ANNUAL REPORT 2005

Financial information

consolidated financial statements

ROULARTA MEDIA GROUP

Annual report of the board of directors

Dear shareholders,

This annual report has to be read together with the audited financial statements of NV Roularta Media Group, hereinafter referred to as the Group, and the notes to these statements. These consolidated financial statements were approved by the board of directors on 10 March 2006.

COMMENTARY ON THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are prepared in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), and with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC formerly SIC) of the IASB, approved by the European Commission.

The consolidated financial statements give a general overview of our Group's activities and the results achieved. They represent fairly the financial position, financial performance and cash flows of the entity, and have been prepared on a going concern basis.

IMPORTANT CHANGES DURING THE 2005 FINANCIAL YEAR

- Acquisition of @-Invest NV, effective 1/1/2005
- Acquisition of Automatch BVBA effective 1/4/2005
- Acquisition of 50+ Beurs & Festival BV effective 1/7/2005
- Sale of the shareholdings in Plopsaland NV and Total Music SAS in the first quarter of 2005
- Increase in the shareholding in Vogue Trading Video NV effective 1/4/2005
- Increase in the shareholding in Mestne Revije d.o.o. effective 1/7/2005
- Increase in the shareholding in A Nous Paris SAS effective 1/10/2005.

The Point de Vue group, acquired at the end of December 2005, is included in the balance sheet at 31 December 2005, but with earnings recorded only as from 1 January 2006.

The acquisition of 35% of the shares of Groupe Express-Expansion will be included in the 2006 accounts following the approval of the takeover by the European Commission's Competition Council.

CONSOLIDATED INCOME STATEMENT

In 2005 Roularta Media Group realized a **net profit** of EUR 22.2 million, as against EUR 27.2 million in 2004. The net profit of the Printed Media division grew by 3.8%, but the group profit continued to be influenced by lower sales in the Audiovisual Media division. It should be borne in mind here that the TV advertising market was particularly strong in 2004.

Compared with last year, **sales** fell by EUR 5.9 million or 1.2%. Sales rose in the Printed Media division (1.3% organic growth), but fell in the Audiovisual division in both TV advertising and optical disk sales.

EBITDA reduced from EUR 64.9 to EUR 56.0 million and **operating profit (EBIT)** from EUR 46.3 to 38.6 million. The EBITDA margin narrowed from 13.0% to 11.4% and the EBIT margin from 9.3% to 7.8%. This tightening of EBITDA and EBIT margins is situated entirely in the Audiovisual Media division, and is concentrated in the first half of the year.

In 2005 **net current profit** fell by 22.2% to EUR 22.3 million. **Net current cash flow** dropped by 13.8% from EUR 46.0 to 39.7 million.

Profit per share was down from EUR 2.83 in 2004 to EUR 2.29 in 2005.

The financing of the takeover of Point de Vue in December 2005 took **net financial debt** from EUR 12.2 million at the end of December 2004 to EUR 40.0 million at the end of 2005, raising the gearing from 5.7% to 17.5%. The earnings of Point de Vue will be included in group earnings from 2006 onwards.

INVESTMENTS

In 2005 the Group invested EUR 27.3 million in tangible and intangible fixed assets.

EUR 8.2 million was invested in land adjacent to the head office in Roeselare.

EUR 10.4 million was invested in machinery. At Roularta Printing in Roeselare, the new tower on the present Euro-M newspaper press was finished and a new packaging line came into production. The IT division in Roeselare invested further in both production and administration hardware. Investment at Vlaamse Media Maatschappij was concentred in technology and in modernizing the news studio, whilst at Vogue Trading Video a DVD line was upgraded and a new packaging machine acquired.

The Group invested EUR 1.5 million in producing a film under a Tax Shelter scheme.

The remaining investments related to the purchase of software programs for production and for the editorial, administrative and commercial departments, the purchase of office equipment and vehicles.

to the ordinary general meeting of shareholders of 16 May 2006 concerning the consolidated financial statements for the year ending on 31 December 2005

KEY FINANCIAL DATA

INCOME STATEMENT in EUR '000	31/12/2004	31/12/2005	EVOLUTION
SALES	**499,164**	**493,238**	**- 1.2%**
OPERATING PROFIT (EBIT)	**46,344**	**38,553**	**- 16.8%**
Net finance costs	-1,589	-1,342	- 15.5%
OPERATING PROFIT AFTER NET FINANCE COSTS	**44,755**	**37,211**	**- 16.9%**
Income taxes	-16,835	-14,882	- 11.6%
NET PROFIT OF THE CONSOLIDATED COMPANIES	**27,920**	**22,329**	**- 20.0%**
Share in the profit of the companies accounted for using the equity method	324	3	- 99.1%
Minority interests	-1,011	-139	- 86.3%
NET PROFIT	**27,233**	**22,193**	**- 18.5%**
EBITDA	64,850	56,034	- 13.6%
EBITDA (margin)	13.0%	11.4%	
EBIT	46,344	38,553	- 16.8%
EBIT (margin)	9.3%	7.8%	
Net profit	27,233	22,193	- 18.5%
Net profit (margin)	5.5%	4.5%	
Net current profit (1)	28,690	22,331	- 22.2%
Current cash flow (2)	46,014	39,674	- 13.8%

BALANCE SHEET	31/12/04	31/12/05	EVOLUTION
Non current assets	220,728	274,242	+ 24.2%
Current assets	218,438	236,810	+ 8.4%
Balance sheet total	439,166	511,052	+ 16.4%
Equity – Group's share	200,089	215,616	+ 7.8%
Equity - minority interests	14,618	13,297	- 9.0%
Liabilities	224,459	282,139	+ 25.7%
Liquidity (3)	1.3	1.1	- 15.4%
Solvency (4)	48.9%	44.8%	- 8.4%
Net financial debt	12,243	39,985	+ 226.6%
Gearing (5)	5.7%	17.5%	+ 207.0%
Return on equity (6)	13.6%	10.3%	- 24.3%

(1) Net current profit = net profit + impairment losses on titles and goodwill + restructuring costs, net of taxes

(2) Current cash flow = net current profit + depreciation of intangible and tangible assets, write-downs and provisions

(3) Liquidity = current assets / current liabilities

(4) Solvency = equity (Group's share + minority interests) / balance sheet total

(5) Gearing = net financial debt / equity (Group's share + minority interests)

(6) Return on equity = net profit / equity (Group's share)

Important events after the end of the financial year

The following events occurring since the end of the financial year significantly influence the earnings and the financial position of the enterprise.

- on 6 January 2006 the capital of NV Roularta Media Group was increased by EUR 786,881.70 by the creation of 39,090 new shares with the related VVPR strips following an exercise of warrants. The board of directors, making use of the authorised capital, subsequently increased capital by EUR 118.30, to bring it to a rounded amount of EUR 120,054,000.00.
- on 1 February 2006 the capital of the company was increased by EUR 49,975,254.50, including issue premium, by issuing 989,609 new shares, which were offered to domestic and foreign institutional investors in a private placement. The new shares were subscribed in cash at EUR 50.50 each, based on an 'accelerated book-building procedure'. The capital increase was enacted by notary public on 6 February 2006. This capital increase was undertaken to obtain approximately half the funds for the recent French take-overs, more specifically the acquisition of 100% of the shares of Cavenne SAS Editeurs (the publishers of Point de Vue) and 35% of the shares of the SA Groupe Express-Expansion. The balance of these acquisitions will be financed by borrowings.

Announcement with regard to the use by the company of financial instruments, insofar as it is important in the assessment of its assets, liabilities, financial position and profit

The Group concludes forward contracts to protect itself against exchange risks in respect of purchases in dollars.

Environment, prevention and welfare

For a more extensive presentation of environmental, prevention and welfare matters, the reader is referred to the Environment, Prevention and Well-being chapter in the 2005 Annual Report.

Personnel matters

At 31 December 2005 the Group had 2,205 employees (full-time equivalent). This is an increase of 1.2% (26 FTE) compared with 2004. Joint ventures are included proportionally in these figures.

Personnel costs rose by EUR 4.7 million (+ 4.1%) compared with 2004.

In March 2006 the senior management of Vlaamse Media Maatsschappij announced cost-saving measures which will lead to the disappearance of a number of jobs (around 5% of the work-force).

Main risks and uncertainties

Apart from the traditional risks that every company faces, the Group closely follows market developments within the media world, in order to be able to react to and take advantages of changes and new trends within its environment. The group's multimedia offering enables it to react pertinently to shifts in attention by the advertising world and its audience from one media form to the other. The fact also that the Group draws its income from selling both advertising and newspapers and magazines enables it to sufficiently spread its risk, should a negative development occur in one or the other market.

The cost areas that significantly determine the overall production cost in the Printed Media division, such as printing, distribution, personnel and promotion costs, are carefully monitored. The evolution of international paper prices is uncertain and calls for special attention.

The earnings of the Audiovisual Media division are largely determined by two main elements: the advertising market and viewing and listening figures. Programming costs for both domestic productions and foreign film material are fixed well in advance and are therefore inflexible. The advertising market, on the other hand, can shift quickly.

Roeselare, 10 March 2006

The board of directors

Consolidated financial statements

1. Consolidated income statement

	Notes	2005	2004
Sales	3	493,238	499,164
Raw materials, consumables and goods for resale		-161,209	-155,121
Services and other goods		-162,075	-161,010
Personnel	4	-120,238	-115,555
Depreciation, amortisation and provisions		-17,481	-18,506
Depreciation and write-down of intangible and tangible assets		*-16,594*	*-14,620*
Write-down of trade debtors and inventories	*5*	*-1,445*	*-1,985*
Provisions		*696*	*-719*
Impairment losses on titles and goodwill	*12*	*-138*	*-1,182*
Other operating income / expenses (net)	6	6,318	-2,353
Restructuring costs	7		-275
Operating profit - EBIT		**38,553**	**46,344**
Net finance costs	8	-1,342	-1,589
Operating result after net finance costs		**37,211**	**44,755**
Income taxes	9	-14,882	-16,835
Net profit of the consolidated companies		**22,329**	**27,920**
Share in the profit of the companies accounted for using the equity method		3	324
Minority interests		-139	-1,011
Net profit		**22,193**	**27,233**
Earnings per share			
- Basic earnings per share	10	2.29	2.83
- Diluted earnings per share	10	2.25	2.76

All financial amounts expressed in thousands of euros.

2. Consolidated balance sheet

Assets	**Notes**	**2005**	**2004**
Non current assets		**274,242**	**220,728**
Intangible assets	12	106,820	57,322
Goodwill	13	25,298	24,380
Property, plant and equipment	14	124,835	116,309
Investments accounted for using the equity method	15	30	2,288
Financial assets	16	8,335	10,740
Hedging instruments	28	590	
Trade and other receivables	17	850	1,445
Deferred tax assets	18	7,484	8,244
Current assets		**236,810**	**218,438**
Inventories	19	48,619	49,605
Trade and other receivables	17	146,240	137,211
Financial assets	16	4,061	1,000
Cash and cash equivalents	17	30,950	26,098
Deferred charges and accrued income		6,940	4,524
Total assets		**511,052**	**439,166**

Liabilities	**Notes**	**2005**	**2004**
Equity		**228,913**	**214,707**
Group's Equity		215,616	200,089
Issued capital	*20*	*119,267*	*118,950*
Treasury shares	*20*	*-5,487*	*-6,153*
Capital reserves		*408*	*306*
Revaluation reserves		*-514*	
Reserves		*101,831*	*86,868*
Translation differences		*111*	*118*
Minority interests		13,297	14,618
Non current liabilities		**72,149**	**58,646**
Provisions	21	3,914	4,078
Employee benefits	23	3,501	2,875
Deferred tax liabilities	18	36,046	23,283
Financial liabilities	24	27,417	26,368
Trade payables	24	536	368
Other payables	24	735	1,674
Current liabilities		**209,990**	**165,813**
Financial liabilities	24	47,579	12,973
Trade payables	24	93,617	92,936
Advances received	24	24,222	21,242
Social debts	24	24,638	22,800
Taxes	24	10,668	10,064
Other payables	24	2,869	1,308
Accrued charges and deferred income	25	6,397	4,490
Total liabilities		**511,052**	**439,166**

All financial amounts expressed in thousands of euros.

3. Consolidated cash flow statement

Cash flow relating to operating activities	**2005**	**2004**
Net profit of the consolidated companies	22,329	27,920
Income tax expense / income	14,882	16,835
Interest expense	2,417	2,524
Interest income (-)	-1,075	-935
Gain / loss on realisation of non current assets	-2,212	295
Non-cash items	17,503	19,600
Depreciation of (in)tangible assets	*16,594*	*14,620*
Impairment losses	*138*	*1,182*
Share-based payment expense	*104*	
Increase / decrease in provisions	*-696*	*719*
Unrealized exchange loss / gain	*-82*	*-68*
Other non-cash items	*1,445*	*3,147*
Gross cash flow relating to operating activities	**53,844**	**66,239**
Increase / decrease in trade receivables	-5,136	-5,585
Increase / decrease in other receivables and deferred charges and accrued income	-1,914	-1,473
Increase / decrease in inventories	344	3,350
Increase / decrease in financial current liabilities	31,902	-7,539
Increase / decrease in trade payables	-3,566	7,273
Increase / decrease in other current liabilities	1,734	-27
Other increases / decreases in working capital (a)	2,364	-1,439
Increase / decrease in working capital	**25,728**	**-5,440**
Income taxes received / paid	-14,769	-15,203
Interest paid	-2,268	-2,616
Interest received	1,072	927
Net cash flow relating to operating activities (a)	**63,607**	**43,907**
Cash flow relating to investing activities		
(In)tangible assets - acquisitions	-27,332	-23,114
(In)tangible assets - other movements	1,615	2,027
Net cash flow relating to acquisition of subsidiaries	-26,860	-8,745
Net cash flow relating to disposal of a subsidiary	529	
Financial assets - acquisitions	-1,678	-6,200
Financial assets - other movements	7,752	3,038
Net cash used in investing activities (b)	**-45,974**	**-32,994**
Cash flow relating to financial activities		
Dividends paid	-7,189	-4,799
Movement in capital	317	487
Treasury shares	666	-175
Other changes in equity	-1,980	10
Proceeds from (+), redemption of (-) long term debts	-2,232	-4,971
Proceeds from (+), redemption of (-) long term receivables	698	-96
Net cash provided by (+), used in (-) financing activities (c)	**-9,720**	**-9,544**
Net decrease / increase in cash (a+b+c)	**7,913**	**1,369**
Cash and cash equivalents, beginning balance	27,098	25,729
Cash and cash equivalents, ending balance	35,011	27,098
Net decrease / increase in cash	**7,913**	**1,369**

(a) Increases and decreases in provisions, employee benefits, other non current payables, deferred tax assets and liabilities, and accrued charges and deferred income.
All financial amounts expressed in thousands of euros.

4. Consolidated statement of changes in equity

2005	Issued capital	Treasury shares	Capital reserves	Revaluation reserves	Accumulated profit of previous years	Profit of the period	Translation reserves	Minority interests	Total equity
Balance as of 1/1/2005	**118,950**	**-6,153**	**306**	**0**	**86,868**	**0**	**118**	**14,618**	**214,707**
Issuance of shares *(all kind of issuances)*	316								316
Equity increase resulting from incorporating reserves available for distribution	1				-1				0
Profit / loss of the period						22,193			22,193
Operations with own shares		666							666
Foreign currency translation effect							-7		-7
Dividends					-7,229				-7,229
Gain / loss on available-for-sale financial assets				-514					-514
Recognition of share-based payments			104						104
Profit / loss of the period attributable to minority interest								139	139
Other increase / decrease			-2					-1,460	-1,462
Balance as of 31/12/2005	**119,267**	**-5,487**	**408**	**-514**	**79,638**	**22,193**	**111**	**13,297**	**228,913**

2004	Issued capital	Treasury shares	Capital reserves	Revaluation reserves	Accumulated profit of previous years	Profit of the period	Translation reserves	Minority interests	Total equity
Balance as of 1/1/2004	**118,463**	**-5,978**	**306**	**0**	**64,434**	**0**	**41**	**13,675**	**190,941**
Issuance of shares *(all kind of issuances)*	487								487
Profit / loss of the period						27,233			27,233
Operations with own shares		-175							-175
Foreign currency translation effect							77		77
Dividends					-4,799				-4,799
Profit / loss of the period attributable to minority interest								1,011	1,011
Other increase / decrease								-68	-68
Balance as of 31/12/2004	**118,950**	**-6,153**	**306**	**0**	**59,635**	**27,233**	**118**	**14,618**	**214,707**

All financial amounts expressed in thousands of euros.

Notes to the consolidated financial statements

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Presentation basis

The consolidated financial statements are prepared in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), and with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC formerly SIC) of the IASB approved by the European Commission.

The consolidated financial statements give a general overview of our Group's activities and the results achieved. They represent fairly the financial position, financial performance and cash flows of the entity, and have been prepared on a going concern basis.

The consolidated financial statements were approved by the board of directors on 10 March 2006 and can be amended until the shareholders' meeting of 16 May 2006.

Consolidation principles

The consolidated financial statements consolidate the financial information of Roularta Media Group NV, its subsidiaries and joint ventures, after elimination of all material transactions within the Group.

Subsidiaries are those companies over which the parent company has control, i.e. has the power to direct the financial and operational policy of a company in order to acquire benefits from its activities. These companies are included in accordance with the full consolidation method.

Joint ventures are companies in which the parent company together with one or more other parties makes a contractual arrangement to enter into an economic activity over which they have joint control, i.e. have the power to direct the financial and operational policy of a company in order to acquire benefits from its activities. These companies are included in accordance with the proportionate consolidation method.

The financial statements of subsidiaries and joint ventures are included in the consolidated financial statements from the date on which the parent company acquires control until the date on which the control ceases.

Acquisitions of subsidiaries and joint ventures are accounted for by applying the purchase method.

The financial statements of subsidiaries and joint ventures are prepared for the same financial year as that of the parent company and using uniform accounting policies for like transactions and other events in similar circumstances.

Associated companies are companies in which the Group has a significant influence and which are not a subsidiary company or joint venture. They are incorporated in the consolidation in accordance with the equity method from the date on which the significant influences begin until the date on which the significant influences cease. If the Group's share in the loss exceeds the book value of the associated company, the book value is reduced to nil and any further losses are no longer entered, unless the Group has guaranteed commitments made by the associated company.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are recorded on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of transaction. At each balance sheet foreign currency monetary items are translated using the closing rate. Non monetary items are translated using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition are recognised in profit or loss in the period in which they arise.

Financial statements of foreign entities

Monetary and non monetary assets and liabilities of foreign entities whose functional currency is not the currency of a hyperinflationary economy and is different from the euro are translated at the closing rate at the date of the balance sheet. Income and expenses for each income statement (including comparatives) are translated at exchange rates at the dates of the transactions. All resulting exchange differences are recognised as a separate component of equity.

Intangible assets other than goodwill

Intangible assets consist of titles, software, concessions, copyrights, property rights and other rights etc. acquired from third parties or by contribution in kind, as well as any internally generated software.

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised as an expense when it is incurred.

Expenditures on development activities, whereby the research findings are applied to a plan or design for the production of new or substantially improved products and processes, are only included in the balance sheet, if the product or process is technically and commercially feasible, the Group has sufficient resources available to complete the development and it is possible to demonstrate that the asset will generate probable future economic benefits.

Capitalised expenditure comprises the costs of materials, direct labour costs and a proportionate part of the overheads.

Intangible assets are measured at their cost, less any accumulative amortisation and any accumulated impairment losses.

Subsequent expenditure
Subsequent expenditure on intangible assets is only included in the balance sheet if the probable future economic benefits specific to the asset to which they relate increase. All other expenditure is recognised as costs in the period in which it incurs.

Amortisation
Intangible assets are amortised in accordance with the straight-line methods starting when the asset is available for use over their expected useful life.

The following useful lives are applied:

Software	5 years
Concessions, copyrights, property rights and similar rights:	
- Graphics and generics	3 years
- Scenarios	2 years
- Other rights	according to their expected useful life

By virtue of the modification of IAS 38,107, titles are considered as assets with indefinite useful lives which are not amortised but tested yearly for impairment.

GOODWILL

Goodwill is the difference between the cost of a business combination and the Group's share in the fair value of the assets acquired and liabilities and contingent liabilities assumed of the subsidiary, joint venture or associated entity at the time of acquisition.

By virtue of the application of IFRS 3 goodwill is not amortised but tested yearly for impairment.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at cost less any accumulative depreciation and any impairment losses. The cost comprises the initial purchase price plus other direct purchase costs (such as non-refundable tax, transport). The cost of self-constructed property, plant and equipment comprises the cost of materials, direct labour costs and a proportional part of the production overheads.

The Group uses the exception provided for in IFRS 1 to treat the fair value of some of the property, plant and equipment as deemed cost on the date of transition to IFRS, being 1 January 2003. This fair value is based on the value in going concern as determined by third party experts and was applied to all of the Group's land and buildings, as well as to NV Roularta Printing's printing presses and finishing lines.

Subsequent expenditure
Subsequent expenditure is only capitalised if the probable future economic benefits specific to the item of property, plant and equipment to which it relates increase. Repairs and maintenance costs which do not increase the probable future economic benefits are recognised as costs in the period in which they occur.

Leases
Lease arrangements whereby the Group has substantially all rewards and risks incidental to ownership are classified as finance leases. At the commencement of the finance lease term, finance leases are recognised as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property, or, if lower, the present value of the minimum lease payments each determined at the inception of the lease.

Minimum lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents shall be charged as expenses in the periods in which they are incurred.

Leasing of property whereby substantially all rewards and risks remain with the leasing company is classified as operating lease. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Depreciation
The depreciable amount of an item of property, plant and equipment (i.e. the cost less its residual value) is recognised in the income statement on a straight-line basis from the date the asset is available for use over the expected useful life.

The following depreciation percentages are applied:

Buildings	
- revalued	20 years
- not revalued	33 years
- buildings on leasehold land	term of lease
- improvements with valuable appreciation	10 years
Installations, machines and equipment	
- printing presses and finishing lines	3 to 20 years
- broadcast material	5 years
- TV stages	3 years
- others	5 years

Furniture and office equipment	5 years
Electronic equipment	3 to 5 years
Vehicles	5 years
Other property, plant and equipment	5 years
Assets under construction and advance payments	no depreciation
Property held under a finance lease	
- printing presses and finishing lines	3 to 20 years
- broadcast material	5 years

Land is not depreciated since it is assumed that it has an indefinite useful life.

FINANCIAL ASSETS

Criteria for the initial recognition and the derecognition of financial assets

The purchase or sale of financial assets is recognised using the settlement date. This implies that the asset is recognised on the date it is received by the Group, and it is derecognised on the date it is delivered by the Group; at this date any gain or loss on disposal is recognised.

Criteria for the measurement of financial assets

(a) Available-for-sale financial assets
At initial recognition all available-for-sale financial assets are recognised at fair value, plus transaction costs directly attributable to the acquisition of the financial asset. A gain or loss arsing from a change in fair value is recognised directly in equity as revaluation reserve until the financial asset is derecognised, or until there is objective evidence that a financial asset incurred impairment losses. If the fair value cannot be measured reliably, its cost is considered to approach its fair value.

(b) Financial assets at fair value through profit or loss
At initial recognition these financial assets are recognised at fair value. A gain or loss arising from a change in fair value of the financial asset is recognised through profit or loss. If the fair value cannot be measured reliably, its cost is considered to approach its fair value.

(c) Loans and receivables
These non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are measured at amortised cost. A gain or loss is recognised in profit or loss when the financial asset is impaired.

INVENTORIES

Inventories are measured at cost (purchase or manufacturing cost) in accordance with the FIFO method or if lower, at net realisable value.

Manufacturing cost includes all direct and indirect costs necessary to bring the inventories to their present location and condition.

The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Ageing or slowly rotating inventories are systematically written down.

Broadcasting rights VMMa

Broadcasting rights are also measured at the lower of cost or net realisable value. They are consumed on the basis of the expected number of broadcasts (maximum 2) in combination with the expected revenue so as to match the broadcasting cost and revenue.

The following indicative percentages are taken into consideration for this:

Type	**Run 1**	**Run 2**
Humour	70%	30%
Documentary series	80%	20%
Fiction	80%	20%
Kids	50%	50%
Films	70%	30%
Series bought in	80%	20%
Remainder	100%	0%

TRADE AND OTHER RECEIVABLES

Short term trade receivables and other receivables are measured at nominal value less appropriate allowances for estimated irrecoverable amounts.

At the end of the financial year an estimate is made of doubtful debts on the basis of an evaluation of all outstanding amounts. Doubtful debts are written off in the year in which they were identified as such.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash and sight deposits, short-term deposits (under 3 months) and highly liquid investments which are easily convertible into a known cash amount and where the risk of a change in value is negligible.

EQUITY

Treasury shares

Treasury shares (i.e. own shares) are presented as deduction of equity and reported in the statement of changes in equity. No gain or loss is recognised in the income statement on the sale, issuance or cancellation of treasury shares.

PROVISIONS

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

If the Group expects that some or all of the expenditure required for settling a provision will be reimbursed, the related asset is recognised once it is virtually certain that the reimbursement will be received.

Restructuring

A provision for restructuring is created when the Group approves a detailed and formalised restructuring plan and when the implementation of the restructuring plan has been started or the main features of the plan have been announced to those affected by it.

EMPLOYEE BENEFITS

Pension commitments

Several defined contribution plans exist within the Group. These plans are funded by both employer and employee contributions. Contribution commitments in the pension schemes with a fixed contribution payable by the Group are included in the income statement of the year to which they relate.

The Group also recognises a provision for early retirement pensions. The amount of the provision is equal to the present value of future benefits promised to the employees involved.

Remuneration in shares and related benefits

Different share option programmes and warrant plans allow employees and senior management to acquire shares in the company. The exercise price of an option is equal to the market price of the underlying shares on the grant date. No compensation cost or commitment whatsoever are recognised in the financial statements, but are disclosed in the notes. If the options are exercised, the equity is increased by the amount of the proceeds.

Other long term employee benefits

This mainly concerns both future allocations of preferential subscriptions as the Julien Victor Premium which is awarded to the employee on retirement. The amount of these provisions equals the present value of these future obligations.

TRADE PAYABLES

Trade payables are recognised at their nominal value.

TAX

Tax expense (tax income) on the profit for the financial year is the aggregate amount included in the profit or loss for the period in respect of current tax and deferred tax. Taxes are recognised as income or as expense and included in profit or loss for the period except to the extend that the tax arises from a transaction or event which is recognised directly in equity. In that case the taxes are also recognised directly to the equity.

Current taxes for current and previous periods are, to the extent unpaid, recognised as a liability. If the amount already paid exceeds the amount due for those periods, the excess is recognised as an asset. For calculating the current tax for the current and prior periods the tax rates that have been enacted or substantively enacted by the balance sheet date are used.

Deferred taxes are accounted for using the 'liability' method for all temporary differences between the taxable basis and the book value for financial reporting purposes and this for both assets and liabilities. For calculation purposes the tax rates used are those that have been enacted or substantively enacted by the balance sheet date.

In accordance with this method, the Group must in case of a business combination recognise deferred taxes on the difference between the fair value of the acquired assets and the liabilities and contingent liabilities assumed and their taxable basis.

Deferred tax assets are only recognised when it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets are derecognised when it is no longer probable that the related tax advantage will be realised.

GOVERNEMENT GRANTS

Government grants that relate to assets are recognised at their fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The government grant is presented as deferred income.

Government grants related to income are recognised as income in the periods in which the costs they are supposed to compensate are recognised.

SALES

Revenue from sales is recognised when:

(a) the significant risks and rewards of ownership are transferred
(b) the Group has no continuing managerial involvement or control usually associated with ownership anymore
(c) the amount of revenue can be measured reliably
(d) it is probable that the economic benefits associated with the transaction will flow to the Group
(e) the costs incurred or to be incurred can be measured reliably

COSTS OF BORROWINGS

Borrowing costs are charged directly to the income statement.

Impairment losses

For the book value of the Group's assets, in application of IAS 36, on each balance sheet date it is assessed whether there are any indications that an asset may be impaired. If such indication exists, the recoverable amount of the asset has to be estimated. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. An impairment loss is recognised when the book value of an asset, or the cash-generating unit to which the asset belongs, is higher than the recoverable amount. Impairment losses are included in the income statement.

Financial instruments

The Group uses financial instruments to hedge the exposure to changes in fair value of a recognised asset or liability, or an unrecognised firm commitment. These financial instruments accounted for as fair value hedges are measured at fair value and presented in the line 'hedging instruments'.

The financial instruments which do not meet the recognition criteria to be recognised as a hedging instrument, are measured at fair value: the gain or loss arising from a change in fair value of the instrument is directly recognised in profit or loss.

NOTE 2. SEGMENT REPORTING

I. PRIMARY SEGMENT REPORTING: BUSINESS SEGMENTS

For management purposes, Roularta Media Group is organised into two operating divisions according to their business segment: Printed Media and Audiovisual Media. These divisions are the basis on which Roularta Media Group reports its primary segment information. Segment results and assets and liabilities comprise items which can be attributed directly or on a reasonable basis to a segment. Segment investments comprise the cost incurred during the period to acquire intangible assets and property, plant and equipment that are expected to be used during more than one period. Intersegment pricing is determined on an arm's length basis.

Printed Media includes the sale of publicity, and the production and sale of all printed publications of the Group, such as free sheets, newspapers, magazines, newsletters and books, as well as all related services. Audiovisual Media includes spot advertising on TV and Radio, production and broadcasting, as well as all related services.

We refer to the activity report for comments on the segment results.

2005	**PRINTED MEDIA**	**AUDIOVISUAL MEDIA**	**INTER-SEGMENT ELIMINATION**	**CONSOLIDATED TOTAL**
Sales of the segment	339,391	161,168	-7,321	493,238
Sales to external customers	*337,272*	*155,966*		*493,238*
Sales from transactions with other segments	*2,119*	*5,202*	*-7,321*	*0*
Depreciation, amortisation and provisions	-11,100	-6,243		-17,343
Impairment loss on titles and goodwill	-138			-138
OPERATING PROFIT (EBIT)	**30,425**	**8,128**		**38,553**
Net finance costs	-859	-483		-1,342
Income taxes	-12,087	-2,795		-14,882
NET PROFIT OF THE CONSOLIDATED COMPANIES	**17,479**	**4,850**		**22,329**
Share in the profit of the companies accounted for using the equity method	8	-5		3
Minority interests	-413	274		-139
NET PROFIT	**17,074**	**5,119**		**22,193**
EBITDA	41,663	14,371		56,034
Net current profit (1)	17,212	5,119		22,331
Current cash flow (2)	28,312	11,362		39,674
ASSETS	**451,850**	**162,800**	**-103,598**	**511,052**
of which carrying amount of investments accounted for using the equity method	30			30
of which investments in intangible assets and property, plant and equipment	19,259	8,073		27,332
LIABILITIES	**234,433**	**68,620**	**-20,914**	**282,139**

(1) Net current profit = net profit + impairment losses on titles and goodwill + restructuring costs net of taxes.
(2) Current cash flow = net current profit + depreciation of (in)tangible assets, write-downs and provisions.

All financial amounts expressed in thousands of euros.

2004	Printed Media	Audiovisual Media	Intersegment elimination	Consolidated total
Sales of the segment	331,656	174,270	-6,762	499,164
Sales to external customers	*329,659*	*169,505*		*499,164*
Sales from transactions with other segments	*1,997*	*4,765*	*-6,762*	*0*
Depreciation, amortisation and provisions	-10,145	-7,178		-17,324
Impairment loss on titles and goodwill	-1,182			-1,182
Operating profit (EBIT)	**28,657**	**17,687**		**46,344**
Net finance costs	-1,010	-579		-1,589
Income taxes	-10,655	-6,180		-16,835
Net profit of the consolidated companies	**16,992**	**10,928**		**27,920**
Share in the profit of the companies accounted for using the equity method		324		324
Minority interests	-549	-462		-1,011
Net profit	**16,443**	**10,790**		**27,233**
EBITDA	39,984	24,865		64,850
Net current profit (1)	17,900	10,790		28,690
Current cash flow (2)	28,045	17,968		46,014
Assets	**382,812**	**156,206**	**-99,852**	**439,166**
of which carrying amount of investments accounted for using the equity method	191	2,097		2,288
of which investments in intangible assets and property, plant and equipment	16,252	6,991		23,243
Liabilities	**180,593**	**65,767**	**-21,901**	**224,459**

(1) Net current profit = net profit + impairment losses on titles and goodwill + restructuring costs net of taxes.

(2) Current cash flow = net current profit + depreciation of (in)tangible assets, write-downs and provisions.

II. Secundary segment reporting: geographical segments

The secondary segment reporting information represents Roularta Media Group's two geographical markets: Belgium and other countries (France, Germany, the Netherlands, the UK, Slovenia, Portugal and Norway). The following tables provide an analysis of the sales based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

2005	Belgium	France	Other countries	Interseg-ment eli-mination	Conso-lidated total
Sales of the segment to external customers	401,841	51,215	40,182		493,238
Assets	475,729	110,133	15,621	-90,431	511,052
of which investments in intangible assets and property, plant and equipment	26,855	430	47		27,332
2004					
Sales of the segment to external customers	407,465	51,616	40,083		499,164
Assets	422,874	54,817	13,946	-52,471	439,166
of which investments in intangible assets and property, plant and equipment	22,781	304	158		23,243

All financial amounts expressed in thousands of euros.

NOTE 3. SALES

An analysis of the Group's sales is as follows:

	2005	2004
Advertising	313,216	312,709
Subscriptions and sales	79,673	77,349
Other services and goods	100,349	109,106
TOTAL SALES	**493,238**	**499,164**

Bartering contracts included in sales amount to € 28,649 (2004: € 25,614). Royalties included in sales amount to € 1,949 (2004: € 1,460).

Compared with last year, turnover fell by € 5,926 or 1.2% from € 499,164 to € 493,238.
On the one hand turnover in the Printed Media division rose by € 7.7 million or 2.3%. € 7.4 million of this increase is from acquisitions and the launch of new City Magazines in France and Slovenia. Turnover of Printed Media fell (€ -3.8 million) by the sale of Total Music. Organic growth from existing products was € 4.2 million or 1.3%.
On the other hand turnover in the Audiovisual division was down 7.5% from € 174,270 to € 161,168. This decrease was noticeable in the fall of both TV advertising and optical disks sales. Turnover and market share at radio station Q-Music, however, continue to grow.

NOTE 4. PERSONNEL

	2005	2004
Wages and salaries	-83,999	-80,622
Social security contributions	-31,153	-28,141
Post employment benefit charges	-1,806	-1,782
Other personnel charges	-3,280	-5,010
TOTAL PERSONNEL CHARGES	**-120,238**	**-115,555**

Post employment benefit charges in 2005 consist mainly of expenses recognised related to the defined contribution plans of € 1,768 (2004: € 1,722).

EMPLOYMENTY IN FULL TIME EQUIVALENTS	2005	2004
Average number of staff	2,179	2,123
Total employment at the end of the accounting year	2,205	2,179

All financial amounts expressed in thousands of euros.

NOTE 5. WRITE-DOWN OF TRADE DEBTORS AND INVENTORIES

	2005	2004
Write-down of trade debtors	-2,867	-1,239
Reversal of write-down of trade debtors	1,404	1,255
Write-down of inventories	-1,881	-4,553
Reversal of write-down of inventories	1,899	2,552
TOTAL WRITE-DOWN OF TRADE DEBTORS AND INVENTORIES	**-1,445**	**-1,985**

The increase in the write-down of accounts receivable is mainly due to the write-down recognised by NV Vogue Trading Video € 1,055 to its customer Union Film Group.

In 2004, expired broadcasting rights relating to the 2004 financial year were shown as a write-down of inventories (- € 2,206); in 2005, expired broadcasting rights relating to the 2005 financial year were included in inventory changes (- € 2,292). The write-down of inventories shown in 2005 amounting to € 1,543 (€ 2,303 in 2004) mainly relates to broadcasting rights that will expire over a period of 3 years after the first broadcasting date; the amount of the write-down was determined on the basis of a capacity analysis.

NOTE 6. OTHER OPERATING INCOME / EXPENSES

	2005	2004
Profit resulting from cooperation contracts	5,106	3,286
Taxes other than income taxes	-3,000	-2,828
Reversal of disposal of 'A Nous Paris'		-1,812
Sale Plopsaland and Total Music	2,350	
Loss on trade receivables	-649	-1,072
Reversal of write-down / (write-down) of other receivables	98	-363
Other operating income / expenses (net)	2,413	436
TOTAL OTHER OPERATING INCOME / EXPENSES	**6,318**	**-2,353**

Other operating income and costs increased in relation to the previous year as a result of income from cooperative agreements. On the one hand, the remuneration received by NV VMMa for the cooperation with Interkabel in 2005 (+ € 1,282) made up for the period 2002-2004 and on the other hand, the increase was due to a new agreement concluded with the distributor Belgacom in October 2005 (+ € 500).

Income also increased as a result of the sale of Plopsaland and Total Music (+ € 2,350). On the one hand, other operating income and costs increased partly because of a number of non-recurrent costs recorded in 2004 (€ 1,000), including severance pay and non-recurrent decreases in value but on the other hand, a number of additional income items were recorded in 2005 (€ 700), such as various operating bonuses and on-charged services.

NOTE 7. RESTRUCTURING COSTS

	2005	2004
Redundancy costs		-275
TOTAL RESTRUCTURING COSTS	**0**	**-275**

All financial amounts expressed in thousands of euros.

NOTE 8. NET FINANCE COSTS

	2005	2004
Interest income	1,075	935
Interest expense	-2,417	-2,524
TOTAL NET FINANCE COSTS	**-1,342**	**-1,589**

NOTE 9. INCOME TAXES

I. INCOME TAX EXPENSE / INCOME - CURRENT AND DEFERRED

	2005	2004
A. INCOME TAX EXPENSE / INCOME - CURRENT		
Current period tax expense	-13,508	-14,430
Adjustments to current tax expense / income of prior periods	-422	-823
TOTAL CURRENT TAX EXPENSE, NET	**-13,930**	**-15,253**
B. INCOME TAX EXPENSE / INCOME - DEFERRED		
Related to the origination and reversal of temporary differences	-162	-2,932
Related to tax losses carried forward & tax credits of the current period	2,569	3,259
Related to tax losses: reversal and utilisation	-1,416	-708
Related to the non-recoverability of deferred tax assets	-1,943	-1,201
TOTAL DEFERRED TAX EXPENSE, NET	**-952**	**-1,582**
TOTAL CURRENT AND DEFERRED TAX EXPENSE, NET	**-14,882**	**-16,835**

II. RECONCILIATION OF STATUTORY TAX TO EFFECTIVE TAX

	2005	2004
Profit before taxes	37,211	44,755
Statutory tax rate	33.99%	33.99%
TAX EXPENSE USING STATUTORY RATE	**-12,648**	**-15,212**
Adjustments to current tax of prior periods (+/-)	-422	-823
Tax effect of non tax deductible expenses (-)	-1,468	-2,106
Tax effect of non taxable revenues (+)	1,850	787
Tax effect of not recognising deferred taxes on losses of the current period (-)	-1,917	-1,439
Tax effect from the reversal (utilisation) of deferred tax assets from previous years (+)	-407	970
Tax effect of recognising deferred taxes on tax losses of previous periods (+)	5	763
Other increase / decrease in tax charge (+/-)	125	225
TAX EXPENSE USING EFFECTIVE RATE	**-14,882**	**-16,835**
Profit before taxes	37,211	44,755
Effective tax rate	39.99%	37.62%
TOTAL EFFECTIVE TAX EXPENSE	**-14,882**	**-16,835**

All financial amounts expressed in thousands of euros.

III. Impact of change in tax rate

The tax rate in the Netherlands changed from 34.5% to 31.5%; the tax rate in France from 34.33% to 33.83%. These changes in tax rate had a negative impact on taxes of € 21.

Impact on current and deferred tax expense	2005
Current tax expense after utilization of new tax rate Impact change in tax rate Current tax expense before utilization of new tax rate	-13,930 -59 -13,989
Deferred tax expense after utilization of new tax rate Impact change in tax rate Deferred tax expense before utilization of new tax rate	-952 -80 -872
Current and deferred tax expenses before utilisation of new tax rate	**-14,861**
Current and deferred tax expenses after utilisation of new tax rate	**-14,882**
Impact	**-21**

NOTE 10. EARNINGS PER SHARE

I. Movements in number of shares	Ordinary shares
Number of shares, beginning balance	9,928,611
Number of shares issued during the period	28,350
Number of shares, ending balance	9,956,961
of which issued and fully paid	9,956,961
II. Other information	
Number of shares owned by the company or related parties	252,862
Shares reserved for issue under options	111,445
III. Earnings per share calculation	
1. Number of shares	
1.1. Weighted average number of shares, basic	9,687,603
1.2. Adjustments to computed weighted average number of shares, diluted	193,783
subscription right plans	*121,951*
stock option plans	*71,832*
1.3. Weighted average number of shares, diluted	9,881,386

2. Calculation

The calculation of the basic earnings and diluted earnings per share are based on the following:

$$\frac{\text{Net profit available to common shareholders}}{\text{Weighted average number of shares, basic}} = \frac{22{,}193}{9{,}687{,}603} = 2.29$$

$$\frac{\text{Net profit available to common shareholders}}{\text{Weighted average number of shares, diluted}} = \frac{22{,}193}{9{,}881{,}386} = 2.25$$

All financial amounts expressed in thousands of euros.

NOTE 11. DIVIDENDS

Amount of dividends proposed or declared after the balance sheet date but before authorisation of the financial statements (1)	8,050
Gross dividend per share in euro	0.75
(1)	
Number of shares entitled to dividend on 31/12/2005	9,956,961
Number of own shares on 31/12/2005	-252,862
New shares due to capital increase on 6/1/2006	39,090
New shares due to capital increase on 6/2/2006	989,609
	10,732,798

NOTE 12. INTANGIBLE ASSETS

2005	Titles	Software	Concessions, copyrights property rights and similar rights	Total
At cost				
Balance at the end of the preceding period	**52,376**	**13,496**	**4,452**	**70,324**
Movements during the period:				
- Acquisitions	1,017	2,145	1,676	4,838
- Acquisitions through business combinations	41,166	336	5,391	46,893
- Sales and disposals (-)	-15	-1,134	-124	-1,273
- Disposals through business divestiture (-)	-95	-38		-133
- Transfers from one heading to another	24	-139	799	684
- Foreign currency exchange increase / decrease	29			29
- Other increase / decrease	332	66	13	411
At the end of the period	**94,834**	**14,732**	**12,207**	**121,773**
Depreciation and impairment				
Balance at the end of the preceding period	**1,182**	**8,548**	**3,272**	**13,002**
Movements during the period:				
- Depreciation		2,148	680	2,828
- Additions through business combinations		280		280
- Impairment loss / reversal recognised in income	138			138
- Written down after sales and disposals (-)	-15	-1,117	-124	-1,256
- Disposals through business divestiture (-)	-95	-4		-99
- Transfers from one heading to another	4	-5	1	0
- Foreign currency exchange increase / decrease		60		60
At the end of the period	**1,214**	**9,910**	**3,829**	**14,953**
Net carrying amount at the end of the period	**93,620**	**4,822**	**8,378**	**106,820**

All financial amounts expressed in thousands of euros.

Software and concessions, copyrights, property rights and similar rights are depreciated based on their useful life, which is determined based on the expected use of the asset by the Group (also see valuation rules). Titles have an indefinite useful life because they are not subjected to economical devaluation and are therefore not depreciated but subjected annually to an impairment test. In accordance with IAS 36 on 'Impairment of assets', the carrying amount of titles has been compared to their net sales value. The net sales value is the market value, which has been derived by ways of an empirical method, which is based on turnover and return criteria.

The net carrying amount of titles at 31 December 2005 consists mainly of titles of Point de Vue for a total amount of € 32,573, of the Biblo Group (newsletters, medical magazines, Top, Tendances, ...) for a total amount of € 15,275, of the Côté Maison Group (Côté Sud, Côté Est, Côté Ouest, Maison Française, Maison Magazine) for a total amount of € 12,174, of the Studio Press Group (Pianist, Guitar Part, Hifi, Prestige, ...) for a total amount of € 5,302, of Studio Magazine (€ 4,143), of Press News (Royals, Dynasty, ...) for the total amount of € 2,915, of Het Wekelijks Nieuws (€ 2,450), of Zeeuws-Vlaams-Mediabedrijf for a total amount of € 2,083, of Grieg Media (VI over 60) (€ 1,996), of Tam-Tam (€ 1,887), of DMB-BALM (Actua Vidéo, Vidéo Futur, ...) (€ 1,665) and of Art de Vivre (€ 1,647).

The following titles are controlled by the Group, but are not recognised as assets because they are internally generated and as a consequence do not meet the recognition criteria of IAS 38: Knack, Weekend Knack, Le Vif/L'Express, Weekend Le Vif/L'Express, Voetbal Magazine, Foot Magazine, Trends, Cash, Bizz, le Vif, Nest, Télépro, Grande, Plus Magazine, De Streekkrant, De Zondag, Steps City Magazine, Jornal Da Região, Style, Krant van West-Vlaanderen, De Weekbode, De Zeewacht, Kortrijks Handelsblad, Go, de Kijkwoningengids (D/F), Bouwen (D/F), ... Other internally generated trade marks are Media Club, easy.be, Focus Televisie, WTV, Kanaal Z/Canal Z, JIMtv, VTM, KANAALTWEE, Q-Music, ...

The net carrying amount of internally generated software is € 2,242. We refer to Note 29 for more information on the acquired titles.

2004	Titles	Software	Concessions, copyrights property rights and similar rights	Total
At cost				
Balance at the end of the preceding period	**40,308**	**11,478**	**3,265**	**55,051**
Movements during the period:				
- Acquisitions	405	2,754	197	3,356
- Acquisitions through business combinations	11,646	4		11,650
- Sales and disposals (-)		-740		-740
- Transfers from one heading to another			990	990
- Foreign currency exchange increase / decrease	18			18
- Other increase / decrease	-1			-1
At the end of the period	**52,376**	**13,496**	**4,452**	**70,324**
Depreciation and impairment				
Balance at the end of the preceding period	**0**	**7,408**	**2,563**	**9,971**
Movements during the period:				
- Depreciation		1,548	619	2,167
- Impairment loss / reversal recognised in income	1,182			1,182
- Written down after sales and disposals (-)		-408		-408
- Transfers from one heading to another			90	90
At the end of the period	**1,182**	**8,548**	**3,272**	**13,002**
Net carrying amount at the end of the period	**51,194**	**4,948**	**1,180**	**57,322**

All financial amounts expressed in thousands of euros.

NOTE 13. GOODWILL

At cost	2005	2004
Balance at the end of the preceding period	**24,380**	**24,686**
Movements during the period:		
- Acquisitions through business combinations		684
- Transfers from one heading to another	-684	-990
- Other increase / decrease	1,602	
At the end of the period	**25,298**	**24,380**
Impairment losses		
Balance at the end of the preceding period	**0**	**90**
Movements during the period:		
- Other increase / decrease		-90
At the end of the period	**0**	**0**
Net carrying amount at the end of the period	**25,298**	**24,380**

Goodwill mainly relates to goodwill arising from business combinations with VMMa, Paratel, VTV and Biblo. The other change of the period entirely relates to goodwill of the increased participation in NV Vogue Trading Video.

All financial amounts expressed in thousands of euros.

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

2005	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Leasing and other similar rights	Other property, plant and equipment	Assets under construction	Total
At cost							
Balance at the end of the preceding period	**78,146**	**84,343**	**17,802**	**12,562**	**1,981**	**6,060**	**200,894**
Movements during the period							
- Acquisitions	10,827	9,248	1,461	1,193	107	22	22,858
- Acquisitions through business combinations		5	182		1,237		1,424
- Sales and disposals (-)	-88	-8,853	-2,454		-545	-3	-11,943
- Disposals through business divestiture (-)			-56		-24		-80
- Transfers from one heading to another	316	-12,232	324	6,899	-141	-6,057	-10,891
- Foreign currency exchange increase / decrease			7				7
- Other increase / decrease		2,694	184		49		2,927
At the end of the period	**89,201**	**75,205**	**17,450**	**20,654**	**2,664**	**22**	**205,196**
Depreciation and impairment losses							
Balance at the end of the preceding period	**9,415**	**56,970**	**14,534**	**2,076**	**1,590**	**0**	**84,585**
Movements during the period							
- Depreciation	3,096	7,828	1,093	1,658	137		13,812
- Additions through business combinations		3	154		946		1,103
- Written down after sales and disposals (-)	-61	-8,073	-2,302		-535		-10,971
- Disposals through business divestiture (-)			-33		-18		-51
- Transfers from one heading to another		-11,036	256		-111		-10,891
- Foreign currency exchange increase / decrease			6				6
- Other increase / decrease		2,547	173		48		2,768
At the end of the period	**12,450**	**48,239**	**13,881**	**3,734**	**2,057**	**0**	**80,361**
Net carrying amount at the end of the period	**76,751**	**26,966**	**3,569**	**16,920**	**607**	**22**	**124,835**

Other information	Land and buildings
Amount of tangible assets pledged as security for liabilities (mortgage included)	7,939

The heading ‘leasing and other similar rights’ comprises machines with a carrying amount of € 14,336 (Roularta Printing), machines of NV Vogue Trading Video with a carrying amount of € 2,500 and machines with a carrying amount of € 84 (Regionale Media Maatschappij). The heading ‘assets under construction’ entirely relates to advance payments for hardware of SAS Studio Press with a carrying amount of € 22.

All financial amounts expressed in thousands of euros.

2004	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Leasing and other similar rights	Other property, plant and equipment	Assets under construction	Total
At cost							
Balance at the end of the preceding period	**75,404**	**78,782**	**17,872**	**12,775**	**2,163**	**10**	**187,006**
Movements during the period							
- Acquisitions	4,326	7,568	1,788		143	6,062	19,887
- Acquisitions through business combinations	534	37	349		261		1,181
- Sales and disposals (-)	-2,115	-2,498	-2,195	-213	-147	-12	-7,180
- Revaluation increase / decrease recognised in income	-3						-3
- Transfers from one heading to another		454	-15		-439		0
- Foreign currency exchange increase / decrease			3				3
At the end of the period	**78,146**	**84,343**	**17,802**	**12,562**	**1,981**	**6,060**	**200,894**
Depreciation and impairment losses							
Balance at the end of the preceding period	**6,277**	**51,608**	**15,193**	**1,181**	**1,850**	**0**	**76,109**
Movements during the period							
- Depreciation	3,133	7,131	1,032	1,025	132		12,453
- Additions through business combinations	15	24	223		168		430
- Written down after sales and disposals (-)	-10	-2,229	-1,907	-130	-134		-4,410
- Transfers from one heading to another		436	-10		-426		0
- Foreign currency exchange increase / decrease			3				3
At the end of the period	**9,415**	**56,970**	**14,534**	**2,076**	**1,590**	**0**	**84,585**
Net carrying amount at the end of the period	**68,731**	**27,373**	**3,268**	**10,486**	**391**	**6,060**	**116,309**

Other information	Land and buildings
Amount of tangible assets pledged as security for liabilities (mortgage included)	7,393

All financial amounts expressed in thousands of euros.

NOTE 15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

I. PARTICIPATING INTEREST	2005	2004
AT COST		
AT THE END OF THE PRECEDING PERIOD	**2,097**	**1,773**
Movements during the period		
- Acquisitions	22	
- Disposals through business divestiture (-)	-2,092	
AT THE END OF THE PERIOD	**27**	**1,773**
MOVEMENT IN CAPITAL AND RESERVES		
Share in the result for the financial period	3	324
AT THE END OF THE PERIOD	**3**	**324**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**30**	**2,097**
II. AMOUNTS RECEIVABLE	**2005**	**2004**
AT THE END OF THE PRECEDING PERIOD	**191**	**0**
Movements during the period		
- Additions		191
- Other	-191	
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**0**	**191**

A list of the investments accounted for using the equity method, including the name, country of incorporation, proportion of ownership interest is given in note 34 of the consolidated financial statements.

The Group's share of assets and liabilities and profit of associates is summarised below:

SUMMARISED FINANCIAL INFORMATION	2005	2004
Total assets	586	6,914
Total liabilities	556	5,438
SALES	**620**	**6,148**
NET PROFIT	**3**	**21**

All financial amounts expressed in thousands of euros.

NOTE 16. FINANCIAL ASSETS - CURRENT AND NON CURRENT

I. PARTICIPATING INTERESTS AND SHARES	2005	2004
AT COST		
AT THE END OF THE PRECEDING PERIOD	**4,486**	**1,360**
Movements during the period		
- Acquisitions		3,722
- Acquisitions through business combinations	3	
- Disposals (-)	-1,985	-596
AT THE END OF THE PERIOD	**2,504**	**4,486**
FAIR VALUE ADJUSTMENTS		
AT THE END OF THE PRECEDING PERIOD	**0**	**0**
Movements during the period		
- Decrease from fair value adjustments	-514	
AT THE END OF THE PERIOD	**-514**	
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**1,990**	**4,486**

All participating interests are regarded as being available for sale and are shown at their fair value. Changes in fair value are included in the revaluation reserve under equity. The fair value of NV Cyber Press Publishing is based on the market price recorded as at the balance sheet date (€ 6.80), while the loss (€ 514) was included in the revaluation reserve in equity. Because it is impossible to reliably estimate the fair value of other shares, financial assets for which there is no active market have been valued at cost. This mainly concerns the investment of NV Roularta Media Group in NV Omroepgebouw Flagey (€ 522), CPP-INCOFIN (€ 124) and Eurocasino (€ 47). The disposals from the financial year mainly comprise the participation in NV @-Invest (€ 1,815), which was fully consolidated from 1 January 2005.

II. OTHER FINANCIAL ASSETS	2005	2004
AT COST		
AT THE END OF THE PRECEDING PERIOD	**7,254**	**8,585**
Movements during the period		
- Additions	2,053	2,287
- Acquisitions through business combinations	1,963	
- Reimbursements	-961	-3,618
AT THE END OF THE PERIOD	**10,309**	**7,254**
FAIR VALUE ADJUSTMENTS		
AT THE END OF THE PRECEDING PERIOD	**0**	**0**
Movements during the period		
- Increase from fair value adjustments	62	
- Acquisitions through business combinations	35	
AT THE END OF THE PERIOD	**97**	**0**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**10,406**	**7,254**

Other financial fixed assets partly consist of the non written-off portion of receivables from proportionally consolidated companies (€ 5,488). Market interest has been charged on these outstanding loans. Other financial fixed assets also consist of short-term investments (€ 4,061), which are regarded as financial assets recognised at their fair value, with changes in fair value being included in profit and loss. In 2005, € 62 was recognised in profit and loss after determination of the fair value of such short-term investments.

All financial amounts expressed in thousands of euros.

NOTE 17. OTHER NOTES ON ASSETS

I. Trade and other receivables, non current	2005	2004
Other receivables	850	1,445
Total trade and other receivables - non current	**850**	**1,445**

Other receivables mainly relate to loans granted to third parties, with whom trading relations exist. Intrest rates at arm's length are applied on the outstanding amounts receivable. The decrease compared to last year is mainly due to the write-down recognised on a trade receivable of NV Vogue Trading Video.

II. Trade and other receivables, current	2005	2004
Trade receivables, gross	140,031	128,491
Allowance for bad and doubtful debts, current (-)	-4,733	-2,724
Other receivables	10,942	11,444
Total trade and other receivables - current	**146,240**	**137,211**
III. Cash and cash equivalents	**2005**	**2004**
Bank balances	25,590	22,090
Short-term deposits	5,328	3,938
Cash at hand	27	23
Other cash and cash equivalents	5	47
Total cash and cash equivalents	**30,950**	**26,098**

All financial amounts expressed in thousands of euros.

NOTE 18. DEFERRED TAX ASSETS AND LIABILITIES

I. OVERVIEW DEFERRED TAX ASSETS - LIABILITIES

	2005		2004	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	747	11,884	1,172	723
Property, plant and equipment	72	23,157	133	21,041
Financial non current assets	198	306	50	60
Inventories		1,754		1,801
Trade and other receivables		163	1	
Financial current assets	12	23		
Deferred charges and accrued income	2	236		
Treasury shares		5		5
Reserves		711		741
Provisions	451	21	46	19
Employee benefits	771		530	
Social debts		1		12
Accrued charges and deferred income	1		5	
Total deferred taxes related to temporary differences	**2,254**	**38,261**	**1,937**	**24,402**
Tax losses	7,049		7,162	
Tax credits	396		264	
Set off tax	-2,215	-2,215	-1,119	-1,119
Net deferred tax assets / liabilities	**7,484**	**36,046**	**8,244**	**23,283**

Deferred tax assets have not been recognised in respect of tax losses for an amount of € 7,210 (2004: € 6,126) because it is not probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Roularta Media Group recognised deferred tax assets amounting to € 4,601 (2004: € 7,305) of affiliates which suffered losses in the current or previous period. Budgets, however, indicate that these affiliates will generate sufficient taxable profit in the near future to utilize the recognised deferred tax assets.

II. DEFERRED TAXES ON TAX LOSSES CARRIED FORWARD AND TAX CREDITS

	2005		2004	
Year of expiration	Tax losses carried forward	Tax credits	Tax losses carried forward	Tax credits
Beyond 5 years	43		43	
Without expiration date	7,006	396	7,119	264
Total deferred tax asset	**7,049**	**396**	**7,162**	**264**

All financial amounts expressed in thousands of euros.

NOTE 19. INVENTORIES

	2005	2004
Gross amount		
Broadcasting rights	47,622	47,933
Raw materials	3,807	4,792
Work in progress	1,099	886
Finished goods	341	809
Goods purchased for resale	2,970	2,456
Advance Payments		11
Contracts in progress	155	109
Total gross amount (a)	**55,994**	**56,996**
Write-downs and other reductions in value (-)		
Broadcasting rights	-5,940	-5,959
Raw materials	-20	-28
Goods purchased for resale	-1,415	-1,404
Total write-downs (b)	**-7,375**	**-7,391**
Carrying amount		
Broadcasting rights	41,682	41,974
Raw materials	3,787	4,764
Work in progress	1,099	886
Finished goods	341	809
Goods purchased for resale	1,555	1,052
Advance Payments		11
Contracts in progress	155	109
Total carrying amount at cost (a+b)	**48,619**	**49,605**

All financial amounts expressed in thousands of euros.

NOTE 20. EQUITY

ISSUED CAPITAL

At 31 December 2005, the issued capital amounts to € 119,267 (2004: € 118,950) and is represented by 9,956,961 (2004: 9,928,611) fully paid ordinary shares. These shares have no par value.

TREASURY SHARES

At 31 December 2005 the Group owns 252,862 own shares (2004: 289,492).

SUBSCRIPTION RIGHTS

Overview of the subscription rights offered to the management and executive employees:

YEAR OF OFFERING	SUBSCRIPTION RIGHTS OFFERED	SUBSCRIPTION RIGHTS GRANTED	SUBSCRIPTION RIGHTS TO BE EXERCISED	EXERCISE PRICE IN EURO	FIRST EXERCISE PERIOD	LAST EXERCISE PERIOD
1998	300,000	300,000	59,425	11.15	15/5 - 15/6/2001	15/4 - 6/5/2008
2001	200,000	114,600	104,050	20.13	1/12 - 30/12/2005	10/9 - 10/10/2014
	500,000	**414,600**	**163,475**			

At 20 June 2005, 28,350 of the subscription rights offered in 1998 were exercised.

STOCK OPTION PLANS

Overview of the stock option plans offered to the management and executive employees:

YEAR OF OFFERING	OPTIONS OFFERED	OPTIONS GRANTED	OPTIONS TO BE EXERCISED	EXERCISE PRICE IN EURO	FIRST EXERCISE PERIOD	LAST EXERCISE PERIOD
2000	125,500	119,305	100,306	65.00	1/1 - 30/4/2004	1/1 - 22/5/2013
2001	82,125	73,575	31,845	18.20	1/1 - 26/6/2005	1/1 - 25/8/2014
2002	25,000	25,000	12,500	18.50	15/5 - 15/6/2006	15/5 - 28/6/2012
2002	10,000	10,000	10,000	20.00	1/1 - 31/12/2006	1/1 - 3/10/2012
2002	50,000	33,500	32,100	21.93	1/1 - 30/6/2006	1/7 - 31/12/2015
2003	10,000	10,000	10,000	27.00	1/1 - 31/12/2007	1/1 - 10/10/2013
2003	10,000	10,000	10,000	26.00	1/1 - 31/12/2007	1/1 - 31/12/2009
2003	12,500	12,500	2,500	26.00	1/1 - 31/12/2007	1/1 - 2/7/2013
2003	2,500	2,500	2,500	28.62	1/1 - 31/12/2007	1/1 - 2/10/2013
	327,625	**296,380**	**211,751**			

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

Share options are exercisable at a price equal to the average quoted market price of the company's shares on the date of grant. The vesting period of the share options is stated in the schedule above-mentioned. If the share option remains unexercised during the last exercise period, the share options expire. The share options which are not yet exercisable are forfeited if a member of managment or an executive employee leaves the company before the last exercise period, except in case of retirement or decease.

Details of the share options outstanding during the year are as follows:

	NUMBER OF SHARE OPTIONS	WEIGHT AVERAGE EXERCISE PRICE IN €
OUTSTANDING AT HET BEGINNING OF THE YEAR	**263,838**	**38.13**
Forfeited during the year	-15,457	31.78
Exercised during the year	-36,630	18.20
OUTSTANDING AT THE END OF THE YEAR	**211,751**	**42.04**
Exercisable at the end of the year	51,803	

All financial amounts expressed in thousands of euros.

The weighted average share prices at the date of exercise for share options exercised during the year was € 52.4. The share options outstanding at the end of the year have a weighted average remaining term of 6 years and 9 months. In 2005 no share options were granted.

The fair values were calculated using the Black-Scholes option pricing model. To incorporate the effects of expected early exercise, the volatility was based on the historical volatility. The inputs into the model were as follows:

Weighted average share price in € on the date of grant	25.9
Weighted average exercise price in €	24.3
Expected volatility	80%
Expected life of the share option (in years)	6
Risk free rate	3.6%
Expected dividend yield	1.5%

In 2005 the Group recognised € 104 as personnel cost relating to equity-settled share-based payment transactions.

NOTE 21. PROVISIONS

2005 - provisions, non current	Legal proceeding provisions	Environmental provisions	Other provisions	Total
At the end of the preceding period	**3,351**	**325**	**402**	**4,078**
Movements during the period				
- Additional provisions	73		480	553
- Increase / decrease to existing provisions			6	6
- Interests	193			193
- Acquisitions through business combinations	251		81	332
- Amounts of provisions used (-)	-575	-168	-358	-1,101
- Unused amounts of provisions reversed (-)	-147			-147
At the end of the period	**3,146**	**157**	**611**	**3,914**

The provision for legal proceedings mainly relates to interest arising from the pending dispute between the Belgian Social Security authorities (RSZ) and VMMa and a number of other disputes pending. The environmental provision relates entirely to soil decontamination charges. Other provisions mainly relate to severance payments.

2004 - Provisions, non current	Legal proceeding provisions	Environmental provisions	Other provisions	Total
At the end of the preceding period	**3,148**	**325**	**620**	**4,093**
Movements during the period				
- Additional provisions	409		148	557
- Increase / decrease to existing provisions	13		28	41
- Interests	193			193
- Acquisitions through business combinations	91			91
- Amounts of provisions used (-)	-500		-97	-597
- Unused amounts of provisions reversed (-)	-3		-297	-300
At the end of the period	**3,351**	**325**	**402**	**4,078**

All financial amounts expressed in thousands of euros.

NOTE 22. SIGNIFICANT LITIGATION

NV De Streekkrant-De Weekkrantgroep is involved in a dispute with NV Kempenland, in which a compensation of € 2,200 is claimed as a result of failure to meet a printing contract. A provision of € 1,000 has been set aside for these proceedings.
NV Roularta Books is involved in proceedings with its former business partner Bookmark, which have been brought before the Commercial Court. A provision of € 578 has been recognised for these proceedings.
In the dispute between VMMa and RSZ, all sums (including interest) relating to this claim have been recognised; it is expected that the provision will cover the expected cost.

NOTE 23. EMPLOYEE BENEFITS

I. General overview	2005	2004
At the end of the preceding period	**2,875**	**2,968**
Additional provisions	767	561
Amounts of provisions used or provisions reversed (-)	-350	-654
Increase through business combinations	209	
At the end of the period	**3,501**	**2,875**

Employee benefits mainly relate to € 1,680 for future allocation of preferential subscriptions, € 420 provisions for termination benefits, € 879 for bonuses to be awarded on retirement and € 522 related to defined benefit plans of Roularta Media Group, Mestne Revije, the Point de Vue Group, Grieg Media and Côté Maison.

II. Defined benefit plans	2005	2004
A. Amounts recognised in the balance sheet		
1. Net funded defined benefit plan obligation (asset)	149	73
1.1. Present value of funded or partially funded obligation	615	313
1.2. Fair value of plan assets (-)	-466	-240
2. Present value of wholly unfunded obligation	471	170
3. Unrecognised actuarial gains / losses	-104	-11
4. Other components	6	9
Defined benefit plan obligation, total	**522**	**241**
B. Net expense recognised in income statement		
1. Current service cost	49	159
2. Interest cost	26	16
3. Expected return on plan assets (-)	-17	-14
4. Net actuarial (gain) loss recognised	111	
5. Past service cost	14	
Net expense recognised in income statement	**183**	**161**
C. Movements in defined benefit plan obligation (asset)		
Defined benefit plan obligation, beginning balance	241	144
1. Contributions paid (-)	-114	-66
2. Expense recognised	183	161
3. Increases through business combinations	210	
4. Foreign currency exchange increase / decrease	2	2
Defined benefit plan obligation, ending balance	**522**	**241**

All financial amounts expressed in thousands of euros.

D. Principal actuarial assumptions		
1. Discount rate	4%	6%
2. Expected return on plan assets	6%	7%
3. Expected rate of salary increase	3%	3%
4. Future defined benefit increase	2.5%	2.5%

III. Defined contribution plans

There exist several defined contribution plans within the Group. Except for the guaranteed contributions paid to the insurance company, the Group has no liabilities. When an employee has rendered service to an entity during a period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service. The expenses recognised related to the defined contribution plans amount to € 1,768 (2004: € 1,722).

IV. Stock options ans subscription rights

We refer to note 20.

NOTE 24. FINANCIAL LIABILITIES AND PAYABLES

	Current	Non current			
2005	**Max. 1 year**	**2 years**	**3-5 years**	**> 5 years**	**Total**
Financial liabilities					
Finance leases	2,087	2,299	3,760	704	8,850
Credit institutions	41,325	7,041	5,201	6,367	59,934
Other loans	4,167	25	78	1,942	6,212
Total financial liabilities according to their maturity	**47,579**	**9,365**	**9,039**	**9,013**	**74,996**
Other information					
Finance leases, minimum lease payments payable, present value	2,087	2,299	3,760	704	8,850
- Minimum lease payments payable, gross	2,431	2,675	4,172	723	10,001
- Minimum lease payments payable, interest	344	376	412	19	1,151
Non-cancellable future minimum operating lease payments	**3,650**	**2,366**	**2,938**	**153**	**9,107**
Trade and other payables					
Trade payables	93,617	536			94,153
Advances received	24,222				24,222
Social debts	24,638				24,638
- of which payables to employees	*11,048*				*11,048*
- of which payables to Public Administrations	*13,590*				*13,590*
Taxes	10,668				10,668
Other payables	2,869	287	429	19	3,604
Accrued charges and deferred income	6,397				6,397
Total amount of payables according to their maturity	**162,411**	**823**	**429**	**19**	**163,682**

All financial amounts expressed in thousands of euros.

	CURRENT	NON CURRENT			
2004	**MAX. 1 YEAR**	**2 YEARS**	**3-5 YEARS**	**> 5 YEARS**	**TOTAL**
FINANCIAL LIABILITIES					
Finance leases	1,447	2,304	2,048	882	6,681
Credit institutions	9,685	7,378	9,457	2,758	29,278
Other loans	1,841	154	298	1,089	3,382
TOTAL FINANCIAL LIABILITIES ACCORDING TO THEIR MATURITY	**12,973**	**9,836**	**11,803**	**4,729**	**39,341**
OTHER INFORMATION					
Finance leases, minimum lease payments payable, present value	1,447	2,304	2,048	882	6,681
- Minimum lease payments payable, gross	1,473	2,736	2,388	970	7,567
- Minimum lease payments payable, interest	26	432	340	88	886
NON-CANCELLABLE FUTURE MINIMUM OPERATING LEASE PAYMENTS	**1,951**	**1,949**	**2,764**	**0**	**6,664**
TRADE AND OTHER PAYABLES					
Trade payables	92,936	368			93,304
Advances received	21,242				21,242
Social debts	22,800				22,800
- of which payables to employees	*12,223*				*12,223*
- of which payables to Public Administrations	*10,577*				*10,577*
Taxes	10,064				10,064
Other payables	1,308	1,505	150	19	2,982
Accrued charges and deferred income	4,490				4,490
TOTAL AMOUNT OF PAYABLES ACCORDING TO THEIR MATURITY	**152,840**	**1,873**	**150**	**19**	**154,882**

NOTE 25. OTHER NOTES ON LIABILITIES

ACCRUED CHARGES AND DEFERRED INCOME	**2005**	**2004**
Accrued charges and deferred income	5,699	3,946
Carrying amount of government grants recognised	698	544
TOTAL ACCRUED CHARGES AND DEFERRED INCOME	**6,397**	**4,490**

The increase relates to deferred income, mainly at NV VMMa concerning the cooperation contract with Belgacom.

All financial amounts expressed in thousands of euros.

NOTE 26. FINANCE AND OPERATING LEASES

I. Finance leases

All finance lease arrangements held by the Group relate to machines. Regionale Media Maatschappij holds finance lease arrangements for editing cells and broadcasting material, for which purchase options exist at 1% of the gross investment. The terms of renewal of these arrangements are fixed at 0.75% of the gross investment for the first and second year, and at 0.1% for the third and following years. In 2005 an additional finance lease arrangement was concluded for studio equipment. The terms of renewal of this arrangement are fixed at 3% of the gross investment.

Roularta Printing holds several finance lease arrangements. The arrangement for dry ovens includes a purchase option at 16% of the gross investment. The contract cannot be renewed. The arrangement for two packaging machines includes a purchase option at 2% of the gross investment. The lease arrangement of the Euro-M printing press includes a purchase option fixed at 3% of the gross investment, the terms of renewal were fixed at 1.67% for the first and second year, and 0.05% for the following years. The finance lease arrangement held for Müller-Martini assembly lines and the Lithoman printing press, include a purchase option fixed at 1% of the gross amount. The terms of renewal of these arrangements are fixed at 0.75% of the gross investment for the first and second year, and at 0.1% for the third and following years. In 2005 a new leasing contract was concluded for a packaging machine. The purchase option is fixed at 1% of the gross investment, the terms of renewal were fixed at 0.75% for the first and second year, and at 0.1% for the following years.

Vogue Trading Video concluded a sale & lease back agreement for a DVD-production line. The purchase option was set at 16% of the gross investment. The terms of renewal were fixed at 10.67%.

	2005	2004
Interest recognised as an expense in the period related to finance lease	292	161

Finance leases interests are expressed in the income statement on a straight-line basis over the lease term.

II. Operating leases

	2005	2004
Lease payments recognised as an expense in the period	4,349	4,192

The Group mainly rents company cars and office equipment. Operating lease payments are expressed in the income statement on a straight-line basis over the lease term.

NOTE 27. CONTINGENT LIABILITIES

The Group provides securities for obligations totalling € 13,005, of which € 1,953 relates to joint ventures. Pledges totalling € 5,975 were given on business assets, € 2,000 of which related to joint ventures.
There is uncertainty concerning the tax debt to be recorded in connection with two Group companies. The figures as at 31/12/2005 include the best possible estimate.
In the case of Vlaamse Media Maatschappij NV, the uncertainty relates to the regulations and no assessment has been received to date. A liability of € 1,250 (RMG share) has been entered. The uncertainty cannot be quantified with any greater accuracy.
In the case of Belgomedia SA, the uncertainty relates to what we consider to be an incorrect interpretation by the tax authority, even though agreement had been reached on the case. No confirmation has been received from the authority to date.

NOTE 28. FINANCIAL RISK MANAGMENT

A. Foreign currency risk

The Group uses foreign exchange contracts to cover the risk of changes in the fair value of an asset or liability taken up or a certain undertaking not taken up. Hedge accounting as defined in IAS 39 is used for this purpose. Foreign exchange contracts are regarded as fair value hedges and have been shown at their market value (€ 590) and entered under 'hedging instruments'; the counterentry is made under 'other payables' on the liabilities side of the balance sheet.

B. Interest risk

Loans of credit institutions and towards joint ventures have a fixed interest rate which is revisable after three or five years.

C. Credit risk

To manage credit risk, credit evaluations are performed for clients requiring significant credit facilities. In addition, the Group also uses trade finance instruments, such as letters of credit, to cover its credit risk.

D. Market risk

To manage the paper price risk, the Group uses price agreements. There are annual contracts concluded for newspaper, and periodical contracts for magazine paper.

NOTE 29. CASH FLOW RELATING TOT ACQUISITION OF SUBSIDIAIRIES

The following major acquisitions with effect on the consolidated financial statements took place in 2005:

With effect from 1 October 2005 the remaining 70% of A Nous Paris, publisher of the free sheet 'A Nous Paris', was acquired through Roularta Media Group NV for € 1,926 (including titles amounting to € 7,226).
Other acquisitions during the year for a total amount of € 2,475 (including titles amounting to € 1,282): with effect from 1 January 2005 an additional 15% of Follow The Guide, an additonal 15% of Media Office, 100% of @-Invest, 50% of Eye-d, 100% of Automatch through the Streekkrant-De Weekkrantgroep NV; with effect from 1 July 2005, 25% was acquired of 50+ Beurs & Festival through Senior Publications Nederland.
End of December 2005, 100% was acquired of Cavenne SAS Editeurs, Point de Vue, Belgifrance Communciation and Régies et Services Cavenne, publisher of the weekly 'Point de Vue' through Roularta Media France for € 27,126 (including titles amounting to € 32,573). Since the control on the Point de Vue Group was only acquired at the end of December, only the balance sheet of the Point de Vue Group was integrated in the Group.

The net book value of the assets and liabilities of the acquired subsidiaries on the date of acquisition is presented as follows:

	2005				2004
Assets	**Group Point de Vue**	**A Nous Paris**	**Other acquisitions**	**Total**	**Total**
Non current assets	**36,900**	**7,447**	**2,799**	**47,146**	**12,638**
Intangible assets	36,585	7,248	2,779	46,612	11,686
Property, plant and equipment	125	199	20	344	762
Trade and other receivables	103			103	103
Deferred tax assets	87			87	87
Current assets	**7,538**	**2,958**	**1,428**	**11,924**	**9,839**
Inventories	1	38	4	43	658
Receivables within one year	2,795	2,920	1,141	6,856	7,518
Financial assets	1,963			1,963	761
Cash and cash equivalents	2,519		203	2,722	744
Deferred charges and accrued income	260		80	340	158
Total assets	**44,438**	**10,405**	**4,227**	**59,070**	**22,477**

All financial amounts expressed in thousands of euros.

	2005				2004
Liabilities	**Group Point de Vue**	**A Nous Paris**	**Other acquisitions**	**Total**	**Total**
Non current liabilities	**11,534**	**2,664**	**643**	**14,841**	**3,804**
Provisions	296	27		323	448
Employee benefits	209			209	69
Deferred tax liabilities	11,029	1,998		13,027	
Financial liabilities		639	643	1,282	3,287
Current liabilities	**5,778**	**5,815**	**1,091**	**12,684**	**8,423**
Financial liabilities	3	2,130	70	2,203	542
Trade payables	1,677	2,834	554	5,065	3,155
Advances received	2,265		106	2,371	69
Social debts	979		24	1,003	761
Taxes	854		57	911	618
Other payables		851	153	1,004	2,160
Accrued charges and deferred income			127	127	1,118
Total liabilities	**17,312**	**8,479**	**1,734**	**27,525**	**12,227**
Total net assets acquired	27,126	1,926	2,493	31,545	10,250
Deposits and cash and cash equivalents acquired	-4,482	0	-203	-4,685	-1,505
Net cash outflow	**22,644**	**1,926**	**2,290**	**26,860**	**8,745**

The acquiree's result since the acquisition date included in the net profit of the Group is as follows:

	Profit of the period
@-Invest	17
Eye-d	65
Media Office	-212
Follow The Guide	7
Automatch	86
50+ Beurs	184
A Nous Paris	-62
	85

The acquiree's sales since the acquisition date included in the total sales of the Group is as follows:

	Sales of the period
@-Invest	0
Eye-d	275
Media Office	980
Follow The Guide	7
Automatch	199
50+ Beurs	634
A Nous Paris	1.645
	3.740

In December 2005, an agreement was signed to purchase 35% of the shares in Groupe Express-Expansion, subject to the suspensory condition of approval of this transaction by the Competition Council of the European Commission. This Council has not issued an opinion to date. When the suspensory condition has been met, 63.7 million euro will be paid for the shares and 10.5 million euro in assumption of a part of a debt. These amounts will partially be paid with funds from the capital increase on 6th of February 2006 and partially with other borrowings.

All financial amounts expressed in thousands of euros.

NOTE 30. EFFECT ON CASH FLOW AFTER DIVESTITURE OF A SUBSIDIAIRY

ASSETS	**2005**
NON CURRENT ASSETS	**85**
Intangible assets	34
Property, plant and equipment	26
Deferred tax assets	25
CURRENT ASSETS	**1,165**
Inventories	703
Receivables within one year	298
Cash and cash equivalents	141
Deferred charges and accrued income	23
TOTAL ASSETS	**1,250**

LIABILITIES	
NON CURRENT LIABILITIES	**1**
Financial liabilities	1
CURRENT LIABILITIES	**928**
Trade payables	736
Social debts	101
Taxes	91
TOTAL LIABILITIES	**929**
Total disposed net assets	321
Gain on disposal	349
Cash consideration received	**670**
Deposits and cash and cash equivalents disposed of	-141
NET CASH INFLOW	**529**

NOTE 31. INTEREST IN JOINT VENTURES

A list of joint ventures, including the name, country of incorporation, proportion of ownership interest is given in note 34 of the consolidated financial statements. The major joint ventures of the Group are VMMa NV (broadcasting station and radio), Côté Maison SA (magazines) and other publishing companies.
The share of all joint ventures in assets, liabilities, sales and net profit of the Group are as follows:

	2005	**2004**
Non current assets	64,375	62,380
Current assets	97,793	94,748
Non current liabilities	12,587	12,878
Current liabilities	52,259	49,775
Share in the Group's sales	175,543	180,962
Share in the Group's net profit	10,819	14,890

All financial amounts expressed in thousands of euros.

NOTE 32. EVENTS AFTER THE BALANCE SHEET DATE

As at 1 February 2006, the company capital was increased, including issue premium, by € 49,975,254.50 through the issue of 989,609 new shares. The new shares were offered to local and foreign institutional investors in a private placement. The new shares were subscribed for in cash at a price of € 50.50. The capital increase was notarised as at 6 February 2006. This capital increase was effected in order to obtain about half the funds necessary to finance the recent takeovers in France, in particular the acquisition of 35% of the shares in SA Groupe Express-Expansion and 100% of the shares in Cavenne SAS Editeurs (publisher of Point de Vue).
In March 2006, the management board of Vlaamse Media Maatschappij announced that jobs were to be lost (5% of staff) and that programming and operating costs were to be cut.

NOTE 33. RELATED PARTY TRANSACTIONS

2005	Joint ventures	Associated companies	Other related parties	Total
I. Assets with related parties	**8,712**	**118**	**251**	**9,081**
Other financial assets	**3,313**	**0**	**0**	**3,313**
Loans	3,313			3,313
Receivables	**5,399**	**118**	**251**	**5,768**
Trade receivables	5,394	118	251	5,763
Other receivables	5			5
II. Liabilities with related parties	**5,596**	**20**	**87**	**5,703**
Financial debts	**250**	**0**	**0**	**250**
Other loans	250			250
Payables	**5,346**	**20**	**87**	**5,453**
Trade receivables	4,327	20	87	4,434
Other receivables	1,019			1,019
III. Transactions with related parties				
Sale of goods	10,007	2	7	10,016
Purchases of goods (-)	-1,466	-4	-284	-1,754
Rendering of services	3,589	534	938	5,061
Receiving of services (-)	-7,912	-62	-1,911	-9,885
Transfers under finance arrangements	125			125
IV. Key management personnel remunerations (including directors)				
				2,701
- of which short-term employee benefits				2,433
- of which post-employment benefits				268

All financial amounts expressed in thousands of euros.

2005	Joint ventures	Associated companies	Other related parties	Total
I. Assets with related parties	**7,345**	**805**	**252**	**8,402**
Other financial assets	**4,627**	**192**	**0**	**4,819**
Loans	4,627	192		4,819
Receivables	**2,718**	**613**	**252**	**3,583**
Trade receivables	2,718	613	252	3,583
II. Liabilities with related parties	**7,205**	**35**	**39**	**7,279**
Financial debts	**1,189**	**0**	**0**	**1,189**
Other loans	1,189			1,189
Payables	**6,016**	**35**	**39**	**6,090**
Trades receivables	6,016	35	39	6,090
III. Transactions with related parties				
Sale of goods	8,720	2,194	41	10,955
Purchases of goods (-)			-104	-104
Rendering of services	3,063	139	1,218	4,420
Receiving of services (-)	-10,883	-66	-1,460	-12,409
Transfers under finance arrangements	218	5		223
IV. Key management personnel remunerations (including directors)				
				2,535
- of which short-term employee benefits				2,373
- of which post-employment benefits				113
- of which termination benefits				49

The Group has no assets, liabilities nor transactions with her parent Stichting Administratiekantoor RMG, nor with her certificate holders NV Koinon and NV Cennini.
Assets, liabilities and transactions with subsidiaries are fully eliminated in consolidation. Of subsidiaries Cavenne SAS Editeurs, Belgifrance Communication, Point de Vue, Régies et Services Cavenne, acquired end of December, only assets and liabilities were included; all intercompany balances were eliminated. Transactions were not included.
Assets, liabilities and transactions with joint ventures are proportionally eliminated. The not eliminated part is included in this heading.
Assets, liabilities and transactions with associated companies are not eliminated in consolidation and are consequently fully included in this heading.
The list with all subsidiaries, joint ventures and associated companies is to be found in Note 34.
All other related parties are entities which are controlled by the key management of the Group or members of their close family, or entities in which these persons have a significant influence. Key management personnel remunerations were separately mentioned.
There exist no garanties related to the assets or liabilities towards the related parties, nor are write-downs registered.
All receivables and payables concern short-term receivables and payables which are settled at expiry date. All transactions concern normal commercial operations.
Sales of the Group to these related parties are charged at normal tariffs. Purchases follow the usual procedure concerning selection of the supplier and applied prices.
There are no unsettled receivables nor payables with the key management.

All financial amounts expressed in thousands of euros.

NOTE 34. GROUP STRUCTURE

The ultimate parent of the Group is Roularta Media Group NV, Roeselare, Belgium. As of 31 December 2005, 65 subsidiaries, joint ventures and associated companies are consolidated.

Name of the company	Location	Effective interest %
1. Fully consolidated companies		
ROULARTA MEDIA GROUP NV	Roeselare, Belgium	100.00%
@-INVEST NV	Roeselare, Belgium	100.00%
À NOUS PARIS SAS	Neuilly-sur-Seine, France	100.00%
À NOUS PROVINCE SAS	Roubaix, France	100.00%
ALGO COMMUNICATION SARL	Roubaix, France	100.00%
BAND À PART SARL	Parijs, Saint-Ouen, France	100.00%
BELGIAN BUSINESS TELEVISION NV	Brussel, Belgium	100.00%
BELGIFRANCE COMMUNICATION SARL	Parijs, France	100.00%
BIBLO-ROULARTA MEDICA NV	Kalmthout, Belgium	100.00%
CAVENNE SAS ÉDITEURS	Parijs, France	100.00%
DMB-BALM SAS	Parijs, Saint-Ouen, France	100.00%
EYE-D NV	Roeselare, Belgium	100.00%
HIPPOS VADEMECUM NV (in liquidation)	Brugge, Belgium	100.00%
POINT DE VUE SARL	Parijs, France	100.00%
PRESS NEWS NV	Gent, Belgium	100.00%
REGIE DE WEEKKRANT NV	Roeselare, Belgium	100.00%
RÉGIES ET SERVICES CAVENNE SARL	Parijs, France	100.00%
ROULARTA BOOKS NV	Brussel, Belgium	100.00%
ROULARTA IT-SOLUTIONS NV	Roeselare, Belgium	100.00%
ROULARTA MANAGEMENT NV	Roeselare, Belgium	100.00%
ROULARTA MEDIA FRANCE SA	Parijs, Saint-Ouen, France	100.00%
ROULARTA PUBLISHING NV	Brussel, Belgium	100.00%
SPORTMAGAZINE NV	Brussel, Belgium	100.00%
STUDIO MAGAZINE SA	Parijs, Saint-Ouen, France	100.00%
STUDIO PARTICIPATIONS SNC	Parijs, Saint-Ouen, France	100.00%
STUDIO PRESS LTD	Peterborough, Great Britain	100.00%
STUDIO PRESS SAS	Parijs, Saint-Ouen, France	100.00%
STYLE MAGAZINE BV	Breda, the Netherlands	100.00%
WEST-VLAAMSE MEDIA GROEP NV	Roeselare, Belgium	100.00%
DE STREEKKRANT-DE WEEKKRANTGROEP NV	Roeselare, Belgium	80.00%
DRUKKERIJ LEYSEN NV	Mechelen, Belgium	80.00%
TAM-TAM NV	Knokke, Belgium	80.00%
AUTOMATCH BVBA	Roeselare, Belgium	80.00%
MESTNE REVIJE D.O.O.	Ljubljana, Slovenia	79.59%
ROULARTA PRINTING NV	Roeselare, Belgium	75.66%
VOGUE TRADING VIDEO NV	Kuurne, Belgium	74.67%
FOLLOW THE GUIDE NV	Antwerpen, Belgium	65.00%
MEDIA OFFICE NV	Antwerpen, Belgium	65.00%
ZEEUWS VLAAMS MEDIABEDRIJF BV	Terneuzen, the Netherlands	40.80%
2. Proportionally consolidated companies		
ACADEMICI ROULARTA MEDIA NV	Antwerpen, Belgium	50.00%
ART DE VIVRE ÉDITIONS SA	Parijs, France	50.00%
BELGOMEDIA SA	Verviers, Belgium	50.00%
CAP PUBLISHING NV	Brugge, Belgium	50.00%
CÔTÉ MAISON SA	Parijs, France	50.00%

CÔTEXPO SARL	Parijs, France	50.00%
DE WOONKIJKER NV	Antwerpen, Belgium	50.00%
ÉDITIONS CÔTÉ EST SA	Parijs, France	50.00%
FIRST MEDIA SA	Brussel, Belgium	50.00%
GRIEG MEDIA AS	Bergen, Norway	50.00%
HIMALAYA NV	Zaventem, Belgium	50.00%
LE VIF MAGAZINE SA	Brussel, Belgium	50.00%
PARATEL NV	Vilvoorde, Belgium	50.00%
REGIONALE MEDIA MAATSCHAPPIJ NV	Roeselare, Belgium	50.00%
SENIOR PUBLICATIONS SA	Brussel, Belgium	50.00%
SENIOR PUBLICATIONS DEUTSCHLAND GMBH & CO KG	Keulen, Germany	50.00%
SENIOR PUBLICATIONS NEDERLAND BV	Bussum, the Netherlands	50.00%
SENIOR PUBLICATIONS VERWALTUNGS GMBH	Keulen, Germany	50.00%
VLAAMSE MEDIA MAATSCHAPPIJ NV	Vilvoorde, Belgium	50,00%
PUBLIREGIOES LDA	Lissabon, Portugal	40.00%
REGIONALE TV MEDIA NV	Zellik, Belgium	33.33%
50+ BEURS & FESTIVAL BV	Arnhem, the Netherlands	25.00%
BAYARD MEDIA GMBH & CO KG	Augsburg, Germany	25.00%
BAYARD MEDIA VERWALTUNGS GMBH	Augsburg, Germany	25.00%
3. Consolidated using the equity method		
CORPORATE MEDIA SOLUTIONS NV (in liquidation)	Roeselare, Belgium	100.00%
REPROPRESS CVBA	Brussel, Belgium	29.91%
FEBELMA REGIE CVBA	Brussel, Belgium	20.05%
4. Companies of minor importance not included in the consolidated financial statements		
EUROCASINO NV	Brussel, Belgium	19.00%
CYBER PRESS PUBLISHING SA	Clichy, France	15.39%
S.T.M. SA	Saint-André, France	15.00%

During 2005 the following changes occurred in the consolidation group:

New participations in:
- Cavenne SAS Editeurs through Roularta Media France SA; balance sheet as of 31/12/2005
- Point de Vue SARL through Cavenne SAS Editeurs; balance sheet as of 31/12/2005
- Belgifrance Communication SARL through Cavenne SAS Editeurs; balance sheet as of 31/12/2005
- Régies et Services Cavenne SARL through Cavenne SAS Editeurs; balance sheet as of 31/12/2005
- @-Invest NV via Roularta Media Group NV as of 1/1/2005
- Automatch BVBA through De Streekkrant-De Weekkrantgroep NV as of 1/4/2005
- 50+Beurs & Festival BV through Senior Publications Nederland BV as of 1/7/2005

Increased ownership with change of consolidation method:
- Follow The Guide NV from 50% to 65% from 1/1/2005 on
- Media Office NV from 50% to 65% from 1/1/2005 on
- Eye-d NV from 50% to 100% from 1/1/2005 on
- Cap Publishing NV from 26% to 50% from 1/1/2005 on
- A Nous Paris SAS from 30% to 99,59% from 1/10/2005 on

Increased ownership without change of consolidation method:
- Hippos Vademecum NV in liquidation from 52% to 100% from 1/1/2005 on
- Vogue Trading Video NV from 66,67% to 74,67% from 1/4/2005 on
- Mestne Revije from 70% to 79,59% from 1/7/2005 on

Mergers:
- Oost-Vlaamse Media Groep NV with De Streekkrant-De Weekkrantgroep NV from 1/10/2005 on

Sold participations:
- Total Music SAS
- Plopsaland NV

Liquidations:
- Corporate Media Solutions NV result included untill 30/6/2005

Change of name:
- Top Consult SA became First Media SA

Auditor's report

to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2005

To the Shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us.

We have audited the accompanying consolidated financial statements of ROULARTA MEDIA GROUP NV ('the company') and its subsidiaries (jointly 'the group'), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2005, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of EUR 511,052 (000) and a consolidated profit (share of the group) for the year then ended of EUR 22,193 (000). We have also performed those specific additional audit procedures required by the Companies Code.

The board of directors of the company is responsible for the preparation of the consolidated financial statements and the directors' report on the consolidated financial statements, for the assessment of the information that should be included in the directors' report on the consolidated financial statements, and for the company's compliance with the requirements of the Companies Code and the articles of association.

Our audit of the consolidated financial statements was conducted in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the 'Institut des Reviseurs d'Entreprises/ Instituut der Bedrijfsrevisoren'.

The financial statements of several significant entities included in the scope of consolidation have been audited by other auditors. Our opinion on the accompanying consolidated financial statements, insofar as it relates to the amounts contributed by those entities, is based upon the reports of those other auditors.

UNQUALIFIED AUDIT OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

The forementioned auditing standards require that we plan and perform our audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

In accordance with these standards, we considered the group's administrative and accounting organization as well as its internal control processes. We have obtained the explanations and information required for our audit. We have examined, on a test basis, the evidence supporting the amounts in the consolidated financial statements. We have assessed the basis of the accounting methods used, the consolidation policies and significant estimates made by management as well as evaluated the presentation of the consolidated financial statements taken as a whole. We believe that our audit, together with the reports of other auditors on which we have relied, provides a reasonable basis for our opinion.

In our opinion, and based to the extent necessary upon the reports of other auditors, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2005, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

ADDITIONAL ATTESTATIONS

We supplement our report with the following attestations which do not modify our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

10 April 2006

The Statutory Auditor

DELOITTE Reviseurs d'Entreprises
SC s.f.d. SCRL
Represented by Jos Vlaminckx