,108 thousand (including employer social charges of €34,057 thousand), compared to €104,267 thousand in 2007.

On the basis of the average workforce (excluding Football Club des Girondins de Bordeaux and Cyrealis), the gross average salary of permanent employees went from €48,848 thousand in 2007 to €50,929.

### 15.1.3.2 Employee savings

#### Profit sharing

Personnel employed by the Métropole Télévision Group companies benefit from two distinct profit sharing plans: one for the home shopping activities, the other for Métropole Télévision and most of its subsidiaries. In total, the special reserve for profit-sharing in respect of 2007, and paid in 2008, was €6,606 thousand compared to €6,278 thousand paid in 2007 in respect of 2006. 2,022 employees benefited, compared to 1,888 employees in 2007.

#### Bonus scheme

A profit sharing agreement was signed in 2005 (excluding FCGB), in order to associate personnel more closely to the improvement of Group performance and to share the growth in operating profit, which result from their efficiency and involvement.

A total of €1,267 thousand was paid in 2008 (€2,558 thousand in 2007) to 2,022 employees (1,888 in 2007).

#### Group savings plan

The Métropole Télévision Group set up a Group savings plan where the Group makes individual contributions in respect of every employee. In 2008, the amount paid in respect of this contribution was €95 thousand, compared to €1,815 thousand in 2007 and €834 thousand in 2006.

In total, the amounts paid by the Group in respect of employee savings amounted to €8,761 thousand in 2008 compared to €10,650 thousand in 2007.

Lastly, the management of employee savings was entrusted to an external organisation, which proposes the following four separate funds, varying in terms of yield and risks:

- *FCPE Diversifié Actions* (70% shares, 30% bonds), high yield but high risk;
- *FCPE Diversifié Taux* (20% shares, 80% bonds) modest yield but lower risk;
- *FCPE monétaire* (100% money market), low yield and risk free;
- *FCPE "Groupe M6"*, 100% Métropole Télévision shares.

This organisation reports on its management of the funds at least once a year to personnel representatives and to Group management.

### 15.1.3.3 Supplementary defined contribution retirement scheme

Marking its desire to improve loyalty among executive staff and to meet their expectation in enhancing their pension coverage, a supplementary and compulsory defined contribution retirement scheme was put in place in 2007 for this category of personnel.

This scheme enables the creation of an individual retirement account whose objective is the payment of a life annuity.

By setting up this supplementary pension scheme, the Group plays a full role in improving the pensions of executive staff.

### 15.1.3.4 Total remuneration of 10 highest paid employees

In 2008, a total amount of €5,491 thousand was paid to the 10 highest paid employees, compared to €5,092 thousand in 2007 (benefits in kind included). The 10 highest paid employees include Board members but exclude FC des Girondins de Bordeaux football club players.

#### 15.1.4 Health and safety at work

Health and safety conditions are monitored periodically, notably within the framework of the Health and Safety Committee.

In this respect, numerous improvement measures for working and safety conditions were undertaken in 2008 and particularly:

- set up a procedure in view of the partnership with AGEFIPH – renewal of the week of the handicapped: “one day, one business in action”
- set up of a selective sorting on the M6 Group sites in Neuilly
- creation, in partnership with the company doctor, the Health and Safety Committee and the ergonomist, of a digital broadcast department, a digitalisation laboratory and a high definition control room
- training of the Group nurse in the accreditation and issuance to Group employees of a First Aid certificate. Her daily presence within a medical centre also enables the supervision with internal communication of:
  - a. the two annual campaigns to Give Blood.
  - b. leading programmes in partnership with associations such as the Anti Cancer League (collection of used GSM, information sessions with a cancer specialist).
  - c. training for first aid assistants in the work place, in 2008 the training of 132 permanent employees in safety standards (evacuation, use of fire equipment, first aid assignment at work, etc.) was provided.

In general, within the principal office that houses the head office, 8 people per floor have been trained in safety and/or first aid. In the other buildings that have fewer employees, it is 4 people per floor.

In 2008, 647 employees were able to make changes to their work station or working environment at the time of improvements to offices or moving into new premises. The Health and Safety Committee monitors the work space, ergonomics, lighting, the direction of computer screens and work stations.

In 2008, the procedure for enhanced medical supervision in respect of the hearing of everyone working with headphones was carried out by the company doctor.

Employees doing shift work for part or all of the night are seen every 6 months by the company doctor.

The number of work or travel related accidents to permanent and contract employees that led to a cessation of work, was 10 in 2008 (being 159 days stoppage) with a frequency rate of 2.87 and gravity rate of 0.05.

### 15.1.5 Promotion of corporate dialogue

#### 15.1.5.1 Personnel representative bodies

Due to the various representative bodies of the Group (works council, single personnel delegation, staff representatives, health and safety Committees for working conditions) corporate dialogue is enriched daily.

In 2008, a total of 6.75 meetings were held on average every month with the elected members or union representatives, altogether within the economic and social unit (ESU).

Various panels notably related to the Works Council meet regularly, such as the equality panel and the catering panel.

#### 15.1.5.2 Collective agreements

Within the Group, the diversity of employees justifies a number of collective agreements for the sections concerned: the collective agreement for advertising, *ACCES* for the specialty channels and more recently the collective agreement for audiovisual Production as well as the collective agreement for Broadcasting, that determine the status of contract workers in the broadcasting companies.

Within the ESU, many meetings took place in 2008 with the union representative, which enabled the conclusion of a charter dealing with the status of trainees within the Group. The corporate partners and Management defined, through this charter, the status of trainees pursuant to the legal requirements, the national Charter in light notably of the constraints applicable to the audiovisual sector.

### 15.1.6 Employment protection plan

In the last quarter of 2008, an employment protection plan was initiated for the personnel of the 5 local news offices (Lille, Lyon, Marseille, Bordeaux and Toulouse).

At the end of December 2008, an agreement to deal with the social consequences and the partial shut down of these news units was signed by the social partners and ratified by the Works Council on 30 January 2009.

At the same time, although the broadcasting of local newscasts ceased, the activities of the branches continued, thus strongly contributing to the production of news.

The social consequences of the partial shut down led to the redundancy of 26 people in the regions at the start of 2009. Every one of these people was offered alternative employment within the M6 Group so that potentially every job could be preserved.

### 15.1.7 Information and communication

#### 15.1.7.1 Benefits and services of the Works Council

The various services of the Works Council continue to be attractive for employees: gift-cheques for births, contribution towards costs incurred by employees in sporting or cultural activities, organisation of holidays, sporting or tourist weekends in France or abroad, etc.

The Group budget for social activities is:

- for the ESU, 0.9% of total payroll, being €415,608 thousand (compared to €387,426 thousand in 2007);
- for the subsidiaries, 0.15% of total payroll, being €49,471 thousand (€43,899 in 2007).

### 15.1.7.2 Inform, Unite and Communicate

#### Receive new arrivals to create the best conditions for their integration

From the time of their arrival, new employees follow a period of integrating comprising notably a welcome seminar of one and a half day. At that time, the Chairman and a number of Operating or Functional Directors explained the fundamentals of their area thus enabling the new recruits to understand the diversity and complementary nature of the Group's businesses. This seminar is also the occasion for employees to develop their internal network and understand the opportunities of working for synergies. A half day welcome seminar is also organised every month for Group trainees.

#### Encourage employees to meet to encourage group-wide benefits

Every month, lunches or breakfasts are organised among the members of the Executive Board and employees. Where there are exchanges of views on the challenges and uncertainties of our sector and the current situation and the Group's areas of development.

Other more informal gatherings also mark the life of the Group: Executive Board's New Year address, or sporting challenges such as the Parisienne, a race for women supporting the fight against breast cancer. Around thirty Group employees were in the team of the women's channel Téva in September 2008.

#### Commitment to health

Two blood donations are organised every year, representing close to 100 donations at the last collection.

A hand in hand operation with the *Ligue Contre le Cancer* organisation was also initiated in 2008, materialised by the collection of 200 used mobile phones in January (resold by the League to an approved recycling company), and by an action and prevention campaign among employees concerning the risks related to tobacco consumption.

#### A core objective: make every employee an ambassador for the M6 Group

To understand the Group's businesses, in order to develop synergies among the various operations, the feeling of belonging to the M6 Group but also with a view to internal mobility, is one of the common objectives of in-house media dedicated to employees:

- a new intranet portal, firstly, which is updated daily: news of the Group and its subsidiaries, audience levels, evening programmes, internal transactions and company life, industry trends and legal framework, interviews with employees, games promoting the Group's operations, etc. and since 2008 for every employee, the possibility of managing their holidays and their annual interview, as well as the chance of being heard and suggest their own ideas!
- the monthly newsletter presents news on all Group entities: new programmes, audience levels, product launches (publishing, CD/DVDs, derivative products, etc.) partnerships, events, film co-productions, new websites, distance selling events, etc.

The news letter provides everyone with the latest news / products of the M6 Group.

- Television screens, in the reception areas and the lifts, broadcast certain programmes on preview, audiences of the previous night, and announce the programmes for the evening. Every employee has all the resources to be informed and become an ambassador for the Group to the outside world.

### 15.1.7.3 Employment and integration of handicapped persons

The Métropole Télévision Group is committed to integrating handicapped persons: it also participates in the week "one day, one business in action" under the auspices of *Agefiph* that enables handicapped persons to discover the audiovisual world and to check the compatibility of their handicap against the area they have selected. The Métropole Télévision Group also subcontracted for a number of years specific administrative tasks such as mail sorting, to appropriate companies.

Lastly, M6 works towards the signature of an agreement with the *Agefiph* to encourage the insertion of handicapped persons within the Group.

## 15.2 Corporate responsibility

The responsibilities and commitments of M6 Métropole Télévision come from the general principles set out on the Law of 30 September 1986 as amended and notably the respect for human dignity, the protection of children and teenagers, the plurality of expression of current thoughts and opinions, honesty of information, quality and diversity of programme, the development of the national film and audiovisual productions and creation, defence and illustration of the French language and culture.

Pursuant to Article 28-1 of the Law of 30 September 1986 as amended, and following the decision n° 2001-107 of 27 February 2001 in favour of the renewal of the authorisation held by Métropole Télévision without launching a call for candidates, additional requirements were included in the agreement concluded with the *Conseil Supérieur de l'Audiovisuel (CSA)*.

The other Group channels must also meet a certain number of regulatory and contractual obligations, both quantitative and qualitative. The agreements concluded with the *CSA* are available on the website: [www.csa.fr](http://www.csa.fr). Every year, the *CSA* publishes on this site a summary of compliance with these regulatory and contractual obligations.

### 15.2.1 Analysis of programmes accessible to all

#### 15.2.1.1 Encourage the understanding of everyone

The M6 Group seeks to deliver the most complete and most diverse information possible and expands its programming of magazines, documentaries and information to provide a deeper knowledge and understanding of the contemporary world, by dealing with diverse subjects such as employment, the economy, integration, science, ecology, consumption, etc.

*Capital*, *Zone Interdite*, *66 Minutes*, *E=M6*, *Enquête exclusive*, are programmes that illustrate, via the subjects dealt with ("Pouvoir d'achat, révélations sur la flambée des prix", "Climat, des solutions contre le réchauffement", "Enquête sur les nouvelles violences urbaines", "Six mois au cœur d'une prison française", "Trafic de clandestins, la chasse aux réseaux") the commitment of M6 to inform on the current and social issues. This desire was recognised by the Jury of the 23<sup>rd</sup> Scoop and Journalism International Festival in November 2008 for the report of *Zone Interdite "Le dossier noir des maisons de retraite"* (Prix de l'enquête (Investigation Prize)).

In all its programmes, the channel monitors its compliance with its obligations in the area of ethics and programming, pluralism and honesty of information, respect for the private life and human rights.

#### 15.2.1.2 Programmes accessible to the widest audience

For M6, accessibility primarily means taking account of disabilities. Top of the list is adding subtitles to programmes for the deaf and hard of hearing. Together with charities, the channel selected programmes to be subtitled in priority, which corresponds to the wishes of viewers concerned. In 2007, M6 innovated by being the first channel to add live subtitles to its 12.50pm and 7.50pm news, as well as football matches, cartoons and drama. In 2008, the M6 Group continued and enhanced its policy of accessibility to its programmes to the deaf and hard of hearing and thus now subtitles a good number of its musical programmes and notably video clips.

In total, for 2008, over 4,100 hours (compared to 2,756 hours in 2007) of programmes were subtitled which enabled the channel to pass the threshold of 50% of programmes now available to the deaf and hard of hearing. W9 also significantly increased the share of its subtitled programmes with over 4,000 hours.

In 2009, the new broadcasting control room will enable all Group channels to broadcast specific subtitles and thus provide access to the greatest number of broadcasts by Paris Première, Téva and the 3 music channels.

## 15.2.2 Public awareness of great causes

M6 is highly committed to promoting a more socially responsible television service and broadcasts messages and short films with a social content free of charge.

M6 intends to assist and encourage charitable actions and increase the general public's awareness of them. In 2008, many humanitarian campaigns, non-governmental and charitable organisations thus broadcast on M6 and the digital channels, representing a total of around 40 international solidarity causes (*Action Contre la Faim*, *Croix Rouge Française* (French Red Cross), Handicap International, etc.), health issues (fight against AIDS, fight against cancer, research on rare diseases, *Fondation pour la recherche médicale*, etc.), solidarity in France (*Fondation Abbé Pierre*, *Banque Alimentaire*, *Perce-Neige*, etc.) and education/culture issues (children's schooling, etc.) representing more than 460 features on Group channels.

The broadcasts by the Group channels are an occasion to inform opinion on certain suffering and exclusions and to bring the support of teams to improve the daily lives of those concerned. Thus Valérie Damidot (D&CO) and her team refurbished Laëtitia's house, as she had become paraplegic following a motor bike accident, by putting in place solutions adapted for the young woman (lift, wider doors, etc.). After redecorating the reception areas and a classroom at the Necker hospital as well as the Emmaüs accommodation centre in previous years, the Téva Déco team this year, at the time of its "spéciale association" broadcast, brought its support to the SAWA organisation, which enabled the inhabitants of part of Massy to meet around cultural activities.

The M6 Group also continued in 2008, through a number of partnerships, its efforts to raise awareness among citizens of public health problems and the protection of children:

### 15.2.2.1 Support for the handicapped

M6 sponsored in 2008 the fourteenth edition of the Shoe Pyramid, whose purpose was to make the general public aware of the disastrous effect of cluster bombs. It thus extended its partnerships with Handicap International by providing its support for steps taken to benefit vulnerable populations, and relay the association's communication on air via its channels and its websites.

### 15.2.2.2 Risks arising from drink driving

Alcohol has become, since 2006, the biggest cause of road deaths in France. M6 continually makes its contribution to the battle against dangerous behaviour in this area by broadcasting advertisements. More specifically, on the eve of the 2008 end of year festivities, M6 participated in the awareness campaign to fight against drink driving "Drink driving: the leading cause of mortality. Let's put a stop to it" implemented by Jean-Louis Borloo, Minister for Ecology and Dominique Bussereau, Secretary of State responsible for Transport, with the Sécurité routière (Road Safety Authority).

### 15.2.2.3 Fight against breast cancer

Téva is associated with the twelfth edition of "*La Parisienne*" with My Téva, "the programme which is good for you". For the occasion, Daphnée Desjeux, the well-being ambassador of the channel, entered the 6 km race dedicated to the fight against breast cancer.

### 15.2.2.4 Fight against AIDS

A Group mechanism, set up on both all Group channels and the Internet, and accompanied by a "special red ribbon" advertising jingle was put in place throughout the Sidaction campaign. Calls for donations were also issued on the M6 channel.

In addition, M6 is the historical partner of the Solidays Festival designed to raise funds to fight against aids. A significant promotional campaign was broadcast over a number of weeks to promote the event and make viewers aware of this struggle.



### 15.2.3 Child and youth protection and well-being

This cause is the mainstay of the social advocacy commitment of M6 Group, which is involved in a number of initiatives in this area to support sick children, provide remedial courses and prevent dangers.

In addition to campaigns broadcast free of charge by the Group channels (*Enfants du Monde Droits de l'Homme*, *Anak un pont pour les enfants*) for schooling and helping children of the streets of Manila, Plan International France, more direct steps are taken: thus the Football Club des Girondins de Bordeaux committed to collect funds for the Telethon. Laurent Blanc and some former teams players of the F.C.G.B therefore thus played a match against personalities from the regions (Gironde) in the Paul Bernard de Talence stadium. Bordeaux players also brought their contributions by giving gloves, jerseys or signed footballs for a lottery. In addition, the Paris Première channel supported UNICEF through its "*Frimousses de créateurs*" operation, an exhibition of dolls made by the major fashion designers, followed by an auction to finance a vaccination campaign in Darfur.

The M6 network is also a major powerful contributor to the Amber Alert system, implemented in 2005 by all main and radio television channels who signed a memorandum of understanding concerning the Amber Alert mechanism that had been successfully experimented in the United States for a number of years. This requires the mobilisation of maximum media power during the first 24 hours after a child has been kidnapped, and to broadcast over as wide an area as possible information that could lead to retrieving the child. This commitment by the Group consists in communicating necessary information to as many people as possible, such as a description of the child or the abductor, as well as the circumstances of the kidnap, using tickers passing at the bottom of TV screens, interrupting programmes, or repeatedly showing photographs to help identification. In 2008, the Alert was raised twice.

Concerning, programming, the protection of children has been assured since 1989, when M6 took the initiative to create a signalling system stating the target audience of films. It was finally imposed on other channels by the *Conseil Supérieur de l'Audiovisuel* in 1996. However, the commitment of M6 in this area has not weakened and the Group also ensures that programmes do not contain violence, vulgarity, or anything likely to shock the sensitivity of young viewers. To this end, the Group follows with vigilance the preparation of co-produced series, from concept to delivery of the final episode. Dubbing of foreign films is also done with the greatest care. Thus, all the youth programmes, films, series, made-for-TV films, or musical clips are viewed and validated by a viewing Committee that gives its recommendations to the signalling Committee, the final arbitrator of the allocation of the 4 categories (everyone, less than 10 years old, less than 21 years old and less than 16 years old).

Once again this year, the M6 network sustained and broadcast the signalling campaign proposed by the *CSA* during a 4 week period.

The M6 Group is also responsible for the information broadcast on its websites. Concerning its community sites, a service provider is responsible for moderation and controls, once the messages have become public, those which are insulting, defamatory, racist or representing an incitement to violence or hatred and where appropriate removes them from the websites.

Via the community site for teenagers Habbo.fr, a virtual bus of the Fil Santé Jeunes organisation is made available to members. Teenagers can thus freely get information or explain a problem to health professionals. Habbo has also set up a team of professionals responsible for containing the site and prevent any abuse or attempt to fraud linked to the use of a payment method proposed by the site.

In May 2008, M6 was also associated with the programme *Vinz et Lou* during the week of the *Semaine de l'Internet sans crainte* (the week of the internet without fear). This programme, broadcast in the youth slot of M6 Kid aimed to raise awareness among parent and teenagers on the risks of the Internet.

The M6 Group also took part in the prevention campaign on the dangers of the Internet "Family education, media", set up by the *Secrétariat d'Etat in charge of the Family* in December 2008 through the broadcast of the TV clip called *Où est Arthur ?*

Lastly, M6 mobile proposes fixed price offers with unlimited calls at night and weekends with its offer targeting 15/25 year olds. Since November 2007, members of AFOM (*French Association of Mobile Phone Operators*), of which M6 mobile is a member, signed an agreement according to which they commit to automatically propose parental control from the time the phone line is open.



## 15.2.4 Promotion of diversity

In 2008, as every year, the M6 Group continued its approach to implement initiatives and concrete steps to encourage the representation on the channel of the cultural multiplicity and diversity of the components of the French population.

Independent of its contractual duty, the channel has for a long time been conscious of its responsibilities in the area of education and the respect for differences. As a broadcaster, it should reflect the image of a multi-cultural France in both the promotion of values of integration and solidarity and by the concrete representation on the channel of visible minorities.

The M6 Group thus joined the *Institut du Citoyen Visible* whose mission is to support companies in the development of their approach to diversity and promote diversity in the media, and broadcast free of charge on M6 channels, Paris Première, Teva and W9 the short programmes called "Citoyens Visibles", supported by the *Agence Nationale pour la Cohésion Sociale et l'Égalité des Chances*, whose objective is to make viewers aware of the positive contribution of diversity, It presented the men and women who made a mark on French history: from Apollinaire to Joséphine Baker, Marie Curie, Félix Eboué, Léopold Sédar Senghor, Alexandre Dumas and Dalida.

### Programmes, a reflection of diversity

Cartoons shown as part of the Youth programmes of the channel carry fundamental values such as tolerance, sharing, solidarity and friendship, such as for instance in *Vinz et Lou*, or even *Zap collège*, which features the arrival of a young boy in a ZEP (an area of special education needs), and his meeting new friends, all completely different, in both their original and personality, that are complementary.

The highly popular programme *Un dîner presque parfait* also features diversity, with a constant desire to help people meet, during a week, guests of different ages, nationalities, socio-economic backgrounds, to share a moment to meet and get to know each other.

*Pas de secrets entre nous*, *Merci les enfants vont bien !*, *Cellule Identité*, *Paris 16<sup>ème</sup>*, *les Bougon*, *les Bleus*,...the French dramas co-produced and broadcast in 2008 have enabled the discovery of young talents representing diversity.

The channel leads an active policy in the area of music, it endeavours to develop a very varied programming to promote all music types (hip-hop, raï, zouk, ragga, reggae, etc.). It is committed to the promotion of young artists with the broadcast of concerts and documentaries notably in the *D comme Découverte* programme which took an interest in, among others, artists from visible minorities, and short musical programmes such as *T comme Talent*, *S comme Son* or *Plus vite que la musique* which confirm the wish of the channel to promote young talent. The year 2008 prime time exposure of artists from diverse backgrounds such as Hakimakli, Sheryne, Dan Kamit, Gage or Lynnsa.

### Programmes to understand the challenge of diversity

To better understand the challenges of the modern world and the society in which we live, information magazines have broached the issues related to diversity with for example *66 Minutes*, on the subject of a black elite in France, by comparing the life of people from visible minorities who have succeeded in business and politics, showing different profiles and different approaches to success, their journey, the difficulties they faced, how they try to change things.

### 15.3 Environmental responsibility

The Métropole Télévision Group does not structurally present a significant impact on the environment. However, at its level, M6 is attentive to its own consumption and seeks to take initiatives in this area, both in terms of recycling and making the public at large aware of the challenges of sustainable development. To demonstrate its commitment, the M6 Group has adopted an approach in line with the charter proposed by the Minister for Ecology, Jean-Louis Borloo, and addresses many of the issues raised by the charter. In fact, the Group has already made a summary of its CO<sub>2</sub> emissions and broadcast more environmental information.

M6 is also reflecting a certain number of events or messages designed to promote sustainable development, such as for example supporting SOS Sahel's campaign against indifference by relaying on various Group channels the charity's awareness message on desertification.

#### 15.3.1 Environmental indicators

The consumption of water resources, raw materials and energy is monitored and controlled by the Group's General Services, as part of an approach to reducing consumption and the use of equipment to improve energy efficiency.

Thus, the Group's principal site was equipped in 2002 with a regulation valve that led to a 40% reduction in gas consumption since then.

A complete modern management system was set up to deal with energy consumption. This regulated the temperature of premises depending on a number of criteria, such as for example their occupancy rate. This centralised management of energy is intended to provide better control by the Group of its consumption. The latter is very regularly monitored in all areas. Water and energy consumption and CO<sub>2</sub> emissions were the following in 2008:

##### Water consumption in millions of cubic meters

2007: 31.9 thousand m<sup>3</sup>

2008: 24.5 thousand m<sup>3</sup>

The closure of a site, and also significant changes to the plumbing of a bathroom led to this major decline in consumption.

##### Electric energy consumption (in kWh)

2007: 7,497,363 kWh

2008: 8,580,787 kWh

A new control room was installed in 2008 (two were in operation at the same time over 5 months) and new technical equipment was built (editing apparatus, etc.), leading to a significant increase in electricity consumption compared to the previous year.

Since 2008, 3,500 MWh come directly from green energy produced by EDF.

##### CO<sub>2</sub> emissions (in millions of kg)

2007: 0.392 million kg

2008: 0.413 million kg

##### Waste produced (in tons)

2007: 271 tons

2008: 418 tons

Once again, the closure of a site explains the difference noted between 2007 and 2008 (significant equipment replacement, scrappage, cardboard, etc.).

### 15.3.2 New developments in recycling

In parallel with this wish to control consumption (water, energy, etc.), M6 also has an active policy of recycling waste arising from its operations (batteries, neon lights, IT hardware, toner cartridges, etc.). The selective sorting, already in place in the building at 46, rue Jacques Dulud, has been extended in 2008 to the main building at 89, avenue Charles de Gaulle.

In addition, the Ventadis business (Distance Selling), as part of the Waste Electrical and Electronic Equipment (WEEE or W3E), collected from its customers a contribution in addition to the price of equipment with electric or electrical components. This eco-contribution is paid in full to the suppliers who must fund the recycling of old equipment through specialised organisations. In 2008, 236 tonnes of waste was thus collected.

### 15.3.3 Community awareness

The responsibility of a group producing and broadcasting content lies also with a desire to make the general public aware of the challenges of sustainable development. M6 decided to play an educational role via quality documentaries presenting the current ecological difficulties.

These magazines have become flagships for the channel and thus represent a major audience attraction for these subjects among an increasingly generalist audience.

*Capital* thus approached the subject in "Consommer propre, qui peut se le permettre", summarising the trends in the area of consumption of green products: an ecological house, clean central heating, organic food and electrical bikes, etc.

With a more scientific and always amusing approach, the magazine *E=M6* continues to present subjects on science, health, and also ecology ("Maison plus écologique, maison économique", "Climat, l'état d'urgence") through reports that can be understood by everyone.

## 15.4 Economic responsibility

### 15.4.1 Sustainable mode of profitable growth

The economic responsibility of the M6 Group is to ensure its long term development by exploiting the growth reserves available in the various markets where it has a presence.

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

Thus, in 2008, the M6 Group again successfully continued its growth strategy in all its operations as demonstrated by:

- the bolstered strength of the M6 channel, with growing audiences, in particular in strategic time slots,
- the very strong growth of W9, the second free channel of the Group, on the free DTT market,
- the consolidated position of its family of pay channels, with the confirmed success of Paris Première and Teva notably,
- and an aggressive approach in the area of diversification and audiovisual rights, designed to enhance the Group's presence in the multimedia world, in particular on the Internet with the successful integration of Cyrealis and the launch of a new platform for catch-up television.

### 15.4.2 A group actively seeking new growth opportunities within an environment that needs to be preserved

The first challenge for a media group today is to encourage innovation in order to adapt to technological changes and changes in consumption patterns and use of its services. This goes together with making the Group's content and products available on all distribution channels, necessitating investment in networks and digitalisation.

The second challenge consists in preserving the environment in which the Group operates. To that end, cultural diversity must be encouraged, artistic creation sustained, respect for intellectual property upheld and the channel must continue to participate in the content value chain.

#### Innovate and anticipate new uses

##### - Catch-up television with M6 Replay

Broadband and mobility have transformed the methods of access to content that is ever more varied and available on a considerable number of platforms. The M6 Group is active on the development of these new methods of consumption of audiovisual content, and successfully launched in 2008 a catch-up television platform, that enables people to watch, free of charge and with a very ergonomic interface, the best programmes of the channel only one hour after they were broadcast.

##### - 3G telephony

With the third generation telephony (3G) and the possibility of downloading editorial content, the mobile phone has become a strategic distribution network for media businesses. The M6 Group, via its subsidiary M6 Web, has carved itself a place of choice in this area as it produces programmes specific to mobile telephony.

##### - Personal Mobile TV (PMTV)

With the extension of this approach of accompanying the mobility of viewers, the M6 Group was awarded by the *CSA* two Personal Mobile TV licences on behalf of its M6 and W9 channels. The launch of the PMTV offer is for the time being subject to an agreement on the business model of this new form of broadcast.

##### - High Definition (HD)

2008 was the year of the start of M6's broadcasting in High Definition on Digital Terrestrial Television, as a result of a commitment by the Group to develop the technologies. M6 is now assured of remaining in first place in the technical development of the media sector in the coming years. Internal production is already 100% in HD.

The M6 Group proceeded in 2008 with the switchover to a fully High Definition designed digital control room, which combines the latest digital tools with solid and upgradable automation. It includes the multi-media dimension of the Group and enables the automated delivery of the various medias necessary for all sectors of broadcasting, that are terrestrial analogue television, High Definition and Standard Definition DTT, cable, satellite, television on PC, VoD such as M6 Replay, M6 websites, mobile telephones, etc.

#### Uphold intellectual property

At a time where increased dematerialisation of supports necessitates new measures to protect works, the M6 Group, a producer and broadcaster of content, seeks to develop an effective policy to combat piracy and to uphold intellectual property.

This policy is based in these two principal areas:

- reduction in the timeframe for broadcasting works, an issue that should be addressed with the forthcoming adoption of the *Création et Internet* law,
- the development of catch-up television and Video on Demand, that gives viewers access to a varied programme offering.

### Support creation and new talents

As part of its production and broadcasting obligations, M6 is committed to developing artistic creation and to value its diversity by focusing on young talent in both cinema and music.

The Group thus shares its cinematic investment between established producers and young talent waiting to be discovered. Thus, *Vilaine* by Jean-Patrick Bénes and Allan Mauduit, was a surprise and was the "Top French film " of 2008, achieving one million box office sales, whereas *Seuls Two*, the first production by Eric & Ramzy, attracted 950,000 viewers.

The M6 Group also has an active policy in this sense in the world of music. It seeks to develop programming as greatly varied as possible to promote all forms of music. In 2008, M6 was thus committed to the promotion of young artists, by reserving spaces to broadcast clips, by broadcasting the programme *D comme Découverte*, a musical documentary exclusively reserved for developing artists and alternative music styles, while ensuring the promotion, throughout the year, of young singers via *T comme Talent*.

### Obtain value from assets and work for the preservation of the cultural heritage

The audiovisual rights subsidiaries of the Group contribute to the preservation of leading European films with the restoration of classic films.

This restoration work, initiated in 2005 with the purchase by the MN6 Group of over 400 classic films. This was continued in 2008, enabling the restoration of 50 additional films, including masterpieces such as: *La Piscine* by Jacques Deray, six films by Pier Paolo Pasolini, *Orphée* by Jean Cocteau, which was included in the Selection of Cannes Classics at the 2008 Cannes Festival, and *L'Eternel retour* by Jean Delannoy. At the end of 2008, 90 films had been fully restored and SND intends to continue its work to contribute to the preservation of heritage in 2009.

## 15.4.3 Adapted governance structures

M6 corporate governance principles comply with standards and laws applicable in France. Since 2000, Métropole Télévision has been a limited liability company with an Executive Board and a Supervisory Board, which has the advantage of clear separation between Group operational management and the supervision of that management.

This separation of powers ensures that the long term economic interests of the business and its shareholders are considered. This dual structure also enables a swift response by the organisation, with increased proximity with operating functions.

Lastly, within the M6 Group, there is an internal control mechanism with the objective to provide the means of achieving the objectives, both operational and financial, set by the Executive Board. The various procedures established enable the control of management action as well as the proper conduct of transactions, while preventing risks. This system guarantees reliable and accurate accounting information.

## 15.4.4 Balanced and transparent relations with partners

The role of the M6 Group with everyone it deals with such as shareholders, advertisers, viewers, customers or suppliers, is to maintain balanced and transparent relations with them.

### Shareholders

Since 2004 and the extension of the free float, the M6 Group has stepped up its financial communication policy in order to deliver to all shareholders exact, precise and fair information, in accordance with applicable French standards and regulations.

Seeking to be attentive to the financial community and its shareholders in this matter, the Group set up new information supports for individual and institutional shareholders, via a website dedicated to current finances in French and English, completely revised in 2008 [www.groupeM6.fr](http://www.groupeM6.fr) (Finance)

Shareholders may contact the Company using the dedicated e-mail address: [actionnaires@m6.fr](mailto:actionnaires@m6.fr).

### Presenters

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

### Suppliers

Relations with suppliers, particularly programme producers are governed by multi-year contracts as regards US studios (films, series), that ensures smooth exchange of content. In addition, M6 Group plays a leading part in creating French and European audiovisual and cinematic works, by dedicating a significant part of its advertising revenue to numerous co-productions and by reserving part of its investments for independent producers.

The relationships between M6 and the authors and producers were the subject of a modernisation agreement in 2008, that enabled the channel to commit to all the professional organisations of the audiovisual sector in its diversity. This agreement confirms the support of the channel to a rich and diversified audiovisual creation, Thus it committed to invest 15% of its sales in audiovisual works originally produced in France. Within this contribution, M6 commits to dedicate to so called heritage works, 10.5% of its 2009 sales, then 10.75% depending on the growth in sales. This heritage contribution enables the inclusion of documentaries broadcast within information and knowledge magazines that are flagships for the channel. Lastly, 9% of sales are dedicated to order heritage works produced by independent businesses.

### Viewers

M6 Group set up a fully dedicated service to enhance dialogue with viewers and to answer their questions as soon as possible.

In 2008, 69,939 viewer requests were thus dealt with, of which 64% related to the M6 Free-to-Air channel, 18% to general information, 11% to the new M6 Replay service, 6% related to equipment and 1% related to digital channels.

This procedure is used by the Group to improve its programme offering and every day, a summary of the various comments is compiled and communicated to the teams, who must take account of viewers' expectations and reactions.

### At the service of consumers

The M6 Group, with the development of its Ventadis business (Distance Selling) acquired real expertise in customer relationship management, from the original order to customer service, to deal with all calls and requests in the best timeframes and conditions. The rate of call servicing is in excess of 90%, the processing of e-mails is done in less than 6 hours in 70% of cases, and regular satisfaction surveys are carried out to verify that all steps in the customer satisfaction procedure are carried out.

Mistergooddeal was awarded the customer service prize in 2009 in the category of Sale of technical products, and M6 Boutique was awarded for the second consecutive year the prize for best customer service in the category of general distance selling (IFOP – Viséo Conseil survey), marking the daily commitment of the Ventadis staff to a quality and confidence-based relationship with their customers.

## 16. Exceptional events and litigations

### 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, in application of the provisions of the European Council's Transborder Television international agreement.

This transmission 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 Freiburg (initial proceeding and appeal) for a temporary injunction seeking to block the broadcasting in full or part of all M6 programmes including the said advertisement breaks. The Tribunal dismissed both of these proceedings initiated by SSR;
- legal proceedings before the French Conseil d'Etat, which rendered its decision on 21 November 2003, confirming the exclusive application of French Law regarding M6's broadcasts in Switzerland, provided that advertising breaks respect both French and Swiss law;
- one legal proceeding before the Tribunal of Freiburg, seeking to recognise that M6's broadcast constitutes an infringement of copyright and acts of unfair competition. This action for prevention of enjoyment, damages and dispute of legal status was dismissed on 4 January 2007 by the Cantonal Court. TSR appealed to the ruling. By a decision of 29 August 2007, the Federal Tribunal dismissed the Judgement of the Freiburg Cantonal Tribunal for reasons related to the admission of the action of TSR. On 12 February 2009, the Cantonal Court of Freiburg delivered a new judgement where it noted that the broadcasting specifically to the Swiss public by M6, due to the inclusion of specific advertising, of programmes for which it was not authorised by the copyright owners, constituted a violation of Swiss law on copyright and the rights of neighbours, and an act of unfair competition. M6 is not yet aware of the motivation for the decision by the Cantonal Court, and it should be notified in March 2009. However, the channel has already decided to appeal this decision to the Federal Court.

### Legal action by TF1 and NRJ against W9

In 2005, TFI and NRJ took an action before the Conseil d'Etat against the addendum to the agreement of the M6 Music channel of March 2009 negotiated with the Conseil Supérieur de l'Audiovisuel that reflected the wishes of the Group to change the positioning of its new DTT channel to W9.

By its decision of 5 March 2008, the Conseil d'Etat found in favour of TF1 and NRJ and cancelled this addendum as it should have provided for a change in the prime time viewing of the channel initially set at 7am to midnight. A new addendum was thus negotiated with the CSA in spring 2008. This included all the provisions that were cancelled and changed the prime time hours of the channel which are now as follows: 10am to 12.30pm and 5pm to 11pm. This had no impact on the identity, the features and the offering of programmes of the W9 channel. The new addendum was adopted on 24 June 2008 and published on the Journal officiel de la République française on 9 August 2008.

### Legal licence

M6 was summoned in 2007 and 2008 by the SPPF and the SCPP, partnerships that represent disc producers, who claimed that the Group channels had used, since 1997, musical extracts from their directory without their prior approval and had not paid them in this respect. The Group estimates that the use of these musical extracts are partly covered by the legal licence or by fair remuneration under the Law in 1985, and partly relating to the responsibility of the audiovisual producers. In respect of the legal licence, M6 pays every year on the basis of its sales to the SPRE, the collective organisation for the account of producers of discs and artists – performers. Following these summons, negotiations took place with all the players in the sector to find a resolution to this litigation, applicable both to the past and to future years. The methods of payment will probably be established in 2009.



## Requalification of the employment contract for candidates to reality television

Since the decision of the Court of Appeal in Paris in February 2008 in the matter of "Ile de la Tentation", the Group received 22 requests to appear before a number of Labour Courts seeking to requalify the employment contracts signed by participants in reality television produced by the Group.

As is the case of the producer subject to the judgement by the Court of Appeal in Paris, the Group considers that the candidates are not in an employment relationship with the producer.

## Notification of complaints by the Competition Authority

This notification is detailed in paragraph 8 of the present Management Report.

The financial risks arising from matters in progress have been conservatively estimated and provided for where necessary in the Group's financial statements.

To date, these are not governmental, legal or arbitration procedures, including every procedure known to the Company, that is in suspense of with which it is threatened, likely to have or having an significant effect in the last twelve months on the financial position or profitability of the Group.

## **17. Statutory Auditors' fees**

### Statutory Auditors fees for 2008 and other fees billed in 2008:

(in € thousands)	Ernst & Young		KPMG		PWC		TOTAL	
	2008	2007	2008	2007	2008	2007	2008	2007
<b>Audit</b>								
Statutory Audit, certification of parent company and consolidated financial statements	244	417	247	300	220	-	711	717
Other related assignments and other audit assignments	25	-	9	11	2	-	36	11
<b>Sub-total</b>	<b>269</b>	<b>417</b>	<b>256</b>	<b>311</b>	<b>222</b>	<b>-</b>	<b>747</b>	<b>728</b>
<b>Other services</b>								
Legal, fiscal, corporate and IT								
Internal control								
Other (to be specified if over 10% of audit fees)								
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>269</b>	<b>417</b>	<b>256</b>	<b>311</b>	<b>222</b>	<b>-</b>	<b>747</b>	<b>728</b>
<b>TOTAL in %</b>	<b>36.0%</b>	<b>57.3%</b>	<b>34.2%</b>	<b>42.7%</b>	<b>29.7%</b>	<b>-</b>		

*In addition, the Group may need to call on other Statutory Auditors in addition to the three firms mentioned above for recently acquired subsidiaries or whose operations are not significant.*



## **18. Annual information document**

In accordance with Article 222-7 of the AMF General Regulations, M6 - Métropole Télévision, a company listed on compartment A of Eurolist, has prepared an information document listing all information published or disclosed to the public over the past 12 months in France, in order to comply with its legal or regulatory obligations in terms of financial instruments, financial instrument issuers and financial instrument markets.

### Sales

30 January 2008	2007 4 <sup>th</sup> quarter sales. Publication in the BALO of 11 February 2008 (n° 18)
06 May 2008	2008 1 <sup>st</sup> quarter sales. Publication in the BALO of 19 May 2008 (n° 61)
24 July 2008	2008 2 <sup>nd</sup> quarter sales and 1st half-year 2008 sales. Publication in the BALO of 6 August 2008 (n° 95)
04 November 2008	2008 3 <sup>rd</sup> quarter sales
20 January 2009	2008 4 <sup>th</sup> quarter sales.

### Annual and interim financial results

3 March 2008	Annual results at 31 December 2007. Publication in the BALO of 25 April 2008 (n° 50)
10 April 2008	Publication of the 2007 Registration Document and preparatory documents to the AGM of 6 May 2008
24 July 2008	Interim results at 30 June 2008. Publication in BALO of 6 August 2008 (n° 95)
25 July 2008	Availability of the 2008 interim financial report
10 March 2009	Annual results at 31 December 2008.

### Other press releases

10 March 2008	M6 Group has entered exclusive negotiations in order to acquire 100% of Cyrealis
13 March 2008	M6 launches new generation TV: M6 Replay
30 April 2008	M6 Group acquires 100% of Cyréal
27 May 2008	M6 and W9 are each granted a frequency on DVBH network
25 November 2008	Conclusion of an interprofessional agreement / M6 / Production
12 December 2008	Adhering to <i>AFEP-MEDEF</i> 's recommendations
17 February 2009	M6 postpone the launch of its evening news programme
26 February 2009	M6 Group and PagesJaunes Groupe terminate their partnership
17 March 2009	Press release concerning the individual remuneration of the Executive Board member

Releases on significant audiences are also released within the framework of regulated information and are on line on the Group's website.

### Notices

Notice of meeting	Publication in the BALO of 28 March 2008 (n°38)
Notice of meeting	Publication in the Petites Affiches of the 18 April 2008

Operations

9 April 2008 Notice of share buyback programme (included in the registration document submitted to the AMF of the same date)

Declaration

8 January 2008 Half year report on the liquidity contract at 31 December 2007  
14 March 2008 Declaration of transactions on treasury shares from 10 to 14 March 2008  
21 March 2008 Declaration of transactions on treasury shares from 17 to 20 March 2008  
10 April 2008 Declaration of transactions on treasury shares from 25 to 28 March 2008  
11 April 2008 Monthly declaration voting rights disclosures for March 2008  
11 May 2008 Monthly declaration voting rights disclosures for April 2008  
7 July 2008 Half year report on the liquidity contract at 30 June 2008  
8 January 2009 Half year report on the liquidity contract at 31 December 2008  
2 February 2009 Cessation and implementation of a liquidity contract

Registration Document

9 April 2008 AMF submission n° D.08-219

## 19. Other disclosures

### 19.1 Tax grouping

Métropole Télévision has declared itself as the parent company of a tax grouping, pursuant to the provisions of Article 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 Article 223A of the Income Tax Code.

The companies Sédi TV (Téva), Diem 2, Citato M6 Récréative, M6 Divertissements, M6 Créations et Immobilière 46D elected to join the tax grouping with effect from 1 January 2008. The following companies left the tax grouping during the year: Operating Group, Click & Deal and Boutiques du Monde (all within the Ventadis division).

Companies in which the Group does not hold at least 95% of the share capital may not be included in the tax grouping.

### 19.2 Change in accounting principles

The application of new IFRS standards in 2008 had no impact on the Group's consolidated financial statements. The attached notes were enhanced and completed in line with IFRS where their revision was considered necessary.

In addition, the parent company, Métropole Télévision (M6), applied the regulation n° 2008-15 of 4 December 2008 in respect of the accounting treatment of share purchase or subscription plans and free share allocation plans for employees, following the opinion of *CNC* N° 2008-17 of 6 November 2008. The existence of a liability related to share purchase or subscription plans and free share allocation plans now must be recognised by way of provision for liabilities and charges.

The application of the new regulation resulted in a decrease in equity by €1.2 million in respect of the first application and a charge of €3.3 million in respect of the year.

### 19.3 Other information in respect of the parent company financial statements

#### 19.3.1 Tax information

FINANCIAL STATEMENTS AT 31 DECEMBER 2008	Amount (€ thousands)
Total of expenses and charges excluded from deductible expenses (Article 39-4 of the French Income tax Code)	29.2
Total amount of attendance fees excluded from deductible expenses (Article 210 (vi) of the French Income tax Code)	0
Remuneration and other charges relating to the 10 highest paid persons	5 474.7
Gifts and reception costs	642.3
Expenses reported on the special summary of General Expenses (Article 223 (V) of the French Income Tax Code)	
Expenses added back to taxable profit	29.2

#### 19.3.2 Corporate information

The Company will provide any shareholder who requests it with a copy of the corporate report provided by Articles L.438-1 and subsequent of the Labour Code.

## **20. Appendix to the Management Report**

### **20.1 Five year financial results summary**

This information is to be found on page 228 of the present document

### **20.2 General report of the Statutory Auditors on the consolidated financial statements**

This information is to be found on page 203 and 204 of the present document

### **20.3 General report on the Statutory Auditors on the parent company financial statements**

This information is to be found on page 229 and 230 of the present document

### **20.4 General report of the Statutory Auditors on regulated agreements**

This information is to be found on page 231 and 233 of the present document

### **20.5 Report of the Statutory Auditors on the reduction in capital through cancellation of shares purchased**

This information is to be found on page 249 of the present document

### **20.6 Report of the Statutory Auditors on the issue of shares and/or securities with maintained or cancelled pre-emption right**

This information is to be found on page 250 and 251 of the present document

### **20.7 Report of the Statutory Auditors on the increase on capital reserved to employees who are members of a corporate savings plan**

This information is to be found on page 252 of the present document.

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## A. CONSOLIDATED FINANCIAL STATEMENTS AT 31/12/2008

### I. CONSOLIDATED BALANCE SHEET

ASSETS			
(€ millions)	Note n°	31/12/2008	31/12/2007 *
Goodwill	13	83.0	53.5
Audiovisual rights	14	83.3	60.1
Other intangible assets	14	68.0	63.7
<b>INTANGIBLE ASSETS</b>		<b>234.3</b>	<b>177.3</b>
Land	15	14.1	13.7
Buildings	15	69.4	67.9
Other property, facilities and equipment	15	25.0	19.0
<b>PROPERTY, FACILITIES AND EQUIPMENT</b>		<b>108.5</b>	<b>100.6</b>
Available-for-sale financial assets	16	11.1	10.5
Other non-current financial assets	17	366.9	349.9
Shareholdings in associated companies	19	6.6	15.4
<b>FINANCIAL ASSETS</b>		<b>384.6</b>	<b>375.9</b>
Deferred tax assets	10	21.5	25.2
<b>TOTAL NON-CURRENT ASSETS</b>		<b>748.9</b>	<b>678.9</b>
Broadcast rights inventory	20	206.3	186.1
Other inventories	20	25.9	32.0
Trade receivables	21	260.4	257.9
Current tax		12.4	0.4
Other current assets	21	146.2	182.8
Derivative financial instruments		0.1	-
Current financial assets		-	-
Cash and cash equivalents	22	40.5	89.1
<b>TOTAL CURRENT ASSETS</b>		<b>691.8</b>	<b>748.2</b>
<b>TOTAL ASSETS</b>		<b>1 440.7</b>	<b>1 427.1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(€ millions)</b>	<b>Note n°</b>	<b>31/12/2008</b>	<b>31/12/2007 *</b>
Share capital		51.6	52.0
Share premium		24.3	24.3
Treasury shares		(9.7)	(10.2)
Consolidated reserves		593.6	566.7
Other reserves		(3.1)	(13.4)
Net profit for the year (Group share)		138.4	168.7
<b>GROUP EQUITY</b>		<b>795.1</b>	<b>788.0</b>
MINORITY INTEREST		(0.1)	-
<b>SHAREHOLDERS' EQUITY</b>		<b>795.0</b>	<b>788.0</b>
Provisions for liabilities and charges	27	5.1	6.1
Financial debt	24	5.0	6.4
Other financial liabilities	25	-	4.8
Liabilities relating to non-current assets		13.2	-
Other liabilities		0.6	3.7
Deferred tax liabilities	10	14.1	12.1
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>38.0</b>	<b>33.1</b>
Provisions for liabilities and charges	27	69.4	68.0
Financial liabilities	24	1.1	0.7
Other financial liabilities	25	5.1	13.3
Trade payables		368.2	363.0
Other operating liabilities		67.7	56.6
Current tax		2.1	9.1
Tax and social security payables		74.9	77.1
Liabilities relating to non-current assets		19.2	18.2
<b>TOTAL CURRENT LIABILITIES</b>		<b>607.7</b>	<b>606.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 440.7</b>	<b>1 427.1</b>

\* Due to the offsetting of VAT and income tax liabilities from 2008, the 2007 balance sheet was restated for comparability purposes

**FINANCIAL ACCOUNTS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**II. CONSOLIDATED INCOME STATEMENT**

<i>(€ millions)</i>	Note n°	31/12/2008	31/12/2007
Sales		1 354.9	1 356.4
Other income from ordinary activities	7.1	12.9	20.5
<b>Total revenues from ordinary activities</b>		<b>1 367.8</b>	<b>1 376.9</b>
Materials and service purchases	7.2	(801.6)	(786.7)
Personnel costs (including profit sharing plan contributions)	7.4	(223.2)	(209.3)
Taxes and duties		(61.4)	(60.6)
Net depreciation/amortisation/provision charges	7.3	(88.7)	(85.3)
Impairment of unamortised intangible assets	13	(10.5)	(0.9)
<b>Total operating expenses</b>		<b>(1 185.4)</b>	<b>(1 142.7)</b>
Capital gains on disposals of non-current assets		1.8	0.1
<b>Operating profit</b>		<b>184.2</b>	<b>234.3</b>
Financial income		3.1	4.8
Interest expenses		(1.6)	(1.1)
Revaluation of derivative financial instruments		(1.4)	0.7
Other financial expenses		19.8	18.4
<b>Net financial income</b>	9	<b>19.9</b>	<b>22.9</b>
Share of profit/(loss) from associates	19	(9.9)	(0.7)
<b>Profit before tax</b>		<b>194.3</b>	<b>256.5</b>
Income tax	10	(55.9)	(87.9)
<b>Net profit from continuing operations</b>		<b>138.4</b>	<b>168.6</b>
Net profit from discontinuing operations		-	-
<b>Consolidated net profit</b>		<b>138.4</b>	<b>168.6</b>
<b>Net profit (Group share)</b>		<b>138.4</b>	<b>168.7</b>
<b>Minority interest</b>		<b>-</b>	<b>(0.1)</b>
Earnings per share - basic (€) (Group share)	11	1.074	1.291
Earnings per share from continuing operations - basic (€) (Group share)		1.074	1.291
Earnings per share - diluted (€)		1.074	1.291
Earnings per share from continuing operations - diluted (€) (Group share)		1.074	1.291

**FINANCIAL ACCOUNTS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**III. CONSOLIDATED CASH FLOW STATEMENT**

<i>(€ millions)</i>	31/12/2008	31/12/2007
Operating profit	184.2	234.3
Non-current asset depreciation and amortisation	87.4	80.4
Capital gains/(losses) on disposals	(8.5)	(16.3)
Other non-cash items *	11.1	16.0
<b>Operating profit after restatement for non-cash items</b>	<b>274.2</b>	<b>314.4</b>
Income generated by cash balances	3.5	5.3
Interest paid	(1.8)	(1.2)
<b>SELF FINANCING CAPACITY (BEFORE TAX)</b>	<b>276.0</b>	<b>318.5</b>
Decrease/(increase) in inventories	(14.2)	(41.0)
Decrease/(increase) in trade receivables	42.1	13.9
(Decrease)/increase in operating liabilities	(4.1)	10.2
<b>NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS</b>	<b>23.9</b>	<b>(16.8)</b>
Income tax paid	(74.0)	(83.4)
<b>CASH FLOW FROM OPERATIONS</b>	<b>225.8</b>	<b>218.2</b>
<b>Investing activities</b>		
Intangible assets acquisitions	(84.1)	(66.4)
Property, facilities and equipment acquisitions	(19.3)	(51.0)
Investments acquisitions	(0.9)	(34.7)
Cash and cash equivalents arising from subsidiary acquisitions	(25.2)	(14.0)
Cash and cash equivalents arising from subsidiary disposals	1.5	0.3
Disposals of intangible assets and property, facilities and equipment	8.6	11.2
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(119.5)</b>	<b>(154.5)</b>
<b>Financing activities</b>		
Share capital increases	-	0.1
Current financial assets	3.0	(1.5)
Financial liabilities	(4.2)	0.3
Income from the exercise of stock options	-	-
Purchase of treasury shares	(25.0)	(46.6)
Dividends paid to shareholders of the parent company	(128.7)	(125.0)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(155.0)</b>	<b>(172.8)</b>
Cash flow linked to discontinuing operations	-	(52.5)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(48.6)</b>	<b>(161.5)</b>
Cash and cash equivalents - start of year	89.1	250.7
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>40.5</b>	<b>89.1</b>

\* primarily relating to the charge recognised pursuant to IFRS 2 - Share-based payments

**FINANCIAL ACCOUNTS**

**CONSOLIDATED FINANCIAL STATEMENTS**

IV. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(€ millions)</i>	<i>Number of shares (thousands)</i>	Share capital	Share premium	Treasury shares	Consolidated reserves	Movement in fair value translation adjustment actuarial gains and losses	Group equity	Minority interest	Equity
<b>BALANCE AT 1 JANUARY 2007</b>	<i>131 888.7</i>	52.8	24.2	(11.5)	735.6	(2.1)	798.8	0.9	799.7
Change in the value of derivative instruments						(1.3)	(1.3)	-	(1.3)
Actuarial gains and losses						1.2	1.2	-	1.2
Translation adjustment						(1.0)	(1.0)	-	(1.0)
<i>Revenues/(expenses) directly recognised under equity</i>		-	-	-	-	<i>(1.1)</i>	<i>(1.1)</i>	-	<i>(1.1)</i>
Net profit					168.7		168.7	(0.1)	168.6
<b>Total recognised revenues and expenses</b>		-	-	-	168.7	(1.1)	167.6	(0.1)	167.5
Dividends					(125.0)		(125.0)	-	(125.0)
Changes in consolidating company's equity		(0.8)	0.1				(0.7)	-	(0.7)
Cost of stock options (IFRS 2)					13.2		13.2	-	13.2
Purchases/sales of treasury shares				1.3	(45.2)		(43.9)	-	(43.9)
Free share allocation hedging instruments						(10.2)	(10.2)	-	(10.2)
Other movements					(11.9)		(11.9)	(0.8)	(12.7)
<b>BALANCE AT 31 DECEMBER 2007</b>	<i>129 934.7</i>	52.0	24.3	(10.2)	735.4	(13.4)	788.0	-	788.0
Change in the value of derivative instruments						2.3	2.3	-	2.3
Actuarial gains and losses						0.3	0.3	-	0.3
Translation adjustment						0.5	0.5	-	0.5
<i>Revenues/(expenses) directly recognised under equity</i>		-	-	-	-	<i>3.2</i>	<i>3.2</i>	-	<i>3.2</i>
Net profit					138.4		138.4	-	138.4
<b>Total recognised revenues and expenses</b>		-	-	-	138.4	3.2	141.7	-	141.7
Dividends					(128.7)		(128.7)	-	(128.7)
Changes in consolidating company's equity		(0.4)					(0.4)	-	(0.4)
Cost of stock options (IFRS 2)					7.6		7.6	-	7.6
Purchases/sales of treasury shares				0.5	(21.0)		(20.5)	-	(20.5)
Free share allocation hedging instruments					0.3	7.1	7.4	-	7.4
Other movements							-	(0.1)	(0.1)
<b>BALANCE AT 31 DECEMBER 2008</b>	<i>128 954.7</i>	51.6	24.3	(9.7)	732.0	(3.1)	795.1	(0.1)	795.0

## B. Notes to the consolidated financial statements

Unless otherwise mentioned, the amounts presented in the notes are expressed in millions of Euros.

### 1. Financial year significant events

On 13 February 2008, M6 Editions acquired the 50% in Femmes en Ville it did not yet hold, from the founder of the magazine and financial shareholders.

On 26 February 2008, M6 made the full acquisition of the film production company Hugo Films, which owns a catalogue of feature films, which enabled the Group to strengthen its position of its audiovisual rights distribution operations.

On 5 March 2008, the *Conseil d'Etat* cancelled the addendum to the W9 agreement, negotiated with the *CSA*, which had been the subject of a claim by competing channels (TF1 and NRJ groups) since 2005. The *Conseil d'Etat* considered that this addendum should have included amendments to the prime time of the channel, initially very extensively defined, covering the period from 7 am to midnight. As a result, the *Conseil d'Etat* sought a renegotiation of this point between the M6 group and the *CSA* before 1 July 2008.

This renegotiation resulted on 26 June 2008 in the signing of a new addendum to W9's broadcasting license, amending the definition of peak time viewing time which are now set from 10am to 12.30pm and from 5pm to 11pm. In addition, this new clause provides for the broadcast of more music programmes during the 4pm – 12pm slot. Programmes will have to be adapted due to this new clause, without calling into question the current economic equilibrium of the channel.

During March 2008, the Group used the authorisation to purchase its own shares with a view to cancelling them to buy 980,000 M6 shares at a weighted average price of €13.97 per share (including 480,000 shares acquired from RTL – Immobilière Bayard d'Antin). The 980,000 shares were cancelled following their purchase, which brought the number of shares comprising the Company's capital to 128,954,690.

On 30 April 2008, M6 Web finalised the full acquisition of Cyréal Group, which operates three editorial websites, high tech (*clubic.com*), video games (*jeuxvideo.fr*) and e-business (*neteco.com*), as well as a price comparison engine (*achetezfacile.com*). This acquisition enables M6 Group continue its profitable growth strategy, while at the same time providing itself with the resources to boost its whole Internet offering and become a leader in this market.

In order to simplify the Group's organisation, all the assets and liabilities of Cyréal Holding, Cyréal Group's parent company, were also transferred to M6 Web on 30 December 2008.

On 19 December 2008, an agreement was signed on the planned part disposal of the local TV stations, according to which 5 offices would be retained outside Paris (Bordeaux, Lille, Lyon, Marseille and Toulouse). The broadcasting of local newscasts in these 5 cities did not resume in 2009, but these offices will continue their local news production operations on behalf of national editing.

On 22 December 2008, the Distance Selling division was renamed Ventadis, combining the two flagship brands, M6 Boutique and Mistergooddeal, and marking the Group's intent of uniting the expertise of these two Distance Selling players.

On 24 December 2008, the Decree of 19 December 2008, amending the framework applicable to TV advertising, TV sponsoring and home shopping, was published to the Official Journal, coming into force on 1 January 2009, thereby introducing the change from 6 to 9 minutes of advertising per hour on average on terrestrial channels, as well as the switch to clock time.

## 2. Company information

The consolidated financial statements at 31 December 2008 of the Group of which M6 is the parent company (the Group) were approved by the Executive Board on 9 March 2009 and reviewed by the Supervisory Board on 10 March 2009. They will be submitted for approval to the next Annual General Meeting on 5 May 2009.

Métropole Télévision is a public limited company with an Executive Board and a Supervisory Board, registered at 89, avenue Charles-de-Gaulle, Neuilly sur Seine in France. Its shares trade on the compartment A of the Euronext Paris Stock Exchange (code ISIN FR0000053225). The Company is fully consolidated into the RTL Group, which is listed on the Brussels and Luxembourg stock exchanges.

## 3. Basis of preparation and presentation of the consolidated financial statements

### 3.1 Accounting framework

The consolidated financial statements at 31 December 2008 were prepared in accordance with the IAS/IFRS (International Financial Reporting Standards) in force within the European Union at that date. They are presented with comparative figures for 2007 established under the same framework.

The IFRS standards adopted by the European Union at 31 December 2008 are available in the section IAS/IFRS, SIC and IFRIC standards and interpretations adopted by the Commission of the following website: [http://ec.europa.eu/internal\\_market/accounting/ias\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias_en.htm).

#### PRINCIPLES APPLIED

The principles applied for the establishment of these financial statements result in the application of:

- all standards and interpretations adopted by the European Union, the application of which is mandatory for financial years starting on or after 1 January 2008;
- options retained and exemptions used.

#### NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS IN FORCE WITHIN THE EUROPEAN UNION, THE APPLICATION OF WHICH IS MANDATORY FOR FINANCIAL YEARS STARTING ON OR AFTER 1 JANUARY 2008

The accounting methods adopted are consistent with those of the previous financial year, with the exception of the impact of an adoption by the Group of new standards, amendments to standards and IFRIC interpretations, the application of which is mandatory as from 31 December 2008.

Adoption of the regulations did not affect the Group's financial statements. Where necessary, additional information has been provided in the notes to the financial statements:

- IFRIC 11 interpretation of IFRS 2 – *Group and treasury share transactions*: this interpretation, the application of which is compulsory for financial years starting on or after 1 January 2009, confirms the treatment to apply in cases where equity instruments are granted to employees of a group's various entities.
- Amendment to IAS 39 and IFRS 7 – *Reclassification of Financial Assets*, applicable since 1 July 2008.

The Group is not concerned by:

- IFRIC 12 – *Service concession arrangements*, applicable to financial years starting on or after 1 January 2008: this interpretation sets the general principles for the recognition and measurement of obligations and rights arising from service concession arrangements.

APPLICATION OF NEW STANDARDS IN ADVANCE OF THE DATE ON WHICH THEIR APPLICATION BECOMES MANDATORY

The Group has chosen not to apply in advance any standards, amendments to standards or interpretations, the application of which is not mandatory until after 31 December 2008. The following could apply to the Group:

- IFRS 8 – *Operating segments*: this standard, the application of which will be compulsory from 1 January 2009, requires the use of the management approach to present financial performance and operating segments;
- Amendment to IAS 23 – *Borrowing costs*, applicable to financial years starting on or after 1 January 2009;
- Revised IAS 1 – *Presentation of financial statements*, applicable to financial years starting on or after 1 January 2009;
- Amendment to IFRS 2 – *Share-based payments: vesting conditions and cancellations*, applicable to financial years starting on or after 1 January 2009;
- IFRIC 13 – *Customer loyalty programmes*: this interpretation is applicable to financial years starting on or after 1 January 2009;
- IFRIC 14 – *IAS 19 The limit on a defined benefit asset minimum funding requirements and their interaction*, applicable to financial years starting on or after 1 January 2009.

STANDARDS PUBLISHED BY THE IASB BUT NOT YET APPROVED BY THE EUROPEAN UNION

In addition, the regulations published by the IASB as at 31 December 2008 but not in force in the European Union at that date, and which apply to the Group, are as follows:

- Revised IAS 27 – *Consolidated and separate financial statements*, applicable to financial years starting on or after 1 July 2009;
- Revised IFRS 1 – *First adoption of IFRS*, applicable to financial years starting on or after 1 July 2009;
- Revised IFRS 3 – *Business combinations*, applicable to financial years starting on or after 1 July 2009;
- Amendment to IAS 32 and IAS 1 – *Financial instruments puttable at fair value and obligations arising on liquidation*, applicable to financial years starting on or after 1 January 2009;
- Amendment to IFRS 1 and IAS 27 – concerning the determination of the cost of an investment in separate financial statements, applicable to financial years starting on or after 1 January 2009;
- Improvements to IFRSs – *Collection of amendments to IFRS*, applicable to financial years starting on or after 1 January 2009, except for IFRS 5, applicable from 1 July 2009;
- Amendment to IAS 39 – *Eligible hedged items*, applicable from 1 July 2009;
- IFRIC 15 – *Agreements for the construction of real estate*, applicable to financial years starting on or after 1 January 2009;
- IFRIC 16 – *Hedges of a net investment in a foreign operation*, applicable to financial years starting on or after 1 October 2008;
- IFRIC 17 – *Distributions of non-cash assets to owners*, applicable to financial years starting on or after 1 January 2009.



## OPTIONS AVAILABLE AND USED BY M6 GROUP IN RELATION TO THE ACCOUNTING FRAMEWORK

Some of the international accounting standards allow options relating to the valuation and accounting treatment of assets and liabilities. The options utilised by the Group are detailed in note 3.5.

Furthermore, IFRS 1 – *First-time adoption of IFRS*, relating to the first time application of the international reporting framework, allows options in respect of the retrospective application of IFRS at the date of transition (1 January 2004) for the Group. In this regard, the Group has used the following options:

- business combinations prior to 1 January 2004 have not been restated in accordance with IFRS 3 – *Business Combinations*;
- IAS 39 has been applied retrospectively as from 1 January 2004;
- the measurement of benefits granted to employees in the context of share-based remuneration takes into account only those plans established since 7 November 2002.

### 3.2 Change in accounting methods

The consolidated financial statements were prepared in accordance with the historic cost principle, except for derivative instruments, financial assets available for sale and assets measured at fair value through the income statement, which were measured at fair value. Other financial assets were measured at amortised cost.

Financial liabilities were valued in accordance with the amortised cost principle. The book value of assets and liabilities recognised in the balance sheet and subject to a fair value hedge were restated to reflect the movements in the fair value of the risks hedged against.

### 3.3 Use of estimates and assumptions

In order to prepare the consolidated financial statements in compliance with IFRS, the Group Management makes estimates and formulates assumptions which affect the amounts presented as assets and liabilities on the consolidated balance sheet, the information provided on contingent assets and liabilities at the time of preparing this financial information, as well as the income and expenditure recognised in the income statement.

Management continually reviews its estimates and assumptions taking into account past experience as well as various other factors that it deems reasonable and which constitute the basis of its assumptions with regard to the book value of composites of assets and liabilities.

The estimates and assumptions established during the finalisation of the consolidated financial statements may subsequently prove to be significantly different from actual results.

The main estimates and assumptions relate to:

- the valuation and realisable value of goodwill and intangible assets such as audiovisual rights and the acquisition cost of sports club players; the estimation of the realisable value of these assets effectively rests on the determination of cash flows resulting from their use or the known market value of the assets. It could turn out that the cash flows actually realised from these assets differ significantly from initial projections. In the same manner, the market value of assets, particularly sports club players, can evolve and differ from the previously recognised values.
- the measurement, methods of usage and recoverable value of audiovisual rights.
- the valuation of retirement benefits, the methods of which are detailed in note 4.14.
- the evolution of commercial discounts (note 4.17).
- the determination of the amounts recognised as provisions for liabilities and charges given the uncertainties likely to affect the occurrence and cost of the events and circumstances underlying the provisions.

### 3.4 Presentation principles

#### PRESENTATION OF THE INCOME STATEMENT

The Group has presented the income statement based on the nature of expenses, as permitted by IAS 1 – *Presentation of Financial Statements*.

Operating profit is equal to consolidated net profit before taking into account:

- finance income
- finance costs
- income tax
- share of profit of associates
- net income of discontinued operations.

#### PRESENTATION OF THE BALANCE SHEET

In compliance with IAS 1, the Group presents current and non-current assets and liabilities separately on the balance sheet. Considering the nature of the Group's activities, this classification is based upon the timescale in which the asset will be realised or the liability settled: current when this is within the operating cycle and non-current if longer.

#### PRESENTATION OF CONTINGENT ASSETS AND LIABILITIES

Commitments given in respect of purchases of rights are stated net of advances and account payments paid in this regard for the corresponding rights not yet recognised in inventories

### 3.5 Options retained in relation to measurement and recognition of assets and liabilities

Some of the international accounting standards make provision for options as concerns the measurement and recognition of assets and liabilities.

Within this framework, the Group has retained the following:

- the valuation at historic cost of property, facilities and equipment and intangible assets, without revaluation at each balance sheet date;
- the proportional consolidation of jointly controlled entities, as permitted by IAS 31 – *Interests in Joint Ventures*;
- the option for measurement at fair value through profit or loss, in accordance with the amendment to IAS 39.

Lastly, in the absence of standards or interpretations applicable to a specific transaction, the Group Executive Board uses its judgment to define and apply the accounting principles and methods which allow the presentation of relevant and reliable information, so that the financial statements are:

- a fair presentation of the Group's financial position, performance and cash flows;
- representative of the economic reality of transactions;
- transparent;
- prudent;
- complete in all significant aspects.

The Group thus retained a defined accounting framework for acquisitions of minority interests in already fully-consolidated subsidiaries (see Note 4.4).

## 4. Accounting principles, rules and methods

### 4.1 Consolidation principles

#### SUBSIDIARIES

A subsidiary is an entity controlled by the Group. Control exists when the Group has the power to govern the entity's financial and operating policies in order to derive benefits from its operations. Potential voting rights currently exercisable are taken into consideration to evidence the existence of control.

Companies exclusively controlled by Métropole Télévision are fully consolidated. Acquisitions or disposals of companies during an accounting period are taken into account in the consolidated financial statements from the date of taking of control or until the date of effective loss of control. The full consolidation method implemented is that under which the assets, liabilities, income and expenses are completely integrated. The proportion of net assets and net profit attributable to minority interests is presented separately as minority interest in shareholders' equity in the consolidated balance sheet and in the consolidated income statement.

#### JOINTLY CONTROLLED ENTITIES

Jointly controlled companies are proportionally consolidated, in compliance with IAS 31 – *Interests in Joint Ventures* (joint control is the shared control of a single entity by a limited number of associates or shareholders, from whose agreement financial and operational decisions are made). Under this method, the Group includes its proportion of the assets, liabilities, income and expenses of the subsidiary under the appropriate headings in the consolidated financial statements.

#### ASSOCIATED COMPANIES

Associated companies are entities in which the Group has significant influence over the financial and operating policies, but does not control these policies. Significant influence is presumed when the Group holds between 20% and 50% of the voting rights of an entity.

Associated companies are accounted for under the equity method (equity accounted companies) and are initially recognised at acquisition cost. The Group's shareholding includes goodwill identified upon the acquisition, net of cumulative impairment charges.

Under this method, the Group accounts for its share of net assets of the associate on the balance sheet and records a specific line item in the consolidated income statement entitled "Share of profit/(loss) from associates" its share of the net income of the entity consolidated using the equity method.

Consolidated financial statements include the Group's share of total profit and loss and equity movements recognised by equity accounted companies, taking account of restatements necessary for accounting policies to comply with those of the Group, from the date on which significant influence is exercised and until significant influence ceases.

If the Group's share of losses exceeds the value of its shareholding in the equity accounted company, the book value of equity accounted shares (including any long-term investment) is brought down to zero and the Group ceases to recognise its share of subsequent losses, unless the Group is under the obligation of sharing in the losses or to make payments in the name of the company.

The existence and effect of potential voting rights exercisable or convertible at year end are taken into consideration when assessing whether the Group has control or significant influence over the entity.

#### TRANSACTIONS ELIMINATED ON CONSOLIDATION

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

#### FINANCIAL YEAR END

All consolidated companies have a year end of 31 December.

### 4.2 Translation of financial statements of consolidated foreign entities

The presentation currency of the consolidated financial statements is the Euro.

The financial statements of foreign operations are translated into Euros, the Group's financial statement reporting currency. All assets and liabilities of the entity are translated at the closing exchange rate of the financial year and income and expenses are translated at the average rate of the year just ended, corresponding to the approximate rate at the transaction date in the absence of significant fluctuations. Translation reserves resulting from this treatment and those resulting from the translation at year end rate of subsidiaries' opening equity are posted to "Other reserves" under consolidated equity.

### 4.3 Foreign currency transactions

Foreign currency transactions are initially recorded in the functional currency (Euro) using the exchange rate prevailing at the date of the transaction, in application of IAS 21 – *Effects of Changes in Foreign Exchange Rates*.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the balance sheet date. All differences are recorded in the income statement. Non monetary items in foreign currencies which are valued at historic cost are translated at the exchange rate at the initial date of the transaction.

Exchange differences resulting from the conversion of assets and liabilities denominated in foreign currency arising from commercial transactions are accounted for in operating profit; for financial transactions, these same differences are accounted for in finance income and expense.

The treatment of foreign exchange hedges is detailed in note 4.16.

### 4.4 Business combinations and goodwill

Business combinations are accounted for in accordance with IFRS 3 – *Business Combinations*.

In this context, goodwill represents the difference between the acquisition price, plus related expenses, of the shares of consolidated entities and the Group share of the fair value of their net assets, less any contingent liabilities, at the date of investment. The evaluation period for this fair value may be up to 12 months following the acquisition. When the acquisition price, together with related expenses, is less than the fair value of the identified assets and liabilities and contingent liabilities acquired, the difference is immediately recognised in the income statement.

In the specific case of the acquisition of minority interests in an already fully-consolidated subsidiary and in the absence of any specific IFRS provision, the Group elected not to recognise additional goodwill and to record under equity the difference between the acquisition cost of the shares and the minority interests acquired.

Once allocated to each of the Cash Generating Units, goodwill is not amortised. It is subject to impairment tests from the point of indication of impairment, and as a minimum, once a year (see note 4.7).

In connection with its transition to IFRS in 2005, the Group adopted the option offered by IFRS 1 – *First-time Adoption of IFRS* not to restate business combinations prior to 1 January 2004 which do not comply with the recommendations of IFRS 3 – *Business Combinations*.

Goodwill recorded prior to 1 January 2004 has been frozen at its carrying amount at this date and will no longer be amortised, complying with IFRS 3, as from this date.

Goodwill is valued at the cost of the business combination, less cumulative impairment. As for equity accounted companies, the book value of the goodwill is included in the book value of the shareholding. Goodwill impairment may not be reversed.

## 4.5 Intangible assets

Intangible assets principally comprise:

- advances and payments on account for non-current assets,
- audiovisual rights held for commercialisation by companies with such a mandate,
- production and co-production share of drama and feature films and others,
- acquisition costs of sports club players,
- computer software and e-business websites,
- brands.

### NON-CURRENT ASSET ADVANCES AND PAYMENTS ON ACCOUNT

Advances and payments on account comprise:

- audiovisual rights not yet open held with a view to their exploitation,
- co-production rights awaiting receipt of technical acceptance or exploitation visa.

### AUDIOVISUAL RIGHTS

Audiovisual rights, comprising rights to films for movie theatre distribution, as well as television and videographic rights, purchased with or without a minimum guarantee, in view of their commercialisation (distribution, trading), produced or co-produced are classified as an intangible asset in compliance with IAS 38 – *Intangible assets*.

The method of amortisation of an asset should reflect the pattern according to which the benefits generated by the asset are consumed. That is why audiovisual rights:

- are amortised according to the pattern of revenues generated, compared to the total estimated revenues, and as a minimum are amortised over the life of the contract, subject to the following limits:
  - 3 years if the company is a distributor of these rights,
  - 5 years if the company is a dealer in these rights.
  - 15 years if the company is a producer of these rights;
- are subject, in conformity with IAS 36 – *Impairment of Assets* (see note 4.7) to an impairment test, which could lead to the recognition of an impairment should the carrying amount of the right exceed its recoverable value.

### CO-PRODUCTION SHARE OF FEATURE FILMS, DRAMA AND OTHER COSTS

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

In application of IAS 20 – *Accounting for Government Grants and Disclosure of Government Assistance*, grants received from the *Centre National de Cinématographie (CNC)* are accounted for as a reduction in the acquisition cost of financed co-production assets, and are subsequently accounted for in profit according to the pattern of consumption of the expected economic benefits of the co-productions as previously defined.

ACQUISITION COST OF SPORTS CLUB PLAYERS

In application of IAS 38 – *Intangible Assets*, purchases of sports club players are capitalised as intangible assets at their acquisition cost and are amortised on a straight-line basis over the length of their contracts. The realisable value is also assessed in compliance with IAS 36 – *Impairment of Assets* (see note 4.7).

COMPUTER SOFTWARE AND E-BUSINESS WEBSITES

Computer software purchased or internally developed is reported at acquisition or production cost and amortised on a straight-line basis over its period of use, which does not exceed four years.

Under IAS 38 – *Intangible assets*, development costs of “active” websites must be capitalised as intangible assets from the time the company can demonstrate the following:

- its intention and financial and technical capacity to complete the development project;
- the likelihood that future economic benefits attributable to the development costs will flow to the Company;
- and that the cost of this asset can be reliably measured.

BRANDS

Only those brands that are separable and well known are recognised as assets in the case of business combinations and the resulting allocation of the acquisition price.

Acquired brands are initially recognised at their fair value, which is estimated on the basis of the methods normally used to measure brands.

When such brands have a finite useful life, i.e. they are expected to be no longer usable at the end of a determined period, they are amortised on a straight-line basis over their useful lives.

Brands are tested for impairment in accordance with IAS 36 – *Impairment of Assets*.

## 4.6 Property, facilities and equipment

Property, facilities and equipment are recorded at their acquisition cost, reduced by accumulated depreciation and impairment provisions, according to the treatment specified by IAS 16 – *Property, Plant & Equipment*. This cost includes costs directly attributable to the transfer of the asset to its place of operation and its adaptation to operate in the manner anticipated by management.

DEPRECIATION

Depreciation is calculated in line with the pattern of consumption of the expected economic benefits of each individual asset, based on its acquisition cost, less its residual value.

The straight-line method is applied over the following useful lives:

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

RESIDUAL VALUE

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

The residual value of an asset may increase to an amount equal to or greater than the asset’s carrying amount. If it does, the asset’s depreciation charge is zero unless and until its residual value subsequently decreases to an amount below the asset’s carrying amount.

**IMPAIRMENT LOSSES**

Property, facilities and equipment are subject to impairment tests when indications of a loss of value are identified. Should this be the case, an impairment loss is recorded in the income statement under the caption "Net depreciation/amortisation/provision charges".

**FINANCE LEASES**

Assets acquired through finance leases are capitalised when virtually all risks and rewards of ownership of these assets have effectively been transferred to the Group. They are recorded on the balance sheet at the lower of their fair value and the discounted value of minimum lease payments, reduced by accumulated depreciation and impairment. These assets are depreciated over their estimated useful lives.

Leases for which the risks and rewards are not transferred to the Group are classed as operating leases. Operating lease payments are accounted for as expenses on a straight-line basis over the duration of the lease.

## 4.7 Impairment of assets

According to IAS 36 – *Impairment of Assets*, the realisable value of intangible assets and property, facilities and equipment is tested at the appearance of indications of impairment.

The realisable value of unamortised intangible assets is tested at the appearance of indications of impairment, and as a minimum once a year.

The realisable value is determined on an asset by asset basis, unless the asset in question does not generate cash flows largely independent of those generated by other assets or groups of assets.

In this instance, the realisable value of the Cash Generating Unit, to which the asset belongs, is determined.

A Cash Generating Unit is the smallest group of assets, which includes the asset, and which generates cash flows, largely independently of other assets or groups of assets. In this case, the recoverable value of the CGU is subject to the impairment test.

For sports club players, in particular, the realisable value of these intangible assets is tested separately, player by player, and at the level of the global strength of players in League 1 (French Football League).

Goodwill and intangible assets to which it is not possible to directly match independent cash flows are grouped together, at the time they are first recorded, into the Cash Generating Unit to which they belong.

Impairment is recognised when, as a result of specific events or circumstances arising during the period (internal or external criteria), the realisable value of the asset or group of assets falls below its carrying amount.

The realisable value is the higher of fair value, net of disposal costs, and value in use.

The value in use retained by the Group corresponds to the discounted cash flows of the CGU, including goodwill, and is determined within the framework of the economic assumptions and operating conditions as provisionally established by the Management of Métropole Télévision in the following manner:

- future cash flows stem from the medium term budget (5 years) drawn up by the Management,
- beyond this timescale, the cash flows are extrapolated by application of a perpetual growth rate appropriate to the potential development of the markets in which the entity concerned operates, as well as the competitive position held by the entity within these markets.
- the discount rate applied to the cash flows is determined using the rates which are most appropriate to the nature of the operations and the country. It takes into account the time value of money and risks specific to the CGU for which cash flows have not been adjusted,

Impairment recognised in respect of a cash generating unit (or group of units) is allocated firstly to reducing the book value of any goodwill associated with the cash generating unit, and subsequently to the book



value of other assets of the unit (or group of units), proportionally to the book value of each asset of the unit (or group of units).

Impairment recognised in respect of goodwill may not be reversed. As for other assets, the Group assesses at each balance sheet date if there is any indication that impairment recognised in previous financial years has decreased or no longer exists. Impairment is reversed if a change has occurred in estimates used to measure the recoverable value. The book value of an asset, increased by an impairment reversal, may not exceed the book value which would have been measured, net of amortisation and depreciation charges, if no impairment had been recognised.

#### 4.8 Available-for-sale financial assets, other financial assets and financial liabilities

##### FINANCIAL ASSETS

In accordance with the recommendations of IAS 39 – *Financial Instruments: Recognition and Measurement*, the shares of non-consolidated companies belong to the asset category “available-for-sale financial assets”. They are initially recognised at fair value, corresponding to their original acquisition cost, and are then revalued to fair value through equity at each balance sheet date. Loans and receivables, as well as assets held until maturity are measured at fair value and then revalued at their amortised cost.

The following assets are tested for impairment at each period end:

- loans and receivables issued by the entity and held-to-maturity assets: when there is an objective indication of impairment, the amount of the impairment loss is recognised in profit or loss;
- available-for-sale assets: changes in fair value are recognised in shareholders’ equity (“Other reserves”) until the effective disposal of the shares or the recognition of an impairment via profit and loss. An impairment of available-for-sale assets can be recorded in profit and loss if the corresponding loss in value is considered to be sustainable or permanent.

Financial assets at fair value through profit or loss comprise:

- assets that are regarded as held for trading, which comprise assets that the company intends to sell in the near term in order to realise a gain, which are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking (mainly cash and cash equivalents and other cash management financial assets);
- assets explicitly designated by the Group upon initial recognition as financial instruments, the changes in fair value of which are recognised in profit or loss. This designation is used when such use results in the provision of better quality financial information and enhances the consistency of the financial statements.



**FINANCIAL LIABILITIES**

Financial liabilities valued at fair value through the income statement result in the realisation of profit due to short-term variations in price. This applies only to liabilities resulting from short sales of shares or other financial assets or derivatives which are not hedge derivatives.

Other financial liabilities are valued at amortised cost, with the exception of derivative financial instruments which are valued at fair value.

Derivative instruments relating to cash flows are valued at fair value at each balance sheet date, and the change in the fair value of the ineffective portion of the hedge is recognised in the income statement and the change in the fair value of the effective portion of the hedge in reserves.

**FAIR VALUE**

The fair value is determined by reference to a quoted price in an active market where such a market price exists. Failing that, it is calculated using a recognised valuation technique such as the fair value of a similar and recent transaction or the discounting of future cash flows, based on market data. However, the fair value of short-term financial assets and liabilities can be deemed to be similar to their balance sheet value due to the short maturity of these instruments.

## 4.9 Income tax

Income tax includes current tax and deferred tax charges. Tax is recognised against profit except where it relates to items directly recognised under equity, in which case it is recognised under equity.

Current tax is the estimated amount of income tax payable in respect of the taxable income of a period, measured using taxation rates adopted or virtually adopted at the balance sheet date, before any adjustment of current tax payable in respect of previous periods.

Deferred tax is measured and recognised according to the liability method balance sheet approach for all temporary differences between the carrying amount of assets and liabilities and their tax base. However, the following items do not give rise to the recognition of deferred tax: the initial recognition of an asset or liability as part of a transaction that is not a business combination and that affects neither book profit nor taxable profit, and temporary differences relating to shareholdings in subsidiaries and joint ventures, to the extent that they may not be reversed in the foreseeable future.

Recognised deferred tax assets reflect the best estimate of the schedule of taxable temporary difference reversal and realisation of future taxable profits in the tax jurisdictions concerned. These future taxable profit forecasts are consistent with business and profitability assumptions used in budgets and plans and other budget estimates used to value other balance sheet items.

Furthermore, deferred tax is not recognised in case of a taxable temporary difference generated by the initial recognition of goodwill. Deferred tax assets and liabilities are valued at the income tax rate expected to apply to the period in which the asset will be realised or the liability settled, based on tax regulations that have been adopted or virtually adopted at the balance sheet date.

In accordance with IAS 12 – *Income tax*, deferred tax assets and liabilities are not discounted and are offset if a legally enforceable right to offset current tax assets and liabilities exists and if it concerns income tax collected by the same tax authority, either from the same taxable entity or from different taxable entities, which intend to settle current tax assets and liabilities based on their net value or to realise the assets and pay the tax liabilities at the same time.

Deferred tax assets are recognised to the extent that it is probable that the Group will generate sufficient taxable profit in the future against which corresponding temporary differences may be offset. Deferred tax assets are examined at each balance sheet date and are adjusted, if necessary, in the light of estimated future taxable profits.

## 4.10 Inventories

Inventories are comprised of programmes, broadcast rights and commercial inventories.

### PROGRAMMES AND BROADCASTING RIGHTS

In compliance with IAS 2 – *Inventories*, programmes and broadcasting rights are recorded in inventory at the date the rights are open.

Rights which are not yet open and not yet billed are classified as off-balance sheet commitments.

The billed portion of rights not open is recognised in advances and payments on account.

Programmes and broadcast rights are valued at their acquisition costs, reduced each balance sheet period by the amount consumed, as calculated according to the following models.

Métropole Télévision programmes (which constitute the predominant part of the Group's broadcast rights inventories) are considered to be utilised when broadcast, in accordance with the following rules:

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

Different amortisation schedules may be considered in highly specific cases of rights acquired for 4 to 5 broadcasts, the audience potential of which is deemed particularly high for each broadcast.

On the other hand, a writedown provision is established for broadcast rights relating to programmes that are not likely to be broadcast on the basis of a review, title by title, of the portfolio of broadcast rights.

### OTHER INVENTORIES

These inventories comprise products and home shopping products relating to the brand diversification activities of the Group. These inventories are valued at the lower of their acquisition cost and their net realisable value which corresponds to the estimated sales price, net of estimated costs necessary to realise their sale.

A writedown provision is established whenever their net realisable value is less than their acquisition cost, measured on a case by case basis (slow rotation, inventories for reimbursement, returns ...)

## 4.11 Receivables

If the maturity date is less than one year and the effects of discounting are not significant, receivables are measured at cost (nominal amount of the receivable). Conversely, receivables are measured at amortised cost, using the effective rate of interest, when their maturity date exceeds one year and the effects of discounting are significant.

A writedown provision is calculated for each receivable as soon as circumstances indicate the possibility that the customer may not pay the total of the receivable within the contracted terms. The amount of the provision equates to the difference between the carrying amount and the discounted value at the initial effective interest rate (should the case arise) of estimated future cash flows.

## 4.12 Treasury shares

Treasury shares are recorded as a reduction to shareholders' equity at their purchase cost.

When future contracts are entered into to purchase treasury shares at a given price and on a given date, the commitment is reflected by the recognition of a financial liability representative of the discounted buyback value and offset against equity. Subsequent variations in the value of this financial liability are recognised under finance income and expense.

On the disposal of treasury shares, gains and losses are recorded in consolidated reserves, net of tax.

## 4.13 Share-based payments

M6 Group has implemented share subscription option plans, as well as free share allocation plans for the benefit of its personnel (see Note 8). In compliance with IFRS 2 – *Share-based payments*, personnel remuneration items paid in equity instruments are recognised as personnel costs in the Income Statement and offset against equity.

The total cost of the benefit is measured once and for all, using the binomial mathematical model in the case of share subscription option plans, at the date of allocation of the options and spread over the vesting period.

In the case of free share allocation plans, the total cost is estimated to be the market value of the M6 share on the date of allocation less dividends expected during the holding period. This cost is posted to the income statement and spread over the same holding period.

In the context of the transition to IFRS and in compliance with the requirements of IFRS 1, the Group has only recognised, in its valuation the fair value of benefits awarded to employees, those plans granted after 7 November 2002, for which the rights had not yet vested at 1 January 2005.

## 4.14 Retirement benefits and other benefits

### RETIREMENT BENEFITS

The Group only has retirement benefit commitments under defined benefit schemes.

A defined benefit plan is a post-employment benefit plan under which payments made to a distinct entity do not discharge the employer from its obligation to pay additional contributions.

The Group' net obligation in respect of defined benefit plans is measured using the value of future benefits acquired by personnel in exchange of services rendered during the current and previous periods. This amount is discounted to measure its present value. The costs of unrecognised past services and the fair value of plan assets are subsequently deducted. The discount rate is equal to the interest rate, at the balance sheet date, of top-rated bonds with a maturity date close to that of the Group's commitments and denominated in the same currency as that used to pay out benefits.

Calculations are carried out every year by a qualified actuary using the projected unit credit method.

The Group immediately recognises against equity all actuarial differences arising in respect of defined benefit plans.

### SEVERANCE PAY

Severance pay is recognised as an expense when the Group is obviously committed, with no real possibility to retract, to a formal and detailed redundancy plan before the normal retirement age.

## SHORT-TERM BENEFITS

Obligations arising from short-term benefits are measured on a non-discounted basis are recognised as corresponding services are rendered.

A liability is recognised for the amount the Group expects to pay in respect of employee profit-sharing plans and for bonuses paid in short-term cash when the Group has an actual obligation, legal or constructive, to make these payments as consideration for past services rendered by personnel and this obligation may be reliably assessed.

#### 4.15 Provisions

In compliance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, the Group recognises a provision when, at the balance sheet date, it has an obligation (legal or constructive) towards a third party resulting from a past event, for which it is probable that an outflow of resources embodying economic benefits will be required, and when a reliable estimate can be made of the amount of the obligation.

In the case that this loss or liability is not probable and cannot be reliably measured, but remains possible, the Group recognises a contingent liability in its commitments.

Provisions are predominantly intended to cover probable costs of trials or litigation in process, of which the trigger event existed at the balance sheet date.

#### 4.16 Derivative financial instruments

The M6 Group is exposed to foreign exchange rate risk principally when purchasing broadcast rights in a foreign currency. In order to protect itself from foreign currency exchange risk, the Group uses simple derivative instruments guaranteeing it a covered amount and a maximum exchange rate for this hedged amount.

The Group's use of derivative instruments is with the sole aim of hedging commitments arising from its activity and never for a speculative purpose.

## DETERMINATION OF FAIR VALUE

In accordance with IFRS 7 – *Financial Instruments: Disclosures* and IAS 39 – *Financial Instruments: Recognition and Measurement*, derivative financial instruments are measured at fair value. The fair value of foreign currency purchase contracts is calculated with reference to a standard forward exchange rate for contracts with similar maturity profiles. The fair value of interest rate swaps is determined with reference to the market values of similar instruments.

## FINANCIAL INSTRUMENTS QUALIFYING AS HEDGES

The Group decided to apply hedge accounting for the majority of its derivative instruments in order to reduce the impact on profit of hedges implemented.

The main hedge instruments authorised within the framework of the Group hedging policy are as follows: pure time, "forward" participating, first generation options, "swap" (currency or interest rate).

The hedging policies adopted by the Group are mainly of two types.

- *Hedging the exposure to movements in the fair value of an asset or liability*

All gains or losses from the revaluation of the hedging instrument to fair value are immediately recognised in the income statement.

All gains and losses on the hedged item attributable to the hedged risk adjust the carrying amount of the hedged item and are recognised in the income statement.

This results in symmetric recognition of movements in fair value of the hedged item and the hedging instrument for the effective part of the hedge in EBITA. The ineffective part of the hedge is recorded in finance income/expense.

▪ *Hedging future cash flows*

This involves hedging the exposure to movements in cash flow that is attributable either to a forecast transaction or to a firm commitment.

Recognition of movements in the fair value of the financial instrument, as regards the effective portion, in equity until the balance sheet recognition of the asset or liability. When the hedged item is recorded and leads to the recognition of an asset or a liability, the amount recorded in equity is transferred and included in the initial value of the cost of acquisition of the asset or liability. As regards the ineffective portion, movements in value are included in finance income/expense.

For all other cash flow hedges, the amounts taken directly to equity are transferred to income for the year in which the forecast transaction or firm commitment affects the income statement.

#### FINANCIAL INSTRUMENTS NOT QUALIFYING AS HEDGES

Some financial instruments are not treated as hedges according to the definition of IAS 39, despite effectively being hedge instruments used to manage economic risks. Gains and losses resulting from the revaluation of financial instruments which may not be accounted for as hedges are recognised in the income statement of the period.

## 4.17 Revenue

In compliance with IAS 18 – *Revenue*, revenue realised by the various Group entities is recognised when:

- it is probable that the economic benefits of the transaction will flow to the Group;
- the amount of revenue can be measured reliably;
- at the transaction date, it is probable that the amount of the sale will be recovered.

More specifically, the revenue recognition principles per activity are as follows:

- advertising sales are recorded on the broadcast of the advertisements which are the subject of the sale; revenue is recognised net of commercial rebates.
- remuneration of digital channels granted by cable and satellite broadcast operators that broadcast them are calculated on a per subscription basis or at an annual set price.
- diversification activities revenues are recognised on the provision of the service or delivery of the products; they are recognised net of provisions for returns; these revenues also include, where relevant, the financial contribution, invoiced to the final customer, relating to the unit costs incurred in the gathering and elimination of waste electrical and electronic equipment (“eco-participation”). When the Group acts as an agent instead of a principal in a transaction, recognised revenue corresponds to the net value of commissions received by the Group.
- sales of audiovisual rights are recognised at the opening date of the rights, essentially within the framework of television sales; other sales (theatre, video) are recognised on admission or on delivery of the material.
- sports revenues, such as broadcast rights paid by the organisers of competitions, are recognised in line with the sports season with the exception of premiums relating to future ranking which are recognised at the date on which the ranking is acquired;
- mobile telephone revenues are recognised:
  - for the portion relating to signing up, the month of signing of a new subscription and adjusted for attrition rates;
  - and, for the portion relating to monthly operating revenues, spread over the duration of the subscription period to match the revenues received by the Group.

#### 4.18 Earnings per share

In accordance with the recommendations of IAS 33 – *Earnings per Share*, basic earnings per share is determined by dividing the net profit attributable to Group shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated inclusive of all instruments giving access to the Group share capital, having a dilutive effect.

The dilution of share purchase and subscription options is determined in accordance with the share purchase method. This method allows the determination of shares not purchased which are added to the ordinary shares in circulation and have a dilutive effect.

Treasury shares carried as a reduction to consolidated equity are not taken into account in the calculation of earnings per share.

#### 4.19 Cash and cash equivalents

Cash comprises cash on hand in the bank current account and demand deposits.

Cash equivalents are investments, readily convertible into a known amount of cash, subject to an insignificant risk of changes in value, with a maturity of less than 3 months.

In this respect, the FCP and SICAV mutual funds held by the Group are recognised as cash equivalents. The Group holds exclusively Euro FCP and SICAV mutual funds, exposed to a very limited rate risk and of which the volatility over 12 months is very close to that of Eonia.

#### 4.20 Cash flow statement

The table presents actual cash flows relating to the operations of the entities within the scope of consolidation at the year end. It has been established in compliance with IAS 7 – *Cash Flow Statements*.

##### CASH FLOWS FROM OPERATING ACTIVITIES

Movements in inventories and receivables are calculated net of movements in provisions against the current assets.

In addition, in order to highlight the effect of taxation on the movement in cash, the tax expense is removed from the self-financing capacity, and the movement in the tax liability is removed from the variation in working capital requirements. The disbursement for taxation is thus isolated as a specific line item.

##### CASH FLOWS FROM INVESTING ACTIVITIES

The effects on cash of adjustments to the consolidation scope resulting from acquisitions and disposals of entities (other than discontinuing operations) are identified on the lines “cash and cash equivalents arising from subsidiary acquisitions” and “cash and cash equivalents arising from subsidiary disposals”.

##### DISCONTINUING OPERATIONS

The effects on the Group’s cash of discontinuing operations are shown on a separate line in the cash flow statement, “Cash flow linked to discontinuing operations”.

## 5. Business combinations

### 5.1 Acquisitions in the year

#### ACQUISITION: 50% FEMMES EN VILLE

On 13 February 2008, M6 Éditions purchased the 50% in Femmes en Ville held by the founder of the magazine and financial shareholders. The acquisition led to the recognition of a €0.8 million goodwill. This goodwill was fully written down on 31 December 2008.

#### ACQUISITION: 100% HUGO FILMS

On 26 February 2008, M6 made the full acquisition of Hugo Films. The difference between the acquisition price and the book value of assets acquired was €8.4 million, allocated in full to catalogues and support funds.

#### ACQUISITION: 33% TYREDATING

On 16 April 2008, the Group made a 32.67% equity investment, through a share capital increase of €0.9 million, in Tyredating. In accordance with IAS 28 – *Accounting for investments in associates*, this subsidiary was equity accounted.

#### ACQUISITION: 100% CYREALIS GROUP

On 30 April 2008, M6 Web acquired the Group in full. The difference between the acquisition price and the book value of the assets acquired was €41.9 million, of which €2.1 million was allocated to intangible assets (group brands with a specified useful life and technology), €0.7 million to the recognition of a deferred tax liability on the identified intangible assets and the balance of €40.5 million to goodwill.

The discount rate used in these valuations was 9.8%.

The brands are deemed to be amortised over ten years and technology over three years.

Following the dissolution without liquidation of Cyréalís Holding carried out on 30 December 2008, all the assets and liabilities of this company were transferred to its sole shareholder, M6 Web.

#### ALLOCATION OF ACQUISITION PRICES

The allocation of acquisition prices relating to these companies may be analysed as follows:

	31/12/2008
Acquisition price, net of related expenses	53.7
Value of assets and liabilities acquired (Group share)	
Net value of assets acquired	2.1
Capitalisation of losses brought forward and deferred tax assets	0.5
Revalued net assets	2.6
<b>Total to be allocated</b>	<b>51.0</b>
Allocated to goodwill	41.2
Allocated to brands and technologies	2.1
Allocated to audiovisual rights	11.8
Allocated to other current assets	1.1
Recognition of deferred tax liabilities relating to allocations	(5.2)

## 5.2 Follow up of acquisitions carried out in 2007

The goodwill generated by the acquisition of Diem 2 (€0.9 million) was recognised in full as a deferred tax asset due to retained losses.

The goodwill generated by the equity investment in Pages Jaunes Petites Annonces (€13.1 million) was not subject to any specific allocation. However, a €3.8 million impairment was recognised to take account of the fair value of Pages Jaunes Petites Annonces.

## 5.3 Impact of acquisitions and disposals in 2008

The impact of acquisitions on Group sales and operating profit in 2007 and 2008 is analysed as follows:

	Impact on 2008		Proforma 2008		Proforma 2007	
	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
<b>Acquisitions</b>						
Femmes en Ville	1.3	(1.1)	1.4	(1.2)	1.5	(1.3)
Hugo Films	4.3	0.3	4.3	0.3	7.3	(0.2)
Cyréal	5.4	2.0	8.2	1.4	6.9	3.0
<b>Disposals</b>						
A Ton Service					0.1	(0.3)
<b>Total impact</b>	<b>11.0</b>	<b>1.2</b>	<b>13.9</b>	<b>0.5</b>	<b>15.8</b>	<b>1.2</b>

## 6. Segment reporting

In application of IAS 14 – *Segment Reporting*, the primary segment is business segments. This distinction is based on the Group’s internal organization and management structure and performance monitoring systems.

The application of IFRS 8 – *Operating segments*, should not have any significant impact on the presentation of segment reporting.

The profit of the Group’s property companies as well as companies with no operations are included into “Eliminations and unallocated items”. Their assets and liabilities and other information are transferred to “unallocated assets”, “unallocated liabilities” and “Other unallocated items of segment reporting”



PROFIT

The contribution of each business segment to the income statement in 2008 is detailed as follows:

	M6 Network		Digital channels		Diversification and audiovisual rights		Elimination and unallocated items		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
External sales	664.6	681.6	125.0	100.0	565.1	574.6	0.2	0.2	1 354.9	1 356.4
Inter-segment sales	34.8	34.4	2.0	1.4	34.4	25.6	(71.3)	(61.5)	-	-
<b>Sales</b>	<b>699.4</b>	<b>716.0</b>	<b>127.0</b>	<b>101.4</b>	<b>599.5</b>	<b>600.3</b>	<b>(71.0)</b>	<b>(61.3)</b>	<b>1 354.9</b>	<b>1 356.4</b>
<b>Profit from operations (EBITA) from continuing operations</b>	<b>137.8</b>	<b>196.5</b>	<b>18.9</b>	<b>0.3</b>	<b>42.3</b>	<b>45.7</b>	<b>(5.0)</b>	<b>(6.5)</b>	<b>194.0</b>	<b>236.1</b>
Amortisation and impairment of intangible assets relating to acquisitions (including goodwill)	-	-	(9.7)	-	(1.9)	(1.8)	-	-	(11.6)	(1.8)
Income from disposal of subsidiaries and investments	-	-	-	0.0	1.8	0.0	-	-	1.8	0.1
<b>Operating profit (EBIT) from continuing operations</b>	<b>137.8</b>	<b>196.5</b>	<b>9.2</b>	<b>0.4</b>	<b>42.2</b>	<b>43.9</b>	<b>(5.0)</b>	<b>(6.5)</b>	<b>184.2</b>	<b>234.3</b>
Net finance income/(expense)									(0.1)	4.0
Fair value movement of the Canal + France financial asset									20.0	18.9
Group share of profit from associates									(9.9)	(0.7)
<b>Profit before tax (EBT) from continuing operations</b>									<b>194.3</b>	<b>256.6</b>
Income tax									(55.9)	(87.9)
<b>Net profit from continuing operations</b>									<b>138.4</b>	<b>168.6</b>
<b>Net profit from discontinued operations</b>									-	-
<b>Net profit</b>									<b>138.4</b>	<b>168.6</b>
Minority interests									-	0.1
<b>Net profit - Group share</b>									<b>138.4</b>	<b>168.7</b>

BALANCE SHEET

The contributions of each business segment to the balance sheet is presented below:

	M6 Network		Digital channels		Diversification and audiovisual rights		Elimination		Total of continuing operations	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<b>Assets and liabilities</b>										
Segment assets	417.1	525.8	74.6	68.5	465.6	417.5	(121.5)	(141.5)	835.8	870.3
Shareholdings in associated companies					6.6	15.4			6.6	15.4
Unallocated assets									598.4	541.4
<b>Total assets</b>	<b>417.1</b>	<b>525.8</b>	<b>74.6</b>	<b>68.5</b>	<b>472.2</b>	<b>432.9</b>	<b>(121.5)</b>	<b>(141.5)</b>	<b>1 440.7</b>	<b>1 427.1</b>
Segment liabilities	247.9	347.4	80.6	73.0	349.9	331.6	(121.5)	(141.5)	556.8	610.5
Unallocated liabilities									89.0	28.7
<b>Total liabilities</b>	<b>247.9</b>	<b>347.4</b>	<b>80.6</b>	<b>73.0</b>	<b>349.9</b>	<b>331.6</b>	<b>(121.5)</b>	<b>(141.5)</b>	<b>645.7</b>	<b>639.1</b>
<b>Other segment information</b>										
Non-current asset acquisitions	18.4	9.5	0.6	0.3	73.4	80.1			92.5	89.9
Depreciation and amortisation	(11.3)	(10.0)	(1.0)	(1.4)	(66.0)	(58.9)			(78.2)	(70.3)
Impairment	(1.0)	0.4	(0.1)	-	5.7	(3.3)			4.7	(3.0)
Other unallocated segment reporting items									1.6	38.8

Unallocated assets relate to cash and other Group financial assets, as well as taxation receivables. They notably include the Canal+ France shares held by M6 Numérique, with total value of €363.0 million at 31 December 2008 and €342.9 million at 31 December 2007.

Unallocated liabilities relates to debt and other Group financial liabilities, as well as tax liabilities.

The Group does not present any segmental information by geographical segment as it has no significant operations outside of France.

## 7. Other operating income and expenses

### 7.1 Other operating income

Other operating income totalled €12.9 million and primarily comprised:

- proceeds from the sale of football players (€6.5 million, compared to €16.3 million in 2007).
- operating grants received (€5.8 million, compared to €4.2 million in 2007)

### 7.2 Materials and other operating expenses

	2008	2007
Broadcasting rights consumption and programme flows	(159.1)	(170.6)
Cost of sales	(164.6)	(167.4)
Other external services	(473.8)	(445.4)
Foreign exchange losses	(0.3)	(0.2)
Other expenses	(3.8)	(3.2)
<b>Cost of sales and other operating expenses</b>	<b>(801.6)</b>	<b>(786.7)</b>

### 7.3 Amortisation, depreciation, impairment, foreign exchange differences and inventory costs included in operating expenses

	2008	2007
Amortisation and net provisions - audiovisual rights	(40.4)	(42.2)
Amortisation and net provisions - production costs	(4.3)	(3.9)
Amortisation and net provisions - other intangible assets	(20.8)	(18.9)
Depreciation - property, facilities and equipment	(10.8)	(10.7)
Writedown of broadcasting rights	(11.3)	(8.9)
Other	(1.1)	(0.7)
Goodwill impairment	(10.5)	(0.9)
<b>Total of amortisation and depreciation (net)</b>	<b>(99.2)</b>	<b>(86.2)</b>

7.4 Employee and workforce expenses

	2008	2007
Wages and salaries	(145.6)	(132.0)
Social security charges	(60.2)	(55.1)
Profit sharing plan contributions	(5.3)	(8.7)
Other employee costs	(12.1)	(13.5)
<b>Employee costs</b>	<b>(223.2)</b>	<b>(209.3)</b>

Other employee costs include provision charges and reversals for retiral, provisions for corporate litigations as well as the cost of stock options (IFRS 2).

The “full time equivalent” (FTE) workforce of wholly consolidated Group companies was 2,094, compared to 2,064 in 2007

The FTE workforce of jointly owned companies was stable with 28 people in 2008.

**8. Share-based payments**

PLANS ALLOCATED IN 2008

Pursuant to the authorisation given by the Combined General Meeting of 2 May 2007, an allocation of options to subscribe for shares was decided by the Executive Board on 6 May 2008, following approval by the Supervisory Board. This plan covered 883,825 shares.

Pursuant to the authorisation given by the Combined General Meeting of 6 May 2008, an allocation of free shares was decided by the Executive Board on 6 May 2008, following approval by the Supervisory Board. This covered 280,720 shares, subject to the achievement of financial objectives (sales and profitability). The number of free shares allocated may be increased to a maximum of 410,184 shares in the event objectives are significantly exceeded.

VALUATION AT FAIR VALUE OF BENEFITS GRANTED TO EMPLOYEES

Pursuant to IFRS 2 – *Share-based payments* and IFRS 1 – *First-time adoption of IFRS*, the allocation of options to purchase and to subscribe for shares and the allocation of free shares granted since 7 November 2002 have been valued at their fair value at the date of grant.

The fair value of options granted to purchase and to subscribe for shares was based on the binomial model of option valuation.

The fair value of free shares granted is based on the value of the share at date of grant less the current value of future dividends estimated for the period of unavailability.

FEATURES OF PLANS AND FAIR VALUE OF BENEFITS GRANTED

The principal features of option plans to purchase, subscribe and the allocation of free shares outstanding at 31 December 2008 and for which, pursuant to IFRS 1 – *First-time adoption of IFRS*, there was a valuation at fair value of the benefit granted to employees, as follows:

**FINANCIAL ACCOUNTS**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	Model	Reference price	Exercise price	Historic volatility	Free risk rate	Expected yield	Fair value
<b>Share subscription plans</b>							
28/04/2004	Binomial	24.97	24.97	52.3%	3.32%	4.34%	9.84
02/06/2005	Binomial	20.17	19.94	41.8%	3.24%	5.24%	6.10
06/06/2006	Binomial	24.63	24.60	43.1%	4.02%	3.81%	8.57
02/05/2007	Binomial	26.55	27.52	37.8%	4.40%	3.99%	7.94
06/05/2008	Binomial	15.22	14.73	40.0%	4.39%	6.30%	3.59
<b>Plans granting free shares</b>							
06/06/2006		24.63	N/A	N/A	4.02%	3.81%	22.82
02/05/2007		26.55	N/A	N/A	4.40%	3.99%	24.51
06/05/2008		15.22	N/A	N/A	4.39%	6.30%	13.42

The maturity used for each plan corresponds to its period of partial unavailability (4 years) for share subscription plans increased by two years, the options being exercisable in a period of three years after the end of the partial unavailable period.

It is also assumed that 20% of options will not be exercised due to beneficiaries leaving the Group before the exercise date.

The cost of share subscription plans was restated based on the actual turnover rate where it exceeds the initial selected rate of 20%.

The maturity used corresponds to the period of unavailability (2 years) for plans granting free shares. In addition, it is assumed that 10% to 15% of the shares, depending on the plans, will not be delivered due to the departure of beneficiaries during the unavailability period. However, the cost of free share allocation plans is restated at the end of the plans based on the actual departure rate.

The balance of options and allocated shares changed as follows during the financial year:

	Allocation at plan date	Balance at 31/12/2007	Allocated	Exercised	Cancelled	Balance at 31/12/2008
<b>Share subscription plans</b>	<b>5 940 875</b>	<b>3 790 850</b>	<b>883 825</b>	<b>-</b>	<b>591 700</b>	<b>4 082 975</b>
07/06/2001	551 800	293 100	-	-	293 100	-
07/06/2002	710 500	440 000	-	-	47 500	392 500
25/07/2003	713 500	497 000	-	-	40 000	457 000
14/11/2003	20 000	20 000	-	-	-	20 000
28/04/2004	861 500	622 500	-	-	55 000	567 500
02/06/2005	635 500	508 000	-	-	48 750	459 250
06/06/2006	736 750	631 000	-	-	46 750	584 250
02/05/2007	827 500	779 250	-	-	47 500	731 750
06/05/2008	883 825	-	883 825	-	13 100	870 725
<b>Plans granting free shares</b>	<b>949 498</b>	<b>614 215</b>	<b>280 720</b>	<b>432 667</b>	<b>13 737</b>	<b>448 531</b>
06/06/2006	480 472	437 415	-	432 667	4 748	-
02/05/2007	188 306	176 800	-	-	5 589	171 211
06/05/2008	280 720	-	280 720	-	3 400	277 320

Cancellations recorded during the year resulted either from beneficiaries leaving the Group before the end of the vesting period or from plans expiring due to market conditions preventing all rights from being exercised.

Data relating to the free share allocation plan are reference data corresponding to the achievement of performance objectives set within the context of the 2007 and 2008 plans. Therefore, they do not include the revaluation of the number of shares allocated as a function of over-performance.

The number of shares to be permanently vested within the framework of the plan of 2 May 2007 has been estimated to date at 172,698, due to the likelihood that financial objectives will be achieved and the employee departures already noted.

The number of shares to be permanently vested within the framework of the plan of 6 May 2008 has been estimated to date at 289,129, due to the likelihood that financial objectives will be achieved and the employee departures already noted.

**CHARGE RECOGNISED IN 2008**

Due to the data set out above and the assessment of the charge resulting from the free share allocation plans, based on the number of shares previously granted, this resulted in the following impact to the line personnel costs in the income statement:

	Personnel cost	
	2008	2007
<b>Share subscription plans</b>		
25/07/03	-	1.0
14/11/03	-	0.0
28/04/04	(0.8)	1.9
02/06/05	0.5	0.9
06/06/06	1.2	1.3
02/05/07	1.3	0.9
06/05/08	0.4	-
<b>Plans granting free shares</b>		
02/06/05	-	0.4
06/06/06	1.7	5.2
02/05/07	2.1	1.6
06/05/08	1.3	-
<b>Total cost</b>	<b>7.7</b>	<b>13.3</b>

The cancellation of charges relating to the plan of 28 April 2004 resulted in the restatement of the employee departure rate prior to the year end. The departure rate actually observed for this plan was close to 33%, whereas the theoretical departure rate used until 2007 inclusive was 15%.

**9. Net financial income**

	2008	2007
Interest on loans from banks and associates	(1.6)	(1.1)
Capitalised interest on pension	(0.3)	(0.2)
Revaluation of derivative instruments	(1.5)	(0.3)
Other financial expense	(0.1)	(0.6)
<b>Financial expenses</b>	<b>(3.6)</b>	<b>(2.2)</b>
	2008	2007
Investment income	2.6	3.7
Other interest income	0.5	1.1
Revaluation of derivative instruments	-	1.0
Income from disposal of financial assets held for sale	-	-
Fair value movement of the Canal + France financial asset	20.0	18.9
Other financial income	0.3	0.3
<b>Financial income</b>	<b>23.5</b>	<b>25.1</b>
<b>Net financial income</b>	<b>19.9</b>	<b>22.9</b>

The €1.4 million increase in financial expenses in 2008 reflects the lower level of average cash and cash equivalents over the period. However, interest and deposit income were maintained at the same level due to higher interest rates over 2008.

**10. Income tax**

Métropole Télévision has declared itself as the parent company of a tax grouping pursuant to the provisions of articles 223-a and subsequent of the General Tax Code, as of 1 January 1988.

All French registered Group companies that are subject to income tax and are more than 95% continuously owned directly or indirectly by Métropole Télévision are members of the tax grouping, with the exception of companies in which the Group's shareholding was increased to more than 95% during the financial year (and are thus not yet in the tax grouping), being Femmes en Ville, Hugo Films, Girondins Expressions and Girondins Horizons.

The main components of income tax are as follows:

	2008	2007
<i>Income tax payable:</i>		
Tax charge for the year	(55.2)	(89.1)
<i>Deferred tax:</i>		
Creation and reversal of temporary differences	(0.7)	1.2
<b>Total</b>	<b>(55.9)</b>	<b>(87.9)</b>

The deferred tax rate used for 2007 was 34.43%, which is the same as 2007.

Deferred tax relating to adjustments to equity were as follows:

	2008	Change	2007
Revaluation to fair value of foreign exchange contracts (cash flow hedges)	(0.2)	(1.2)	1.1
IAS 19 actuarial gains and losses	(0.1)	(0.2)	0.1
Treasury share forward purchase	1.5	(3.9)	5.3
Write down of treasury shares	2.7	0.8	1.9
<b>Total</b>	<b>3.9</b>	<b>(4.5)</b>	<b>8.4</b>

The following schedule reconciles the income tax accounting expense with the income tax arising from the theoretical tax rate:

	2008	2007
<b>Net profit - Group share</b>	<b>138.4</b>	<b>168.7</b>
Minority interests	-	0.1
Profit or loss after tax of discontinuing operations	-	-
Income tax	(55.9)	(87.9)
Share of profit from associates	(9.9)	(0.7)
Goodwill impairment	(10.5)	(0.9)
<b>Profit from continuing operations before tax and goodwill impairment</b>	<b>214.7</b>	<b>258.3</b>
<b>Theoretical tax rate</b>	<b>34.43%</b>	<b>34.43%</b>
<b>Theoretical tax charge</b>	<b>(73.9)</b>	<b>(88.9)</b>
<b>Reconciling items:</b>		
Reconciling items	(2.6)	(4.6)
Revaluation of the Canal+ France financial asset	6.6	6.2
Other permanent differences	14.1	(0.6)
<b>Effective tax charge</b>	<b>(55.9)</b>	<b>(87.9)</b>
<b>Effective tax rate</b>	<b>26.04%</b>	<b>34.03%</b>

Other permanent differences primarily include:

- €9.7 million for the recognition and usage of retained losses of Paris Première, generated prior to its acquisition by M6, and which had not been recognised as deferred tax assets as part of the acquisition price allocation;
- €3.4 million from the recognition of a deferred tax asset in relation to the short-term capital loss realised on the coming disposal of the Pages Jaunes Petites Annonces shares.

The sources of deferred tax at 31 December were as follows:

	2008	2007
<b>Deferred tax assets</b>		
Intangible assets	0.4	0.9
Investments in associate companies	3.5	
Other assets	8.0	6.0
Retiral provisions (non deductible)	1.6	1.9
Non deductible provisions	14.2	14.5
Expenses payable non-deductible	2.4	2.6
Derivative instruments	1.4	6.4
Losses brought forward	2.0	0.9
Other	0.4	0.4
Impact of offset of deferred tax assets and liabilities on the balance sheet	(12.4)	(8.5)
<b>Total</b>	<b>21.5</b>	<b>25.2</b>
<b>Deferred tax liabilities</b>		
Catalogues	(10.2)	(8.1)
Brands	(2.8)	(2.5)
Intangible assets	(6.1)	(5.3)
Accelerated depreciation and amortisation	(2.7)	(2.0)
Canal + France asset	(1.0)	(0.6)
Writedown of treasury shares	(2.7)	(1.9)
Other	(1.1)	(0.2)
Impact of offset of deferred tax assets and liabilities on the balance sheet	12.5	8.6
<b>Total</b>	<b>(14.1)</b>	<b>(12.1)</b>

The cumulative losses brought forward of group companies was €18.5 million at 31 December 2008.

The deficits that were capitalised as deferred tax assets amounted to €5.8 million at 31 December 2008.

At 31 December 2008, no deferred tax liability was recognised for taxes which may be due on undistributed profits of certain Group subsidiaries, associated companies or joint ventures.

The payment of dividends by the Group to its shareholders had no fiscal consequences.



## 11. Earnings per share

	2008	2007
Net profit attributable to shareholders	138.4	168.7
Profit /(loss) attributable to discontinuing operations	-	-
Net profit from continuing operations attributable to shareholders	138.4	168.7
Average weighted number of shares (excluding treasury shares) for basic earnings per share	128 888 454	130 730 034
Total options granted (including non-dilutive)	4 082 975	4 463 655
Number of shares to be added for dilutive effect	0	0
Average weighted number of shares (excluding treasury shares) adjusted for dilutive effect*	128 888 454	130 730 034
Net earnings per shares (€)	1.074	1.291
Net earnings per share from continuing operations (€)	1.074	1.291
Diluted earnings per share (€)	1.074	1.291
Diluted earnings pre share from continuing operations (€)	1.074	1.291

\* Does not include dilutive shares (with regard to market conditions at closing)

The calculation of diluted earnings per ordinary share does not take into account the share subscription options granted during the year, since the exercise price of these options is higher at the year end date than the price of ordinary shares at 31 December 2008.

## 12. Dividends paid and proposed

	2008	2007
Declared and paid during the year	128.7	125.0
Dividend paid for ordinary shares (€)	1.00	0.95
Proposed for approval of AGM	109.3	129.9
Dividend paid per ordinary share (€)	0.85	1.00

## 13. Goodwill impairment tests and intangible assets with an indeterminable life

### MOVEMENTS

Goodwill evolved as follows:

	2008	2007
Opening balance, net of impairment	53.5	53.7
Acquisitions	51.0	0.9
Disposals	(0.0)	-
Allocations	(10.6)	-
Goodwill of operations held for disposal	-	-
Other	(0.4)	(0.2)
Impairment	(10.5)	(0.9)
Closing balance	83.0	53.5
Opening balance		
Gross value	74.1	73.4
Accumulated impairment	(20.6)	(19.7)
Net	53.5	53.7
Closing balance		
Gross value	114.1	74.1
Accumulated impairment	(31.1)	(20.6)
Net	83.0	53.5

2008 financial year goodwill movements resulted from:

- the acquisition of the additional 50% in Femmes en Ville and the impairment of the goodwill thus generated;
- the full acquisition of Hugo Films and the allocation of the goodwill in full to the catalogue and support funds;
- the full acquisition of Cyréalís Group;
- the settlement of the final liability on Mistergooddeal earn-out;
- the allocation of Diem 2's goodwill to deferred tax assets;
- the restatement of the goodwill recognised on the acquisition of Paris Première, in application of IFRS 3 – *Business combinations*, following the recognition and usage of deferred tax assets relating to retained losses generated prior to the acquisition date, which until 2008 had not been allocated to deferred tax assets.

#### ANALYSIS

Goodwill is analysed by segment thus:

Net carrying value	2008	2007
M6 TV Network	-	-
Digital channels		
Paris Première S.A.	4.6	14.3
Diversification		
Mistergooddeal SA	32.8	33.1
Cyrealis holding SAS	40.5	-
HSS Group	4.0	4.1
DIEM 2 SA	-	0.9
SND SA	0.8	0.8
TCM Droits Audiovisuels SNC	0.4	0.4
<b>Total</b>	<b>83.0</b>	<b>53.5</b>

#### IMPAIRMENT TEST

The impairment test goodwill was subject to pursuant to Note 4.7 did not provide any indication of impairment, except for that relating to Femmes en Ville.

At 31 December 2008, the Group considers Ventadis as a Cash Generating Units ("CGUs") due the increasing pooling of resources between HSS and Mistergooddeal, profit synergy and common management.

The other CGUs selected for impairment tests were Paris Première and Cyréalís Group.

The discounted cash flow method (DCF) used to measure the value in use is based on the following factors:

- discount rate before tax: 10% for 2008, compared to 8.85% for 2007
- infinite growth rate: 2% for 2008 and 2007

An analysis of the sensitivity of the value in use to testing factors (1% increase in the discount rate to 11%, and decrease in the infinite growth rate of 0.5% to 1.5%) has been conducted but did not show any significant impact on the findings of the impairment tests.

## 14. Intangible assets

	Audiovisual rights	Other intangible assets	Advances and prepayments	Goodwill	Total 2007
<b>At 1 January 2007, net of depreciation and writedowns</b>	<b>66.6</b>	<b>28.9</b>	<b>13.2</b>	<b>53.7</b>	<b>162.4</b>
Acquisitions	10.2	39.0	31.3	-	80.5
Change in group structure (gross amounts)	0.2	9.1	0.6	0.9	10.8
Disposals	(10.9)	(8.0)	(0.1)	-	(19.0)
Other movements	-	-	-	(0.2)	(0.2)
Reclassifications	25.5	2.4	(27.9)	-	-
Writedown	1.5	(4.6)	-	(0.9)	(3.9)
2007 amortisation charge	(43.7)	(18.3)	-	-	(62.0)
Changes in Group structure - accumulated amortisation charges	(0.2)	(9.5)	(0.6)	-	(10.3)
Reversal of amortisation on disposals	10.9	8.0	-	-	18.9
<b>At 31 December 2007, net of depreciation and writedown</b>	<b>60.1</b>	<b>47.1</b>	<b>16.6</b>	<b>53.5</b>	<b>177.3</b>
<b>At 1 January 2007</b>					
Gross value	420.2	288.5	13.2	60.7	782.8
Accumulated amortisation and writedowns	(353.7)	(259.7)	-	(7.0)	(620.4)
<b>Net total</b>	<b>66.6</b>	<b>28.9</b>	<b>13.2</b>	<b>53.7</b>	<b>162.4</b>
<b>At 31 December 2007</b>					
Gross value	445.1	331.2	17.2	61.4	854.8
Accumulated amortisation and writedowns	(385.2)	(284.1)	(0.6)	(7.9)	(677.7)
<b>Net total</b>	<b>60.1</b>	<b>47.1</b>	<b>16.6</b>	<b>53.5</b>	<b>177.3</b>

	Audiovisual rights	Other intangible assets	Advances and prepayments	Goodwill	Total 2008
<b>At 1 January 2008, net of depreciation and writedowns</b>	<b>60.1</b>	<b>47.1</b>	<b>16.6</b>	<b>53.5</b>	<b>177.3</b>
Acquisitions	13.7	14.8	49.8	40.4	118.7
Change in group structure (gross amounts)	66.5	2.2	0.2	-	68.8
Disposals of subsidiaries	-	-	-	-	-
Disposals	(12.7)	(9.2)	(0.1)	-	(22.0)
Other movements	(0.2)	(0.0)	-	(0.4)	(0.6)
Reclassifications	37.1	7.2	(44.3)	-	-
Writedown	10.0	(3.7)	-	(10.5)	(4.2)
2008 amortisation charge	(50.3)	(21.5)	-	-	(71.8)
Changes in Group structure - accumulated amortisation charges	(53.5)	0.0	-	-	(53.5)
Reversal of amortisation on disposals	12.7	9.0	-	-	21.7
<b>At 31 December 2008, net of depreciation and writedown</b>	<b>83.3</b>	<b>45.9</b>	<b>22.1</b>	<b>83.0</b>	<b>234.3</b>
<b>At 1 January 2008</b>					
Gross value	445.1	331.2	17.2	61.4	854.8
Accumulated amortisation and writedowns	(385.2)	(284.1)	(0.6)	(7.9)	(677.7)
<b>Net total</b>	<b>60.1</b>	<b>47.1</b>	<b>16.6</b>	<b>53.5</b>	<b>177.3</b>
<b>At 31 December 2008</b>					
Gross value	549.5	385.7	22.6	101.4	1 059.3
Accumulated amortisation and writedowns	(466.2)	(339.8)	(0.6)	(18.4)	(825.0)
<b>Net total</b>	<b>83.3</b>	<b>45.9</b>	<b>22.1</b>	<b>83.0</b>	<b>234.3</b>

Audiovisual rights include cinematographic, television and videographic rights and guaranteed minimums.

2008 and 2007 were marked by significant investments by SND.

Other intangible assets consist of computer software, co-productions and assets related to the purchase of football players.

In application of IAS 20 – *Accounting for Government Grants and Disclosure of Government Assistance*, grants received from the CNC are recognised as a reduction in the value of the co-production assets.

## 15. Property, facilities and equipment

	Land	Buildings	Technical facilities	Other PFE	Assets under construction	Total 2007
<b>At 1 January 2007, net of depreciation and writedowns</b>	7.8	33.3	12.1	6.0	2.1	61.3
Additions	5.9	37.9	6.1	1.9	(1.2)	50.5
Subsidiary acquisitions (gross)	-	-	-	-	-	-
Disposals	-	(0.0)	(1.4)	(0.6)	-	(1.9)
(Depreciation charges ) / Reversals 2007	-	(3.3)	(4.7)	(2.7)	-	(10.7)
Depreciation of acquired subsidiaries	-	-	-	-	-	-
Reversal of depreciation on disposal	-	0.0	0.9	0.5	-	1.4
<b>At 31 December 2007, net of depreciation and writedown</b>	<b>13.7</b>	<b>67.9</b>	<b>13.0</b>	<b>5.1</b>	<b>0.9</b>	<b>100.6</b>
<b>At 1 January 2007</b>						
Cost or fair value	7.8	59.1	46.5	25.2	2.1	140.8
Accumulated depreciation charges and writedowns	-	(25.9)	(34.4)	(19.2)	-	(79.5)
<b>Net value</b>	<b>7.8</b>	<b>33.3</b>	<b>12.1</b>	<b>6.0</b>	<b>2.1</b>	<b>61.3</b>
<b>At 31 December 2007</b>						
Cost or fair value	13.7	97.0	51.2	26.5	0.9	189.4
Accumulated depreciation charges and writedowns	-	(29.2)	(38.2)	(21.4)	-	(88.8)
<b>Net value</b>	<b>13.7</b>	<b>67.9</b>	<b>13.0</b>	<b>5.1</b>	<b>0.9</b>	<b>100.6</b>
	Land	Buildings	Technical facilities	Other PFE	Assets under construction	Total 2008
<b>At 1 January 2008, net of depreciation and writedowns</b>	13.7	67.9	13.0	5.1	0.9	100.6
Additions	0.3	4.7	8.9	3.3	1.3	18.6
Subsidiary acquisitions (gross)	-	-	0.2	0.3	-	0.5
Disposals	-	(2.1)	(4.0)	(2.3)	-	(8.5)
(Depreciation charges ) / Reversals 2007	-	(3.1)	(5.4)	(2.3)	-	(10.8)
Depreciation of acquired subsidiaries	-	-	(0.0)	(0.1)	-	(0.2)
Reversal of depreciation on disposal	-	2.0	4.0	2.1	-	8.1
<b>At 31 December 2008, net of depreciation and writedown</b>	<b>14.1</b>	<b>69.4</b>	<b>16.7</b>	<b>6.1</b>	<b>2.2</b>	<b>108.5</b>
<b>At 1 January 2008</b>						
Cost or fair value	13.7	97.0	51.2	26.5	0.9	189.4
Accumulated depreciation charges and writedowns	-	(29.2)	(38.2)	(21.4)	-	(88.8)
<b>Net value</b>	<b>13.7</b>	<b>67.9</b>	<b>13.0</b>	<b>5.1</b>	<b>0.9</b>	<b>100.6</b>
<b>At 31 December 2008</b>						
Cost or fair value	14.1	99.6	56.3	27.8	2.2	200.0
Accumulated depreciation charges and writedowns	-	(30.3)	(39.6)	(21.7)	-	(91.5)
<b>Net value</b>	<b>14.1</b>	<b>69.4</b>	<b>16.7</b>	<b>6.1</b>	<b>2.2</b>	<b>108.5</b>

At 31 December 2008, property, facilities and equipment totalled €108.5 million.

The €7.9 million increase was primarily due to the digitalisation of the broadcasting control room.

## 16. Available-for-sale financial assets

Available-for-sale financial assets constitute investments held by the Group in non-consolidated companies and receivables which are directly related to them.

	Reference currency	2008				2007			
		Gross value	Fair value movements	Net fair value	% held	Gross value	Fair value movements	Net fair value	% held
Summit Entertainment	US Dollar (\$)	10.9	-	10.9	9.06%	10.4	-	10.4	9.06%
European News Exchange	Euro (€)	0.1	-	0.1	20%	0.1	-	0.1	20%
Other		-	-	-	-	0.1	(0.1)	-	-
<b>TOTAL</b>		<b>11.1</b>	<b>-</b>	<b>11.1</b>		<b>10.6</b>	<b>(0.1)</b>	<b>10.5</b>	

## 17. Other financial assets

### OTHER NON-CURRENT FINANCIAL ASSETS

This mainly includes the part not eliminated of current accounts with joint ventures and considered to have a maturity of over 1 year. The debt arising from financing a co-shareholder is classified as non-current financial debt in accordance with the principle of not offsetting financial assets and liabilities. The current accounts are loans at variable interest rates based on Eonia. The group does not hold any non-current financial assets with fixed interest rates. Income arising from these assets is recorded in the period as finance income. Such loans are initially recognized at fair value, then subsequently at amortised cost.

	2008	2007
Associates current account	3.9	7.4
Impairment of associates current account	-	(0.4)
Financial assets at fair value through profit and loss	363.0	342.9
Other financial assets	-	-
<b>Other non-current financial assets</b>	<b>366.9</b>	<b>349.9</b>

Financial assets at fair value through profit and loss comprise the Canal+ France financial asset. The fair value of this asset was revalued and offset against financial income (see note 9).

### DERIVATIVE FINANCIAL INSTRUMENTS

They are classified as other current financial assets when the market value of the instruments is positive and classified as current financial liabilities when their market value is negative (see note 21.3).

## 18. Investments in joint ventures

Entities in which M6 or one of its subsidiaries has a joint venture interest are as follows:

% held	2008	2007	Business sector
TCM DA	50%	50%	Broadcasting rights portfolio
Série Club	50%	50%	Série Club digital channel
TF6	50%	50%	TF6 digital channel
TF6 Gestion	50%	50%	TF6 management company
Femmes en Ville	100%	50%	Free press magazine
Echo6	50%	50%	Mobile phone product marketing

During 2008, M6 Éditions increased its investment in Femmes en Ville to 100%. Femmes en Ville is now fully consolidated in the Group's financial statements.

The contributions of joint ventures to the Group consolidated balance sheet are as follows:

	2008	2007
Non-current assets	8.3	11.1
Current assets	8.3	9.9
Non-current liabilities	(2.1)	(5.2)
Current liabilities	(12.2)	(15.1)
<b>Net assets</b>	<b>2.4</b>	<b>0.6</b>
Contribution by company:		
	2008	2007
<b>Assets</b>		
TF6 - Série Club	10.3	9.9
TCM DA	6.1	12.0
Other	(1.7)	(1.0)
	<b>14.6</b>	<b>21.0</b>
<b>Liabilities</b>		
TF6 - Série Club	(10.0)	(9.0)
TCM DA	(3.8)	(10.2)
Other	(1.1)	(1.1)
	<b>(14.9)</b>	<b>(20.3)</b>
<b>Net assets</b>	<b>(0.3)</b>	<b>0.6</b>

The contribution of joint ventures to Group sales and net profit were as follows:

	2008	2007
Sales	22.2	22.9
Net profit	3.1	0.6
Contribution by company:		
	2008	2007
Sales		
TF6 - Série Club	14.3	16.0
TCM DA	5.1	5.4
Other	2.8	1.5
	<b>22.2</b>	<b>22.9</b>
Net profit		
TF6 - Série Club	0.3	1.1
TCM DA	2.3	1.3
Other	0.4	(1.8)
	<b>3.1</b>	<b>0.6</b>

## 19. Investments in associated companies

The Group took a 34% stake in Pages Jaunes Petites Annonces (Annonces Jaunes) on 17 October 2007. On 16 April 2008, the Group also made a 32.67% equity investment in Tyredating, which operates the *Pop Gom* website.

The following table summarises financial information relating to the investment in this associated company:

	2008	2007
Share held in associated companies' net assets	(2.9)	0.4
<i>of which</i>		
<i>Non-current assets</i>	0.6	0.7
<i>Current assets</i>	1.7	4.5
<i>Non-current liabilities</i>	(3.0)	(3.0)
<i>Current liabilities</i>	(2.3)	(1.8)
Goodwill	9.3	13.1
Deferred taxation	0.2	1.9
<b>Contribution to the Group's net assets</b>	<b>6.6</b>	<b>15.4</b>
	2008	2007
Sales	1.4	0.2
Net profit	(4.4)	(1.0)
Movement in deferred taxation	(1.6)	0.4
Goodwill impairment	(3.8)	
<b>Contribution to Group net profit</b>	<b>(9.9)</b>	<b>(0.7)</b>

The impairment recognised during the financial year relates to the goodwill recognised when the equity investment in Annonces Jaunes was made.

## **20. Inventories**

	Broadcasting rights	Commercial inventories	Total 2007
Net book value at 1 January 2007	148.4	28.7	177.1
Acquisitions	228.4	175.9	404.3
Subsidiary purchase	-	-	-
Subsidiary disposals	-	-	-
Expensed	(181.9)	(172.2)	(354.1)
Writedown (charge)/reversal 2007	(8.9)	(0.4)	(9.2)
<b>Net book value at 31 December 2007</b>	<b>186.1</b>	<b>32.0</b>	<b>218.1</b>
<b>At 31 December 2006</b>			
Cost or fair value	198.6	38.5	237.1
Accumulated writedown	(50.2)	(9.8)	(59.9)
<b>Net book value at 31 December 2006</b>	<b>148.4</b>	<b>28.7</b>	<b>177.1</b>
<b>At 31 December 2007</b>			
Cost or fair value	245.1	42.2	287.3
Accumulated writedown	(59.1)	(10.2)	(69.2)
<b>Net book value at 31 December 2007</b>	<b>186.1</b>	<b>32.0</b>	<b>218.1</b>
	Broadcasting rights	Commercial inventories	Total 2008
Net book value at 1 January 2008	186.1	32.0	218.1
Acquisitions	213.4	164.9	378.4
Subsidiary purchase	-	-	-
Subsidiary disposals	-	-	-
Expensed	(182.1)	(170.1)	(352.2)
Writedown (charge)/reversal 2008	(11.3)	(0.7)	(12.0)
<b>Net book value at 31 December 2008</b>	<b>206.3</b>	<b>25.9</b>	<b>232.2</b>
<b>At 31 December 2007</b>			
Cost or fair value	245.1	42.2	287.3
Accumulated writedown	(59.1)	(10.2)	(69.2)
<b>Net book value at 31 December 2007</b>	<b>186.1</b>	<b>32.0</b>	<b>218.1</b>
<b>At 31 December 2008</b>			
Cost or fair value	276.7	37.0	313.5
Accumulated writedown	(70.4)	(10.9)	(81.2)
<b>Net book value at 31 December 2008</b>	<b>206.3</b>	<b>25.9</b>	<b>232.2</b>

## **21. Financial instruments**

This note presents information on the Group's exposure to each of the following risks, as well as its objectives, policy and assessment procedures and risk management.

### **21.1 Credit risk**

The credit risk represents the risk of financial loss for the Group in the event a customer or financial instrument counterparty was to fail to meet its contractual duties.



TRADE RECEIVABLES

The Group's exposure to the credit risk is influenced by advertisers' individual features.

In order to secure its advertising sales, M6 Publicité uses two complementary mechanisms:

- credit inquiries are systematically carried out by external specialised companies on new customers and on an on-going basis on recurring customers;
- different payment terms for each business sector; General Conditions of Sale provide for the prepayment of campaigns for those advertisers not meeting the required solvency criteria. Due to this prudent policy, the risk of non payment of advertising campaigns is less than 0.1% of advertising revenue.

*TV advertising: Free-to-air TV and digital channel advertisers*

This population of advertisers is highly stable, with more than 90% recurring customers from one year to the next. They primarily comprise listed companies.

*Internet and press advertisers*

These customers commit much lower amounts and mostly operate on a one-off basis. A dedicated team is in charge of following up on the risk represented by these customers, taking account of their business sector, unit price of the campaign and, if applicable, their customer base history.

Other operations do not feature individual customer risks of importance that would impact the Group's sustained profitability.

BANKING COUNTERPARTIES

The Group neither securitises nor refinances trade receivables.

Due to the particular background of 2008, the Group paid particular attention to the quality of its banking counterparties. The Group strived to diversify its mutual fund depositories, in which excess cash is invested in accordance with the cash management policy described in note 21.3.

The Group works with leading French banks that benefit from an investment grade rating.

ASSET DERIVATIVE FINANCIAL INSTRUMENTS

The book value of financial assets represents the maximum exposure to the credit risk at year end, as follows:

	2008		Analysis by category of instruments					
	Balance sheet value	Fair value	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Debt at amortised cost	Derivative instruments
Available-for-sale financial assets	11.1	11.1	-	11.1	-	-	-	-
Other non-current financial assets	366.9	366.9	363.0	-	-	3.9	-	-
Trade receivables	260.4	260.4	-	-	-	260.4	-	-
Other current assets	146.2	146.2	-	-	-	146.2	-	-
Derivative financial instruments	0.1	0.1	-	-	-	-	-	0.1
Financial assets	-	-	-	-	-	-	-	-
Cash equivalents	33.0	33.0	33.0	-	-	-	-	-
Bank and cash	7.5	7.5	7.5	-	-	-	-	-
<b>Total assets</b>	<b>825.2</b>	<b>825.2</b>	<b>403.5</b>	<b>11.1</b>	<b>-</b>	<b>410.5</b>	<b>-</b>	<b>0.1</b>

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	2007		Analysis by category of instruments					
	Balance sheet value	Fair value	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Debt at amortised cost	Derivative instruments
Available-for-sale financial assets	10.5	10.5	-	10.5	-	-	-	-
Other non-current financial assets	349.9	349.9	342.9	-	-	7.0	-	-
Trade receivables	257.9	257.9	-	-	-	257.9	-	-
Other current assets	182.8	182.8	-	-	-	182.8	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-
Financial assets	-	-	-	-	-	-	-	-
Cash equivalents	80.4	80.4	80.4	-	-	-	-	-
Bank and cash	8.7	8.7	8.7	-	-	-	-	-
<b>Total assets</b>	<b>890.2</b>	<b>890.2</b>	<b>432.0</b>	<b>10.5</b>	<b>-</b>	<b>447.7</b>	<b>-</b>	<b>-</b>

#### MATURITY OF FINANCIAL ASSETS

The maturity dates of financial assets are as follows:

	Closing balance		Neither impaired nor matured		< 1 month		2 - 3 months	
	2008	2007	2008	2007	2008	2007	2008	2007
Long-term investments	4.0	7.4	4.0	7.0	-	-	-	-
Trade receivables - gross	284.6	282.6	183.1	203.2	25.8	14.8	18.4	6.5
Other receivables	150.2	185.6	144.7	179.4	0.0	0.8	-	2.0
<b>Total</b>	<b>438.8</b>	<b>475.6</b>	<b>331.8</b>	<b>389.7</b>	<b>25.8</b>	<b>15.6</b>	<b>18.4</b>	<b>8.5</b>

	3 - 6 months		6 - 12 months		> 1 year		Gross impairment	
	2008	2007	2008	2007	2008	2007	2008	2007
Long-term investments	-	-	-	-	-	-	-	0.4
Trade receivables - gross	11.3	6.8	13.3	3.5	13.1	5.7	19.7	42.0
Other receivables	-	0.1	-	-	-	-	5.5	3.3
<b>Total</b>	<b>11.3</b>	<b>6.9</b>	<b>13.3</b>	<b>3.5</b>	<b>13.1</b>	<b>5.7</b>	<b>25.2</b>	<b>45.7</b>

Trade and other receivables comprise commercial receivables and other receivables linked to operations, such as advances and deposits.

Assessment of the Group's credit risk relating to trade and other receivables, with a view to potentially recognising impairment is detailed in Note 4.11.

### 21.2 Liquidity risk

The liquidity risk is the risk that the Group may find it difficult to meet its liabilities when they fall due. In order to manage the liquidity risk, the Group has implemented a policy of forecast cash position and financing needs monitoring, so that it always has sufficient cash to meet its current liabilities.

To that end, the Group avails of financing facilities but does not use credit derivatives.

LIABILITY DERIVATIVE FINANCIAL INSTRUMENTS

The Group's maximum exposure to the liquidity risk at year end was as follows:

	2008		Analysis by category of instruments					
	Balance sheet value	Fair value	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Debt at amortised cost	Derivative instruments
Non-current financial debt	4.7	4.7	-	-	-	-	4.7	-
Leases	0.6	0.6	-	-	-	-	0.6	-
Non-current financial liabilities	-	-	-	-	-	-	-	-
Current financial debt	0.8	0.8	-	-	-	-	0.8	-
Current financial liabilities	5.1	5.1	-	-	-	-1	-	5.1
Trade and other payables	368.2	368.2	-	-	-	-	368.2	-
Liabilities on non-current assets	32.4	32.4	-	-	-	-	32.4	-
Other current liabilities	67.7	67.7	-	-	-	-	67.7	-
<b>Total liabilities</b>	<b>479.5</b>	<b>479.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>474.4</b>	<b>5.1</b>

	2007		Analysis by category of instruments					
	Balance sheet value	Fair value	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Debt at amortised cost	Derivative instruments
Non-current financial debt	5.9	5.9	-	-	-	-	5.9	-
Leases	0.7	0.7	-	-	-	-	0.7	-
Non-current financial liabilities	4.8	4.8	-	-	-	-	-	4.8
Current financial debt	0.5	0.5	-	-	-	-	0.5	-
Current financial liabilities	13.3	13.3	-	-	-	-	-	13.3
Trade and other payables	363.0	363.0	-	-	-	-	363.0	-
Liabilities on non-current assets	18.2	18.2	-	-	-	-	18.2	-
Other current liabilities	56.6	56.6	-	-	-	-	56.6	-
<b>Total liabilities</b>	<b>463.0</b>	<b>463.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>444.9</b>	<b>18.1</b>

## 21.3 Market risk

Market risk is the risk that movements in market prices, such as foreign exchange rates, interest rates and equity instrument prices may adversely affect the Group's financial performance or the value of its financial instruments. The objective of market risk management is to define a strategy that limits the Group's exposure to the market risk, while at the same time ensuring that this strategy does not come at a significant cost.

### FOREIGN EXCHANGE RISK

The Group is exposed to foreign exchange risk through audiovisual rights purchase contracts, both for its TV operations' programme line-up and the cinema distribution activity. These purchases are primarily denominated in US dollars.

In order to protect itself from random currency market movements that could adversely impact its financial income and wealth, the Group decided to hedge all its purchases. The coverage is undertaken at the signing of supplier contracts and is weighted as a function of the underlying due date. Commitments to purchase rights over periods exceeding 24 months are partially hedged.

The Group only uses simple products that guarantee the amount covered and a maximum rate of coverage. These are forward purchases, for the most part.

A report is prepared every month on the movements in exchange exposure in order to monitor risk management.

Analysis of exposure to foreign exchange risk (USD)

	(€ millions) (1)	Total
Assets	2.5	2.5
Liabilities	(3.5)	(3.5)
Off-balance sheet	(30.6)	(30.6)
<b>Unhedged position</b>	<b>(31.6)</b>	<b>(31.6)</b>
Forex hedges	30.0	30.0
<b>Net exposed position</b>	<b>(1.6)</b>	<b>(1.6)</b>

(1) at closing price: €1 = USD 1.3711

Virtually all the balance sheet and off-balance sheet positions were hedged at 31 December 2008. The Group's US dollars net exposed position for all its activities is a call position of €1.6 million, which would yield a €0.16 million loss in the event of an unfavourable foreign exchange movement of €0.10 against the US dollar.

INTEREST RATE RISK

The Group is exposed to risks pertaining to interest rate movements. Interest rate risk management relating to the Group's net cash position is established based on the consolidated position and market conditions. The main objective of the interest risk management policy is to optimise the cost of Group financing and maximise cash management income.

The main features of financial assets and financial liabilities are as follows:

Maturity schedule of financial debt and financial assets at 31 December 2008

(€ millions)	< 1 year	1 to 5 years	> 5 years	Total
Variable rate financial assets	40.5	4.0	-	44.5
Other fixed-rate financial assets	-	-	-	-
<b>Total financial assets</b>	<b>40.5</b>	<b>4.0</b>	<b>-</b>	<b>44.5</b>
Variable rate financial debt	1.1	3.5	-	4.6
Other fixed-rate financial debt	-	1.5	-	1.5
<b>Total financial debt</b>	<b>1.1</b>	<b>5.0</b>	<b>-</b>	<b>6.1</b>

Analysis of variable rate net positions

(€ millions)	variable rate		Total
	< 1 year	> 1 year	
Financial assets	40.5	4.0	44.5
Financial liabilities	(1.1)	(3.5)	(4.6)
<b>Net position</b>	<b>39.4</b>	<b>0.5</b>	<b>39.8</b>

Group variable rate position was positive by €39.8 million at 31 December 2008.

This net cash position is primarily comprised of monetary cash instruments, which all comply with criteria of IAS 7 – *Cash Flow Statement*. These investments are made in accordance with the Group's cash management policy (described in part 4, "Cash management policy").

The Group has very little debt, comprising the leasing of technical equipment and a fixed-rate loan entered into by a subsidiary to finance an acquisition.

The jointly-controlled financing provided by the Group to its subsidiaries is treated as a financial asset up to the share of ownership held by the joint shareholder. Conversely, the financing provided by the joint shareholder in such jointly controlled companies is recognised as a financial debt in the same proportion.

The full-year impact of a 1% interest rate increase (100 basis points) is estimated at €0.3 million on the net financial income/ (expense). Similarly, a 1% decrease in interest rates (100 basis points) would cause a €0.3 million decline on full-year net financial income/ (expense).

#### CASH MANAGEMENT POLICY

All cash resources must be able to be mobilised rapidly while limiting capital risk. The Group's approach is absolutely prudent and non speculative.

All investments made by the Group meet the criteria of IAS 7. Thus, certain prudent rules are followed as part of the Group's cash management:

- not hold more than 5% of the assets of a fund (control ratio);
- not to invest more than 20% in a single item;
- limit credit risk: compulsory investment in investment grade within each fund.

Investment yields are regularly measured and reported to management every month. A detailed analysis of the various risks of these deposits is also produced quarterly.

#### MATURITIES

Financial instruments used by the Group (measured in euro at the year end forward hedge rate) were as follows:

	2008			2007		
	Total	< 1 year	1 to 5 years	Total	< 1 year	1 to 5 years
Métropole Télévision	17.9	0.8	17.1	28.7	11.6	17.1
SND	11.7	11.7	-	28.4	27.1	1.3
<b>TOTAL</b>	<b>29.6</b>	<b>12.5</b>	<b>17.1</b>	<b>57.1</b>	<b>38.7</b>	<b>18.4</b>

FAIR VALUE

	2008	2007
	Fair value	Fair value
Forward call contracts		
Métropole Télévision	(0.1)	(0.9)
SND	0.1	(1.3)
<b>TOTAL</b>	<b>-</b>	<b>(2.2)</b>

21.4 Financial instrument effect on Income Statement

	2008	Analysis by category of instruments					
	Effect on Income Statement	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Debt at amortised cost	Derivative instruments
Total interest income	3.1	-	-	-	3.1	-	-
Total interest expense	(1.2)	-	-	-	-	(1.2)	-
Revaluations	18.7	20.0	-	-	-	-	(1.4)
Net income/(expense)	(4.3)	(0.5)	-	-	(3.9)	-	-
Income/(loss) on disposals	-	-	-	-	-	-	-
Impairment	(0.4)	-	-	-	(0.4)	-	-
<b>Net finance income/(expense)</b>	<b>16.0</b>	<b>19.6</b>	<b>-</b>	<b>-</b>	<b>(1.1)</b>	<b>(1.2)</b>	<b>(1.4)</b>

	2007	Analysis by category of instruments					
	Effect on Income Statement	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Debt at amortised cost	Derivative instruments
Total interest income	4.8	-	-	-	4.8	-	-
Total interest expense	(0.9)	-	-	-	-	(0.9)	-
Revaluations	19.6	18.9	-	-	-	-	0.7
Net income/(expense)	(2.7)	(0.2)	-	-	(2.5)	-	-
Income/(loss) on disposals	(0.1)	-	(0.1)	-	-	-	-
Impairment	1.5	-	0.4	-	1.2	-	-
<b>Net finance income/(expense)</b>	<b>22.3</b>	<b>18.7</b>	<b>0.3</b>	<b>-</b>	<b>3.5</b>	<b>(0.9)</b>	<b>0.7</b>

22. Cash and cash equivalents

	2008	2007
Deposit with Bayard d'Antin	-	20.0
FCP and SICAV mutual funds	33.0	60.4
Cash at bank	7.5	8.7
<b>Total cash and cash equivalents</b>	<b>40.5</b>	<b>89.1</b>

Cash and marketable securities are financial assets held for trading (fair value through income statement) and as such are measured at fair value.

The FCP and SICAV mutual funds do not contain any unrealised capital gains, as these were realised at 31 December 2008.

## 23. Equity

### 23.1 Share capital management policy

Management of the Group's shareholders' equity primarily refers to the dividend distribution policy and more generally to the remuneration of the Métropole Télévision shareholder. It also aims at maintaining a shareholders' equity and a cash/net debt ratio at levels that are deemed sound and prudent, while at the same time optimising the cost of capital.

To that end, in order to finance both its growth and the remuneration of its shareholders, M6 put into place during the year two banking credit facilities totalling €85 million of which €80 million was drawn down during the year. In addition, the Group also implemented a €50 million credit line with its main shareholder (Bayard d'Antin). None of them were in use at 31 December 2008.

However, the Group retains significant borrowing power, which thus does not make it necessary to raise additional finance from the market.

As regards remuneration of the shareholder, the Group has set itself, since at least 2004, the objective of distributing a dividend of approximately 80% of net earnings per share (from continuing operations, Group share). M6 also activated in 2007 a 3-year share buyback programme, for a maximum of 10% of the share capital, with a view to cancelling them, subject to no significant acquisitions being made. During the financial year ended 31 December 2007, M6 bought back 980,000 of its own shares within the framework of this programme, being 0.75% of the share capital, for a total amount of €13.68 million.

In addition, M6 held 332,535 of its own shares at 31 December 2008 and had subscribed to forward purchases for 200,000 of its own shares. These treasury shares were allocated to the granting of free shares and to support the market within the framework of a liquidity contract entrusted to CA Cheuvreux since December 2004.

Aside from share capital increases carried out as part of the exercise of share subscription option and even though it has been granted authorisations by the Shareholders' General Meeting to proceed in specified cases with share capital increases, the Company currently has no plans to issue new shares. In 2008, the Company did not carry out any share capital increases.

By virtue of its corporate purpose and status as an operator of analogue and digital terrestrial television broadcasting licence, the Company is governed by a specific legal and regulatory regime in terms of shareholders and shareholding. Under the terms of Article 39 of the Law no 86-1067 of 30 September 1986 as amended, as well as Law no. 2001-624 of 17 July 2001, an individual or entity, acting alone or in concert, shall not hold, directly or indirectly, more than 49% of the capital or voting rights of a company licensed to operate a nationwide television service by terrestrial transmission. Therefore, any decision liable to have a dilutive or enhancing effect on existing shareholders must be assessed in the light of this specific legal requirement.

## 23.2 Shares comprising Métropole Télévision's equity

### Number of shares issued:

<i>(thousands)</i>	2008	2007
-----		
Ordinary shares with a par value of €0.4	128 955	129 935

### Number of outstanding shares:

<i>(thousands)</i>	2008	2007
-----		
<b>At 1 January 2008</b>	<b>129 677</b>	<b>131 614</b>
Exercised stock options	0	6
Allocation of free shares	(7)	101
Liquidity contract movement	(46)	(84)
Implementation of the share buyback programme (before cancellation of shares)	(980)	(1 960)
<b>At 31 December 2008</b>	<b>128 644</b>	<b>129 677</b>

The shares comprising the capital of Métropole Télévision are all ordinary shares with one vote each.

All shares are fully paid.

Two free share allocation plans and eight share subscription plans for the benefit of management and senior executives were in place at 31 December 2008.

### SHARE BUYBACK PROGRAMME

In accordance with the authorisation granted to the Executive Board by the Combined General Meeting of 2 May 2007 to proceed with the purchase of Métropole Télévision shares, not exceeding 10% of the number of shares comprising the share capital, 980,000 shares were acquired during the first quarter of 2008.

## 23.3 Movements in equity not recorded in the income statement

Movement in the fair value of derivative financial instruments, actuarial gains and losses and translation adjustments are recorded in the "other reserves" section of equity.



The impact on equity and other reserves was as follows:

Balance of other reserves at 1 January 2007	(2.1)
Exchange gain realised on incomplete transactions	-
New hedges	(12.0)
Former hedge variations	(0.3)
Maturity of hedges	0.1
Impact of operations on realised profit recorded in equity	0.1
Variation in assets held with a view to being disposed	0.6
Variation in available-for-sale assets	(1.0)
Movement in pension commitments	1.2
Balance of other reserves at 31 December 2007	(13.4)
Exchange gain realised on incomplete transactions	0.1
New hedges	0.1
Former hedge variations	3.4
Maturity of hedges	6.0
Impact of operations on realised profit recorded in equity	-
Variation in assets held with a view to being disposed	-
Variation in available-for-sale assets	0.5
Movement in pension commitments	0.3
Balance of other reserves at 31 December 2008	(3.1)

## 24. Financial debt

Movement in net debt:

	2008	2007
Bank loans	1.7	0.4
Others	3.3	6.0
<b>Total non-current financial liabilities</b>	<b>5.0</b>	<b>6.4</b>
Bank loans	-	-
Others	1.1	0.7
<b>Total current financial liabilities</b>	<b>1.1</b>	<b>0.7</b>

Group net debt at 31 December 2007 and 2008 is analysed thus:

	Total 2008	< 1 year	1 to 5 years	> 5 years
Total financial liabilities	6.1	1.1	1.7	3.3

	Total 2007	< 1 year	1 to 5 years	> 5 years
Total financial liabilities	7.1	0.7	0.4	6.0

Other current and non-current financial debt primarily include the following:

- share of debts to other shareholders of jointly held companies (€2.8 million);
- a bank liability contracted by Cyréalís in order to finance an acquisition (€1.5 million);
- advances subject to conditions received by Hugo Films (€0.9 million);
- liabilities in the form of leases to finance property, facilities and equipment for Football Club des Girondins de Bordeaux (€0.6 million).

The Group put into place in 2008 medium-term banking loans of a total of €85 million, in order to cover its liquidity requirements at any time.

These facilities include a clause of change of ownership, as well as financial ratio covenants, which were all complied with at 31 December 2008.

At 31 December 2008, these lines were not drawn down but €80 million of them had been used during the financial year.

In addition, the Group also put into place a €50 million credit facility with its main shareholder (Bayard d'Antin). This facility had not been drawn down at 31 December 2008.

## **25. Financial liabilities**

M6 entered into a M6 share forward purchase contract with a view to serving its free share allocation plan of 2 May 2007.

This instrument will mature in May 2009.

At 31 December 2008, the present value of this financial liability was €5.1 million.

In application of IAS 32 – *Financial instruments: disclosures and presentation*, this commitment was recognised at its present value as a financial liability and was offset under equity (other reserves).

The forward call option of M6 shares which matured in May 2008 represented a current financial liability of €1.1 million at 31 December 2007.

## **26. Retirement benefits severance pay**

Commitments undertaken in respect of retirement benefits severance pay are not covered by any dedicated insurance contract or assets.

MAIN ACTUARIAL ASSUMPTIONS

%	2008	2007
<hr style="border-top: 1px dashed #a52a2a;"/>		
Discount rate	5.70	5.30
Future salary increases *	3.60	3.60
Inflation rate	2.00	2.00
<i>* median measured on the basis of age and position</i>		

INCOME STATEMENT EXPENSES

	2008	2007
<hr style="border-top: 1px dashed #a52a2a;"/>		
Current service cost	0.7	2.3
Interest expense	(0.3)	(0.2)
Expected return on plan assets	-	-
<b>Net expense</b>	<b>0.3</b>	<b>2.1</b>

AMOUNTS RECOGNISED AS LIABILITIES UNDER DEFINED BENEFIT SCHEMES

	2008	2007
<hr style="border-top: 1px dashed #a52a2a;"/>		
Value of obligation - opening balance	6.1	9.3
Current service cost	(0.6)	(2.3)
Interest expense	0.3	0.2
Benefits paid	(0.1)	(0.1)
Actuarial gain or loss - Changes in assumptions	(0.5)	(1.1)
Actuarial gains and losses - Experience effect	-	-
Change in Group structure	-	-
<b>Value of obligation - closing balance</b>	<b>5.1</b>	<b>6.1</b>

The cumulative actuarial differences recognised in equity totalled €0.1 million at 31 December 2008.

SENSITIVITY TO ASSUMPTION

Obligation at year end with a discount rate of + 1%: €4.4 million;  
 Obligation at year end with a salary increase rate of + 1%: €6.1 million.

## 27. Provisions

Provisions movements between 1 January 2007 and 31 December 2008 were the following:

	Provisions for retirement benefits (1)	Provisions for restructuring	Provisions for litigations (2)	Provisions for unlikely broadcast (3)	Other provisions for charges (4)	Total
<b>At 1 January 2007</b>	<b>9.3</b>	<b>1.7</b>	<b>23.5</b>	<b>19.3</b>	<b>17.2</b>	<b>71.1</b>
Subsidiary acquisitions	-	-	-	-	-	-
Subsidiary disposals	-	-	-	-	-	-
Charge	0.7	1.5	12.4	9.6	7.7	31.9
Use	(0.1)	(2.4)	(4.3)	(5.6)	(4.9)	(17.3)
Reversals	(2.8)	-	(3.1)	(4.4)	(0.4)	(10.6)
Others	(1.0)	-	-	-	-	(1.0)
<b>At 31 December 2007</b>	<b>6.1</b>	<b>0.9</b>	<b>28.6</b>	<b>18.9</b>	<b>19.6</b>	<b>74.1</b>
Subsidiary acquisitions	-	-	-	-	-	-
Subsidiary disposals	-	-	-	-	-	-
Charge	0.8	3.7	14.2	12.4	5.9	36.9
Use	(0.1)	(0.6)	(2.0)	(10.0)	(5.6)	(18.3)
Reversals	(1.2)	(0.2)	(13.3)	(1.7)	(1.3)	(17.6)
Others	(0.5)	-	0.1	-	(0.1)	(0.5)
<b>At 31 December 2008</b>	<b>5.1</b>	<b>3.7</b>	<b>27.5</b>	<b>19.7</b>	<b>18.5</b>	<b>74.5</b>
Current 2007	-	0.9	28.6	18.9	19.6	68.0
Non-current 2007	6.1	-	-	-	-	6.1
<b>Total</b>	<b>6.1</b>	<b>0.9</b>	<b>28.6</b>	<b>18.9</b>	<b>19.6</b>	<b>74.1</b>
Current 2008	-	3.7	27.5	19.7	18.5	69.4
Non-current 2008	5.1	-	-	-	-	5.1
<b>Total</b>	<b>5.1</b>	<b>3.7</b>	<b>27.5</b>	<b>19.7</b>	<b>18.5</b>	<b>74.5</b>

At 31 December 2008, provisions were analysed as follows:

	2008	2007
<b>(1) Provisions for retirement benefits:</b>		
- Provisions for M6 TV network retirement benefits	3.8	4.8
- Provisions for Diversification retirement benefits	1.2	1.1
- Provisions for Digital Channel retirement benefits	0.2	0.2
	<b>5.1</b>	<b>6.1</b>
<b>(2) Provisions for restructuring:</b>		
- Provisions for M6 TV network restructuring	3.7	0.9
- Provisions for Diversification restructuring	-	-
- Provisions for Digital Channel restructuring	-	-
	<b>3.7</b>	<b>0.9</b>
<b>(2) Provisions for litigations:</b>		
- Provisions for M6 TV network litigations	14.4	14.9
- Provisions for Diversification litigations	10.5	8.9
- Provisions for Digital Channel litigations	2.6	4.8
	<b>27.5</b>	<b>28.6</b>
<b>(3) Provisions for unlikely broadcasting:</b>		
- Provisions for M6 TV network unlikely broadcasting	12.9	15.8
- Provisions for Diversification unlikely broadcasting	3.8	1.5
- Provisions for Digital Channel unlikely broadcasting	3.0	1.6
	<b>19.7</b>	<b>18.9</b>
<b>(4) Other provisions for charges:</b>		
- Provisions for other M6 TV network charges	7.6	8.7
- Provisions for other Diversification charges	7.9	7.4
- Provisions for other Digital Channel charges	2.5	3.5
- Provisions for other unallocated charges	0.5	-
	<b>18.5</b>	<b>19.6</b>

Additional information in respect of litigation in progress has not been included individually as disclosure of such information could be prejudicial to the Group.

**28. Contingent assets and liabilities**

	< 1 year	> 1 year	Total 2008	Total 2007	Terms and conditions of implementation
<b>Commitments given</b>					
Rights purchase and co-productions commitments (gross)	176.9	431.7	608.6	771.5	Contracts signed
Advances paid for the purchase of rights and co-production commitments	(14.4)	(44.5)	(58.9)	(80.3)	
<i>Purchase of rights and co-productions commitments (net)</i>	<i>162.5</i>	<i>387.2</i>	<i>549.7</i>	<i>691.1</i>	
Images transmission, satellite and transponders rental	44.3	96.7	141.0	157.1	Contracts signed
Planned property purchase	-	-	-	-	Contract signed
Non-cancellable leases	8.9	23.3	32.2	20.7	Leases
Responsibility for partnership liabilities	-	7.7	7.7	7.1	SNC liquidation
Others	3.5	4.7	8.2	8.3	
<b>Total commitments given</b>	<b>219.2</b>	<b>519.6</b>	<b>738.8</b>	<b>884.3</b>	
<b>Commitments received</b>					
Responsibility for partnership liabilities	-	7.7	7.7	7.1	SNC liquidation
Sales of rights	13.3	1.1	14.4	4.5	Annual maturities
Broadcasting contracts	27.4	54.0	81.4	120.1	Contracts signed
Others	2.9	0.3	3.1	9.2	
<b>Total commitments received</b>	<b>43.6</b>	<b>63.0</b>	<b>106.5</b>	<b>140.9</b>	

## PURCHASE OF RIGHTS AND CO-PRODUCTION COMMITMENTS (NET)

These commitments comprise:

- purchase commitments relating to rights not yet produced or completed;
- contractual commitments relating to co-productions awaiting receipt of technical acceptance or exploitation visa, net of payments on account made.

They are expressed net of advances and deposits paid in that respect for rights that are not yet recognised as inventories.

## IMAGES TRANSMISSION, SATELLITE AND TRANSPONDERS RENTAL

These commitments relate to the supply of broadcasting services and the rental of satellite and transponder capabilities from private companies, both for analogue and digital broadcasting.

These commitments were measured using amounts remaining due up to the end date of each contract.

## NON-CANCELLABLE LEASES

This item includes minimum future payments due in respect of non-cancellable operating leases ongoing at the balance sheet date, which primarily comprise property leasing.

## RESPONSIBILITY FOR PARTNERSHIP LIABILITIES

To the extent that the partners in a Partnership (*Société en Nom Collectif – SNC*) are liable in full and indefinitely for the liabilities of the partnership, the Group presents in full the liabilities of partnerships in which it is a partner, net of adjustments and partners' current account balances, as an off-balance sheet commitment given, and presents as an off-balance sheet commitment received, the other partner's share of these liabilities.

SALES OF RIGHTS

These commitments comprise sales contracts of broadcasting rights that are not yet available at 31 December 2008.

BROADCASTING CONTRACTS

These commitments relate to Group channel broadcasting contracts with Canal+ France and other distributors.

They were measured using amounts remaining due for each contract, up to the certain or probable contract end date.

No significant off-balance sheet commitments have been excluded in accordance with accounting standards in force.

None of the Group's non-current assets have been pledged or mortgaged

**29. Related parties**

29.1 Identification of related parties

Related parties to the Group comprise unconsolidated subsidiaries, jointly controlled companies and associates, RTL Group, 48.56% Group shareholder, Bertelsmann AG, RTL shareholder, executive officers and members of the Supervisory Board.

29.2 Transactions with shareholders

LOANS TO SHAREHOLDERS

According to a treasury management agreement concluded between Bayard d'Antin SA and Métropole Télévision dated 1 December 2005, Métropole Télévision may deposit surplus cash with Bayard d'Antin SA either on a day to day basis, or by depositing part of it for a period not exceeding 3 months. The remuneration provided by this agreement is in line with the market.

In order to adhere to the cash deposit policy of Métropole Télévision, the deposit with Bayard d'Antin SA may not exceed 20% of the cash resources of the Métropole Télévision Group.

At 31 December 2008, the daily current account between M6 and Immobilière Bayard d'Antin SA was nil, compared to €20 million at 31 December 2007.

CURRENT TRANSACTIONS

	2008		2007	
	RTL Group	BERTELSMANN (excl. RTL Group)	RTL Group	BERTELSMANN (excl. RTL Group)
Sales of goods and services	4.3	7.0	1.9	16.1
Purchases of goods and services	(30.6)	(5.5)	(28.5)	(8.0)

Sales and purchase transactions with shareholders have been conducted at arms' length.

The outstanding balances arising from these sales and purchases are the following:

	2008		2007	
	RTL Group	BERTELSMANN (excl. RTL Group)	RTL Group	BERTELSMANN (excl. RTL Group)
Receivables	7.8	0.2	5.2	0.4
Liabilities	8.0	0.6	6.5	0.7

#### SPECIFIC TRANSACTIONS

No specific transactions were concluded by the Group with its shareholders during the 2008 financial year.

### 29.3 Transactions with joint ventures

The following transactions have taken place between Group subsidiaries and joint ventures:

at 100%	2008	2007
Sales of goods and services	4.2	5.1
Net financial income	1.4	2.0
Purchases of materials and services	2.2	2.1

Sales and purchase transactions with Joint Ventures have been conducted at arms' length.

The outstanding balances arising from these sales and purchases are the following:

at 100%	2008	2007
Receivables	7.2	15.1
<i>relating to financing</i>	<i>3.8</i>	<i>11.3</i>
Liabilities	2.0	2.1
<i>relating to financing</i>	<i>0.6</i>	<i>0.4</i>

Receivables relating to financing comprise profit of partnerships due to be transferred to the parent company.

### 29.4 Transactions with associated companies

During the 2008 financial year, Métropole Télévision sold a total of €0.8 million in advertising space to Annonces Jaunes.

### 29.5 Transactions with executive officers and directors

The remuneration paid in 2008 to members of the Executive Board amounted to €2,858,216, of which €1,902,841 was fixed and €955,375 variable.

Members of the Supervisory Board were paid attendance fees amounting to €120,000 and they held 2,100 Group shares at 31 December 2008.

75,500 options relating to the share purchase plan of 2 May 2008 were allocated to members of the Executive Board at an exercise price of €14.73.

No Executive Board member exercised any share subscription options during the financial year.

30,200 free shares were granted to Executive Board members on 6 May 2008, exercisable on 7 May 2010, subject to them still being employed by the Company at that date and to the achievement of performance criteria. Due to the fact that plan objectives have been exceeded, the number of shares to be issued on 7 May 2010 may total 32,314.

The 365,581 free shares allocated as part of the plan of 6 June 2006 were transferred to Executive Board members on 7 June 2008.

In addition, in this respect and in accordance with the same conditions as Group employees, the members of the Executive Board may benefit from a legally binding end of career payment. The overall cost and terms and conditions of determination are described in note 4.14.

### **30. Subsequent events**

On 12 February 2009, the Cantonal Court of Freiburg delivered its judgement in the litigation between M6 and SSR. This ruling concluded that the broadcasting of M6 in Switzerland, including local advertising breaks, constitutes an infringement of copyright and acts of unfair competition. M6 decided to appeal the decision to the Federal Court.

On 26 February 2009, the M6 and PagesJaunes Groupe announced having terminated their partnership in the field of online property and motor classifieds, due to the economic slowdown affecting participants in this market segment. In light of this strategic change, M6 Group transferred its 34% shareholding in annoncesjaunes.fr to PagesJaunes Groupe and took the financial impact on the 2008 financial year into account (see note 19).

On 3 March 2009, the French Constitutional Council validated the greater part of the Audiovisual Law, which was then promulgated on 7 March 2009.

To the Company's knowledge, no other significant event occurred since 1 January 2009 is likely to have or to have had in the recent past a significant impact on the Company and Group's financial position, results, activities and assets.



**FINANCIAL ACCOUNTS**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**31. Consolidation scope**

Company	Legal form	Nature of operations	31/12/2008		31/12/2007	
			% share capital	Consolidation	% share capital	Consolidation
<b>M6 FREE-TO-AIR NETWORK</b>						
Métropole Télévision - M6	SA	Parent company	-	FC	-	FC
M6 Publicité	SAS	Advertising agency	100.00%	FC	100.00%	FC
M6 Bordeaux	SAS	Local TV station	100.00%	FC	100.00%	FC
M6 Toulouse	SAS	Local TV station	100.00%	FC	100.00%	FC
C. Productions	SA	Programme production	100.00%	FC	100.00%	FC
M6 Films	SA	Co-production of films	100.00%	FC	100.00%	FC
Métropole Production	SA	Production of audiovisual works	100.00%	FC	100.00%	FC
Studio 89 Productions	SAS	Production of audiovisual programmes	100.00%	FC	100.00%	FC
M6 Créations	SAS	Dormant company	100.00%	FC	100.00%	FC
<b>DIGITAL CHANNELS</b>						
Edi TV - W9	SNC	W9 music channel	100.00%	FC	100.00%	FC
Fun TV	SNC	Fun TV music channel	100.00%	FC	100.00%	FC
M6 Thématique	SA	Holding Company - digital operations	100.00%	FC	100.00%	FC
Paris Première	SA	Paris Première digital channel	100.00%	FC	100.00%	FC
Sedi TV - Téva	SA	Téva digital channel	100.00%	FC	100.00%	FC
M6 Communication	SAS	M6 music channels Black - Rock - Hit	100.00%	FC	100.00%	FC
Série Club	SA	Série Club digital channel	50.00%	PC	50.00%	PC
TF6	SCS	TF6 digital channel	50.00%	PC	50.00%	PC
<b>DIVERSIFICATION AND AUDIOVISUAL RIGHTS</b>						
FC Girondins de Bordeaux	SASP	Football club	100.00%	FC	100.00%	FC
33 FM	SAS	Radio programmes editing and broadcasting	85.00%	FC	-	-
Girondins Expressions	SASU	24/7 channel dedicated to Girondins	100.00%	FC	-	-
Girondins Horizons	SASU	Travel agency	100.00%	FC	-	-
M6 Foot	SAS	Holding company - Sports	100.00%	FC	100.00%	FC
M6 Editions	SA	Print publications	100.00%	FC	100.00%	FC
Citao	SARL	Print magazine edition	100.00%	FC	100.00%	FC
Echo6	SAS	Marketing mobile content	50.00%	FC	50.00%	PC
Femmes en Ville	SAS	Print magazine edition	100.00%	FC	50.00%	PC
Live Stage	SAS	Staging of shows and events	100.00%	FC	100.00%	FC
M6 Evénements	SA	Staging of shows and events	100.00%	FC	100.00%	FC
M6 Interactions	SAS	By-product rights exploitation	100.00%	FC	100.00%	FC
M6 Web	SAS	Internet content and access provider	100.00%	FC	100.00%	FC
Annonces Jaunes	SA	Classified ads search website	34.00%	EA	34.00%	EA
<b>HSS sub-group:</b>						
Home Shopping Service	SA	Home shopping programmes	100.00%	FC	100.00%	FC
Boutique du Monde	SNC	Home shopping programmes	-	NC	100.00%	FC
Club Téléachat	SNC	24-hour channel	100.00%	FC	100.00%	FC
HSS Belgium	SA	Home shopping programmes	100.00%	FC	100.00%	FC
HSS Hungary	SA	Home shopping programmes	100.00%	FC	100.00%	FC
SETV Belgium	GIE	Home shopping centre	100.00%	FC	100.00%	FC
Télévente promotion	SA	Home shopping programmes	100.00%	FC	100.00%	FC
Unité 15 Belgium	SA	Customer service	100.00%	FC	100.00%	FC
Unité 15 France	SA	Management and promotion of home shopping	100.00%	FC	100.00%	FC
Clicanddeal	SAS	E-commerce	-	NC	100.00%	FC
Retail Concept	SAS	Sale of home shopping products	100.00%	FC	100.00%	FC
Mistergooddeal	SA	E-commerce	100.00%	FC	100.00%	FC
Operating Group	SARL	Dormant company	-	NC	100.00%	FC
Tyredating	SAS	Distance selling with general catalogue	32.67%	EA	-	NC
La boîte à News	SARL	Internet and computer communication company	50.00%	FC	-	NC
Groupement JV	SARL	Video games distribution grouping	49.00%	EA	-	NC
Hugo Films	SAS	Audiovisual rights portfolio	100.00%	FC	-	NC
M6 Studio	SAS	Production of animated feature films	100.00%	FC	100.00%	FC
Mandarin	SAS	Audiovisual rights portfolio	100.00%	FC	100.00%	FC
Mandarin Films	SAS	Audiovisual rights portfolio	100.00%	FC	100.00%	FC
Société Nouvelle de Distribution	SA	Distribution of films to movie theatres	100.00%	FC	100.00%	FC
Société Nouvelle de Cinématographie	SAS	Audiovisual rights portfolio	100.00%	FC	100.00%	FC
TCM DA	SNC	Audiovisual rights portfolio	50.00%	PC	50.00%	PC
Diem 2	SA	Audiovisual right production/distribution	100.00%	FC	100.00%	FC
<b>PROPERTY - DORMANT COMPANIES</b>						
Immobilière 46D	SAS	Neully building	100.00%	FC	100.00%	FC
Immobilière M6	SA	Neully building	100.00%	FC	100.00%	FC
SCI du 107	SCI	Neully building	100.00%	FC	100.00%	FC
M6 Diffusions	SA	Holding Company - digital operations	100.00%	FC	100.00%	FC
M6 Numérique	SAS	Holding Company - digital operations	100.00%	FC	100.00%	FC
M6 Développement	SAS	Training organisation	100.00%	FC	100.00%	FC
M6 Divertissement	SAS	Dormant company	100.00%	FC	100.00%	FC
M6 Récréative	SAS	Dormant company	100.00%	FC	100.00%	FC
Multiplex R4	SAS	Radio and Television broadcast	-	NC	58.35%	FC
TF6 Gestion	SA	TF6 Management company	50.00%	PC	50.00%	PC
SND USA	INC	Holding Company - audiovisual rights	100.00%	FC	100.00%	FC

Additional information:

Total transfer of the assets and liabilities of the companies: Cyréal Holding, Cyréal SAS, and Neteconomie to the company M6 Web on 31 December 2008

FC: Full consolidation  
 PC: Proportional consolidation  
 EA: Equity accounted  
 NC: Not consolidated

The Group is not a shareholder or participating stakeholder party in any special purpose entities.

KPMG Audit  
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92923 Paris La Défense

PricewaterhouseCoopers Audit  
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92208 Neuilly-sur-Seine

Ernst & Young & Others  
41, rue Ybry  
92576 Neuilly-sur-Seine

Métropole Télévision S.A  
Financial year ended 31 December 2008

## Statutory Auditors report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you, for the financial year ended 31 December 2008, on:

- the audit of the accompanying consolidated financial statements of Métropole Télévision S.A.;
- the justification of our assessments;
- the specific verification provided by law.

The consolidated financial statements have been prepared by the Executive 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 for the financial year, prepared in accordance with IFRS as adopted in the European Union, give a true and fair view of the consolidated financial position, assets and liabilities, and net profit of the individuals and entities included on consolidation.

### 2. Justification of assessments

Pursuant to the application of the provisions of Article L. 823-9 of the Commercial Code relative to the justification of our assessments, we bring to your attention the following matters:

Note 3.3 describes the situations in which the management of your company has used estimates and put forward assumptions within the scope of preparing the financial statements. Our work involved assessing the data and assumptions on which these estimates are based, reviewing the calculations made by your company, and ensuring that the notes to the consolidated financial statements provide suitable information, in particular notes 4.5 and 4.10 relating to audiovisual and broadcasting rights.

These assessments were made within the framework of our audit, which focuses on the consolidated financial statements as a whole, and accordingly contributed to the issuance of our opinion in the first part of this report.

### 3. Specific verifications

We have also performed the specific verifications required by law regarding the information in the Executive Board Report. We have no comments to make concerning the fairness of the information and its consistency with the consolidated financial statements.

Paris La Défense and Neuilly sur Seine, 27 March 2009

The Statutory Auditors

KPMG Audit  
Grégoire Menou

PricewaterhouseCoopers Audit  
Marc Ghiliotti

Ernst & Young and Others  
Bruno Perrin

## C. PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2008

### BALANCE SHEET - ASSETS

<i>(€ millions)</i>	NOTE N°	31/12/2008			31/12/2007
		Gross	Amo & Dep	Net	
Concessions, patents, similar rights		-	-	-	-
Business goodwill		-	-	-	-
Other intangible assets	3.1	111.1	104.4	6.7	5.6
Advances on intangible assets	3.1	0.2	-	0.2	1.6
Technical facilities, equipment & tools	3.2	27.8	19.2	8.6	4.4
Other property, facilities & equipment	3.2	18.1	14.3	3.8	3.6
Assets under construction	3.2	0.1	-	0.1	0.1
Investments	3.3	596.0	22.9	573.1	419.2
Loans	3.3/3.5	10.0	-	10.0	14.1
Other investments	3.3/3.5	1.9	-	1.9	1.9
<b>TOTAL NON-CURRENT ASSETS</b>		<b>765.2</b>	<b>160.8</b>	<b>604.4</b>	<b>450.3</b>
Broadcast rights inventory	3.4	256.8	59.6	197.2	173.7
Advances & payments on account		72.8	-	72.8	92.5
Trade receivables	3.5	274.8	1.7	273.1	283.4
Other receivables	3.5	129.5	13.6	115.9	117.7
Marketable securities	3.6	42.6	5.4	37.2	57.9
Bank and cash	3.6	21.7	-	21.7	36.2
Prepaid expenses	3.7	7.6	-	7.6	34.2
<b>TOTAL CURRENT ASSETS</b>		<b>805.8</b>	<b>80.3</b>	<b>725.5</b>	<b>795.6</b>
Loan issue costs to be amortised	3.8	0.1	-	0.1	-
<b>TOTAL ASSETS</b>		<b>1 571.0</b>	<b>241.1</b>	<b>1330.0</b>	<b>1 245.9</b>

**BALANCE SHEET - EQUITY AND LIABILITIES**

<i>(€ millions)</i>	NOTE N°	31/12/2008	31/12/2007
Share capital	3.9	51.6	52.0
Share premium	3.9	24.3	24.3
Legal reserves	3.9	5.3	5.3
Other reserves	3.9	-	-
Retained earnings	3.9	476.4	458.6
Financial year net profit	3.9	234.7	161.0
Interim dividend		-	-
Regulated provisions	3.9	4.5	4.0
<b>TOTAL EQUITY</b>		<b>796.8</b>	<b>705.1</b>
<b>OTHER EQUITY</b>			
Provisions for liabilities		17.9	16.1
Provisions for charges		24.3	27.4
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>3.10</b>	<b>42.2</b>	<b>43.4</b>
Bank overdrafts	3.11	29.2	46.0
Trade payables	3.11	241.3	254.3
Income tax and social security liabilities	3.11	63.2	73.6
Liabilities on non current assets	3.11	2.8	3.0
Other liabilities	3.11	154.1	120.4
Deferred revenues		0.4	-
<b>TOTAL LIABILITIES</b>		<b>491.0</b>	<b>497.3</b>
Deferred translation loss		-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1330.0</b>	<b>1245.9</b>

**FINANCIAL ACCOUNTS**

**PARENT COMPANY FINANCIAL STATEMENTS**

**INCOME STATEMENT**

<i>(€ millions)</i>	NOTE N°	31/12/2008	31/12/2007
<b>Sales</b>	4.1	668.6	688.1
Amortisation, depreciation & provision reversals		46.1	46.0
Other operating revenues		44.3	36.2
<b>OPERATING REVENUES</b>		<b>759.0</b>	<b>770.4</b>
Merchandise purchase	4.2	335.8	298.3
Merchandise inventory movement	4.2	(38.9)	(44.8)
Other purchases and external charges	4.3	154.8	160.4
Tax, duties	4.4	49.2	49.2
Payroll & employment benefits		65.9	57.5
Non-current asset depreciation and amortisation	3.1/3.2	7.6	7.3
Non-current asset investment writedowns	3.1	1.7	1.0
Current assets provision charge	3.4/3.5	30.0	23.7
Provisions for liabilities and charges		20.6	19.9
Other expenses	4.5	35.3	37.8
<b>OPERATING EXPENSES</b>		<b>661.8</b>	<b>610.3</b>
<b>OPERATING PROFIT</b>		<b>97.2</b>	<b>160.1</b>
Investments financial income		185.7	73.2
Other interest and related financial income		1.9	3.3
Provision reversals & expense transfers		5.7	6.0
Foreign exchange gains		0.2	0.2
Net income from disposal of marketable securities		-	-
<b>FINANCIAL INCOME</b>		<b>193.5</b>	<b>82.7</b>
Financial amortisation and provision charges		8.7	16.3
Interest and related expenses		10.6	3.5
Foreign exchange losses		0.3	0.5
Net expenses of disposal of marketable securities		0.5	0.2
<b>FINANCIAL EXPENSES</b>		<b>20.0</b>	<b>20.5</b>
<b>NET FINANCIAL INCOME</b>	4.6	<b>173.5</b>	<b>62.2</b>
<b>PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX</b>		<b>270.7</b>	<b>222.2</b>
Exceptional income - investing & financing activities		0.1	3.5
Provision reversals & expense transfers		2.8	5.1
<b>EXCEPTIONAL INCOME</b>		<b>2.9</b>	<b>8.6</b>
Penalties		-	0.1
Exceptional expenses - investing & financing activities		13.2	9.2
Provision reversals & expense transfers		5.7	2.4
<b>EXCEPTIONAL EXPENSES</b>		<b>18.9</b>	<b>11.7</b>
<b>NET EXCEPTIONAL EXPENSES</b>	4.7	<b>(16.0)</b>	<b>(3.1)</b>
Employee profit sharing plan contributions		1.9	3.3
Income tax	4.8/4.9	18.2	54.9
<b>NET PROFIT</b>		<b>234.7</b>	<b>161.0</b>

**FINANCIAL ACCOUNTS****PARENT COMPANY FINANCIAL STATEMENTS****CASH FLOW STATEMENT**

<i>(€ millions)</i>	31/12/2008	31/12/2007
Financial year net profit	234.7	161.0
Depreciation, amortisation & provision charges	23.2	17.2
Gains & losses from non current assets disposal	1.3	3.2
<b>CASH FLOW FROM OPERATIONS</b>	<b>259.2</b>	<b>181.4</b>
<b>MOVEMENTS IN WORKING CAPITAL REQUIREMENTS</b>		
Inventories	(36.2)	(46.4)
Trade receivables	55.5	(36.3)
Operating liabilities	10.5	(19.0)
<b>NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS</b>	<b>29.7</b>	<b>(101.7)</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>288.9</b>	<b>79.7</b>
<b>INVESTING ACTIVITIES</b>		
Intangible assets acquisitions	(5.8)	(3.5)
Property, facilities & equipment acquisitions	(8.0)	(3.7)
Investment acquisitions	(371.5)	(80.1)
Intangible assets and property, facilities & equipment disposals	0.1	0.3
Investments disposals / writedowns	221.6	48.0
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(163.6)</b>	<b>(39.1)</b>
<b>FINANCING ACTIVITIES</b>		
Share capital increase	-	0.1
Other equity reductions	(14.9)	(45.2)
Costs to be amortised over several financial years	(0.1)	-
Proceeds from new borrowings	80.0	-
Financial debt repayments	(80.0)	-
Dividends paid	(128.7)	(125.0)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(143.6)</b>	<b>(170.1)</b>
<b>Net change in cash and cash equivalents</b>	<b>(18.3)</b>	<b>(129.5)</b>
Cash and cash equivalents - start of year	48.0	177.5
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>29.7</b>	<b>48.0</b>

## D. NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Métropole Télévision reported net profit of €234.7 million and total assets of €1,330.0 million for the 12-month financial year ending on 31 December 2008.

These annual financial statements were approved by the Executive Board on 9 March 2009.

Unless otherwise mentioned, the amounts presented in the notes are expressed in millions of Euros.

### 1. 2008 financial year significant events

In 2008, the Company strengthened its position in the Audiovisual Rights business with the acquisition of Hugo Films.

In addition, in order to simplify and streamline the Group's organisation, Studio 89, M6 Diffusion and M6 Numérique were acquired by Métropole Télévision and thus became direct subsidiaries.

Together, these acquisitions amounted to €357.4 million.

During the financial year, Métropole Télévision also continued its share buyback programme, with a view to cancelling them. 980,000 shares were thus bought back for €13.7 million and subsequently cancelled.

Lastly, the year was marked by significant technical investments totalling €6 million, in December 2008 to provide the company with a digital service. This became operational in December 2008.

### 2. Accounting rules and methods

Legal and regulatory provisions currently in force in France were applied in compliance with the principles of prudence, true and fair presentation, and consistency, confirming to the following basic assumptions:

- going concern,
- consistency of accounting policies,
- independence of the accounting periods;

and according to the general rules established with regards to the presentation of annual financial statements.

Due to the application of the ruling n°2008-17 of 6 November 2008 of the French Accounting Regulatory Committee (*CNC*), the Company recognised in its financial statements, through a provision, the existence of a current liability relating to plans granting free shares.

The provisions pertaining to this ruling apply to plans in force at the date of application of the ruling. Consequently, the impact of the change in method corresponding to the €1.2 million portion which should have been recognised as an expense over the previous financial years was posted to retained earnings, in accordance with Article 314-1 of the PCG (French Chart of Accounts).

Excluding the exercise of this accounting option, the financial statements for the year are comparable to those of the previous year.

#### 2.1 Intangible assets

Intangible assets principally comprise computer software and co-production rights.

##### 2.1.1 Computer software

Computer software is amortised on a straight-line basis over a period of between 1 to 5 years, supplemented by an accelerated amortisation.



### 2.1.2 Co-production of drama, documentaries, concerts, programmes and music videos

Once contracts have been signed, co-productions are carried as off-balance sheet commitments with regard to outstanding net payments.

The payments made during production are recorded as advances and payments on account as corresponding invoices are received.

Co-productions are recognised as intangible assets upon receipt and technical acceptance.

Co-production costs are amortised on a straight-line basis over 3 years and may be written-off, based on future receipt forecasts.

## 2.2 Property, facilities and equipment

Property, facilities and equipment are recorded at their acquisition cost. This cost includes expenses directly attributable to the transfer of the assets to their operational location and the commissioning costs incurred to enable assets to be operated in the manner intended by Management.

They are depreciated on a straight-line or reducing balance basis. The key periods of depreciation are as follows:

Mobile technical equipment	3 years
Other mobile equipment	4 years
Technical equipment	3 or 4 years
Computer hardware	3 or 4 years
Office equipment	5 years
Video equipment	6 years
General facilities	10 years
Office furniture	10 years

## 2.3 Investments

Assets defined as investments are:

- equity securities,
- deposits and guarantees,
- loans granted to Group companies.

Investments are recorded at their acquisition cost and written down when their value in use is lower than their carrying value. This provision is increased when necessary by a writedown of current accounts and a provision for liabilities and charges.

The acquisition cost of investments acquired with effect from 2007 comprises the purchase cost and the acquisition costs (transfer taxes, fees, commissions and legal costs). These acquisition costs are subject to an accelerated amortisation over 5 years.

## 2.4 Broadcast rights inventory

Broadcast rights considered as intangible consumables are classified as inventory with effect from their opening which is when the channel is contractually authorised to broadcast the corresponding programmes.

Broadcast rights not open are disclosed in off-balance sheet commitments at their contract but uninvoiced value. Rights invoiced but not open are recorded as payments on account to suppliers. Purchases are recorded at their purchase cost, net of any discounts and rebates earned but excluding the effect of any possible settlement discounts.

Broadcast rights are charged to cost of sales according to the number of broadcasts, in the following manner:

Rights acquired for a single broadcast: 100% of the contract value.

Rights acquired for multi-broadcasts:

- ▶ 1<sup>st</sup> broadcast: 67% of the contract value
- ▶ 2<sup>nd</sup> broadcast: 33% of the contract value.

Different amortisation schedules may be considered in the highly specific cases of rights acquired for 4 to 5 broadcasts, the audience potential of which is deemed particularly high for each broadcast.

Conversely, a writedown provision is recorded when:

- the value in use of the right is below their carrying value;
- their broadcast is considered unlikely.

## 2.5 Receivables and liabilities

Receivables and liabilities are recorded at their nominal value.

A provision for writedowns is established where the recoverable value is lower than the carrying value.

Foreign currency denominated receivables and liabilities which are not the subject of a financial hedge, are translated at their Balance Sheet date exchange rate. Only unrealised exchange losses are recognized in the Income Statement.

## 2.6 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.

## 2.7 Treasury shares

Métropole Télévision holds treasury shares:

- as part of a liquidity contract,
- to cover the exercise of plans to allocated free shares granted to employee beneficiaries.

These treasury shares are recorded at their gross value as marketable securities.

As regards treasury shares held as part of a liquidity contract, a provision for writedown is established when the market price of these treasury shares is lower than their acquisition cost.

For treasury shares to be used to service plans to allocate free shares, this writedown provision is increased by a provision for liabilities and charges equal to the gross value of these shares, in application of *CNC* ruling n° 2008-17 of 6 November 2008.

However, for the first application of the ruling, the provision for liabilities and charges was measured based on the net book value of the treasury shares at the date of the publication of the ruling.

## 2.8 Loan issue costs to be amortised

Banking fees invoiced as part of the implementation of credit facilities are spread out over the duration of the loan.

## 2.9 Regulated provisions

Regulated provisions comprise accelerated depreciation in respect of computer software and acquisition costs of investments.

## 2.10 Provisions for liabilities and charges

Provisions are established for identifiable and individual liabilities and charges, whose impact may be sufficiently reasonably measured and have been rendered likely to occur due events that have occurred or are occurring.

Each provision is valued based on their likely future financial impact, estimated on the basis of information available at the year end.

## 2.11 Provisions for retirement benefits

The provision for retirement benefits was calculated in accordance with IAS 19 – *Employee benefits*, using an actuarial method that takes into account the vested rights of all Group employees and their most recent salary and the average probable residual service of the employees.

## 2.12 Provision for plans granting free shares

In application of *CNC* ruling n° 2008-17 of 6 November 2008, a provision for liability and charges is recognised in the financial statements, corresponding to the outflow of resources liable to be caused by the obligation to transfer shares to employees.

This provision was measured based on the number of shares that should be allocated due to the terms and conditions of the allocation plans, valued at the year end date and at cost, i.e.:

- For shares held by the company, their net book value at the date of publication of the ruling;
- For shares acquired as part of a forward purchase transaction, their future price;
- For shares that had not been acquired at year end, their year end share price.

The final vesting of the shares is subject to the beneficiary remaining employed by the Company for the whole duration of the acquisition period. The provision is spread out over the whole rights acquisition period.

## 2.13 Advertising revenues

Advertising revenues are recorded net of commercial discounts, at the time of the broadcast of the relevant advertising.

## 2.14 Off-balance sheet commitments

Off-balance sheet commitments essentially comprise:

- acquisitions of broadcast rights that are not open and uninvoiced at 31 December 2008;
- co-production costs for which technical approval has not yet been granted;
- technical broadcast costs invoiced (image transmission) on the basis of contracts with technical broadcasters;
- forward purchases of shares.

## 2.15 Financial instruments

The only financial instruments implemented by Métropole Télévision concern foreign exchange and share risk hedging.

Métropole Télévision hedges against the main foreign currency-denominated transactions, using simple financial instruments, primarily forward purchases. Hedged transactions are accounted for at their agreed exchange rate.

The Company also carried out forward treasury share transactions (see note 2.14).

## 3. Notes on the parent company balance sheet

### 3.1 Intangible assets

Intangible assets essentially comprise shares of co-production programmes.

The movements in intangible assets were as follows:

	Business goodwill	Other intangible assets	Advances and payments on account	Total
Amount net of writedowns and amortisation at 31/12/2007	0.0	5.5	1.6	7.1
Acquisitions in the year	-	5.8	1.2	7.0
Disposals in the year	-	(1.8)	(2.6)	(4.4)
Amortisation charge for the year	-	(4.2)	-	(4.2)
Reversal of amortisation on disposals	-	1.8	-	1.8
Provisions for writedowns	-	(1.4)	-	(1.4)
Reversal of provision for writedowns	-	1.0	-	1.0
Amount net of writedowns and amortisation at 31/12/2008	0.0	6.7	0.2	6.9
Gross value at 31/12/2007	-	107.1	1.6	108.7
Accumulated depreciation and writedowns	-	(101.6)	-	(101.6)
Net value at 31/12/2007	0.0	5.5	1.6	7.1
Gross value at 31/12/2008	-	111.1	0.2	111.3
Accumulated depreciation and writedowns	-	(104.4)	-	(104.4)
Net value at 31/12/2008	0.0	6.7	0.2	6.9

### 3.2 Property, facilities and equipment

The movements in property, facilities and equipment were as follows:

	Technical facilities	Other	In progress	Total
<b>Amount net of depreciation at 31/12/2007</b>	<b>4.4</b>	<b>3.6</b>	<b>0.1</b>	<b>8.0</b>
Acquisitions in the year	6.7	1.3	3.3	11.3
Disposals in the year	(0.2)	(0.2)	(3.2)	(3.6)
Disposals in the year	(2.3)	(1.1)	-	(3.3)
Release of depreciation on disposals	0.1	0.2	-	0.3
Provisions for writedowns	(0.2)	-	-	(0.2)
Reversal of provisions for writedowns	-	-	-	-
<b>Amount net of depreciation at 31/12/2008</b>	<b>8.6</b>	<b>3.8</b>	<b>0.1</b>	<b>12.5</b>
Gross value at 31/12/2007	21.3	17.0	0.1	38.3
Accumulated depreciation and writedowns	(16.8)	(13.4)	-	(30.3)
<b>Net value at 31/12/2007</b>	<b>4.4</b>	<b>3.6</b>	<b>0.1</b>	<b>8.0</b>
Gross value at 31/12/2008	27.8	18.1	0.1	46.0
Accumulated depreciation and writedowns	(19.2)	(14.3)	-	(33.5)

The Company acquired a digital broadcasting control room during the financial year, which comprised the greater part of technical facilities acquisitions.

### 3.3 Investments

The movements in the various investments were as follows:

	Equity investments	Loans	Other	Total
<b>Amount net of writedown at 31/12/2007</b>	<b>419.2</b>	<b>14.1</b>	<b>1.9</b>	<b>435.2</b>
Acquisitions in the year	357.7	-	13.7	371.4
Disposals in the year	(203.8)	(4.1)	(13.7)	(221.6)
Provisions for writedown	-	-	-	-
Reversal of provision for writedown	-	-	-	-
<b>Amount net of writedown at 31/12/2008</b>	<b>573.1</b>	<b>10.0</b>	<b>1.9</b>	<b>585.0</b>
Gross value at 31/12/2007	442.1	14.1	1.9	458.1
Accumulated provisions for writedown	(22.9)	-	-	(22.9)
<b>Net value at 31/12/2007</b>	<b>419.2</b>	<b>14.1</b>	<b>1.9</b>	<b>435.2</b>
Gross value at 31/12/2008	596.0	10.0	1.9	607.9
Accumulated provisions for writedown	(22.9)	-	-	(22.9)
<b>Net value at 31/12/2008</b>	<b>573.1</b>	<b>10.0</b>	<b>1.9</b>	<b>585.0</b>

Movements in equity investments in 2008 essentially relate to:

- the acquisition of the M6 Numérique shares for €343.6 million;
- the acquisition of the Studio 89 shares for €2.9 million;
- the acquisition of the Hugo Films shares for €10.4 million;
- the acquisition of the M6 Thématique shares for €203.7 million.

The other movements in other financial assets relate to €13.7 million for the acquisition of treasury shares, followed by their cancellation.

The €10.0 million in loans relates to a loan granted by M6 to its Immobilière M6 subsidiary at the time of acquisition of the head office of the M6 group, in 1997.

### 3.4 Inventory and work-in-progress

This comprises broadcast rights that are open and not consumed.

The movements in the year were as follows:

	31 Dec. 2007	Acquisitions	Decreases / Transfers	Invalid rights	31 Dec. 2008
Inventories	213.6	188.2	142.2	7.1	252.5
Work-in-progress	7.0	49.4	52.1	-	4.3
<b>Total</b>	<b>220.6</b>	<b>237.6</b>	<b>194.3</b>	<b>7.1</b>	<b>256.8</b>

Rights for which there is a risk of no broadcast and rights where the value in use is lower than their carrying value were the subject of a provision of €59.6 million at 31 December 2008.

This provision can be analysed thus:

	31 Dec. 2007	Increases	Reversals	31 Dec. 2008
Provision for writedown inventories	43.4	29.4	16.8	56.0
Provision to writedown work-in-progress	3.5	0.6	0.5	3.6
<b>Total</b>	<b>46.9</b>	<b>30.0</b>	<b>17.3</b>	<b>59.6</b>

### 3.5 Receivables

The maturity of all receivables is as follows:

	Gross value	Due within 1 year	Due after 1 year
<b>Non-current assets</b>			
Intercompany receivables	-	-	-
Loans	10.0	-	10.0
Other investment receivables	1.9	-	1.9
<b>Total</b>	<b>11.9</b>	<b>-</b>	<b>11.9</b>
<b>Current assets</b>			
Trade receivables <sup>(1)</sup>	274.8	272.8	2.0
Other receivables <sup>(2)</sup>	129.5	129.5	-
<b>Total</b>	<b>404.3</b>	<b>402.3</b>	<b>2.0</b>
<b>Total receivables</b>	<b>416.1</b>	<b>402.3</b>	<b>13.8</b>

(1) Trade receivables are principally composed of advertising receivables. The portion of receivables due after one year relates to doubtful receivables that are subject to a writedown provision.

(2) Other receivables include €36.9 million of recoverable VAT and €75.4 million receivable from Group subsidiaries.

Receivables in current assets were the subject of writedown provisions as follows:

	31 Dec. 2007	Increases	Reversals (used)	Reversals (unused)	31 Dec. 2008
Provisions to writedown trade receivables	2.0	-	-	0.3	1.7
Provisions to writedown other receivables	10.3	3.3	-	-	13.6
<b>Total</b>	<b>12.3</b>	<b>3.3</b>	<b>-</b>	<b>0.3</b>	<b>15.3</b>

The provision to writedown other receivables relates to a writedown of the current accounts with the following companies:

- Mandarin for €1.3 million
- M6 Films for €3.4 million
- Métropole Production for €3.3 million
- Femmes en ville SAS for €0.6 million

The equity securities of these companies were also written down in full.

### 3.6 Cash and marketable securities

Cash and marketable securities comprise the following:

	31/12/2008	31/12/2007
Treasury shares	7.7	8.2
Liquidity contracts (treasury shares and other marketable securities)	2.7	3.2
Investment funds, SICAV	32.2	52.0
Cash	21.7	36.2
<b>Cash and marketable securities</b>	<b>64.3</b>	<b>99.6</b>
Provision for treasury shares writedown	(5.4)	(5.5)
<b>Net cash and marketable securities</b>	<b>58.9</b>	<b>94.0</b>

At 31 December 2008, Métropole Télévision held 161,535 treasury shares directly, including:

- 57,035 shares that will be delivered when the next plans granting free shares mature;
- 104,500 shares that are reserved for transfer to the liquidity contract service provider, in the event they are required.

150,000 treasury shares have already been made available to the service provider managing the liquidity contract.

432,667 shares were allocated in 2008 as part of the plan to grant free shares set up in June 2006. In order to service this plan, 440,000 shares were purchased through a forward purchase contract which matured on 6 June 2008.

The net book value of the 57,035 shares to service the free share allocation plans was fixed at €0.9 million, which is the value posted in the financial statements at the date of publication of *CNC* ruling n°2008-17 (see notes 2.7 and 2.12).

Although valued on the basis of the average price of the last month on the stock exchange, these treasury shares are exposed to the risk of decline in value in the event of a fall in the price of the M6 share.

At 31 December 2008, the average price used to value these treasury shares was €13.29. A movement of 10% compared to the previous price would have an impact of €0.3 million on the value disclosed on the balance sheet.

Marketable securities do not include any unrealised gains, as these were realised at 31 December 2008.

### 3.7 Prepaid expenses

The significant reduction in prepaid expenses is due to the amounts invoiced in 2007 as part of the acquisition of new sports rights broadcast in 2008 for €28.9 million. Prepaid expenses thus decreased from €34.2 million at 31 December 2007 to €7.6 million at 31 December 2008.



### 3.8 Loans issue costs to be amortised

During the 2008 financial year, Métropole Télévision negotiated the opening of three-year credit facilities. The bank charges negotiated as part of the implementation of these credit lines totalled €80,000 and are to be amortised over the duration of the loan, i.e. three years.

### 3.9 Equity

The movements in the year were as follows:

	31/12/2007	Allocation of profit	Other movements		31/12/2008
			Additions	Reductions	
Share capital	52.0	-	-	0.4	51.6
Share premium	24.3	-	-	-	24.3
Legal reserve	5.3	-	-	-	5.3
Long term capital gain	-	-	-	-	-
Other reserves	-	-	-	-	-
Profit carried forward	458.6	32.3	-	14.5	476.4
Profit for the year	161.0	(161.0)	234.7	-	234.7
Equity excluding regulated provisions	701.1	(128.7)	234.7	14.9	792.3
Regulated provisions	4.0	-	2.4	1.9	4.5
<b>Total equity</b>	<b>705.1</b>	<b>(128.7)<sup>(1)</sup></b>	<b>237.1</b>	<b>16.8</b>	<b>796.8</b>

(1) dividends paid on 15 May 2008

During 2008, 980,000 shares were cancelled as part of the share buyback programme.

The impact of this decline is €0.4 million and €13.3 million on capital and retained earnings, respectively. The balance of the decline (€1.2 million) relates to the impact of the change in accounting method set out in note 3.10.

At 31 December 2008, the share capital comprised 128,954,690 ordinary shares of €0.40 each.

The regulated provisions relate to accelerated amortisation of licences and acquisition costs of investments.

### 3.10 Provisions for liabilities and charges

The movements in provisions during 2007 were:

	31 Dec. 2007	Increases	Reversals (used)	Reversals (unused)	31 Dec. 2008
Provisions for litigation (1)	13.7	7.9	0.9	8.6	12.1
Provisions for plans granting free shares (2)	0.9	4.5	0.9	-	4.5
Provisions for subsidiaries' liabilities	1.4	-	-	0.2	1.2
Provisions for retirement benefits	3.2	0.4	1.2	-	2.4
Other provisions for charges (4)	24.1	12.2	13.1	1.4	21.9
<b>Total provisions for liabilities and charges</b>	<b>43.4</b>	<b>25.1</b>	<b>16.1</b>	<b>10.2</b>	<b>42.2</b>

- (1) Provisions for litigation are to cover litigation or disputes in existence at 31 December 2008. The details of these litigations in dispute are privileged information.
- (2) This provision was intended to hedge against the likely outflow of resources corresponding to the obligation to transfer shares to employees. It is spread over the rights acquisition period and amounted to €3.0 million for the plan maturing in 2009 and €1.5 million for the plan maturing in 2010. The portion of this provision (€1.2 million), which should have been recognised as an expense in previous financial years was deducted from retained earnings.
- (3) The provision for subsidiary liabilities corresponds to the share of subsidiaries' negative equity, taking account of the writedowns already recognised on the shares and current accounts.
- (4) The other provisions for charges primarily relates to the writedown of audiovisual rights that Company is committed to buy but are not yet posted to assets (€12.6 million).

These provisions also include:

- The provisions resulting from the cost of rearranging frequencies as part of the DTT launch (€1.0 million);
- A provision for the social and ancillary costs of the cessation of local newscasts (€2.6 million);
- Liability guarantees given in relation of the disposal of subsidiaries;
- And various other provisions for liabilities and charges.

### 3.11 Liabilities

Liabilities may be analysed as follows, by maturity date:

	Gross value	Due within 1 year	Due within 1 to 5 years	Due after 5 years
Bank overdrafts	29.2	29.2	-	-
Trade payables	241.3	240.6	0.7	-
Income tax and social security liabilities	63.2	63.2	-	-
Liabilities on non-current assets	2.8	2.8	-	-
Other liabilities	154.1	154.1	-	-
<b>Total</b>	<b>490.6</b>	<b>489.9</b>	<b>0.7</b>	<b>-</b>
Accrued expenses included within the above:				
- trade suppliers	45.2			
- income tax and social security	13.4			
- providers of property, facilities and equipment	-			

## 4. Notes on the parent company income statement

### 4.1 Sales

Advertising revenues are recorded net of commercial discounts and are analysed thus:

	2008	2007
TV advertising and sponsorship revenues	665.2	686.2
Other revenues	3.3	1.9
<b>Total sales</b>	<b>668.6</b>	<b>688.1</b>

#### Analysis by geographic region (\*)

France	93.37%
Europe	4.81%
Other countries	1.83%

(\* on the basis of invoicing)

### 4.2 Purchases of merchandise and inventory movements

The purchases of merchandise relates to the acquisition of broadcast rights. These rights are for immediate use and are not recorded as inventory.

The inventory movement corresponds to the use of broadcast rights that are recorded as inventory, as disclosed in Note 3.4.

### 4.3 Other purchases and external costs

This mainly comprises services of analogue and digital broadcast of the channel as well as remuneration of the advertising service.

### 4.4 Tax and duties

Business taxes paid by the channel are recorded under this heading. Of €49.2 million in 2008, €34.8 million related to the contribution to the support account for the Centre National de Cinématographie (National Cinematographic Centre).

### 4.5 Other expenses

This comprises payments to various copyright companies for a total of €35 million.

#### 4.6 Financial income

Financial income can be analysed thus:

	2008	2007
Dividends from equity investments	179.0	65.6
Net interest on associates' current accounts	(3.1)	4.3
Bank loan interest charge	(0.7)	
Income from marketable securities	1.4	3.1
Provisions for writedown of equity investments	-	(2.5)
Provisions for writedown of current accounts	(3.3)	(10.3)
Provisions for subsidiaries' liabilities	0.2	1.1
Provisions for writedown of treasury shares	0.1	1.4
Exchange differences	(0.1)	(0.3)
Other	-	(0.1)
<b>Total financial income</b>	<b>173.5</b>	<b>62.2</b>

#### 4.7 Net exceptional expenses

Net exceptional expenses may be analysed as follows:

	2008	2007
Net provision charges (including accelerated depreciation and amortisation)	(2.9)	2.7
Capital gains and losses on disposal of non-current assets	(1.3)	(3.2)
Writedown of treasury shares	(11.8)	(5.7)
Compensation arising from litigation	(0.0)	3.2
<b>Total net exceptional expenses</b>	<b>(16.0)</b>	<b>(3.1)</b>

#### 4.8 Income tax

Since 1 January 1988, the Company has declared itself as the parent company of a tax grouping pursuant to Articles 223A and subsequent of the General Tax Code.

The tax grouping arrangement adopted by the group is based on non-discriminatory tax treatment. Each subsidiary therefore pays its own tax charge as if it was independent for tax purposes.

The company incurred a tax charge of €18.2 million for 2008, which included

- an €1.9 million tax receivable in respect of the 2007 financial year;
- a €30.1 million income tax charge in respect of the 2008 financial year, including a tax grouping loss of €3.5 million.

The company is liable for a group tax payment of €62.6 million for 2008.

Income tax can be analysed thus:

	Profit before tax	Income tax
EBITA	270.7	35.7
Net exceptional expenses	(16.0)	(5.6)
Profit before tax and employee profit sharing	254.7	-
<b>Company income tax</b>	<b>-</b>	<b>30.1</b>

#### 4.9 Future tax liability at the end of the year

	Deferred tax assets	Deferred tax liabilities	Net deferred tax at 31/12/2008
Description of temporary differences			
Regulated provisions	-	(1.5)	(1.5)
Tax on non-deductible provisions	9.6	-	9.6
Tax on long term capital losses	-	-	-

The future tax liability was measured using a corporate tax rate of 34.43%.

## 5. Other notes

### 5.1 Balance sheet items arising from transactions with related and associated companies

	Related companies (a)	Associated companies (b)
Investments	572.3	0.8
Loans	10.0	-
Advances and pre-payments	4.0	0.4
Trade receivables	77.8	1.0
Other receivables (1)	135.1	4.6
Trade payables	68.9	0.2
Liabilities relating to non-current assets	0.9	-
Other debts – subsidiaries' current accounts	88.9	0.6
Finance expenses	9.7	-
Finance income	6.3	0.3
(1) including subsidiaries' current accounts	108.1	10.7

*(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 Off-balance sheet commitments

At 31 December 2008, off-balance sheet commitments, by description and maturity, were as follows:

	Commitments at 31/12/2008	Due within 1 year	Due in more than 1 year	Commitments at 31/12/2007	Terms and conditions of implementation
<b>Commitments given</b>	<b>648.3</b>	<b>197.7</b>	<b>450.6</b>	<b>787.9</b>	
Purchase of broadcast rights	443.6	88.5	355.1	579.2	Contracts signed
Co-production commitments	76.3	64.5	11.8	59.8	Contracts signed
Contracts for broadcast (1)	115.0	35.2	79.8	127.6	Contracts signed
Contracts for future purchases of shares	5.1	5.1	-	16.4	Contract term
Liability for partnership responsibilities	0.3	0.3	-	0.6	SNC liquidation
Commercial commitments (2)	8.0	4.1	3.9	4.3	Contracts signed
<b>Commitments received</b>	<b>0.4</b>	<b>0.4</b>	<b>-</b>	<b>0.8</b>	
Liability for partnership responsibilities	0.3	0.3	-	0.6	SNC liquidation
Sales commitments	0.1	0.1	-	0.2	Annual due dates

(1)These contracts relate to image transfer and broadcasting services. The commitments have been measured by taking account of the balance remaining due until the maturity of each contract. As for analogue broadcasting, the selected maturity date of the contract is the date planned for the analogue signal to be switched-off (November 2011).

(2)Commercial commitments relate mainly to contracts for the rental of premises.

## 5.3 Directors remuneration

	Amount in €
Directors' remuneration	2 459 545

In addition, in this respect and under the same conditions as company employees, the members of the Executive Board may benefit from legal compensation at the end of career. No loans or advances were granted to any Director.

## 5.4 Average workforce

The average workforce of Métropole Télévision is composed as follows:

	2008 salaried employees	2007 salaried employees
<b>Permanent workforce</b>	<b>556</b>	<b>569</b>
Employees	57	62
Supervisors	127	148
Managers	284	272
Reporters	88	87
<b>Temporary workforce (full time equivalent)</b>	<b>159</b>	<b>115</b>
<b>Total</b>	<b>714</b>	<b>684</b>

At 31 December 2008, the cumulative hours relating to individual training rights amounted to 39,752 hours.

1,517 ITR (Individual Training Right) hours were used during the financial year.

### 5.5 Share subscription plans and plans granting free shares

The share subscription plans are serviced through the issue of new shares.  
Plans granting free shares are serviced using outstanding shares.

The main features of plans in force at 31/12/08 are as follows:

	Exercise price	Number of shares granted at plan date	Balance at 31/12/07	Granted	Exercised	Cancelled	Balance at 31/12/08
Share subscription plan		5 940 875	3 790 850	883 825	-	591 700	4 082 975
- 07/06/01	30.80	551 800	293 100			293 100	-
- 07/06/02	28.06	710 500	440 000			47 500	392 500
- 25/07/03	22.48	713 500	497 000			40 000	457 000
- 14/11/03	23.82	20 000	20 000			-	20 000
- 28/04/04	24.97	861 500	622 500			55 000	567 500
- 02/06/05	19.94	635 500	508 000			48 750	459 250
- 06/06/06	24.60	736 750	631 000			46 750	584 250
- 02/05/07	27.52	827 500	779 250			47 500	731 750
- 06/05/08	14.73	883 825		883 825		13 100	870 725
Plans granting free shares		949 498	614 215	280 720	432 667	13 737	448 531
- 06/06/06	N/A	480 472	437 415		432 667	4 748	-
- 02/05/07	N/A	188 306	176 800			5 589	171 211
- 06/05/08	N/A	280 720		280 720		3 400	277 320

The granting of 432,667 free shares in 2008 and 100,800 free shares in 2007 generated a €1.8 million and €5.7 million charge, respectively, in Métropole Télévision's financial statements.

As regards the plans decided on 6 May 2008, the fair value of allocated instruments is:

- €3.59 for the share subscription plans;
- €13.42 for the free share allocation plans.

### 5.6 Attendance fees

The amount of attendance fees paid during the year was €130,000.

### 5.7 Earnings per share (in euro)

	31/12/2008	31/12/2007
Profit after tax, employee profit sharing, before amortisation, depreciation charges and provisions	2.05	1.41
Profit after tax, employee profit sharing, amortisation, depreciation charges and provisions	1.82	1.24
Dividend per share	0.85	1.00

## **6. Consolidation of accounts**

The Métropole Télévision is the parent company of a consolidated group. The financial statements are however fully consolidated in the financial statements of the RTL Group.

## **7. Statutory Auditors' fees**

The fees paid in respect of the 2008 Statutory Auditors' assignments totalled €228,000, equally split between Pricewaterhouse Coopers, KPMG and Ernst and Young. No ancillary assignment was billed to M6.

## **8. Subsequent events**

On 5 January 2009, the Group ceased to broadcast local newscasts, resulting in a partial termination of the latter's operations, the social consequences of which were dealt with the implementation of an employment retention plan, in relation to which cost a provision was recognised in 2008.

On 12 February 2009, the Cantonal Court of Freiburg delivered its judgement in the litigation between M6 and SSR. This ruling concluded that the broadcasting of M6 in Switzerland, including local advertising breaks, constitutes an infringement of copyright and acts of unfair competition. M6 decided to appeal the decision to the Federal Court.

On 3 March 2009, the French Constitutional Council validated the greater part of the Audiovisual Law, which was then promulgated on 7 March 2009.

To the Company's knowledge, no other significant event occurred since 1 January 2009 is likely to have or to have had in the recent past a significant impact on the Company's financial position, results, activities and assets.



9. Subsidiaries and associates (€ thousands)

Subsidiaries	N° Siren	Share capital	Reserves Retained earnings	Share capital % ownership	Book value of shares owned Gross	Net	Outstanding loans and advances	Guarantee and sureties given by the company	Sales 2007	2008	Net Profit 2007	2008	Dividends received during the year
M6 PUBLICITE sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	340949031	50	6	99.99	38	38	-	-	71 378	73 514	27 826	29 710	27 825
M6 FILMS sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	380727404	60	(4 173)	99.98	166	-	9 655	-	1 464	1 002	951	(467)	-
METROPOLE PRODUCTION sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	382477131	50	(6 050)	99.98	1 150	-	21 092	-	29 630	31 747	(2 587)	(2 530)	-
C. PRODUCTIONS sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	407908656	50	(519)	99.97	38	38	5 132	-	17 481	30 217	(561)	1 512	-
M6 INTERACTIONS sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	388909459	34 050	9 313	100.00	34 007	34 007	13 175	-	77 434	25 476	10 158	167 975	22 350
M6 THEMATIQUE sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	403105109	57 615	(104 294)	100.00	113 988	113 988	-	-	4 109	4 319	18 599	116 146	123 087
IMMOBILIERE M6 sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	399476357	9 600	6 149	100.00	9 147	9 147	-	-	7 016	6 740	1 190	899	-
M6 FOOT sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	423133784	18 360	(18 279)	100.00	19 128	42	503	-	-	-	5	9	-
SCI 107 sci 89, Avenue Charles de Gaulle - 92200 NEUILLY	421699133	5 002	(529)	99.90	5 002	5 002	2 387	-	958	639	(415)	(942)	-
M6 DEVELOPPEMENT sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	428115224	40	(66)	99.99	40	40	644	-	1 323	1 073	(14)	(15)	-
M6 STUDIO sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	428115299	45	(1 278)	99.99	45	45	5 788	-	3 081	1 126	(678)	(2 201)	-
IMMOBILIERE 46 D 89, Avenue Charles de Gaulle - 92200 NEUILLY	493897516	26 040	(2 423)	100.00	26 040	26 040	19 339	-	905	1 931	(2 423)	(1 302)	-
M6 BORDEAUX sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	433503364	40	20	99.99	40	40	855	-	1 116	1 549	73	12	-
M6 TOULOUSE sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	433503414	40	9	99.99	40	40	1 025	-	1 166	1 739	71	10	-
MANDARIN sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	405363177	114	(2 750)	100.00	2 500	-	1 264	-	1 163	55	269	122	-
M6 CREATIONS 89, Avenue Charles de Gaulle - 92200 NEUILLY	493905814	40	(2)	100.00	40	40	-	-	-	-	(2)	(1)	-
M6 RECREATIVE 89, Avenue Charles de Gaulle - 92200 NEUILLY	493869002	40	(14)	100.00	40	40	-	-	62	93	(14)	(3)	-
DIEM 2 89, Avenue Charles de Gaulle - 92200 NEUILLY	400372512	37	(861)	100.00	90	90	833	-	-	-	(24)	(16)	-
M6 DIVERTISSEMENTS 89, Avenue Charles de Gaulle - 92200 NEUILLY	493867303	40	(2)	100.00	40	40	-	-	-	-	(2)	(1)	-
SOCIETE NOUVELLE DE CINEMATOGRAPHIE 89, Avenue Charles de Gaulle - 92200 NEUILLY	775670623	882	87	100.00	12 914	12 914	-	-	1 011	2 041	(2)	(286)	-
MANDARIN FILMS 89, Avenue Charles de Gaulle - 92200 NEUILLY	413109984	46	8	100.00	11 356	11 356	-	-	1 069	579	227	357	1 432
HUGO FILMS 89, Avenue Charles de Gaulle - 92200 NEUILLY	324774496	77	1 868	100.00	10 445	10 445	-	-	7 287	6 295	(151)	4 384	-
M6 NUMERIQUE 89, Avenue Charles de Gaulle - 92200 NEUILLY	407539378	175 037	127 456	100.00	343 569	343 569	3 655	-	-	-	166 427	(153)	-
M6 DIFFUSION 89, Avenue Charles de Gaulle - 92200 NEUILLY	410131460	50	7	99.98	761	761	-	-	-	-	24	14	697
STUDIO 89 89, Avenue Charles de Gaulle - 92200 NEUILLY	428895122	1 040	337	100.00	2 926	2 926	2 178	-	34 350	31 325	809	(928)	813

**FINANCIAL ACCOUNTS**

**NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS**

	N° Siren	Share capital	Reserves Retained earnings	Share capital % ownership	Book value of shares owned Gross	Net	Outstanding loans and advances	Guarantee and sureties given by the company	Sales 2007	2008	Net Profit 2007	2008	Dividends received during the year	
<b>Investments</b>														
SOCIETE NOUVELLE DE DISTRIBUTION sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	414857227	18 271	4 968	7.12	1 650	1 650	13 935	-	82 889	96 306	4 097	1 312	-	
M6 WEB sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	414549469	740	83	6.75	50	50	14 168	-	88 517	93 502	13 328	5 138	900	
METROPOLEST sa Rue Théophraste Renaudot - 54180 HOUEMONT	394735799	40	72	49.88	19	19	-	-	739	NC	3	NC	-	
EUROPEAN NEWS EXCHANGE sa 45 bld Pierre Frieden 1543 LUXEMBOURG-KIRCHBERG		496	(14)	20.00	100	100	-	-	4 864	NC	36	NC	-	
TCM DROITS AUDIOVISUELS snc 3, rue du commandant Rivière -75008 PARIS	409528924	240	-	50.00	655	655	-	-	12 458	11 319	3 849	5 070	-	
TCM GESTION sa 145 Quai de Stalingrad 92130 ISSY-LES-MOULINEAUX	409529344	40	8	49.88	20	20	-	-	2	1	(12)	(1)	-	
MULTIPLIX R4 (MULTI 4) 89, Avenue Charles de Gaulle - 92200 NEUILLY	449753979	62	5	16.67	10	10	-	-	37	41	1	0	-	
MULTIPLIX R5 1, quai Point du Jour - 92100 BOULOGNE	505128777	38	-	33.33	13	13	-	-	N/A	NC	N/A	NC	-	

**FINANCIAL ACCOUNTS**

**FIVE YEAR FINANCIAL RESULTS SUMMARY**

**E. FIVE YEAR FINANCIAL RESULTS SUMMARY**

FINANCIAL YEAR END NUMBER OF MONTHS	31/12/2008 12 months	31/12/2007 12 months	31/12/2006 12 months	31/12/2005 12 months	31/12/2004 12 months
<b>Closing financial year capital (€)</b>					
Share capital	51 581 876	51 973 876	52 755 476	52 755 476	52 755 476
Number of ordinary shares issued	128 954 690	129 934 690	131 888 690	131 888 690	131 888 690
<b>Financial results (€ millions)</b>					
Sales (ex-VAT)	668.6	688.1	664.4	640.7	612.1
Profit before tax, employee profit sharing and amortisation, depreciation and provisions charges	276.7	240.8	199.7	236.2	205.6
Income tax	18.2	54.9	43.6	53.3	57.7
Employee profit sharing plan	1.9	3.3	2.8	2.8	2.7
Net profit	234.7	161.0	144.6	166.2	122.4
Dividends paid	109.3	129.7	125.3	124.8	109.7
<b>Earnings and dividends per share (€)</b>					
Basic earnings per share – profit after tax, employee profit sharing, before amortisation, depreciation and provision charges	1.99	1.41	1.16	1.37	1.10
Basic earnings per share – net profit	1.82	1.24	1.10	1.26	0.93
Dividend per share	0.85	1.00	0.95	0.95	0.84
<b>Workforce</b>					
Average workforce size	714	684	616	602	549
Total amount of Payrole*	41.9	37.7	34.9	31.5	30.0
Total employment benefits costs including social security and medicare*	20.1	17.3	15.7	16.3	14.0

\* (in € millions).

KPMG Audit  
1, cours Valmy  
92923 Paris La Défense

PricewaterhouseCoopers Audit  
63, rue de Villiers  
92208 Neuilly-sur-Seine

Ernst & Young & Others  
41, rue Ybry  
92576 Neuilly-sur-Seine

Métropole Télévision S.A.  
Financial year ended 31 December 2008

**Statutory Auditors' report  
on the parent company financial statements**

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you for the financial year ended 31 December 2008, on:

- the audit of the accompanying financial statements of the Métropole Télévision SA company;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements have been prepared by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

**Opinion on the annual financial statements**

We conducted our audit in accordance with accepted professional standards in France. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also involves assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, in light of French accounting principles and methods, the annual financial statements give a true and fair view of the financial position, assets and liabilities, and net profit of the company from the transactions for the financial year then ended.

Without qualifying the opinion expressed above, we draw your attention to the change of accounting method set out in Note 2 "Accounting rules and methods" of the notes to the parent company financial statements, relating to the accounting treatment of the plans granting free shares to employees, introduced in application of CNC ruling n° 2008-17 of 6 November 2008.

**Justification of assessments**

Pursuant to the application of the provisions of Article L.823-9 of the Commercial Code relative to the justification of our assessments, we bring to your attention the following matters:

- Notes 2.1.2 and 2.4 disclose the Company's principles and methods for accounting for its 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.

- Note 2.3 discloses the Company's principles and methods for accounting for its financial assets for the financial year. Within the framework of our assessment of the accounting principles and methods used by your Company, we have ensured the appropriateness of these accounting methods and of the information disclosed in the Notes and have assured ourselves of its correct application.

These assessments were made within the framework of our audit, which focuses on the financial statements as a whole, and accordingly contributed to the issuance of a clean opinion in the first part of our report.

Specific verifications and information

We have also performed the specific verifications required by law.

We have no comments to make concerning:

- the fairness and consistency with the annual financial statements of the information given in the Executive Board report and in the documents sent to the shareholders concerning the financial situation and the annual financial statements.
- the fairness of information disclosed in the management report on Directors' remuneration and fringe benefits paid to directors concerned, as well as commitments granted for their benefit upon their appointment, term of office, change of position or subsequent to the provision of their services.

As required by law, we ensured that the various information concerning the acquisition of shareholdings and controlling interests was provided to you in the management report.

Paris La Défense and Neuilly sur Seine, 27 March 2009

The Statutory Auditors

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Métropole Télévision, S.A.  
Financial year ended 31 December 2008

**Statutory Auditors' special report  
on regulated agreements and commitments**

To the Shareholders,

As Statutory Auditors of your Company, we hereby present to you our report on the regulated agreements and commitments.

Agreements and commitments authorised during the financial year ended 31 December 2008, as well as those authorised up to 10 March 2009.

In application of Article L. 225-88 of the French Commercial Code, we have been notified of the following agreements and commitments that received prior approval from your Supervisory Board.

Our role is not to seek to bring other agreements and commitments to light, but, on the basis of the information given to us, to provide you with the characteristics and essential terms and conditions of the agreements brought to our attention, without having to issue an opinion on whether or not these agreements are useful or warranted. Pursuant to Article R. 225-58 of the Commercial Code, it is your role to assess the interest in concluding these agreements and commitments, with a view to approving them.

We have performed our work in accordance with professional standards in force in France. These standards require the implementation of diligence procedures in order to verify the agreement of information provided to us with the base documents from which they have been derived.

**1. Commitments entered into by your Company for the benefit of members of the Executive Board**

*Persons concerned*

Nicolas de Tavernost, Chairman of the Executive Board, Eric d'Hotelans, Thomas Valentin and Catherine Lenoble.

*Nature and purpose*

Your Company amended, in application of the new recommendations published by the *AFEP and MEDEF* on 6 October 2008 and included in the *AFEP/MEDEF* consolidated corporate governance code of December 2008, the commitments undertaken in 2008 for the benefit of members of the Executive Board: all severance pay commitments for the benefit of members of the Executive Board were harmonised by specifying the compensation base and cases in which such compensation, which remains subject to the performance condition introduced by the Supervisory Board of 3 March 2008, should be paid.

*Terms and conditions*

The commitment entered into by your company for the benefit of Nicolas de Tavernost, Chairman of the Executive Board, now provides, in the event he ceases to act as Chairman of the Executive Board, for the payment of compensation equal to the difference between twenty four months of gross monthly remuneration, calculated on the basis of the total remuneration, including fixed and variable items, received over the last twelve months preceding the termination of his position as Chairman of the Executive Board and the legal and statutory compensation potentially due to him in respect of the termination of his employment contract. The payment of severance pay is now limited to cases in which his term of office as Chairman of the Executive Board is not terminated due to his resignation or failure to perform his duties satisfactorily.

The compensation of Thomas Valentin, Eric d'Hotelans and Catherine Lenoble is now equal to the difference between twenty four months of gross monthly remuneration calculated on the basis of the total remuneration, including fixed and variable items, received over the last twelve months preceding the termination of their employment contract and the cumulative legal and statutory compensation potentially due to them in respect of the termination of their employment contract and, if applicable, the amount due as consideration for their non-competition commitment. Directors' fees are excluded from the calculation base to the extent that the contractual compensation they benefit from is attached to their employment contract. The payment of severance pay is now limited to cases in which they are not made redundant due to a serious fault or gross negligence, them tendering their resignation or failure to perform their duties satisfactorily. The changes thus introduced to the compensation packages of Catherine Lenoble, Thomas Valentin and Eric d'Hotelans were formalised by the signing of an addendum to their respective employment contracts.

2. Cash management agreement with Immobilière Bayard d'Antin SA.

*Persons concerned*

Gerhard Zeiler, Rémy Sautter, Elmar Heggen, Vincent de Dorlodot, Andrew Buckhurst, Axel Duroux and Fabrice Boé.

*Nature and purpose*

Your Company entered into a Cash management agreement in date of 15 December 2008 with Immobilière Bayard d'Antin SA, authorised by the Supervisory Board on 4 November 2008 to replace the Cash management agreement of 1 December 2005, renewed on 12 December 2006 and 14 December 2007.

*Terms and conditions*

Your Company may loan its surplus cash to the Immobilière Bayard d'Antin and borrow a maximum of €50,000,000 from Bayard d'Antin, providing this amount does not exceed 48% of amounts borrowed from banking institutions. In order to comply with Métropole Télévision cash management policy, the aggregate amount that may be invested by your Company shall never exceed more than 20% of the cash resources of Métropole Télévision Group.

Your Company may make deposits or borrow funds for periods from 1 to 3 weeks or 1 to 3 months. The amount deposited or borrowed shall be a multiple of €1,000,000, with a minimum of €5,000,000 for each loan. The remuneration provided by this agreement is in line with the market.

**Agreements and commitments approved in previous financial years whose execution continued in the 2008 financial year**

Furthermore, in application of the French Commercial Code, we have been notified of the following agreements and commitments that were authorised in previous financial years and whose execution continued in the 2008 financial year:

1. Agreement with RTL Group, acting on behalf of Immobilière Bayard d'Antin SA

*Nature and purpose*

On 4 June 2007, following authorisation from the Supervisory Board on 2 May 2007, your company and RTL Group, acting on behalf of Immobilière Bayard d'Antin SA concluded an agreement for the acquisition of blocks of shares in your company, limited to 10% of the share capital, with a view to cancelling them.

This agreement comes within the framework of the programme of buying shares back with a view to cancelling them implemented in application of Article L. 225-209 of the French Commercial Code, authorised by the General Meeting of 2 May 2007, and according to which the Executive Board may proceed with the acquisition, through an investment service provider, of blocks of shares in your company on the market and, off-market, from RTL Group (RTL).

*Terms and conditions*

In 2008, 980,000 shares were bought back, of which 480,000 from RTL Group, at an average price of €13.96 per share.

This agreement expired on 30 June 2008.

2. Cash investment agreement with Immobilière Bayard d'Antin SA

*Nature and purpose*

Your Company entered into a treasury management agreement in date of 1 December 2005, renewed on 12 December 2006 and 14 December 2007 with Immobilière Bayard d'Antin SA. ("Bayard d'Antin").

*Terms and conditions*

Your Company may loan its surplus cash to Bayard d'Antin, either on a day-to-day basis or investing part of the loan for a duration not exceeding three months. Interest charged pursuant to this agreement is in line with market conditions. In order to comply with Métropole Télévision cash management policy, the aggregate amount that may be invested by your Company shall never exceed more than 20% of its cash resources.

In respect of the financial year ended 31 December 2008, the average value of the deposit was €7,400,000 and the financial income generated by this agreement totalled €329,000.

Following a decision by the Supervisory Board on 4 November 2008, this agreement was renewed for the 2009 financial year and extended to reciprocal transactions, to enable Bayard d'Antin to lend cash to your Company from time to time, as presented in the "Agreements and commitments authorised during the financial year ended 31 December 2008, as well as those authorised up to 10 March 2009" section of this report.

Paris La Défense and Neuilly sur Seine, 27 March 2009

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# **LEGAL INFORMATION**

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## 1. Company Information

### 1.1 Bylaws environment

The main provisions of the Company's bylaws are as follows:

#### COMPANY NAME

MÉTROPOLE TÉLÉVISION – (M6)

#### HEAD OFFICE AND REGISTERED OFFICE

89, avenue Charles-de-Gaulle  
92575 NEUILLY-SUR-SEINE Cedex  
FRANCE

#### LEGAL FORM

A French-law public limited company (*Société Anonyme*) with an Executive Board and Supervisory Board governed by the Commercial Code, the unrepealed provisions of the Decree of 23 March 1967 and subsequent texts on commercial companies.

#### DATE OF INCORPORATION - DURATION

The Company was incorporated on 13 October 1986 for a period of 99 years unless subject to early dissolution or extension.

#### TRADE AND COMMERCE REGISTER - SIRET – APE CODE

The Company is entered in the Trade and Companies Register under the numbers:  
RCS Nanterre 339 012 452  
SIRET 339 012 452 00084  
APE 6020A

#### INSPECTION OF DOCUMENTS

Legal documents concerning the Company may be inspected at the registered office.

#### FINANCIAL YEAR

From 1 January to 31 December.

#### COMPETENT COURTS

The competent courts will be those of the Company's registered office in the event of litigation where the Company is defendant and these courts will be designated in accordance with the location and nature of the litigation, unless otherwise specified by the Code of Civil Procedure.

#### CORPORATE PURPOSE (ARTICLE 3 OF THE BYLAWS)

The Company's corporate purpose is as follows:

- operation of an audiovisual communications service distributed over terrestrial, cable, satellite networks or by any other means that may be authorised, as applicable, by the *Conseil Supérieur de l'Audiovisuel* (CSA), comprising notably the conception, production, programming and broadcasting of television programmes, including all advertising;
- all industrial, commercial, financial and real estate transactions directly or indirectly connected to the above. Also, any related or complementary aims likely to further the development of the Company's objectives or assets.

#### STATUTORY APPROPRIATION OF PROFITS (ARTICLE 40 OF THE BYLAWS)

5% of the profit of the year as reduced by any prior year losses shall be allocated to the legal reserve. This deduction ceases to be obligatory once the legal reserve amounts to one tenth of the share capital.

The balance, less any transfers to other reserves as required by law, together with any profits carried forward comprise the distributable profit.

As applicable, the following may be deducted from the distributable profit:

- a) any amounts that the General Meeting, upon the recommendation of the Executive Board, decides to allocate to any special reserves, ordinary or extraordinary or to carry forward;
- b) any amounts necessary to give shareholders, by way of first dividend, 5% of the amount paid and not written down on their shares without entitling them to a claim on future profits, if there is an insufficient profit in a year to effect the payment.

The balance of distributable profit, after the above deductions, shall be split equally among all shares by way of a special dividend.

If the General Meeting decides to distribute amounts from the reserves that are available, the decision shall expressly indicate which reserves are to be used.

In accordance with legal provisions, the General Meeting called to approve the annual financial statements may grant shareholders the option of receiving payment in cash or in shares for all or part of the dividend or interim dividend payment.

### **GENERAL MEETINGS (ARTICLES 27-29 OF THE BYLAWS)**

#### **Notice of meetings – attendance and exercise of voting rights**

Shareholders' meetings are announced by a preliminary notice which is published in the *Bulletin des Annonces Légales Obligatoires (BALO)* at least 35 days prior to the meeting date, pursuant to regulations in force, other than where an exception to this rule is allowed by such regulations (notably during a public share-offer period).

The final notice of shareholders' meetings is issued at least fifteen days prior to the date set for the meeting on first call, other than where an exception to this rule is allowed by regulations in force. This time period is reduced to six days for meetings on second call, other than where an exception to this rule is allowed by regulations in force.

The final notice is sent by postal carrier or by electronic mail to all holders of registered shares and published in a legal gazette serving the location in which the registered office is located and in the *BALO*.

The notice must set forth the date, time and place of the meeting and state the purpose and agenda for the meeting.

The notice must also specify the conditions in which a shareholder may vote by post, and must specify the location where postal voting forms may be obtained and the necessary documents to be attached.

Shareholders may submit their questions in writing up to four working days prior to the shareholders' meeting.

All of the Company's shareholders whose shares are fully paid up may participate in meetings. No shareholder may delegate voting authority to another person except the shareholder's spouse or another shareholder.

The right to attend General Meetings is subject to the accounting record of the shares in the name of the shareholder or the intermediary on his behalf, on the third day preceding the meeting (00.00hours Paris time), either in the nominative accounts held by the Company, or in the accounts of bearer shares held by an authorised intermediary.

Proxy and postal voting forms are prepared and addressed in accordance with legislation in force. The owners of the shares referred to in Article L 228-1 of the Commercial Code may be represented at shareholders' meetings by an intermediary registered on behalf of such owners in accordance with the provisions of the foregoing Article. The intermediary who has fulfilled the obligations specified in Article L 228-1 may, pursuant to a general securities management mandate, transmit for a meeting its voting rights or power of attorney as an owner of shares as defined in the same Article.

**LIMITATION ON VOTING RIGHTS (ARTICLE 35 OF THE BYLAWS)**

Subject to the provisions below, the voting rights conferred on shares is proportional to the share capital they represent, and each share carries the right to one vote.

No shareholder, or group of shareholders acting in concert, may hold more than 34% of the total number of voting rights.

In the event that a shareholder holds, either alone or in concert with others, over 34% of the share capital, the number of votes available to each shareholder in Meetings is restricted to 34% of the total number of shares in the Company and/or the attached voting rights.

This restriction ceases to have effect in the event of the elimination of the need for such a restriction, either following a decision by the CSA or as part of a revision to the agreement between the Company and the CSA.

**REQUIREMENTS FOR HOLDINGS EXCEEDING THE STATUTORY THRESHOLD (ARTICLE 11 OF BYLAWS)**

Shares are freely negotiable.

Shares are transferred by transfer from account to account subject to applicable legal and regulatory provisions. In the event of an increase in the share capital, shares may be traded as soon as it is completed.

Any individual or legal entity, acting alone, or with others, that attains a holding of at least 1% or any multiple of 1% of the capital and/or voting rights must notify the Company of the number of shares and/or voting rights held within a period of five stock market trading days from the moment this threshold is exceeded, by registered letter with return receipt addressed to its registered office.

The number of shares that determine the above thresholds shall include indirectly held shares and/or voting rights and shares and/or voting rights as defined by Articles L. 233-7 and subsequent of the Commercial Code.

This declaration must also be made each time that the fraction of share capital or voting rights held becomes less than one of the thresholds stated above.

If not declared under the above conditions, the shares in excess of the relevant threshold will be deprived of voting rights under the conditions laid down by the Commercial Code relating to the crossing of statutory thresholds. Intermediaries registered as holders of shares pursuant to paragraph three of Article L. 228-1 of the Commercial Code are required without prejudice to the obligations of the owners of shares, to make the declarations stipulated in this paragraph for all of the shares of the Company for which they are registered as the holder.

The requirements set forth in the above Article shall not limit the application of the provisions of the Law of 30 September 1986 on the free disclosure of share ownership or voting rights of companies licensed to operate an audiovisual communication service, or of any other provisions under law.

## 1.2 Regulatory environment

By virtue of its corporate purpose and status as an operator of a terrestrial over-the-air analogue and digital broadcasting license, the Company is governed by a specific legal and regulatory regime which applies in addition to the ordinary provisions.

### 1.2.1. Ownership of the share capital

Under the terms of Article 39 of Law n°86-1067 of 30 September 1986, as amended, an individual or entity, acting alone or with others, shall not hold, directly or indirectly, more than 49% of the capital or voting rights of a company licensed to operate a national television services by Free-to-Air terrestrial transmission.

This provision limits the scope of the 49% rule to those terrestrial channels with an average annual audience (terrestrial, cable and satellite combined) in excess of 8% of the total television audience. Initially set at 2.5%, the audience threshold was increased to 8% by Article 142 of Law n° 2008-776 of 4 August 2008 for the Modernisation of the Economy to take account of the rapid increase in audiences of digital terrestrial television channels, although their financial viability is still fragile.

Under the terms of the same Article, when an individual or entity holds, directly or indirectly, more than 15% of the capital or voting rights of a company licensed to operate a national television service by Free-to-Air terrestrial transmission, it shall not hold, directly or indirectly, more than 15% of the capital of another company holding a similar authorisation.

Under the terms of Article 40 of Law n°86-1067 of 30 September 1986, as amended, no individual or entity of foreign nationality shall purchase an interest leading to foreign nationals holding, directly or indirectly, more than 20% of the capital of a company licensed to operate a national television service by terrestrial over-the-air transmission.

### 1.2.2. Legislation applicable to the company

M6 is a privately owned Free-to-Air terrestrial TV network which was initially licensed to broadcast for a duration of ten years from 1 March 1987 (expired on 28 February 1997) under the licensing regime set forth by Article 30 of the amended Law of 30 September 1986 on Freedom of Communication.

As a network which is financed exclusively by advertising, it is subject to the general requirements of this legal classification and to the special terms and conditions of its broadcasting license.

M6's broadcasting license was renewed in July 1996 and July 2001 for two consecutive terms of five years from 1 March 1997 and 1 January 2002. These broadcasting licence renewals were the subject of negotiations with the CSA in accordance with the provisions of the Law of 30 September 1986.

On 10 June 2003, M6 received an authorisation to continue its terrestrial digital service, effective from 31 March 2005. As a result, M6 authorisation is renewed until 28 February 2012, in accordance with Article 82 the Law 2000-719 of 1 August 2000.

In addition, M6 will receive a further five year authorisation prior to the termination of its analogue service (foreseen at latest by 30 November 2011), if its terrestrial digital service at that date has attained 95% of metropolitan France territory (Art. 96-2 of the Law of 30 September 1986).

According to CSA decision n° 2007-464 of 10 July 2007, this level of national coverage should be achieved according to the following timescale:

- 31 December 2008: 89%;
- 31 December 2009: 92%;
- 31 December 2010: 93%;
- 30 November 2011: 95%.

In addition, this level of national coverage should, according to the same decision, be completed by a departmental coverage according to the same timescale with the following thresholds: 75%, 85%, 89% and 91%.

On 20 November 2007, following a bidding process launched by the *CSA*, M6 was selected to take over the high definition service. M6 was authorised to broadcast in high definition on 6 May 2008. M6 actually started broadcasting in high definition on 31 October 2008.

On 27 May 2008, following an invitation to tender initiated by the *CSA*, M6 was also selected to resume its Personal Mobile TV service. Discussions are underway with 15 other selected broadcasters as well as with public terrestrial mobile telephone network operators for the formation of a common broadcasting company (multiplex).

### 1. Investment obligations in the production of audiovisual and cinematographic works and broadcasting

The Group's investment obligations in audiovisual and cinema productions, as well as its broadcasting obligations are defined by Decree No. 2001-609 of 9 July 2001, as amended, known as the "Production" decree, Decree No. 90-66 of 17 January 1990, as amended, known as the "Broadcasting" decree, and its Agreement.

In October 2007, the Minister for Culture and Communication conferred Mr. Kessler and Mr. Richard the task of modernising relationships between broadcasters, producers and writers in order to amend the above-mentioned decrees through professional agreements.

In relation to this, M6 has concluded a professional agreement defining their new regime for investment obligations in audiovisual production with representatives of the *Union syndicale de la production audiovisuelle (USPA)*, the *Syndicat des producteurs de films d'animation (SPFA)*, the *Syndicat des agences de presse télévisée (SATEV)* and the *Syndicat des producteurs indépendants (SPI)*.

The provisions of the collection of these agreements concluded by the TV channels have been taken into account by the Government, which in relation to the parliamentary discussion of the Law relating to audiovisual communication and new public television services, has amended the necessary legal provisions to lend these agreements legal validity and provides that they will come into force retroactively on 1 January 2009. The corresponding regulatory amendments are underway and should take effect during the first half of 2009.

Taking account of these facts, the network's regime for obligations is as follows:

#### Audiovisual production:

- Invest 15% of advertising revenue in the production of European audiovisual works or original French speaking works, of which at least 10.5% must be invested in heritage works which are defined as works relating to the following categories: drama, animation, creative documentaries, including those which are inserted within a programme other than a newscast or entertainment programme, music videos and broadcasting or re-enactment of live shows.
- European heritage works which are not original French speaking works should be eligible for the support to the programmes of the industry and cannot represent more than 10% of the investment in heritage works.
- The percentage of investment in heritage works may be reviewed depending on the growth of the network's sales.
- 9% of sales should be invested in so-called independent productions. A production company is considered as independent from M6 as long as M6 does not directly or indirectly hold more than 15% of the share capital or voting rights in that company.
- A company is also considered independent from M6 if, over the previous three years, it has not realised more than 80% of its cumulative hourly volume of audiovisual production or its cumulative audiovisual producer sales with M6. This provision, however, does not apply to companies whose audiovisual producer sales are, on average, less than €10 million euro for the previous three years,



or during the first three years of the company's activities.

- 66% of the contribution to audiovisual production must be invested in European works or in new original French speaking works;
- Invest at least 1% of the previous year's net annual sales in the production of original French speaking and European animation works, of which 0.67% in works produced by independent producers as defined above. Investments in animation works which are not specifically directed at children may be included in this.

Cinematographic production:

- To invest at least 3.2% of its annual sales in the development of the production of European cinematographic works, of which 2.5% must be dedicated to the development of original French speaking cinematographic works, of which 75% must be dedicated to cinematographic works that are independently produced.

Broadcasting obligations:

- To broadcast annually 120 hours of European works or of new original French speaking works with a starting broadcast time of between 8pm and 9pm;
- In any 24 hour period, a minimum of 40% of audiovisual works broadcast must be original French speaking, and 60% must be European, and the same requirements apply to peak viewing periods between 6pm and 11pm everyday and between 2pm and 6pm on Wednesdays;
- To broadcast no more than 192 hours of cinematographic works during the year of which 144 hours must be during peak viewing period from 8.30pm to 10.30pm. Cinematographic works must comply with the broadcasting quotas throughout the day and for peak viewing hours, i.e. 60% of European work and 40% of original French-speaking works origin;
- To broadcast a minimum volume of high definition programmes between 4pm and midnight each week of 25% in 2008, increasing to 30% in 2009;
- To broadcast, as an annual average, between 4pm and midnight, 40% of programmes must be in high definition, 40% in 2009, 50% in 2010, 60% in 2011 and 80% from 2012, the year following the final year of analogue broadcasting.

Other obligations:

*Deaf and Hard of Hearing*

The obligations in respect of broadcasting sub-titled programmes for the deaf and hard of hearing require a progressive increase so that all transmissions, with the exception of advertising slots, be sub-titled by 2010. In 2008, M6 had an objective to transmit 4,000 hours of sub-titled works.

*Musical programming obligations*

For musical programming obligations, in 2008, M6 was obliged to:

- Broadcast a minimum of 26% of musical programming per 24-hour period, and in particular between 4pm and midnight and 50% of original French speaking musical programming;
- Pre-buy and broadcast 130 music videos in 2008 dedicated to French speaking artists, of which 70 music videos dedicated to new talent;
- Invest €21.34 million in musical programming and to produce a minimum of 150 music videos dedicated to French speaking artists, of which 30 music videos dedicated to new talent.

*Viewing categories*

All programmes must comply with one of 4 viewing categories to indicate the public to which they are addressed.

## 2. Advertising commitments

Concerning advertising, the Law n° 93-122 of 22 January 1993 (the " Loi Sapin ") governs the relationship between advertisers, their agents and the advertising media.

Other regulations that relate to broadcasting of advertising spots arise from the Code of Public Health, from the Law of 30 September 1986 already mentioned, and from Decree n° 92-280 of 27 March 1992. It should be noted that since from 27 February 2007, advertising or promotional messages for certain foods and beverages must be accompanied by relevant health information.

In 2008, a number of amendments have come into place or have been made in the advertising regulations that apply to M6:

Decree n° 2008-1392 of 19 December 2008 amended the regulations applying to television advertising, sponsorship and home shopping and authorised:

- the extension of the average advertising time during one hour from 6 to 9 minutes, with the maximum allowed advertising time remaining fixed at 12 minutes;
- a change in the method of counting, clock time replacing moving time;
- the Law relating to audiovisual communication and new public television services provides for:
  - o the authorisation for product placement according to conditions to be defined by the CSA;
  - o the introduction of a second break during audiovisual and cinematographic works.

## 3. Introduction of a new tax on television network advertising sales

The Law relating to audiovisual communication and new public television services n° 2009-258 of 5 March 2009 abolished commercial advertising on France Télévisions channels between 8pm and 6am. At the same time, in order to compensate this loss, it imposed a new tax on television network advertising sales, in favour of France Télévisions, after deducting amounts paid in respect of the COSIP tax and applying a 4% tax credit.

The tax is calculated by applying a rate of 3% to the portion of the annual amount paid, excluding VAT, pertaining to each television network, that exceeds €11 million.

Until the year that analogue terrestrial television broadcasting ceases in mainland France, the tax is limited to 50% of the growth in advertising sales recorded in a calendar year to which the tax is due compared to 2008, as long as the tax due is not, however, less than 1.5% of advertising sales.

## 2. Annual General Meeting

### 2.1 Summary and Agenda of the Combined General Meeting of 5 May 2009

The Combined General Meeting of the Company has been convened for 5 May 2009 and the agenda will be as follows:

#### Report of the Executive Board:

- on the Group's activities during 2008;
- on the resolutions to be presented at the General Meeting;
- on the allocation of free shares to certain employees and/or executive officers during the year;
- on the allocation of share purchase options to certain employees and/or executive officers during the year;

#### The Supervisory Board's observations of the Executive Board's Report

#### Chairman of the Supervisory Board's report on the corporate governance of the Company and on the internal control procedures put in place by the Company

#### Statutory Auditors' Reports:

- report on the consolidated financial statements for the year ended 31 December 2008;
- report on the financial statements for the year ended 31 December 2008;
- report prepared in application of Article L.225-235 of the Commercial Code on the report by the Chairman of the Supervisory Board regarding corporate governance and the internal control procedures;
- special report on the regulated agreements and commitments covered by Articles L. 225-86, L. 225-79-1 and L. 227-90-1 of the Commercial Code;
- special report on the share capital reduction foreseen by resolution 10;
- special report on the issue of marketable securities giving title to the share capital as provided by resolutions 12, 13 and 14;
- special report on the increase in capital reserved to employees who are members of a company savings plan foreseen by resolution 15.

#### Vote on resolutions:

Resolutions for the Ordinary General Meeting:

- |                             |   |
|-----------------------------|---|
| 1 <sup>st</sup> resolution: | Approval of the parent company financial statements for the year ended 31 December 2008   |
| 2 <sup>nd</sup> resolution: | Approval of the consolidated financial statements for the year ended 31 December 2008   |
| 3 <sup>rd</sup> resolution: | Allocation of profits and fixation of dividend  |
| 4 <sup>th</sup> resolution: | Approval of regulated agreements and commitments  |
| 5 <sup>th</sup> resolution: | Approval of amendments made to the commitment undertaken in 2008 for the benefit of Nicolas de Tavernost, in the event of termination of his term of office       |
| 6 <sup>th</sup> resolution: | Approval of amendments made to the commitment undertaken in 2008 for the benefit of Eric d'Hotelans, in the event of termination of his term of office            |
| 7 <sup>th</sup> resolution: | Approval of amendments made to the commitment undertaken in 2008 for the benefit of Thomas Valentin, in the event of termination of his term of office            |
| 8 <sup>th</sup> resolution: | Approval of amendments made to the commitment undertaken in 2008 for the benefit of Catherine Lenoble, in the event of termination of her term of office          |
| 9 <sup>th</sup> resolution: | Authorisation to be given to the Executive Board for the purchase of its own shares by the Company, within the scope of Article L. 225-209 of the Commercial Code |

## Resolutions for the Extraordinary General Meeting

- 10<sup>th</sup> resolution: Authorisation to be given to the Executive Board to reduce the share capital by cancellation of its own shares purchased by the Company, within the scope of Article L. 225-209 of the Commercial Code
- 11<sup>th</sup> resolution: Authorisation to be given to the Executive Board to increase share capital by the incorporation of reserves, profits or premiums
- 12<sup>th</sup> resolution: Authorisation to be given to the Executive Board to increase share capital through the issue of ordinary shares and /or marketable securities giving title to the share capital with maintained pre-emption right
- 13<sup>th</sup> resolution: Authorisation to be given to the Executive Board to increase the share capital through the issue of ordinary shares and /or marketable securities giving title to the share capital with cancellation of the pre-emption right and compulsory priority period
- 14<sup>th</sup> resolution: Authorisation to be given to the Executive Board to increase share capital by up to 10% to provide for the allocation of equity securities or marketable securities giving title to the share capital
- 15<sup>th</sup> resolution: Authorisation to be given to the Executive Board to increase share capital through the issue of shares reserved to employees who are members of a company savings plan according to Articles L. 3332-18 and subsequent articles of the Labour Code
- 16<sup>th</sup> resolution: Powers to complete formalities

## 2.2 Executive Board Report to the Combined General Meeting of 6 May 2009

Ladies and Gentlemen,

We have called you to this Combined General Meeting to submit for your approval the following resolutions for the Ordinary General Meeting and the Extraordinary General Meeting.

### 2.2.1. Resolutions presented to the Ordinary General Meeting

In the 1<sup>st</sup> resolution, shareholders are invited to approve the financial statements of the company Métropole Télévision for the year ended 31 December 2008, together with the expenses and charges stipulated in Article 39-4 of the General Tax Code.

In the 2<sup>nd</sup> resolution, shareholders are invited to approve the consolidated financial statements for the year ended 31 December 2008 as presented.

In the 3<sup>rd</sup> resolution, shareholders are invited to allocate the profits of the financial year ended 31 December 2008 of €234,714,266 and retained profits from the prior year of €476,426,747, representing total profits available for distribution of €711,141,013, by distributing a dividend of €0.85 per share. If this proposal is adopted, the dividend will be paid on 15 May 2009.

In the 4<sup>th</sup> resolution, shareholders are invited to approve the conclusions of the Statutory Auditors' Special Report on the regulated agreements and commitments covered by Articles L. 225-86, L. 225-79-1 and L.225-90-1 of the Commercial Code.

In the 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> resolutions, shareholders are invited to approve the amendments made to the commitments undertaken in 2008 for the benefit of Nicolas de Tavernost, Chairman of the Executive Board, Eric d'Hotelans, Thomas Valentin and Catherine Lenoble, members of the Executive Board, in the event of termination of their terms of office. Based on the decision taken by the Supervisory Board to take account of new recommendations published by *AFEP and MEDEF* on 6 October 2008, the new provisions bring in line the overall termination indemnities granted to members of the Executive Board limiting the events of payment and the payment base to 24 months. These terms are described in detail in the Statutory Auditors' special report.

In the 9<sup>th</sup> resolution, the shareholders are invited to authorise the Executive Board to purchase Company shares, within the scope of Article L. 225-209 and subsequent of the Commercial Code

This resolution will allow the Executive Board to trade in treasury shares for a limit of up to 10% of the share capital for a maximum price of €22 per share for a period of 18 months. The Report of the Executive Board reports on the features of the treasury share purchase programme proposed this year, and it reports on the utilisation of treasury shares under the previous programme.

## 2.2.2. Resolutions presented to the Extraordinary General Meeting

In the 10<sup>th</sup> resolution, subject to shareholders' approval of the share repurchase programme which is the subject of the ninth resolution, shareholders are invited to authorise the Executive Board to reduce the share capital by cancelling repurchased shares, up to a limit of 10% of the share capital, as calculated on the day of their cancellation and excluding any shares cancelled during the preceding 24 month period.

The authorisations given under the resolutions 11, 12, 13, 14 and 15 will substitute previous authorisations given by the General Meeting of 2 May 2007.

In the 11<sup>th</sup> resolution shareholders are invited to authorise the Executive Board for a period of 26 months, to increase share capital by the incorporation of all or part of the reserves, premiums and profits or others, through the issue and the allocation of free shares, the increase in the nominal value of the existing ordinary shares or a combination of these. The amount of the capital increase resulting from the issue of shares may not exceed the nominal amount of €10,000,000, excluding the amount necessary to preserve the rights attributable to holders of marketable securities giving title to shares. This limit is in addition to the limits provided by the other resolutions considered in this General Meeting.

In the 12<sup>th</sup> and 13<sup>th</sup> resolutions, shareholders are invited to authorise the Executive Board to increase capital through the issue of ordinary shares and/or marketable securities giving title, whether immediately or eventually, at any time or at a fixed date, to ordinary shares in the Company or in any company that directly or indirectly holds more than half of its share capital, or in any company in which it directly or indirectly holds more than half of its capital, with or without maintained pre-emption right, according to the needs of the Company and taking account of market conditions at the relevant time.

The number of securities to be issued may be increased according to the provisions of Article L. 225-135-1 of the Commercial Code and within the limits provided by each resolution.

The General Meeting of 2 May 2007 gave the Executive Board such authorisations which were used once. However, these authorisations have now expired and it is proposed to renew them for a period of 26 months to allow the Executive Board the ability to carry out such issues.

In the event of a capital transaction, the Executive Board will give priority to the protection of shareholder pre-emption subscription rights. However, certain circumstances or opportunities could result in the necessary suppression of this right to allow a public share offer or a private share placement to qualified investors or to a restricted group of investors.

- *With protection of pre-emption subscription rights (twelfth resolution):* The total nominal amount may not exceed €10,000,000 including the total nominal amount of shares issued under the thirteenth resolution. Shares issued will be reserved by preference to shareholders who may subscribe on a pre-emptive basis. According to provisions provided by the Law, if subscriptions, in the case pre-empted shares, and if applicable excess shares, do not absorb the total shares issued, all or part of the unsubscribed shares may be specifically offered to the public.
- *With the suppression of pre-emption subscription rights through a public offer with extension of obligatory preference or through an offer according to Article L. 411-2 of the Finance Code (thirteenth resolution):* The total nominal amount of ordinary shares to be issued may not exceed €10,000,000.  
*This amount is included in the limit of the amount of the capital increase under the twelfth resolution.*

In the case of a public offer, this resolution provides that the Executive Board is obliged to extend preference to shareholders.

The sum received by the Company for each of the ordinary share issued will be at least equal to the minimum amount required by legal and regulatory provisions in force at the time of the granting of the authorisation. In the case of shares issued for a public offer of exchange, the Executive Board will avail, within the limits determined by the Law and those described above, of the necessary powers to set the list of shares for exchange, determine the conditions for their issue, the ratio for share exchange and, if necessary, the amount of the compensation in kind to be paid, and to determine the conditions of the share issue.

In the case of the issue of marketable securities representing Company debt which may be issued under the twelfth and thirteenth resolutions the total nominal amount of these debt securities may not exceed €100 million or its equivalent.

In the **14<sup>th</sup> resolution** shareholders are invited to authorise the Executive Board to increase capital through the issue of ordinary shares and/or marketable securities giving title to ordinary shares as consideration for equity securities or marketable securities for a period of 26 months to favour potential acquisitions. The issue of these shares and/or securities may not exceed 10% of the capital at the date of the present General Meeting.

This limit is in addition to the total limits provided under other resolutions presented at this General Meeting.

In the **15<sup>th</sup> resolution**, shareholders are invited to authorise the Executive Board, on one or more occasions, to increase capital reserved to employees who are members of a company savings plan, with the suppression of pre-emption subscription rights within a limit of a nominal amount of 0.5% of the share capital and for a period of 26 months. This limit is in addition to the total limits provided under preceding resolutions. The price of the shares to be issued may not be less by more than 20%, or 30% when the unavailability period provided by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the Labour Code is 10 years or more, of the average market share price over the 20 days preceding the Executive Board's decision regarding the capital increase and the corresponding share issue, and may not exceed this average.

Lastly, in the **16<sup>th</sup> resolution**, shareholders are asked to confer powers to complete formalities.

We trust that these proposals will receive your support.

Neuilly sur Seine, 9 March 2009.

The Executive Board

## 2.3 Supervisory Board's comments to the Combined General Meeting

Ladies and Gentlemen,

At this Combined General Meeting called in accordance with the law and the bylaws, we present to you the reports of the Executive Board and the Statutory Auditors for the year ended 31 December 2008.

In accordance with Article L.225-68 of the Commercial Code, we bring to your attention our observations regarding the Executive Board Report and the financial statements for the year ended 31 December 2008.

In addition we bring to your attention the work of the Supervisory Board.

### 1. Observations of the Supervisory Board

The Executive Board Report to the General Meeting does not call for any specific comments by the Supervisory Board.

The Board has reviewed the proposed resolutions to be submitted to the General Meeting and invites you to approve them in order to give the Executive Board the essential means by which to fulfil its role.

The financial statements for the year ended 31 December 2008, as presented to you, have been reviewed by the Audit Committee and certified by the Statutory Auditors. The Supervisory Board has no comments to make on the financial statements for the year ended 31 December 2008.

The Supervisory Board invites you to approve the resolutions proposed by the Executive Board.

### 2. Work of the Supervisory Board

In application of legal regulations and following the review of the parent company financial statements and the Executive Board Report, upon which it has just informed you of its observations, the Supervisory Board periodically extends the report of the Executive Board to the company's market, it authorises major investments, the granting of security, partial or total disposals of shareholdings and property assets and rights.

Aside from these duties, the key undertakings of the Supervisory Board since the last Annual General Meeting of Shareholders are as follows:

- the half year and fiscal year accounts;
- the budget for 2009;
- the composition and the performance evaluation of the Supervisory Board;
- the application of the general policy for the remuneration of members of the Executive Board;
- the renewal of the treasury convention with RTL;
- the acquisition of the Cyréalís group;
- main investment projects in new programmes.

We have no further comments to make.

Neuilly-sur-Seine, 10 March 2009.

The Supervisory Board



## 2.4 Statutory Auditors Report

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1, cours Valmy  
92923 Paris La Défense

PricewaterhouseCoopers Audit  
63, rue de Villiers  
92208 Neuilly-sur-Seine

Ernst & Young & Others  
41, rue Ybry  
92576 Neuilly-sur-Seine

Métropole Télévision S.A.  
Combined General Meeting of 5 May 2009

### Statutory Auditors' report on the share capital reduction by cancellation of shares (resolution n°10)

To the Shareholders,

As Statutory Auditors of Métropole Télévision and in execution of our assignment, as covered by Article L. 225-209, paragraph 7 of the Commercial Code, in the event of capital reduction arising from shares purchased, we present to you our report with a view to providing you with our opinion on the reasons for and terms and conditions of the proposed capital reduction.

We have performed the due diligence procedures that we deemed necessary in the light of the professional standards of the National Company of Statutory Auditors applicable to this assignment, in order to verify whether the reasons for and terms and conditions of the proposed share capital reduction are compliant.

This transaction arises from your company's share buyback programme, which allows it to purchase up to 10% of its capital, of its own shares, in accordance with the provisions of Article L. 225-209 of the Commercial Code. This purchase authorisation is also subject to approval by your General Meeting and will be valid for a period of 18 months.

Your Executive Board proposes that you delegate to it, for a period of 24 months, in respect of the implementation of the authorisation for your Company to purchase its own shares, all powers to cancel the shares thus purchased, up to the limit of 10% of its share capital and by twenty four-month periods.

We have no comments to make on the reasons for and the terms and conditions of the proposed capital reduction, it being noted that this cannot be carried out unless the General Meeting first approves the share buyback programme.

Paris La Défense and Neuilly sur Seine, 27 March 2009

The Statutory Auditors

KPMG Audit  
Grégoire Menou

PricewaterhouseCoopers Audit  
Marc Ghiliotti

Ernst & Young and Others  
Bruno Perrin



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Métropole Télévision S.A.  
Combined General Meeting of 5 May 2009

Statutory Auditors' report on the issue of shares and/or various marketable securities  
both with maintained pre-emption right and with the suppression of pre-emption  
subscription rights  
(resolutions n° 12, 13 and 14)

To the Shareholders,

As Statutory Auditors of your company and in execution of our assignment, as covered by the Commercial Code and specifically by Articles L. 225-135, L. 225-136 and L. 228-92, we present to you our report with a view to providing you with our opinion on granting the Executive Board authorisation to issue shares and/or marketable securities on one or more occasions, transactions which you are asked to approve.

On the base of their report, your Executive Board proposes :

- to delegate the Executive Board, for a period of 26 months, the powers to decide upon the following transactions and to determine the conditions of these issues, and they propose, that if necessary, your pre-emption subscription rights be suppressed:

✓the issue of ordinary shares and/or marketable securities giving access to ordinary shares in the company or, as covered by Article L. 228-93 of the Commercial Code, in any company that directly or indirectly holds more than half of its capital, with the protection of shareholder pre-emption subscription rights (resolution n° 12),

✓the issue of ordinary shares and/or marketable securities giving access to ordinary shares in the company or, as covered by Article L. 228-93 of the Commercial Code, in any company that directly or indirectly holds more than half of its capital, with the suppression of shareholder pre-emption subscription rights (resolution n° 13), these shares being issued as consideration in the case of a public exchange offer, as covered by Article L. 225-148 of the Commercial Code,

- to delegate the Executive Board, for a period of 26 months, the powers to determine the conditions for the issuing ordinary shares and/or marketable securities giving title to ordinary shares, as consideration for equity securities or marketable securities giving title to share capital transferred to the Company (resolution n° 14), for up to 10% of capital.

The total nominal amount of the capital increases to be carried out immediately or eventually may not exceed €10,000,000 under resolutions n° 12 and 14. The total nominal amount of the debt securities to be issued may not exceed €100,000,000 under resolutions n° 12 and 13.

The number of securities to be created under resolution n° 13 may be increased within the conditions foreseen by Article L. 225-135-1 of the Commercial Code and within the limit set as detailed above.

As provided by Articles R. 225-113, R. 225-114 and R. 225-117 of the Commercial Code, your Executive Board must prepare a report. It is our responsibility to express our opinion on the fairness of the financial information derived from the accounting records on the proposal on the suppression of pre-emption subscription rights and on certain other information concerning the transactions given in this report.

We have performed the due diligence procedures that we deemed necessary in the light of the professional standards of the National Company of Statutory Auditors applicable to this assignment, in order to verify the content of the report of the Executive Board in relation to these transactions and the methods of determining the price of the shares to be issued.

Subject to the subsequent review of the conditions under which the issues will be made, which still have to be decided, we have no comments to make on the methods of determining the price of the shares to be issued as detailed in the report of the Executive Board under resolution n° 13.

In addition, this report does not specify the methods for determining the prices of capital securities to be issued in the case of the exercise of resolutions n° 12 and 14 and we cannot express our opinion on the choice of factors for the calculation of the issue price.

As the issue price for the capital securities to be issued has not been determined, we do not express an opinion on the definitive conditions by which these securities will be issued and, therefore, on the proposal to suppress the pre-emption subscription rights under resolution n° 13.

As provided by Article R. 225-116 of the Commercial Code, we will prepare a supplementary report, if necessary, at the time these authorisations are used by your Executive Board in the case of the issue of securities with the suppression of pre-emption subscription rights and in the case of the issue of marketable securities giving title to the share capital.

Paris La Défense and Neuilly sur Seine, 27 March 2009

**The Statutory Auditors**

KPMG Audit  
Grégoire Menou

PricewaterhouseCoopers Audit  
Marc Ghiliotti

Ernst & Young and Others  
Bruno Perrin

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Métropole Télévision S.A.  
Combined General Meeting of 5 May 2009

Statutory Auditors' report on the capital increase reserved to employees who are members of a company savings plan (resolution n° 15)

To the Shareholders,

As Statutory Auditors of your Company and in execution of our assignment, as covered by Article L. 225-135 and subsequent articles of the Commercial Code, we present to you our report on the plan to increase capital with the suppression of pre-emption subscription rights for a maximum nominal amount of 0.5% of share capital attained at the time the Executive Board decides to carry out this increase which is reserved to employees and directors of your Company and its subsidiaries who are members of a company savings plan as covered by Article 225-180 of the Commercial Code, a transaction which you are asked to approve.

This capital increase is submitted for your approval as provided by Articles L. 225-129-6 of the Commercial Code and L. 3332-18 and subsequent articles of the Labour Code.

On the base of their report, your Executive Board proposes that you authorise them for a period of 26 months to decide upon one or more capital increases and to renounce your pre-emption subscription rights to capital securities to be issued. If necessary, it will be the responsibility of the Executive Board to define the conditions of this transaction.

As provided by Articles R. 225-113 and R. 225-114 of the Commercial Code, your Executive Board must prepare a report. It is our responsibility to express our opinion on the fairness of the financial information derived from the accounting records on the proposal on the suppression of pre-emption subscription rights and on certain other information concerning the transactions given in this report.

We have performed the due diligence procedures that we deemed necessary in the light of the professional standards of the CNCC (French National Company of Statutory Auditors) applicable to this assignment, in order to verify the content of the report of the Executive Board in relation to these transactions and the methods of determining the price of the shares to be issued.

Subject to the subsequent review of the conditions under which the issues will be made, which still have to be decided, we have no comments to make on the methods of determining the price of the shares to be issued as detailed in the report of the Executive Board.

As the issue price has not been determined, we do not express an opinion on the definitive conditions by which these securities will be issued and, therefore, on the proposal to suppress the pre-emption subscription rights proposed to you.

As provided by Article R. 225-116 of the Commercial Code, we will prepare a supplementary report at the time the capital is increased by your Executive Board.

Paris La Défense and Neuilly sur Seine, 27 March 2009

The Statutory Auditors

KPMG Audit  
Grégoire Menou

PricewaterhouseCoopers Audit  
Marc Ghiliotti

Ernst & Young and Others  
Bruno Perrin

## 2.5 The resolutions

### 2.5.1 Presented to the Ordinary General Meeting

#### First resolution

*(Approval of parent company financial statements for the year ended 31 December 2008)*

After reviewing the Executive Report prepared by the Executive Board, the Statutory Auditors' Reports and the observations of the Supervisory Board, the Ordinary General Meeting hereby:

- approves the financial statements for the year ended 31 December 2008 as presented, which show a net profit of €234,714,266;
- accordingly, approves the transactions reflected in the financial statements and/or summarised in the reports;
- approves, in accordance with Article 223 (iv) of the General Tax Code, the expenses and charges set forth in Article 39-4 of the same code, which were €29,207, and the corresponding tax charge of €10,056.

#### Second resolution

*(Approval of the consolidated financial statements for the year ended 31 December 2008)*

After reviewing the Executive Report prepared by the Executive Board, the observations of the Supervisory Board and the Statutory Auditors' Reports on the consolidated financial statements, the Ordinary General Meeting hereby approves the consolidated financial statements for the year ended 31 December 2008 in accordance with Articles L. 233-16 and subsequent of the Commercial Code as presented, which show a net profit of €138,386,363.

#### Third resolution

*(Allocation of profits and fixation of dividend)*

The Ordinary General Meeting approves the allocation of profit as proposed by the Executive Board as follows:

#### Origin

Net profit for the year	€ 234 714 266
Retained profit brought forward from prior year	€ 476 426 747

Transfer from Other Reserves	-
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#### Allocation

Statutory Reserve	-
Dividends	€ 109 611 486.50
Other Reserves	-

Retained profit carried forward	€ 601 529 526.50
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The General Meeting notes that the dividend due to each share is set at €0.85 and that pursuant to Article 158-3 of the General Tax Code, dividend distributions will give rise to tax relief of 40% for eligible shareholders.

The dividend will be paid on 15 May 2009.

Dividends corresponding to M6 shares owned by the Company at the date of payment of the dividend will be transferred into the retained earnings account.

For reference, pursuant to Article 243 (ii) of the General Tax Code, the General Meeting notes that the dividends paid and the distributions made over the past three financial years were as follows:

Financial Year	Eligible for tax relief		Distributions not eligible for tax relief
	Dividends	Other distributions	
2005	€125 294 255.50 or €0.95 per share	-	-
2006	€125 294 255.50 or €0.95 per share	-	-
2007	€129 934 690 or €1.00 per share	-	-

**Fourth resolution**

*(Approval of regulated agreements and commitments)*

After reviewing the Statutory Auditors' Special Report, the Ordinary General Meeting hereby approves the agreements and commitments mentioned in that Report.

**Fifth resolution**

*(Approval of the amendments made to the commitment undertaken in 2008 for the benefit of Nicolas de Tavernost, in the event of termination of his term of office)*

After reviewing the Statutory Auditors' Special Report, the Ordinary General Meeting hereby approves the amendments made to the commitment undertaken for the benefit of Nicolas de Tavernost, Chairman of the Executive Board, being the likely compensation due to him in the event of termination of his term of office, according to the agreements covered by Article L. 225-90-1 and L. 225-79-1 of the Commercial Code.

**Sixth resolution**

*(Approval of the amendments made to the commitment undertaken in 2008 for the benefit of Eric d'Hotelans, in the event of termination of his term of office)*

After reviewing the Statutory Auditors' Special Report, the Ordinary General Meeting hereby approves the amendments made to the commitment undertaken for the benefit of Eric d'Hotelans, Vice-Chairman of the Executive Board, being the likely compensation due to him in the event of termination of his term of office, according to the agreements covered by Article L. 225-90-1 and L. 225-79-1 of the Commercial Code.

**Seventh resolution**

*(Approval of the amendments made to the commitment undertaken in 2008 for the benefit of Thomas Valentin, in the event of termination of his term of office)*

After reviewing the Statutory Auditors' Special Report, the Ordinary General Meeting hereby approves the amendments made to the commitment undertaken for the benefit of Thomas Valentin, Vice-Chairman of the Executive Board, being the likely compensation due to him in the event of termination of his term of office, according to the agreements covered by Article L. 225-90-1 and L. 225-79-1 of the Commercial Code.

**Eighth resolution**

*(Approval of the amendments made to the commitment undertaken in 2008 for the benefit of Catherine Lenoble, in the event of termination of her term of office)*

After reviewing the Statutory Auditors' Special Report, the Ordinary General Meeting hereby approves the amendments made to the commitment undertaken for the benefit of Catherine Lenoble, member of the Executive Board, being the likely compensation due to her in the event of termination of his term of office, according to the agreements covered by Article L. 225-90-1 and L. 225-79-1 of the Commercial Code.

**Ninth resolution**

*(Authorisation to be given to the Executive Board for the purchase of its own shares by the Company within the scope of Article L. 225-209 of the Commercial Code)*

After reviewing the Executive Board's Report, and in accordance with the provisions of Article L. 225-209 and subsequent of the Commercial Code, the Ordinary General Meeting authorises the Executive Board, for a period of eighteen months, to repurchase the Company's shares, on one or more occasions as and when decided by the Executive Board, up to a limit of 10% of the share capital, based either on current share capital, or as adjusted to take account of any potential capital increase or reduction transactions that could take place during the period.

This authorisation terminates the prior authorisation granted to the Executive Board by the Ordinary General Meeting on 6 May 2008.

These share repurchases may be operated by any means, including the block purchase of securities, at times the Executive Board considers appropriate.

The acquisition of shares may be carried out by any means:

- to assure an active secondary market or the liquidity of the Métropole Télévision share through an intermediary service provider through a liquidity contract in compliance with the AFEL's ethical code admitted by the *AMF*;
- to conserve shares purchased and ultimately use them via exchange or payment within the framework of acquisitions, provided that the shares acquired for this purpose do not exceed 5% of the Company's share capital;
- to assure adequate coverage for share option plans and other forms of share allocations to Group employees and/or executive officers within the conditions and according to the methods permitted by law, notably by sharing in the profits of the entity, through a company savings plan or by the granting of free shares;
- to assure adequate coverage of marketable securities giving right to Company shares within the framework of current regulations;
- to cancel shares subject to approval of the 10<sup>th</sup> resolution by the Extraordinary General Meeting of shareholders.

The acquisition of these shares may be specifically carried out during a period of a public offer in accordance with Article 232-17 of the general rules of the *AMF*, if on the one hand the offer is fully paid in cash, and on the other hand, if the repurchase transactions are carried out as part of the continuing implementation of the current plan and are not likely to make the offer fail.

The Company retains the right to use options or derivative products within the framework of applicable regulations.

The maximum purchase price is set at €22 per share. In the event of an increase in capital by the allocation of free shares or a division or consolidation of shares, the price indicated above will be adjusted by a factor equal to the ratio between the number of shares comprising the share capital before and after the transaction.

The maximum amount of the transaction is therefore fixed at €283,700,318.

The General Meeting confers full powers on the Executive Board to proceed with these transactions, set the terms and conditions, conclude all agreements and perform all formalities.

## 2.5.2 Presented to the Extraordinary General Meeting

### Tenth resolution

*(Authorisation to be given to the Executive Board to reduce the share capital by cancellation of treasury shares purchased by the company within the scope of Article L. 225-209 of the Commercial Code)*

After reviewing the report of the Executive Board and the report of the Statutory Auditors, and subject to shareholder approval of the 9<sup>th</sup> resolution, the Extraordinary General Meeting:

- 1) Authorises the Executive Board, based on their sole decision, on one or more occasions, to reduce the share capital by cancelling any or all of the Company shares acquired in the framework of the share repurchase programme authorised by the voting of the foregoing ninth resolution, within the limit of 10% of the share capital, as calculated on the day of their cancellation and excluding any shares cancelled during the preceding 24 month period, and in conformity with all legal provisions and regulations in force,
- 2) Sets at a 24 month period, this authorisation shall be valid from the date of the present General Meeting until 5 May 2011,
- 3) Confers full powers to the Executive Board to carry out the necessary transactions for the cancellation and reduction of the share capital and to consequently amend the Bylaws and to carry out all necessary formalities.

### Eleventh resolution

*(Authorisation to be given to the Executive Board to increase share capital by the incorporation of reserves, profits or premiums)*

After reviewing the Executive Board's Report, in with compliance with quorum and majority conditions for ordinary general meetings, and in accordance with the provisions of Articles L. 225-129-2 and L. 225-130 of the Commercial Code, the Extraordinary General Meeting:

- 1) Authorises the Executive Board to increase share capital on one or more occasions, when considered appropriate and according to the conditions it decides, by the incorporation of reserves, profits or premiums or other amounts whose capitalisation will be allowed, by the issue and the allocation of free shares or by the increase in the nominal value of existing ordinary shares, or by a combination of these.
- 2) Decides that in the case the Executive Board exercises the present authorisation, in accordance with the provisions of Article L. 225-130 of the Commercial Code, in the case of capital increases through the allocation of free shares, the rights to fractions of shares will be non-negotiable and non-transferable and the corresponding equity securities will be sold; the proceeds of this sale shall be allocated to beneficiaries of the rights within the timeframe provided by regulations.
- 3) Fixes the validity of the present authorisation to a period of twenty-six from the date of the present general meeting.
- 4) Decides that the amount of the capital increase resulting from the issue of shares may not exceed the nominal amount of €10,000,000, excluding the amount necessary to preserve the rights attributable to holders of marketable securities with rights to shares. This limit is independent of the limits foreseen by the other resolutions considered in this general meeting.
- 5) Confers full powers to the Executive Board to carry out this present resolution and, in general, to take all necessary measures and to carry out all necessary formalities required to ensure the success of each capital increase and to consequently amend the Bylaws as necessary.
- 6) Notes that the present authorisation invalidates any other previous similar authorisations that may not have been fully utilised, as from today's date and, if applicable, up to its unused portion.



**Twelfth resolution**

*(Authorisation to be given to the Executive Board to increase share capital through the issue of ordinary shares and /or marketable securities giving title to the share capital with maintained pre-emption right)*

After reviewing the Executive Board's Report and the Statutory Auditor's Report, and in accordance with the provisions of the Commercial Code, and specifically of its Article L. 225-129-2, the Extraordinary General Meeting:

- 1) Authorises the Executive Board to increase capital on one or more occasions, in the ratios and at the time it considers appropriate, whether in Euro or in any other foreign currency or other count unit established by a basket of currencies, by the issue of ordinary shares and/or marketable securities giving access, whether immediate or according to a fixed term, at any time, or at a fixed date, to ordinary shares in the company or, in accordance with Article 228-93 of the Commercial Code, in any company that directly or indirectly holds more than half of its share capital, or in any company in which it directly or indirectly holds more than half of its capital, be it by subscription, conversion, exchange, reimbursement, exercise of warrant or any other means.
- 2) Fixes the validity of the present authorisation to a period of twenty-six from the date of the present general meeting.
- 3) Decides to fix that the maximum amount authorised for issues of shares / securities in the case of the Executive Board's need to exercise the present authorisation may not exceed €10,000,000.

This includes the total nominal amount of shares issued under the thirteenth resolution.

This limit does not include the total nominal value of additional shares to be potentially issued to preserve, in accordance with the law, the rights attributable to the holders of marketable securities giving title to the share capital.

The nominal amount of marketable securities that represent company debt may that may be issued may not exceed €100,000,000.

This includes the total nominal amount of marketable securities issued under the thirteenth resolution.

- 4) In the case the Executive Board exercises the present authorisation as described in (1) above:
  - a/ decides that where issues are reserved by preference, shareholders may subscribe irreducibly,
  - b/ decides that if subscriptions, in the case of pre-emptive shares, and if necessary excess shares, do not absorb the total shares issued, the Executive Board may exercise all powers allowed by the law to specifically offer all or part of the unsubscribed shares to the public,
  - c/ decides that the number of securities to be issued may be increased according to the conditions provided by Article L. 225-135-1 of the Commercial Code and within the limit set by the present resolution.
- 5) Decides that the Executive Board shall be granted, within the limits set above, the necessary powers to set the conditions of the issue or issues, note the resulting share capital increases, implement the related amendments to bylaws, allocate, on its own initiative, the cost of the share capital increases to the attached share premium and deduct from this amount the required funds to increase the legal reserve to a tenth of the new share capital after each capital increase, and more generally carry out all that is necessary in such matters,
- 6) Notes that the present authorisation invalidates, as from today's date, any other previous similar authorisations.



**Thirteenth resolution**

*(Authorisation to be given to the Executive Board to increase the share capital through the issue of ordinary shares and /or marketable securities giving title to the share capital with the suppression of pre-emption subscription rights and compulsory priority period)*

After reviewing the Executive Board's Report and the Statutory Auditors' Report, and in accordance with the provisions of the Commercial Code, and specifically of its Article L. 225-129-2, the Extraordinary General Meeting:

- 1) Authorises the Executive Board to increase capital on one or more occasions, in the ratios and at the time it considers appropriate, in French or International markets, through a public offering or an offer referred to in section 2 of Article L. 411-2 of the Monetary and Financial Code, whether in Euro or in any other foreign currency or other accounting unit established by a basket of currencies, by the issue of ordinary shares and/or marketable securities giving title, whether immediately or eventually, at any time or at a fixed date, to ordinary shares in the Company, be it by subscription, conversion, exchange, reimbursement or exercise of warrant or by any other means, it being specified that these securities may be issued as consideration for securities transferred to the Company as part of a public share exchange offer pursuant to the terms and conditions set by Article L. 225-148 of the Commercial Code.

Pursuant to Article L. 228-93 of the Commercial Code, the marketable securities to be issued may give title to ordinary shares of any company that owns, directly or indirectly, more than half its share capital or of which it owns, directly or indirectly, more than half the share capital.

- 2) Fixes the validity of the present authorisation to a period of twenty-six from the date of the present general meeting.
- 3) Decides to fix the maximum amounts authorised in the case of the Executive Board's need to exercise the present authorisation:

The total nominal amount of ordinary shares that may be issued under the present authorisation may not exceed €10,000,000.

This amount is included in the limit of capital increases under the twelfth resolution.

The nominal amount of marketable securities that represent company debt may that may be issued may not exceed €100,000,000.

This amount is included in the limit of the nominal amount of marketable securities that represent company debt under the twelfth resolution.

- 4) Decides to cancel the subscription right of shareholders to ordinary shares and marketable securities subject to the present resolution and to provide, in the event of a public offer for the benefit of shareholders, a compulsory priority period over the whole issue to be implemented by the Executive Board, in accordance with the law,
- 5) Decides that the sum received, or which should be received by the Company for each of the ordinary shares issued as part of the present authorisation will be at least equal to the minimum amount required by legal and regulatory provisions in force at the time of the granting of the authorisation, after taking account, in the event share warrants are issued, of the issue price of the said warrants,
- 6) Decides, in cases where shares are issued as consideration for a public offer of exchange, that Executive Board will avail, within the limits determined by Article L. 225-148 of the Commercial Code and those described above, of the necessary powers to set the list of shares for exchange, determine the conditions for their issue, the ratio for share exchange and, if necessary, the amount of the balance to be paid in cash, and to determine the conditions of the share issue.
- 7) Decides that the number of securities to be issued may be increased according to the conditions provided by Article L. 225-135-1 of the Commercial Code and within the limit set by the present resolution,

- 8) Decides that the Executive Board shall be granted, within the limits set above, the necessary powers to set the conditions of the issue or issues, note the resulting share capital increases, implement the related amendments to bylaws, allocate, on its own initiative, the cost of the share capital increases to the attached share premium and deduct from this amount the required funds to increase the legal reserve to a tenth of the new share capital after each capital increase, and more generally carry out all that is necessary in such matters,
- 9) Notes that the present authorisation, as from today's date, supersedes any other previous similar authorisations.

#### **Fourteenth resolution**

*(Authorisation to be given to the Executive Board to increase the share capital by up to 10% to provide for the capital or marketable securities giving title to the share capital)*

After reviewing the Executive Board's Report and the Statutory Auditor's Report, and in accordance with the provisions of Article L. 225-147 of the Commercial Code, the Extraordinary General Meeting:

- 1) Authorises the Executive Board, after consideration of the Statutory Auditors' report, to issue ordinary shares or marketable securities giving title to ordinary shares as consideration for benefits in kind transferred to the Company and comprised of equity securities or marketable securities giving title to share capital, where the provisions of Article L. 225-148 of the Commercial Code are not applicable.
- 2) Fixes the validity of the present authorisation to a period of twenty-six from the date of the present General Meeting,
- 3) Decides that the overall nominal value of the ordinary shares liable to be issued by virtue of this authorisation may not exceed 10% of the capital at the date of the present General Meeting. This limit is independent from the limits set by the other resolutions of the present General Meeting.
- 4) Decides that the Executive Board shall be granted, within the limits set above, all powers to set the conditions of the issue or issues, note the resulting share capital increases, implement the related amendments to bylaws, allocate, on its own initiative, the cost of the share capital increases to the attached share premium and deduct from this amount the required funds to increase the legal reserve to a tenth of the new share capital after each capital increase, and more generally carry out all that is necessary in such matters.

#### **Fifteenth resolution**

*(Authorisation to be given to the Executive Board to increase share capital through the issue of shares reserved to employees who are members of a company savings plan according to Articles L. 3332-18 and subsequent articles of the Labour Code)*

After reviewing the Executive Board's Report and the Statutory Auditor's Report, and in accordance with the provisions of Articles L. 225-129-6 and L. 225-138-1 of the Commercial Code, and Article L. 3332-18 and subsequent articles of the Labour Code, the Extraordinary General Meeting:

- 1) Authorises the Executive Board, at its sole discretion and on its own decision, to increase the share capital on one or more occasions through ordinary shares issued for cash, and, if applicable, the allocation of ordinary shares or other securities giving title to the share capital, free of charge, reserved for employees and executives of the Company and companies related to it, pursuant to Article L. 225-180 of the Commercial Code, who are members of a company savings plan;
- 2) Cancels, for the benefit of these persons, the subscription right to shares that may be issued as part of this authorisation;
- 3) Fixes the validity of the present authorisation to a period of twenty-six from the date of the present general meeting;

- 4) Limits the maximum nominal value of the share capital increases that may be carried out using the present authorisation to 0.5% of the share capital on the date of the Executive Board's decision to implement this capital increase, this limit being in addition to the total limits provided under preceding resolutions;
- 5) Decides that the price of the shares to be issued, in application of section 1) of the present delegation, may not be less by more than 20%, or 30% when the unavailability period provided by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the Labour Code is 10 years or more, of the average market share price over the 20 days preceding the Executive Board's decision regarding the capital increase and the corresponding share issue, and may not exceed this average.

The Executive Board may or may not implement the present resolution, take all the necessary steps and carry out all the necessary formalities.

**Sixteenth resolution**

*(Powers to complete formalities)*

The Combined General Meeting confers full powers on a bearer of copies or certified extracts of the minutes of this meeting to make all filings and advertising and to carry out any other legal and administrative formalities as required, in accordance with the law.

### 3. Persons responsible for the Registration Document

I certify, after taking all reasonable measures to this effect, that to the best of my knowledge, the information set out in this Registration Document is accurate and contains no omission which could impair its meaning.

I certify that, to my knowledge, the financial statements are established in accordance with professional standards applicable in France and give a fair view of the assets, financial situation and performance of the Group and of all companies included in the consolidation scope, and that the enclosed Management Report gives a true view of the business situation, performance and financial situation of the Group and of all companies included in its Group structure, as well as a description of main risks encountered.

I have obtained from the Auditors a letter issued upon completion of their assignment, stating that they have verified the information concerning the financial position and financial statements presented in this Registration Document and that they have read the entire Registration Document.

The financial statements for the year ended 31 December 2008 presented in this document are the subject of a report issued by the Auditors, as shown on pages 229-230, which observe a change in accounting policy regarding the application of Notice n° 2008-17 of 6 November 2008 of the CNC (French National Accounting Council).

Neuilly-sur-Seine, 30 March 2009  
Nicolas de Tavernost  
Chairman of the Executive Board

### 4. Information included by reference

In application of Article 28 of Regulation (EC) N° 809/2004 of the Commission, the following information is included by reference in the present Registration Document:

- The consolidated financial statements for the year ended December 31, 2007, the relevant report of the Statutory Auditors included in pages 156 to 233 of the Registration Document registered with the AMF on 9 April 2008 with number D.08-219, the parent company financial statements for the year ended December 31, 2007, the relevant report of the Statutory Auditors included in pages 234 to 263, and the financial information shown on pages 8 to 151 of the same Registration Document for 2007;
- The consolidated financial statements for the year ended December 31, 2006, the relevant report of the Statutory Auditors included in pages 156 to 205 of the Registration Document registered with the AMF on April 5, 2007 with number D.07-0277, the parent company financial statements for the year ended December 31, 2006, the relevant report of the Statutory Auditors included in pages 206 to 225, and the financial information shown on pages 107 to 153 of the same Registration Document for 2006;

### 5. Persons responsible for financial information

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### **1- DESCRIPTION OF THE BUY BACK PROGRAMME**

- i. **Statement of the previous buyback programme**  
This information is available on pages 59 and 60 of the current Registration Document
- ii. **Breakdown by objective of shares held by the company at present**  
This information is available on pages 60 and 61 of the current Registration Document
- iii. **New buyback programme**  
This information is available on pages 61 and 62 of the current Registration Document

### **2- INFORMATION PUBLISHED IN THE LAST TWELVE MONTHS**

This information is available on pages 139 and 140 of the current Registration Document

### **3- ANNUAL FINANCIAL REPORT**

- i. **Parent company financial statements**  
The parent company financial statements for the year ended December 2008 are available on pages 205 to 227 of the current Registration Document.
- ii. **Consolidated financial statements**  
The consolidated financial statements for the year ended December 2008 are available on pages 147 to 202 of the current Registration Document.
- iii. **“Management report” according to Article 222-3-3 of the general AMF rules**
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This information is available on pages 8 to 52, 98 to 121, and 137 to 138 of the current Registration Document
  - b. Information that could have an influence in a public offer context N/A
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  - d. Statement of the person responsible for the Annual financial report  
This information is available on page 261 of the current Registration Document
  - e. Social and environmental information  
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  - f. Statement of reasons for the resolutions proposed by the Executive Board  
This information is available on pages 245 to 248 of the current Registration Document
  - g. Resolutions proposed by the Executive Board to the General Meeting  
This information is available on pages 253 to 260 of the current Registration Document
  - h. Summary of financial results of the last 5 years  
This information is available on page 228 of the current Registration Document

i. Chairman's report on corporate governance and internal control  
This information is available on pages 110 to 111 of the current Registration Document

iv. Reports of the Statutory Auditors on financial statements  
This information is available on pages 203-204, 229-230 of the current Registration Document

**4- FEES OF STATUTORY AUDITORS**

This information is available on page 138 of the current Registration Document



The original version of this Registration Document in French was deposited with the French Financial Market Authority (AMF), on 30 March 2009, in accordance with Article 212-13 of the AMF General Regulations. It may be used for the purpose of a financial transaction, if completed by an Information notice approved by the AMF.



**MÉTROPOLE TÉLÉVISION**  
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