Limited-liability company (*société anonyme*) with share capital of €14,155,304
Head office: 350, avenue Jean Jaurès, 69007 Lyon

421 577 495 RCS Lyon

PROSPECTUS

In accordance with articles 211-1 to 216-1 of its general regulations, the Autorité des Marchés Financiers (French financial market regulator or "AMF") registered this prospectus on 9 January 2007 under number I. 07 – 002. This document may be used in support of a financial transaction only if supplemented by a transaction note that has received approval from the AMF.

This prospectus has been prepared by the issuer, and its signatories are responsible for it. In accordance with article L. 621-8-1-I of the French Monetary and Financial Code (*Code Monétaire et Financier*), this prospectus was registered following the review of the AMF as to "whether the document is complete and comprehensible and whether the information it contains is consistent". Registration does not imply that the AMF has verified the accounting and financial information contained herein.

Copies of this document are available free of charge from *Olympique Lyonnais Groupe*, 350, avenue Jean Jaurès, 69007 Lyon, from the *Olympique Lyonnais Groupe* website (http://www.olweb.fr) and the AMF website (http://www.amf-france.org).

UNOFFICIAL ENGLISH LANGUAGE TRANSLATION

This document is strictly confidential. Although it has been carefully drafted and reviewed, no assurances are given as to the accuracy or completeness of this translation. OL Groupe assumes no responsibility with respect to this unofficial translation. In the event of any ambiguity or discrepancy between this unofficial translation and the *document de base*, the French version shall prevail.

Neither this document nor any copy of it may be taken or transmitted into or distributed directly or indirectly in the United States, Canada, Japan or Australia.

By accepting delivery of this unofficial translation you are deemed to agree to the foregoing restrictions.

This document does not constitute or form part of any offer for sale of any solicitation or invitation of any offer to buy for any securities, nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

OL Groupe's shares offered hereby have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Any representation to the contrary is a criminal offence in the United States. OL Groupe's shares are being offered outside the United States only in "off-shore transactions" as defined in, and in accordance with, Regulation S.

In the United Kingdom, this document is only being distributed to and is only directed at investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the ''Order'') or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (e) of the Order.

Any decision to purchase for securities in an offering at any future date must be made solely on the basis of the information contained in an offering memorandum issued by OL Groupe that would constitute the sole offering document for any such offering.

INTRODUCTORY NOTE

In this prospectus, the terms "**OL Groupe**" or the "**Company**" refer to *Olympique Lyonnais Groupe*.

The terms "**Club**", "***Olympique Lyonnais***" or "**OL**" refer to the *Olympique Lyonnais* football club. The club is organised as a sporting association called *Association Olympique Lyonnais* (the "**Association**"), whose footballing activities are managed by a SASP (limited-liability professional sports corporation) referred to as "***Olympique Lyonnais SASP***" or "**SASP OL**").

In this prospectus, the term "**Group**" refers to the Company together with its operational subsidiaries, the Association and SCI OL.

The prospectus presents the Company's French GAAP consolidated financial statements and data for the years ended 30 June 2004 and 30 June 2005, and its IFRS financial statements for the year ended 30 June 2006, together with their notes. The consolidated financial statements for the year ended 30 June 2005 have been restated in IFRS, to allow comparison with the consolidated financial statements for the year ended 30 June 2006.

Unless otherwise stated, the figures contained in this prospectus are taken from or calculated on the basis of the consolidated financial statements for the years ended 30 June 2004, 2005 and 2006.

The prospectus contains forward-looking statements and information about the Group's objectives (particularly in section 4 "Risk factors" and section 6 "Business overview"), which are sometimes identified by the use of the future tense, the conditional tense and forward-looking terms such as "consider", "believe", "aim", "expect", "intend", "should", "wish" and "could". Information is based on data, assumptions and estimates that the Company considers reasonable. It should be noted that known and unknown risks, uncertainties – related in particular to the regulatory, economic, financial and competitive environment – and other factors may cause the Company's future results, performances and achievements to be significantly different from the forward-looking statements or objectives stated in these document. These factors may include those set out in section 4 "Risk factors".

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1. PERSONS RESPONSIBLE

1.1 PERSON RESPONSIBLE FOR THE PROSPECTUS

Jean-Michel Aulas, Chairman and CEO of OL Groupe.

1.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE PROSPECTUS

"I hereby certify, having acted with reasonable care, that the information contained in this prospectus reflects, to my knowledge, the reality, and that no omissions have been made that are likely to have a bearing thereon.

I have obtained from the statutory auditors, upon completion of their work, a letter in which they indicate that they have verified the information concerning the financial situation and accounts presented in this prospectus and read the whole of this prospectus."

Jean-Michel Aulas,
Chairman and CEO, OL Groupe

2. PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

2.1 PRIMARY STATUTORY AUDITORS

ORFIS BAKER TILLY, represented by Michel Champetier
149, boulevard Stalingrad
69100 Villeurbanne
Member of the Lyon regional association of Statutory Auditors
Independent member of Baker Tilly International

Appointed by the shareholders' meeting of 13 December 2004 for a 6-year term, i.e. until the ordinary shareholders' meeting convened to vote on the financial statements for the year ended 30 June 2010.

COGEPARC, represented by Stéphane Michoud
12, quai du Commerce
69009 Lyon
Member of the Lyon regional association of Statutory Auditors
Independent member of the PKF network

Reappointed by the shareholders' meeting of 5 December 2005 for a 6-year term, i.e. until the ordinary shareholders' meeting convened to vote on the financial statements for the year ended 30 June 2011.

2.2 ALTERNATE STATUTORY AUDITORS

Olivier Brisac
149, boulevard Stalingrad
69100 Villeurbanne
Member of the Lyon regional association of Statutory Auditors

Appointed by the shareholders' meeting of 13 December 2004 for a 6-year term, i.e. until the ordinary shareholders' meeting convened to vote on the financial statements for the year ended 30 June 2010.

André Bacquet
12, quai du Commerce
69009 Lyon
Member of the Lyon regional association of Statutory Auditors

Reappointed by the shareholders' meeting of 5 December 2005 for a 6-year term, i.e. until the ordinary shareholders' meeting convened to vote on the financial statements for the year ended 30 June 2011.

3. SELECTED FINANCIAL INFORMATION

The tables below present information taken from the Group's consolidated financial statements for the year ended 30 June 2006, prepared and audited in accordance with IFRSs.

This information should be read in the context of the Group's audited financial statements, and should be assessed as a whole with reference to the financial statements and related notes contained in section 20 "Financial information on the assets, liabilities, financial position and results of the Group".

TABLES TO BE TRANSLATED INTO ENGLISH

Selected consolidated income statement for the year ended 30 June 2006 (IFRS)

(In thousands of euros)	Period from 01/07/05 to 30/06/06	Period from 01/07/04 to 30/06/05	Change
Revenue (excluding player trading)	127,667	91,797	39%
Gross surplus of operations (excluding player trading)	**20,420**	**15,735**	**30%**
Revenue from player trading	38,443	24,842	55%
Gross surplus of operations from player trading	**31,383**	**16,935**	**85%**
Recurring operating profit (excluding player trading)	18,361	18,613	
Recurring operating profit from player trading	7,419,	73	
Recurring operating profit	25,780	18,686	38%
Pre-tax profit	24,415	17,743	38%
Net profit before minority interests	**16,143**	**11,716**	**38%**
Net profit	**15,879**	**11,578**	**37%**

Selected consolidated balance sheet at 30 June 2006 (IFRS)

(In thousands of euros)	30/06/2006	30/06/2005
Total non-current assets	90 846	62 317
Total current assets	87 353	63 815
Total assets	**178 199**	**126 132**
Total shareholders' equity	43 655	28 040
Total non-current liabilities	36 444	33 296
Total current liabilities	98 100	64 796
Total shareholders' equity and liabilities	**178 199**	**126 132**

The table below sets out the contribution of each business to the Group's business revenues in the last two financial years in IFRS:

In millions of euros	2005/2006 (IFRS)	2004/2005 (IFRS)
Media	71.5	46.1
Ticketing	21.0	17.7
Partnership/advertising	13.9	15.5
Diversification activities	21.2	14**
Revenues excluding player trading	**127.6**	**93.3**
Player trading	38.4	5***
TOTAL BUSINESS REVENUES	**166.1**	**98.3**

4. RISK FACTORS

Investors are invited to examine all the information in this prospectus, including the risks described below, before making an investment decision. The risks described are those that, at the time this prospectus was registered, may if realised have a significant adverse impact on the Company and/or Group, their strategy, activity, assets, outlook, financial position or results. However, investors' attention is drawn to the fact that the risks set out in section 4 "Risk factors" are not exhaustive. There may exist other risks that are either unknown or whose realisation the Company did not, on the date this prospectus was registered, consider likely to have a significant adverse impact on Company and/or Group, their strategy, activity, assets, outlook, financial position or results.

4.1 RISKS RELATED TO THE COMPANY'S BUSINESS SECTOR

4.1.1 Risks related to sporting activities

- ***Risks related to the impact of sporting results on the Group***

  A large proportion of the Group's revenues (notably, media rights, ticketing, partnerships and advertising) depends directly or indirectly on *Olympique Lyonnais*' sporting results. Over the last few years, the Group has reduced its dependence on the Club's sporting results by developing new activities with regular income that is less affected by sporting results. The Group intends to maintain this strategy in future. Nevertheless, the Group's economic success remains linked to the success of the Club. While the Club has succeeded in maintaining excellent sporting results over the last few years, the Group is unable to guarantee the consistency of sporting performance in future. This performance is uncertain by nature, and depends on many factors on which the Group has limited control, such as player unavailability (due to injury, disqualification or suspension) or poor relations within the team. Repeated poor performance, failure to qualify for the UEFA Champions League or relegation to League 2 (the second division of France's football league) could have a significant adverse impact on the Group's main sources of income and, more generally, on its strategy, activity, assets, outlook, financial position and results.

- ***Risk of dependency on audiovisual income and uncertainty surrounding the future level of audiovisual income***

  Media rights are the Group's main source of income. They generated income of around €71.5m (€43m from the LFP, €25.9m from UEFA and the balance from the Company's subsidiary, OL Images), or 43% of the Group's total revenue, in the year ended 30 June 2006 (IFRS figures). Media income totalled €46.1m (39%) in the year ended 30 June 2005 and €33.4m (35%) in the year ended 30 June 2004 (French GAAP figures). A substantial portion of revenues comes from the centralised sale of media rights, which are redistributed to French League 1 clubs as follows. LFP media rights include a fixed component and a variable component. The fixed component is 50% of the total and is distributed equally among all League 1 clubs. The variable component is distributed according to performance and media profile as follows: latest season's ranking (25%), number of TV broadcasts in the latest season (15%), ranking in the last five seasons (5%) and number of TV broadcasts in the last five seasons (5%). UEFA media rights include (i) a fixed component comprising a starting bonus, match and performance bonuses, and bonuses based on progress in the competition, and (ii) a variable component based on the country's market share of total European rights (the market pool representing 50% of the total). In France, half of the variable component is paid over to the qualifying French clubs according to their previous season's French Championship rankings and the number of French clubs that took part. The other half is allocated *pro rata* to the number of matches played by the French clubs during the competition (see

"Institutional and regulatory environment" appendix, section 3.3 "Regulations governing media and marketing rights"). The redistribution of centralised media rights therefore depends upon a number of factors over which the Group may have only limited control.

Over the last few years, the overall amount distributed to football clubs from the sale of media rights has increased substantially in Europe and France, due to a favourable economic, strategic and competitive environment. This has resulted in a considerable increase in the price paid by the media to acquire media rights. The Group cannot guarantee that this increase will continue or that current prices will remain steady in future. The economic and competitive environment is changing, particularly due to the merger between Canal+ and TPS in France. The strategy adopted by media groups is also changing, and innovative technology may alter the environment in which media rights are traded. These factors, along with many others outside the Group's control, may lead to a fall in the price of media rights for UEFA, the *Ligue de Football Professionnel* (LFP - France's professional football league) and OL Images. Media rights contracts for League 1 are next due to be renegotiated from the 2008/09 season. Similarly, poor sporting results for OL in both France and Europe could cause a fall in the Group's media income, since a large portion of media income for domestic games depends on the Club's past and present sporting success. A change in the way in which revenues from the centralised sale of League 1 rights are distributed between clubs could cause a fall in the portion allocated on the basis of sporting results and media exposure. These events could have a significant adverse impact on the Group's strategy, activity, outlook, financial position and results.

- ***Risk of dependency on sporting partnership contracts and risk of cancellation or non-renewal***

SASP OL has sports partnership contracts with a limited number of large corporations such as Accor (since the 2006/07 season), Umbro, Renault Trucks, Orange, Apicil and ISS Services. Income from partnership and advertising activities makes up a large portion of total revenue, totalling €13.9 million in the year ended 30 June 2006, or 8% of total revenue (IFRS figures), €15.5 million (13%) in the year ended 30 June 2005 and €13.2 million (13%) in the year ended 30 June 2004 (French GAAP). For the 2006/07 season, fixed revenues from the contract with the main partner will account for about 34% of total partnership and advertising revenues, those from contracts with the five main partners about 62% and those from contracts with the ten main partners about 69%.

Sports partnership contracts are signed for a specific period, and there is a risk that they may be renegotiated or not renewed when they expire. These contracts also contain early termination clauses. The contract with Accor has been the Group's main sporting partnership contract since the 2006/07 season. However, it may be terminated early by Accor under certain circumstances (see section 22 "Material contracts").

In addition, under some contracts, a large proportion of revenues depends on the Club's sporting performance, which is naturally uncertain and may therefore vary.

The termination or non-renewal of sporting partnership contracts or a substantial reduction in the income generated from these contracts could have a significant adverse impact on the Group's strategy, activity, outlook, financial position and results.

o ***Risks related to the loss of a key player's licence***

The value of *Olympique Lyonnais*' players makes up a significant portion of the Group's assets. At 30 June 2006, the net carrying value of players was approximately €77.5 million and the market value at 4 January 2007 was estimated at around €172.6m (source: www.transfermarkt.de). A player may lose his licence due to a serious injury or disciplinary punishment. Apart from the sporting difficulties this could cause for the Club, the loss of a player's licence could lead to a substantial reduction in the Group's assets. Against a background of rising values and transfer fees for well-known players, replacing the player affected could also lead to high costs. This could have a significant adverse impact on the Group's activities, assets, financial position and results.

o ***Risks related to rising player wages***

Rising player wages could lead to a substantial increase in the Group's wage bill, and could have a significant adverse impact on the Group's profitability. The value of well-known players could also rise substantially, and the Club could find it harder to sign such players if the value of players being sold did not rise to an equivalent extent. This could affect the Group's strategy, particularly as regards its dynamic management of its playing squad, and could have a significant adverse impact on its strategy, activities, outlook, assets, financial position and results.

o ***Risks related to default by partners or business counterparties***

Transfer fees received by the Club make up a significant portion of its revenues (approximately €38.4 million, or approximately 23% of its total revenue in the year ended 30 June 2006). The Club's policy is to secure the payment of transfer fees as far as possible, particularly through financial guarantees. In the event of an unsecured staggered transfer fee, default by the debtor club and the non-payment of the transfer fee or, more generally, financial problems among the main European football clubs, could have a significant adverse impact on the Group's strategy, activities, outlook, financial position and results.

In addition, revenues generated by sports partnership contracts, stadium advertising agreements and the revenues from premium seating and hospitality services are received directly by Sportfive (see section 22 "Material contracts"). Default by a commercial partner or by Sportfive could lead to a loss of income, which could have a significant adverse impact on the Group's strategy, activity, assets, outlook, financial position and results.

- ***Risks related to the sensitivity of results to the Club's player trading policy***

  The player trading policy forms an integral part of the Group's ordinary business activities. However, recurring operating profit could be affected by this policy as revenues from player trading may vary materially from one financial period to the next.

- ***Risks related to doping***

  Players may be tempted to use prohibited substances to improve their performance. Although tests are carried out frequently by national and international authorities, the Group is unable to ensure that every member of its playing and coaching squad complies with regulations in force. If a member of the playing or coaching squad were involved in a doping incident, this could damage *Olympique Lyonnais*' image and popularity. This could make the Club less attractive and risk the termination of material contracts, particularly the contract with Accor (see section 22 "Material contracts"). A doping incident of this kind could have a significant adverse impact on the Group's image, strategy, activity, assets outlook, financial position and results.

- ***Risks related to a decline in the popularity of football, of national or European competitions or of the Club.***

  A large portion of the Group's income and therefore its financial results is directly or indirectly related to the popularity of football in general and *Olympique Lyonnais* in particular. Media rights, ticketing, partnerships, advertising and the OL brand account for a very large proportion of the Group's revenue. A fall in football's appeal due to a lack of interest in national and European competitions, competition from other sports, a scandal, for example related to doping, or a decline in *Olympique Lyonnais*' popularity could have an adverse impact on the Group's strategy, activities, outlook, assets, financial position and results.

- ***Risks related to accidents within the stadium and to hooliganism or a terrorist act during a sporting event***

  Olympique Lyonnais' home games are attended by large numbers of spectators throughout the season. As a result, the Club is exposed to the risk of an accident, an incident of racism, hooliganism or a terrorist act within the stadium. If one of these were to occur, it could severely affect the activities of SASP OL. Certain events could force the closure of part of the stadium for an indefinite period, cause fear among spectators leading to lower attendance and give rise to disciplinary measures, such as the requirement to play games behind closed doors, fines and exclusion from competitions. Hooliganism and racist acts in particular could also damage the Club's image, despite measures put in place by the Club to prevent them. The victims of any accident, hooliganism, racism or terrorist act could seek compensation from SASP OL. In addition, security measures could be increased following a terrorist act or incident of hooliganism, increasing spectator security costs and Group insurance costs. Similar events taking place in other stadia in France or Europe could also cause a fall in attendance at the Club's stadium or lead to additional safety and insurance costs for the Group.

These events could have a significant adverse impact on the Group's strategy, activity, outlook, financial position and results.

- ***Risks related to unsporting and illegal practices***

The income of professional football clubs depends mainly on their sporting results, which are by their nature uncertain. To reduce this uncertainty and to ensure that their team is successful, club managers may be tempted to resort to unsporting and illegal practices that could damage the image and popularity of football. If *Olympique Lyonnais* were directly or indirectly involved in such behaviour, the Club's image could also be damaged. This could have a significant adverse impact on the Group's strategy, commercial agreements, activity, outlook, assets financial position and results.

4.1.2 Risks related to the legal environment

- ***Risks related to legal and regulatory constraints applicable to football***

Risks related to the loss of the affiliation number

To be able to take part in competitions, the Club must be authorised by the Association to use an affiliation number granted to the Association by the *Fédération Française de Football* (see "Institutional and regulatory environment" appendix, section 3.4 " Overview of regulations governing League 1"). This use of the affiliation number is covered by the agreement between SASP OL and the Association (see section 22 "Material contracts").

The termination of the agreement between the Association and SASP OL would prevent the Club from using the affiliation number and therefore from taking part in competitions. This would have a significant adverse impact on the Group's strategy, activity, outlook, financial position and results.

Risks related to regulatory changes

Professional football is governed by rigorous, specific and complex national and international legislation. This legislation includes rules for taking part in competitions and rules on the marketing of media rights. The applicable legislation has changed substantially in recent years (see "Institutional and regulatory environment" appendix, 3.3 "Regulations governing media and marketing rights"). Changes in the nature, application or interpretation of applicable laws and regulations could change the rules applying to the Group's activities and could therefore affect the Group's management or restrict its development. Although the Group attempts as far as possible to anticipate these changes, they could cause an increase in costs and investments involved in managing the squad and/or reduce revenues. As a result, such changes could significantly affect the Group's strategy, activity, outlook, financial position or results.

Risks related to supervision by the Direction Nationale de Contrôle de Gestion (DNCG)

SASP OL is subject to annual controls by the DNCG (see "Institutional and regulatory environment" appendix, section 2.3 "*Direction Nationale de Contrôle de Gestion* (DNCG)"). Although the Club has never been punished by the DNCG, if the DNCG decided to punish SASP OL due to its legal and financial position, this could affect the Group's strategy, activity, outlook, financial position and results.

Risks related to player transfer rules and changes to these rules

A significant proportion of the Group's income comes from player trading. Current regulations entitle clubs to receive substantial transfer fees if a player changes clubs before the end of his contract. Any change in these regulations that threatens a club's ability to receive transfer fees would have a significant adverse impact on the Group's activity, strategy, outlook, financial position and results.

Risks related to the social security costs applicable to player remuneration

The recent introduction of specific legislation governing the remuneration of collective image rights belonging to a professional sports club's players has enabled French football clubs to avoid paying social security charges on part of the compensation paid to players. Any change in this legislation would affect SASP OL's ability to maintain the Club's current salaries. This could have a significant adverse impact on the Group's strategy, activity, outlook, financial position and results.

Risks related to an increase in disciplinary procedures

Legislation states that professional sports corporations may be liable for disciplinary procedures relating to acts committed by their members and by supporters in and around the stadium where a game is taking place. An increase or change in the disciplinary procedures that may be taken against SASP OL could affect the Group's image, strategy, activity, outlook, financial position and results.

- ***Risks related to certain tax regimes***

  Revenues from sporting events are subject to French entertainment tax ("*taxe sur les spectacles*"). A change in legislation, particularly the scrapping of entertainment tax and a decision to make sporting events subject to VAT (see "Institutional and regulatory environment" appendix, section 3.6 "Overview of potential changes in the regulations governing professional football") or any other tax, could have an impact on ticket prices and, as a result, a significant adverse impact on the Group's financial position and results.

4.1.3 Other risks specific to the Group

- ***Risks related to damage to the OL brand***

  The OL brand generates a large proportion of the Group's revenues. Despite existing protection (see section 6.6 "Brand portfolio"), the OL brand may suffer from counterfeiting, and products featuring the OL brand may be distributed through parallel networks. Counterfeiting and parallel distribution could create a major shortfall in revenues and could eventually damage the OL brand image. This could affect the Group's financial position, assets and results.

- ***Risks related to conditions of use and the partial or total unavailability of the Stade de Gerland***

  SASP OL has an agreement with the City of Lyon that constitutes a temporary authorisation to occupy public property. Under this agreement, the Club can use the *Stade de Gerland* for all of its league, national cup, European cup and friendly games (see section 22 "Material contracts"). The non-renewal or early termination of this agreement could force the Club to look for an alternative venue for its games. The *Stade de Gerland* could also become partially or totally unavailable, particularly as a result of sporting punishments, natural disasters, accidents or fires. The Group cannot guarantee that, in this situation, it could quickly find a venue with characteristics equivalent to those of the *Stade de Gerland* on similar terms. Changing stadium could also require heavy investment and lead to a major shortfall in revenue, with a significant adverse impact on the Group's strategy, activity, outlook, financial position and results.

  As part of the temporary authorisation to occupy public property, SASP OL waives all right of recourse against the City of Lyon, particularly in the event of damage suffered or caused by equipment or installations that fall under SASP OL's responsibility or care, or that SASP OL uses (particularly heating, electricity and gas infrastructure), including those maintained by the City of Lyon. In the event of such damage, SASP OL cannot therefore seek damages and interest from the City of Lyon. This could have a significant adverse impact on the Group's assets, financial position and results.

In addition, any significant change in the terms of the temporary authorisation to occupy public property granted by the City of Lyon to SASP OL that causes a substantial change in the stadium's terms of use or in the financial terms of the agreement could have a significant adverse impact on the Group's strategy, activity, outlook, financial position and results.

- ***Risks related to the new stadium project and to the financing of the project***

The Group plans to use the funds raised from listing its shares on Eurolist by Euronext Paris to strengthen its financial position with a view to, in particular, financing the construction of a new stadium (see sections 6.5.3 "Principal future investments" and 12.1.2 "New stadium project: from the *Stade de Gerland* (traditional stadium) to OL Land (sportainment concept)" in this prospectus). The total cost of the new stadium (excluding the building of the leisure centre and commercial centre) is estimated at €260-305m based on similar projects already completed in Europe. The construction project will be a long and complex process involving many factors. It will require various administrative authorisations, in particular the building permit. The time taken to obtain these authorisations and to carry out any appeals against administrative decisions could delay the development process. Similarly, the construction timetable may be delayed by unexpected events, such as the discovery of archaeological remains on the site of the new stadium, any of the architectural and technical constraints that may arise in a complex construction project, problems or litigation with building contractors or failure by service providers. The Group may also face difficulties in obtaining the financing needed to build the stadium. These factors may cause substantial delays and additional costs. In the extreme, for example if the Group is unable to raise the necessary financing, there is a risk that the project will not be completed. This could have a significant adverse impact on the Group's strategy, activity, financial position and results. Major delays or the non-completion of the project may also significantly affect the Group's outlook.

- ***Risks related to the influence of the main shareholders on the Group's activity and strategy***

On the date this prospectus was registered, Jean-Michel Aulas (via ICMI) and Pathé owned 50.01% and 33.34% of the Company's capital respectively and 51.72% and 34.27% of the Company's voting rights. Both of these shareholders enjoy double voting rights. If the Company's shares are listed on Eurolist by Euronext Paris, these two shareholders may continue to hold a majority stake in the Company's capital and have a significant influence on the Group's activity and strategy. Under French law, majority shareholders inspect most of the decisions due to be adopted in shareholders' meetings, particularly those relating to the appointment of directors, the distribution of dividends and, if they hold two third of the voting rights in the meeting, changes to the articles of association. Jean-Michel Aulas (via ICMI) and Pathé would therefore be able to take such decisions without minority shareholders being able to oppose them in a shareholders' meeting. In addition, disagreements may take place between these shareholders, including disagreements concerning the Group's strategic direction. These disagreements could disrupt the operation of the Company's board of directors. This could delay or prevent the Group from taking strategic decisions and have a significant adverse impact on the Group's activity, strategy, outlook, financial position and results.

- ***Risk of dependency on key executives***

  The Group's success depends to a large extent on the work and expertise of its chairman, executives and sporting and technical staff. If one or more of the Group's managers with extensive expertise in the Group's markets were to leave, or if one or more of them decided to reduce or end their involvement with the Group, the Group may have difficulties in replacing them. This could hamper its activities and affect its ability to meet its targets. This situation could eventually have a significant adverse impact on the Group's activity, financial position and results.

  The Club's playing squad always travel together for away games. The Group is insured against the death of certain players regardless of cause, but is not insured against the consequences of an accident causing the death of all of the playing squad, which would have a significant adverse impact on the Group's strategy, activity, outlook, assets, financial position and results.

- ***Risks related to insufficient insurance cover***

  Although the Group's insurance strategy aims to ensure reasonable coverage of risks, the Company cannot guarantee that its policies will cover all liability claimed (see section 4.3.2 "Main insurance policies").

  As regards the loss of player licences, the Group's policy is to insure only key players. As a result, if one or more of the non-covered players were to lose their licence, no compensation would be payable under the Group's insurance policy.

  In addition, changes in regulations or an increase in claim events, particularly in the event of an accident at the Club's stadium, could have a significant adverse impact on the Group's financial position and results.

- ***Risks related to the first-time adoption of IFRS***

  The Group applied IFRS when preparing its consolidated financial statements for the year ended 30 June 2006. In certain cases, in the absence of detailed instructions from standard-setters, the Group had to take certain positions mentioned in note 2 “Summary of significant accounting policies” to the consolidated financial statements for the year ended 30 June 2006.

- ***Risks related to diversification in other business areas and failure of the diversification strategy***

  The Group has actively diversified its business, particularly by buying equity interests and establishing partnerships. The aim is to find new recurrent sources of income that are less exposed to uncertain sporting performance. In future, the Group may develop new activities. There is no guarantee that the new activities developed by the Group will be successful. A lack of success may have a significant adverse impact on the Group's activity, strategy, outlook, financial position and results.

4.2 MARKET RISKS

4.2.1 Liquidity risk

At 30 June 2006, the Group had €38 million of credit facilities with which to finance its ordinary activities. It had drawn €21.9 million on these facilities in the form of promissory notes and €16.1 million in the form of bank guarantees. The loans taken out by the Group feature early redemption clauses, which are presented in detail in note 7.3 to the consolidated financial statements relating to the year ended 30 June 2006 (see section 20.1.5 "Notes to the consolidated financial statements for the year ended 30 June 2006").

4.2.2 Interest-rate risk

The Group's interest-rate risk relates mainly to debts and liabilities incurring interest at variable rate.

In the year ended 30 June 2006, the Group's total gross debt paying interest at variable rate (usually Euribor plus a fixed margin) was €25.6 million. This sum related to various loans to SASP OL, for which the Company has provided a joint and several guarantee, and a loan to *SCI de l'Olympique Lyonnais*. The main loans have been provided by BNP Paribas, Crédit Lyonnais, BECM and Natexis Banques Populaires (see 20.1.5 "Notes to the consolidated financial statements for the year ended 30 June 2006" in IFR5 note 7.3).

On the date this prospectus was registered, the Group did not have any interest-rate hedging instruments.

The table below sets out all of the Group's debts by principal category as they appear in the Company's consolidated balance sheet at 30 June 2006:

Type of borrowing	**Fixed or floating rate**	**Debt at 30 June 2006**	**Total facility**	**Maturity**
Loan	Fixed	1,884,000	1,884,000	July 2018
Sub-total fixed-rate debt		**1,884,000**	**1,884,000**	**-**
Drawing on bank credit facilities	Variable (Euribor-based)	8,608,000	13,000,000	August 2006
Drawing on bank credit facilities	Variable (Euribor-based)	1,750,000	9,500,000	July 2009
Drawing on bank credit facilities	Variable (Euribor-based)	6,500,000	10,500,000	December 2007
Drawing on bank credit facilities	Variable (Euribor-based)	1,650,000	1,650,000	August 2006
Drawing on bank credit facilities	Variable (Euribor-based)	1,650,000	1,650,000	August 2007
Drawing on bank credit facilities	Variable (Euribor-based)	1,700,000	1,700,000	August 2008
Overdrafts*	Variable (Euribor-based)	3,750,000	-	-
Sub-total variable-rate debt		**25,608,000**	**38,000,000**	
Total		**27,492,000**	**39,884,000**	

*Technical bank overdrafts on the transaction date

Maturity schedule of the Group's financial assets and liabilities, excluding trade receivables and payables, at 30 June 2006 (IFRS)

(In thousands of euros)	Amount
Total due in one year or less	**18 718**
Payables due in one year or less	***39 127***
Fixed-rate bank borrowings	381
Fixed-rate payables on player registrations (1)	24 738
Variable-rate bank borrowings	14 008
Receivables due in one year or less	***57 845***
Variable-rate investments	52 386
Cash and equivalents paying interest at variable rate	1 760
Fixed-rate receivables on player registrations (1)	3 699
Total due in between one and five years	**(23 917)**
Payables due in between one and five years	***25 991***
Fixed-rate bank borrowings	909
Fixed-rate payables on player registrations (1)	13 482
Variable-rate bank borrowings	11 600
Receivables due in between one and five years	***2 074***
Fixed-rate receivables on player registrations (1)	2 074
Payables due in more than five years	**(1 128)**
Payables due in more than five years	***1 128***
Fixed-rate bank borrowings	1 128
Total	**(6 327)**

(1) discounted where the maturity exceeds six months

(In thousands of euros)	One year or less	Between one and five years	More than five years
Financial liabilities	39 127	25 991	1 128
Financial assets	57 845	2 074	
Net assets before management	**18 718**	**(23 917)**	**(1 128)**
Off-balance sheet items			
Net assets after management	**18 718**	**(23 917)**	**(1 128)**
(net assets after management at variable rate: 28,538 K€)			

Based on the Group's net cash position at 30 June 2006, the Group estimates that a 1-point fall in interest rates would have, due to the effect on the Group’s cash position which generates interest at variable rate, a €285,000 negative impact on its net financial income.

4.2.3 Exchange-rate risk

On the date this prospectus was registered, the Group was not exposed to exchange-rate risk.

4.2.4 Risks related to equity securities

On the date this prospectus was registered, the Company's securities portfolio consisted solely of money-market mutual funds. As a result, the Company was not exposed to risks related to equity securities.

4.3 RISK MANAGEMENT

4.3.1 Risk management policy

This section sets out the main measures taken by the Group to limit exposure to the risks inherent in its activity and the activities of its subsidiaries.

Management of risks related to sporting activities

Risks related to the impact of sporting results on the Group

To limit the risk related to the impact of sports results, which are by their nature uncertain, the Group's management seeks to generate regular revenue that is less directly dependent on sporting results. Part of this effort consists of the diversification policy, which is pursued via various subsidiaries (see section 6.4.4 "Diversification revenues").

Moreover, management seeks to reduce sporting uncertainty through a well-thought-out recruitment policy. The policy focuses on the intrinsic sporting ability of players recruited, but also on their ability to integrate with the Club.

The Club's playing squad consists of 27 players. The Club regards this size of squad sufficient to deal with the risk that one or more players will be unavailable. The Club also believes that its training staff will enable it to deal with the risk of first-team players suffering injuries, having insufficient physical condition or being absent through international duty (see section 6.3.4 "A football club with one of the best academies").

Risks of dependency on media income and uncertainty surrounding the future level of media income

To limit the Group's dependence on media rights, which are sold by professional football organisations to television networks, management has set up a specialist subsidiary, OL Images, tasked with directly exploiting the Club's media rights. OL Images has launched its own television channel (OL TV), which produces programmes, DVDs and promotional films.

The Group's management also intends to diversify its media presence by sealing partnerships with non-television operators such as Orange France, to exploit its media rights on new media (particularly the internet and 3G mobile phones).

Risk of dependency on sporting partnership contracts and risk of termination or non-renewal

To limit the risk of dependency on partnership contracts, the Group favours long-term contracts. The contract with Accor has been the Group's main sporting partnership contract since the start of the 2006/07 season. It is due to last for three seasons, with an option for another two seasons (see section 22 "Material contracts").

Risks related to the loss of a key player's licence

Risks related to the loss of key players' licences are covered by an insurance policy described in section 4.3.2 "Main insurance policies".

Risks related to rising player wages and the transfer market

To deal with rising player wages and rising player values, the Group has adopted a balanced recruitment policy at SASP OL. The aim is to focus on acquiring young players who show footballing potential rather than famous players who may cost substantially more to acquire and demand higher wages. This policy relies on effective scouting and recruitment systems and on a pro-active policy of integrating players into the Club and involving them in the Group's plans. In particular, this involves providing linguistic assistance to foreign recruits. The Group also sets great store by the *Olympique Lyonnais* academy, which aims to develop talented young players and eventually to integrate them into the Club's professional playing squad.

Risks related to default by business counterparties

To cope with the risk of a counterparty failing to pay staggered player transfer fees, the Group seeks to secure payment through financial guarantees.

Risks related to doping

To combat the risk of doping, SASP OL has arranged personalised medical monitoring for each member of the first-team squad, and carries out biological tests at the start and in the middle of each season.

Risks related to accidents within the stadium and to hooliganism or a terrorist act during a sporting event

To prevent accidents inside the stadium and hooliganism or terrorist acts during a game, the Group's management uses an experienced organisational team and has set up a safety system that exceeds the internal safety requirements set by the public authorities. SASP OL has also implemented an access control system at *Stade de Gerland*, and spectators are systematically searched. There are safety areas between the stands, to avoid any contact between the supporters of opposing teams. *Olympique Lyonnais* also employs a team of accredited stewards whose role is to anticipate and control any overflow of supporters. The accreditation system for stewards was developed by *Olympique Lyonnais*.

SASP OL constantly liaises with supporter's clubs to promote safety within the stadium. A system of season ticket discounts has been introduced to reward supporter groups who show exemplary behaviour during games.

Management of risks related to the legal environment

Risks related to legal and regulatory constraints applicable to football

The Group is represented in football's decision-making authorities. Jean-Michel Aulas has been vice-chairman of the *Ligue de Football Professionnel* (French professional football league) since 2000. He is also a member of the Union des Clubs Professionnels de Football (French union of professional football clubs). He represents the Club on the board of directors of G-14 (see section 6.3.6 "A Club whose management is closely involved in football institutions").

This presence within the national and European football authorities enables the Group to anticipate any changes in regulations.

Management of other risks specific to the Group

Risks related to the new stadium plan and to the financing of the project

The new stadium development plan is a long and complex process involving numerous factors, some of which fall outwith the Group's control. As part of this project, the Company's Board of Directors has set up a stadium investment committee (see section 16.3.2 "Stadium investment committee").

Counterfeiting risk

To protect its brand and to combat counterfeiting, the Group formally requested action by the customs authorities in October 2005 and has hired a specialist law firm to assess all legal steps required to ensure effective protection of the OL brand (see section 6.6 "Brand portfolio").

4.3.2 Main insurance policies

The insurance policies taken out by the Company for itself and its subsidiaries have a one-year term and are renewed by tacit agreement.

The Group's main insurance policies are as follows:

- A comprehensive industrial and loss-of-business policy covering all property needed in the Group's activities against all material damage and consequential loss resulting from a non-excluded event directly or indirectly affecting the property concerned, whatever the cause, subject to certain exclusions. The Group's liability as tenant is also covered, as are any proceedings that neighbours and third parties may bring against the Group for damage resulting from a claim event affecting property covered by the policy, along with related expenses and losses resulting from a covered claim event. The total coverage amount is approximately €16 million.

- A "professional football club third-party liability" policy, intended to cover the Company, SASP OL and the Association against the financial consequences of liability for damage caused to third parties and attributable to "football" activities. "Football" activities include organising games, managing teams (including during training sessions, training courses and journeys), promoting the Club in any way, distributing and marketing any football-related product or service, operating stands, snack bars and a restaurant, managing and maintaining property provided to SASP OL and the Association, and organising any sporting or non-sporting event. Operating liability (all losses) is covered in an amount of approximately €6 million per loss and per year. Professional liability (all losses) is covered in an amount of €457,347 per loss per year. Liability after completion of work is covered in an amount of €762,245 per loss per year. Finally, player liability is covered in an amount of €304,898 per loss and €1,524,490 per year. These limits apply to the group of professional players.

- A "premises and operations liability" policy taken out by the Company for itself and its M2A subsidiary. The policy is intended to cover the Company and its subsidiary against the financial consequences of their liability for damage caused to third parties and attributable to the wholesale trading (including storage and packaging) of textiles and promotional items excluding any product design or manufacturing activities, the mail-order sale of these items, design, outsourced manufacturing, trading, storage, handling by a purchasing centre and mail-order sales activities, particularly on behalf of third parties. Coverage of liability before delivery of work (all losses) is limited to €7.5 million per loss. Coverage of liability after delivery of work (all losses) is limited to €3 million per loss.

- "Transported merchandise" policies taken out by the Company, acting for itself and on behalf of its M2A, SASP OL and OL Merchandising subsidiaries, which insure merchandise entrusted to transport companies and merchandise (clothing and related products for sports clubs and other companies) transported by the vehicles of the Company or of its M2A, SASP OL and OL Merchandising subsidiaries. Coverage is limited to €70,000 per loss for M2A and €32,000 per loss for OL Merchandising and SASP OL.

- A "premises and operations liability" policy taken out by the Company for itself and its OL Merchandising subsidiary. The policy is intended to cover the Company and its subsidiary against the financial consequences of their liability for damage caused to third parties and attributable to the sale of football-related products, relating to OL or otherwise, and the licensing of the OL brand through contracts such as OL Coiffure, OL Taxi, OL Auto-école and OL Boissons. Coverage of liability before delivery of work (all losses) is limited to €7.5 million per loss. Coverage of liability after delivery of work (all losses) is limited to €3 million per loss.

- A "travel agent professional liability" policy covers liability relating to OL Voyages' activities. Coverage (all losses) is limited to €4 million per year.

- A liability policy taken out by the Company for itself and its OL Images subsidiary covers the financial consequences of its liability arising from the production of specialist media products relating to the coverage of sporting events, such as reports for television networks, the production of programmes intended for the giant screens at *Stade de Gerland*, the production of promotional and institutional films, the design and development of web-based and television programmes, the production of DVDs and the production of programmes for mobile phones. Coverage is limited to €7.5 million per loss and per year.

- An insurance policy covers SASP OL in the event of certain players dying or losing their licence, regardless of the cause. The players insured under this policy are Abidal, Caçapa, Carew, Cris, Diarra, Fred, Govou, Juninho, Källström, Malouda, Réveillère, Squillaci, Tiago and Toulalan. Under this policy, compensation is limited to €10 million per player (except players on trial, for whom compensation is limited to €2.25 million), and €50 million for any one claim event. This policy has a firm one-year term starting on 1 July 2006. However, the Group does not have a policy covering all staff in the event of a collective accident. Insurance companies are generally reluctant to insure professional sports companies against the risk of collective accidents causing the death of all staff.

The total amount of premiums paid by the Group for all of its insurance policies was €462,900 in the year ended 30 June 2006.

5. INFORMATION ABOUT THE ISSUER

5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1 Corporate name

The Company's corporate name is *Olympique Lyonnais Groupe*.

5.1.2 Trade and companies registry

The company is registered at the Lyon Trade and Companies Registry under registration number 421 577 495. The company's SIRET number is 42157749500011 and its activity code is 741 J.

5.1.3 Date of incorporation and duration

The Company was incorporated as a société anonyme (limited-liability corporation) on 1 February 1999 for a duration of 99 years.

5.1.4 Head office, legal form and applicable legislation

The Company is a société anonyme (limited-liability corporation) incorporated under French law, and is governed by the Code de Commerce and decree no. 67-236 of 23 March 1967 relating to commercial companies.

The Company's head office is located at 350, avenue Jean Jaurès, 69007 Lyon.

The head office telephone number is + 33 4 26 29 67 00.

5.1.5 Important events in the development of the Company's business

The Group dates back to 1950, when the *Olympique Lyonnais* football club was set up as a sporting association. The club quickly enjoyed success, winning the Coupe de France three times between 1964 and 1973.

The appointment of Jean-Michel Aulas as the Club's chairman in 1987, when the Group's revenues were €4 million, gave *Olympique Lyonnais* a strategic vision and an ambitious management that led to the development of OL as a leading sports brand. The Club's current status as the undisputed dominant force in French football, especially in the past five seasons, is therefore the result of a policy started 20 years ago. There have been three main phases during this period:

- In the 1987/88 and 1988/89 seasons, the Club's management set up the structures and coaching systems that resulted in promotion to League 1.

- The second phase, from 1989 to 1999, formed the basis of the Club's current success. The academy was restructured and strengthened, to supply the Club with talented young players capable of strengthening the first team (and then potentially being sold), and a proper training centre was built. In addition, during this period the Group was already able to attract major partners such as Sodexho Alliance in 1990.

- The third phase began with the significant strengthening of the Group's financial capacity, through a capital increase of approximately €18 million (including the issue premium) in which the new shares were bought by Pathé under the management of Jérôme Seydoux. This transaction enabled the Group to diversify its business and to become a major media and sports entertainment company. The Group's revenues at the time were €43 million. In 1999, the Group implemented a development project intended to make *Olympique Lyonnais* a leading football club in France with ambitions in Europe, to maintain the Club's profitable player development policy, to continue investments aimed at improving the Club's infrastructure, to strengthen and capitalise on the OL brand and, in general, to ensure the Club's long-term financial future by developing sources of income less dependent on uncertain sporting performance.

Following on from this sporting and financial success, the Group is now conducting an IPO. This represents a new phase, in which it plans to step up its diversification strategy and, in particular, build a new stadium. (see section 6.5.3 "The Company's principal future investments - b) New stadium construction plan").

5.2 INVESTMENTS

See section 6.5 "Investments".

6. BUSINESS OVERVIEW

The following section contains information taken mainly from the following studies and analyses: Xerfi 700 Clubs de football professionnels (April 2006), Deloitte Football Money League (February 2006); Global Entertainment and Media Outlook: 2006-2010 (PricewaterhouseCoopersLLP, Wilkofsky Gruen Associates); Ineum Consulting & Euromed Marseille - Finances & Perspectives (December 2005); Screendigest – European Programme Lights: Sports (August 2005).

6.1 GENERAL PRESENTATION

The Group centres around OL, which is one of France's leading football club and has an unrivalled record over the past five years. Its strategy is based on a virtuous circle of economic and sporting development, with the aim of underpinning its sporting success over the long term, taking advantage of this success by exploiting the Club's brand and image and then diversifying its business to reduce dependence on inherently unpredictable sports results.

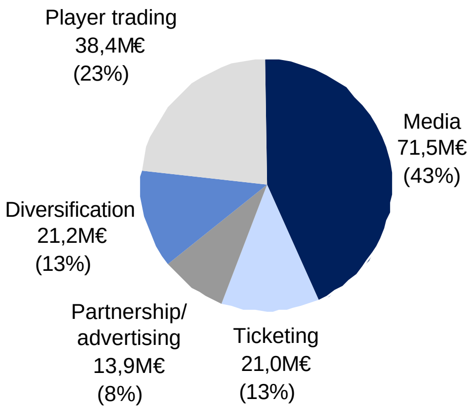
6.1.1 Presentation of the Group and its operating environment

The Group consists of a holding company and operating subsidiaries that house the sporting events, media and sports entertainment businesses, along with complementary businesses that generate additional revenues. OL Groupe controls SASP OL, the professional sports corporation that manages *Olympique Lyonnais*. Over the last six seasons, the Club's roll of honour has been unrivalled in France. It has been remarkably consistent, winning the French league five times and the French league cup once. It has also taken part in the UEFA Champions League for seven consecutive seasons.

The strategy developed since 1987 has transformed the Group into a major media and entertainment company, and the Group's business model has broken new ground in France. OL's success on the field has enabled the Group to increase revenues (media rights, ticketing, partnerships and advertising) by developing the OL brand, while maintaining a healthy financial position. Strong finances have allowed a high level of investment (in players, infrastructure and training), which has in turn helped to bring about greater consistency in sporting performance. This has strengthened the development cycle by boosting the OL brand profile and allowing further business diversification. As a result of the Club's success and growing fanbase, the Company's management has been able to diversify the Group's activities, capitalise on the Club's image and turn OL into an internationally recognised brand. The Group generates strong commercial synergies between its brand and its various activities, while developing a well-organised range of diversification businesses. Through its subsidiaries, the Group operates in sectors such as merchandising, catering, travel and events. The Company's management has also been able to take advantage of changes in the legal environment, particularly regulations on media rights (see "Institutional and regulatory environment" appendix).

The Group's five main income streams are as follows: media, ticketing, partnerships/advertising, diversification businesses and player trading.

Breakdown of revenue at 30 June 2006



6.1.2 Strengths

(a) ***Remarkable sporting results, underpinned by top-quality infrastructure and players.***

OL has been France's leading club in national and European competitions over the last five seasons. It is also France's most consistent performer, taking part in the UEFA Champions League for seven consecutive seasons and reaching three successive quarter finals.

OL's consistent success on the field is due to a wise policy of investing in coaching staff and infrastructure.

– It has set up professional management teams on both the sporting and administrative/sales/finance sides of the Club.

– It takes a pro-active approach to investing in training, focusing on the early recognition and development of young talent through one of France's best training academies.

– Its sporting policy is based on stability. It has gradually put together a professional first-team squad of 27 players, 19 of whom are internationals players for countries such as France, Brazil and Portugal. This policy strengthens the team, ensures good performance over the long term and makes the Club less sensitive to changes in coaching or playing staff.

(b) ***Constant growth in revenues related directly to sporting activities***

As a result of the Club's consistent sporting performance, revenues from media rights and ticketing have seen strong growth.

- Media rights, which are the Group's main source of revenues, have increased sharply following the purchase by Canal+'s of League 1 rights for the 2005/06 to 2007/08 seasons for approximately €600 million per season (up 60% on the 2004/05 season). The way in which League 1 rights are split between League 1 clubs also favours OL, with 50% being fixed and 50% allocated according to the club's league position during the current season and the last five seasons, and according to the number of the club's games broadcast during the current season and the last five seasons.

- The Club has benefited from its improving performance in the UEFA Champions League in the last seven years and the steady increase in media money paid out by UEFA.

- Ticketing revenues increased by more than 96% between 2001/02 and 2005/06, with total home attendance rising from approximately 608,000 in the 1998/99 season to 994,750 in 2005/06.

(c) ***A strong, high-profile brand showing strong growth, allowing the Group to increase and diversify income streams through complementary commercial businesses.***

The Group has focused on developing the OL brand profile locally and nationally, and has raised its profile in Europe, not just through sporting success but also through an ambitious communication policy to develop the OL brand.

The Club's growing popularity and the strength of the OL sports brand have led to growth in the fanbase, on which all revenue growth depends. This is true of Club-related businesses (media rights, ticketing and partnerships/advertising) and complementary and branded businesses (licensing aimed at raising the brand profile locally, along with merchandising, catering and travel).

- *Partnerships and advertising*: OL now has approximately 500 corporate partners, including Accor as of the 2006/07 season (see section 6.4.3 "Partnership and advertising revenues"). Partnerships vary according to the financing capabilities of partners. Certain partnerships involve a range of services, such as those provided to the main partner. Others are more limited, for example involving only game tickets. There are also event partnership packages for European competitions.

- *Merchandising:* the increasing popularity of the OL brand has allowed growth in merchandising activities. The Group has a strategic partnership with Umbro, the Club's official sports manufacturer. In September 2004, the Group acquired M2A, which specialises in sourcing and trading clothing and promotional products for corporate customers and other sports clubs.

(d) ***A business model that generates strong cash flow***

The Group's investment and diversification policy is profit-driven, and is aimed at constantly strengthening the brand and raising its profile in order to generate regular cash flow.

- Diversification reduces the financial risk associated with the unpredictable nature of sports results, and stabilises the Group's cash flow, especially through (i) its partnership and advertising contracts last for 3-5 years, which improves visibility on revenues, (ii) the Group is also developing branded products and (iii) new media activities in which the Club's games are broadcast via new media.

- The Group's strategy also relies on firm cost control, particularly as regards wages. Careful squad management, based on players from its own academy and targeted external recruits, enables the Club to strengthen its playing squad without using large amounts of the money generated from its on-field success on buying expensive players.

(e) ***High-quality management and stable ownership structure***

The Group's ownership structure and management team have been very stable. Jean-Michel Aulas, who was behind the Club's takeover in 1987, is still OL Groupe's chairman and CEO, while Jérôme Seydoux (part-owner and chairman of Pathé) has held a stake in OL Groupe since 1999 and is deputy chairman of the board of directors.

Management's experience and strategic vision have given it great ability to anticipate and adapt to changes in the market and in laws and regulations applicable to its activities. This is shown by its decision to set up OL Images ahead of changes in media rights regulations.

In addition, the stability of the coaching staff helps limit dependency on key managerial staff, particularly the head coach.

6.1.3 Strategy

Maintaining sporting excellence

Maintaining excellent sporting results and adding to the Club's roll of honour in France and especially Europe...

The Group intends to continue adding to the Club's roll of honour, particularly in Europe, by maintaining its status as a major French club and regularly qualifying for the final stages of the UEFA Champions League.

...especially through continuous improvement in facilities and coaching

The Group intends to continue its investment in order to develop its sporting facilities and academy, to give the first-team squad, coaching staff and young players the best possible environment in which to realise the Group's ambitions.

The Group will also continue to base its player recruitment policy on footballing ability but also the players' ability to integrate with the Club's values and future plans. The Group will also continue to favour bringing young academy players through to the first team. Its academy model is based on a close association between football coaching and academic teaching.

Taking advantage of expected growth in the media rights market, particularly with the emergence of new media, and exploiting media rights directly.

The Group intends to maximise its indirect media income from the centralised sale of media rights, but also gradually to increase income from exploiting rights directly through OL Images.

Developing indirect media rights income

The national market for football media rights has been growing constantly since television rights were first sold to Canal+ in 1984. The market has further growth prospects, which the Group plans to capitalise on. Football is one of the main premium media content categories, due to its broad popularity and the public's desire to watch live sports on television. The Group believes that these developments should enable it to increase indirect media income in future, particularly after the 2007/08 season, when the next League 1 media rights contracts will commence.

Developing direct rights income through OL Images

The Group's media production business was set up in 2004 and has grown quickly. It is an important future growth driver. It exploits OL's rights to carry out delayed game broadcasts, make and market television programmes about the Club, and produce content such as coverage of training sessions, pre-game build-up programmes and exclusive interviews with players.

Developing the OL brand to increase revenues from partnership and diversification activities

The OL brand has a high profile due to the Club's consistent sporting success and high level of media exposure. The Group's policy of constantly increasing this visibility should enable it to develop the value of its partnerships and grow its diversification businesses.

Developing strategic partnerships and diversification businesses

The Group intends to continue building strategic commercial partnerships with national and international companies, in order to support and sustain the development of the OL brand. The Group's strategy includes renewing and increasing the value of its shirt sponsorship contracts, such as the one recently signed with Accor. The Group also intends to continue setting up partnerships in which the OL brand is combined with the partner's expertise in its particular area of business. An example of this is in catering, where the Group has set up joint ventures with the Bocuse and Sodexho groups.

Latest plans include setting up a system to sell music over mobile phones with Universal.

Like some English clubs, the Group plans to continue diversifying its activities using an integrated commercial development model. This will involve the creation or acquisition of businesses and the deployment of the Group's own sales force. By controlling the whole distribution chain for the products and services it sells, the Group will receive all of the profits from the resulting sales.

International brand development

The Group also plans to step up the international development of the OL brand. This effort will be helped by the large number of French and foreign internationals in OL's squad, and will involve commercial initiatives targeted at certain markets (creating sales synergies with large purchasing centres outside France). It will also involve the OL website, which helps raise the Club's profile in Europe and the rest of the world, along with promotional tours outside France. OL plans to take part in a tour to Japan and Korea in the summer of 2007.

OL Land project

The OL Land project is scheduled for completion in the 2010/11 season. The aim is to (i) build a modern, well-equipped stadium to host not just OL games but other types of entertainment and shows and (ii) take advantage of OL's brand appeal to develop sports and commercial infrastructure around the stadium.

Significant improvement in ticketing revenues due to the new stadium

The new stadium will have a capacity of 60,000 spectators. It will also offer an improved range of premium seating, with a greater number of executive boxes. As a result, ticket and hospitality revenues should increase substantially. Other sports and entertainment events are planned, and so these revenues should no longer depend exclusively on OL football games. The improvement in stadium facilities should also increase per-spectator revenues compared to those at *Stade de Gerland*. Comparisons between per-spectator ticketing revenues in Europe shows that France lags behind other European countries (source: INEUMConsulting Euromed).

Development of other revenues related to the OL Land project

The Group's aim is to have the new stadium sponsored by a commercial partner. The practice of associating the name of a commercial company to a sports stadium is known as "naming". The sponsor benefits from very high media exposure. The Group intends to grant naming rights in 2008. This will allow the partner's name to be associated with the stadium throughout the construction process. This strategy will enable the Group to start receiving fees that will increase gradually until the new stadium is completed. The naming of the stadium will generate significant regular income, as can be seen in examples outside France such as the Allianz Arena and Emirates Stadium (see section 6.2.3 "Developments in the European professional football market").

Finally, the OL Land project could include a range of amenities around the stadium (hotels, entertainment, a shopping centre etc.), which could generate additional income independent of OL's sporting results.

Maintaining profitable growth and economic success

Dynamic management of the player portfolio

The Group plans to continue combining its quest for sporting excellence with dynamic management of its squad through regular player sales. Player trading is a recurrent source of revenues for the Group.

The Group will continue to seize any attractive opportunity to sell a player, provided it is compatible with OL's dynamic squad management approach and sporting needs. The coaching squad favours regular changes in order to maintain quality of performance and ensure attractive football for the fans. The Group is constantly looking at player trading opportunities, both purchases and sales, and is already preparing deals one or two seasons ahead.

Aiming for significant revenue growth...

Business development based on the OL brand should enable the Group to achieve significant revenue growth while reducing its dependence on inherently unpredictable sports results.

... while maintaining a firm grip on costs, in particular wages

New or existing businesses will be developed in accordance with the OL brand values and with the Group's strict profitability criteria. In particular, it will maintain strict control over costs, particularly wages.

6.2 MARKET PRESENTATION

6.2.1 The sports entertainment market

(a) The worldwide sports entertainment market

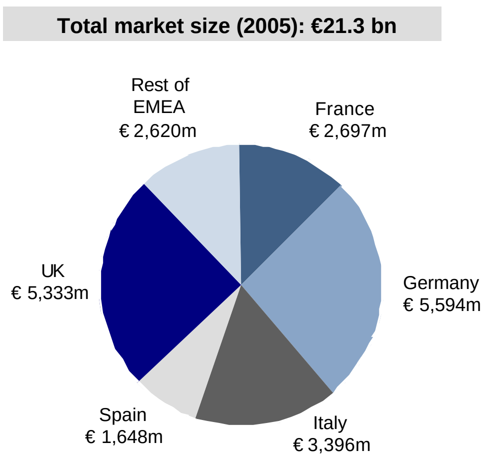
The sports entertainment market, defined as revenues generated from sports events (media rights, ticketing, partnerships) and through sports brands (partnerships, merchandising), was worth an estimated €69.4 billion in 2005 (sources: Global Entertainment and Media Outlook by PricewaterhouseCoopersLLP, Wilkofsky Gruen Associates).

The EMEA (Europe, Middle East and Africa) zone is the world's second-largest sports market, worth €21.3 billion in 2005. Europe is the largest segment of EMEA market. Since 2001, the EMEA market has seen faster average annual growth (6.6%) than the rest of the world (6.0%). The world sports entertainment market should continue to grow rapidly between 2005 and 2010, by 7.0% per year, to €97.2 billion. The EMEA zone is likely to see firm growth (6.8% per year), due in particular to projected revenues from South Africa hosting the FIFA World Cup in 2010. Sports entertainment revenues in the EMEA zone should increase to €29.6 billion in 2010 (source: PricewaterhouseCoopersLLP, Wilkofsky Gruen Associates).

(b) The sports entertainment market in Europe, Middle East and Africa (EMEA)

(i) Analysis by country

The sports entertainment market in the EMEA zone all sports - geographical breakdown (2005)



Sources: PricewaterhouseCoopersLLP, Wilkofsky Gruen Associates

The exchange rate used for this data is the 2005 average of €0.80368 to the US dollar (Reuters).

Germany and the UK are the two largest markets in the EMEA zone, worth €5.6 billion and €5.3 billion respectively (all sports) in 2005. They account for more than half of total EMEA revenues. France is the zone's fourth-largest market (€2.7 billion) after Italy (€3.4 billion) and ahead of Spain (€1.6 billion).

(ii) Analysis by source of revenue

Ticketing revenues make up more than half of the EMEA total (€10.9 billion). Stadium attendance in 2005 was its highest since 1960 (source: PricewaterhouseCoopersLLP, Wilkofsky Gruen Associates).

Partnership and merchandising revenues accounted for 25% of the total in 2005 (€5.3 billion). They grew at an average of 8.7% per year between

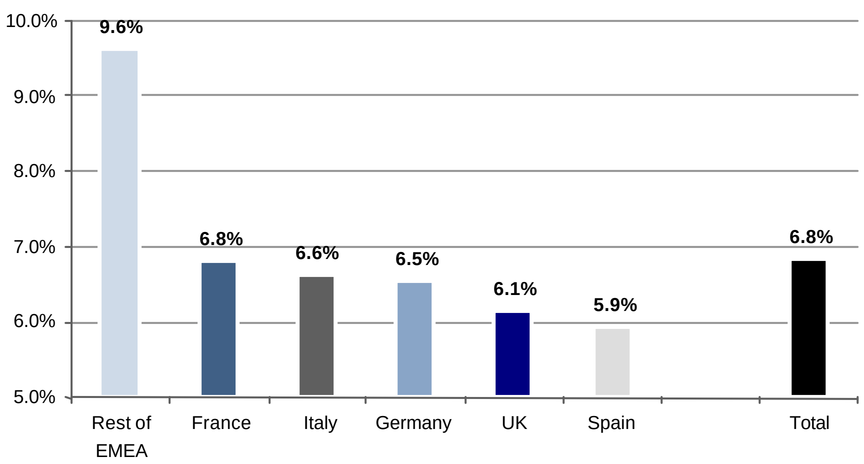
2001 and 2005 due to the positive economic background and increased competition between advertisers. Professional football clubs have taken advantage of this increased competition. Some have signed very large contracts, such as Manchester United's £303 million 13-year deal with Nike and Chelsea's £50 million 5-year deal with Samsung.

Media rights (24% of total revenue in 2005) have seen more erratic developments since 2001. Having risen in the late 1990s due to strong competition between broadcasters, income from sales of media rights has since grown more slowly. This is mainly due to consolidation in the media industry and the bankruptcy of two broadcasters (ITV Digital in the UK and Kirch in Germany) in 2003. However, although the increase in television rights is lower than it was in the late 1990s, deals signed since 2003 (Canal + in France, Mediapro in Spain, Sky in Italy, BSkyB/Setanta in England) have resulted in significant increases, mainly due to the strong economic background and the appearance of new potential rival media (the internet and mobile phones).

(iii) Outlook

The EMEA market as a whole is expected to grow at 6.8% per year between 2005 and 2010. Growth should be driven mainly by second-tier markets. In the main European countries, France is likely to see the strongest growth (6.8%) as its market catches up with the most developed markets (the United Kingdom and Germany).

EMEA sports entertainment market - projected CAGR by country (2005-2010)

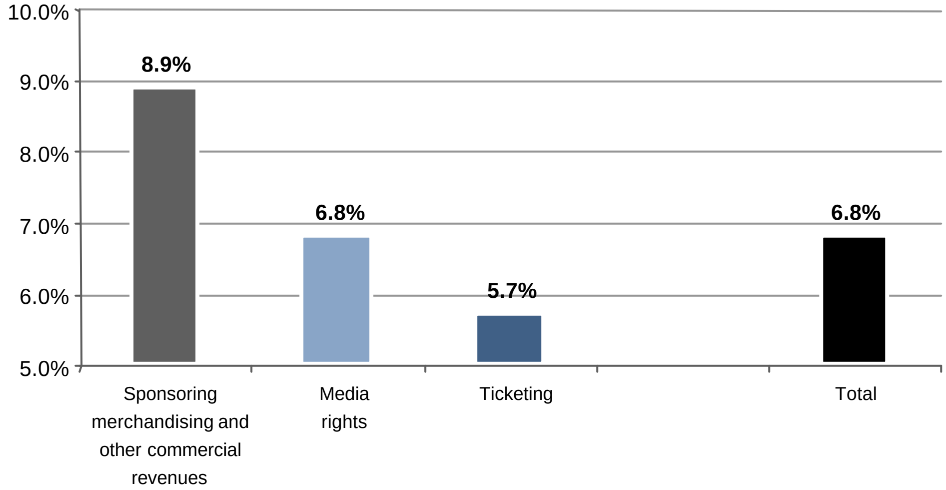


Sources: PricewaterhouseCoopersLLP, Wilkofsky Gruen Associates

Sponsoring and merchandising should continue to be the main sources of growth, with a projected increase of 8.9% per year between 2005 and 2010. Growth in media rights income should also increase to 6.8% per year, due to positive economic conditions and increased competition among broadcasters.

Ticketing revenues are set to increase by 5.7% per year on average.

EMEA sports entertainment market - projected CAGR by income source (2005-2010)

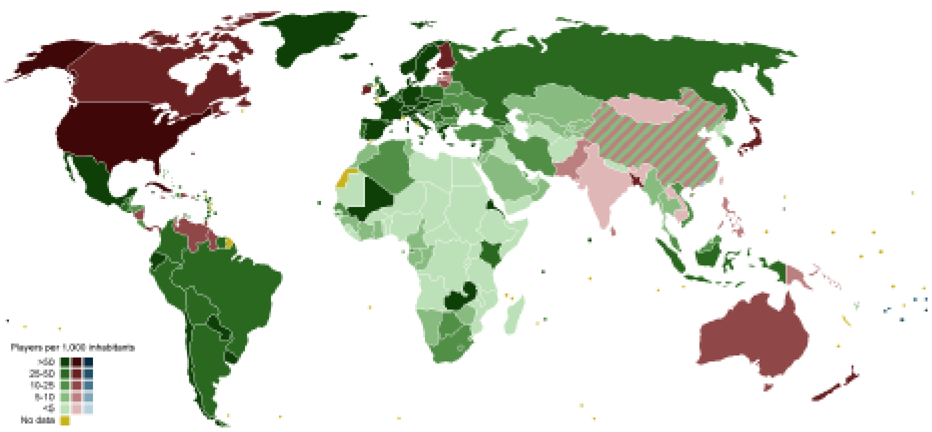


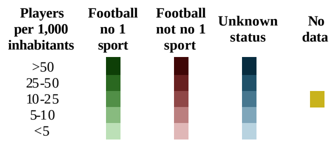
Sources: PricewaterhouseCoopersLLP, Wilkofsky Gruen Associates

6.2.2 Football: the sport with the greatest media coverage and largest popular following worldwide, in Europe and in France

(a) The leading sport worldwide and in Europe

According to a FIFA survey in 2000, football is the world's most-played sport, with 240 million regular players, i.e. approximately 1 in every 25 people (1 in 15 in Europe). There are more than 1.5 million teams and 300,000 clubs worldwide. However, many amateurs also play football outside of this official ambit.





Source: FIFA / World Survey 2001 data

In Europe, football is the most popular televised sport. Major broadcasters bid aggressively for exclusive rights to screen national league games (Canal+ and TPS in France, ITV and BSkyB in Great Britain, Kirch in Germany) and international competitions. Terrestrial television rights for the 2010 FIFA World Cup fetched a total of $1.2 billion in the UK, France, Germany, Italy and Spain, double the figure obtained for the 2006 FIFA World Cup.

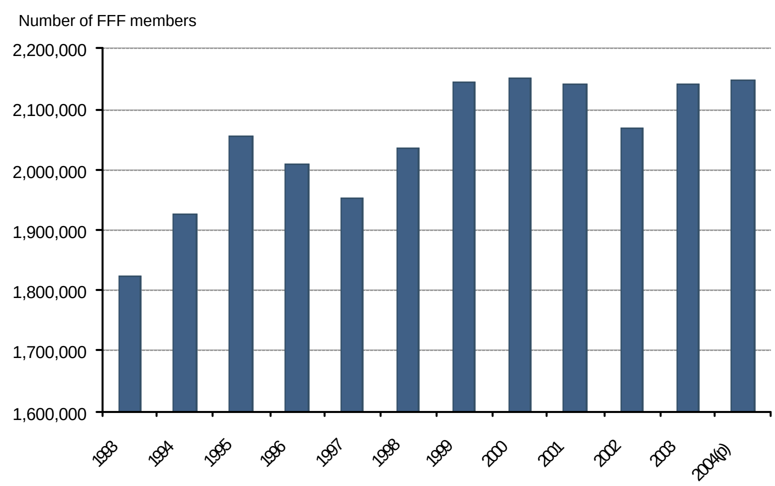
The total cost of media rights for four of Europe's five main leagues (Great Britain, France, Germany and Italy) is estimated at €2 billion for 2006, without taking into account the forthcoming price increase for Premiership (the top English league) rights and the full effect of centralisation on Serie A (the top Italian league) rights.

These figures show football's dominance as the leading televised sport in the EMEA zone. These four domestic leagues alone account for almost 50% of media rights income in the EMEA sports entertainment market, excluding rights relating to international games.

(b) France's leading sport

According to FIFA, football is France's most-played sport, and the *Fédération Française de Football* has twice as many members as France's second-largest sporting federation. Membership was boosted by France winning the 1998 FIFA World Cup and the Euro 2000 competition, and has now stabilised at approximately 2.15 million.

Number of Fédération Françaises de Football members (1993-2004, source: INSEE)



In France, football has a unique level of media exposure.

– In 2006 (1 January to 19 October), L'Equipe (France's daily sports newspaper) has dedicated 78% of its front pages to football.

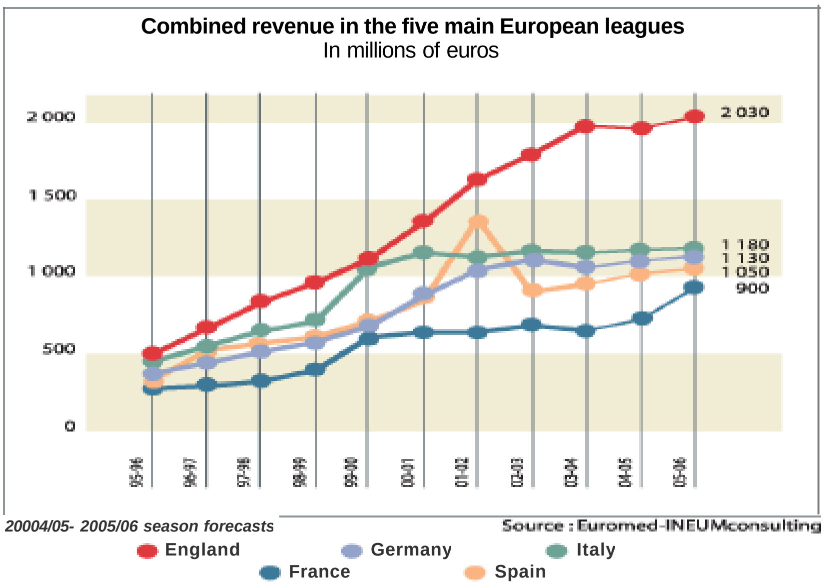
– In 2005, eight of the top 100 television ratings were for football games, and the only sporting events in the top 100 were football games. Football games take up 400 hours of airtime per year, accounting for 32% of total sports airtime (free-to-air broadcasts on terrestrial television: 190 hours for tennis, 155 hours for basketball and 149 hours for rugby – source: CSA).

As in other European countries, domestic league competitions have seen record attendance levels. Total League 1 attendance was 8.1 million in the 2005/06 season, an increase of almost 10% on 2002/03 (2001/2002 season which League 1 had only 18 clubs - source LFP).

6.2.3 Developments in the European professional football market

(a) The main leagues' income

Analysing the combined revenues of Europe's five main football leagues shows that all markets except Spain have seen continuous growth for more than 10 years, mainly due to rising television revenues.



(b) Media rights revenues in Europe

The way in which media rights are sold varies according to the league and the country's legal framework. The table below shows the changes in media rights income for leagues which have centralised the sale of media rights.

Media rights revenues for European leagues that sell rights in a centralised manner

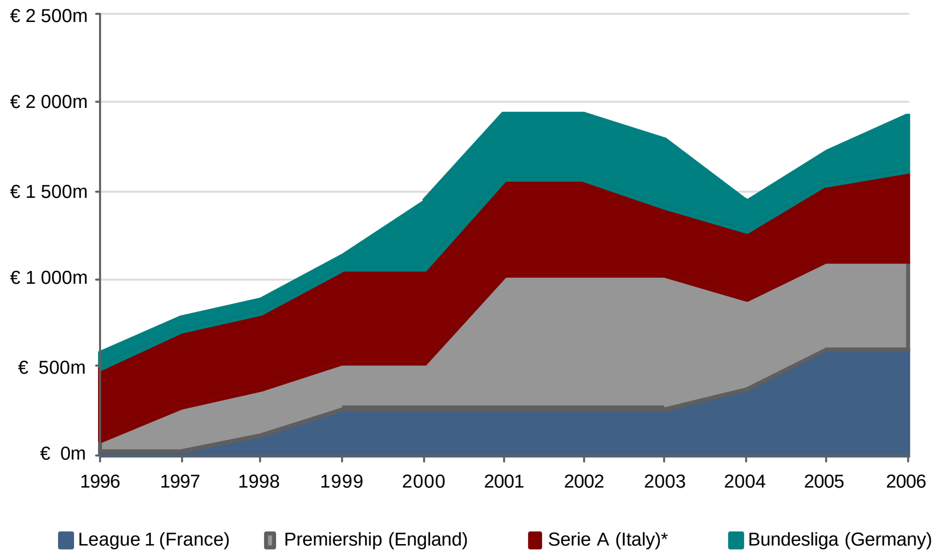
France	***Ligue1***	1996	1998	1999	2004	2005
	Term	2 years	1 year	5 years	1 year	3 years
	Network	Canal +	Canal +	Canal + / TPS	Canal + / TPS	Canal +
	Contract amount (€ m)	46	114	1 295	375	1 800
	Average revenue / year (€ m)	23	114	259	375	600
	Change	-	*400%*	*126%*	*45%*	*60%*
England	***Premiership***	1992	1997	2001	2004	2007
	Term	5 years	4 years	3 years	3 years	3 years
	Network	BSkyB	BSkyB	BSkyB / ITV	BSkyB / BBC	BSkyB / Setanta
	Contract amount (€ m)	191	670	1,600	1,024	1700
	Average revenue / year (€ m)	38	168	533	341	567
	Change	-	*338%*	*218%*	*-36%*	*66%*
Germany	***Bundesliga***	1992	1997	2000	2004	2006
	Term	5 years	3 years	4 years	2 years	3 years
	Network	Sat1 / DSF	Sat1 / Premiere	Sat1 / Premiere	Premiere / ARD / ZDF / DSF	Arena
	Contract amount (€ m)	362	232	1 534	360	720
	Average revenue / year (€ m)	72	77	384	180	240
	Change		*7%*	*395%*	*-53%*	*33%*

In France, media rights payments relating to the 2004/05 season totalled €375 million, up from €267 million in 2003/04 and €253 million for 2002/03. Media rights payments have risen constantly in France since 2002/03, with a projected CAGR of approximately 21% between 2002/03 and 2007/08. The LFP sold 2005-2008 media rights for €600 million per season in a recent auction, an increase of 60% relative to the previous contract.

The results of the latest auction in England show that television income is likely to continue growing. For the first time, FAPL (organiser of the *Premiership*) was required by the European Commission not to sell all domestic television rights to a single broadcaster. As a result, television rights for the 2007/08 to 2009/10 seasons were sold to BSkyB and Setanta for £567 million per season, a 66% increase on the previous deal.

In Spain, media rights are negotiated directly by clubs, except for a group of 30 first- and second-division clubs (G30), which negotiate collectively. In the first quarter of 2006, Barcelona granted media rights for the next seven seasons to Mediapro for €1 billion. More recently, in November 2006, Real Madrid signed a contract with Mediapro giving it exclusive rights to broadcast its La Liga and Copa del Rey games until 2012/13 (i.e. for seven seasons) for €1.1 billion. The annual revenues received by Real Madrid under this contract are almost three times those under the previous contract (approximately €55 million).

Annual media rights revenues
for the main European leagues (1996-2006)**



Source : "European Programme Rights : Sports", Screen Digest Ltd

**Estimate of the total amount negotiated individually by clubs*

Annual media revenues of the main European football leagues (1996-2006) – amounts converted into euros at the average exchange rate for the year in question.

In Europe, football media rights revenues have increased sharply with the arrival of pay-TV and pay-per-view services. Most leagues have chosen to sell media rights to pay-TV networks via auctions, in order to maximise their income.

The creation of the English Premiership, featuring the cream of English football clubs, in 1992 coincided with the first contract with a pay-TV network (Sky TV). The contract generated revenues four times the level of the league's previous deal with ITV, and this marked the start of very rapid increase in the cost of media rights. English league television rights grew at a CAGR of 31% between 1996 and 2006. The latest contract between the Premiership and BSkyB/Setanta, covering the 2006/07 to 2009/10 seasons, is worth approximately 15 times that of the 1992 contract.

In France, Canal+ holds the television rights for league games. The price of television rights has been increased four times since 1996. In the last ten years, the value of French league television rights has increased at a CAGR of approximately 40%.

In the last ten years, Bundesliga television rights revenues have increased at a CAGR of 19%.

In Italy, clubs negotiate television deals individually. The total amount of television rights revenues for Serie A in 2006/07 is estimated at €500 million.

Competition between broadcasters for television rights has eased in Europe, with the disappearance of ITV Digital in England and mergers between Tele+ and Stream in Italy and between Sogecable and Via Digital in Spain. However, this has not resulted in a fall in television rights revenues. On the contrary, the pay-TV sector has undergone major changes in the last few years on both the supply side, with the appearance of internet television and television on demand, with viewers increasingly able to choose how and when they want to watch programmes. The emergence of new technologies such as the internet and mobile phones has led to new companies, particularly telecoms operators, entering the sports broadcasting market, previously dominated by television networks.

In Belgium, Belgacom acquired exclusive rights to the Belgian football league for €36 million in spring 2005. It then launched its digital TV channel Belgacom television, which has attracted 50,000 subscribers (including 33,000 football fans) after only one year.

In Switzerland, Swisscom has ended SSR's traditional monopoly on broadcasting Swiss league games. Swisscom is broadcasting live games on the internet in the 2006/07 season.

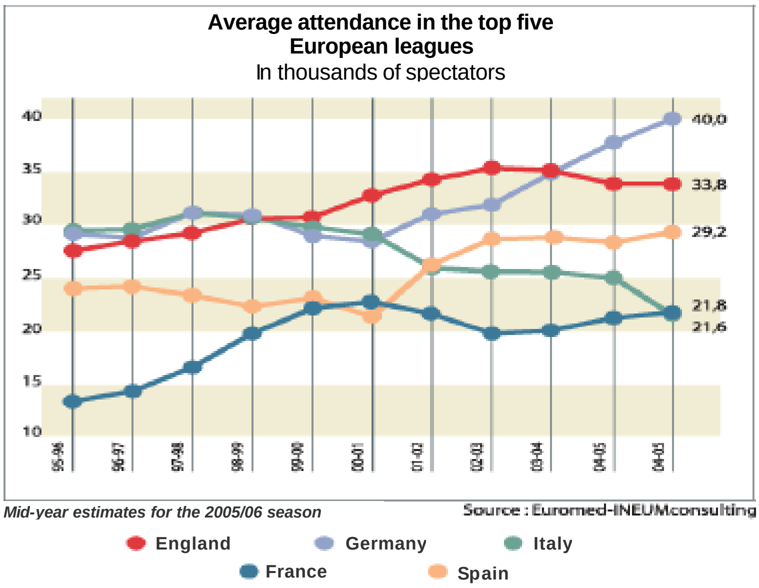
In Germany, exclusive rights to screen Bundesliga games, previously owned by pay-TV channel Premiere, have been granted for 2006-2009 to a consortium including pay-TV operator Arena (owned by cable operator Unity Media) and cable operator Kabel Deutschland. However, the Arena-Kabel Deutschland consortium has reached an agreement allowing Premiere to screen some games.

Regulatory changes are leading to new types of rights packages being offered, and this should maintain a high level of competition.

- FIFA has decided to split the rights to future World Cups between television rights (broadcasts via terrestrial, cable, satellite and internet television), and mobile rights, involving downloadable highlights viewed primarily on 3G mobile phones.
- Eventually, distinctions between distribution platforms may be scrapped in favour of broadcast type (live or delayed).
- In France, rights packages may be altered in the next auction. The LFP has ensured that mobile rights contracts granted in early 2006 expire at the same time as the television rights contract with Canal+.

(c) Ticketing revenues

A constant increase in the number of spectators is also boosting the revenues of European football leagues.

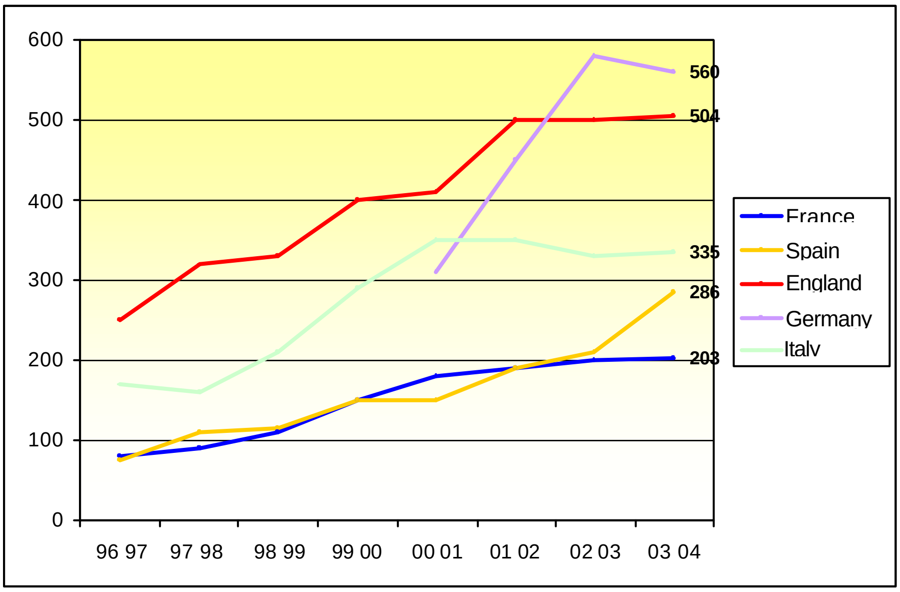


Germany has invested €1.4 billion in its stadia, leading to an increase in German league attendance figures and ticketing revenues. Investment has also led to higher revenues from partnerships (naming) and hospitality (renting out executive boxes and related services).

(d) Commercial revenues

Commercial revenues include partnership and advertising revenues, merchandising, hospitality and conferences, and revenue from branded products. The table below shows a very substantial increase in commercial revenues, particularly from partnerships, advertising, merchandising and other activities starting in 2000/01.

Commercial revenues (sponsorship, advertising, merchandising and others) of the various top-division leagues (€ million)



Source: Euromed - INEUMconsulting

The combined commercial revenues of the five main top-division leagues (England, Italy, Germany, Spain and France) rose at an average of 12% per year between 1997 and 2004.

German clubs have enjoyed strong growth in commercial revenues in recent years (approximately35% per year between 2001 and 2003), and have overtaken English clubs. This is due to the involvement of major German corporations, Germany's larger domestic market and the positive impact of the 2006 World Cup, which Germany hosted.

The commercial revenues of Italian clubs have stagnated in the last three years. In Spain, commercial revenues grew by 18% per year between 1997 and 2004, mainly due to growth at Real Madrid and Barcelona.

In France, commercial revenues grew strongly between 1998 and 2002, probably due to France winning the 1998 World Cup. Since then, revenues have grown more slowly, at approximately2% per year. This slowdown has probably resulted from the national team's early exit from the 2002 World Cup. The amount of media rights revenues received by League 1 clubs, following the granting of exclusive rights to Canal+ for the 2005/06 to 2007/08 seasons, should help French clubs become more competitive in European competitions, and therefore increase commercial revenues.

Alongside traditional partnership activities, more and more clubs are signing stadium naming contracts with corporations. This practice is widespread in North America, the Netherlands, the UK and Germany.

In the USA, more than 50 stadia carry the name of a commercial partner. For example, the Philips Arena is home to the Atlanta Hawks (NBA) and Atlanta Trashers (NHL). Philips is paying $18 million per year over 20 years for naming rights.

Arsenal has signed a naming contract with Emirates worth €150 million over 15 years. The Allianz Arena is home to Bayern Munich and TSV Munich 1860, and Allianz is paying €220 million over 20 years for the naming rights.

Naming can be a significant source of income, which clubs can use to finance the construction or acquisition of infrastructure.

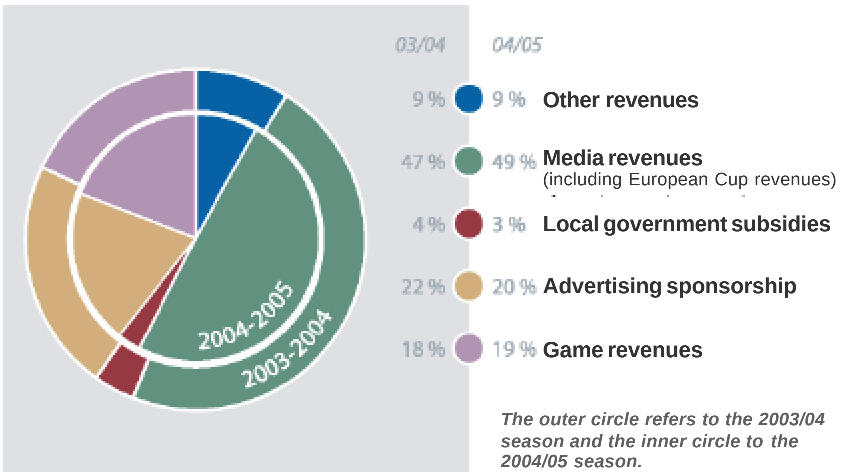
6.2.4 Developments in the French professional football market

OL has the largest budget of any League 1 club (€110 million in 2005/06). The average League 1 budget is approximately €42.5 million.

The revenues of League 1 and League 2 clubs increased by 14.4% in the 2005/06 season. All types of revenue have increased consistently in the last four seasons.

In 2004/05, the competition revenues of League 1 clubs, excluding player trading, totalled €696 million.

Breakdown of competition revenues in the 2004/05 season



Source: DNCG 2005 report

(a) Media rights revenues in France

League 1 media rights revenues have grown substantially in the last 10 years. The first substantial increase started in 1999/00, when League 1 media rights fetched €122 million.

For the 2005/06 to 2007/08 seasons, media rights revenues have increased sharply again following Canal+'s purchase of League 1 rights for more than €600 million per season. In addition, the emergence of mobile telephones and 3G in particular has enabled the LFP to generate new sources of media income. Orange has acquired League 1 mobile phone rights for 2006/07 and 2007/08 for approximately€29 million per season. 50% of the revenues from selling League 1 media rights are split equally between the clubs. The other 50% is divided on the basis of sporting results and television exposure in the current season and the last five seasons (see "Institutional and regulatory environment" appendix, section 3.3 "Regulations governing media and marketing rights").

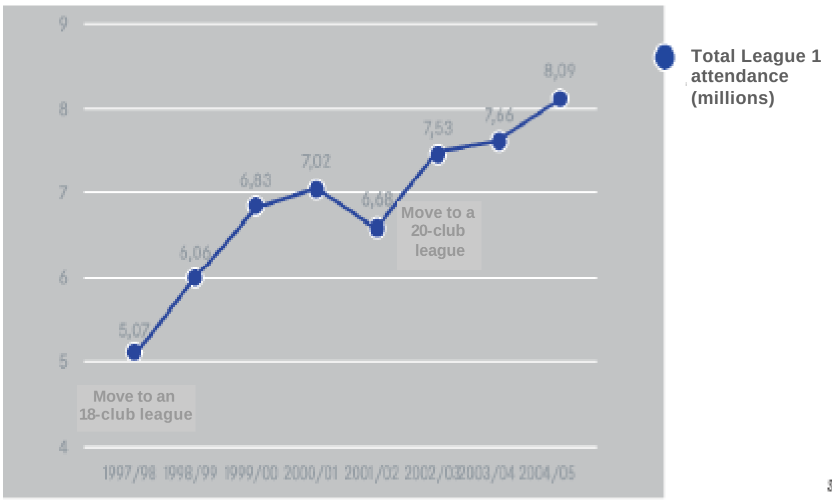
In addition, since the 2004/05 season, clubs have owned the media rights to the League 1 games in which they play, giving them a new source of growth by exploiting delayed images via a range of media (television, mobile telephones, internet, DVDs).

As a result, League 1 clubs enjoyed a 35% increase in media income in the 2005/06 season, compared with a 12.5% increase in 2004/05.

(b) Ticketing revenues in France

League 1 clubs are also enjoying rising stadium attendance and therefore increased ticketing revenues.

Total League 1 game attendance



Source : LFP - Isyfoot

League 1's total attendance in 2004/05 was 8.1 million, up 5.6% on 2003/04 and a new record. This represents an attendance to capacity ratio of 75% per match.

As a result, ticketing revenues rose from €105.7 million in 2002/03 to almost €130 million in 2005/06.

(c) Commercial revenues in France

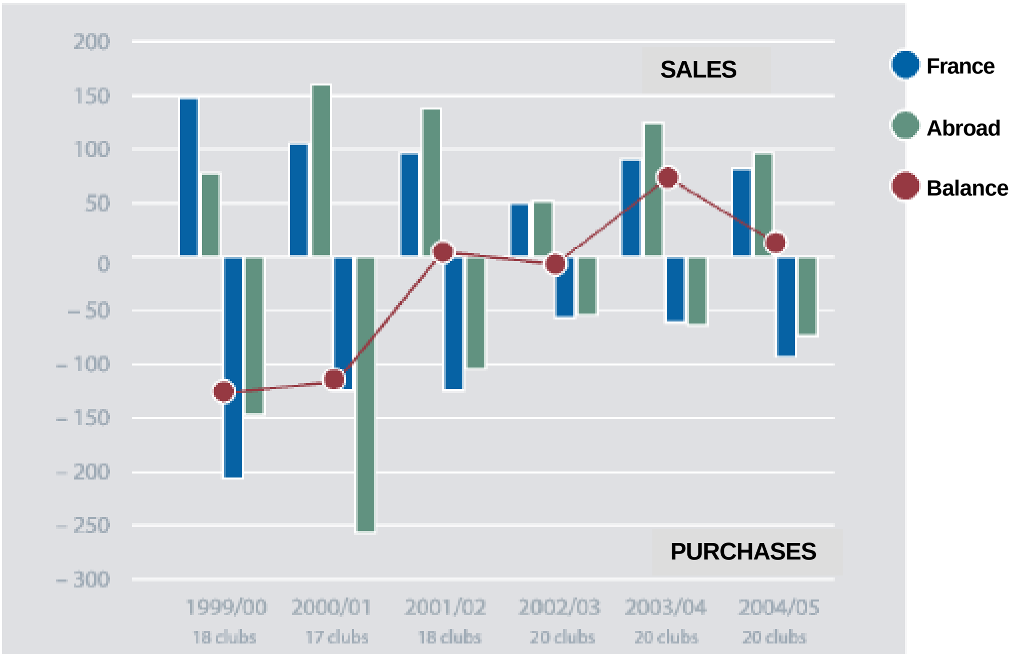
The partnership and advertising revenues of League 1 clubs have also risen in the last four years from €139.6 million in 2002/03 to approximately €175 million in 2005/06.

(d) Transfer market

The French transfer market does not show any particular trend, since it fluctuates in line with the needs of French clubs. However, the Club's net player trading revenues (or expenses) show its strategic focus on using the transfer market as a source of revenue.

Net transfer income

(In millions of euros)



Source: DNCG 2005 report

6.2.5 Competitive environment

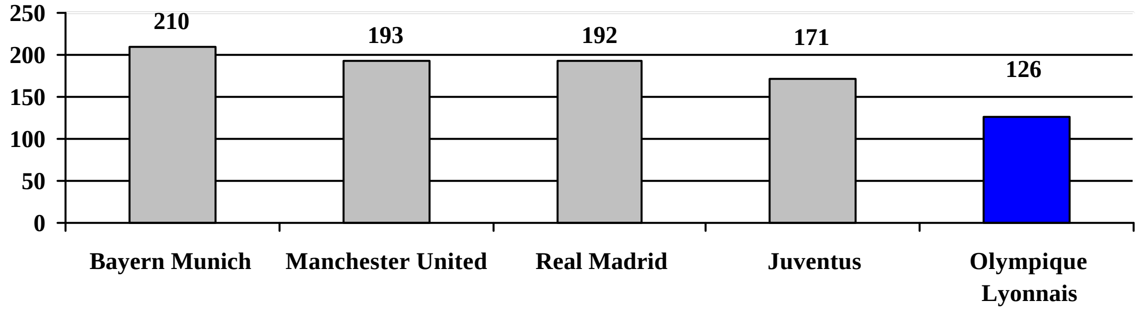
(a) Europe

The February 2006 Deloitte Football Money League report ranked *Olympique Lyonnais* 15th among European clubs based on revenues excluding player trading (€92.9 million under French GAAP in the year ended 30 June 2005). Using information available on the date this prospectus was completed, *Olympique Lyonnais* ranked 13th in Europe based on revenue excluding player trading, which rose by €36 million or 40% in 2005/06.

In terms of consistent footballing performance, *Olympique Lyonnais* ranks third behind Manchester United and Bayern Munich, with five league titles in the last ten years. Its regular participation in the UEFA Champions League puts it among Europe's elite.

Between 1992 and the 2005/06 season, UEFA distributed €3.7 billion of media rights revenues to clubs taking part in its competitions. In its last six entries in the UEFA Champions League, the Club has received approximately €126 million. As a result, OL ranks fifth among clubs which have received the most money from the UEFA Champions League.

Total UEFA Champions League[(1)] revenues received by club (€ million)[(2)]



Source: UEFA Champions League, Season Review 2005-06

Notes:

(1) Ranking of the leading clubs in each national league that received the most Champions League revenues between 1992/93 and 2005/06

(2) Average exchange rate in the year to 30 June 2006: €1 = CHF1.56

Major European clubs' growth models are very similar, and the aforementioned revenue sources are common to the various clubs. The main differences arise from different legislative and regulatory environments, management of players and club policies.

Certain clubs (particularly Italian clubs like Juventus and AC Milan and some Spanish clubs like Real Madrid and Barcelona) negotiate media rights for national competitions directly, while clubs in France (including OL), England and Germany rely on centralised rights management and payments by the league to which they are affiliated. In the latter model, the dominant clubs are unable to capitalise fully on their appeal and effectively "subsidise" the other clubs.

The profiles of the leading clubs' have a major influence on the nature and organisation of their diversification businesses.

Some clubs have an established international profile and audience, with supporters' organisations in several continents (Manchester United, Real Madrid, Juventus). Most clubs' profiles, meanwhile, are limited to their home country. OL, with its consistent results, high-quality players and involvement in European competitions, is gradually raising its profile internationally, and is strengthening it through pre-season promotional tournaments.

A club's appeal to potential commercial partners depends heavily on the profile of its brand.

Management of branded products and partnership contracts can be outsourced in part or in full (as with Manchester United, which appointed Nike to manage its merchandising through a contract in 2001), or handled in-house, as with OL.

Ticketing revenues and the scope for increasing them depends on the club's scale and the versatility of its infrastructure. Clubs that own their own stadiums, like Arsenal and Manchester United, have much better prospects than those that simply rent them (Juventus and OL at the moment).

The factor that most differentiates clubs is their strategy for putting together and managing their players.

Some clubs like Porto and Auxerre, regard their academies as a vital source of players (either trained in-house or recruited from elsewhere) that they can subsequently sell. OL's model is similar to this: it has an impressive academy and favours targeted recruitment and dynamic management of playing staff.

Other clubs, particularly Bayern Munich, Barcelona and Real Madrid, prefer to buy experienced and popular players, often at a very high cost, in order to benefit from the boost to the club's brand and particularly the resulting merchandising and partnership revenues.

Clubs like Chelsea and Inter Milan have focused on recruiting proven players in order to maximise their chances of rapid sporting success, although their decisions do not form part of any business development strategy.

The first club to float on the stockmarket was England's Tottenham Hotspur in 1983. At the time this prospectus was registered, there were approximately30 listed clubs, the main ones being Arsenal FC, Newcastle, Tottenham Hotspur, Sheffield United, Birmingham City, Watford, Southampton, Manchester City, Millwall and Preston in England, Juventus, Roma and Lazio in Italy, Borussia Dortmund in Germany, Ajax in the Netherlands and Rangers and Celtic in Scotland.

Comparison of Europe's top 15 clubs in terms of revenues in the 2004/05 season

#	Club	2005 revenues[1]	Breakdown of revenues: Ticketing	Breakdown of revenues: Media	Breakdown of revenues: Commercial	Listed club	Participations in UEFA Champions League in the last 10 saisons[2]	Number of UEFA Champions League title	Number of national league titles in the last 10 years[2]	UEFA index[3]
1	Real Madrid	276M€	23%	32%	45%	No	9	3	3	3
2	Manchester United	246M€	42%	29%	29%	No	10	1	5	8
3	AC Milan	234M€	16%	59%	25%	No	7	1	2	1
4	Juventus	229M€	10%	54%	36%	Yes	9	1	4	5
5	Chelsea	221M€	38%	37%	25%	No	4	-	2	14
6	FC Barcelone	208M€	32%	38%	30%	No	8	1	4	2
7	Bayern Munich	190M€	38% [4]		62%	No	9	1	7	13
8	Liverpool	181M€	27%	42%	31%	No	4	1	-	6
9	Internazionale	177M€	20%	58%	22%	No	5	-	1	4
10	Arsenal	171M€	32%	42%	26%	Yes	8	-	3	7
11	AS Roma	132M€	21%	58%	21%	Yes	3	-	1	17
12	Newcastle United	129M€	41%	32%	27%	Yes	2	-	-	18
13	Tottenham Hotspur	105M€	30%	36%	34%	Yes	-	-	-	-
14	Schalke 04	97M€	24%	17%	59%	No	1	-	-	20
15	**Olympique Lyonnais**	**93M€**	**22%**	**49%**	**29%**	No	**6**	**-**	**5**	**10**

Sources: Deloitte Football Money League 2006, UEFA

Notes :

(1) revenues excluding player trading

(2) from 1995/96 to 2005/06

(3) At 15 December 2006

(4) Ticketing and media revenues combined

Leading European clubs' roll of honour in their domestic leagues between 1997 and 2006

		Number of titles in the last 10 years	**Year**
Germany	Bayern Munich	7	1997, 1999, 2000, 2001, 2003, 2005, 2006
	Werder Bremen	1	2004
	Borussia Dortmund	1	2002
	Kaiserslautern	1	1998
England	Chelsea	2	2005, 2006
	Arsenal	3	1998, 2002, 2004
	Manchester United	5	1997, 1999, 2000, 2001, 2003
Spain	Real Madrid	3	1997, 2001, 2003
	Barcelona	4	1998, 1999, 2005, 2006
	Valencia	2	2002, 2004
	Deportivo	1	2000
France	Olympique Lyonnais	5	2002, 2003, 2004, 2005, 2006
	Lens	1	1998
	Nantes	1	2001
	Monaco	2	1997, 2000
	Bordeaux	1	1999
Italy	Juventus	4	1997, 1998, 2002, 2003
	Milan AC	2	1999, 2004
	Inter Milan	1	2006
	AS Roma	1	2001
	Lazio	1	2000

N.B.: Italy's national league title was not awarded in 2005.

Source: European football leagues

Only Bayern Munich has done better than *Olympique Lyonnais* in its domestic league, winning seven titles in the last ten years. During the same period, Manchester United has won five league titles.

Olympique Lyonnais is the only elite European club to have dominated its domestic league so comprehensively in the last five seasons.

A pan-European survey, carried out in December 2005 in conjunction with TNS Sport, of a representative sample of people in Germany, Spain, France, the UK, Italy and Poland (which account for 74.8% of the European Union's total population) gave *Olympique Lyonnais* a an instant recognition score of 65%.

(b) France

According to DNCG's latest report, OL's four main rivals in France, based on club budgets, are: Olympique de Marseille, Paris Saint Germain, Racing Club de Lens and AS Monaco. Each of these clubs' have total competition income (including media rights, subsidies from local authorities, partnership and advertising revenues, game revenues and other revenues) of more than €38 million.

Together with OL, they account for 45% of all League 1 competition income.

OL is far ahead of its rivals in terms of sporting performance in France in the last five years.

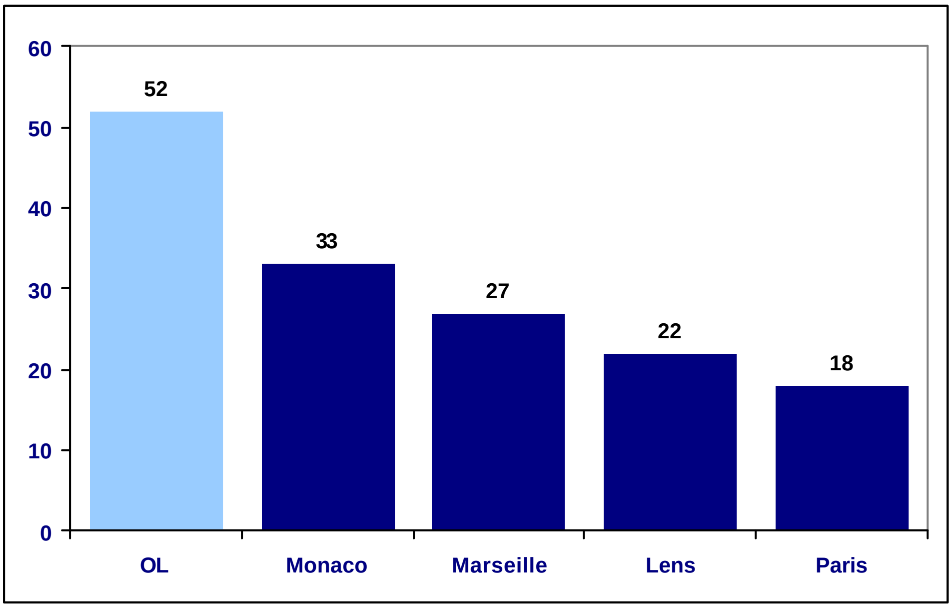
Comparison of League 1 points per season (2001/02 - 2005/06)

	05/06	04/05	03/04	02/03	01/02	Total points
OL	84	79	79	68	66	376
Monaco	52	63	75	67	39	296
Paris	52	51	76	54	58	291
Lens	60	52	53	57	64	286
Marseille	60	55	57	65	44	281
Bordeaux	69	44	50	64	50	277

Source: OL Groupe based on LFP data

OL's lead over these other five clubs is also shown by the number of European games played in the last five years.

Comparison of games played in European competitions (2001/02-2005/06)



Source: OL Groupe based on UEFA data

OL has the highest media profile of any League 1 club. In the last five seasons, *Olympique Lyonnais* has had 128 games broadcast on television, with a total audience of 305 million (all competitions and networks). In 2005/06, *Olympique Lyonnais* was the most broadcast League 1 club, with 32 televised games (up from 28 in 2004/05) and more than 102 million viewers (all competitions and networks). The Club's average televisionaudience is higher than any other League 1 club, at 3.3 million per game. Examples:

- In the 2005/06 UEFA Champions League quarter-final against AC Milan, OL attracted 9,907,200 viewers on TF1, an audience share of 36.9%. This is the highest audience ever achieved by a French club in this competition.

- Of the top 10 French audiences generated by professional football games in 2005/06 (all competitions and networks), games involving *Olympique Lyonnais* attracted the eight highest audiences.

This trend has continued in the 2006/07 season. In the group stage of the UEFA Champions League, OL's game against Real Madrid gained a 34.7% audience share on TF1, while the Lille/AC Milan game had a share of only 22.6% on the same network (source: Médiamat-Médiametrie).

6.3 PRESENTATION OF THE MAIN BUSINESS AREAS

The Group generates strong commercial synergies between the Club's success, the OL brand and its various businesses. The aim is to develop a diverse set of businesses in an orderly manner.

The Group's entrepreneurial management team aims to combine strong performance with constant growth, and has worked hard to acquire the means to achieve this:

- trophies and consistent footballing performance
- solid financial basis and professional management
- popular support and
- aggressive raising of the brand profile

Olympique Lyonnais is one of France's first clubs to adopt a business model of this kind, which is now the benchmark model in French professional football.

The Group generated revenue of €166 million and net profit of €15.9 million in the year ended 30 June 2006. It employed an average of 222 staff in the year ended 30 June 2006 and had 258 employees at 31 December 2006.

6.3.1 Unrivalled footballing success

Olympique Lyonnais was set up in 1950 as a "Loi 1901 association". It has a remarkable roll of honour, with five consecutive league titles in France between 2002 and 2006, and it is the only French club ever to achieve this. It also won the French league cup in 2001 and three Coupes de France in 1964, 1967 and 1973. At the time this prospectus was registered, *Olympique Lyonnais* led League 1 going into the winter break and had qualified for the knock-out stages of the UEFA Champions League.

Olympique Lyonnais was the first French club to win all national competitions.

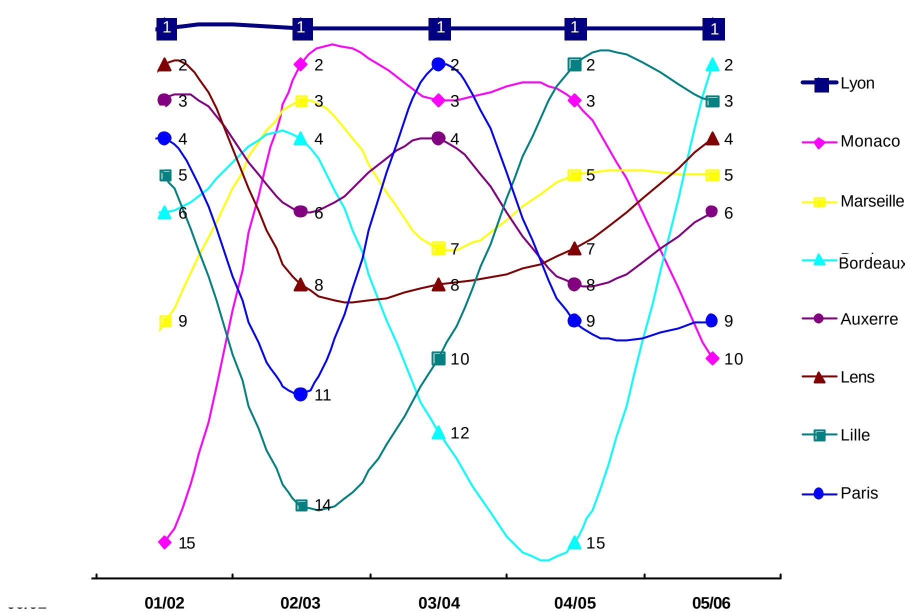
- League 1 champion: 2002, 2003, 2004, 2005 and 2006
- Trophée des Champions: 1973, 2002, 2003, 2004, 2005 and 2006
- League cup: 2001
- Coupe de France: 1964, 1967 and 1973
- League 2 champion: 1951, 1954 and 1989
- Professional reserve team champion: 2001, 2003 and 2006
- Coupe Gambardella: 1971, 1994 and 1997
- Under 18s French champion: 1993, 2000 and 2005, and

– Under 16s French champion: 1994, 1995, 2000 and 2004

Olympique Lyonnais' reputation is therefore well established in France, and its profile in Europe is growing due to the club's presence in the UEFA Champions League for the seventh consecutive year.

For five seasons now, while OL has performed remarkably consistently by winning the league each year, other clubs have been much less consistent. The second-placed club has been different at the end of each of the last five seasons.

End-of-season league position of the main League 1 clubs (2001/02 to 2005/06)



Source: OL Groupe based on LFP data

6.3.2 A football club with an international-standard squad

For the 2006/07 season *Olympique Lyonnais*' squad is made up mostly of players with international caps, representing seven different countries (Brazil, France, Portugal, Switzerland, Sweden, Norway and Algeria). Its ambition is to win the UEFA Champions League and the Company believes that this squad should maintain the success of past seasons in the national competitions and continue the improvement in European performance.

The squad's main characteristics are as follows*:*

– Its size is appropriate to the Club's ambitions, comprising 27 players. This allows a great deal of flexibility in sporting terms without leading to an excessively large wage bill.

– All of these 27 players have represented their country. 19 of them have played for their country's first team, 4 for the under-21s, 3 for the under-20s and 1 for the under-19s.

– Of the 19 players with full international caps, 10 play for France (Coupet, Abidal, Govou, Malouda, Diarra, Réveillère, Squillaci, Wiltord, Toulalan and Clerc), and 9 for foreign national teams (Caçapa, Carew, Fred, Cris, Juninho, Müller, Tiago, Källström and Hima).

– 10 squad players have come up through the Club's academy.

– The average age of the first-team squad in the 2006/07 season is 25. Players initially sign 4-year contracts with the Club, apart from young players developed by the Club itself.

The squad for the 2006/07 season was strengthened by the arrival of six new players, two of whom came from OL's academy.

The four players transferred in at the start of the 2006/07 are all internationals: Squillaci (France), Diarra (France), Källström (Sweden) and Toulalan (France).

First-team squad for the 2006/07 season

First name	Last name	International honours	Age	Contract ends	Developed at OL
Eric	Abidal	Full (France)	27	June 2009	
Hatem	Ben Arfa	Under-19s (France)	19	June 2010	X
Mourad	Benhamida	Under-20s (France)	20	June 2007	X
Karim	Benzema	Under-21s (France)	19	June 2010	X
Jeremy	Berthod	Under-21s (France)	22	June 2009	X
Grégory	Bettiol	Under-20s (France)	20	June 2007	X
Claudio Roberto	Caçapa	Full (Brazil)	30	June 2007	
Tiago	Cardoso Mendes	Full (Portugal)	25	June 2009	
John	Carew	Full (Norway)	27	June 2009	
Frederico (Fred)	Chaves Guedes	Full (Brazil)	23	June 2009	
François	Clerc	Full (France)	23	June 2010	X
Grégory	Coupet	Full (France)	34	June 2008	
Alou	Diarra	Full (France)	25	June 2010	
Sydney	Govou	Full (France)	27	June 2010	X
Joan	Hartock	Under-21s (France)	19	June 2008	X
Yacine	Hima	Full (Algeria)	22	June 2007	X
Sylvain	Idangar	Under-20s (France)	22	June 2007	X
Kim	Källström	Full (Sweden)	24	June 2010	

First name	Last name	International honours	Age	Contract ends	Developed at OL
Florent	Malouda	Full (France)	26	June 2011	
Christiano (Cris)	Marques Cris	Full (Brazil)	29	June 2010	
Patrick	Muller	Full (Switzerland)	30	June 2008	
Juninho	Ribeiro-Reis	Full (Brazil)	31	June 2008	
Anthony	Reveillere	Full (France)	27	June 2008	
Sébastien	Squillaci	Full (France)	26	June 2010	
Jérémy	Toulalan	Full (France)	23	June 2010	
Rémy	Vercoutre	Under-21s (France)	26	June 2008	
Sylvain	Wiltord	Full (France)	32	June 2008	

6.3.3 A football club with a proven sporting policy

SASP OL's organisation is highly professional, like that of the Group as a whole. This is demonstrated by its latest decision to appoint a special coach for strikers. SASP OL employs 42 staff, i.e. 27 players and 15 sporting and technical managerial staff.

OL has won five consecutive League 1 titles with three different head coaches. A change in head coach does not therefore affect the consistency of the team's results. This shows the effectiveness of the Club's sporting structure.

The first team is now managed by Gérard Houllier, who played for Le Touquet between 1971 and 1976 and who has extensive experience as a coach. He has been head coach at Lens (1982-1985) and Paris Saint-Germain (1985-1988), Michel Platini's assistant as manager of the French national team (1988-1992), national selector for the French national team (1992-1993), national technical director (1994-1998) and then head coach at Liverpool (1998-2004).

Gérard Houllier has an impressive list of managerial successes, including the following titles: Champion of France 2006 with *Olympique Lyonnais*, Trophée des Champions 2005 and 2006 with *Olympique Lyonnais*, Champion of Europe with the French under-18s team in 1996, Champion of France 1986 with Paris Saint-Germain and various honours with Liverpool (the European Super Cup in 2001, the Community Shield, the FA Cup, the UEFA Cup and the League Cup in 2001 and 2003). He was in charge of Liverpool for 207 Premiership games.

Gérard Houllier's main assistants are:

– assistant coaches Patrice Bergues (former sporting director of Lens from 2001 to 2005) and Rémi Garde (former international player developed at Lyon, played for Arsenal until 1999);

– goalkeeping coach Joël Bats (50 caps as goalkeeper for the French national team, played for Auxerre and Paris Saint-Germain, former assistant coach at Paris Saint Germain, coach at Châteauroux until 2000);

- striker coach Sonny Anderson (Brazilian international and legendary League 1 striker)

- fitness coach Robert Duverne (at OL for more than 15 years, prepared the French national team for the 2006 World Cup)

- sporting co-ordinator Guy Genet, whose role involves logistics (hotel reservations, travel details) and equipment (various items required by the players) for games played by OL's first team.

6.3.4 A football club with one of the best academies

The Club's academy is an LFP category 1 facility, and has an annual operating budget of approximately €4 million. It is currently regarded as one of the best in France. It is attended by 140 young players, of which 24 are boarders. The academy's "sport and study" classes fall into two categories, one for 12-14 year olds and one for 15-18 year olds.

Academy students receive training from 98 managers, teachers and referees, who may be volunteers or employees of the Club or of one of three partner schools. Students follow a real academic programme. A headmaster with experience in the state school system was recruited more than four years ago.

Since its creation, the Club has won all possible youth team honours. It has also won the FFF's award for best professional club for youth players, in 2002/03, 2004/05 and 2005/06.

In the last few years, the academy has constantly supplied the first team with talented young players. It has therefore substantially added to the Group's human and financial resources, whether the players have stayed with the Club (Govou, Benzema, Clerc, Berthod) or been sold (Malbranque, Bréchet, Bergougnoux, Balmont, Clément and Giuly). Two players from the academy signed professional papers at the start of the 2006/07 season.

The club's amateur teams won numerous titles and distinctions in 2005/06. The boys' section comprises 224 players across 14 teams, including 4 under-13 teams and 3 under-15 teams (Champion of France for academies and *Champion de Ligue d'Honneur* in the under-15 and under-13 categories). The girls' section consists of 7 teams, including teams that finished third in the Division 1 championship and one that was a finalist in the Challenge de France competition.

The amateur section as a whole comprises 350 boys (aged 8 and up) and 14 boys' teams, along with 160 girls and 7 girls' teams. It gives the Club an optimal base for detecting young talent, while also maintaining its position at the grass-roots level of football.

This system is complemented by an international network of specialist scouts, belonging either to the Club or external partners. The Group has a network in Brazil, which it intends to duplicate in Africa and certain Eastern European countries.

6.3.5 A football club with high-quality infrastructure

The Group benefits greatly from its high-quality infrastructure, which directly contributes to the Club's excellent sporting performance.

A fully equipped and highly effective academy

The Club's academy boasts a variety of facilities at the *Tola Vologe* site at the centre of the *Parc de Gerland*, in the immediate vicinity of *Stade de Gerland* and the Company's head office. The academy's location allows the Club to provide top-level training in ideal practical conditions.

The Club has worked hard to develop the *Tola Vologe* site over a number of years, and it was fully modernised in 1999. It includes training facilities for the first-team squad, academy facilities and facilities for the amateur section. Facilities include:

- three private pitches and ten shared pitches (one of which is approved for use in the French amateur championship and in women's football games), a gym, an indoor swimming pool and a physiotherapy centre.
- The academy's facilities include changing rooms, a games room and a 30-room boarding house that houses 24 boarders aged 12-18.
- A new academy is planned (see section 6.5.2 "Main investments currently underway within the Group" for more information), which will feature all infrastructure required by trainee footballers (accommodation, catering, sports facilities).

Stade de Gerland

Stade de Gerland was built in 1926 and designed by the architect Tony Garnier. It has a maximum seated capacity of 40,494 and is a listed historical monument in France. It is located close to the city centre, with good public transport links (metro and bus). It also has good road and motorway connections, lying close to Lyon's ring road and the A7, A42 and A43 motorways, which connect it with the centre of Lyon, Lyon Saint-Exupéry international airport and Lyon Part-Dieu train station. These links make it very accessible for the entire city.

All of the Group's administrative and sporting infrastructure is adjacent to the stadium, as are major cultural and sporting centres (Halle Tony Garnier and Palais des Sports de Lyon) along with numerous hotels and restaurants. The area surrounding the stadium is capable of housing new facilities for sporting or other events.

Stade de Gerland was entirely renovated for the 1998 World Cup, with public investment of almost €33 million. Its lighting system produces 1,548 lux (FIFA minimum: 1,400 lux) to allow optimal television game coverage. Seating areas are fully covered, and security has been enhanced (control room, videosurveillance, stations for the emergency services, automatic turnstiles) to levels exceeding the requirements of the French government's internal security plan.

As from 2002, a new €6.42 million investment programme was initiated to improve the existing facilities still further. The programme was co-financed by the City of Lyon (€4.96 million), the Group and the *Rhône* regional council. The aim was to principally to renovate existing sanitary and catering infrastructure, to increase the executive box capacity and to provide leading-edge media facilities and services (new press room, video cabling).

Since March 2004, when the new executive boxes and stands were completed, *Stade de Gerland* has had:

- 36 executive boxes with 10-20 seats each and a total of 485 seats, comprising 22 executive boxes in the Jean Jaurès stand and 14 new executive boxes in the Jean Bouin stand;

- 1,260 "Prestige" seats with premium facilities, including 950 existing seats: the "Club des Cents" area (400 seats) and the "Club Prestige" area (550 seats) in the Jean Jaurès stand and 310 new seats in the "Cercle Jean Bouin"; and

- almost 39,000 other seats across the four stands.

For the last two years, *Stade de Gerland* has had two away fans' areas of very different sizes, allowing the Club to ensure the highest possible attendance by avoiding having empty seats.

- Large away fans' area: 2,450 seats and 950 cordoned-off seats.

- Small away fans' area: 520 seats and 111 cordoned-off seats.

By using the small away fans' area for 15 games per season, the Club can sell 2,800 more tickets.

The stadium now has an automated system for checking tickets and passes, comprising turnstiles and mobile terminals equipped with barcode and contactless smartcard readers. This system limits human error and improves management of lost or stolen tickets and passes.

There is no significant scope for further development at *Stade de Gerland*. As a result, the Group intends to build a new 60,000-seater stadium (see section 6.5 "Investments"). However, at the time this document was registered, *Stade de Gerland* was and will remain the main venue for the Club's games until the new stadium is operational.

6.3.6 A club whose management is closely involved in football institutions

The Club is well represented in the main professional football authorities, in both France and Europe. This puts it at the centre of major developments in football, and in some cases enables it to anticipate sporting and regulatory developments. On the date this prospectus was registered, the Club was represented in the following authorities:

- Board of Directors of the LFP: Jean-Michel Aulas has been the first deputy chairman of the LFP's board of directors since 2000. He was previously the LFP's general treasurer between 1993 and 2000. Mr Aulas is also a member of the G14's board of directors, and is a founding member of the *Union des Clubs Professionnels de Football*.

- LFP's Legal Committee: Marino Faccioli, deputy general manager of OL Groupe in charge of sporting activities, security, relations with sports authorities and local government, is a member of the LFP's legal committee, and takes part in all major initiatives to modernise the sector's regulations.

6.3.7 A club which is close to its supporters

Since the arrival of Jean-Michel Aulas as chairman, the Club has established relations with nine recognised supporters' groups. The aim is to build trust without compromising their independence, and to involve them in decisions that concern them.

Olympique Lyonnais prefers to grant discounts on individual season tickets. It does not sell, and does not intend to sell, season tickets directly to supporters' groups. This policy reflects *Olympique Lyonnais*' constant desire to know and monitor its supporters.

The Club is currently in talks to introduce a charter that will confer rights and duties to its supporters' groups. Failure to comply with this charter will lead to a supporters' group losing its officially recognised status.

6.3.8 Plan for an *Olympique Lyonnais* charitable foundation

Olympique Lyonnais intends to join forces with its main partners (particularly Cegid, Pathé and Noël Soccer) to develop a cultural sponsorship policy. This will involve the creation, in 2007 at the earliest, of a charitable foundation promoting, at a local, national and international level, social integration through sport, education, assistance to the sick and to hospital patients, and support for amateur sport.

The foundation would be governed by a board of directors, which would elect its chairman, outline the cultural sponsorship policy and appoint a project selection committee that would decide whether or not to support proposals submitted by general interest organisations.

The *Olympique Lyonnais* foundation would only consider proposals from general interest organisations that are:

- sponsored by members of *Olympique Lyonnais*' playing or coaching staff;

- put forward by *Olympique Lyonnais* employees;

– put forward by employees of other founding companies (based in the *Rhône-Alpes* region or elsewhere in France); or

– put forward by *Olympique Lyonnais* season ticket holders.

The foundation would have an annual operating budget of about €135,000 in the first year and €185,000 thereafter.

6.4 MAIN SOURCES OF INCOME

OL's has five main sources of income: (i) media rights, (ii) ticketing, (iii) partnerships and advertising, (iv) diversification activities and (v) player trading.

The table below breaks down OL Groupe's revenue according to the main markets in which it operates.

Breakdown of revenue by source

In millions of euros	**2005/2006 (IFRS)**	**2004/2005 (IFRS)**	**2004/2005 (French GAAP)**	**2003/2004 (French GAAP)**
Media rights	71.5	46.1	46.1	33.4
Ticketing	21.0	17.7	17.7	16.4
Partnerships/advertising	13.9	15.5	15.5	13.2
Diversification	21.2	12.4	14**	8.2
Revenue excluding player trading	127.6	91.8	93.3	71.2
Player trading	38.4	24.8	5***	24.7
Total revenue	**166.1**	**116.6**	**98.3**	**95.9**

* The amounts relating to "Media rights", "Partrnerships/advertising", "Diversification" and "Player trading" in the 2004/05 (French GAAP) column have been adjusted and therefore differ from the amounts in the notes to the consolidated financial statements for the year ended 30 June 2005. These adjustments relate mainly to the transfer of revenues included in the "Partnerships/adv ertising" category in the French GAAP 2004/05 financial statements to the "Other revenues" category.

** The difference between diversification revenues under French GAAP and IFRS for 2004/05 exists because the revenues of associate company Argenson are not included under IFRS, while subsidies are classified as business revenues.

***The difference between IFRS and French GAAP player trading revenues in the year ended 30 June 2005 exists because the sale of two players for approximately €20 million was allocated to the year ended 30 June 2005 under IFRS (based on the date the transf er was approved) but to the previous year under French GAAP.

6.4.1 Media revenues

Media rights are the Group's main source of income, accounting for approximately43% of its total revenue in the year ended 30 June 2006.

The system for marketing media rights means that media revenues come partly from centralised sales and partly from OL Images' exploitation of the Group's media rights (see section 9.1.2 "Main items of revenue and factors affecting business levels and earnings").

Breakdown of media revenues

In millions of euros	2005/2006 (IFRS)	2004/2005 (IFRS)	2004/2005 (French GAAP)	2003/2004 (French GAAP)
LFP television rights	43	25.5	25.5	14
% change	*68.6%*		*82%*	
European television rights	25.9	20.3	20.3	19.4
% change	*27.6%*		*4.1%*	
OL Images revenue	2.6	0.3	0.3	0.0
% change	*N/A*		*N/A*	
Total media revenues	71.5	46.1	46.1	33.4
% change	*52.1%*		*37.1%*	

(a) Revenues from centralised sales of media rights

Most media revenues consist of money received by SASP OL from the centralised sale of media (and some marketing) rights by the LFP relating to League 1 and league cup games, by the FFF for Coupe de France games and by UEFA for UEFA Champions League games. Media revenues from the Club's League 1 games totalled approximately €43 million in 2005/06, equal to 60% of total media revenues. Media revenues from European competitions totalled approximately €25.9 million, equal to 36% of total media revenues.

Money from centralised sales of media rights is distributed mainly on the basis of sporting results (see appendix "Institutional and regulatory environment" and section 3.3.1 "Media rights"). An "attacking play football challenge" has been introduced in the 2006/07 season, and part of the centralised revenues collected by the LFP will be paid out to teams demonstrating the most attacking play (see "Institutional and regulatory environment" appendix). This new system should enable OL to increase income from the centralised sale of League 1 media rights. After the first 17 games of the 2006/07 League 1 season, OL was at the top of the "attacking play football" league with 35 goals scored.

The Group will also benefit from a further increase in League 1 media rights revenues for the 2006/07 and 2007/08 seasons, due to an increase in net revenues paid to clubs by the LFP (up €20 million). This is partly the result of Orange buying mobile phone rights to League 1 games for approximately €29 million per season. The Group should also enjoy an increase of approximately 25% in UEFA revenues in 2006/07.

(b) Revenues from OL Images' exploitation of media rights

Television

The rest of the Group's media revenues come from OL Images, which is the Group's media division (television, internet, telephones, press, giant screens, DVD production). OL Groupe is always looking to be ahead of the curve in developing new sources of income, and set up OL Images on 11 October 2004 to exploit media rights not sold centrally by the LFP and UEFA. This early move allowed the Group to exploit the Club's media rights as soon as they became available, by setting up the Club's own television station, called OL TV. In just two years, OL Images has made OL TV part of the French television landscape, and produces a daily talk show covering issues relating to the Club. Broadcast deals have been signed with CanalSat, TPS and Noos. OL TV is also broadcast through the Free, Orange TV and Neuf Telecom ISPs.

OL TV's facilities include a television studio and set, production equipment and an mobile production facility. This vehicle allows television production to take place anywhere, particularly in the vicinity of any stadium in France where the Club is playing.

OL TV produces programmes intended for giant screens, DVDs (including the DVD of OL's 100 greatest goals, produced in partnership with Pathé, which has sold approximately 50,000 copies), adverts and corporate films intended for the Club's partners.

The Company expects OL Images to help the Group benefit from the LFP's policy, introduced two years ago, of developing League 1's profile outside of France. This is being done through TWI, a sports marketing subsidiary of the IMG group, which has played a large role in popularising the English Premiership in Asia.

New media

OL TV is also in charge of designing and developing web television programmes, supplying 3G mobile phone content and managing the Club's website.

In the mobile phone segment, OL Images has linked up with Universal, which offers mobile phone services on the Orange network, to market OL Mobile services.

The Club's website (www.olweb.fr) is operated by e-TF1. It is one of the main ways in which the Club communicates with its fans, but also with its commercial partners. The website gets approximately 2 million hits per month (more than 8 million page views per month). Information on the official website is updated 7 days a week, and there is an English version of the site featuring translations of all Club news.

This wide audience enables the Group to generate income from:

– advertisers, by selling space through the Group's in-house media sales unit OL Média and through the national media sales company TF1 Publicité;

- the Club's supporters, through services such as online ticketing (revenues going to SASP OL) and branded products (revenues going to OL Merchandising); and
- the Club's image rights through the sale of online video subscriptions (exclusive content produced by OL TV and game highlights).

The Company also has a partnership with Orange for the distribution and marketing of paid multimedia content via the Group's website and via 2G and 3G mobile phones. This agreement allows the Group to:

- broadcast paid video clips on its website;
- offer various services to Orange users (SMS and MMS services including competitions, questionnaires, tests, logos, ringtones, news, game results, game updates etc.); and
- inform people using these new services about the products and services offered by the Group's various subsidiaries.

These new services have a variety of advantages for the Group:

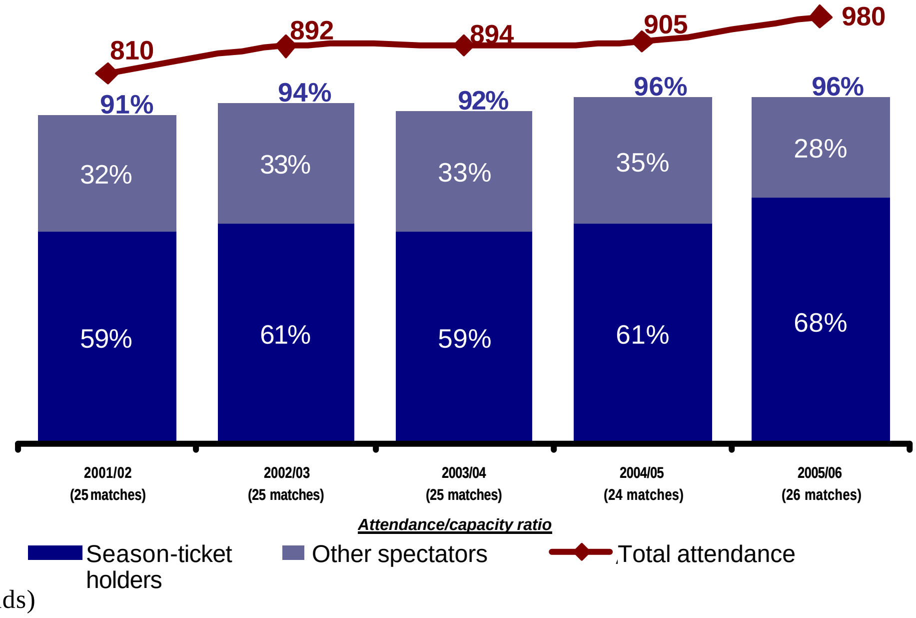
- they make the website more interactive and enhance website revenues (through paid video-on-demand services); and
- they provide new sources of income through mobile phones, using existing and future mobile technologies.

OL Images generated revenue of €3.6 million in the year ended 30 June 2006, of which €2.6 million came from outside the Group.

6.4.2 Ticketing revenues

Ticketing revenues consist solely of revenues from ticketing. Hospitality services fall under the partnership revenues category.

Since 2001, game attendance has exceeded 90% of the stadium's capacity on average, and total attendance in 2005/06 was 994,750, compared with 810,000 in the 2001/02 season. Over the same period, the ratio of attendance to capacity rose from 91% to 96.5%, as the table below shows:



(in thousands)

OL has a very broad range of ticket prices, with the aim of offering appropriate prices for all supporters. There are five major price categories in the stands:

– Club Affaires: occupied solely by companies, mostly large companies;

– Jean Jaurès and upper Jean Bouin stands: mostly occupied by companies (of all kinds) but also by wealthy individuals;

– lower Jean Bouin stand: occupied by small and medium-sized businesses, works councils and individuals, most of whom have attended games for many years;

– behind-the-goal stands, upper section: recently built sections, mainly occupied by families; and

– behind-the-goal stands, lower section: members of supporters' groups and people wanting the cheapest tickets.

Revenue growth results mainly from:

– dynamic price management;

– the increasing support of OL's fans, resulting from the entertaining football and excellent results OL has had in the last few seasons, but also the Group's efforts to develop the OL brand; and

– high attendance rates at *Stade de Gerland*, with total attendance of 994,750 in the 2005/06 season and 16 out of 26 games being sell-outs.

Season tickets account for an increasing proportion of ticketing revenues. In 2005/06, season-ticket holders accounted for 68% of attendance at *Stade de Gerland*, up from 31% in 1998/99. This increase has two positive effects for the Group.

- It provides the Group with significant, stable and guaranteed financial resources in the first few months of the season (€8.5 million in the current season), and improves the working capital requirement.

- It also provides a broad customer base for the Club's non-sporting activities, for example through relational marketing initiatives.

The table below shows season-ticket numbers in the last three seasons.

	2005/2006	2004/2005	2003/2004
Season-ticket holders	25,892	22,951	22,547

During the 2005/06 season, the total number of season tickets sold was 25,892, including 1,763 "Club Affaires", 5,329 local authority and 18,720 standard. Holders enjoy preferential ticket prices. Among standard season-ticket holders, 3,700 are members of supporters' groups.

Season tickets only allow entry to OL's League 1 games. They are sold mainly at the start of the season, and are paid for up-front. For UEFA Champions League games, the Group sells passes to season-ticket holders allowing them to attend first-round games. If the Club progresses to the knock-out stages, tickets are then sold on a game-by-game basis.

6.4.3 Partnership and advertising revenues

These revenues come from of selling advertising space on shirts and other media for a specified period (partnerships) and advertising space in the stadium on a more informal basis (advertising). They also come from hiring out *Stade de Gerland* executive boxes and selling hospitality services. These services are marketed in principle through sports marketing company Sportfive (see section 22 "Major contracts").

Partnership and advertising revenues (League 1 and UEFA Champions League)

In millions of euros	2005/2006 (IFRS)	2004/2005 (IFRS)	2004/2005 (French GAAP)	2003/2004 (French GAAP)
Revenues	13.9	15.5*	15.5*	13.2

*Including non-recurrent compensation related to the renegotiation of the Sportfive contract (€1.9 million)

In future, the Group intends to focus on just a few key partners, with a single shirt sponsor. This should enable it to maximise revenues, following the example set by clubs in England and other major European clubs, which have only one or two shirt sponsors. This approach should also boost the sale of branded products (merchandising). A partnership with a world-renowned company will support the Club's international expansion. The recent partnership with Accor fits with this strategy.

The Group believes that the marketing rights offered by the Club are very attractive to companies, for the following reasons:

– they generate high brand visibility, in both above- and below-the-line media, with respect to their cost;

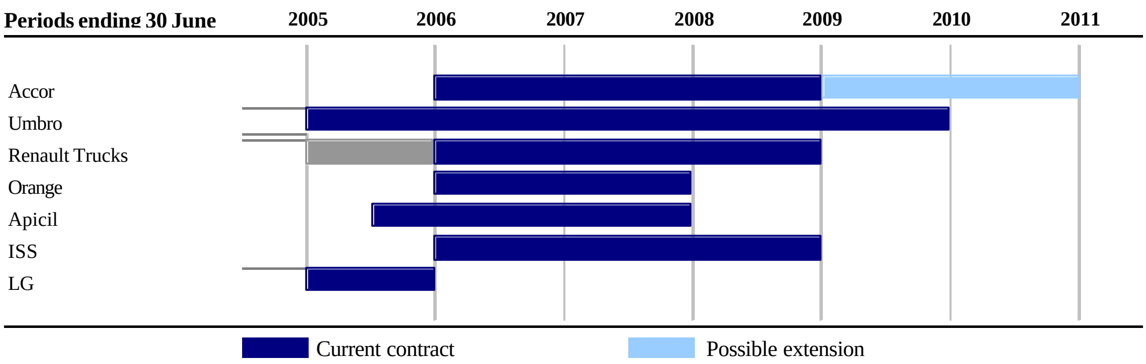
– professional football has a wide audience, offering an impact several times greater than the same amount of direct advertising expenditure would provide;

– the OL brand is increasingly prestigious and renowned; and

– the Group is able to offer partnerships suited to all kinds of partner requirements (visibility on above- and below-the-line media in League 1 or European games, access to databases, receptions in executive boxes).

Partnership contracts typically last 3-5 years (excluding executive box rental contracts), and are a steady source of income for the Group.

Duration of the main partnership contracts



Revenue from partnership contracts totalled €13.9 million in the 2005/06 season. Overall, approximately 500 companies have partnerships with OL, including major companies like Accor, Renault Trucks, Umbro, Orange, Apicil and ISS Services.

The Club's institutional partners are the City of Lyon, "Le Grand Lyon" (Lyon's urban community), the *Rhône* regional council and the *Rhône-Alpes* regional council.

6.4.4 Diversification revenues

The diversification strategy uses OL's high brand profile to develop partnerships and expand the range of products and services on offer.

The *Olympique Lyonnais* brand has been owned by SASP OL since 31 May 2005. It is one of the *Rhône-Alpes* region's leading brands, and forms the basis for efforts to develop diversification activities related to the Group's sporting activities. The Group has given the OL brand a solid local and national presence, and has raised its profile in Europe through the Club's sporting success and the resulting media coverage.

The Club's growing popularity and the strength of the OL sports brand have driven growth in the fanbase, on which all revenue growth depends. This is true of both "traditional" businesses (media rights, ticketing and partnership/advertising) and diversification businesses. The OL brand's strong appeal allows the Group to develop various diversification activities, each through a specialist subsidiary. They include:

- marketing of branded products (OL Merchandising);
- sourcing and purchasing of clothing and promotional products (M2A);
- organisation of travel and leisure activities (OL Voyages);
- admission, security and organisation services for sporting and other events (OL Organisation);
- fine dining (Argenson);
- catering (OL Restauration, an equity affiliate).

Diversification revenues

In millions of euros	**2005/2006 (IFRS)**	**2004/2005 (IFRS)**	**2004/2005 (French GAAP)****	**2003/2004 (French GAAP)**
Branded products	13.6	8.5	8.5	3.8
% change	*60.2%*			
Travel	3.6	1.9	1.9	1.7
% change	*92.1%*			
Restaurants/catering*	N/A	N/A	2.4	2.2
% change				
Other	4.0	2.0	1.2	0.5
% change	*100%*			
Total diversification revenues	21.2	12.4	14	8.2
% change	*70.5%*			

** Argenson has been an equity affiliate since the year ended 30 June 2005.*

*** Restated following the reallocation of certain items*

To maximise transparency regarding the various businesses, each subsidiary specialises in a specific activity.

(a) OL Merchandising: marketing branded products

OL Merchandising was set up in July 2002, and exploits the OL sports brand through the marketing of branded products. In the year ended 30

June 2006, it generated revenue of €11.9 million, of which €11.6 million came from outside the Group. It was created by through a spin-off of activities that used to be handled by SASP OL. Since it was set up, OL Merchandising has developed new activities that account for a significant portion of its revenues. Shirt sales, for example, have grown from fewer than 50,000 to more than 110,000 units per year. This growth has continued in 2006/07, with orders for more than 195,000 shirts.

OL Merchandising employs 41 staff and has three business areas:

(i) *Developing and marketing branded products*

OL Merchandising designs and sells the Group's branded product lines, of which there are currently approximately 300 (not counting the various sizes and colours).

It designs sporting or sports-related OL-branded products either alone or with partners. Some clothing products are designed with Umbro, the Group's official sports manufacturer. OL Merchandising designs other products itself (mainly leisure and sports-related clothing) and outsources production to M2A, the Group's sourcing subsidiary.

OL Merchandising is also in charge of branded products' marketing and logistics. It has three main distribution channels. The first consists of distance selling by catalogue (three catalogues per year, with print runs of 50,000, distributed to season-ticket holders) and via the Group's website. Secondly, OL has dedicated sales areas within 110 large retail outlets (such as Carrefour, Auchan, Leclerc, Champion, Décathlon, Go Sport, Made in Sport, Sport 2000, Twinner and Intersport stores). Lastly, OL uses a network of small retailers in the Lyon area (including tobacconists, service stations, bookshops and stationers), which provides useful feedback about its various products.

(ii) *The Group's own retail outlets*

OL Merchandising operates two dedicated retail outlets.

- OL Store opened in July 2003 and is located 200 metres from *Stade de Gerland*. This outlet has 300 square metres of selling space and spearheads the Group's local merchandising initiatives.
- Planet OL opened in 1997. It is located in the middle of Lyon city centre, close to Place de la République, and has 150 square metres of selling space.

(iii) *Licensing*

OL Merchandising's licensing policy is based on partnerships with specialist operators. This has given OL a very strong presence in the City of Lyon and the surrounding area. Brand licensing agreements have been signed with local partners such as OL Conduite (driving school), OL Taxis, OL Gourmet, OL Boissons and OL Phone (3 shops). Product licensing agreements have been signed with regional and national partners such as Mère Richard (St-Marcellin cheese), Millesia – Nina Ricci (underwear) and Bic.

Each partner pays OL Merchandising a percentage of the income generated from selling OL branded products.

(iv) *Strategic partnership with Umbro*

Within the Group, OL Merchandising is the main operator of the strategic partnership with Umbro, which is one of the world's leading football equipment manufacturers and *Olympique Lyonnais*' official sports manufacturer.

The main terms of this partnership agreement are set out in section 22 "Major contracts".

(b) M2A: sourcing and purchasing of clothing and promotional products

OL Groupe acquired M2A on 1 September 2004. M2A is a sourcing and trading company specialising in clothing and promotional products. It employs seven staff and in the year ended 30 June 2006 generated revenue of €3.7 million, of which €2.0 million (or 54%) came from outside the Group.

M2A sells clothing and promotional products to a customer base mainly comprising partners like Pathé, but also various sports clubs. For the first time M2A has expanded in Europe this year, signing a deal with Belgian football club Standard de Liège.

(c) OL Voyages: travel and leisure activities

OL Voyages was set up in June 2000, and offers a full range of travel organisation services for individuals, companies, local government entities and the Group. In the year ended 30 June 2006, it generated revenues of approximately €6 million, of which €3.6 million (or 60%) came from outside the Group.

It organises travel for the Group's sporting staff and supporters, and business trips for Group employees in France and Europe. It also organises travel for companies, local government entities and sports clubs (such as the *Fédération Française de Volley Ball*, including the national volleyball teams), along with travel for individuals.

In September 2003, OL Groupe and Afat Voyages (through the Afat Entreprise holding company) agreed for Afat Voyages to take a 50% stake in OL Voyages. This is an indication of the appeal of the Group's diversification businesses. The deal gives OL Voyages the resources it needs to step up its development, allowing it to benefit from the expertise of one of France's leading independent travel agent networks.

(d) OL Organisation: admission, security and organisation services for sporting and other events.

This company was set up on 30 June 2004 and employs 18 staff. It markets the Group's expertise in event security and organisation. Its services include setting up and organising admission and safety systems for various events, particularly those relating to *Olympique Lyonnais*' activities. In the year ended 30 June 2006, it generated revenues of €3.8 million, of which €0.2 million (or 5%) came from outside the Group.

OL Organisation will handle admissions, security and organisation for sports and entertainment events in the new stadium, for both OL and the Group's external customers.

(e) Argenson: fine dining

In 2000, the Group bought a stake in the Argenson restaurant, which is located very close to its head office and *Stade de Gerland*. In the year ended 30 June 2006, it generated revenues of €3.1 million.

The objective behind this investment is to offer fine dining to the Club's customers. Argenson now forms part of the Group's "Club Affaires" package, with customers dining at the restaurant on match days. Since 2004/05, Argenson has also provided a catering service in the Club Affaires area of the Jean Bouin stand.

In early 2002, the Group sold a stake in Argenson to the Bocuse group, which now owns 50.03% of the company. Bocuse now operates the restaurant. The deal allows the Group to benefit from the internationally renowned expertise of Bocuse, a Lyon-based restaurant group led by top chef Paul Bocuse. The aim is to offer high-quality services and products to customers, and to have access to the best human and technical resources. Bocuse has a strong presence in the Lyon upscale restaurant market, with four brasseries in a similar bracket to Argenson.

(f) OL Restauration: catering services

In 2002, the Group set up a contract catering subsidiary in partnership with Sodexho Alliance, one of the world's leading players in food and management services. Under this partnership, the Company owns 30% of OL Restauration and Sodexho Alliance the rest. The partnership has streamlined the Group's catering services, improved service quality and allowed the Group to cope with rising business volumes. In the year ended 30 June 2006, OL Restauration generated revenues of €2.2 million.

OL Restauration operates fast food stands and snack bars in and around the stadium. It also provides dedicated catering services for Club Affaires customers (outside the Jean Bouin stand) as well as catering for boarding academy students.

OL Restauration intends to develop its business by managing catering in other areas of the OL Groupe, as well as offering services to other sports clubs. It therefore aims to expand its customer base to business areas not directly linked with OL.

(g) Other subsidiaries: OL Coiffure and OL Brasserie

(i) *BS Sarl (OL Coiffure)*

OL Coiffure was set up on 24 October 2005 and employs three staff. It is *Olympique Lyonnais*' hairdressing salon, located in the Lyon Métropole hotel complex. In the year ended 30 June 2006, it generated revenues of €87,000.

(ii) *OL Brasserie*

OL Groupe has recently acquired a brasserie in Lyon city centre (*Place des Terreaux*), which is scheduled to open in the near future.

6.4.5 Player trading revenues

The Club's sporting policy is based on gradually putting together an increasingly successful squad of players, anticipating requirements and avoiding any hasty, disruptive and uncontrolled change. It has sold four or five players per year in the last five years, and players are recruited on the basis of squad requirements.

At the time this prospectus was registered, player sales in the 2006/07 financial year had raised €47.4 million (Diarra, Nilmar, Monsoreau, Pedretti, Clément, Frau), including €26 million for the transfer of Diarra to Real Madrid.

The estimated value of the Club's playing staff at 4 January 2007 was €172.6 million (source: www.transfermarket.de). This puts *Olympique Lyonnais* in 12th place among UEFA Champions League participants, and demonstrates the quality of the Club's player trading policy.

Estimated value of the playing staff at leading European clubs taking part in the UEFA Champions League

Club	Market value in millions of euros
FC Chelsea	406.9
Real Madrid	358.6
FC Barcelona	356.0
Inter Milan	271.2
Manchester United	242.8
AC Milan	226.3
Arsenal	225.6
Valencia CF	211.4
FC Liverpool	209.9
FC Bayern Munich	182.0
AS Roma	177.9
Olympique Lyonnais	**172.6**
Werder Bremen	140.7
FC Porto	105.3
Hamburg SV	103.4
Benfica Lisboa	100.9

Source: http://www.transfermarkt.de, 4 January 2007

Estimated value of the top five League 1 squads

Club	Market value (€ m)
Olympique Lyonnais	**172.6**
Olympique de Marseille	87.8
Paris Saint Germain	83.9
AS Monaco	78.6
OSC Lille	78.5

Source: http ://www.transfermarkt.de, 4 January 2007

6.5 INVESTMENTS

6.5.1 Main investments

In the last three years, the Group's main investments have been in players and diversification businesses.

(a) ***Player purchases***

The table below sets out the amounts spent by the Group in the last three seasons:

In millions of euros	**2005/2006 (IFRS)**	**2004/2005 (IFRS)**	**2003/2004 (French GAAP)**
Total purchases	62.9	35.6	13.3*

*excluding associated costs

Investments made in the last three seasons have strengthened the Club's playing squad, with the aim of realising its ambition to win the UEFA Champions League.

Player purchases in the last three seasons have been financed through cash flow and temporarily through credit facilities provided by four financial institutions (see section 10.3 "Information on borrowing terms and the financing structure").

(b) ***Main diversification investments***

The Company finances investments in Group subsidiaries through a centralised cash management agreement, the terms of which are described in section 19.1 "Significant related-party agreements".

In the year ended 30 June 2005, SCI Megastore opened OL Store, the Group's main branded products outlet, located 200 metres from the *Stade de Gerland*. This store's main characteristics are described in section 8 "Property and equipment". This approximately €2 million investment was financed by borrowings from two credit institutions, the main terms of which are described in section 10.3 "Information on borrowing terms and the financing structure".

On 3 September 2004, the Company acquired all shares in 2C2M for approximately €0.7 million. 2C2M, a specialist consultancy for sports clubs, then absorbed M2A (specialising in the sourcing and trading of clothing and promotional products for sports clubs) and was renamed M2A.

In the year ended 30 June 2005, SASP OL, in association with the City of Lyon, continued the significant investments that began in 2002 to increase the capacity and improve *Stade de Gerland*. The Group bought two giant screens to enhance spectators' entertainment and comfort at a cost of about €1.3 million. These screens also provide an additional high-value-added advertising medium. €0.5 million of this investment was financed through a grant from the *Rhône* region, with the remainder paid by the Company.

In the year ended 30 June 2006, OL Images made several investments (a television studio, a mobile production facility and various improvements to premises) totalling approximately €1.4 million. These investments were financed by the Company.

6.5.2 Main ongoing investments

(a) ***Investments in sports facilities***

The Association is investing approximately €0.5 million in heated training pitches with lighting systems and a new playing surface, along with synthetic training pitches. This investment should be part-financed by grants from the *Rhône* regional council.

The Association's other investments include the construction of a new academy and work on the existing academy. The total cost will be approximately €3.7 million, with €0.9 million coming from *Rhône* regional council grants and the rest from the Association. The project is subject to the renewal of the lease described in section 8.1 "Major items property, plant and equipment, existing or planned, and major encumbrances ".

The Company is also carrying out approximately €0.7 million investment on behalf of SASP OL to improve the Village Champion's Club, which is a hospitality area used for UEFA Champions League games played at the *Stade de Gerland*. This investment has been financed by SASP OL, and 50% of the repayments are invoiced to Sportfive.

(b) ***Diversification investments***

The Company has begun renovation work on the OL Groupe's head office at 350 avenue Jean Jaurès, 69007 Lyon. This will cost around €0.4 million, and is being financed by the Company.

OL Brasserie has acquired premises for around €0.6 million and has started work costing a total of €0.4 million. This investment is being financed entirely by the Company.

OL Organisation is considering buying a company operating in events management. This acquisition would be financed through the Company.

6.5.3 Main future investments

In the next few years, the Group plans to carry out the following investments:

(a) ***Plan to acquire land on which to build a new stadium***

OL Groupe intends to buy land that will be the site of its planned new stadium. It will have to pay for various land surveys. Two sites have been identified on the outskirts of Lyon: one in Décines that is favoured by the Lyon urban community, and one in Jonage-Meyzieu.

(b) ***New stadium construction plan***

The fulfilment of a long-term strategy

Stade de Gerland was inaugurated in 1926 and has been renovated several times, the last time being ahead of the 1998 FIFA World Cup. It now has a maximum theoretical capacity of 40,494, and capacity can be varied to suit the game. There are approximately 1,745 VIP hospitality seats.

The stadium is owned by the city of Lyon, and is made available to OL under an authorisation to occupy public land, in return for a fee of €32,827 per game (see section 22 "Material contracts").

The Club's policy of aggressive development and investment in both business and sporting terms in the last decade has led to increasing attendance at *Stade de Gerland*. The average number of spectators per game has increased from approximately 20,000 in the mid-1990s to 34,571 in 2000, and was 38,465 in the 2005/06 season, giving an attendance/capacity ratio of 96.5%.

In the 2005/06 season, 994,750 spectators saw 26 games at *Stade de Gerland*, of which 16 were sold out.

The stadium's VIP hospitality seats have been equally successful. In the last few years, a waiting list has developed, even though major works have increased VIP capacity from 1,000 in 2000 (generating €3.2 million revenue) to 1,745 in 2006/07 (generating €8 million revenue).

The Club's profile, credibility and general appeal, along with the region's very strong economic potential and large catchment area (mainly consisting of 7 French regions, i.e. *Ain*, *Drôme*, *Haute Savoie*, *Isère*, *Rhône*, *Saône et Loire* and *Savoie*, plus French-speaking Switzerland) have prompted OL Groupe to work on plans to build a new stadium.

Project description

In the last decade, new-generation stadiums have been built, particularly in England, Portugal (due to the Euro 2004 tournament) and Germany (due to the 2006 FIFA World Cup).

These stadiums meet the current needs of all users, i.e. the general public, companies, the media and the players themselves. They are permanent hubs of activity, not just on match days but throughout the week.

OL Groupe's aim is to build a new stadium that will enhance its sporting performance. The new stadium would be ideally suited for television broadcasts, as well as offering a high level of security and technology, with spectator flows managed through modern ticketing systems. It would be used on both match days and non-match days. The Company estimates that the stadium could be up and running in 2010/11 (see section 12.1.2 "New stadium project: from the *Stade de Gerland* (traditional stadium) to OL Land (sportainment concept)".

The stadium would allow the Company to generate additional income from hosting corporate events and seminars and from use as an entertainment venue.

The project will put OL on the path already laid out by its European rivals, most of which enjoy modern facilities that allow them to increase and broaden their revenues. Similar projects are underway elsewhere in France, in Lille, Nice and Valenciennes.

A stadium that will enhance sporting performance

The plan is to build a stadium with 60,000 covered seats, modern facilities including 300 square metres of changing rooms for both home and away teams, a warm-up area of 1,200 square metres split into two equal areas for each team, separate access to the stadium for each team and a restaurant area of 100 square metres.

With regard to the pitch, a decision will be taken as to whether to have under-turf heating or a combined synthetic/grass surface.

OL Groupe wants a stadium in which the stands are close to the pitch, with rectangular stands and stand covers that enhance the atmosphere in terms of sound levels. A survey will have to be carried out to ensure the optimal location and power of loudspeakers.

A stadium that will enhance media coverage of OL's sporting performance

– A stadium where the media is a genuine partner in sporting events

  The stadium would house a media gallery with capacity for 200 journalists. This gallery would be able to be reconfigured depending on the importance of the game. The stadium would be configured to enable journalists to work as comfortably and efficiently as possible, featuring telephone points, desks, power points and internet access. The media area would also be divided into three sections, for print, radio and television reporters.

– A stadium well-suited to television broadcasts

  Television studios would be incorporated to allow the broadcasting of entertainment shows taking place in the stadium. There would be two studios, as required by UEFA Champions League rules. These studios would have an area of 25 square metres each. A production area would be provided for mobile production facilities, in accordance with UEFA requirements. The stadium would also be equipped with a cabling system incorporating an internal video system.

OL TV's offices would be located within or close to the stadium. These offices would have an area of 300 square metres.

There is also a plan to install giant screens, positioned to ensure good visibility and to avoid blocking any spectators' view. The two giant screens would have an area of 50 square metres each.

Spectators and professionals would be able to connect to the internet for personal or professional use.

A stadium designed to be a hub of activity all year round

The plan is to make the stadium a hub of activity, following the example set by various stadia around Europe. The stadium would be used continuously, on both match days and non-days. A stadium design featuring a retractable roof and pitch, to allow other kinds of event to be staged, is currently being considered.

The stadium as a hub of activity on match days

The stadium should house 3,000 square metres of hospitality areas, with 5,900 VIP seats including 900 in 80 directors' boxes, which can be configured and themed as required. Open-plan stands would make it easier for spectators to move around, giving improved access to toilets, snack bars and shops.

Two corporate seating areas, with 1,250 seats each, would be created and linked with dining areas.

Two kitchen rooms, each of 150 square metres, would be provided for the horizontal stands, along with around 20 snack bars each of 50 square metres and four shops each of 50 square metres (one shop per stand).

Finally, an OL Store of 1000 square metres would be built and located to catch the greatest passing trade. Its location will depend on the stadium's architecture and orientation.

The stadium as a hub of activity during the week: a modular stadium

<u>The stadium as the heart of the Group's activities</u>

The stadium would house the Group's sales and marketing offices, over an area of 900 square metres.

The premises of the Group's travel agency OL Voyages and its OL Organisation unit would move to the new stadium. These two companies would each take up approximately 200 square metres of space.

The stadium as a reconfigurable facility for the Group's activities

The stadium would be reconfigurable and its lounges and kitchens could be used as seminar rooms during the week. Similarly, executive boxes could be rented out for corporate seminars all year round. They would be equipped with desks, tables, projectors and permanent bars according to the customer's requirements.

The stadium would also house a fitness centre, including a gymnastics and exercise room. This 500 square metres space would be used year-round. The stadium could also include a covered swimming pool and a balneotherapy centre.

It could also house a permanent restaurant if required. This restaurant would be used on match days for pre- and post-drinks and dining, and could also be used during the week by people using the adjacent shopping centre.

The Group intends to use the stadium to host entertainment shows all year round if the combined synthetic/grass pitch option is used. Otherwise, a retractable pitch could be installed, and the stadium could be totally covered by a retractable roof. This would allow the stadium to be adapted to suit the type of show being staged.

High level of security and technology, with spectator flows managed through modern ticketing systems

The stadium would have permanent guard and video surveillance facilities, taking up approximately 100 square metres of space. The video surveillance area would be in constant use throughout the week.

Emergency and first-aid facilities would be installed, housing firefighters and first-aid staff. Police premises would also be included.

The stadium's ticketing system would be managed centrally, and would handle pre-sales, same-day sales and telephone sales. Approximately 40 ticket counters would be installed.

To enhance access, there would be at least two (possibly four) ticket-counter areas around the stadium, and these would be highly secure.

To allow computerised flow management, an access control system would be set up using loyalty cards developed for *Olympique Lyonnais*.

Aside from the stadium, the Group plans to make the following additional investments as part of the OL Land project.

A 20,000 square metre shopping centre with interactive events linked to the stadium and including:

- a supermarket;

- a shopping mall comprising medium-sized specialist retailers (electrical appliances, culture, gardening, leisure, clothing etc.).

A leisure centre designed for the general public and companies

The leisure centre could host activities such as karting and indoor football for the general public and corporate customers.

The project would also include the following facilities:

- a training centre for professional footballers, with four pitches including a covered synthetic pitch;
- a heated synthetic pitch with a 5,000-seater stand, approved for amateur competitions;
- one or two hotels, developed with Accor, which could be used by players to prepare for home games;
- restaurants;
- an office building;
- 12,000 parking spaces.

This strategy is intended to broaden the Group's activities based around the new stadium, using the model developed by Danish group Parken Sports and Entertainment A/S.

Parken owns the Parken Stadium and the FC Copenhagen football club. It has gradually developed commercial and leisure activities, initially related to the running of the stadium, but with the aim of diversifying away from club-related activities.

This strategic shift has been accelerated by various acquisitions in non-football leisure activities. This is reflected by the change in the company's name from FC Copenhagen A/S to Parken Sport & Entertainement A/S, which better reflects its new spread of businesses.

(c) ***Plan to open a store in Lyon city centre***

OL Merchandising plans to replace the Planet OL store by opening a megastore in the city centre, in addition to the five outlets that form part of the new stadium plan. However, the Company had not made any specific commitment in this respect by the date this prospectus was registered.

(d) ***Various improvements***

SASP OL intends to carry out various improvements, including the construction of a new training centre for the first-team squad. It intends to invest approximately €4.5 million in these improvements by 2010.

However, the Company had not made any specific commitment in this respect by the date this prospectus was registered.

6.6 BRAND PORTFOLIO

The Association sold all of its brands to SASP OL for €1.2 million on 31 May 2005. The sale contract was unanimously approved by the board of directors and amended on 25 October 2006. The value of the brand portfolio was audited by a firm of experts, who concluded that the valuation was appropriate and within an acceptable range. The Association may still use the *Olympique Lyonnais* name and all the "*Olympique Lyonnais*" brands, distinctive signs and logos owned by SASP OL for its own needs. It may not use them for the purpose of selling any kind of product or service.

SASP OL owns a portfolio of 48 French, international and European trademarks related to the main OL brand. At the date this prospectus was registered, the Group owned all of the brands it needed for its business activities.

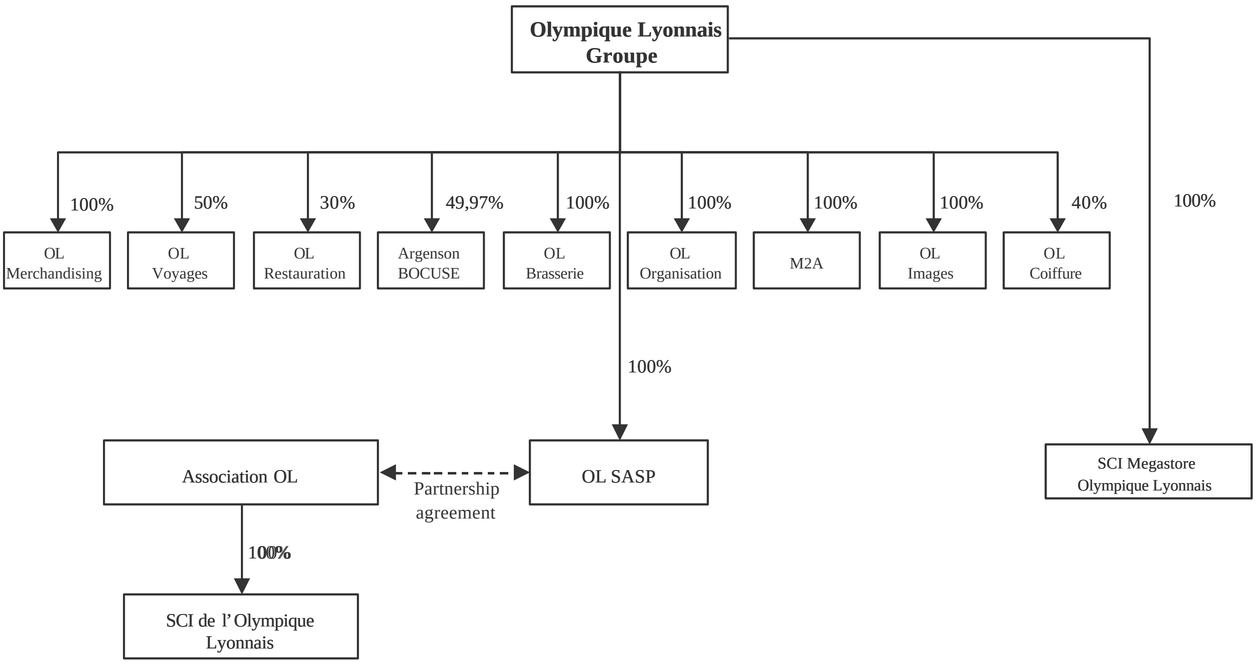
The International Olympic Committee has appealed against the European trademark OL ECUSSON, no. 2425999, based on its prior rights to the term "Olympique". This appeal is currently pending before the EU's Office of Harmonization for the Internal Market (OHIM). An agreement may be reached in the near future, in which usage of the Club's name would be dissociated from brand usage.

The Group takes a very pro-active approach to combating counterfeiting. To protect its brand as far as possible, the Group formally requested action by the customs authorities in October 2005 to monitor OL-branded products and to seize any counterfeit merchandise. Since August 2004, there have been 31 instances of counterfeit goods, and in five cases proceedings have been brought before the French courts. The Group has also hired a law firm to assess all legal steps required to ensure effective protection of the Group's brand.

7. **THE COMPANY'S POSITION WITHIN THE GROUP**

7.1 THE COMPANY'S POSITION WITHIN THE GROUP

The Group currently consists of a holding company (OL Groupe) and ten operating subsidiaries. The organisational structure below shows the Company's position within the Group on the date of the Company's planned listing on Eurolist by Euronext Paris.



The following agreements have been set up between the Company and its subsidiaries. The main characteristics of the resulting financial flows in the year ended 30 June 2006 are set out in section 19.2.1 "Special report of the statutory auditors on related party agreements for the year ended 30 June 2006".

Head management and administrative assistance agreements

The Company bills fees to certain subsidiaries for head management and administrative services, based on each subsidiary's provisional gross profit. This fee is paid in return for assistance with strategy, streamlining, efforts to develop new activities and advice on marketing and branded products.

Centralised cash management agreement

Cash advances between the Company and its subsidiaries pay interest at 3-month Euribor plus or minus 0.5% depending on whether the Company is borrowing or lending.

Guarantees

The Company has provided guarantees for several credit facilities arranged by its SASP OL subsidiary. The annual fee is 0.1% of the nominal amount of the credit facility charged on a pro rata temporis basis. For a full description of these credit contracts, see section 20.1.5 "Notes to the consolidated financial statements for the year ended 30 June 2006" (note 7-3).

Consolidated values (excluding dividends, in thousands of euros)	**SASP OL**	**OL Merchandising**	**Other subsidiaries**	**OL Groupe**	**Consolidated total**

Non-current assets (class 2)	85,029	351	6,787	432	92,599
Debt	-63,330	-6	-2,380	-530	-66,246
Cash	45,083	1,123	1,352	6,588	54,146
Cash flow from operations	23,467	1,182	2,471	-2,791	24,329
Dividends paid to the Company by subsidiaries	0	800	307	N/A	N/A

On the date this prospectus was registered, neither OL Groupe nor any of its subsidiaries had issued securities for which a request for listing on a regulated market had been made.

7.2 LIST OF SUBSIDIARIES

See section 20.1.5 "Notes to the consolidated financial statements for the year ended 30 June 2006".

8. PROPERTY AND EQUIPMENT

8.1 MAJOR ITEMS OF PROPERTY, PLANT AND EQUIPMENT, EXISTING OR PLANNED, AND MAJOR ENCUMBRANCE

Olympique Lyonnais' SCI (non-trading property company) owns the building that houses the Company's head office. The building is located 200 metres from *Stade de Gerland*, and is adjacent to the *Tola Vologe* training centre. The head office building has total floorspace of 2,000 square metres over two floors. It houses offices and administration units, the travel agency and OL TV's office and studio.

SCI Megastore Olympique Lyonnais owns the OL Store building. This store has 300 square metres of selling space. In addition, OL Store has a logistics area of more than 450 square metres, 480 square metres of offices and a ticketing area of 120 square metres (16 counters) operated by SASP OL.

SASP OL has a temporary authorisation to occupy public property granted by the City of Lyon on 15 July 2005. Under this agreement, the City of Lyon makes *Stade de Gerland* and its surrounding car parks available to SASP OL for all the Club's fixtures. This authorisation is non-exclusive, and costs €32,827 per game. It has a three-year term, which will expire on 30 June 2008. The City of Lyon may cancel this agreement by operation of law for any public-interest reason, subject to a three-month notice period. On the date this prospectus was registered, there was a legal dispute concerning this agreement as described in section 20.8 "Legal proceedings and arbitration".

SASP OL also has two authorisations to occupy public property from the City of Lyon. The first authorisation concerns land and buildings covering approximately 32,000 square metres, consisting of three turfed pitches, a small synthetic pitch and a set of changing rooms, for the 2006/07 season. Either party may end the agreement at any time, and the annual fee is €43,430. The second authorisation concerns the location of two giant screens. The agreement lasts for 10 years and the annual fee is €7,770.80. Details on these agreements are provided in section 22 "Major contracts".

A long-term administrative lease was signed by the City of Lyon and the Association in December 2006. This concerns a plot of approximately three hectares, where the Group plans to build an academy and training centre. The lease costs €40,000 per year and has a 20-year term.

A building lease was agreed on 5 and 11 June 2003 between the urban community of Lyon and *SCI Megastore Olympique Lyonnais* concerning the plot on which OL Store stands. The lease involves an annual fee of €4,406.29 and will expire on 30 June 2041.

On the date this prospectus was registered, no property owned by corporate officers was let to any Group company.

8.2 ENVIRONMENTAL ISSUES THAT MAY AFFECT THE COMPANY'S USE OF ITS PROPERTY, PLANT AND EQUIPMENT

None.

9. FINANCIAL POSITION AND EARNINGS

9.1 Presentation of financial statements included in the prospectus

9.1.1 General presentation

OL Groupe is a holding company with activities in the sporting events, media and entertainment businesses, and in complementary businesses that generate additional revenues. The Company controls SASP OL, a professional sports corporation that manages *Olympique Lyonnais*. As a result of the Club's success, the Company's management has been able to diversify the Group's activities, capitalise on the Club's image and turn OL into a well-known brand in France and abroad. The Group generates strong commercial synergies between its brand and its various activities, while developing a well-organised set of diversification businesses. The Group operates in sectors including merchandising (OL Merchandising), travel (OL Voyages), events (OL Organisation) and restaurants and catering (OL Restauration and Argenson).

In the last three financial years, the Group's scope of consolidation has changed slightly. In the year ended 30 June 2005, it acquired M2A, which sources and trades clothing and promotional products, as well as setting up OL Images, the Group's media unit. In the same year, it created OL Organisation, which sets up and organises admission and security systems for various events. The Group has also set up new subsidiaries such as OL Brasserie and BS Sarl (OL Coiffure).

There follows an analysis of the Company's financial statements and information for the years ended 30 June 2004, 2005 and 2006. The consolidated financial statements for the year ended 30 June 2005 were prepared according to both French GAAP and IFRS, to allow comparisons with the IFRS consolidated financial statements for the year ended 30 June

2006. The consolidated financial statements for the year ended 30 June 2004 were prepared solely according to French GAAP.

The Group's management has not identified any significant distinct business segments within the meaning of IFRS. Segment reporting by geographical segment does not apply.

Information taken from the consolidated income statement for the year ended 30/06/2006 (IFRS)

(In thousands of euros)	Period from 01/07/05 to 30/06/06	Period from 01/07/04 to 30/06/05	Change
Revenue (excluding player trading)	127,667	91,797	39%
Gross surplus of operations (excluding player trading)	**20,420**	**15,735**	**30%**
Revenue from player trading	38,443	24,842	55%
Gross surplus of operations from player trading	**31,383**	**16,935**	**85%**
Recurring operating profit (excluding player trading)	18,361	18,613	
Recurring operating profit from player trading	7,419,	73	
Recurring operating profit	25,780	18,686	38%
Pre-tax profit	24,415	17,743	38%
Net profit before minority interests	**16,143**	**11,716**	**38%**
Net profit	**15,879**	**11,578**	**37%**

9.1.2 Main items of revenue and factors affecting business levels and earnings

(a) Main factors affecting business levels

The main factors that, in the Company's view, influenced its business levels and earnings as of the date this prospectus was registered are set out below.

General economic background

The sports entertainment market may be influenced by the general economic background. In the last few years, the market has benefited from a favourable economic and competitive situation, which has bolstered its main income streams (see section 6.2 "Market presentation").

This context has a significant impact on the Group's media revenues. The level of competition between broadcasters is directly reflected in the total price paid for media rights, which is then distributed between clubs. The background can also affect partnership and advertising revenues by altering companies' promotional and hospitality budgets. The business levels and earnings of the Group's operational subsidiaries depend on the purchasing power of the Club's supporters, which indirectly affects revenue from sales of branded products.

Regulatory environment

The Group has also benefited from favourable developments in the laws and regulations that apply to football clubs in France and Europe. As well as encouraging the French football sector to become increasingly professional, reforms have increased clubs' financial resources. In particular, revenues from media rights (both from centralised sales and direct sales by clubs) and marketing rights have increased.

In 2003, a law was passed allowing clubs to own the media rights in the games they play as part of national competitions, and in their team's brands. This change in the law has given clubs a new source of income by allowing them to exploit directly their delayed media rights.

The legal environment can also affect the Group's costs. In December 2004, the law was changed to recognise collective image rights in player compensation, allowing a reduction in social security charges on player wages.

Sporting results

The Group's business levels and operating profit are influenced by the Club's sporting results. This influence can be seen at various levels.

Firstly, media revenues are partly dependent on the Club's position in League 1. They also vary according to its participation and success in European competitions.

For example, clubs' revenues from LFP for the 2005/06 season varied substantially depending on their final league position.

League position	League position bonus
1	€16.6 million
2	€14.4 million
3	€12.5 million
10	€4.7 million
18, 19 and 20	0

Source: LFP

Bonuses relating to clubs' participation in the UEFA Champions League in 2005/06 also varied significantly depending on their success:

	Bonus
Winner	CHF10 million
Finalist	CHF6 million
Semi-finalist	CHF4 million
Quarter-finalist	CHF3 million
First knock-out round	CHF2.5 million

Source: UEFA

Ticketing revenues may be influenced by the Club's sporting results, since the ratio of attendance to capacity can vary according to the Club's performance in League 1 games. The number of games played at home can vary from one season to the next, depending on the Club's progress in various cup competitions and on cup draws (which determine whether the Club plays home or away).

Sporting results also have a direct influence on partnership and advertising revenues, both directly through current contracts (via results-related bonuses or discounts) and indirectly when existing contracts are renegotiated or new contracts are signed. This is because sporting results determine the Club's attractiveness to commercial partners and affect its bargaining position.

Good sports results boost income from player trading, since they increase players' value on the transfer market.

Seasonal variations

There is some seasonal variation in the Group's business levels and earnings, due to the timing of variable media revenues, which depends on the Club's league position, cup progress and number of televised games.

Income from player trading is generated during two "transfer windows". The first usually lasts for three and a half months between May and August, and the second generally for one month in January.

(b) Revenue

Revenue comes from five major sources: media revenues from various football competitions, ticketing revenues from OL games, partnership and advertising revenues paid by OL's commercial partners, diversification revenues from the Group's various operating subsidiaries and income from player trading.

The table below shows revenue from each category in the last three financial years.

In millions of euros	2005/2006 (IFRS)	2004/2005 (IFRS)	2004/2005 (French GAAP)*	2003/2004 (French GAAP)
MEDIA RIGHTS	71.5	46.1	46.1	33.4
TICKETING	21.0	17.7	17.7	16.4
PARTNERSHIPS/ADVERTISING	13.9	15.5	15.5	13.2
DIVERSIFICATION ACTIVITIES	21.2	12.4	14**	8.2
REVENUE EXCLUDING PLAYER TRADING	**127.6**	**91.8**	**93.3**	**71.2**
PLAYER TRADING	38.4	24.8	5***	24.7
TOTAL REVENUE	**166.1**	**116.6**	**98.3**	**95.9**

* The amounts relating to "Media rights", "Partnerships/advertising", "Diversification" and "Player trading" in the 2004/05 (French GAAP) column have been adjusted and therefore differ from the amounts in the notes to the consolidated financial statements for the year ended 30 June 2005. These adjustments relate mainly to the transfer of revenues included in the "Partnerships/advertising" category in the French GAAP 2004/05 financial statements to the "Other revenues" category.

** The difference between diversification revenues under French GAAP and IFRS for 2004/05 exists because the revenues of associate company Argenson are not included under IFRS, while subsidies are classified as business revenues.

***The difference between IFRS and French GAAP player trading revenues in the year ended 30 June 2005 exists because the sale of two players for approximately €20 million was allocated to the year ended 30 June 2005 under IFRS (based on the date the transfer was approved) but to the previous year under French GAAP.

The Group has other sources of income, such as local government subsidies and subsidies for the training and social integration of young people. These other revenues totalled approximately €1 million in the year ended 30 June 2006. Due to their small amount, they are not taken into account below.

Media revenues

Media revenues are the Group's main source of income. They accounted for approximately 43% of the Group's business revenues in the year ended 30 June 2006.

The table below sets out the Group's media revenues in the last three financial years.

In millions of euros	2005/2006 (IFRS)	2004/2005 (IFRS)	2004/2005 (French GAAP)	2003/2004 (French GAAP)
Revenues from the centralised sale of media rights	68.9	45.8	45.8	33.4
Revenues from direct sales of media rights by OL Images	2.6	0.3	0.3	0
Total	**71.5**	**46.1**	**46.1**	**33.4**

There are two main sources of media revenues.

– On the one hand, there is the money received by SASP OL from the centralised sale of media (and some marketing) rights by LFP for League 1 and league cup games, by the FFF for Coupe de France games and by UEFA for UEFA Champions League games (see also section 6.4.1 "Media revenues"). Centralised sales of media rights make up most of the Group's media revenues.

– On the other hand, there is the money received by OL Images from direct sales of the Club's media rights (see also section 6.4.1 "Media revenues").

Revenues from the centralised sale of media rights

Revenues from the centralised sale of media rights consist of revenues from LFP (62% of the total in the year ended 30 June 2006) and revenues from UEFA (38%).

The table below shows the Group's media revenues from LFP and UEFA in the last three financial years.

In millions of euros	**2005/2006 (IFRS)**	**2004/2005 (IFRS)**	**2004/2005 (French GAAP)**	**2003/2004 (French GAAP)**
LFP television rights	43.0	25.5	25.5	14
% change	+68.6%		+82%	
UEFA television rights	25.9	20.3	20.3	19.4
% change	+27.6%		+4.1%	
Total	**68.9**	**45.8**	**45.8**	**33.4**

Football clubs' revenues from the sale of media rights depend on the total amount distributed by LFP and UEFA, and on the allocation formula used by each authority.

In the last three seasons, the total amount of revenues paid out by LFP and UEFA has increased sharply, increasing from €600 million for 2003/04 to €700 million in 2004/05 and approximately €900 million in 2005/06 (source: LFP/UEFA).

Revenues from the centralised sale of media rights by LFP

The formula for allocating media revenues between League 1 clubs involves a fixed amount and a variable amount. Since the 2004/05 season, the fixed amount has equalled 50% of the total and has been split equally between all League 1 clubs. The allocation formula was changed in 2004/05. This change favoured the Group, since it increased the variable amount paid out to clubs. Until the 2003/04 season, the fixed amount made up 83% of the total, and the variable amount 17%. The variable amount is distributed to clubs based on their sporting performance and media profile. Under the new system, 25% of total revenues is allocated based on clubs' league positions at the end of the previous season, 15% on their number of televised games in the previous season, 5% on their league positions in the previous five seasons and 5% on their number of televised games in the previous five seasons (see "Institutional and regulatory environment" appendix, 3.3.1 "Media rights").

In the last three seasons, the fixed amount paid out by LFP to League 1 clubs has increased sharply. It was €230 million for the 2005/06 season, as opposed to €138 million for 2004/05 and €166 million in 2003/04 (source: LFP).

The variable amount has also increased. It was €230 million for the 2005/06 season, as opposed to €140 million for 2004/05 and €34 million in 2003/04 (source: LFP).

Revenues from the centralised sale of media rights by UEFA

The formula for allocating UEFA Champions League media revenues also features a fixed amount and a variable amount (see "Institutional and regulatory environment" appendix, section 3.3 "Regulations governing media and marketing rights").

In the last three seasons, the fixed amount paid out by to clubs participating in the UEFA Champions League has risen slightly. It was CHF338.5 million for 2005/06, as opposed to CHF320 million in the previous two seasons. As of 2006/07, revenues from UEFA's centralised sales of media rights will be paid in euros.

The variable amount has also increased.

Revenues from direct sales of media rights by OL Images

Revenues from the direct sale of media rights by OL Images mainly consist of revenues generated by OL TV, the Club's television channel, through broadcast contracts with operators such as CanalSat, TPS and Noos.

OL Images also produces DVDs, programmes shown on giant screens, advertisements and promotional films. In addition, it provides content for new media such as the internet and mobile phones.

Revenues from the direct sale of media rights currently make up only a small portion of media revenues, since OL TV was only set up in June 2005.

Ticketing revenues

Ticketing is a significant steady source of income for the Group. They accounted for approximately 13% of the Group's business revenues for the year ended 30 June 2006.

The table below sets out the Group's ticketing revenues for the last three financial years.

In millions of euros	**2005/2006 (IFRS)**	**2004/2005 (IFRS)**	**2004/2005 (French GAAP)**	**2003/2004 (French GAAP)**
Revenues from season-ticketing	8.6	7.3	7.3	6.8

In millions of euros	2005/2006 (IFRS)	2004/2005 (IFRS)	2004/2005 (French GAAP)	2003/2004 (French GAAP)
Revenues from sales of single game tickets	12.4	10.4	10.4	9.6
- League 1	4.5	4.2	4.2	3.4
- UEFA Champions League	6.9	6.2	6.2	5.6
- other games	1.0	0.0	0.0	0.6
Total	**21**	**17.7**	**17.7**	**16.4**

Ticketing revenues come mainly from sales of season tickets and single game tickets to people watching OL games at *Stade de Gerland* (League 1 and UEFA Champions League).

The Group's policy is to enhance ticketing revenues by setting an optimal average ticket price and maximising attendance at *Stade de Gerland*.

Currently, the pricing structure varies between games. There are between four and six price categories depending on the seat's location in the stadium and the appeal of the game. When expected demand for a game substantially exceeds the stadium's capacity, the Group adjusts its price categories in order to increase average prices, and reduces commercial discounts as far as possible. When demand for tickets is lower, which is particularly the case for winter games and games played against less popular teams, the Group applies promotional discounts in order to maximise the attendance/capacity ratio and maintain an appropriate average ticket price.

The price optimisation policy also involves careful management of the number of seats allocated to away fans, so that their allocation does not exceed requirements, thereby avoiding empty seats.

The Club also seeks to limit season-ticketing. While still allowing the Club to enjoy the advantages of season-ticketing, it aims to reserve a substantial number of tickets to be sold on a game-by-game basis, to meet strong demand for single game tickets.

This pricing policy has resulted in an increase in average ticket prices in the last three seasons.

In euros	2005/2006	2004/2005	2003/2004
League 1	19.01	17.94	16.63
UEFA Champions League	36.87	33.95	30.64

Based on the number of paying spectators

The number of spectators attending OL home games has significantly increased in the last three seasons. In 2005/06, 994,750 spectators came to *Stade de Gerland* to watch *Olympique Lyonnais* play. This compares with 905,000 in 2004/05 and 894,000 in 2003/04.

The attendance/capacity ratio was 96.5% in 2005/06 for League 1 games, as opposed to 92% in 2003/04. The attendance/capacity ratio for UEFA Champions League fixtures has been 100% for the last three seasons.

Partnership and advertising revenues

Partnership and advertising revenues totalled €13.9 million in the year ended 30 June 2006, equal to 8% of the Group's business revenues in that year.

The table below shows the Group's partnership and advertising revenues in the last three financial years.

In millions of euros	**2005/2006 (IFRS)**	**2004/2005 (IFRS)**	**2004/2005 (French GAAP)**	**2003/2004 (French GAAP)**
Partnership and advertising revenues	13.9	15.5*	15.5*	13.2

*****Including non-recurrent compensation related to the renegotiation of the Sportfive contract (€1.9 million)

Revenues from partnerships can be broken down into three categories:

– revenues from selling advertising space on shirts

– revenues from renting out executive boxes and hospitality services at *Stade de Gerland* and

– revenues from selling advertising space on other media (hoardings in the stadium, official Club display etc.).

The six main contracts (Renault Trucks, LG, Umbro, Orange, Apicil and ISS) accounted for 59% of partnership and advertising revenues in the year ended 30 June 2006. This compares with 52% (excluding the non-recurrent payment relating to the renegotiation of the Sportfive contract) in the year ended 30 June 2005 and 50% the previous year. These percentages reflect revenues from the six largest contracts in each year.

Partnership contracts cover sales of advertising space on shirts and other media, along with hospitality services. The main source of partnership/advertising income is shirt sponsorship. In the last three financial years, the Club's main shirt sponsors have been Renault Trucks and LG. Since the start of the 2006/07 season, the Club's two main shirt sponsors have been Accor and Renault Trucks (see section 22 "Major contracts").

Revenues from these contracts are mostly fixed. Under some contracts, bonuses are paid for good sporting performance and discounts are applied for poor sporting performance. These variable revenues have made up a very small portion of the total (4% of total partnership and advertising revenues in 2005/06, 3.6% in 2004/05 and 2.3% in 2003/04). However, the Accor contract should have the effect that the proportion of variable revenues should increase in future.

Partnership and advertising revenues are also generated by renting out executive boxes and providing matchday hospitality services at *Stade de Gerland*. These services accounted for 21.6% of partnership and advertising revenues in the year ended 30 June 2006. This compares with 17% in the year ended 30 June 2005 and 20% the previous year. The average unit price of hospitality packages (excluding tickets and partner seats) was approximately €2,850 excluding VAT in the last two financial years.

The main partnership and advertising contracts last for three to five years (see section 22 "Major contracts"). Other contracts, relating to executive box rental and hospitality services, generally last for one year.

Diversification revenues

Diversification businesses account for an increasing proportion of the Group's revenues. In the year ended 30 June 2006, they made up approximately 13% of the Group's total business revenues.

The table below shows the Group's various diversification revenues in the last three financial years:

In millions of euros	**2005/2006 (IFRS)**	**2004/2005 (IFRS)**	**2004/2005 (French GAAP)****	**2003/2004 (French GAAP)**
Branded products	13.6	8.5	8.5	3.8
% change	*60.2%*			
Travel	3.6	1.9	1.9	1.7
% change	*92.1%*			
Restaurants/catering*	N/A	N/A	2.4	2.2
% change				
Other	4.0	2.0	1.2	0.5
% change	*100%*			
Total diversification revenues	21.2	12.4	14	8.2
% change	*70.5%*			

**Argenson has been accounted for at equity since the year ended 30 June 2005.*

***Restated following the reallocation of certain items.*

Diversification revenues are generated by various specialist subsidiaries, which exploit the OL brand in the following business areas:

- Licensing and sales of branded products (including sports clothing, shirts, scarves, flags, womenswear, childrenswear, household linen etc.). The Group currently sells approximately 300 branded product lines (not counting the various sizes and colours).

- Sourcing and purchasing of clothing and promotional products.

- Organisation of travel and leisure activities.

- Admission, security and organisation services for sporting and other events.

Revenues from licensing and selling branded products mainly come from national and local distribution networks and catalogue-based distance selling. Revenues also come from direct sales by Group stores (OL Store and Planet OL), which are operated by the OL Merchandising subsidiary. Finally, they include licensing royalties (see also section 6.4.4 "Diversification revenues"). Revenues from outside the Group relating to the sourcing and purchasing of clothing and promotional products totalled €2.0 million in 2005/06. Revenues from Group companies totalled €1.7 million. These revenues are generated by M2A, which was acquired on 1 September 2004 (see also section 6.4.4 "Diversification revenues").

Travel organisation and leisure revenues relate to the travel services provided by OL Voyages to individuals, companies, groups and the Group. Revenues from outside the Group relating to these services totalled €3.6 million in 2005/06. Revenues from Group companies totalled €2.4 million.

Organisation revenues are generated by the OL Organisation subsidiary. They result from admission, security and organisation services for sporting and other events. Revenues from outside the Group relating to these services totalled €0.2 million in 2005/06. Revenues from Group companies totalled €3.6 million.

(c) Player trading revenues

Player trading is one of the Group's main sources of income. In the year ended 30 June 2006, player trading comprised approximately 23.1% of the Group's total revenue.

The table below shows the Group's player trading revenues in the last three financial years.

In millions of euros	2005/2006 (IFRS)	2004/2005 (IFRS)	2004/2005 (French GAAP)	2003/2004 (French GAAP)
Player trading revenues	38.4	24.8	5.0	24.3

The difference between IFRS and French GAAP player trading revenues in the year ended 30 June 2005 exists because the sale of two players for approximately €20 million was allocated to the year ended 30 June 2005 under IFRS (based on the date the transfer was approved) but to the previous year under French GAAP.

Player trading revenues mainly consist of sums received by SASP OL from the sale of player registrations. Contingent fees may be received depending on the future sporting performance of the club to which the player was transferred (see section 20.1.5 "Notes to the consolidated financial statements for the year ended 30 June 2006" – notes 2.6.1 (b), 2.10.1, 7.1 and 7.2). Player trading revenues also include any tribunal fees and “solidarity tax” received by SASP OL.

Player trading revenues (excluding contingent fees) are recognised during the financial year in which the player is sold. However, actual payments may be staggered over several years, in which case they may be secured through bank guarantees.

The Group's player sale policy is driven by its desire to enhance the Club's first-team squad. This results in player sales every season. The Group seeks to maximise player trading profits through careful renegotiation of player contracts. The policy consists of extending the contracts of players who, according to the Club's coaching staff, show substantial potential for improvement in future years, so that the length of the contract to be bought out is as long as possible when the player's talent reaches his peak. This ensures that players are sold for the best possible price. In the last three years, player trading profits (proceeds from sales minus the carrying value of the players' registrations) totalled €31.4 million (IFRS) in 2005/06. This compares with €16.9 million (IFRS) in 2004/05 and €6.9 million (French GAAP) in 2003/04. With only two exceptions, the Club made a profit on all player sales during the three years.

The table below shows the Group's total player trading profits in the last three financial years

In millions of euros	2005/2006 (IFRS)	2004/2005 (IFRS)	2004/2005 (French GAAP)	2003/2004 (French GAAP)
Sales proceeds	38.4	24.8	5.0	24.3
Carrying value	7.0	7.9	0	17.4
Player trading profit	31.4	16.9	5.0	6.9

The success of OL's player trading policy is exemplified by the sale of key player Essien (in 2005/06) for €36 million and his like-for-like replacement with Tiago for €11.4 million.

(d) Costs

The Group's costs break down into four main categories: purchases, other external expenses, staff costs and amortisation. The discussion below concerns costs stated in the IFRS financial statements.

The table below shows the Group's main costs in the last two financial years.

In millions of euros	**2005/2006 (IFRS)**	**2004/2005 (IFRS)**
Purchases	16.2	11.8
Other external expenses	12.4	12.0
Staff costs	75.2	49
Amortisation and impairment (player registrations)	24	16.9

Purchases

In the 2005/06 financial year, purchases totalled €16.2 million. They include the cost of purchasing merchandise and services sold as part of subsidiaries' trading activities. They consist mainly of purchases of branded products sold by OL Merchandising and M2A. They also include the purchase of travel services by OL Voyages and purchases of services by OL Organisation.

Other external expenses

In the 2005/06 financial year, other external expenses totalled €12.4 million. They mainly consisted of expenses relating to travel by Club staff and amateur teams (hotels, coaches, flights etc.), SASP OL's rental payments for *Stade de Gerland*, the rental of company cars and equipment, insurance and various services and fees.

Staff costs

Staff costs are the Group's main expense item. In the year ended 30 June 2006, they totalled approximately €75 million.

Staff costs consist mainly of wages and bonuses paid to players and the head coach. Wages are mostly fixed. The variable portion relates to bonuses paid to players and the head coach for good sporting results.

Special legislation governing the remuneration of collective image rights belonging to a professional sport club's players has been applied by the Group since February 2005. This has enabled the Group to avoid paying social security charges on a portion of players' remuneration.

Staff costs also relate to the Group's other employees (admininistration, sales and marketing staff).

Amortisation and impairment (player registrations)

Amortisation and impairment (player registrations) totalled €24 million in 2005/06.

Player registrations are capitalised at cost, which equals purchase price plus associated costs and other expenses. The cost is discounted if payment is deferred for more than six months. The registration is capitalised from the date the transfer is approved (see also section 20.1.5 "Notes to the consolidated financial statements for the year ended 30 June 2006").

(e) Treatment of player registrations under IFRS

The Group's consolidated financial statements for the year ended 30 June 2006 were prepared according to IFRS, and the financial statements for the previous period were adjusted in line with IFRS for comparison purposes. The main difference between the Group's historical French GAAP consolidated financial statements for 2004/05 and the IFRS consolidated financial statements for the same period arises from intangible assets and the application of IAS 38.

Applying IAS 38 to the 2004/05 financial statements increases profit by €7.5 million and reduces opening reserves by €7.7 million. The earnings impact is due to the recognition of player sales in the year ended 30 June 2005 under IFRS, and in the previous year under French GAAP. The amount of transfer fees and associated costs capitalised is discounted through the application of retrospective amortisation on the opening value of existing player registrations. When a registration is renewed, related expenses are capitalised. The new asset value is then amortised on the residual term of the extended contract (see also section 20.1.5 "Notes to the consolidated financial statements for the year ended 30 June 2006").

When preparing IFRS financial statements, the Group makes assumptions concerning the capitalisation of player registrations. A player's registration must be capitalised from the date on which ownership and risk were effectively transferred in the Group's opinion. The Group deems that these conditions are met on the date the registration is approved.

Most contingent fees specified in transfer deals depend on performance criteria. These fees are capitalised when the Group is certain that it will have to pay them. Otherwise, they are included in commitments and contingent liabilities and capitalised when the payment conditions are met (see section 20.1.5 "Notes to the consolidated financial statements for the year ended 30 June 2006").

9.2 Comments on business performance

9.2.1 Analysis of the IFRS consolidated financial statements for the year ended 30 June 2006

Revenue

Revenue grew sharply in 2005/06. It totalled €166.1 million, an increase of 42% on the €116.6 million figure reported for the previous financial year. This growth was driven by both player trading and other businesses.

Revenue excluding player trading

Media revenues

Media revenues grew sharply to €71.5 million in 2005/06, up from €46 million the previous year. This strong growth was mainly due to the substantial increase in the overall media revenues paid out by LFP to League 1 clubs following the most recent auction of media rights, which was won by Canal+ (see section 6.2.4 "Developments in the French professional football market"). The Group's share of these revenues was €43.0 million in the year ended 30 June 2006, up from €25.5 million the previous year. Revenue growth was also boosted by the Club's sporting performance in the last five seasons.

There was an increase in overall media revenues paid out by UEFA to clubs participating in the UEFA Champions League. The Group's share of these revenues was €25.9 million in the year ended 30 June 2006, compared with €20.3 million the previous year, and having reached the same stage of the tournament as in the previous season. Revenues from European media rights therefore rose, but to a lesser extent, due to the poor performance of other French clubs in the UEFA Champions League. The Group's share of UEFA Champions League media revenues partly depends on the results of other French clubs in this competition.

Media revenues were also boosted by OL Images' OL TV channel, which generated revenues of €2.6 million in 2005/06, up from €0.3m the previous year, when OL Images was created.

Ticketing revenues

Ticketing revenues were €21.0 million in the year ended 30 June 2006, as opposed to €17.7 million the previous year. This €3.3 million increase was due to higher average ticket prices (€19.01 in the 2005/06 season compared to €17.94 the previous season for League 1 games and €36.87 compared to €33.95 for UEFA Champions League games). It was also driven, to a lesser extent, by a higher attendance/capacity ratio at *Stade de Gerland* (96.5% in 2005/06 compared to 96.2% in 2004/05 for League 1 games).

Partnership and advertising revenues

Partnership and advertising revenues totalled €13.9 million in the year ended 30 June 2006, as opposed to €15.5 million the previous year. The Club's sporting results were similar in the two periods. The decrease was due to the non-recurrence of a €1.9 million payment by Sportfive in 2004/05 following the renegotiation of its contract.

Diversification revenues

Revenues from diversification businesses (marketing of branded products, licensing, travel, organisation services) totalled €21.2 million in 2005/06, up from €12.4 million the previous year. The €8.8 million increase resulted mainly from a sharp increase in branded product sales. This was driven by greater demand and an expansion of the Group's distribution network, which comprises purchasing centres, the Group's own outlets, distance selling and internet sales. Travel sales also grew due to more OL supporters attending the Club's away games in Europe, along with stronger sales to customers outside the Group.

Purchases

Purchases totalled €16.2 million in 2005/06, up from €11.8 million the previous year. The €4.4 million increase was due to growth in diversification businesses, and resulted in particular from increased sales of branded products.

Other external expenses

Other external expenses amounted to €12.4 million in 2005/06 as opposed to €12.0 million the previous year. Excluding the non-recurrent payment relating to the renegotiation of the Sportfive contract, the 2004/05 figure would have been €10.1 million. The increase was principally the result of higher travel expenses, along with administrative costs at OL Images, which was created at the start of the 2004/05 financial year. Other external expenses were stable overall.

Taxes other than income tax

The "taxes other than income tax" item includes payroll taxes, apprenticeship taxes, taxes on continuing professional development (including preliminary training of academy students), construction taxes, trading taxes and non-reclaimable VAT. They totalled €3.4 million in 2005/06, compared to €3.2 million in 2004/05.

Staff costs

Staff costs amounted to €75.2 million in the year ended 30 June 2006, up 53% relative to the €49.1 million figure reported for 2004/05. This sharp increase was mainly due to efforts to strengthen the OL first-team squad with the purchases of Carew, Fred, Monsoreau, Muller, Pedretti and Tiago (players whose purchase had an impact on the year's financial statements). It was also due, to a lesser extent, to the renegotiation of certain players' contracts. The creation of OL Images also led to a €1.4 million increase in staff costs.

Staff costs represented 45.3% of total revenue in the year to 30 June 2006, which is better than that achieved by the top listed European clubs (Arsenal 60%, Juventus 53% and AS Roma 51%, source: 2005/2006 annual reports).

Depreciation, amortisation and provisions (excluding player registrations)

Depreciation, amortisation and provisions (excluding player registrations) totalled €1.6 million in 2005/06. This comprises €1.0 million of depreciation and amortisation and €0.6 million of net additions to litigation provisions.

In 2004/05, depreciation and amortisation amounted to €0.6 million, and was more than offset by a €1.6 million net release from provisions (including a release from tax litigation provisions). This resulted in a net positive balance of €1.0 million.

Recurring operating profit (excluding player trading)

Recurring operating profit (excluding player trading) was €18.4 million in 2005/06, as compared to €18.6 million the previous year.

Player trading revenues

Player trading revenues in 2005/06 totalled €38.4 million. Of this, €36 million related to the transfer fee received by SASP OL for Michael Essien's transfer to Chelsea. In the year ended 30 June 2005, transfer fees received from the sale of Edmilson, Luyindula, Bergougnoux and Balmont totalled €24.8 million.

Residual value of divested players' registrations

The residual value of a divested player's registration is its carrying value on the date of the sale. In the year ended 30 June 2006, the residual value of divested players' registrations totalled €7.1 million, compared to €7.9 million the previous year. As a result, player trading profits totalled €31.4 million in 2005/06 and €16.9 million in 2004/05.

Amortisation and impairment (player registrations)

This item consists of amortisation and impairment of player registrations. Amortisation in the year ended 30 June 2006 was €24.0 million. This is much higher than the €16.9 million figure recorded in the previous year. The €7.1 million increase was due to the Club's efforts to strengthen the squad by buying six players (Carew, Fred, Monsoreau, Muller, Pedretti and Tiago, these being the players whose purchase had an impact on the year's financial statements), whereas there were fewer player purchases in the previous year (Abidal, Cris, Frau and Nilmar).

Net finance cost

Net finance cost consists of interest payments on the Group's medium-term bank borrowings, interest on player registration payables and disposal gains on money-market mutual funds. Net financial expenses totalled €1.4 million in

2005/06, as opposed to €0.9 million in 2004/05. The €0.5 million increase was due to higher interest payments resulting from new player registration payables, along with new bank borrowings resulting from squad additions.

Income tax expense

The income tax expense for 2005/06 was €8.3 million, a €2.2 million increase on the 2004/05 figure of €6.1 million.

Net profit

Net profit for the year ended 30 June 2006 was €15.9 million, up 37% on the previous year's figure of €11.6 million. This increase was partly due to non-recurrent revenues consisting of (i) additional payments on previous player sales and (ii) revenues from the Club's participation in a tournament in South Korea. These non-recurrent revenues had a direct impact on operating profit, and totalled €3 million before tax.

9.2.2 Analysis of French GAAP consolidated financial statements for the periods ended 30 June 2005 and 30 June 2004

Revenue

Revenue for the year ended 30 June 2005 totalled €98.3 million, up from €95.9 million the previous year. This increase of €2.4 million or 2.5% was mainly due to the following factors:

Media revenues

Media revenues totalled €46.1 million in 2004/05, up from €33.4 million the previous year. The increase was due to higher aggregate League 1 media revenues and an increase in the variable portion paid out to clubs, which favours the best teams. The bonus paid to the League 1 champion rose by €8.2 million, and bonuses related to the number of televised games increased by €4.2 million.

Ticketing revenues

Ticketing revenues were €17.7 million in the year ended 30 June 2005, as opposed to €16.4 million the previous year. The €1.3 million increase was due to a higher attendance/capacity ratio at *Stade de Gerland* (96.2% in 2004/05 as opposed to 92% in 2003/04 for League 1 games), along with an increase in the average ticket price (€17.94 in 2004/05 compared to €16.63 in 2003/04 for League 1 games and €33.95 compared to €30.64 for UEFA Champions League games).

Partnership and advertising revenues

Partnership and advertising revenues were €15.5 million in the year ended 30 June 2005, as opposed to €13.2 million the previous year. This sharp increase of €2.3 million was partly due to a non-recurrent payment resulting from the renegotiation of the contract with Sportfive, along with higher hospitality revenues driven by the opening of new executive boxes in the Jean Bouin stand.

Diversification revenues

Revenues from diversification businesses (marketing of branded products, licensing, travel, restaurants/catering, organisation services) totalled €14 million in 2004/05, up from €8.2 million the previous year. This €5.8 million increase resulted mainly from a doubling in branded product sales and, to a lesser extent, from strong business levels at OL Voyages and the Argenson restaurant.

Player trading revenues

Player trading revenues totalled €5.4 million in 2004/05, down from €24.7 million the previous year. The two players sold during 2004/05 (Bergougnoux and Balmont) were developed through the OL academy. Carrière, Edmilson, Luyindula, Violeau, Genevier and Alioui were sold in 2003/04.

Other external expenses

Other external expenses totalled €24.2 million in 2004/05, up from €19.3 million the previous year. Of this €4.9 million increase, €4.7 million was due to the recognition of collective image rights as external expenses instead of staff costs as of February 2005 under French GAAP. The remainder resulted from administrative costs at M2A, which was acquired in 2005, and an increase in the rental fees paid by SASP OL to the City of Lyon for *Stade de Gerland*.

Staff costs

Staff costs fell slightly, from €52.3 million in 2003/04 to €51.1 million in 2004/05. Although the Group recruited new players in 2004/05, staff costs fell due to the introduction of collective image rights, which were recognised under external expenses under French GAAP as of February 2005 (€4.7 million).

In the year to 30 June 2005, staff costs represented 42.1% of total revenue, which is better than that achieved by the main French League 1 clubs (average of 64% for Lyon, Monaco, Marseille, Lens and Paris, source: DNCG 2004/2005 report).

Expense transfer and other expenses

The expense transfer item relates to the neutralisation of player acquisition costs recognised under "other expenses". Player acquisition costs are capitalised as expenses to be charged over several periods. Expense transfers totalled €43.6 million in 2004/05, up from €13 million the previous year. This sharp increase resulted from the Club's efforts to strengthen its playing squad in the 2004/05, resulting in the acquisition of several players (Abidal, Cris, Frau, Nilmar and Pedretti).

Depreciation, amortisation and provisions

This item mainly relates to ordinary depreciation, amortisation and provisions, along with amortisation on expenses to be charged over several periods and the residual value of divested player registrations.

Additions to depreciation, amortisation and provisions totalled €15.8 million in 2004/05, down from €30.5 million in 2003/04. The sharp decline in this item in 2004/05 was due to the sale of certain players in the 2003/04 financial year, which led to additional amortisation of €17.4 million. In 2004/05, the only players sold had been developed through OL's own academy and therefore had no carrying value on the balance sheet.

Operating profit

Operating profit was €2.9 million in 2004/05, as opposed to an operating loss of €10.6 million the previous year. This improvement was due to strong growth in business revenues excluding player trading.

Net finance cost

Net finance cost totalled €0.2 million in the year ended 30 June 2005, the same as in 2003/04.

Net exceptional items

Net exceptional revenues totalled €3.3 million in 2004/05, due in particular to releases of provisions. There was a net exceptional expense of €0.5 million in the year ended 30 June 2004.

Income tax expense

The income tax expense was €2 million in 2004/05. In the previous year, the Group received a tax credit of €3.5 million as a result of a pre-tax loss of €11.4 million.

Net profit

Net profit for the year ended 30 June 2005 was €3.7 million, as opposed to a loss of €7.9 million the previous year.

9.2.3 Analysis of the IFRS consolidated cash flow statement for the year ended 30 June 2006

Net cash flow from operating activities

Net cash flow from operating activities rose due to higher operating profit and a stable working capital requirement, which was -€7.2 million in the year ended 30 June 2006 as opposed to -€7.7 million the previous year.

Net cash flow from investing activities

The €14.4 million outflow of cash relating to investing activities in 2005/06 contrasted with a €0.2 million inflow in 2004/05. The difference arose mainly from the squad strengthening policy, as a result of which spending on player purchases net of changes in payables (€54.0 million) was higher than revenues from player sales net of changes in receivables (€42.0 million).

Net cash flow from financing activities

The increase in bank credit facilities led to a net cash inflow of €7.6 million from financing activities.

Cash position

The cash position at 30 June 2006 was €50.4 million, compared to €33.3 million at 30 June 2005.

9.2.4 Analysis of commitments and contingent liabilities in the year ended 30 June 2006

Commitments received

(in thousands of euros)	Under 1 year	1 to 5 years	Over 5 years	Total
Bank credit facilities (1)	13 000	26 500		**39 500**
Commitments related to contingent transfer fees	2 090	300		**2 390**

Commitments received comprise:

- €38 million of bank credit facilities. At 30 June 2006, €21.9 million had been drawn on these facilities in the form of notes and €16.1 million in the firm of bank guarantees.

- Commitments received included €2.4 million relating to the divestment of player registrations. These represent contingent fees receivable from buyer clubs. Contingent fees are usually subject to the transferred player and/or purchasing club attaining certain sporting objectives.

Commitments given

(in thousands of euros)	Under 1 year	1 to 5 years	Over 5 years	Total
Rents payable	1 248	2 122	571	**3 941**
Bank guarantees related to purchases of player registrations	13 750	2 392		**16 142**
Commitments related to the purchase of a player registration	8 117			**8 117**
Commitments related to contingent transfer fees	1 900	500		**2 400**
Commitments related to player registrations contingent on the player remaining with the club	14 194	35 336		**49 530**
Guarantees given by OL Groupe to secure its bank facilities	24 008	13 992		**38 000**
Liabilities secured by mortgages	107	484	1128	**1 719**

Commitments given comprise:

– €3.9 million rent payable under property and equipment leases.

– €16.1 million guarantees given when purchasing player registrations. These guarantees are intended to cover deferred payments to seller clubs, and are in the form of bank guarantees.

– €8.1 million commitment related to the purchase of a player registration. This relates to the transfer of Sébastien Squillaci, whose contract was signed on 24 June 2006 and approved on 5 July 2006.

– €2.4 million commitments relating to player transfer fees. They represent possible contingent fees payable to seller clubs. These fees generally depend on the achievement of sporting targets.

– €49.5 million commitments given on player registrations. These relate to contingent fees that may be payable in the future. These commitments generally depend on the players remaining on the club's books.

– €38 million guarantees given by OL Groupe to secure bank credit facilities.

– €1.7 million mortgage guarantees on debt relating to the construction of OL Store. These mortgage guarantees have been given to Crédit Lyonnais and Banque Rhône-Alpes.

The table below sets out pledges of Group assets at 30 June 2006:

Pledges of assets
(property, plant and equipment, intangible assets and financial assets) at 30 June 2006

Mortgage	Mortgage start date	Mortgage maturity date	Amount of mortgage (thousands of euros)	Total balance sheet item (thousands of euros)	Corresponding percentage
On intangible assets	-	-	-	-	-
On property, plant and equipment	July 2003	July 2013	1,719	1,957	87.8%
On financial assets	-	-	-	-	-
Total	-	-	1,719	1,957	-

As of the date of this prospectus, none of the shares of the Company or its subsidiaries has been pledged.

10. CASH FLOW AND FINANCING

10.1 INFORMATION ON THE COMPANY'S CAPITAL

See section 20.1.5 "Notes to the consolidated financial statements for the year ended 30 June 2006".

10.2 CASH FLOW

See section 20.1.5 "Notes to the consolidated financial statements for the year ended 30 June 2006".

10.3 INFORMATION ON BORROWING TERMS AND FINANCING STRUCTURE

Credit facilities

SASP OL has arranged credit facilities to cover its ordinary financing requirements with the following institutions:

BNP Paribas

See note 7-3 in section 20.1.5 "Notes to the consolidated financial statements for the year ended 30 June 2006".

Crédit Lyonnais

See note 7-3 in section 20.1.5 "Notes to the consolidated financial statements for the year ended 30 June 2006".

Banque de l'Economie du Commerce et de la Monétique

See note 7-3 in section 20.1.5 "Notes to the consolidated financial statements for the year ended 30 June 2006".

Natexis Banques Populaires

See note 7-3 in section 20.1.5 "Notes to the consolidated financial statements for the year ended 30 June 2006".

10.4 RESTRICTIONS ON THE USE OF CAPITAL

See section 20.1.5 "Notes to the consolidated financial statements for the year ended 30 June 2006".

10.5 INFORMATION ON THE SOURCES OF FINANCING EXPECTED TO BE NECESSARY TO HONOUR THE COMPANY'S COMMITMENTS

On the date this prospectus was registered, the Company had made no firm commitment as regards implementing its investment strategy.

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The Company has no research and development activity.

12. TRENDS

12.1.1 Targets for 2006/07

On the registration date of this prospectus, the Group was expecting business revenues to grow in 2006/07, based on certain indicators. The Club is already qualified for the knock-out stages of the UEFA Champions League and its current position in League 1 means that it can expect to end the 2006/07 season among the top teams.

As a result, sporting performance should cause both League 1 and UEFA Champions League media revenues to be at least stable, and these revenues being more likely to increase slightly.

During the period between the end of the last financial year and the registration date of this prospectus, the stadium's attendance/capacity ratio was higher than for the financial year ended 30 June 2006 (98.7% compared to 96.5%). Average ticket prices were also higher. These factors should lead to higher ticketing revenues for the financial year 2006/07.

Partnership/advertising revenues are likely to grow substantially in 2006/07, mainly due to the commencement of the Accor contract. In addition, the average unit price for hospitality packages (excluding tickets and partner seats) should be approximately €3,250, excluding VAT.

Diversification revenues should see double-digit growth in 2006/07, mainly due to a significant increase in shirt sales by OL Merchandising. The current order book suggests sales of more than 195,000 shirts for the current season, whereas 110,000 shirts were sold during the financial year ended 30 June 2006. The revenues of other diversification subsidiaries are also likely to be higher than those of the financial year ended 30 June 2006.

At the start of the financial year, SASP OL generated €47.4m from player trading, and a disposal gain of €28.8 million. However, part of the fee for Nilmar, transferred at the start of the financial year 2006/07, remains unpaid on the registration date of this prospectus. This situation may be resolved in one of three ways: payment by the purchasing club of the remaining fee, the player's return to the Club's players' staff, or the sale of the player to another club. The outcome of this transfer should be known by the end of January 2007.

Taking into account these factors, the Group believes that total business revenues should increase by approximately 15% for the current year.

At the start of the season, Players trading revenues have enabled the Club to consolidate and strengthen its squad, and extend the contracts of certain players to increase the market value of their registrations. These investments have resulted in an increase in staff costs for the current financial year.

Operating income should be slightly higher than for the financial year ended 30 June 2005 but lower than for the financial year ended 30 June 2006. The decline is due to the non-recurrence of certain revenues generated during the financial year ended 30 June 2006 (see section 9.2.1 "Analysis of the IFRS consolidated financial statements for the year ended 30 June 2006 – net profit") along with the increase in staff costs in 2006/07.

In uneven years (i.e. years when there is no World Cup or Euro competition), the Group is able to arrange promotional tours for the Club, which generate revenues (e.g. the South Korea tour in 2005). The high proportion of international players in the OL squad makes it impossible to organise promotional tours in even years, although a system of compensation is currently being introduced on an international level (similar to the one already in place in Germany), which aims to compensate clubs when their players are called up for national duty.

12.1.2 New stadium project: from the *Stade de Gerland* (traditional stadium) to OL Land (Sportainment concept)

Two sites have been identified on the outskirts of Lyon for the location of the new stadium: one in Décines that is favoured by the Lyon urban community, and one in Jonage-Meyzieu.

Various studies are currently underway to decide which site to use, and to secure the authorisations required to carry out the project. There is currently a bias towards the Décines site.

Two projects are currently under consideration for the design of the new stadium. The first involves a covered stadium with a retractable roof and pitch, allowing other types of event to be staged (see also section 6.5.3 "Main future investments").

Financing

Final decisions have not yet been taken on how OL Land will be financed and owned. It may be financed by capital raised as part of the IPO, by debt financing or by private investors contributions.

A part of the funds raised in the IPO may also be used to buy land, pay fees and finance the preliminary and additional studies that are required for the project. At the moment, the Group's preferred route for financing the new stadium construction is to use the funds raised from the IPO supplemented by bank financing.

In any event, the project will comply with the provisions of article L.122-8 of the French Sport Code (*Code du sport*) arising from law no. 2006-1770 of 30 December 2006 (see "Institutional and Regulatory Environment" appendix, section 3.2 "Authorisation to issue financial instruments to the public"), and the real right referred to by that law over sports equipment used to organise events and competitions will be included in the scope of OL SASP.

Estimated cost of the new stadium

Based on similar projects already realized in Europe, the cost of the new stadium may be estimated as follows:

- land purchase cost: approximately €15 to 20 million
- preliminary studies: approximately €15 million
- stadium construction cost: approximately €230 to 270 million
- cost of building the leisure centre and shopping centre: €130 to 150 million

As of the date of registration of this prospectus, although the final decision has not yet been made, the Group's preferred route is, in the first instance, to acquire all the land required for the OL Land project. At a later stage, it will retain ownership of the stadium, but could then examine various partnership possibilities with private investors for other parts of OL Land.

New stadium investment schedule

Land purchase: during 2007

Preliminary studies: until 2009

Construction work: two years, with an operational stadium by the start of the 2010/11 season at the latest.

12.1.3 Medium-term targets

For the years ended 30 June 2007 and 2008, the Group is aiming to achieve annual growth in business revenues (excluding players trading) averaging between 4% and 8%. Diversification revenues should contribute significantly to this growth, and the Group expects diversification revenues to rise at a CAGR superior to 10%.

The average operating margin achieved in the past two financial years should improve during 2007-2009 by containing staff costs to under 50% of total revenue and by growth in diversification revenues and player trading revenues.

By the start of the 2009/10 season, media revenues (excluding OL Images) should not constitute more than 40% of the Group's business revenues.

The new stadium should make a major contribution to the Group's future growth beginning in the 2010/11 season. The opening of the new stadium should result in a 10% to 15% increase in business revenues.

Once the new stadium is operational, the operating margin should improve substantially thanks to revenue from stadium activities and more particularly a sharp rise in ticketing which command much higher margins than other activities.

Lastly, the amount of the dividend payout envisaged for future years is a reflection of management's confidence in the Company's future performance. As things stand, it could be in the range of 5% to 15% of the Company's annual distributable profits.

The trends and targets stated in this section 12 "Trends" are based on data, assumptions and estimates that the Group regards as reasonable. These data, assumptions and estimates may change or be changed due to uncertainties relating in particular to the Club's sporting performance. In addition, the realisation of certain risks described in section 4 "Risk factors" may affect the Group's activity, financial position and results, as well as its ability to attain its objectives. The Group makes no firm commitment to realising the growth targets stated in this section, particularly with respect to the players trading business.

These trends and targets are based on the accounting principles adopted by the Group in preparing its financial statements for the financial year ended 30 June 2006.

13. PROFIT FORECASTS OR ESTIMATES

The Company does not present any profit forecast or estimate.

14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES, AND SENIOR MANAGEMENT

14.1 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The company is a limited liability company (*société anonyme*) governed by a Board of Directors. There are thirteen Directors on the Board as of the registration date of this prospectus. The term of office of the current Directors is six years and they may stand for re-election. Directors and permanent representatives of corporate Directors over the age of 75 may not comprise more than one third of the total number of Directors serving on the Board.

A summary of the key provisions of the Articles of Association governing the Board of Directors, and more particularly its method of operation and powers, can be found in section 21.2.2 "Provisions of the Articles of Association governing the administrative and management bodies – Board Charter".

14.1.1 Chairman of the Board of Directors and Chief Executive Officer

Jean-Michel Aulas was first appointed Chairman and Chief Executive Officer of the Company on 1 February 1999. At its meeting of 16 December 2002, the Board of Directors elected to combine the offices of Chairman of the Board of Directors and Chief Executive Officer and renewed Jean-Michel Aulas as Chairman and Chief Executive Officer of the Company on 18 March 2002.

14.1.2 Members of the Board of Directors

The table below shows the composition of the Board of Directors and other directorships and offices held by the Directors outside the Group. The co-optation of Jérôme Seydoux and Michel Crépon at the Board meeting of 2 October 2006 was ratified by the shareholders at their combined ordinary and extraordinary general meeting held on 6 November 2006. None of the Directors has been elected by the employees.

Name and first name	Age	First appointed/co-opted	Term expires	Main function in the Company	Main directorships and other offices held in the last five years
Jean-Michel AULAS	57	Appointed via the Articles of Association 21 December 1998	GM held to approve the financial statements for the financial year ended 30 June 2007	Chairman and Chief Executive Officer	Chairman and Chief Executive Officer of OL Groupe Chairman of the Board of Directors of Cegid Group (formerly Cegid) Chairman of the Board of Directors of Holding Cegid Services Chairman of the Board of Directors of Ccmx SA (1) Chairman of ICMI Chairman of Cegid Services Chairman and Chief Executive Officer of SASP OL Chairman and Chief Executive Officer of Ccmx Holding(2) Director of OL Voyages Director of Quadratus Chief Executive Officer of Cegid(2b) Director of Holding Cegid Services
Jérôme SEYDOUX	72	**As Director**: co-opted on 2 October 2006 **As permanent representative** of Pathé on the Board of Directors of	GM held to approve the financial statements for the financial year ended 30 June 2011	Director (Deputy Chairman)	Chairman of Pathé SAS Chairman of Pathé Distribution Chairman of Pathé Renn Production Deputy-Chairman, Chief Executive Officer and Director of Chargeurs SA

Name and first name	Age	First appointed/co-opted	Term expires	Main function in the Company	Main directorships and other offices held in the last five years
		Olympique Lyonnais Groupe until 2 October 2006			Member of the Supervisory Board of Accor Member of the Supervisory Board of Compagnie du Mont-Blanc Deputy-Chairman and member of the Remuneration Committee of Compagnie du Mont-Blanc Member of the Executive Board of Pathé Member of the Executive Committee of Pathé Renn Production Member of the Executive Committee of Pricel Permanent representative of Soparic Participations on the Board of SASP OL Chairman of SHCC(21) Chairman of the Supervisory Board of Mont Blanc et Cie(22) Deputy Chairman and Director of Télé Monte Carlo(23) Director of the Danone Group(24) Chairman of the Remuneration Committee of Accor
SA GL EVENTS (represented by Olivier GINON)	48	13 December 2004	GM held to approve the financial statements for the financial year ended 30 June 2010	Independent Director	Director of Polygone SA Director of GL Events and some of its subsidiaries Director of Tocqueville Finances SA Director of Lyonnaise de Banque
Jean-Pierre MICHAUX	61	13 December 2004	GM held to approve the financial statements for the financial year ended 30 June 2010	Independent Director	Chairman and Chief Executive Officer of Michaux Gestion(19)
Eric PEYRE	45	13 December 2004	GM held to approve the financial statements for the financial year ended 30 June 2010	Director	Chairman of OL Images Chairman of the Supervisory Board of Jet Multimédia Group Director of TJM and Médiafusion España Director of Médiafusion International Director of SMS Services Director of Délicom SLU Director of Médiafusion Télécom SLU Permanent representative of Jet Publishing on the Board of Directors of TJM Director of Lagtoo Director of Lyon Poche Presse Director of PAM

Name and first name	Age	First appointed/co-opted	Term expires	Main function in the Company	Main directorships and other offices held in the last five years
Jean-Paul REVILLON	64	5 December 2005	GM held to approve the financial statements for the financial year ended 30 June 2011	Independent Director	Chairman and Chief Executive Officer of SA Relais de Belleville Legal Manager of SARL du Tourveon Legal Manager of SARL Sotrabeau
Serge MANOUKIAN	64	5 December 2005	GM held to approve the financial statements for the financial year ended 30 June 2007	Independent Director	Chairman of the Supervisory Board of ASFI Chairman of the Supervisory Board of JAFI Legal Manager of SCI La Fantasque II Legal Manager of SCI Molinel 75 Legal Manager of SCI Corneille 53 Legal Manager of SCI Steca Legal Manager of SCI Kari Legal Manager of SCI Du Champ Legal Manager of SCI Manouk Legal Manager of SCI SJT Legal Manager of SCI SM Co-Legal Manager of SCI Soman Director of M2A Director of Olympique Lyonnais Groupe Director of SA SITEP
Gilbert GIORGI	55	5 December 2005	GM held to approve the financial statements for the financial year ended 30 June 2011	Director	Chairman of the Board of Directors of Filying Chief Executive Officer of Filying Chairman of the Executive Board of Hôtel Lyon Métropole Liquidator of SNC 17 Bd des Belges Chairman of SA Argenson Director of OL Groupe Co-Legal Manager of Espace Para Co-Legal Manager of Espace Vitton Co-Legal Manager of Filying Gestion Co-Legal Manager of Stalingrad Investissement Co-Legal Manager of Solycogym Co-Legal Manager of SCI FCG Co-Legal Manager of SCI Topaze Co-Legal Manager of SCI Franchevillage Co-Legal Manager of SCI Créqui Tête d'Or Legal Manager of SCI Mégastore Olympique Lyonnais Co-Legal Manager of SCI Foncière des Emeraudes

Name and first name	Age	First appointed/co-opted	Term expires	Main function in the Company	Main directorships and other offices held in the last five years
Christophe COMPARAT	52	5 December 2005	GM held to approve the financial statements for the financial year ended 30 June 2011	Director	Legal Manager of OL Brasserie Director of OL Groupe Director and member of the Management Committee of SASP OL Chairman of OL Merchandising Director of Lou Rugby Chairman and Chief Executive Officer of IAC and Figesco
Jacques MATAGRIN	63	Elected via the Articles of Association 21 December 1998	GM held to approve the financial statements for the financial year ended 30 June 2007	Director	Chairman of Le Tout Lyon Director of OL Groupe Director of Cegid Group (formerly Cegid SA) Director of Eurazis Chairman of Association OL Chairman and Chief Executive Officer of OL Voyages Legal Manager of ATF Legal Manager of Noirclerc Fenetrier Informatique - NFI Legal Manager of JM Investissement Legal Manager of SCI Duvalent Permanent representative of Association OL on the Board of Directors of SASP OL Chairman of MNC Michèle Neyret Communications[20] Chairman of Noirclerc Fenetrier Informatique SAS Legal Manager of Société Nouvelle Patriote Beaujolais Director of Bemore (Switzerland)
Michel CREPON	60	**As Director**: co-opted on 2 October 2006 **As permanent representative** on the Board of Soparic Participations until 2 October 2006	GM held to approve the financial statements for the financial year ended 30 June 2011	Director	Member of the Executive Board of Pathé SAS Member of the Executive Board of Gaumont Pathé Archives SAS Permanent representative of Pathé on the Board of Directors of SASP OL Permanent representative of Soparic Participations on the Board of Directors of OL Groupe Permanent representative of Soparic Participations on the Board of Directors of OL Voyages, Director of Allied Films Ltd. Director of Guild Home Video Ltd. Director of Pathé Distribution Ltd. Director of Pathé Entertainment Ltd. Director of Pathé Fund Ltd. Director of Pathé Pictures Ltd. Director of Pathé Productions

Name and first name	Age	First appointed/co-opted	Term expires	Main function in the Company	Main directorships and other offices held in the last five years
					Chairman of Pathé Sport[(6)] Chairman of SHCC SA[(7)] Chairman of the Executive Board of Voyages SAS[(8)] Vice Chairman of Monégasque des Ondes SAM[(9)] Chief Executive Officer of Pathé Renn Production SA[(10)] Deputy Chief Executive Officer of Pathé SA [(11)] Director and member of the Executive Committee of Europalaces SAS[(13)] Director and member of the Executive Committee of Pathé Renn Production SAS[(14)] Director and member of the Executive Committee of Pathé Distribution[(15)] Director and member of the Executive Committee of Télé Monte Carlo SA[(16)] Member of the Executive Board of Nouvelles Télévisions Numérique [(17)] Member of the Executive Board of Pathé[(12)] Permanent representative of Pathé on the Board of Directors of Histoire[(18)]
SAS ICMI (represented by Patrick BERTRAND)		6 November 2006	GM held to approve the financial statements for the financial year ended 30 June 2012	Director	**ICMI:** Director of Cegid Group (formerly Cegid SA) **Patrick BERTRAND**: Chief Executive Officer of Cegid Group (formerly Cegid SA) Permanent representative of ICMI on the Board of Directors of Cegid Group (formerly Cegid SA) Chief Executive Officer of Ccmx SA[(4)] Deputy Chief Executive Officer of Cegid (formerly Ccmx)[(5)] Director of Ccmx (formerly Ccmx Holding) Director of Holding Cegid Services Chairman of the Board of Directors of Cegid Business Intelligence Chairman of the Board of Directors of Quadratus Chairman of the Board of Directors of ASPX Chairman of the Board of Directors of FCRS Director of Synaptique[(25)] Director of Servant Soft Director of Expert & Finance Director and Deputy Chairman of Figesco Member of the Supervisory Board of Alta Profits Chief Executive Officer of Holding Cegid Services[(26)] Chairman of the Board of Directors of

Name and first name	Age	First appointed/co-opted	Term expires	Main function in the Company	Main directorships and other offices held in the last five years
					Technilog[27] Chairman of the Board of Directors of Data Bretagne [27]
François-Régis ORY	47	6 November 2006	GM held to approve the financial statements for the financial year ended 30 June 2012	Independent Director	

(1) Until 25 March 2005, date of Ccmx Holding's absorption of Ccmx SA
(2) Became Ccmx as of 25 March 2005 following its absorption of Ccmx SA and change of name
(2b) Until 20 December 2002
(3) Until 28 November 2005, date of the company's winding-up by way of merger
(4) From 16 November 2004 to 25 March 2005, date of Ccmx Holding's absorption of Ccmx SA and change of name to Ccmx
(5) Since 9 May 2005
(6) 8 December 1998 to 22 March 2002
(7) 19 December 2002 to 29 July 2004
(8) 16 May 1997 to 3 September 2004
(9) 8 April 2002 to 18 February 2005
(10) 29 March 1996 to 12 November 2001
(11) 2 July 2002 to 31 March 2006
(12) 19 September 2000 to 2 July 2002
(13) 10 May 1994 to 26 April 2006
(14) 31 July 2002 to 1 January 2006
(15) 9 March 1990 to 16 October 2002
(16) 6 February 2002 to 18 February 2005
(17) 1 August 2003 to 18 February 2005
(18) 28 June 2001 to 2 July 2004
(19) 1996 to 2005
(20) 2000 to 2005
(21) 17 December 1999 to 19 December 2002
(22) 14 November 2003 to 28 May 2004
(23) 17 January to 18 February 2005
(24) 26 June 1970 to 12 February 2005
(25) Until 20 November 2005, date of the company's winding-up by way of merger
(26) Until 16 November 2004
(27) Until 9 December 2003

On 6 November 2006, the Board of Directors reviewed the position of each Director and duly noted that Jean-Paul Révillon, Serge Manoukian, Jean-Pierre Michaux, Olivier Ginon and François-Régis Ory could be considered as independent Directors in that they had no material direct or indirect relationship with the Company or the Group, its shareholders or executive officers, which could influence their freedom of judgement. They accordingly meet the independence criteria adopted by the Board of Directors on 6 November 2006 (see section 16.4.1 "Independence criteria for Directors").

Personal information about the Directors of the Company:

Jean-Michel Aulas (1949)

Chairman and Chief Executive Officer

Jean-Michel Aulas was enrolled in an academic training where he studied computer science and economicsholding a number of professional position. He became head of Cégos for thirteen years and then head of Sligos in Lyon and Paris. In 1983, he created Cegid which was the listed three years later. Cegid is now the leading French developer of management software suites. In 1987, Jean-Michel Aulas became Chief Executive Officer of Olympique Lyonnais and became involved in professional football at both national level (Vice-President of the National League of Professional Football (*Ligue Nationale de Football Professionnel*)) and international level (member of the Board of Directors of the French organising committee, 1998 FIFA World Cup and Member of G-14). As a well-known entrepreneur in the *Rhône-Alpes* region (he was named "*Rhône-Alpes* Manager of the Year 2004" by *Nouvel Economiste* and "Rhône-Alpes Entrepreneur" in 2006), Jean-Michel Aulas sits on the Committee of Wise Men of the Lyon Chamber of Commerce and is a commercial adviser to the Bank of France.

Jérôme Seydoux (1934)

Director

Jérôme Seydoux is a graduate of the *Ecole Nationale Supérieure d'Electronique, d'Electrotechnique et d'Hydraulique* located in Toulouse. He began his career as a financial analyst for Istel, Lepercq and Co. Inc in New York from 1962 to 1963. In 1964, he joined Neuflize, Schlumberger, Mallet bank where he was successively partner and member of the Executive Board. In 1969, he joined Schlumberger Ltd. as Director, then became Executive Vice-President and lastly Chief Executive Officer in 1975, leaving the company one year later. He then held executive positions with Pricel (Chairman from 1976 to 1981), Chargeurs (Chairman from 1981 to 1996 and Deputy Chairman since) and British Sky Broadcasting (Chairman of the Board of Directors from 1998 to 1999). Since 1991, Jérôme Seydoux has been Chairman of Pathé and is also a Director of Accor.

Jean-Pierre Michaux (1945)

Director

A graduate of the University of Lausanne Business School, Jean-Pierre Michaux began his career as a financial analyst with Banque de Suez-Paris, which was followed by a number of business experiences abroad (seconded to Banque Burkhard et Compagnie in Dusseldorf, executive management assistant at Banque de Suez Italie in Milan). In 1973, he joined Renault Finance S.A. in Lausanne as a foreign exchange dealer and then became a financial executive with Société Financière pour l'Expansion de l'Industrie à Paris (SOFEXI), part of the Renault group. In 1977, he began to work independently and was an authorised representative of Michaux and then a foreign exchange dealer until 1990, when he became Chairman of the Executive Board of brokers Michaux. From 1994 to 1996, he was Chairman of the Supervisory Board of Michaux S.A. before becoming Chairman and Chief Executive Officer of Michaux Gestion until 2005.

Michel Crépon (1946)

Director

Michel Crépon, a graduate of *HEC* business school, began his career with an international audit firm before joining the airline UTA in 1974, where he was notably treasurer. He joined Chargeurs in 1989 as Group Treasurer, and in 1992 became Deputy General Manager Communications. He was then appointed Deputy General Manager of Pathé after its spin-off from Chargeurs in 1996, and was Chief Executive Officer from 2002 to 2006. He is now a member of the Executive Board of Pathé and a Director of some of the group's subsidiaries. He is also a Director of the Jérôme Seydoux-Pathé Foundation.

François-Régis Ory (1959)

Director

François-Régis Ory has a postgraduate degree in Biomaterials and a masters degree in business administration. A former intern in the hospitals of Lyon and a doctor of pharmacy, he began his career as marketing and sales manager of Biomatech in 1989, a services company in biomaterials and medical/surgical equipment. In 1993, he was appointed scientific and technical director of Sofradim Production and two years later became Chief Executive Officer of Sofradim, a company specialised in the design, manufacture and distribution of medical implants. In 1996, he was one of the founders of Floreane Medical Implants, the holding company of Sofradim of which he was then Chairman. He became Chairman of Floreane Medical Implants at the time of its sale to the Tyco group in November 2005.

Patrick Bertrand (1954)

Patrick Bertrand is a graduate of the *Institut d'Etudes Politiques de Paris* and has a degree in law. He began his career in 1977 with Crédit Chimique, a bank belonging to the Pechiney group and Total. In 1983, he became Chief Financial Officer of Eurafrep, an oil prospecting company and listed subsidiary of the Lazard group. In 1988, he joined Cegid as Chief Financial Officer and then became Deputy General Manager. He was appointed Chief Executive Officer of the Cegid group in 2002. He has been national Vice President of the *DFCG* (Association of Chief Financial Officers and Financial Controllers), of which he is still a Director. He is a founder member of the ESA (European Software Association), of which he is now a Director, and of AFDEL (*Association Française des Editeurs de Logiciels*), of which he became Chairman in September 2006.

Olivier Ginon (1958)

Director

After studying law, Olivier Ginon created Polygone, a company specialising in exhibition organisation. In 1989, his association with Cré-Rossi, a leader in the French equipment leasing market, gave rise to the *Générale Location* group.

After several successive acquisitions, the *Générale Location* group became the French leader in exhibition installation and then turned its attention to the events market. Olivier Ginon has thus been involved in some major sports events (World Cup France 1998, South Korea 2002 and Germany 2006, and Olympic Games Sydney 2000, Salt Lake City 2002 and Athens 2004). The *Générale Location* group now has 2,600 employees and operations in fourteen countries.

Eric Peyre (1961)

Director

Eric Peyre is a graduate of *INSA* Lyon. He began his career in 1986 as Chief Executive Officer of *MG2 Télématique* and in 1989 founded the *Jet Multimédia* group, of which he was Chairman of the Board of Directors until 2000, when he became Chairman of the Supervisory Board. Eric Peyre is currently also Chairman of OL Images. He holds several directorships within the *Jet Multimédia* Group and with the companies *Lagtoo, Lyon Poche Presse* and *Pam*.

Jean-Paul Révillon (1942)

Director

Jean-Paul Révillon is the founder of Révillon, a company specialising in civil engineering and quarrying, in which he has held executive positions throughout his professional career. In 1991 he sold Révillon to Tarmac, a UK group.

Serge Manoukian (1942)

Director

A qualified automotive electrician, Serge Manoukian began his career as a salesman with *Perline P.A.P. Féminin* in 1960. In 1967, he became Chairman and Chief Executive Officer of Astrid *P.A.P. Féminin* until 2004. In 1999, Serge Manoukian acquired Jonas, another ready-to-wear specialist based in Lille. Since 2004, he has been Chairman of the Supervisory Board of FIMA and MAFI, and then ASFI and JAFI following the merger in June 2005.

Gilbert Giorgi (1951)

Director

A graduate of the *ICH* (1971), Gilbert Giorgi has created many property companies throughout his professional career, including notably RIC SA, RIC *Lotissements*, RIC *Investissement Immobilier, Parc Investissements*, RIC Promotion and Emeraude Promotion. From 1971 to 2000, he was involved in various upscale residential and office property development programmes in Lyon and its inner suburbs, as well as the south of France more generally (e.g. Cannes, Le Cannet, Mougins and Biot). In 1979, he also founded Deviq *Rhône-Alpes*, which became a leader in housing estate development in the

Rhône-Alpes region. Gilbert Giorgi sold his business to France Terre in 2002. Within the Group, he is also Director and Deputy Chairman of SASP OL.

Christophe Comparat (1954)

Director

A graduate of the *Ecole Nationale d'Assurances* in Lyon, Christophe Comparat began his career with UAP's general insurance agency in Villeurbanne where he remained until 1983. He was then Chairman and Chief Executive of SAGITA, an insurance broker, until 2000. From 1984 to 2000, he was a member of the Executive Committee of the trade union organisation SNCAR and Director of CGPME. In 1989, he became a member of the Executive Committee of the Cegid group and joined *Olympique Lyonnais* in 1991 as Chairman and Chief Executive, a position he held until 1996. In 2000, he became Chairman of Lyon Olympique Universitaire – LOU Rugby SAOS (2000). Within the Group, Christophe Comparat is also Director and member of the Management Committee of *Olympique Lyonnais SASP* and Chairman of OL Merchandising.

Jacques Matagrin (1943)

Director

Jacques Matagrin is a graduate in advanced French studies from the University of Lyon III. He began his career in 1965 with the newspaper "Le Tout Lyon" and the magazine "Métropole". In 1976, he became publication director and Chief Executive Officer of the "Le Tout Lyon" group and was Chairman and Chief Executive Officer of the group from 1980 to 2004. In parallel, in 2000, he became Chairman and Chief Executive Officer of MNC Communication, until 2005. He was also Chairman of OL Voyages until his resignation on 2 November 2006.

14.1.3 Statement regarding the administrative and management bodies

To the Company's knowledge:

- there are no family relationships between the Directors and other senior managers of the Company;
- none of the directors or other senior managers has been convicted of fraud in the past five years;
- none of the directors or other senior managers has been implicated in a bankruptcy, receivership or liquidation as a member of an administrative, management or supervisory body in the past five years;
- none of the directors or other senior managers has been charged with any other offence or had any official public disciplinary action taken against them by the legal or regulatory authorities (including any professional bodies) in the past five years;

- none of the directors or other senior managers has been barred by a court from acting as a member of an administrative, management or supervisory body of a listed company or from participating in the management of a listed company in the past five years;

14.1.4 Other managers of the Company

The following people play a key role in the Group as senior managers of the Company:

Thierry Sauvage (1962)

General Manager Finance and Sales[1]

Thierry Sauvage has a postgraduate degree in international taxation. In 1989, he created AT2J, specialised in sports event organisation and sports marketing, before joining the Herlitz group (school and office stationery business) as head of marketing. In 1998, Thierry Sauvage founded 2C2M, a management and strategic consultancy for professional sports clubs. In 1999 he created M2A, a central buying agency for sports clubs designed to optimise their merchandising activities. In 2003, he joined OL Groupe after selling his own companies to the Group. In 2004, he was appointed Deputy General Manager of *Olympique Lyonnais Groupe* then in October 2006, General Manager Finance and Sales. He has also been Chairman of subsidiaries M2A and OL Voyages since 2 November 2006.

Patrick Iliou (1968)

Deputy General Manager in charge of merchandising, human resources, information technology and the stadium project

Patrick Iliou, a graduate of *Audencia*, began his career with KPMG Audit, where he stayed for three years before joining the Carrefour group (Champion supermarkets division). Within the Carrefour group, he was, from 1996 to 2006, successively head of operations, head of purchasing and logistics and chief financial officer, before joining OL Groupe this year.

Marino Faccioli (1948)

Deputy General Manager in charge of security and relations with the sporting and local authorities

Marino Faccioli studied management and accounting and spent some time in teaching before becoming an auditor with the RVI group. In parallel, he was also a press correspondent for Progrès, Dernières Heures Lyonnaises, Equipe

[1] Non-executive position

and France Football from 1966 to 1979, when he joined OL Groupe as Chief Administrative Officer before becoming Deputy General Manager. At national level, Marino Faccioli sits on the legal committee of the Professional Football League (*Ligue de Football Professionnelle* (LFP)). He is also a member of the Agents Committee of the French Football Federation (*Fédération Française de Football*). At European level, he was a member of the Board of the European Club Forum from 2002 until this year. He is also Chairman of OL Organisation.

<u>Olivier Blanc (1954)</u>

Deputy General Manager in charge of communications

Olivier Blanc is a graduate of the *Institut Supérieur de Gestion* (1980). He began his professional career as a journalist with the Progrès de Lyon from 1980 to 1987, when he joined Le Sport newspaper until 1988. He joined *Olympique Lyonnais* in 1989 as head of communications and was appointed Deputy General Manager Communications of OL Groupe in 2005.

14.2 BOARD OF DIRECTORS' AND SENIOR MANAGEMENT CONFLICTS OF INTERESTS

The Company has extensive business relationships with ICMI, which will remain the main shareholder after the Company's initial public offering (see section 19 "Related party transactions" and section 4.1.3 "Other risks specific to the Group"). The Chairman and Chief Executive Officer of the Company, Jean-Michel Aulas, owns virtually all the share capital and voting rights of ICMI and is also its Chairman. ICMI has five other employees: Patrick Bertrand, deputy general manager in charge of administration and finance, a finance manager, a legal manager and two management assistants. ICMI has entered into a senior management services agreement with the Company. The agreement has been examined by the statutory auditors who concluded that it constituted an agreement at normal market conditions.

Under the agreement, ICMI provides the Company with strategic advice, market research, assistance in implementing growth plans and marketing advice. The Company pays ICMI a fee which comprises a fixed component (€25,000 ex-VAT per month revisable annually) and, since the amendment of 5 December 2005, a variable component equal to 4% of the Group's weighted average net profit for the current financial year and the two prior financial years. The Company has undertaken to introduce a mechanism to cap the variable component, the terms of which will be set out in a new amendment to the agreement and described in the transaction note to be prepared for the initial public offering, after approval by the Board of Directors. The Company also reimburses ICMI for all specific costs incurred. ICMI invoiced the Company €660,000 ex-VAT for the year ended 30 June 2006 (€300 thousand for the fixed component and €360 thousand for the variable component).

The Company has entered into information systems services agreements with Cegid at normal market terms and conditions. Cegid invoiced the Group €266,975 for services provided during the year ended 30 June 2006. Jean-Michel Aulas also received Directors' fees from Cegid in his capacity as Chairman of the Board of Directors of Cegid for the year ended 31 December 2005.

To the best of the Company's knowledge, these relationships are not likely to create conflicts of interest and as of the date of registration of this prospectus, there were no potential conflicts of interest between the Directors' and Chief Executive Officer's duties towards the Company and their own personal interests.

Under the Director's Charter, which was adopted by the Board of Directors at its meeting of 6 November 2006 contingent upon the admission of the Company's shares to trading on Eurolist by Euronext Paris S.A., the Directors shall inform the Board of any actual or potential conflicts of interest arising from their position as Director and to abstain from the discussions and vote on the matter in question (see section 16.4.2 "Director's Charter").

Lastly, the Company has not granted any loans or guarantees to any of the Directors.

15. REMUNERATION AND BENEFITS

15.1 REMUNERATION AND BENEFITS PAID DURING THE LAST FINANCIAL YEAR

15.1.1 Interests and remuneration of the Chairman and Chief Executive Officer and the Directors

At their general meeting of 6 November 2006, the shareholders resolved for the first time to allocate Directors' fees to members of the Board of Directors for the year ended 30 June 2006. The total amount of fees was set at €88,000, to be allocated among the Directors in office according to their attendance at Board meetings, after applying a weighting coefficient for the Chairman and those Directors who carried out special assignments during the year.

At its meeting of 6 November 2006, the Board resolved to allocate the Directors' fees for the year ended 30 June 2006 as follows:

Director	Fees Year ended 30 June 2006	Paid in cash	Paid in kind
Jean-Michel Aulas	€13,000	€6,211	€6,789
Jérôme Seydoux (Pathé)	€13,000	€6,211	€6,789
Olivier Ginon (GL Events)	€8,000	€5,007	€2,993
Jean-Pierre Michaux	€8,000	€5,007	€2,993
Eric Peyre	€8,000	€5,007	€2,993
Jacques Matagrin	€8,000	€5,007	€2,993
Michel Crépon (Soparic Participations)	€8,000	€8,000	-
Gilbert Giorgi	€7,000	€4,007	€2,993
Christophe Comparat	€7,000	€4,007	€2,993
Jean-Paul Révillon	€4,000	€1,007	€2,993
Serge Manoukian	€4,000	€1,007	€2,993

Director	Fees Year ended 30 June 2006	Paid in cash	Paid in kind
Total	**€88,000**	**€50,478**	**€37,522**

*The payment in kind comprises a watch commemorating OL's fifth consecutive French Championship win. The value of the watch varies depending on the Director concerned

The Directors do not receive any remuneration or benefits from the Company or its subsidiaries other than the reimbursement of justified business expenses and the Directors' fees voted by the shareholders. Similarly, Jean-Michel Aulas does not receive directly any remuneration or benefits in respect of his position as Chairman and Chief Executive Officer of the Company other than the reimbursement of justified business expenses.

Jean-Michel Aulas receives his remuneration from ICMI, the managing holding company of its two main stakes Cegid Group and OL Groupe. Such remuneration comprises a fixed component and a variable component. Since 1 January 2006, the variable component is also based on the Group's consolidated results, in the amount of 2.5% of the Group's average weighted consolidated net profit in the past three calendar years. This variable component is included in the revenues received pursuant to the agreement entered into between ICMI and the Company. Total remuneration and benefits received by Jean-Michel Aulas from ICMI, Cegid and all its subsidiaries for the year ended 31 December 2005 amounted to €405,000 for the fixed component (including directors' fees for an amount of 17 thousands of euros) and about €365,000 for the variable component. As at the date of this prospectus, the variable component of Jean-Michel Aulas' remuneration base of the consolidated net profit of the Group is still unknown. As at the date of this prospectus, as a pure forecast, the net profit being unknown, this amount could amount, for the 2006 calendar year, from 300 to 400 thousands of euros.

15.1.2 Remuneration paid to other senior managers[2]

The total amount of fixed remuneration paid to senior managers for the year ended 30 June 2006 was €344,395 and the performance-related component was approximately €125,000.

Under a partnership agreement entered into between Audi France and SASP OL, each of Thierry Sauvage, Patrick Iliou, Marino Faccioli and Olivier Blanc have a company car provided by the Group. A proportion of the rental cost is restated in the Company's financial statements as income in kind, the total for the twelve month period being estimated at €39,499.56. The senior managers receive no other income in kind.

[2] Not executive officers

15.2 TOTAL POST-EMPLOYMENT AND OTHER BENEFITS

The Company does not provide the Directors or the Chairman and Chief Executive Officer with any supplementary private pension plan or other benefit of any kind.

The Company has not made any commitments towards its executive officers or senior managers.

16. BOARD PRACTICES

The directorships and other executive offices currently held and held in the past five years by the Directors are listed in section 14.2 "Board of Directors".

16.1 BOARD OF DIRECTORS AND SENIOR MANAGEMENT PRACTICES

During the financial year ended 30 June 2006, the Board of Directors met five times. The average attendance rate at the meetings was over 75%.

16.1.1 Board Charter

The Board of Directors adopted its charter on 6 November 2006. The charter sets out its method of operation and supplements the provisions of the Law and the Articles of Association. The charter includes a number of rules concerning corporate governance and internal control procedures, which have been adopted contingent upon admission of the Company's shares to trading on Eurolist by Euronext Paris S.A.

16.1.2 Chairman of the Board of Directors and Chief Executive Officer

As Chairman of the Board, Jean-Michel Aulas organises and manages the work of the Board of Directors under the conditions set out in article L.225-51 of the French Commercial Code (*Code de Commerce*). Under the provisions of the Board Charter, which was adopted contingent upon the admission of the Company's shares to trading on Eurolist by Euronext Paris S.A., the Chairman will report to the shareholders on the Company's Board practices and internal control procedures.

As Chief Executive Officer, Jean-Michel Aulas is responsible for the Company's senior management in accordance with article L225-51-1 (1) of the French Commercial Code (*Code de Commerce*). He is vested with the powers required to fulfil this duty and exercises those powers in accordance with the provisions of article L.225-56 of the French Commercial code (*Code de Commerce*) and the Board Charter.

As of the date of registration of this prospectus, the Board does not intend to appoint one or more Deputy Chief Executive Officers.

Thierry Sauvage, Marino Faccioli, Olivier Blanc and Patrick Iliou are senior managers but not executive officers of the Company.

16.1.3 Restrictions on the Chief Executive Officer's powers

In its Charter, the Board has adopted a number of mechanisms designed to restrict the powers of the Chief Executive Officer.

In addition to the requirements for prior authorisation expressly provided for by Law and more particularly by articles L.225-35 and L.225-38 of the French Commercial Code (*Code de Commerce*), the Chief Executive Officer is also required to obtain prior authorisation from the Board of Directors for certain transactions carried out by the Company either due to their nature or when they exceed a given amount. These transactions notably include:

- granting pledges, mortgages or other security interests over any of the Company's property assets;

- granting credit facilities, other than in the ordinary course of the Company's business, or granting loans, advances, guarantees, endorsements, or indemnities of any kind;

- any material decision involving media rights or any other media partnership envisaged by the Company or a subsidiary of the Group;

- creating, acquiring or subscribing to the share capital of any subsidiary, making a material investment in the share capital of any company, or making a material increase or reduction in any existing equity investment.

16.2 INFORMATION ABOUT SERVICE CONTRACTS BETWEEN THE DIRECTORS OR EXECUTIVE OFFICERS AND THE COMPANY OR ITS SUBSIDIARIES

ICMI, Director of the Company, is the Company's principal shareholder and has entered into a senior management and administration services agreement with the Company (see section 19 "Related party transactions" and section 4.1.3 "Other risks specific to the Group").

16.3 BOARD COMMITTEES

Under article 18 of the Company's Articles of Association, the Board of Directors may create special committees under its responsibility and determine their composition and powers. However, the Board may not delegate powers to the committees that are expressly vested in the Board of Directors by Law, the Board Charter or the Company's Articles of Association, or which would have the effect of reducing or restricting the powers of the Chairman and Chief Executive Officer or other senior managers.

The Board has created an audit committee and a stadium investment committee contingent upon admission of the Company's shares to trading on Eurolist by Euronext Paris S.A. The rules governing the committees are contained in the Board Charter and will be applicable as of the day on which the Company's shares will be admitted to trading on Eurolist by Euronext Paris S.A.

16.3.1 Audit Committee

The Audit Committee has five members appointed by the Board, a majority of whom are independent Directors. The Chairman, Chief Executive Officer and senior managers may not sit on the Audit Committee. When appointed, members of the committee will, if necessary, be given training in the accounting, financial and operational aspects specific to the Company and the Group. The Chairman of the Audit Committee is appointed by the Board of Directors. The committee meets at least four times a year at the initiative of its Chairman or the Chairman of the Board of Directors to review the annual, half-yearly and quarterly financial statements before they are submitted to the Board of Directors.

The Audit Committee's mission is to:

– provide the Board of Directors with assistance in reviewing and approving the annual and half-yearly financial statements;

– review the Company's unconsolidated and consolidated annual and half-yearly financial statements and associated reports before they are submitted to the Board of Directors;

– discuss matters with the statutory auditors and receive the reports on their work and conclusions;

– review and express an opinion on candidates for the appointment or re-appointment of the statutory auditors;

– ensure compliance with the incompatibility rules that apply to the statutory auditors with whom it has regular contact, and in this respect review their overall relationship with the Company/Group and express an opinion on their fees;

– periodically review internal control procedures and more generally audit, accounting and management procedures in the Company and the Group with the Chief Executive Officer, internal audit department and statutory auditors;

– examine any transaction, fact or event that might have a material impact on the position of the Company or Group in terms of commitment and/or risks;

– verify that the Company/Group has the appropriate audit, accounting and legal resources to prevent risk and management irregularities.

The Audit Committee makes proposals or recommendations and expresses opinions, as required, and reports on its work to the Board of Directors. It may call on any outside consultant or expert it deems appropriate and invite any person of its choice, as and when required, to attend meetings. The Chairman of the Audit Committee reports to the Board of Directors on the committee's work.

The composition of the Audit Committee as fixed by the Board of Directors on 6 November 2006 is as follows:

- François-Régis Ory
- Michel Crépon
- Patrick Bertrand
- Serge Manoukian
- Jean-Paul Révillon

They are appointed for a term coinciding with their term of office as Director. François-Régis Ory has been appointed Chairman of the Audit Committee for the remainder of his term of office as Director.

16.3.2 Stadium Investment Committee

The Stadium Investment Committee has a maximum of six members appointed by the Board from among the Directors of the Company. The Chairman of the committee is appointed by the Board of Directors.

The committee's key responsibility is to monitor progress in the new stadium project and any related developments. It may consult anyone it deems appropriate, even outside the Company, to fulfil its duties. It may also call on outside experts if required. The committee may not, on its own initiative, deal with any issues outside the strict framework of its responsibilities.

The composition of the Stadium Investment Committee as fixed by the Board of Directors on 6 November 2006 is as follows:

- Jean-Michel Aulas
- Jérôme Seydoux
- Gilbert Giorgi
- Jacques Matagrin
- Olivier Ginon
- Eric Peyre

They are appointed for a term coinciding with their term of office as Director. Jean-Michel Aulas has been appointed Chairman of the committee for the remainder of his term of office as Director.

16.3.3 Internal control

The Company's internal control system is the responsibility of a team of senior managers including the general manager in charge of finance and sales, the deputy general manager in charge of safety and relations with the sporting authorities and local authorities, and the deputy general manager in charge of merchandising, human resources, information technology and the new stadium project.

The Company's internal control over its subsidiaries is the responsibility of two management auditors.

Internal control at SASP OL is the responsibility of a management committee comprising certain Directors of SASP OL, most of whom are also Chairmen of OL Groupe subsidiaries, and an executive committee assisted by the various heads of department. These two committees meet at least once a month at the initiative of the Chairman and Chief Executive Officer. The general manager of the Company in charge of finance and sales is involved in organising the meetings and takes part in the discussions. The committees identify any risks inherent in the activities of the Company and its subsidiaries and ensure that internal control measures are properly enforced.

The operational heads of the subsidiaries regularly arrange meetings to ensure that directives are enforced and to prepare reports for the management bodies and committees responsible for overseeing the application and execution of internal control measures.

This system ensures that there are regular controls over (i) organisation of the accounting and management system; (ii) organisation of the human resources management and control system; (iii) operations and (iv) financial reporting.

Organisation of the accounting and management system

Organisation of the accounting and management system is the responsibility of the general manager of the Company in charge of finance and sales. Control is ensured through regular reporting to the senior management team and the operational departments on the activity of each subsidiary and through delegated signature authorities for commitments and expenditure based on the principle of segregation of tasks.

Organisation of the human resources management and control system

Organisation of the human resources management and control system for the entire Group is the responsibility of two management auditors and a human resources manager. The recruitment process is controlled through triple validation by the manager concerned, the head of human resources and the general manager of the Company in charge of finance and sales. Recruitment of professional football players by SASP OL is governed by specific rules. Each recruitment is subject to prior validation by an external law firm and by the deputy general manager in charge of sporting activities, who has extensive knowledge of the directives set out by the football authorities applicable to the Club for players registrations. Control of human resources also includes remuneration and skills planning and management.

Control over operational activities

Control over the Group's various operations involves monitoring identified business-related risks and establishing and formalising operational control indicators, notably for:

- investment and development decisions and monitoring under the initiative and responsibility of the head of the subsidiary concerned;
- purchasing and monitoring inventories for those subsidiaries that carry inventory;
- monitoring general expenditure.

Financial reporting

Financial reporting is controlled though an accounting and management system, which is designed to ensure completeness, proper valuation of transactions and preparation of accounting and financial information which comply with the accounting policies used by the Company for both its separate and consolidated financial statements. The senior management team is responsible for control over the accounting and financial information produced by the finance department. This information is audited by the statutory auditors in accordance with the professional standards applicable in France.

In view of its forthcoming initial public offering, the Company wishes to strengthen its current internal control arrangements to establish an ongoing risk identification system as well as associated control procedures. This approach is designed to ensure the security, quality, confidentiality and availability of the Company's financial information through the implementation of internal control procedures in keeping with current practices.

Once the Company's shares are admitted to trading on a regulated market, the Chairman and Chief Executive Officer of the Company and the Company's statutory auditors will prepare a written report on internal control in accordance with the provisions of article L. 225-37 of the French Commercial Code (*Code de Commerce*).

16.4 STATEMENT ON CORPORATE GOVERNANCE

With a view to improving transparency and the quality of reporting, the Company has decided to adopt corporate governance practices based on the recommendations of the AFEP/MEDEF report entitled "Corporate governance of listed companies" dated 2003, which consolidates the recommendations contained in the Viénot reports (July 1995 and July 1999) and the Bouton report (September 2002), provided these practices are compatible with the Company's organisation and size.

The Company has therefore created an Audit Committee, contingent upon admission of the Company's shares to trading on Eurolist by Euronext Paris S.A. The committee's responsibilities are described in section 16.3 ("Board committees").

The other main provisions of the Board Charter concerning corporate governance practices, which will come into effect on the day the Company's shares are admitted to trading on Eurolist by Euronext Paris S.A., are described below.

16.4.1 Independence criteria for Directors

The Board Charter sets out the independence criteria for Directors.

In accordance with the recommendations made in the report of the working group chaired by Daniel Bouton on the improvement of corporate governance practices, Directors are deemed to be independent when they have no direct or indirect relationship of any kind with the Company, the Group or their managers that might influence their freedom of judgement. More particularly, Directors who meet the following conditions are deemed to be independent:

- they are not and have not in the last five financial years been an employee or executive officer of the Company or a Group company;
- they are not and have not in the last five financial years been an executive officer of a company in which the Company is directly or indirectly a Director or in which a employee designated as such or an executive officer of the Company is a Director;
- they are not a significant customer, supplier, investment banker or corporate banker of the Company, a Group company or an entity for which the Company accounts for a material part of its business;
- they have no close family ties with an executive officer;
- they have not been a statutory or contractual auditor to the Company in the last five financial years;
- they had not been a Director of the Company for more than twelve years on the date they were last re-elected.

The expression "executive officer" means any person with executive responsibilities in the Company or a Group company, i.e. a Chairman, Chairman of the Board of Directors, a Chief Executive Officer or Deputy Chief Executive Officer of the Company of a Group company. It does not include the Directors, provided that they do not receive any remuneration from the Company or a Group company other than Directors' fees.

On 6 November 2006, the Board of Directors reviewed the position of each Director and duly noted that Jean-Paul Révillon, Serge Manoukian, Jean-Pierre Michaux, Olivier Ginon and François-Régis Ory could be considered as independent Directors in that they had no material direct or indirect relationship with the Company or the Group, its shareholders or executive officers, that might influence their freedom of judgement.

16.4.2 Director's Charter

The Board Charter covers the powers of the Board and the Directors, as well as corporate governance practices. It also contains a Director's Charter setting out a code of conduct to be followed by the Directors when exercising their duties.

The main provisions of the Director's Charter are:

- Directors represent the interests of all shareholders regardless of their method of appointment;

- Directors shall ensure that they preserve their freedom of analysis, judgement, decision and action in all circumstances;

- Directors undertake not to seek or accept any benefit likely to compromise their independence;

- Before accepting office, Directors shall ensure that they are aware of the general or specific obligations incumbent upon them, and more particularly any applicable laws or regulations, the Articles of Association, the Board Charter and the Director's Charter as well as any other information provided to them by the Board of Directors;

- Directors and permanent representatives of corporate Directors must own at least one share of the Company. Any Director who does not own one share upon election or who ceases to own one share during his term of office shall have three months in which to remedy the position;

- Directors may not deal in shares of companies in which (and to the extent that) they are in possession of price sensitive information;

- Directors shall advise the Board of any actual or potential conflict of interest in which they may be directly or indirectly involved. They shall abstain from the debate and vote on the matters concerned.

The Director's Charter also sets out the stock exchange regulations on insider dealing, breaches of duty of information and market manipulation.

17. EMPLOYEES

17.1 HUMAN RESOURCES

For the financial years ended 30 June 2006, 30 June 2005 and 30 June 2004, the Group respectively employed an average of 207, 156 and 133 people broken down as follows:

	At 30 June 2006	At 30 June 2005	At 30 June 2004
OL Groupe	33*	6	3
SASP OL	36	99	102
Association Olympique	45	5	0

	At 30 June 2006	At 30 June 2005	At 30 June 2004
Lyonnais			
OL Merchandising	41	29	21
M2A	7	7	2
OL Voyages	8	7	5
OL Images	17	3	0
OL Organisation	20	0	0
Total	207	156	133

* To rationalise the Group's business and specialisation by business line, it was decided at the end of 2005 that certain employees of SASP OL would be transferred to OL Groupe and OL Organisation. The Works Committee, which was consulted on this matter on 4 November 2005, gave a favourable opinion and the transfer became effective on 1 December 2005.

From 30 June 2006 to 31 December 2006, the number of people employed by the Group rose by 51.

17.2 SHAREHOLDINGS AND STOCK OPTIONS

17.2.1 Directors' shareholdings

As of the date of registration* of this prospectus, the Directors' interests in the Company were as follows:

Name	Number of shares	% of share capital / % of voting rights*
Jean-Michel Aulas**	1**	nm
Jérôme Seydoux***	1	nm
SA GL Events (represented by Olivier Ginon)	9,274	1.00 / 0.54
Jean-Pierre Michaux	33,471	3.59 / 3.05
Eric Peyre	3,710	0.40 / 0.21
Jean-Paul Révillon	1	nm
Serge Manoukian	18,291	1.96 / 2.11
Gilbert Giorgi	3,697	0.40 / 0.40
Christophe Comparat	4,758	0.51 / 0.55
Jacques Matagrin	19,271	2.07 / 2.23
Michel Crépon	1	nm
ICMI (represented by Patrick Bertrand)	465,730	50.01 / 51.72
François-Régis Ory	927	0.10 / 0.05

*At their meeting of 6 November 2006, the shareholders resolved, contingent upon admission of the Company's shares to trading on Eurolist by Euronext Paris S.A., to make a ten for one stock split of OL Groupe shares, thereby increasing the total number of shares comprising the share capital from 931,270 to 9,312,700.

** Jean-Michel Aulas also owns 50.01% of the share capital through ICMI.

*** Jérôme Seydoux is Chairman of Pathé, which owns 33.34% of the Company's share capital.

As of the registration date of this prospectus, no stock options had been awarded to the Directors.

17.2.2 Senior managers' shareholdings and stock options

As of the registration date of this prospectus, no stock or call options were held by senior managers.

Under a stock option plan established by the Board of Directors on 30 May 2005 pursuant to the authority granted by extraordinary resolution of the shareholders on 13 December 2004, Thierry Sauvage was awarded 2,116 options entitling him to 2,116 shares of the Company, which he exercised in full at the price of €68.55 per share. The lock-up period of the shares issued on exercise of these options is three years, i.e. until 30 May 2008.

No other senior managers owned OL Groupe stock options on the date of registration of this prospectus.

Under the 21st resolution passed at their combined ordinary and extraordinary general meeting of 6 November 2006, the shareholders authorised the Board of Directors to award stock options to employees and executive officers of the Company and Group companies on the conditions set out in section 21.1.5 "Authorised, unissued share capital".

17.3 EMPLOYEE PROFIT SHARING AND INCENTIVE PLANS

Incentive agreements governed by provisions of articles L.441-1 *et seq*. of the French Labour Code (*Code du Travail*) have been established through group agreements. They concern OL Groupe, SASP OL, OL Voyages, the Association, OL Organisation, M2A, OL Images and OL Merchandising. These agreements are valid for a term of three years from 1 July 2005 to 30 June 2008.

An incentive plan is an optional mechanism that must present a random variable in nature, designed to create a profit sharing system for employees related to the their financial stake in the company's performance.

Under the agreements signed by Group companies, a total incentive payment is made to eligible employees (those with at least three months service in the company concerned) calculated on the basis of various criteria: revenue growth for OL Organisation and OL Images, restated consolidated net profit for the reference year for OL Groupe, net profit after tax and profit-sharing for SASP OL, sporting results for the Association, and pre-tax profit for OL Voyages, OL Merchandising and M2A. The maximum potential incentive payment is capped at the amount of the company's net profit after tax but before the incentive payment[3]. It is also capped at 20% of total gross salaries paid to all employees of the company concerned in the reference year, and the SASP OL plan is also capped at €50,000. The incentive payment made to each individual employee for a given year is capped at 8.3% of gross annual salary in that year.

The incentive payment is allocated among the beneficiaries on a pro rata basis to their length of service with the company during the year and on a pro rata basis to their gross annual salary in the reference year. Beneficiaries may pay all or part of their incentive payment into an employee share ownership plan.

18. MAJOR SHAREHOLDERS

18.1 IDENTITY OF MAJOR SHAREHOLDERS

The table below shows the Company's ownership structure on the date of registration* of this prospectus.

Ownership structure	Number of shares	% of share capital	% of voting rights
ICMI (Jean-Michel Aulas)	465,730	50.01%	51.72%
Pathé	310,485	33.34%	34.27%
Jean-Pierre Michaux	33,471	3.59%	3.05%
Jacques Matagrin	19,271	2.07%	2.23%
Serge Manoukian	18,291	1.96%	2.11%
Filying	16,705	1.79%	1.83%
Société Tourvéon	9,513	1.02%	0.94%
GL Events	9,274	0.99%	0.54%
Cegid	6,930	0.74%	0.40%
Christophe Comparat	4,758	0.51%	0.55%
Eric Peyre	3,710	0.40%	0.21%
Reybier Développement	3,710	0.40%	0.21%
Gilbert Giorgi	3,697	0.39%	0.40%
Noirclerc Fenetrier Informatique	3,052	0.33%	0.18%
Jean-Michel Grindler	2,772	0.30%	0.16%
FCP Olympe	2,772	0.30%	0.16%
S.J.T.	2,134	0.23%	0.12%
Thierry Sauvage	2,116	0.23%	0.12%
Jacques Mottard	1,947	0.20%	0.11%

[3] Except for the Association OL plan.

Lamberet Holding	1,947	0.20%	0.11%
Providis Logistique	1,386	0.15%	0.08%
CVS Investissement	1,386	0.15%	0.08%
Roland Tchenio	1,386	0.15%	0.08%
OJP	1,255	0.13%	0.07%
Bernard Moyen	1,105	0.12%	0.12%
Aquasourca	927	0.10%	0.05%
François-Régis Ory	927	0.10%	0.05%
Didier Kermarrec	610	0.07%	0.04%
Jean-Michel Aulas	1	NS	nm
Michel Crépon	1	NS	nm
Jerome Seydoux	1	NS	nm
Jean-Paul Révillon	1	NS	nm
Total	931,270	100%	100%

*At their meeting of 6 November 2006, the shareholders resolved, contingent upon admission of the Company's shares to trading on Eurolist by Euronext Paris S.A., to make a ten for one stock split of OL Groupe shares, increasing the total number of shares comprising the share capital from 931,270 to 9,312,700.

Major shareholders of the Company

As of the registration date of this prospectus, ICMI is the majority shareholder of the Company with 50.01% of the share capital and 51.72% of the voting rights. Pathé is the second largest shareholder with 33.4% of the share capital and 34.27% of the voting rights.

ICMI is a simplified stock company (*société par actions simplifiée*) with a share capital of €109,151.20, registered at the Lyon Trade and Companies Registry under registration number 328 006 994. Its Chairman is Jean-Michel Aulas. The Company's corporate object is making financial investments in companies in any business sector in France or abroad. It is the leading shareholder of Cegid, a company listed on Eurolist by Euronext Paris S.A. It also provides strategic and marketing consultancy services and research, and administrative, business and accounting services for companies in the information systems and sports industries. On 31 October 1999, it entered into an agreement to provide the Company with senior management services (see section 19.1 "Material contracts with related parties".

Pathé is a simplified stock company (*société par actions simplifiée*) with a share capital of €22,112,515.25 registered at the Paris Trade and Companies Registry under registration number 307 582 866. Its Chairman is Jérôme Seydoux. Pathé, which generated €636 million in revenue in 2005, is a major player in the European cinema market, with production activities in France and the United Kingdom, distribution activities in France, the United Kingdom and Switzerland, and cinema operations in France, Netherlands, Switzerland and Italy. Pathé resigned from its position as Director on 2 October 2006. On the same day, the Board of Directors co-opted Jérôme Seydoux.

18.2 VOTING RIGHTS OF THE MAJOR SHAREHOLDERS

At their combined ordinary and extraordinary general meeting of 6 November 2006, the shareholders resolved, contingent upon admission of the Company's shares to trading on Eurolist by Euronext Paris S.A., to approve an alteration to article 11 of the Company's Articles of Association reducing the time period required for entitlement to double voting rights to two years.

As of the registration date of this prospectus, the Company's major shareholders, which are ICMI and Pathé, have double voting rights.

Under the Company's Articles of Association, no shareholder has any other special voting rights.

18.3 STATEMENT ON CONTROL OF THE COMPANY BY THE MAJORITY SHAREHOLDER

The main shareholder, ICMI, whose Chairman is Jean-Michel Aulas, owns 50.01% of the Company's share capital and 51.72% of the voting rights. Should the Company's shares be admitted to trading on Eurolist by Euronext Paris S.A., Jean-Michel Aulas will maintain a holding in excess one third of the voting rights through ICMI.

With a view to improving transparency and quality of reporting, the Company has implemented a series of measures to improve corporate governance practices based on the recommendations of the Bouton report, the conclusions of which were made public on 23 September 2002. More specifically, the Company has created an Audit Committee to prevent conflicts of interest and to ensure that this controlling position is not abused (see section 16.3 "Board committees").

18.4 AGREEMENTS CONCERNING THE COMPANY'S SHARES

To the best of the Company's knowledge, on the day the Company's shares are admitted for trading on Eurolist by Euronext Paris S.A., there will be no shareholders' agreements or other agreements of any kind that could lead to a change of control or containing pre-emptive sale or purchase conditions.

19. **RELATED PARTY TRANSACTIONS**

19.1 MATERIAL CONTRACTS WITH RELATED PARTIES

See section 19.2 "Special reports of the statutory auditors on related party agreements".

19.2 SPECIAL REPORTS OF THE STATUTORY AUDITORS ON RELATED PARTY AGREEMENTS

19.2.1 Special report of the statutory auditors on related party agreements for the year ended 30 June 2006

Dear Shareholders,

In our capacity as Statutory Auditors to the Company, we hereby present our report on related party agreements.

As required by article L.225-40 of the *Code de Commerce*, we have been advised of the agreements which were subject to prior authorisation by the Board of Directors.

It is not our responsibility to ascertain the existence of such agreements, nor to comment on their relevance or substance. We are simply required to report to you, based on the information provided, on the basic terms and conditions of agreements that have been disclosed to us. Under the provisions of article 92 of the decree of 23 March 1967, it is your responsibility to determine whether the agreements are appropriate and should be approved.

We carried out our investigations in accordance with the professional standards applicable in France. Those standards require that we verify the consistency of the information given to us with the contents of the source documents.

The agreements authorised during the year are set out in table I.

As required by the decree of 23 March 1967, we were advised that certain agreements, which were entered into during prior years, were still valid during the current period.

These agreements are set out in table II.

The people involved in these agreements are set out in table III.

Villeurbanne and Lyon, 20 October 2006

The Statutory Auditors

Orfis Baker Tilly	Cogeparc
Michel Champetier	Stéphane Michoud

Table I
Agreements authorised and entered into during the year

Company or persons concerned	*Type, purpose and key terms of the agreement*	*Date of approval*	*Amount (in € excluding VAT)*
SAS ICMI	Amendment to the senior management services agreement. This amendment provides for a variable fee in addition to the fixed fee payable in order to give ICMI a financial stake in Olympique Lyonnais Groupe's performance. Cost for the financial year :	05/12/2005	660,000
	Changes to the senior management and administration services agreement as of 1 December 2005 to take account of the transfer of employees between SASP Olympique Lyonnais and Olympique Lyonnais Groupe. During the Board meeting of 5 December 2005, the Directors estimated the cost of the service on the basis of provisional gross margin. This amount was adjusted at the end of the financial year to take into account of the actual gross margin.	05/12/2005 04/09/2006	
SASP Olympique Lyonnais	Income for the financial year :		3,174,700
SAS M2A			23,500
SAS OL Merchandising			155,100
OL Voyages SA			21,600
SAS OL Organisation			19,800
OL Images SAS			43,100
BS SARL			400
Association Olympique Lyonnais	In accordance with the Board decision of 5 December 2005, billing of an annual fixed fee of €100,000 for technical assistance as of 1 December 2005. Income for the financial year :	05/12/2005 04/09/2006	58,300
SCI Megastore	In accordance with the Board decision of 5 December 2005, billing of an annual fixed fee of €3,000 for technical assistance. Income for the financial year :	05/12/2005 04/09/2006	3,000
SNC OL Brasserie	Financial control and accounting services agreed by the Board meeting of 15 May 2006. Income for the financial year :	15/05/2006 04/09/2006	500

Company or persons concerned	*Type, purpose and key terms of the agreement*	*Date of approval*	*Amount (in € excluding VAT)*
SARL BS	Cash management agreement at 3-month Euribor + 0.5% for advances and - 0.5% for deposits. As of 30 June 2006, the debit balance was €78,173. Income for the financial year :	14/03/2005 05/12/2005	1,561
SNC OL Brasserie	Cash management agreement at 3-month Euribor + 0.5% for advances and - 0.5% for deposits. As of 30 June 2006, the debit balance was €685,573. Income for the financial year :	14/03/2005 15/05/2006	3,406
OL Restauration	Fee for technical assistance amounting to 1% of revenue as of 1 December 2005 Income for the financial year :	05/12/05	/
SASP Olympique Lyonnais	Olympique Lyonnais Groupe acquired the M2A shares owned by SASP Olympique Lyonnais. Acquisition cost :	07/11/05	167,243

Table II
Agreements entered into in prior years and still valid during the current year

Company or persons concerned	***Type, purpose and key terms of the agreement***	***Amount (in € excluding VAT)***
SAS ICMI	Provision of accounting and legal services to the Company by ICMI. Cost for the financial year :	 16,764
SASP Olympique Lyonnais	Guarantee issued by Olympique Lyonnais Groupe for the €6.5 million loan granted by BECM to SASP Olympique Lyonnais. The guarantee commission is 0.1% a year. Financial income for the financial year:	 6,500
SASP Olympique Lyonnais	Guarantee issued by Olympique Lyonnais Groupe for the €9.5 million loan granted by BNP Paribas to SASP Olympique Lyonnais. The guarantee commission is 0.1% a year. Financial income for the financial year :	 9,500
SASP Olympique Lyonnais	Guarantee issued by Olympique Lyonnais Groupe for the €10 million loan granted by Crédit Lyonnais to SASP Olympique Lyonnais. This sum was raised to €13 million as of 17 March 2006. The guarantee commission is 0.1% a year. Financial income for the year :	 10,858
SASP Olympique Lyonnais	Guarantee issued by Olympique Lyonnais Groupe for the €2.287 million loan granted by Natexis Banques Populaires to SASP Olympique Lyonnais. This sum was raised to €5 million as of 1 September 2005. The guarantee commission is 0.1% a year. Financial income for the financial year :	 4,548
SASP Olympique Lyonnais	Cash management agreement at 3-month Euribor + 0.5% for advances and - 0.5% for deposits. The balance was nil at 30 June 2006. Cost for the financial year :	 357,686
SAS Argenson	A current account advance of €353,207.87 is blocked for seven years from 28 February 2002 to 28 February 2009. During the seven years, the advance will bear interest at 3-month Euribor – 0.50% provided the company produces a profit before tax. After the seven year period, it will bear interest at the tax-deductible rate. Income for the financial year :	 12,814

Company or persons concerned	*Type, purpose and key terms of the agreement*	*Amount (in € excluding VAT)*
SAS Argenson	Additional current account advance of €50,000 bearing interest at 3-month Euribor + 0.50%. The balance was €35,000 as of 30 June 2006. Income for the financial year :	1,784
OL Voyages SA	Cash management agreement at 3-month Euribor + 0.5% for advances and - 0.5% for deposits. At 30 June 2006, the debit balance was €264,600. Income for the financial year : Cost for the financial year :	6,440 764
SAS OL Merchandising	Cash management agreement at 3-month Euribor + 0.5% for advances and - 0.5% for deposits. The balance was nil at 30 June 2006. Cost for the financial year :	31,910
SAS OL Organisation	Cash management agreement at 3-month Euribor + 0.5% for advances and - 0.5% for deposits. The balance was nil at 30 June 2006. Income for the financial year : Cost for the financial year :	530 5,354
OL Images SAS	Cash management agreement at 3-month Euribor + 0.5% for advances and - 0.5% for deposits. At 30 June 2006, the debit balance was €1,422,600. Income for the financial year :	38,332
SAS M2A	Cash management agreement at 3-month Euribor + 0.5% for advances and - 0.5% for deposits. The balance was nil as of 30 June 2006. Cost for the financial year:	4,651

Table III
Companies and persons concerned by the agreements and subsidiaries more than 10%-owned

	OL Groupe	ICMI SAS	SASP OL	OL Voyages SA	OL Merchandising SAS	OL Organisation SAS	OL Images SAS	Argenson SAS	M2A SAS	SCI Megastore	Association OL	BS SARL	SNC OL BRASSERIE
Jean-Michel AULAS	Chairman and CEO	Chairman	Chairman and CEO	Director									
Jacques MATAGRIN	Director		(1)	Chairman and CEO							Chairman		
PATHE SAS	Director		Director										
SOPARIC PARTICIPATIONS	Director		Director										
Bruno BONNELL (2)	Director		Director										
Eric PEYRE	Director		Director				Chairman						
Christophe COMPARAT	Director		Director		Chairman								Manager
Gilbert GIORGI	Director		Director					Chairman		Manager			
Jean-Paul REVILLON	Director		Director										
Serge MANOUKIAN	Director		Director										
Subsidiary of ICMI (3)	50,01%												
Subsidiaries of OL GROUPE (3)			99,53%	50%	99,98%	99,97%	74,97%	49,97%	100%	99,99%		40%	99,97%

(1) Permament representative of Association OL

(2) resigned on 17 October 2005

(3) percentage of share capital held

19.2.2 Special report of the statutory auditors on related party agreements for the year ended 30 June 2005

Dear Shareholders,

In our capacity as Statutory Auditors to the Company, we hereby present our report on related party agreements.

As required by article L.225-40 of the *Code de Commerce*, we have been advised of the agreements which were subject to prior authorisation by the Board of Directors.

It is not our responsibility to ascertain the existence of such agreements, nor to comment on their relevance or substance. We are simply required to report to you, based on the information provided, on the basic terms and conditions of agreements that have been disclosed to us. Under the provisions of article 92 of the decree of 23 March 1967, it is your responsibility to determine whether the agreements are appropriate and should be approved.

We carried out our investigations in accordance with the professional standards applicable in France. Those standards require that we verify the consistency of the information given to us with the contents of the source documents.

The agreements authorised during the year are set out in table I.

As required by the decree of 23 March 1967, we were advised that certain agreements, which were entered into during the prior years, were still valid during the current period.

These agreements are set out in table II.

The people involved in these agreements are set out in table III.

Villeurbanne and Lyon, 18 November 2005

The Statutory Auditors

ORFIS	SOGEPARC
Michel CHAMPETIER	Stéphane MICHOUD

Table I
Agreements authorised and entered into in prior years

Company or persons concerned	*Type, purpose and key terms of the agreement*	*Date of approval*	*Amount (in € excluding VAT)*
SASP Olympique Lyonnais	Senior management and administration services agreement replacing the senior management services agreement and the administration services agreement applicable in the prior year. Income for the financial year :	15/11/2004 13/12/2004	 750,000
SASP Olympique Lyonnais	Cash management agreement at 3-month Euribor + 0.5% for advances and - 0.5% for deposits As of 30 June 2005, the credit balance was 20,268,000. Cost for the financial year :	14/03/2005	 12,178.46
SAS OL Merchandising	Financial control and accounting services. At the Board meeting of 13 December 2004, the Directors increased the agreement from €50,000 to €100,000 for the period 1 July 2004 to 30 June 2005. Income for the financial year :	13/12/2004	 100,000
SAS OL Merchandising	Cash management agreement at 3-month Euribor + 0.5% for advances and - 0.5% for deposits As of 30 June 2005, the credit balance was €595,000. Cost for the financial year :	14/03/2005	 1,972.97
OL Voyages SA	Financial control and accounting services. During the first Board meeting of 15 November 2004, the Directors increased the amount of the agreement from €20,000 to €22,000 a year. During the Board meeting of 13 December, the amount of the agreement was reduced to €18,000 following the recruitment of an in-house accountant. Income for the financial year:	15/11/2004 13/12/2004	 18,000
OL Voyages SA	Cash management agreement at 3-month Euribor + 0.5% for advances and - 0.5% for deposits As of 30 June 2005, the debit balance was €224,600. Income for the financial year:	14/03/2005	 1,270.38
SAS OL Organisation	Financial control and accounting services. At the Board meeting of 13 December 2004, the amount of the agreement was increased to €30,000 for the period 1 July 2004 to 30 June 2005 Income for the financial year:	13/12/2004	 30,000

Company or persons concerned	*Type, purpose and key terms of the agreement*	*Date of approval*	*Amount (in € excluding VAT)*
OL Images SAS	Financial control and accounting services provided as of 1 November 2004. The amount of this agreement for the period 1 November 2004 to 30 June 2005 was €10,000. Income for the financial year :	13/12/2004	10,000
OL Images SAS	Cash management agreement at 3-month Euribor + 0.5% for advances and - 0.5% for deposits As of 30 June 2005, the debit balance was €46,300. Cost for the financial year :	14/03/2005	128.41
SAS M2A	Senior management services provided as of 1 September 2004. The amount of this agreement for the period 1 September 2004 to 30 June 2005 was €30,000. Income for the financial year :	15/11/2004	30,000
SAS M2A	Cash management agreement at 3-month Euribor + 0.5% for advances and - 0.5% for deposits As of 30 June 2005, the debit balance was €93,000. Cost for the financial year :	14/03/2005	217.53
SCI Megastore	Administrative and legal services provided as of 1 July 2004. The amount of this agreement is €3,000 a year. Income for the financial year :	15/11/2004	3,000
SCI Megastore	Cash management agreement at 3-month Euribor + 0.5% for advances and - 0.5% for deposits This agreement has not been implemented.	14/03/2005	

Table II
Agreements entered into in prior years which are still valid during the current year

Company or persons concerned	*Type, purpose and key terms of the agreement*	*Amount (in € excluding VAT)*
SAS ICMI	Provision of senior management services by ICMI to the Company Cost for the financial year :	 300,000
SAS ICMI	Provision of accounting and legal services by ICMI to the Company. Cost for the financial year :	 30,000
SASP Olympique Lyonnais	Guarantee issued by Olympique Lyonnais Groupe for the €6.5 million loan granted by BECM to SASP Olympique Lyonnais. The guarantee commission is 0.1% a year. Financial income for the financial year :	 6,500
SASP Olympique Lyonnais	Guarantee issued by Olympique Lyonnais Groupe for the €9.5 million loan granted by BNP Paribas to SASP Olympique Lyonnais. The guarantee commission is 0.1% a year. Financial income for the financial year :	 9,500
SASP Olympique Lyonnais	Guarantee issued by Olympique Lyonnais Groupe for the €10 million loan granted by Crédit Lyonnais to SASP Olympique Lyonnais. The guarantee commission is 0.1% a year Financial income for the financial year :	 10,000
SASP Olympique Lyonnais	Guarantee issued by Olympique Lyonnais Groupe for the €2.287 million loan granted by Natexis Banques Populaires to SASP Olympique Lyonnais. This sum will be increased to €5 million on 1 August 2005. The guarantee commission is 0.1% a year Financial income for the financial year :	 2,287
SASP Olympique Lyonnais	Olympique Lyonnais Groupe has provided guarantees of €1.8 million maximum for the acquisition of players by Olympique Lyonnais SASP. The balance of the debt covered by the guarantees was €1.8 million at 30 June 2005. No commission is paid for the guarantees.	
SASP Olympique Lyonnais	SASP Olympique Lyonnais has billed Olympique Lyonnais Groupe for office rent and general expenses related to the premises. Cost for the financial year :	 23,760
SAS Argenson	A current account advance of €353,207.87 blocked for seven years from 28 February 2002 to 28 February 2009. During the seven years, the advance will bear interest at 3-month Euribor – 0.50% provided the company produces a profit before tax. After the seven year period, it will bear interest at the tax-deductible rate. During the financial year ended 30 June 2005, no interest was earned on the	 /

Company or persons concerned	*Type, purpose and key terms of the agreement*	*Amount (in € excluding VAT)*
	account.	
SAS Argenson	Additional current account advance of €271,359.25. The current account bears interest at 3-month Euribor – 0.50% for the portion exceeding the Company's percentage holding, i.e. €45,734.71. The current account was repaid in full on 30 June 2005. Interest income :	 717.96
SAS Argenson	Additional current account advance of €50,000 bearing interest at 3-month Euribor + 0.50%. The balance of the current account was €35,000 at 30 June 2005. Income for the financial year :	 1,301.18
SAS Argenson	Write-off, with a claw-back clause, of the current account in the sum of €15,000 authorised by the Board of Directors on 28 June 2004. The claw-back clause was not enforced during the financial year.	 /
OL Voyages SA	The Company has issued a joint and several guarantee to Banque de l'Economie to cover the bank guarantee issued by the bank to IATA. OL Voyages SA pays a guarantee commission of 0.1%. The guarantee expired on 20 January 2005 Income for the financial year :	 180

Table III
Companies and persons concerned by the agreements and subsidiaries more than 10%-owned 10%

	OL Groupe	ICMI SAS	SASP OL	OL Voyages SA	OL Merchandising SAS	OL Organisation SAS	OL Images SAS	Argenson SAS	M2A SAS	SCI Megastore
Jean-Michel Aulas	Chairman and CEO	Chairman	Chairman and CEO	Director						
Jacques Matagrin	Director			Chairman and CEO						
Pathé	Director		Director							
Soparic Participations	Director		Director							
Bruno Bonnell	Director		Director							
Jean-Claude Morel (*)	Director		Director							
Eric Peyre	Director						Chairman			
Christophe Comparat			Director		Chairman					
Gilbert Giorgi			Director					Chairman		Legal manager
Subsidiary of ICMI (**)	51.69%									
Subsidiaries of OL Groupe (**)			99.53%	50%	99.98%	59.97%	74.97%	49.97%	80%	99.99%

(*) Deceased

(**) Percentage held

19.2.3 Special report of the statutory auditors on related party agreements for the year ended 30 June 2004

Special report required under article 225-42 of the *Nouveau Code de Commerce*

Dear Shareholders,

In our capacity as Statutory Auditors to the Company, we hereby present our report on agreements governed by article 225-42 of the *Nouveau Code de Commerce*.

Pursuant to the provisions of article 225-42 of the *Nouveau Code de Commerce*, we advise you that these agreements are deemed not to have received prior authorisation from the Board of Directors.

It is not our responsibility to ascertain the existence of such agreements, nor to comment on their relevance or substance. We are simply required to report to you, based on the information provided, on the basic terms and conditions of agreements that have been disclosed to us and the reasons why the prior authorisation procedure has not been followed. Under the provisions of article 92 of the decree of 23 March 1967, it is your responsibility to determine whether the agreements are appropriate and should be approved.

We carried out our investigations in accordance with professional standards. Those standards require that we verify the consistency of the information given to us with the contents of the source documents.

Four agreements authorised by the Board of Directors are governed by the provisions of article 225-42 of the *Nouveau Code de Commerce*:

- **Guarantee in favour of SASP OL**

At its meeting of 1 October 2001, the Board of Directors confirmed its decision of 11 June 2001 which was ratified at the annual general meeting held in respect of the financial year ended 30 June 2001, to authorise the Company to guarantee the various loans that SASP Olympique Lyonnais wished to contract, in a maximum sum of €30.489 million.

Pursuant to this authority, the Board of Directors agreed as follows:

- at its meeting of 8 July 2002: to increase the amount of the guarantee issued to BNP from €7,622,000 to €9,500,000 and the guarantee issued to BECM from €4,573,000 to €5,000,000;

- at its meeting of 26 May 2003: to increase the amount of the guarantee issued to BECM from €5,000,000 to €6,500,000;

- at its meeting of 8 March 2004: to increase the amount of the guarantee issued to Crédit Lyonnais from €8,500,000 to €10,000,000.

The guarantee commission is paid by the Company's subsidiary. The fee income booked by the Company amounted to **€28,049**.

Under the authorities granted, the commitments made by the Company at 30 June 2004 totalled €28,287,000, broken down as follows:

BECM	€6,500,000
Natexis	€2,287,000
BNP	€9,500,000
Crédit Lyonnais	€10,000,000

➢ **Guarantee for purchase of players**

At its meeting of 23 June 2003, the Board of Directors authorised the Chairman to sign a guarantee in respect of the commitments made by the Company's subsidiary SASP OL to:

- Stade Rennais in the sum of €3,800,000 for the purchase of Anthony Réveillère, the balance of €2,800,000 being due on 30 June 2004;

- to En Avant Guingamp in the sum of €2,250,000 for the purchase of Florent Malouda.

- **<u>Senior management services agreement</u>**

At its meeting of 18 March 2002, the Board of Directors authorised an agreement to charge the Company's subsidiary SASP OL 80% of the fees paid by the Company to ICMI for the senior management services that ICMI provides to OL Groupe, which are mostly for the benefit of its subsidiary.

The amount of the fee paid to ICMI was increased from €275,000 a year to €300,000 a year as of l January 2004.

The amount charged to SASP 0L was €230,000 for the year and was booked as income by the Company.

- **<u>Administration and accounting services agreement:</u>**

At its meeting of 20 October 2003, the Board of Directors approved an increase in the fee charged under the administration and accounting services (financial control) agreement previously authorised by the shareholders, from €50,000 to €60,000 a year.

The amount booked as income was **€60,000**.

- **<u>Agreement to charge office rent and office expenses</u>**

We draw your attention to the fact that the Company's subsidiary SASP OL billed the Company for office rent and related office expenses in the sum of €14,400, which was booked by the Company as an expense.

As all the Directors of the Company are also Directors of the subsidiary SASP Olympique Lyonnais, these agreements cannot be legally considered as having been authorised by the Board in accordance with the provisions of article 225-38 of the *Nouveau Code de Commerce.* It is therefore your responsibility to expressly approve these agreements in accordance with the provisions of article 225-42 of the *Nouveau Code de Commerce*.

Lyon, 27 November 2004
The Statutory Auditors

<u>Béchir CHEBBAH</u>

<u>COGEPARC</u>
<u>Christian LAURAIN</u>

Special report required by article 225-38 of the *Nouveau Code de Commerce*

Dear Shareholders,

In our capacity as Statutory Auditors to the Company, we hereby present our report on related party agreements.

As required by articles L.225-38 and L.225-40 of the *Nouveau Code de Commerce*, we have been advised of the agreements which were subject to prior authorisation by the Board of Directors.

It is not our responsibility to ascertain the existence of such agreements, nor to comment on their relevance or substance. We are simply required to report to you, based on the information provided, on the basic terms and conditions of agreements that have been disclosed to us. Under the provisions of article 92 of the decree of 23 March 1967, it is your responsibility to determine whether the agreements are appropriate and should be approved.

We carried out our investigations in accordance with professional standards. Those standards require that we verify the consistency of the information given to us with the contents of the source documents.

- **ICMI:**

– **Agreement for the provision of accounting and legal services by ICMI**:

At its meeting of 5 April 2004, the Board of Directors amended the accounting and legal services agreement entered into by the Company and ICMI:

Nature of the agreement: Provision of accounting and legal services by ICMI to the Company.

Amount: The amount was increased from €25,000 a year before VAT to €30,000 as of 1 January 2004.

The Company booked **€32,890** including VAT in expenses for the year.

– **Agreement for the provision of senior management services by ICMI**

At its meeting of 5 April 2004, the Board of Directors amended the senior management services agreement entered into by the Company and ICMI:

Nature of the agreement: Provision of senior management services by ICMI to the Company.

Amount: The amount was increased from €275,000 a year excluding VAT to €300,000 as of 1 January 2004.

The Company booked **€298,770** including VAT in expenses for the year.

Director concerned: Jean-Michel Aulas.

- **OL VOYAGES**

➢ **Prior agreements**

At its meeting of 1 October 2001, the Board of Directors renewed the three agreements previously authorised, being:

– **Joint and several guarantee in favour of APS**

At its meeting of 22 May 2000, the Board of Directors authorised the Chairman to issue a guarantee to the *Association Professionnelle de Solidarité du Tourisme* (APS) on behalf of OL Voyages.

Nature of the agreement: Joint and several guarantee in favour of the *Association Professionnelle de Solidarité du Tourisme* (APS) for a period of five years. OL Voyages pays a guarantee commission of 0.10%.

Amount: The amount of the guarantee is €99,091.86 (FRF 650,000).

- **Joint and several guarantee in favour of Banque de l'Economie**

At its meeting of 26 June 2000, the Board of Directors authorised the Chairman to issue a guarantee to *Banque de l'Economie* on behalf of OL Voyages.

Nature of the agreement: One-year joint and several guarantee in favour of *Banque de l'Economie* to cover an on-demand bank guarantee issued by the bank to IATA (International Air Transport Association) to enable OL Voyages to obtain IATA approval.

Amount: The amount of the guarantee is €66,315.32 (FRF 435,000).

– **Joint and several guarantee in favour of Banque de l'Economie**

At its meeting of 25 September 2000, the Board of Directors authorised the Chairman to issue a joint and several guarantee to Banque de l'Economie on behalf of OL Voyages.

Nature of the agreement: Joint and several guarantee issued to Banque de l'Economie to cover an on-demand guarantee issued by the bank to SNCF.

Amount: The amount of the guarantee is €15,244.90 (FRF 100,000).

The guarantee was cancelled on 9 March 2004.

Fee income booked by the Company amounted to €180 for the year.

– **Financial control and accounting services:**

At its meeting of 20 October 2003, the Board of Directors decided to continue an existing agreement between the Company and its subsidiary OL Voyages.

Nature of the agreement: financial control and accounting services.

Amount: €20,000 a year.

Fee income for the year booked by the Company amounted to **€20,000.**

Directors concerned: Jean-Michel Aulas, Jacques Matagrin, Soparic Participations

- **SAS Argenson**

At its meeting of 3 December 2001, the Board of Directors agreed to continue the agreements in place with the Company's subsidiary SAS Argenson:

➢ **Blocked current account advance:**

– **Nature of the agreement**: A current account advance of €353,207.87 blocked for seven years from 28 February 2002 to 28 February 2009. During the seven years, the sum held on this account will bear interest at 3-month Euribor – 0.50% provided the company produces a profit before tax. After the seven year period, it will bear interest at the tax-deductible rate.

– **Amount**: The amount of the blocked current account is **€353,207.87.**

During the year ended 30 June 2004, no interest was earned on the account.

➢ **Additional current account advance (1).**

Nature of the agreement: Additional current account advance of **€271,359.25**. The current account bears interest at 3-month Euribor - 0.50% on the portion exceeding the Company's percentage holding in SAS Argenson.

Amount: The non-interest-bearing portion of the current account amounted to **€210,624.54** and the interest-bearing portion to **€45,734.71.**

➢ **Additional current account advance (2).**

At its meeting of 8 July 2002, the Board of Directors authorised a new agreement:

– **Nature of the agreement:** Additional current account advance of **€50,000**. The current account bears interest at 3-month Euribor +0.50%.

– **Amount:** The amount of the current account is **€50,000** .

During the year ended 30 June 2004, the Company booked the sum of **€2,036.55** in interest income.

➢ **Guarantees issued to Société Générale:**

– At its meeting of 3 December 2001, the Board of Directors authorised the Company to issue a guarantee on behalf of its subsidiary SA Argenson to Société Générale in substitution for Mrs Isabelle Kebe. The amount of the guarantee is 100% of the loan contracted by SA Argenson, which represents the Company's percentage holding in SAS Argenson following its acquisition of the shares owned by Mrs Kebe.

The loan concerned was contracted in 1999 in the sum of FRF 2,200,000 (€335,387) for a term expiring on 22 September 2006.

The principal amount of the loan outstanding at 30 June 2004 was **€121,342**.

– At its meeting of 11 June 2001, the Board of Directors authorised the Company to issue a guarantee to Société Générale on behalf of its subsidiary SAS Argenson in the sum of FRF 500,000 (€76,224) guaranteeing a 5-year loan of the same amount.

The principal amount of the loan outstanding at 30 June 2004 was **€40,920**.

Directors concerned: Jean-Michel Aulas.

➢ **Current account write-off**

At its meeting of 28 June 2004, the Board of Directors authorised the Chairman to write off the sum of €15,000 owing by the Company's subsidiary Argenson, with a claw-back clause. The same amount was written off by the subsidiary's other shareholders.

The sum of €15,000 was booked as an expense and deducted from the non-interest-bearing current account.

- **SASP Olympique Lyonnais**

– **Cash management agreement:**

At their meeting of 22 May 2000, the shareholders authorised the Company in accordance with the provisions of article 225-42 of the *Nouveau Code de Commerce* (formerly article 105 of the law of 24 July 1966) to enter into a cash management agreement with its subsidiary SASP, on the basis that the sums advanced under the agreement would bear interest at the maximum tax-deductible rate.

This agreement was not implemented.

Directors concerned: All Directors of the Company.

- **OL Merchandising**

➢ **Financial control services agreement**

At its meeting of 20 October 2003, the Board of Directors amended the existing agreement between the Company and its subsidiary.

Nature of the agreement: financial control and accounting services.

Amount: €50,000 a year.

The amount of income booked during the year was **€50,000**.

➢ **Current account advance:**

At its meeting of 8 July 2002, the Board of Directors authorised the Company to make an advance of €50,000 to its subsidiary, bearing interest at 3-month Euribor + 0.50%. The advance was reimbursed during the year. The balance at 30 June 2004 was nil.

The amount of interest income booked during the year was €575.01.

Lyon, 27 November 2004

The Statutory Auditors

Béchir CHEBBAH

COGEPARC
Christian LAURAIN

20. **FINANCIAL INFORMATION ON THE ASSETS, LIABILITIES, FINANCIAL POSITION AND RESULTS OF THE GROUP**

20.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (IFRS)

20.1.1 Consolidated balance sheet at 30 June 2006 (IFRS)

BALANCE SHEET ASSETS

Net (In thousands of euros)	Notes	30/06/2006 Normes IFRS	30/06/2005 Normes IFRS
Intangible assets			
Goodwill	4.1.1	1 633	1 633
Player registrations	4.1.2	77 514	48 944
Other intangible assets	4.1.2	550	547
Property, plant & equipment	4.1.3	8 347	7 039
Other financial assets			
Equity investments and accrued income	4.1.4	37	-
Other financial assets	4.1.4	131	73
Player registration receivables – over one year	4.2	2 074	3 592
Investments in associates	4.1.5	437	426
Deferred tax assets	4.3	123	64
Total non-current assets		**90 846**	**62 317**
Inventories	4.2	759	1 360
Trade receivables	4.2	11 365	14 048
Player registration receivables – under one year	4.2	3 699	6 096
Player registrations held for sale	4.1.2	3 950	
Other current assets, accrued income and prepayments	4.2	13 434	8 891
Cash and cash equivalents			
Marketable securities	4.2	52 386	29 863
Cash	4.2	1 760	3 557
Total current assets		**87 353**	**63 815**
TOTAL ASSETS		**178 199**	**126 132**

BALANCE SHEET EQUITY & LIABILITIES

Net (In thousands of euros)	Notes	30/06/2006	30/06/2005
Share capital	4.4	14 155	14 155
Share premium	4.4	18 276	18 276
Reserves	4.4	(7 855)	(19 039)
Net profit for the period		15 879	11 578
Equity attributable to equity holders of the parent	4.4	**40 455**	**24 970**
Minority interests	4.4	**3 200**	**3 070**
Total equity		**43 655**	**28 040**
Financial liabilities (over one year)	4.6	13 637	16 370
Player registration liabilities (over one year)	4.6	13 482	14 883
Deferred tax liabilities	4.3	9 005	1 797
Retirement benefit obligation	4.5	320	246
Total non-current liabilities		**36 444**	**33 296**
Provisions (under one year)	4.5	974	526
Financial liabilities (under one year)			
Bank overdrafts	4.6	3 750	115
Other financial liabilities	4.6	10 639	225
Trade payables	4.6	14 649	17 123
Tax and social security liabilities	4.6	34 865	25 049
Player registration liabilities (under one year)	4.6	24 738	14 658
Other current liabilities, deferred income and accruals	4.6	8 485	7 101
Total current liabilities		**98 100**	**64 796**
TOTAL EQUITY & LIABILITIES		**178 199**	**126 132**

20.1.2 Consolidated income statement for the year ended 30 June 2006 (IFRS)

INCOME STATEMENT

(In thousands of euros)	Notes	From 01/07/05 to 30/06/06	% du C.A.	From 01/07/04 to 30/06/05	% du C.A.
Revenue (excluding player trading)	5.1	127 667	77%	91 797	79%
Goods purchased		-16 214	-10%	-11 773	-10%
Other external charges		-12 391	-7%	-12 031	-10%
Taxes other than on income		-3 425	-2%	-3 202	-3%
Staff costs	5.3	-75 216	-45%	-49 056	-42%
Gross surplus of operations (excl. player trading)	2.10.2	**20 420**	12%	**15 735**	13%
Depreciation, amortization and provisions	5.2	-1 652	-1%	1 017	1%
Other operating income and expense		-407	0%	1 861	2%
Recurring operating profit (excluding player trading)		**18 361**	11%	**18 613**	16%
Proceeds on disposal of player registrations		38 443	23%	24 842	21%
Residual value of player registrations		-7 060	-4%	-7 907	-7%
Gross surplus of operations – player trading		**31 383**	19%	**16 935**	15%
Depreciation, amortization and provisions	5.2	-23 964	-14%	-16 862	-14%
Recurring operating profit – player trading		**7 419**	4%	**73**	0%
Recurring operating profit		**25 780**	16%	**18 686**	16%
Other non-recurring income and expenses		0		0	
Operating profit		**25 780**	16%	**18 686**	16%
Net financial cost	5.4	-1 365	-1%	-943	-1%
Pre-tax profit		**24 415**	15%	**17 743**	15%
Income tax charge	5.5	-8 286	-5%	-6 053	-5%
Share of profit of associates	4.1.4	14	0%	26	0%
Net profit for the year		**16 143**	10%	**11 716**	10%
Attributable to equity holders of the parent		**15 879**		**11 578**	
Attributable to minority interests		264	0%	138	0%
Number of shares in issue		931 270		931 270	
Earnings per share (basic and diluted)		**17,05 €**		**12,43 €**	

20.1.3 Consolidated cash flow statement for the year ended 30 June 2006 (IFRS)

CASH FLOW STATEMENT

(In thousands of euros)	30/06/06	30/06/05
Net profit	16 143	11 716
Share of profit of associates	-14	-26
Depreciation, amortization and provisions	25 210	15 860
Other non-cash items	-50	0
Deferred taxes	7 163	5 330
Net of tax gain on disposal of player registrations	-31 383	-16 935
Gain on disposal of other non-current assets	-13	16
Operating cash flow	**17 057**	**15 961**
Change in trade and other receivables	-2 055	-458
Change in trade and other payables	9 327	8 112
Net change in working capital	**7 272**	**7 654**
Net cash provided by operating activities)	**24 329**	**23 615**
Acquisitions of player registrations net of movements in liabilities	-54 023	-18 319
Acquisitions of other intangible assets	-45	
Acquisitions of property, plant & equipment	-2 290	-2 092
Acquisitions of non-current financial assets	-95	-10
Disposals of player registrations net of movements in receivables	42 003	21 191
Disposals or decreases in other non-current assets	13	-
Acquisition of subsidiary net of cash acquired		-561
Net cash provided/(uded) by investing activities	**-14 437**	**209**
Dividends paid to equity holders of the parent	-373	-
Dividends paid to minority interests	-62	-26
Additions to borrowings	11 856	0
Repayment of borrowings	-4 221	-12 082
Net cash provided/(uded) by financing activities	**7 201**	**-12 108**
Operating cash	**33 305**	**21 590**
Change in cash	**17 091**	**11 715**
Closing cash	**50 396**	**33 305**

(in thousands of euros)	30/06/06	30/06/05
Marketable securities	52 386	29 863
Cash	1 760	3 557
Bank overdrafts	(3 750)	(115)
	50 396	**33 305**

During the year ended 30 June 2005, the group acquired control of M2A, the net impact being €(561) thousand corresponding principally to the acquisition price.

The following table shows a summary of cash flows relating to the purchase of players:

(In thousands of euros)	Note	30/06/06	30/06/05
Purchase of player registrations	4.1.2	62,928	35,642
Player registration payables at 30/06/06	4.6	(38,220)	
Player registration payables at 30/06/05	4.6	29,541	(29,541)
Player registration payables at 30/06/04			11,992
Other		(226)	226
Purchases of player registrations net of movements in payables		**54,023**	**18,319**

The following table shows a summary of cash flows relating to the sale of players:

(In thousands of euros)	Note	30/06/06	30/06/05
Proceeds on disposal of player registrations		38,443	24,842
Player registration receivables at 30/06/06	4.2	(6,023)	
Player registration receivables at 30/06/05	4.2	9,688	(9,688)
Player registration receivables at 30/06/04			6,037
Other		(105)	
Disposals of player registrations net of movements in receivables		**42,003**	**21,191**

20.1.4 Statement of changes in equity for the year ended 30 June 2006 (IFRS)

(in thousands of euros)	Attributable to equity holders of the parent			Minority interests	Total equity
	Share capital	Share premium	Reserves and net profit		
Equity at 01/07/2004	**14 114**	**18 130**	**-19 011**	**2 929**	**16 162**
Net profit for the period			11 578	138	**11 716**
Capital increase	41	146			**187**
Other movements (1)			(28)	3	**(25)**
Equity at 30/06/2005	**14 155**	**18 276**	**(7 461)**	**3 070**	**28 040**
Net profit for the period			15 879	264	**16 143**
Dividends (2)			(373)	(62)	**(435)**
Changes in scope of consolidation				(72)	**(72)**
Other movements (1)			(21)		**(21)**
Equity at 30/06/2006	**14 155**	**18 276**	**8 024**	**3 200**	**43 655**

(1) Impact on reserves arising from adoption of the IAS 19 amendment and changes in deferred tax rates.
(2) The dividend payout made by OL Groupe amounted to €373 thousand, or €0.40 per share.
The proposed dividend payout for the year ended 30 June 2006 is €931 thousand, or €1 per share.

Details of reserves can be found in note 4.4.

20.1.5 Notes to the consolidated financial statements for the year ended 30 June 2006

The consolidated financial statements comprise the financial statements of Olympique Lyonnais Groupe SA (350 avenue Jean Jaurès, 69007 Lyon) and those of its subsidiaries. The Group's main business is its professional football team. Subsidiaries have been created in media, merchandising, catering and travel as a spin-off from the main business.

The consolidated financial statements were approved by the Board of Directors on 2 October 2006.

1. Significant events of 2006: Preparation of the Group's financial statements in accordance with IFRS

For the first time, in accordance with European regulation 1606/2002 of 19 July 2002, the financial statements for the year ended 30 June 2006 were prepared in accordance with the standards prescribed by the International Accounting Standards Board (IASB) applicable as of 1 January 2005 and as endorsed by the European Union. The accounting standards prescribed by the IASB include International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), together with their interpretations.

Comparative financial data (for the year ended 30 June 2005) has been prepared on the same basis.

Accordingly, note 11 provides a reconciliation of the financial statements prepared using French GAAP in accordance with regulation 99.02 with the consolidated financial statements at 30 June 2005 prepared on the basis of the provisions set out in IFRS 1 "First-time Adoption of International Financial Reporting Standards".

Elections made under IFRS 1

IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the procedures to be followed by first-time adopters of the new standards. It includes a number of exemptions available to facilitate the transition from French GAAP to IFRS.

The Group has elected to make use of the following exemptions in its opening balance sheet:

- to maintain its non-current assets at their historic cost and not to remeasure property, plant & equipment at fair value as of 1 July 2004;

- not to restate business combinations prior to 1 July 2004;

- to adopt the IAS 19 amendment prospectively.

The main elections made by the group and their impacts are described in note 11 to the consolidated financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation of the IFRS financial statements

The Company uses the standards and interpretations endorsed by the European Union as of 30 June 2006. It has not elected for prospective adoption of the standards and interpretations that will come into effect after that date.

2.2 Consolidation methods

Companies in which the group directly or indirectly owns the majority of the voting rights are fully consolidated.

Companies in which the group holds less than 50% of the voting rights but over which it exercises significant influence are accounted for using the equity method.

Companies controlled by the group by virtue of a contract, agreement or other instrument are fully consolidated, even where it does not own any of the share capital (special purpose entities).

Companies over which the group does not exercise either control or significant influence are not consolidated.

A list of companies included in the scope of consolidation and the consolidation method used is provided in note 3.

2.3 Business activities and segment information

IAS 14 "Segment Reporting" requires disclosure of key figures by primary and secondary reporting segment, i.e. business segment and geographical segment. A business segment is a distinguishable component of an entity that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

The group has not identified any material distinct business segments within the meaning of IAS 14.

Reporting by geographical segment is not relevant to the group in view of its business as a football club.

A breakdown of revenue is provided for information in note 5.1.

2.4 Presentation of the financial statements

The group has decided to apply most of the provisions of recommendation 2004-R.02 of the *Conseil National de la Comptabilité* dated 27 October 2004 relating to the presentation of the income statement, balance sheet, cash flow statement and statement of changes in equity. This recommendation complies with the principles set out in IAS 1 "Presentation of Financial Statements".

Given the nature of the business, the group has elected to present its income and expenses by nature.

2.5 Use of estimates

In preparing the IFRS financial statements, management is required to make estimates and assumptions that affect the carrying amounts of assets and liabilities. The key items concerned by estimates and assumptions are impairment of intangible assets, deferred taxes and provisions, particularly the retirement benefit obligation. These estimates are based on the best information available to management on the date the financial statements are prepared. Any change in the estimates and assumptions used could have an impact on the amounts carried in the financial statements.

2.6 Non-current assets

2.6.1 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance, from which future economic benefits are expected to flow to the entity.

a) Goodwill

Business combinations are accounted for using the purchase method in accordance with IFRS 3 "Business Combinations.

On first-time consolidation of a company, its assets and liabilities are measured at their fair value.

Any difference between the purchase cost of the shares and the fair value of the identifiable assets and liabilities acquired are accounted for as goodwill.

The fair values and goodwill may be adjusted during a period of one year after acquisition. If the purchase cost is less than the fair value of the assets and liabilities acquired, the difference is recognised immediately in profit or loss.

In accordance with the options provided by IFRS 1:

- Business combinations prior to 1 July 2004 have not been restated.
- Accumulated amortisation at 1 July 2004 has been offset against the gross values at that date.
- Intangible business assets previously recognised on first-time consolidation of companies under French GAAP have been included in goodwill.

As required by IFRS 3 "Business Combinations" and IAS 36 amended, goodwill is not amortised.

Intangible assets with an indefinite life are tested for impairment annually as required by IAS 36 amended (see note 2.6.4 for a description of impairment testing methods).

b) Player registrations

Player registrations meet the definition of an intangible asset. They are measured at their acquisition cost, which is discounted if the payment is deferred over more than six months (the acquisition cost is equal to the purchase price plus transaction costs).

The registration is recognised as an asset from the date on which the group deems the transfer of ownership and risk to be effective. These conditions are deemed to be met on the date the registration is approved.

Player registrations are amortised on a straight-line basis over the term of the initial contract (typically 3 to 5 years). If an extension to the contract is signed, the related costs are included in the value of the registration and the amortisation charge is recalculated on the basis of the extended residual term.

Contingent fees agreed in transfer deals are fees that are payable only on the fulfilment of certain conditions. They are capitalised if there is a strong probability that the conditions will be met. Otherwise, they are disclosed as contingent liabilities and capitalised as soon as the conditions are met.

c) Delayed TV rights

Delayed TV rights are initially measured at fair value and are not amortised. They are tested for impairment on each subsequent reporting date.

d) Purchased software

Purchased software is amortised over three to five years.

2.6.2 Property, plant & equipment

Property, plant & equipment are measured at cost (purchase price, transaction costs and directly attributable expenses). They have not been revalued.

As required by IAS 16, buildings are accounted for by significant component.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, as follows:

- Buildings on long leases ....30 to 45 years
- Building improvements .... 3 to 10 years
- Information systems equipment .... 3 and 4 years
- Office equipment .... 5 years
- Office furniture .... 8 years
- Plant and equipment.. 5 years
- Vehicles .... 3 to 5 years

Residual values are either not material or cannot be reliably estimated.

2.6.3 Leases

In accordance with IAS 17, a finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Criteria used to assess whether a contract should be classified as a finance lease include:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price substantially less than the fair value;
- the lease term is for the major part of the economic life of the asset;
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- the leased assets are of such a specialised nature that only the lessee can use them without major modifications;
- in case of cancellation, the associated losses are borne by the lessee;
- gains or losses from the fluctuation in the fair value of the residual accrue to the lessee;
- the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

All finance leases with a material value at inception are restated.

Restatement involves:

- recognising the assets financed by the lease and the corresponding debt in the balance sheet;
- recognising the corresponding depreciation of the assets and the financial expense related to the debt, instead of the lease payments and expenses. The depreciation term is the same as that used for other assets of the same nature acquired by the Company.

2.6.4 Impairment of non-financial assets

As required by IAS 36 "Impairment of Assets", the value in use of intangible assets and property, plant and equipment must be tested whenever there is an indication that the asset may be impaired.

Intangible assets with an indefinite life (goodwill and delayed TV rights), which are not amortised, are tested for impairment at least once a year.

An impairment loss is recognised when the carrying amount of an asset is higher than its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use.

Player registrations are tested for impairment whenever there is an indication that they may be impaired. An additional impairment loss may be recognised if the carrying amount is higher than the recoverable amount based on the market value of the registration as estimated by the technical teams, the probability of sale and the prospects of each player.

2.6.5 Financial assets

The group classifies its financial assets into equity investments and related receivables or other non-current financial assets. Other financial assets (receivables, cash, etc.) are classified by type.

2.6.6 Investments in associates

Investments in associates are measured at cost. Each year, cost is readjusted to take account of the group's equity in the associate's restated net assets.

2.6.7 Deferred taxes

As required by IAS 12, deferred taxes are recognised on all temporary differences between the tax base and carrying amount of consolidated assets and liabilities except for goodwill using the liability method.

Deferred tax assets are recognised only when it is probable that they will be recovered in the future.

Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are netted off within the same fiscal entity, whether a company or tax group.

Deferred taxes calculated on items charged directly to equity are recognised in equity.

Deferred tax assets and liabilities are presented as non-current assets and liabilities.

2.7 Current assets

2.7.1 Inventories

Inventories comprise only goods held for resale.

Under IAS 2 "Inventories", the cost of inventories comprises the purchase price, transport costs, handling costs and other expenses directly attributable to the purchase of the goods, less commercial discounts, rebates and other deductions.

Inventories are carried at the lower of cost, calculated on the basis of weighted average cost, and net realisable value (estimated selling price). An impairment loss may be taken against obsolete, defective or slow-moving goods.

2.7.2 Trade receivables and player registration receivables

Receivables are initially measured at fair value, which is usually their face value.

An impairment loss is recognised when the expected recoverable amount estimated at the period end is lower than the carrying amount. The risk analysis includes criteria such as age of the receivable, whether it is in dispute and the debtor's financial position.

2.7.3 Non-current assets held for sale

This category includes player registrations whose sale is highly probable and for which a plan to sell has been initiated at the period end.

Assets classified in this category are no longer amortised but tested for impairment.

2.7.4 Cash and cash equivalents

Cash and cash equivalents comprise marketable securities and cash.

Marketable securities are measured and recognised at fair value based on the last quoted price. Marketable securities comprise entirely investments in money market or capital guaranteed mutual funds. Changes in fair value are recognised as financial income or expense. The Group does not hold any derivative financial instruments.

2.8 Non-current liabilities

2.8.1 Non-current financial liabilities

Bank borrowings are classified as non-current unless they are due in under twelve months, in which case they are classified as current liabilities.

The group does not hold any hedging instruments.

Bank borrowings are measured at amortised cost using the effective interest rate method.

2.8.2 Non-current financial liabilities - player registrations

This item comprises amounts payable to the selling clubs, where they are due in more than twelve months.

2.8.3 Retirement benefit obligation

IAS 19 "Employee Benefits" and amendment

Post-employment benefits (early retirement allowances) are recognised as non-current provisions.

The method used to measure the retirement benefit obligation complies with the provisions set out in IAS 19. The group uses the projected unit credit method to measure its defined-benefit liability.

The amount of the provision is equal to the present value of the liability based on the following assumptions:

- Expected increases in salaries;
- Retirement age;
- Staff turnover, based on the mortality tables drawn up by INSEE and a turnover rate resulting from statistical observations,
- Discount rate.

The group has elected for prospective adoption of the IAS 19 amendment, which permits the recognition of actuarial gains and losses in equity (impact of changes in rate and assumptions from one year to another). On first-time adoption, the Group has recognised in equity the portion of the liability relating to years prior to transition to IFRS, i.e. 1 July 2004.

2.9 Current liabilities

2.9.1 Provisions

In accordance with IAS 37, provisions are taken on a case-by-case analysis of the probable risk and expense. A provision is taken when management becomes aware of an obligation (legal or constructive) arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. Provisions are classified as non-current or current depending on the expected timing of the risk or expense. Non-current provisions are discounted if the impact is material.

2.9.2 Current financial liabilities - Player registrations

This item comprises amounts payable to the selling clubs where they are due in less than one year.

2.9.3 Deferred income

This item principally comprises season tickets paid in advance and the reclassification of investment grants as deferred income.

2.10 Income statement

2.10.1 Revenue recognition

Revenue is recognised on the following basis:

- Sponsorship:

  The terms of the sponsorship contracts indicate the amounts to be recognised for the season concerned.

- LFP media rights (League 1):

This category of revenue arises from the club's participation in the national league championships.

At the beginning of the season, the Board of Directors of the League defines the amounts to be allocated to the clubs for the current season and the method of allocation. As the competition ends before the financial year-end, all the criteria for recognition of LFP media rights are known and taken into account for revenue recognition purposes.

- UEFA Champions League revenue:

  The triggering event for UEFA Champions League revenue is the Club's participation in this European competition. The amount depends on the stage reached by the Club and the amounts for each stage are set out in UEFA's financial memorandum for the season concerned. As the competition ends before the financial year-end, all the criteria for recognition of UEFA Champions League revenue are known and taken into account for revenue recognition purposes.

- Revenue from ticketing is recognised when the games are played. Season ticketing for the coming season are recorded as deferred income.

- For other Group activities, revenue is recognised upon provision of the service or delivery of the goods concerned.

- Proceeds from player sales are recognised on the date of registration of the contract. Contingent fees are recognised when the payment conditions are met. If the payment conditions are not met, the contingent fee is disclosed under commitments and contingent liabilities.

2.10.2 Presentation of the income statement

Gross surplus of operations excluding player trading:

This aggregate is the difference between revenue (excluding player trading) and recurring operating expenses (excluding player trading) except for depreciation, amortisation, provisions, tax and interest expense.

Recurring operating profit excluding player trading:

Recurring operating profit is the profit generated by the Group's ordinary activities excluding player trading.

Recurring operating profit from player trading:

This aggregate includes gains or losses on player sales, and amortisation and impairment of player registrations.

Recurring operating profit:

Recurring operating profit is the profit generated by the Group's ordinary activities and player trading.

Other non-recurring income and expense:

This item comprises non-recurring income and expenses which are not included in the Group's ordinary activities due to their unusual amount or nature.

Net finance cost

Net finance costs includes:

- Net cost of debt, that is interest income and interest expense on financing operations. It also includes additional costs generated by the adoption of IAS 39 (interest expense calculated at the effective interest rate),

- Other financial income and expense, that is dividends received from non-consolidated companies and proceeds from the sale of other financial assets.

2.10.3 Earnings per share

Earnings per share is calculated on the basis of the weighted average number of shares in issue during the year.

There were no plans to issue shares or equity-related instruments at the year end.

2.11 Commitments and contingent liabilities

As part of the Group's financial reporting procedures, there is a procedure for identifying commitments and contingent liabilities, their nature and purpose :

- Guarantees
- Collateral granted (mortgages, pledges, liens, other charges)
- Operating leases
- Purchase and investment undertakings.
- Commitments given and received in relation to contingent transfer fees.
- Commitments made under player transfer agreements contingent on the player remaining with the club.

2.12 Related party disclosures

IAS 24 "Related Party Disclosures"

In accordance with IAS 24, a description of transactions with the parent company ICMI SAS (52 quai Paul Sédallian, 69009 Lyon) and its subsidiaries can be found in Note 8.

2.12 Cash flow statement

The Group uses the indirect method to present its cash flow statements, using a presentation similar to the model proposed by the CNC in recommendation 2004-R-02. Cash flows for the year are broken down by operating activities, investing activities and financing activities.

The cash flow statement is prepared on the following basis:

- capital gains or losses are presented net of tax when tax is payable;

- impairment of current assets is recognised under changes in working capital;
- cash flows arising from player purchases take account of movements in player registration payables;
- cash flows arising from player disposals take account of movements in player registration receivables;
- cash flows arising from capital increases are recognised when the sums are received;
- cash flows arising from changes in scope of consolidation are presented on a net basis in cash flows from investing activities under the line item net cash generated by acquisitions and disposals of subsidiaries.

3. Scope of consolidation

COMPANY	REGISTERED OFFICE Reg. no.	BUSINESS	Number of months consolidated	% control 2006	% interest 2006	% interest 2005	
OLYMPIQUE LYONNAIS GROUPE	Lyon 421577495	Holding company	12	--	--	--	--
COMPANIES OWNED BY OLYMPIQUE LYONNAIS GROUPE							
SASP Olympique Lyonnais	Lyon 385071881	Sports club	12	99,53	99,53	99,53	FC
SAS OL Merchandising	Lyon 442493888	Merchandising	12	99,98	99,98	99,98	FC
SAS Argenson	Lyon 399272277	Catering	12	49,97	49,97	49,97	EM
SAS OL Voyages (1)	Lyon 431703057	Travel agency	12	50,00	50,00	50,00	FC
SCI Megastore	Lyon 444248314	Property	12	100,00	100,00	100,00	FC
SAS OL Organisation	Lyon 477659551	Security and reception	12	99,97	99,97	59,97	FC
SAS OL Images	Lyon 478996168	TV production	12	74,97	74,97	74,97	FC
SAS M2A	Lyon 419882840	Sales of spin-off products	12	100,00	100,00	100,00	FC
SARL BS	Lyon 484764949	Hairdressing salon	7	40,00	40,00	--	EM
SAS OL Restauration	Lyon	Catering	12	30,00	30,00	30,00	EM
SPECIAL PURPOSE ENTITIES							
Association OL (2)	Lyon 779845569	Association	12	--	--	--	FC
SCI OL (2)	Lyon 401930300	Property	12	--	--	--	FC

FC: Full consolidation

EM: Equity method

(1) OL Voyages, which is 50%-owned, is fully consolidated as its executive officers are appointed by OL Groupe.

(2) Companies controlled by the group by virtue of a contract, agreement or other instrument are fully consolidated, even where it does not own any of the share capital (sp ecial purpose entities).

Changes in the scope of consolidation during the 2005/06 financial year were as follows:

At end June 2006, the Company acquired 1,480 shares of OL Organisation. At 30 June 2006, OL Groupe owned 99.97% of OL Organisation.

At end September 2005, the Company subscribed for 40% of the share capital of BS SARL (hairdressing salon) upon its incorporation.

The Company owns 1,000 shares of BS SARL.

These changes had no material impact on the financial statements at 30 June 2006 and did not give rise to the recognition of any goodwill.

Changes in the scope of consolidation during the 2004/05 financial year were as follows:

- On 3 September 2004, acquisition of 80% of M2A, bringing the Group's holding up to 100%;

- Disposal of one share of Argenson to the Bocuse group which owns 50.03% of the share capital. Argenson is accounted for using the equity method;
- Creation of OL Images on 11 October 2004 and sale of 25% of the share capital at its par value.

Year end:

All group companies have a 30 June year end except for SCI OL (31 December) and OL Restauration (31 August). For both these entities, financial statements have been prepared for the period 1 July to 30 June.

4. Notes to the balance sheet

4.1 - Movements in non-current assets (excluding cash and cash equivalents)

4.1.1 Goodwill

Movements during the year:

(in thousands of euros)	Opening balance	Changes in scope of consolidation	Increases	Closing balance
Olympique Lyonnais Merchandising	46			46
Olympique Lyonnais SASP	1 232			1 232
M2A	355			355
TOTAL	**1 633**	**0**	**0**	**1 633**

Impairment tests as defined in notes 2.6.1. a) and 2.6.4 did not reveal any evidence of impairment.

4.1.2 Other intangible assets

Movements during the year:

(in thousands of euros)	Opening balance	Changes in scope of consolidation	Increases	Decreases	Closing balance
Player registrations	86 643		62 925	21 135	128 433
Amortisation	(37 699)		(23 714)	(10 494)	(50 919)
Player registrations net (1)	**48 944**	**-**	**39 211**	**10 641**	**77 514**
Concessions, patents and TV rights	589		45	27	607
Amortisation	**(42)**		**(39)**	**(24)**	**(57)**
Other intangible assets	**547**	**-**	**6**	**3**	**550**

Player registrations were tested for impairment in accordance with la note 2.6.4, which led to the recognition of an additional impairment loss of €446 thousand.

(1) The decrease in this item is due to the reclassification of the player Monsoreau as an asset held for sale (cost: €5,266 thousand – amortisation: €1,316 thousand).

The following table shows a breakdown of the increase in player registrations:

(in thousands of euros)	30/06/06	30/06/05
ABIDAL	514	8 826
CAREW	8 491	
CRIS	1 027	3 799
FRAU		8 220
FRED	16 291	
KALLSTROM	7 930	
MALOUDA	1 066	400
MONSOREAU	5 266	
MULLER	3 234	
NILMAR		6 612
PEDRETTI		7 785
TIAGO	11 370	
TOULALAN	7 325	
WILTORD	411	
Net	**62 925**	**35 642**

The carrying amount of player registrations is shown in the table below:

	Date of acquisition	Contract ends	Carrying amount in thousand of euros at 30 June 2006	Carrying amount in thousand of euros at 30 June 2005	Age	Position
ABIDAL	29/07/04	30/06/09	5 855	7 149	27	Defender
CACAPA	12/07/05	30/06/07	78	147	30	Defender
CAREW	13/07/05	30/06/09	6 368		26	Forward
COUPET	03/01/97	30/06/08	99	158	33	Goalkeeper
CRIS	28/08/04	30/06/10	2 923	2 850	29	Defender
DIARRA M	26/07/02	30/06/09	2 335	3 112	25	Mid-field
ESSIEN	15/07/03	30/06/08		6 987	23	Mid-field
FRAU	23/06/04	30/06/09	4 750	6 576	26	Forward
FRED	31/08/05	30/06/09	12 744		22	Forward
JUNHINO	10/07/01	30/06/06		1 706	31	Mid-field
KALLSTROM	20/06/06	30/06/10	7 930		23	Mid-field
MALOUDA	29/07/03	30/06/10	3 501	3 434	26	Mid-field
MULLER	27/01/06	30/06/08	2 668		29	Defender
NILMAR	09/09/04	30/06/09	4 106	5 473	21	Forward
PEDRETTI	28/06/05	30/06/09	5 574	7 785	25	Mid-field
REVEILLERE	17/07/03	30/06/08	1 966	2 949	26	Defender
TIAGO	31/08/05	30/06/09	8 882		25	Mid-field
TOULALAN	01/06/06	30/06/10	7 325		22	Mid-field
VERCOUTRE	28/06/02	30/06/07		617	26	Goalkeeper
WILTORD	31/08/04	30/06/08	411		32	Forward
Player registrations			**77 514**	**48 944**		
MONSOREAU	05/07/05	30/06/09	3 950	-	25	Defender
Non-current assets held for sale			**3 950**	**-**		

4.1.3 Property, plant & equipment

Movements during the year:

(in thousand euros)	Opening balance	Changes in scope of consolidation	Increases	Decreases	Closing balance
Buildings and improvements	8 324		623	149	8 798
Equipment and furniture (2)	1 185		1 667	339	2 513
At cost	**9 509**	**-**	**2 290**	**488**	**11 311**
Buildings and improvements	(1 513)		(707)	(147)	(2 073)
Equipment and furniture (2)	(957)		(271)	(337)	(891)
Depreciation	**(2 470)**	**-**	**(978)**	**(484)**	**(2 964)**
Net	**7 039**	**-**	**1 312**	**4**	**8 347**

(1) Including finance lease agreements signed during the year ended 30 June 2006 restated in accordance with IAS 17: €561 thousand at cost and €34 thousand in amortisation.

4.1.4 Other financial assets and equity investments

Movements during the year:

(in thousands of euros)	Opening balance	Changes in scope of consolidation	Increases	Decreases	Closing balance
Equity investments and related receivables (1)		-	37	-	37
Other non-current financial assets	73	-	69	(11)	131
Investments in associates	426	-	11	-	437
At cost	**499**	**-**	**117**	**(11)**	**605**
Impairment	-	-	-	-	-
Net	**499**	**-**	**117**	**(11)**	**605**

(1) The creation of OL Brasserie, which has not been consolidated as it had no business activity during the year.

4.1.5 Investments in associates

(in thousands of euros)	30/06/06	30/06/05
Opening balance	426	13
Change in scope Argenson (1)		387
Deferred taxes recognised in equity	(3)	-
Share of profit of associates	14	26
Closing balance	**437**	**426**

(1) Argenson was fully consolidated in the current year but accounted for at equity for the year ended 30 June 2005.

4.2 Current assets

Movements during the year:

(in thousands of euros)	Opening balance	Movements in the period	Closing balance
Inventories	1 389	(538)	851
Impairment	(29)	(63)	(92)
Net	**1 360**	**(601)**	**759**
Trade receivables	15 048	(2 588)	12 460
Impairment	(1 000)	(94)	(1 094)
Net	**14 048**	**(2 682)**	**11 365**
Player registration receivables (1)	9 688	(3 665)	6 023
Impairment		(250)	(250)
Net	**9 688**	**(3 915)**	**5 773**
Player registrations held for sale	-	3 950	3 950
Impairment			
Net	**-**	**3 950**	**3 950**
VAT receivables	3 918	3 758	7 676
Other tax receivables	3	252	255
Social security receivables	69	254	323
Other current assets	2 871	1 505	4 376
Accrued income and prepayments	2 030	(1 226)	804
Total other current assets	**8 891**	**4 543**	**13 434**
Impairment			
Net	**8 891**	**4 543**	**13 434**

Inventories principally derive from OL Merchandising and M2A.

Trade receivables include €5.5 million carried by SASP OL in 2006 compared with €10.7 million at 30 June 2005. The decrease is due to a change in payment schedule with a partner.

Non-current player registration receivables amounted to €2,074 thousand at 30 June 2006 and are payable in August and September 2007.

(1) Player registration receivables

Name of player	30/06/06 current	30/06/06 non-current	30/06/05 current	30/06/05 non-current
BALMONT			750	
BERGOUGNOUX	1 196	1 196	1 196	2 392
BRECHET	504		1 675	
CARRIERE	800	878	800	1 200
CLERC			36	
TOURE	90			
EDMILSON	1 000			
LAVILLE			139	
LUYINDULA			1 500	
SARTRE	239			
TRUCHET	120			
Total	**3 949**	**2 074**	**6 096**	**3 592**

Player registrations held for sale

The value attributable to Monsoreau is €4.9 million.

The capital gain on this player will be €1.15 million.

Cash and cash equivalents

Movements during the year:

(in thousands of euros)	Cost at 30/06/06	Market value at 30/06/06	Market value at 30/06/05
Investments in mutual funds (1)	52 386	52 386	29 863
Cash	1 760	1 760	3 557
Total	**54 146**	**54 146**	**33 420**

(1) Investments in money market or capital guaranteed mutual funds. Cost is equal to market value as a disposal was followed by a repurchase on the closing date.
This item includes €3,210 thousand in mutual funds pledged until 29/08/2006.

4.3 Other movements

The following table shows a breakdown of deferred tax assets and liabilities by type:

(in thousands of euros)	Opening balance	Impacts on equity	Impacts on net profit	Closing balance
Deferred tax assets	**64**	**23**	**36**	**123**
Player registrations (1)	(17 057)		5 400	(11 657)
Recognised tax loss carryforwards (2)	14 121		(11 779)	2 342
Other deferred tax liabilities	1 139	(9)	(820)	310
Deferred tax liabilities	**(1 797)**	**(9)**	**(7 199)**	**(9 005)**
Net	**(1 733)**	**14**	**(7 163)**	**(8 882)**

(1) Deferred taxes are mainly due to the tax impact of the new standards on French GAAP assets, which led to the reclassification of player registrations from deferred expenses to intangible assets.
(2) Recognised tax loss carryforwards have been deducted from deferred tax liabilities under the principle of netting within a same legal entity.

Unrecognised tax loss carryforwards amounted to €768 thousand.

4.4 Notes on equity

The share capital comprises ordinary shares. Movements during the years are shown below:

(in thousands of euros)	30/06/2004	Movements	30/06/2005	Movements	30/06/2006
Number of shares	928 544	2 726	931 270		931 270
Par value	15,2		15,2		15,2
Share capital	**14 114**	**41**	**14 155**	**-**	**14 155**

Reserves are broken down as follows:

(in thousands of euros)	30/06/2006	30/06/2005
Statutory reserves	171	145
Regulated reserves	37	167
Other reserves	130	
Retained earnings	834	713
Total capital-related reserves	**1 172**	**1 025**
Reserves related to IFRS restatements	(9 027)	(20 064)
Total reserves	**(7 855)**	**(19 039)**

The statement of changes in equity is presented in the first part of the financial statements.

4.5 Provisions

Non-current provisions

(in thousands of euros)	Opening balance	Increases	Decreases		Movement	Closing balance
			Used	Not used	Equity	
Early retirement benefits	246	90		(49)	33	320
Total	**246**	**90**	**-**	**(49)**	**33**	**320**

The provision taken in respect of the group's retirement benefit obligation is equal to the value of the liability calculated on the basis of the following assumptions:

- Expected increase in salaries: 1% a year
- Retirement age: 60 for non-management staff and 63 for management staff
- Staff turnover: based on the mortality tables drawn up by INSEE and a turnover rate resulting from statistical observations
- Discount rate: 4.80% at 30 June 2006 (3.95% at 30 June 2005)
- Social security contribution rate: 43% in most cases.

The group has elected for prospective adoption of the IAS 19 amendment which permits the recognition of actuarial gains and losses in equity. The impact in the year was €33 thousand.

No contributions were paid to pension funds.

No benefits were paid during the year.

Current provisions (less than one year)

(in thousands of euros)	Opening balance	Increases	Decreases		Closing balance
			Used	Not used	
Provisions for industrial tribunal disputes	210	611	(48)		774
Provisions for taxes	209			(26)	184
Other provisions	106	10	(56)	(44)	16
Total	**526**	**621**	**(104)**	**(70)**	**974**

4.6 Breakdown of liabilities by maturity

(in thousands of euros)	Total at 30/06/05	Under 1 year	1 to 5 years	Over 5 years
Financial liabilities	16 710	340	15 165	1 205
Trade payables	17 123	17 123		
Player registration liabilities (1)	29 541	14 658	14 883	
Tax liabilities	13 592	13 592		
Social security liabilities	11 457	11 457		
Other current liabilities	2 742	2 742		
Deferred income and accruals	4 359	4 359		
Total	**95 524**	**64 271**	**30 048**	**1 205**

(in thousands of euros)	Total at 30/06/06	Under 1 year	1 to 5 years	Over 5 years
Financial liabilities (2)	28 026	14 389	12 509	1 128
Trade payables	14 649	14 649		
Player registration liabilities (1)	38 220	24 738	13 482	
Tax liabilities	13 236	13 236		
Social security liabilities	21 629	21 629		
Other current liabilities	2 929	2 929		
Deferred income and accruals	5 556	5 556		
Total	**124 245**	**97 126**	**25 991**	**1 128**

Financial liabilities maturing in 1 to 5 years mainly comprise bank credit facilities granted to Olympique Lyonnais SASP at rates based on Euribor plus a margin negotiated individually with each bank.

Financial liabilities maturing in over five years comprise fixed-rate borrowings granted to one of the group's non-trading property companies (SCI) for the construction of properties (see note 7.3).

(1) Player registration payables are discounted. The impact at 30 June 2006 was €1,057 thousand which will be recognised in financial expenses on a pro rata basis. These liabilities are listed below:

Name of player	30/06/06			30/06/05		
	Total	Current	Non-current	Total	Current	Non-current
ABIDAL	893	625	268	4 887	4 604	283
CAREW	2 394	2 093	301	0		0
CRIS	0		0	1 574		1 574
DIARRA	516	134	382	793	294	499
ELBER	0		0	210		210
FRAU	3 837	3 582	255	6 066	2 373	3 693
FRED	8 759	8 373	386	0		0
KALLSTROM	7 942		7 942	0		0
MALOUDA	2 215	1 536	679	2 869	1 841	1 028
MONSOREAU	1 944	1 719	225	0		0
NILMAR	2 004	1 868	136	4 262	2 463	1 799
PEDRETTI	2 215	2 215	0	7 792	2 213	5 579
REVEILLERE	71	71	0	938	870	68
TIAGO	439	154	285	0		0
TOULALAN	4 949	2 368	2 581	0		0
OTHER	43		43	150		150
Total	**38 220**	**24 738**	**13 483**	**29 541**	**14 658**	**14 884**

(2) The maturity of finance lease liabilities restated in accordance with IAS 17 is as follows:

(in thousands of euros)	30/06/06	Under 1 year	1 to 5 years	Over 5 years
Finance lease liabilities	534	109	425	0
Total	**534**	**109**	**425**	**-**

5. NOTES TO THE INCOME STATEMENT

5.1 Breakdown of revenue

(in thousands of euros)	30/06/06	30/06/05
Ticket sales	21 018	17 734
Partnerships & advertising	13 945	15 553
European TV rights	25 875	20 339
French TV rights	45 643	25 742
Diversification	21 186	12 429
Revenue (excluding player trading)	**127 666**	**91 796**
Proceeds on sale of player registrations	**38 443**	**24 842**
TOTAL	**166 109**	**116 638**

5.2 Depreciation, amortisation and provisions

(in thousands of euros)	30/06/06	30/06/05
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets	(1 017)	(575)
Provisions for early retirement benefits	(40)	(27)
Other provisions	(437)	1 604
Impairment of current assets	(158)	15
TOTAL EXCLUDING PLAYER REGISTRATIONS	**(1 652)**	**1 017**
Amortisation and impairment of player registrations	(23 714)	(16 862)
Impairment of player registration receivables	(250)	
TOTAL PLAYER REGISTRATIONS	**(23 964)**	**(16 862)**

5.3 Staff costs

(in thousands of euros)	30/06/06	30/06/05
Salaries	44 825	33 513
Social security charges	15 199	10 583
Incentive and profit-sharing plans	226	300
Collective image rights (*)	14 966	4 660
TOTAL	**75 216**	**49 056**

(*) During the first quarter of 2005, the government introduced specific legislation on remuneration in respect of collective image rights for players who are members of a professional sports club. Under this law, French football clubs are exempt from social security contributions on a portion of the players' remuneration.

5.4 Net finance cost

(in thousands of euros)	30/06/06	30/06/05
Income from cash and cash equivalents	481	207
Impact of discounting player registrations	(1 088)	(846)
Interest charges on borrowings and other financial liabilities	(928)	(855)
Net cost of debt	**(1 535)**	**(1 494)**
Other financial income	257	567
Other financial expense	(87)	(16)
Net	**170**	**551**
Net finance cost	**(1 365)**	**(943)**

5.5 Income tax

Breakdown of income tax

(in thousands of euros)	30/06/06	30/06/05
Current taxes	1 123	723
Deferred taxes	7 163	5 330
TOTAL	**8 286**	**6 053**

Evidence of payment of taxes

(in thousands of euros)	30/06/06	
Pre-tax profit	**24 415**	
Tax at the standard rate	8 138	33,33%
Impact of permanent differences	48	0,20%
Prior year taxes	(14)	-0,06%
Other	114	0,47%
Income tax	**8 286**	**-33,94%**

6. Employees

The following table shows a breakdown of group employees by grade (average during the year:

	30/06/06	30/06/05
Management	41	29
Non-management	155	100
Professional players	26	24
Total	**222**	**153**

The following table shows a breakdown of group employees by company (average during the year):

	30/06/06	30/06/05
Olympique Lyonnais Groupe (1)	22	5
OL Merchandising	40	27
Olympique Lyonnais SASP (1)	77	99
OL Voyages	8	7
OL Association (1)	33	5
OL Organisation	18	0
OL Images	17	3
M2A	7	7
Total	**222**	**153**

(1) On 1 December 2005, some employees of Olympique Lyonnais SASP were transferred to OL Groupe and OL Association.

7. Commitments and contingent liabilities

7.1 Commitments received

(in thousands of euros)	Under 1 year	1 to 5 years	Over 5 years	Total
Bank credit facilities (1)	13 000	25 000		**38 000**
Commitments related to contingent transfer fees	2 090	300		**2 390**

(1) See 7.3

7.2 Commitments given

(in thousands of euros)	Under 1 year	1 to 5 years	Over 5 years	Total
Rents payable	1 248	2 122	571	**3 941**
Bank guarantees related to purchases of player registrations	13 750	2 392		**16 142**
Commitments related to the purchase of a player registration	8 117			**8 117**
Commitments related to contingent transfer fees	1 900	500		**2 400**
Commitments relating to player registrations contingent on the player remaining with the club	14 194	35 336		**49 530**
Guarantees given by OL Groupe to secure its bank facilities	24 008	13 992		**38 000**
Liabilities secured by mortgages	107	484	1 128	1 719

Commitments given comprise:

- **Rents payable** on premises and operating leases: €3.9 million.
- **Guarantees given for acquisitions of player registrations**: €16.1 million. These guarantees, which are designed to protect the selling club for the amount of any deferred payments, take the form of bank guarantees.

- **Commitments relating to the acquisition of a player registration**: €8.1 million. These commitments relate to the transfer of Sébastien Squillaci, whose contract was signed on 24 June 2006 and registered on 5 July 2006.

- **Commitments relating to contingent transfer fees**: €2.4 million. These fees represent the additional payments that may have to be made to selling clubs. They are typically contingent on the fulfilment of performance targets.

- **Commitments relating to player registrations** : €49.5 million. These sums comprise additional remuneration to be paid in the future. They are typically contingent on the player remaining with the club.

- **Guarantees given by OL Groupe to secure its bank facilities**: €38 million.

- **Liabilities secured by mortgages** related to the construction of OL Store's premises: €1.7 million. Mortgages have been granted to Crédit Lyonnais and Banque Rhône-Alpes.

7.3 Bank facilities and covenants

Credit lines

SASP OL obtained a credit line from BNP Paribas on 25 July 2006 in a principal amount of €11 million, utilisable by draw down, for an initial term of 36 months as of 31 July 2006. This term may be extended by 2 years at SASP OL's request.

The interest rate is 1-month, 2-month or 3-month Euribor depending on the draw down period plus 0.48% a year.

In addition to the customary covenants, this loan agreement also contains the following covenants, which if breached could lead to acceleration of the loan:

- Merger and absorption (outside the group), spin-off, voluntary liquidation or winding-up of SASP OL;

- Reincorporation of SASP OL in a different corporate form;

- Compliance with the following ratios:

  Consolidated net debt to consolidated equity less than 1

  Net debt to Gross surplus of operations less than 2.50.

- Serious misconduct on the part of SASP OL or its guarantor, OL Groupe, or if their position proves to be irretrievably compromised;

- Change in the size or ownership of SASP OL's share capital and/or voting rights leading to a loss of control by OL Groupe.

SASP OL also has a credit facility dated 12 June 2001 with Crédit Lyonnais for an initial amount of €8 million designed to finance SASP OL's acquisitions of players. Crédit Lyonnais agreed to increase the facility temporarily to €13 million until 30 November 2006, when it will fall back to €10 million until maturity on 30 May 2007. The credit facility may be drawn down for 1, 2, 3 or 6 month periods at Euribor for the draw down period plus a margin of 0.9% a year.

In addition to the customary covenants, this loan agreement also contains the following covenants, which if breached could lead to acceleration of the loan:

- Non-disclosure to Crédit Lyonnais of any plan to alter the share capital, merge, demerge, change the corporate form or ownership structure of SASP OL or OL Groupe:
- Merger and absorption (outside the group), spin-off, voluntary liquidation or winding-up of SASP OL;
- Reincorporation of SASP OL in a different corporate form;
- Compliance with the following financial ratios:

Adjusted debt to equity less than or equal to 0.65

Loan to "player value" of less than 60%.

- Relegation of the club to League 2;
- Any event that might have a material adverse effect on SASP OL's business, assets or economic and financial position.

A credit line of €10.5 million was granted to SASP OL by Banque de l'Economie du Commerce et de la Monétique until 31 December 2007, designed to provide finance for the group's needs in the 2006 financial year. The interest rate is based on 1-month, 2-month, 3-month, 6-month or 12-month Euribor depending on the draw down period plus a margin of 0.8%.

In addition to the customary covenants, this loan agreement also contains the following covenant, which if breached could lead to acceleration of the loan:

- Compliance with the following financial ratios:

Net debt including lease obligations to equity less than 0.8.

Sums due will become automatically payable in certain circumstances, such as payment arrears of more than thirty days, liquidation, payment incidents, breach of financial covenants, if the borrower refuses to provide the bank with its financial statements at the year end, or if the statutory auditors refuse to certify the separate and/or consolidated financial statements of SASP OL and the Company.

On 20 September 2005, SASP OL obtained a three-year credit facility of €5 million from Natexis Banques Populaires, maturing on 20 September 2008. The interest rate is based on 1, 3 or 6-month Euribor depending on the draw down period plus a margin of 0.80% a year.

In addition to the customary covenants, this loan agreement also contains the following covenants, which if breached could lead to acceleration of the loan:

- OL Groupe to maintain a holding of more than 51% in the share capital of SASP OL;

- Compliance with the following financial ratios:

  Net debt to equity less than 0.8;

  Net debt to Gross surplus of operations less than 2.5.

- Advise the bank of any change in its ownership structure equal to or more than 15%.

Bank loans for the construction of OL Store

On 30 June and 3 July 2003, SCI Megastore Olympique Lyonnais obtained two 15-year loans of €1 million each to finance the construction of OL Store. These loans are repayable quarterly and the interest rate is 4.90% and 4.70% a year respectively.

The customary events of default are included in the loan agreement.

8. Related parties

The OL Groupe group is fully consolidated by the ICMI group (52, Quai Paul Sédallian, 69009 Lyon). Details of the relationships between OL Groupe and ICMI and its subsidiaries during the 2005/06 financial year are as follows:

(in thousands of euros)	30/06/06
Receivables	
Operating receivables (gross)	75
Total	**75**
Payables	
Operating payables	677
Total	**677**

(in thousands of euros)	30/06/06
Operating expenses	
Senior management services fees	660
Other external expenses	935
Total	**1 595**
Revenue	
Operating costs	190
Total	**190**

9. Senior management remuneration

Remuneration paid to the senior managers amounted to €526,683 at 30 June 2006. The Chairman and Chief Executive Officer is not paid directly by OL Groupe. The amounts billed by ICMI to OL Groupe include the services of the Chairman and Chief Executive Officer.

10. Subsequent events

Acquisition of an additional stake in OL Images

On 21 July 2006, OL Groupe acquired 925 shares of OL Images, raising its holding to 99.97%.

Player registrations

Acquisitions:

Acquisitions after 30 June 2006 amount to €16.5 million. The players involved are Sébastien Squillaci and Alou Diarra.

Disposals:

Disposals after 30 June 2006 amount to €50.5 million. The players involved are Jérémy Clément, Pierre-Alain Frau, Sylvain Monsoreau, Nilmar, Mahamadou Diarra, Benoît Pédretti and Lamine Diatta.

11. Reconciliation of the French GAAP financial statements to IFRS as at 30 June 2005

Standards involved in the transition from French GAAP to IFRS:

- **IAS 38: Intangible Assets**

The adoption of IAS 38 had the effect of increasing 2005 net profit by €7,536 thousand and decreasing opening equity by €7,712 thousand. The material impact on net profit is due to the recognition of player sales in the year ended 30 June 2005 under IFRS, and in the previous year under French GAAP. Transfer fees and associated costs were capitalised at their present value by applying a retrospective amortisation charge on the opening value of existing player registrations. When a registration is renewed, the related expenses are capitalised. The new asset value is then amortised over the residual term of the extended contract.

- **IAS 16: Property, Plant & Equipment**

Adoption of IAS 16 and its amendment had the effect of decreasing 2005 net profit by €5 thousand and opening equity by €3 thousand. The application of regulation 2002-10 to group subsidiaries has resulted in corrections to the depreciation method used for buildings. A breakdown of assets was calculated retrospectively in the consolidated financial statements at 30 June 2005.

- **IAS 19: Employee Benefits and IAS 19 amendment**

Adoption of IAS 19 and its amendment had the effect of decreasing 2005 net profit by €17 thousand and opening equity by €121 thousand. The method of calculating the retirement benefit obligation is set out in the section on significant accounting policies. Gains or losses arising on changes in rates or assumptions during the year are recognised in equity in accordance with the IAS 19 amendment on actuarial gains and losses. The impact was €52 thousand before tax at 30 June 2005.

- **IAS 8: Accounting Policies**

Adoption of IAS 8 had the effect of increasing 2005 net profit by €241 thousand and decreasing opening equity by €1,845 thousand. As the method used to account for certain prepaid expenses has changed in the separate financial statements, the IFRS financial statements were revised for consistency.

- **IFRS 3: Business Combinations**

Adoption of IFRS 3 had the effect of increasing 2005 net profit by €97 thousand and decreasing opening equity by €840 thousand. As of 1 July 2004, goodwill is recognised at its net book value and is no longer amortised.

- **IAS 31: Interests in Joint Ventures**

Adoption of IAS 31 had no impact on total group equity. However, net profit attributable to minority interests was reduced by €18 thousand and opening minority interests in equity by €151 thousand. Argenson was fully consolidated under French GAAP but accounted for at equity as of 1 July 2004.

- **Reclassifications and IAS 12:**

Income Taxes

The equity and deferred tax impacts of IAS 12 were €12 thousand on opening equity and €37 thousand on net profit. Changes in tax rates are recognised in equity under IFRS.

The reclassifications shown in the tables below are due to the change in presentation of the financial statements in accordance with IAS 1.

- The main changes to the balance sheet are:
- Reclassification of intangible business assets as goodwill and deduction of accumulated amortisation from the gross value of goodwill as of 1 July 2004;
- Breakdown of assets and liabilities between current and non-current;
- Inclusion of minority interests in equity;
- Reclassification of player registrations from deferred expenses to intangible assets.

The main changes to the income statement are:

- Allocation of expense transfers according to nature;
- Reclassification as revenue of a portion of business recognised as other income in the separate financial statements: principally European TV rights, grants and player registration sales.
- Reclassification of exceptional items to other operating income and expense.

For ease of comprehension, the French GAAP financial statements shown below have been modified slightly (reclassifications and change of caption headings).

Reconciliation of the income statement at 30 June 2005

Reconciliation of the income statement at 30 June 2005 (in thousands of euros)	Year ended 30 June 2005 French GAAP	Reclassifications	IAS 38 Intangible Assets	IAS 16 Property, Plant & Equipment	IAS 19 Employee Benefits	IAS 8 Accounting Policies	IFRS 3 Business Combinations	IAS 31 Investments in Joint Ventures	From 1 July 2004 to 30 June 2005 IFRS	Presentation changes	From 1 July 2004 to 30 June 2005 IFRS
Revenue	**98,287**	**-95,822**						**-2,479**	**0**		0
Sales and other revenue	7,242	92,035	19,842					-2,480	116,639	-24,842	91,797
Costs of goods sold	3,075	-26	7,907					-745	10,212	-10,212	0
Gross profit	**4,167**	**92,061**	**11,935**	**0**	**0**	**0**	**0**	**-1,735**	**106,428**	**-14,630**	**91,797**
Sale of manufactured goods	91,045	-91,045						0	0		
Assets produced for own use	16							-16	0		
Revenue (excluding player trading)	**91,059**	**-91,045**	**0**	**0**	**0**	**0**	**0**	**-16**	**106,428**	**-14,630**	**91,797**
Purchases										11,773	11,773
Other external expenses	24,201	37	-2,213					-482	21,543	-9,512	12,031
Operating subsidies	959	-959							0		
Taxes other than income tax	3,221							-64	3,157	45	3,202
Staff costs	51,131	-729				-361		-985	49,056		49,056
Expense transfers	43,579	-43,512						-67	0		
Net depreciation, amortisation and provisions	15,816	-3,532	1,878	11	26			-190	14,010	-15,027	-1,017
Other operating income	632	4,187						-2	4,817	-2,956	1,861
Other operating expenses	43,110	-38,332						-2	4,775	-4,775	0
Operating profit (excluding player trading)	**2,916**	**3,288**	**12,269**	**-11**	**-26**	**361**	**0**	**-96**	**18,702**	**16,891**	**18,613**
Proceeds on sale of player registrations		**-15**						**0**	-15	24,857	24,842
Residual value of player registrations										7,907	7,907
Net amortisation and impairment of player registrations										16,862	16,862
Operating profit from player trading	**0**	**-15**	**0**	**0**	**0**	**0**	**0**	**0**	**-15**	**88**	**73**
Total operating profit	**2,916**	**3,273**	**12,269**	**-11**	**-26**	**361**	**0**	**-96**	**18,687**	**41,748**	**18,686**
Financial income	633		114					-1	747		
Financial expense	870		846					-26	1,690		
Net financial income / (expense)	**-237**	**0**	**-731**	**0**	**0**	**0**	**0**	**25**	**-943**		**-943**
Exceptional income	3,802	-3,768						-34	0		
Exceptional expense	541	-497						-45	0		
Net exceptional income / (expense)	**3,261**	**-3,272**		**0**	**0**	**0**	**0**	**10**	**0**		
Income tax	2,043	-38	3,966	-4	-9	120		-24	6,053		6,053
Net profit from fully consolidated companies	**3,898**	**40**	**7,572**	**-8**	**-17**	**241**	**0**	**-36**	**11,689**		
Share of profit of associates	9							17	26		26
Consolidated net profit	**3,906**	**40**	**7,572**	**-8**	**-17**	**241**	**0**	**-19**	**11,716**		**11,716**
Minority interests	121	3	35	-2	-1			-18	138		138
Consolidated net profit (Group share)	**3,785**	**37**	**7,536**	**-5**	**-16**	**241**	**0**	**0**	**11,578**		**11,578**
Amortisation of goodwill	97						-97	0	0		
Net profit (Group share)	**3,688**	**37**	**7,536**	**-5**	**-16**	**241**	**97**	**0**	**11,578**		**11,578**

Reconciliation of the balance sheet (assets) at 30 June 2005

Reconciliation of the balance sheet (assets) (in thousands of euros)	Net at 30 June 2005 French GAAP	Reclassifications	IAS 38 Intangible Assets	IAS 16 Property, Plant & Equipment	IAS 19 Employee Benefits	IAS 8 Accounting Policies	IFRS 3 Business Combinations	IAS 31 Investments in Joint Ventures	Net at 30 June 2005 IFRS	Presentation changes	From 1 July 04 to 30 June 2005 IFRS
INTANGIBLE ASSETS	**3,740**		**48,944**				**-743**	**-816**	**51,124**		
Goodwills	1,490						143		1,633		**1,633**
Player registrations			48,944						48,944		**48,944**
Concessions, patents, licences	1,388						-840		547		**547**
Intangible business assets	862						-46	-816	0		
PROPERTY, PLANT & EQUIPMENT	**8,002**			**-106**			**91**	**-949**	**7,039**		**7,039**
Buildings	6,181			-106			91	-468	5,698		
Plant and equipment	185							-135	50		
Other	1,135	501						-346	1,290		
Assets in course of production, down payments	501	-501							0		
OTHER FINANCIAL ASSETS	**73**							**0**	**73**		**73**
Other financial assets	73								73		
INVESTMENTS IN ASSOCIATES									**426**		**426**
Investments accounted for at equity	21							405	426		
DEFERRED TAXES	**231**	**0**		**4**	**15**			**-186**	**64**		**64**
Deferred tax assets	231	0		4	15			-186	64		
TOTAL NON-CURRENT ASSETS	**12,067**	**0**	**48,944**	**-102**	**15**	**0**	**-652**	**-1,546**	**58,725**	**0**	**58,725**
Inventories	**1,444**		**0**	**0**	**0**	**0**	**0**	**-84**	**1,360**		**1,360**
Raw materials and supplies	84							-84	0		
Goods held for resale	1,360								1,360		
Trade receivables	**26,202**	**-12,108**						**-46**	**14,048**		**14,048**
Player registration receivables										**9,688**	**9,688**
Other current assets, accrued income and prepayments	**72,993**	**-48**	**-52,532**	**0**	**0**	**-2,420**	**0**	**355**	**18,579**	**-9,688**	**8,891**
Supplier debit accounts	837	62							899		
Amounts due from employees	70								70		
VAT receivables	3,684	12	226						3,922		
Other receivables	11,187	83						388	11,658		
Prepaid expenses	5,767	27	-1,310			-2,420		-33	**2,031**		
Deferres expenses	51,448		-51,448						0		
Deferred tax assets	232	-232							0		
Cash and cash equivalents	**33,499**	**-54**	**0**	**0**	**0**	**0**	**0**	**-25**	**33,420**		
Advances and down payments on orders	54	-54							0		
Marketable securities	29,863								29,863		**29,863**
Cash	3,582							-25	3,557		**3,557**
TOTAL CURRENT ASSETS	**134,139**	**-12,210**	**-52,532**	**0**	**0**	**-2,420**	**0**	**199**	**67,407**	**0**	**67,407**
TOTAL ASSETS	**146,206**	**-12,210**	**-3,588**	**-102**	**15**	**-2,420**	**-652**	**-1,347**	**126,132**	**0**	**126,132**

Reconciliation of the balance sheet (equity & liabilities) at 30 June 2005

Reconciliation of the income statement at 30 June 2005 (in thousands of euros)	Year ended 30 June 2005 French GAAP	Reclassifications	IAS 38 Intangible Assets	IAS 16 Property, Plant & Equipment	IAS 19 Employee Benefits	IAS 8 Accounting Policies	IFRS 3 Business Combinations	IAS 31 Investments in Joint Ventures	From 1 July 2004 to 30 June 2005 IFRS	Presentation changes	From 1 July 2004 to 30 June 2005 IFRS
Revenue	**98 287**	**-95 822**						**-2 479**	**0**		0
Sales and other revenue	7 242	92 035	19 842					-2 480	116 639	-24 842	91 797
Costs of goods sold	3 075	-26	7 907					-745	10 212	-10 212	0
Gross profit	**4 167**	**92 061**	**11 935**	**0**	**0**	**0**	**0**	**-1 735**	**106 428**	**-14 630**	**91 797**
Sale of manufactured goods	91 045	-91 045						0	0		
Assets produced for own use	16							-16	0		
Revenue (excluding player trading)	**91 059**	**-91 045**	**0**	**0**	**0**	**0**	**0**	**-16**	**106 428**	**-14 630**	**91 797**
Purchases										11 773	11 773
Other external expenses	24 201	37	-2 213					-482	21 543	-9 512	12 031
Operating subsidies	959	-959							0		
Taxes other than income tax	3 221							-64	3 157	45	3 202
Staff costs	51 131	-729				-361		-985	49 056		49 056
Expense transfers	43 579	-43 512						-67	0		
Net depreciation, amortisation and provisions	15 816	-3 532	1 878	11	26			-190	14 010	-15 027	-1 017
Other operating income	632	4 187						-2	4 817	-2 956	1 861
Other operating expenses	43 110	-38 332						-2	4 775	-4 775	0
Operating profit (excluding player trading)	**2 916**	**3 288**	**12 269**	**-11**	**-26**	**361**	**0**	**-96**	**18 702**	**16 891**	**18 613**
Proceeds on sale of player registrations		-15						0	-15	24 857	24 842
Residual value of player registrations										7 907	7 907
Net amortisation and impairment of player registrations										16 862	16 862
Operating profit from player trading	**0**	**-15**	**0**	**0**	**0**	**0**	**0**	**0**	**-15**	**88**	**73**
Total operating profit	**2 916**	**3 273**	**12 269**	**-11**	**-26**	**361**	**0**	**-96**	**18 687**	**41 748**	**18 686**
Financial income	633		114					-1	747		
Financial expense	870		846					-26	1 690		
Net financial income /(expense)	**-237**	**0**	**-731**	**0**	**0**	**0**	**0**	**25**	**-943**		**-943**
Exceptional income	3 802	-3 768						-34	0		
Exceptional expense	541	-497						-45	0		
Net exceptional income/(expense)	**3 261**	**-3 272**		**0**	**0**	**0**	**0**	**10**	**0**		
Income tax	2 043	-38	3 966	-4	-9	120		-24	6 053		6 053
Net profit from fully consolidated companies	**3 898**	**40**	**7 572**	**-8**	**-17**	**241**	**0**	**-36**	**11 689**		
Share of profit of associates	9							17	26		26
Consolidated net profit	**3 906**	**40**	**7 572**	**-8**	**-17**	**241**	**0**	**-19**	**11 716**		**11 716**
Minority interests	121	3	35	-2	-1			-18	138		138
Consolidated net profit (Group share)	**3 785**	**37**	**7 536**	**-5**	**-16**	**241**	**0**	**0**	**11 578**		**11 578**
Amortisation of goodwill	97						-97	0	0		
Net profit (Group share)	**3 688**	**37**	**7 536**	**-5**	**-16**	**241**	**97**	**0**	**11 578**		**11 578**

Reconciliation of the cash flow statement at 30 June 2005

RECONCILIATION OF THE CASH FLOW STATEMENT (in thousands of euros)	Year ended 30 June 2005 French GAAP	Reclassifications	Reconciliation	30/06/2005 IFRS	Presentation changes	Year ended 30 June 2005 IFRS
Net profit	**3,689**		**7,384**	**11,073**	**643**	**11,716**
Minority interests	121		14	135	-135	0
Share of profit of associates	**-9**		**-17**	**-26**		**-26**
Net depreciation, amortisation and provisions	**14,232**		**2,354**	**16,586**	**-726**	**15,860**
Residual value of player registrations			7,907	7,907	-7907	
Change in deferred taxes	**1,319**		**3,757**	**5,076**	**254**	**5,330**
Other			-394	-394	394	0
Gain on disposal of player registrations					**-16935**	**-16,935**
Gain on disposal of other non-current assets	**16**			**16**		**16**
Operating cash flow	**19,367**	**0**	**21,005**	**40,372**	**-24413**	**15,961**
Restatement of deferred expenses	**-42,831**		**42,831**	**0**		
Change in inventories	-991		84	-907		
Change in trade receivables	-11,355	12,108	46	799		
Change in player registration receivables				0		
Change in other receivables	13,157	-130	2,065	15,092		
Change in trade payables	6,749	16	-191	6,574		
Change in player registraton payables	26,299		-11,779	14,520		
Change in other payables	16,040	-11,994	-7,310	-3,264		
Net change in working capital	**49,900**	**0**	**-17,085**	**32,815**	**-25161**	**7,654**
Net cash provided by operating activities	**26,436**	**0**	**46,751**	**73,187**	**-49574**	**23,615**
Acquisitions of player registrations					**-18319**	**-18,319**
Acquisitions of other intangible assets			-46,702	-46,702	46702	0
Acquisitions of property, plant & equipment	**-2,092**			**-2,092**		**-2,092**
Acquisitions of non-current financial assets	**-10**			**-10**		**-10**
Disposals of player registrations				**0**	**21191**	**21,191**
Disposal of other non-current assets	**-561**			**-561**		**-561**
Net cash provided/(used) by investing activities	**-2,102**	**0**	**-46,702**	**-48,805**	**49574**	**209**
Change in equity	**-26**			**-26**		**-26**
Change in debt	**-12,082**			**-12,082**		**-12,082**
Net cash provided/(used) by financing activities	**-12,108**	**0**	**0**	**-12,108**		**-12,108**
Opening cash and cash equivalents	**21,665**		**-74**	21,591		**21,590**
Change in cash and cash equivalents	**12,226**	**0**	**48**	**12,276**		**11,715**
Closing cash and cash equivalents	**33,891**		-25	33,865		**33,305**

Reconciliation of the statement of changes in equity (attributable to equity holders of the parent)

(in thousands of euros)	01/07/2004	Capital increases	Net profit	Other changes	30/06/2005
Equity attributable to equity holders of the parent, French GAAP	23 743	187	3 689	-5	27 614
IAS 12 impact – deferred taxes	12		37		49
IAS 38 impact – intangible assets	-7 712		7 536		-176
IAS 16 impact – property, plant & equipment	-3		-5		-8
IAS 19 impact – employee benefits	-121		-17	-23	-161
IAS 8 impact – accounting policies	-1 845		241		-1 604
IFRS 3 impact – business combinations	-840		97		-744
IAS 31 impact – investments in joint ventures		0			0
Equity attributable to equity holders of the parent, IFRS	**13 234**	**187**	**11 578**	**(28)**	**24 970**

The main restatement involves the recognition of player registration sales in the year ended 30 June 2005 under IFRS but in the previous year under French GAAP.

Reconciliation of minority interests in equity

(in thousands of euros)	01/07/2004	Change in scope of consolidation	Net profit	Other changes	30/06/2005
Minority interests, French GAAP	259	2 918	121		3 298
IAS 12 impact – deferred taxes	9		3		12
IAS 38 impact – intangible assets	-35		35		0
IAS 16 impact – property, plant & equipment	-56		-2		-58
IAS 19 impact – employee benefits	-3		-1		-4
IAS 8 impact – accounting policies	-9		0		-9
IFRS 3 impact – business combinations	2 887	-2 887			0
IAS 31 impact – investments in joint ventures		-151	-18		-169
Minority interests, IFRS	**3 052**	**(120)**	**138**	**-**	**3 070**

Under IFRS, special purpose entities would have been included in the scope of consolidation for the financial statements at 30 June 2004. The scope of consolidation has therefore been corrected under French GAAP.

20.1.6 General report of the statutory auditors on the IFRS consolidated financial statements for the year ended 30 June 2006

Dear Shareholders,

In accordance with the terms of our appointment at the annual general meeting, we have audited the accompanying financial statements of Olympique Lyonnais Groupe for the year ended 30 June 2006.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our review. The consolidated financial statements have been prepared for the first time in accordance with the international financial reporting standards (IFRS) endorsed by the European Union. They include comparative information for the 2005 financial year restated on the same basis.

I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We carried out our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements prepared in accordance with IFRS as endorsed by the European Union present fairly in all material respects the assets and liabilities, financial position and results of the consolidated group of companies.

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the provisions of article L.823-9 of the *Code de Commerce* on the justification of our assessments, we draw your attention to the following matters:

- Intangible assets with an indefinite life are tested for impairment at each reporting date.

We reviewed the method of testing for impairment used by the group.

- Player registrations are tested for impairment whenever there is an indication that they might be impaired, using the method set out in note 2.6.4 to the financial statements.

We reviewed the values estimated by the technical teams and the assumptions used and ensured that the disclosures made in note 2.6.4 provide an appropriate level of information.

Our assessment of these matters formed an integral part of our overall audit of the consolidated financial statements, and therefore contributed to the opinion expressed in the first part of this report.

III - SPECIFIC PROCEDURES AND DISCLOSURES

We also verified the information provided in the group management report. We have no matters to report regarding its fairness and consistency with the consolidated financial statements.

Villeurbanne and Lyon, 20 October 2006

Orfis Baker Tilly SA	Cogeparc
Michel Champetier	Stéphane Michoud

20.1.7 Special report of the statutory auditors on related party agreements for the year ended 30 June 2006

See section 19.2.1 "Special report of the statutory auditors on related party agreements for the year ended 30 June 2006".

20.2 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005 PREPARED IN ACCORDANCE WITH FRENCH GAAP

20.2.1 Consolidated balance sheet for the year ended 30 June 2005 (French GAAP)

BALANCE SHEET

ASSETS (in thousands of euros)	Gross	Depr., amort. & provisions	Net at 30/06/2005	Net at 30/06/2004
Non-current assets				
INTANGIBLE ASSETS				
Start-up costs	42	41	1	14
Concessions, patents, licences	1,490	104	1,386	15
Intangible business assets	862		862	862
Other intangible assets	11	11	0	0
GOODWILL				
Goodwill on acquisitions	1,998	508	1,490	1,232
PROPERTY, PLANT & EQUIPMENT				
Land				
Buildings	7,399	1,218	6,181	2,671
Plant and equipment	574	389	185	217
Other	2,696	1,562	1,135	1,209
Assets in course of production, down payments	501		501	437
FINANCIAL ASSETS				
Equity investments and related receivables	0		0	45
Other financial assets	73		73	66
INVESTMENTS IN ASSOCIATES				
Investments accounted for at equity	21		21	26
TOTAL NON-CURRENT ASSETS	**15,666**	**3,832**	**11,835**	**6,795**
Current assets				
INVENTORIES				
Raw materials and supplies	84		84	63
Goods held for resale	1,389	29	1,360	391
RECEIVABLES				
Trade receivables	27,202	1,000	26,202	14,847
Supplier debit accounts	837		837	460
Ammounts due from employees	70		70	6
Income tax receivables			0	135
VAT receivables	3,684		3,684	1,058
Other receivables	11,187		11,187	27,305
Prepaid expenses	5,767		5,767	5,692
Deferred expenses	51,448		51,448	23,692
Bond redemption premium				
Unrealised foreign exchange losses				
Deferred tax assets	232		232	0
OTHER				
Advances and down payments on orders	54		54	100
Marketable securities	29,863		29,863	21,886
Cash	3,582		3,582	346
TOTAL CURRENT ASSETS	**135,401**	**1,029**	**134,372**	**95,981**
TOTAL ASSETS	**151,067**	**4,861**	**146,207**	**102,776**

BALANCE SHEET

EQUITY & LIABILITIES (in thousands of euros)	Net at 30/06/2005	Net at 30/06/2004
Equity		
Share capital	14,155	14,114
Share premium	18,276	18,130
Statutory reserve	145	138
Regulated reserves	168	37
Other consolidated reserves	-9,532	-1,485
Retained earnings	713	714
Net profit for the period	**3,689**	**-7,905**
TOTAL EQUITY	**27,614**	**23,744**
Minority interests		
Minority interests in capital and reserves	3,177	261
Minority interests in net profit	121	-2
TOTAL MINORITY INTERESTS	**3,298**	**259**
Provisions for liabilities and charges		
Provisions for liabilities	313	1,893
Provisions for charges	8	18
TOTAL PROVISIONS	**321**	**1,910**
Liabilities		
AMOUNTS DUE TO CREDIT INSTITUTIONS		
Loans	16,986	29,068
Overdrafts	116	567
OTHER FINANCIAL LIABILITES		
Other	5	4
Intragroup	403	483
PAYABLES	17,297	10,547
Advances and down payments received	792	37
TAX AND SOCIAL SECURITY LIABILITIES		
Amounts due to employees	10,252	9,103
Social security liabilities	3,499	3,446
Income tax liabilities	284	19
VAT payables	9,187	2,292
Other tax and social security liabilities	1,330	1,377
Other liabilities	35,368	9,437
Deferred tax liabilities	2,974	1,426
Deferred income	16,482	8,917
Unrealised foreign exchange gains		138
TOTAL LIABILITIES	**114,975**	**76,861**
TOTAL EQUITY & LIABILITIES	**146,207**	**102,776**

20.2.2 Consolidated income statement for the year ended 30 June 2005 (French GAAP)

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Year ended 30/06/2005	% of revenue	Year ended 30/06/2004	% of revenue
Revenue	**143,472**	**146%**	**110,236**	**115%**
Sales of goods held for resale	7,242	7%	3,717	4%
Sales of manufactured goods	91,045	93%	92,205	96%
Operating subsidies	959	1%	450	0%
Other revenue	44,227	45%	13,864	14%
Expenses	**140,554**	**143%**	**120,857**	**126%**
Cost of goods sold	3,075	3%	1,925	2%
Purchases	24,201	25%	19,301	20%
Taxes other than income tax	3,221	3%	3,466	4%
Staff costs	51,131	52%	52,343	55%
Net depreciation, amortisation and provisions	15,816	16%	30,498	32%
Other external expenses	43,110	44%	13,324	14%
Operating profit	**2,917**	**3%**	**-10,621**	**-11%**
Financial income	633	1%	770	1%
Financial expense	870	1%	1,020	1%
Net financial income/(expense)	**-237**	**0%**	**-250**	**0%**
Current profit	**2,681**	**3%**	**-10,871**	**-11%**
Exceptional income	3,802	4%	424	0%
Exceptional expense	542	1%	922	1%
Net exceptional income/(expense)	**3,261**	**3%**	**-497**	**-1%**
Income tax	2,043	2%	-3,535	-4%
Net profit from fully consolidated companies	**3,899**	**4%**	**-7,833**	**-8%**
Share of profit of associates	9	0%	9	0%
Consolidated net profit	**3,907**	**4%**	**-7,824**	**-8%**
Minority interests	121	0%	-2	0%
Consolidated net profit (Group share)	**3,785**	**4%**	**-7,823**	**-8%**
Amortisation of goodwill	97	0%	82	0%
NET PROFIT (Group share)	**3,688**	**4%**	**-7,905**	**-8%**

20.2.3 Consolidated cash flow statement for the year ended 30 June 2005

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)	30/06/2005	30/06/2004
Net profit	3,689	-7,905
Minority interests	121	-2
Share of profit of associates	-9	9
Net depreciation, amortisation and provisions	14,232	25,676
Change in deferred taxes	1,319	
Capital gains or losses	16	-93
Operating cash flow	**19,367**	**17,685**
Restatement of deferred expenses	-42,831	-11,650
Change in working capital	49,900	-13,834
Net cash provided/(used) by operating activities	**26,436**	**-7,800**
Acquisitions of intangible assets	-561	-30
Acquisitions of property, plant & equipment	-2,092	-2,912
Acquisitions of non-current financial assets	-10	-127
Disposals of non-current assets		221
Net cash provided/(used) by investing activities	**-2,663**	**-2,847**
Change in equity	-26	6,895
Change in debt	-12,082	2,503
Net cash provided/(used) by financing activities	**-12,108**	**9,398**
Change in cash and cash equivalents	**11,665**	**-1,249**
Opening cash and cash equivalents	**21,665**	**22,914**
Closing cash and cash equivalents	**33,330**	**21,665**

20.2.4 Notes to the consolidated financial statements for the year ended 30 June 2005 (French GAAP)

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The consolidated financial statements for Olympique Lyonnais Groupe have been prepared in accordance with the decree of 22 June 1999 approving Regulation CRC 99-02 of the Comité de Réglementation Comptable (CRC).

1.2 SIGNIFICANT ACCOUNTING POLICIES

INTRAGROUP TRANSACTIONS

OL Groupe is a holding company that manages the Group companies

It receives a fee in exchange for providing senior management services.

This service agreement covers:

- Defining the group's industrial, commercial, financial and marketing strategy;
- Support and advice in acquisitions,
- Information on competition and markets,
- Assistance in negotiations,
- Advice on rationalisation and organisation;
- Support and advice in financial communications and investor relations.

In the consolidated financial statements, all intragroup transactions, assets and liabilities are eliminated. Where necessary, the financial statements of certain subsidiaries are restated in line with Group standards.

1.3 BASIS OF CONSOLIDATION

The consolidated financial statements are prepared on the basis of the separate financial statements of each Group company as at 30 June 2005. All companies included in the scope of consolidation are fully consolidated, except for OL Restauration which is accounted for using the equity method.

The Association Olympique Lyonnais, a special purpose entity, is fully consolidated by SASP OL as it exercises control over the entity through its commitment to bear the inherent risks (agreement of 31 May 2005).

RESTATEMENT OF THE SEPARATE FINANCIAL STATEMENTS

* Deferred taxes

Deferred taxes are calculated on temporary differences between the tax base and carrying amount of consolidated assets and liabilities using the liability method. Deferred tax assets are recognised when their future utilisation is deemed probable at a reasonably foreseeable date.

Future tax reductions arising from the utilisation of tax loss carryforwards (including evergreen losses) are not recognised unless their recovery is probable.

Deferred tax assets and liabilities are not discounted.

* Translation adjustments

In the consolidated financial statements, translation adjustments on monetary assets and liabilities are recognised in profit or loss during the period.

INTANGIBLE ASSETS

* Concessions, patents, licences

Acquisition of the OL brand

The Association Olympique Lyonnais sold the Olympique Lyonnais brand to Olympique Lyonnais SASP for the sum of €1,200,000 under a brand licence agreement dated 31 May 2005. Previously, the value of the brand was appraised by an external firm.

The capital gain on the internal sale has been eliminated and the brand is therefore carried at its original amount and the amortisation schedule drawn up by the Association is continued.

Recognition of media rights transferred by the FFF

Under law no. 2003-708 of 1 August 2003, the *Fédération Française de Football* transferred certain media rights to the *Sociétés Anonymes Sportives Professionnelles* free of charge, as a result of which Olympique Lyonnais SASP recognised these rights as an intangible asset on its balance sheet in the sum of €500,001. The carrying amount used is the value in use determined on the basis of forecast future net cash flows.

* Purchased software

Purchased software is amortized over a period of one 1 to 5 years.

* Intangible business assets

This item comprises the value allocated to intangible business assets upon first-time consolidation of newly-acquired companies.

GOODWILL

* The difference between the acquisition cost of the shares in a company acquired and the group's share in the company's underlying net assets restated on the date of first-time consolidation, are allocated to identifiable assets and liabilities as far as possible. This includes the item "intangible business assets" as defined above.

  Any residual value is recognised on the balance sheet as goodwill and amortised on a straight-line basis over periods determined on a case-by-case basis but in any event not exceeding 20 years.

  Intangible business assets are not amortised but a provision for impairment taken if the carrying amount is lower than the estimated fair value at the period end. The estimated fair value is based on business and financial criteria and/or recent transactions involving companies in the same sector. The valuation is made on a global basis if the intangible assets concerned cannot be separated from the business of the company. A breakdown of this item is provided in the notes to the balance sheet.

PROPERTY, PLANT & EQUIPMENT

Property, plant & equipment are measured at cost and depreciated on a straight-line basis over their estimated useful lives:

. Buildings...	50 years
. Building improvements.......	20 and 5 years
. Computer equipment..	3 and 5 years

. Office equipment..	5 years
. Office furniture..	8 years
. Plant & equipment....................................	5 years
. Vehicles...	3 and 4 years

NON-CURRENT FINANCIAL ASSETS

Investments in non-consolidated companies are carried at cost less any impairment losses. An impairment loss is recognised when the fair value as defined below is lower than the carrying amount on the balance s heet:

* Value in use determined on the basis of the company's revalued net assets and its profitability prospects;

* Value determined by reference to recent market transactions involving companies in the same sector.

INVENTORIES

* Inventories of goods held for resale are valued on a first in, first out basis.

* An impairment loss is recognised if the value as defined above is lower than the price or realisable value less costs to sell on the reporting date.

* Internal margins included in inventory values are eliminated.

RECEIVABLES

Receivables are measured at their face value. An impairment loss is recognised when their recoverable value falls below the carrying amount.

MARKETABLE SECURITIES

Marketable securities are measured at cost on initial recognition. On subsequent reporting dates, investments in mutual funds are measured at their last known net asset value.

Listed securities are valued at the average share price in the last month of the period.

An impairment loss is recognised if the carrying amount is higher than the fair value as calculated above, unless the unrealised loss can be offset against unrealised gains on securities of the same nature.

If all securities of the same nature conferring the same rights are sold at the same time, their original cost is determined on a first in, first out basis.

DEFERRED EXPENSES

Accounting regulation on assets

On 23 November 2004, the *Comité de la Réglementation Comptable* (CRC) adopted regulation 2004-07 containing new rules on the accounting treatment of transfer fees between clubs. This regulation is obligatory for financial years commencing after 1 January 2005.

Olympique Lyonnais SASP has not elected for prospective adoption of these new rules for the year commencing 1 July 2004. Accordingly, the consolidated financial statements presented do not take account of the new regulations.

Deferred expenses principally comprise transfer fees paid by SASP OL on the purchase of player registrations. Each transfer fee is calculated on an individual basis and amortised over the initial or extended term of the contract. Amortisation periods range from 2 to 5 years.

When the player leaves, any remaining deferred expenses are recognised immediately as an operating expense under the line item amortisation.

REVENUE

Transfer fees earned on the sale of a player are recognised as revenue when the contract is signed and a corresponding amount recognised as a receivable.

PROVISIONS FOR LIABILITIES AND CHARGES

Provisions are calculated on a case by case basis according to the risk and expense involved.

EARLY RETIREMENT ALLOWANCES

Given the average age of the employees, no provision for retirement or early retirement benefits is recognised.

2. SCOPE OF CONSOLIDATION

COMPANY	REGISTERED OFFICE REG. NO.	BUSINESS	NUMBER OF MONTHS CONSOLIDATED	% HOLDING AT 30/06/2004	% HOLDING AT 30/06/2005	% CONSOLIDATED AT 30/06/2005	CONSOLIDATION METHOD
OLYMPIQUE LYONNAIS GROUPE	LYON	HOLDING COMPANY		--	--	--	--
COMPANIES OWNED BY OLYMPIQUE LYONNAIS GROUPE							
SASP OLYMPIQUE LYONNAIS	LYON 385071881	SPORTS CLUB		99.53	99.53	99.53	FC
SAS OL MERCHANDISING	LYON 442493888	MERCHANDISING		100	100	100	FC
SAS ARGENSON	LYON 399272277	RESTAURANT		50	49.97	49.97(*)	FC
SAS OL VOYAGES	LYON 431703057	TRAVEL AGENCY		50	50	50	FC
SCI MEGASTORE	LYON 444248314	PROPERTY		100	100	100	FC
SAS OL ORGANISATION	LYON 477659551	SECURITY AND RECEPTION		--	59.97	59.97(*)	FC
SAS OL IMAGES	LYON 339067092	TV PRODUCTION		--	74.97	74.97(*)	FC
SAS M2A	LYON 419882840	SALES OF SPIN-OFF PRODUCTS		--	80	100	FC
SAS OL RESTAURATION	LYON	CATERING		--	30	30	EM
COMPANIES OWNED BY OLYMPIQUE LYONNAIS SASP							
SAS M2A	LYON 419882840	SALES OF SPIN-OFF PRODUCTS		--	20	--	FC
SPECIAL PURPOSE ENTITIES							
ASSOCIATION OL	LYON	ASSOCIATION		--	--	--	FC
SCI OL	LYON	PROPERTY		--	--	--	FC

FC: FULL CONSOLIDATION
EM: EQUITY METHOD
(*) See chapter below

MOVEMENTS IN OLYMPIQUE LYONNAIS GROUPE'S HOLDINGS

- OL Groupe owns 99.99% of the share capital of OL Images, a new company incorporated as a *société par actions simplifiée*. OL Images produces TV programmes, corporate, advertising and events films, and documentaries. During the year, OL Groupe sold 25% of its holding in OL Images to Jean-Yves Meilland at its par value.
- On 3 September 2004, the Company acquired the entire share capital of 2C2M, which itself owns 80% of the share capital of M2A. The remaining 20% is directly owned by SASP Olympique Lyonnais. 2C2M provides consultancy services for sports clubs and M2A is a buying agency for spin-off products for sports clubs. The acquisition price was €747,672. Following an extraordinary resolution of the shareholders of 2C2M on 6 December 2004, the assets and liabilities of M2A were acquired by 2C2M and the new entity took the name M2A.
- In June 2005, Sud-Est Participations acquired one additional share in Argenson. Accordingly, companies of the Bocuse group now own 50.03% of Argenson and the Company owns the remaining 49.97%.

3 . NOTES TO THE BALANCE SHEET

3. 1. ASSETS

MOVEMENTS IN NON-CURRENT ASSETS (in thousands of euros)

At cost	Opening balance	Increases	Decreases	Closing balance
Intangible business assets	862			862
Other intangible assets	89	1,454		1,543
Total intangible assets	951	1,454		2,405
Goodwill	1,643	355		1,998
Property, plant & equipment	6,303	4,885	18	11,170
Non-current financial assets (*)	136	10	52	94
TOTAL	9,033	6,704	70	15,667

(*) Including investments accounted for at equity, listed below

INVESTMENTS ACCOUNTED FOR AT EQUITY (in thousands of euros)

At cost	Opening balance	Increases	Decreases	Closing balance
OL Restauration shares	26		5	21
TOTAL	26		5	21

GOODWILL (in thousands of euros)

Movements in goodwill:

Opening net value	1,232
Increases/decreases Amortisation	355 (97)
Closing net value	1,490

MOVEMENTS IN DEPRECIATION, AMORTISATION AND IMPAIRMENT OF NON-CURRENT ASSETS (in thousands of euros)

	Opening balance	Increases	Decreases	Closing balance
Intangible assets	59	97		156
Goodwill	411	97		508
Property, plant & equipment	1,775	1,398	4	3,169
TOTAL	2,245	1,592	4	3,833

DEFERRED EXPENSES (in thousands of euros)

	Opening balance	Increases	Decreases	Closing balance
Deferred expenses	23,692	42,831	15,075	51,448

MOVEMENTS IN PROVISIONS (in thousands of euros)

At cost	Opening balance	Increases	Decreases	Closing balance
Operating provisions				
Inventories	38		10	28
Receivables	970	59	29	1,000
Sub-total	1,008	59	39	1,028
Provisions for liabilities and charges				
Other liabilities and charges	1,910	246	1,835	321
Sub-total	1,910	246	1,835	321
TOTAL	2,918	305	1,874	1,349

MARKETABLE SECURITIES (in thousands of euros)

	30/06/05	Market value at 30/06/05
Investments in mutual funds (1)	29,863	29,863
Sub-total		
Provisions		
Total	29,863	29,863

(1) Investments in money market or capital guaranteed mutual funds.

PREPAID EXPENSES

This item only includes expenses incurred in the course of the Company's ordinary activities.

3.2 EQUITY AND LIABILITIES

STATEMENT OF CHANGES IN EQUITY excluding minority interests (in thousands of euros)

	Share capital	Share premium	Reserves & retained earnings	Net profit for the period	Total
Position at 30/06/04	14,114	18,130	(595)	(7,905)	23,744
Net profit for the period				3,689	3,689
Allocation of 2004 consolidated net profit			(7,905)	7,905	
OL Groupe capital increase net of issuance expenses	41	146			187
Other movements			(6)		(6)
Position at 30/06/05	14,155	18,276	(8,506)	3,689	27,614

STATEMENT OF CHANGES IN MINORITY INTERESTS (in thousands of euros)

	Amount
Position at 30 June 2004	259
Net profit for the period	121
Change in scope of consolidation	2,918
Position at 30 June 2005	3,298

FINANCIAL LIABILITIES (in thousands of euros)

The following table shows a breakdown of financial liabilities by maturity at 30/06/2005:

	Amount
Under one year	5,260
1 to 5 years	12,250
Over 5 years	
Total at 30/06/2005	17,510

4. NOTES TO THE INCOME STATEMENT

BREAKDOWN OF REVENUE (in thousands of euros)

The following table shows a breakdown of consolidated revenue by business segment after elimination of intragroup transactions:

	2005	2004
SASP OL	84,704	87,713
OL Merchandising	7,426	4,312
OL Voyages	2,189	1,697
Argenson	2,455	2,198
M2A	1,220	
OL Images	290	
OL Organisation	3	
TOTAL	98,287	95,923
Travel agency	2,189	1,697
Restaurant	2,455	2,198
Sales of spin-off products	7,426	3,753
Gate receipts and season ticketing	17,734	16,388
Advertising	16,857	13,203
Transfer fees	5,385	24,683
Media rights	45,796	33,415
Other	445	586
TOTAL	98,287	95,923

BREAKDOWN OF FINANCIAL EXPENSES AND INCOME (in thousands of euros)

	2005	2004
Financial income		
Proceeds on disposal of mutual funds & interest income	377	676
Foreign exchange gains	207	65
Discounts obtained	49	0
Provision reversals		21
Other financial income		8
TOTAL	633	770
Financial expenses		
Interest	843	1,001
Foreign exchange losses	16	20
Provision charges	11	
TOTAL	870	1,021

BREAKDOWN OF EXCEPTIONAL EXPENSES AND INCOME (in thousands of euros)

	2005	2004
Exceptional income		
Proceeds on disposal of non-current assets	0	195
Provision reversals	1,835	0
Other	1,967	229
TOTAL	3,802	424

Exceptional expenses		
Net book value of non-current assets sold	0	98
Provisions for liabilities and charges	167	644
Other	375	180
TOTAL	542	922

INCOME TAX (in thousands of euros)

2005	Net profit before tax	Taxes	Net profit after tax
Net profit before exceptional items	2,681	920	1,761
Exceptional items	3,262	1,123	2,139
Accounting result	5,943	2,043	3,900

2004	Net profit before tax	Taxes	Net profit after tax
Net profit before exceptional items	(10,871)	3,624	(7,247)
Exceptional items	(497)	(89)	(586)
Accounting result	(11,368)	3,535	(7,833)

Deferred taxes arise on:

* Taxes payable or paid in advance on certain items of income or expense included in the accounting result for the year but taxable or tax-deductible in a different financial year.

* Eliminations or restatements made on consolidation.

* Deferred tax assets in respect of tax loss carryforwards are recognised where there is a strong probability of their utilisation. Deferred taxes have been recognised in accordance with article D 248-11 of the 7th European directive, using the liability method.

The following table shows a breakdown of deferred taxes (in thousands of euros):

	Amount
Tax loss carryforwards	14,605
Temporary differences	(17,347)
TOTAL	(2,742)

Breakdown of current and deferred taxes (in thousands of euros):

	Amount
Current taxes	725
Deferred taxes	1,318
TOTAL	2,043

Effective tax rate:

	Rate
Standard rate	34.43%
Impact of deferred taxes	-0.05%
TOTAL	34.38%

Movement in deferred tax assets and liabilities:

	Opening balance	Increase	Decrease	Closing balance
Deferred tax assets		232		232
Deferred tax liabilities	1,429	1,754	209	2,974

5. OTHER NOTES

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

None of the Directors received Directors' fees during the year.

The remuneration allocated to the executive officers has not been disclosed as it would amount to disclosing the remuneration received by an individual person.

No loans or advances have been granted to the Directors or executive officers.

EMPLOYEES

The following table shows a breakdown of the employees of fully consolidated Group companies:

Average number of employees	2005	2004
OL Groupe	6	3
OL Merchandising	23	16
SASP OL	115	124
OL Voyages	6	6
Argenson	28	25
SCI Megastore	0	0
M2A	6	
OL Images	3	
OL Association	5	
TOTAL	192	174

COMMITMENTS AND CONTINGENT LIABILITIES

COMMITMENTS GIVEN:

- Corporate guarantees: €1,800 thousand
- Guarantee for disputed taxes: €93 thousand
- Transfer fees: €21,772 thousand

COMMITMENTS RECEIVED:

- Transfer fees: €6,900 thousand

EXCEPTIONAL EVENTS AND LITIGATION

Various provisions have been recognised in respect of industrial tribunal disputes, commercial disputes and other legal proceedings after internal analysis and discussion with the Group's advisers.

Tax audit

The ongoing tax audit at OL SASP covering the period from 01/07/1997 to 31/10/2000 has resulted in a settlement between Olympique Lyonnais SASP and the tax authorities which was approved on 4 August 2005 for the sum of €201,500. The real cost after deductible VAT is €78,491. Provisions for tax audit risks taken in previous years have been reversed in full. The amount of the settlement was recognised as an accrued expense in the financial statements for the year ended 30 June 2005 and a €52,315 reduction in prior year tax loss carryforwards.

Social security audit

On the recommendation of OL SASP's advisers, no provision has been taken against the disputed sums under the ongoing social security audit at OL SASP covering the period from 01/10/2000 to 31/12/2002.

To the Company's knowledge, there are no other exceptional facts or disputes likely to have a material impact on the Group's operations, assets and liabilities, financial condition or results.

SUBSEQUENT EVENTS

The Company has acquired a 40% holding in an SARL whose business in the management of a hairdressing salon.

No other significant event has occurred since the year end.

20.2.5 General report of the statutory auditors on the consolidated financial statements for the year ended 30 June 2005 prepared in accordance with French GAAP

GENERAL REPORT OF THE STATUTORY AUDITORS

In accordance with the terms of our appointment at the annual general meeting, we have audited the accompanying consolidated financial statements of S.A. OL Groupe for the year ended 30 June 2005.

The consolidated financial statements, which are presented in thousands of euros, have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our review.

We carried out our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements prepared in accordance with French GAAP present fairly in all material respects the assets and liabilities, financial position and results of the consolidated group of companies.

In accordance with the provisions of article L.823-9 of the *Code de Commerce*, on the justification of our assessments, we would draw your attention to the following matters with regard to our assessments, and particularly our assessment of the accounting policies and significant estimates used in preparing the consolidated financial statements and their overall presentation.

Transfer fees

Deferred expenses comprise the transfer fees paid to clubs. Each transfer fee is calculated on an individual basis and amortised over the term of the player's contract. Our work consisted of reviewing the work of the statutory auditors of the subsidiary concerned, and particularly their assessment of the assumptions underlying the valuation of this asset and the justification for the amortisation periods used.

Recognition of media rights transferred by the *Fédération Française de Football* (law no. 2003-708 of 1 August 2003)*:*

Following the free of charge transfer of media rights by the *Fédération Française de Football* to the *Sociétés Anonymes Sportives Professionnelles*, Olympique Lyonnais recognised these rights as an asset on its balance sheet in the sum of €500,001 based on forecast future net cash flows.

Our work consisted of assessing the consistency of the forecast future net cash flows underlying the valuation of these rights.

Our assessment of these matters formed an integral part of our overall audit of the annual financial statements, and therefore contributed to the opinion expressed in the first part of this report.

We also verified the information provided in the group management report. We have no matters to report as to its fairness or its consistency with the consolidated financial statements.

Villeurbanne and Lyon, 18 November 2005

The Statutory Auditors

Cogeparc	Orfis
Stéphane Michoud	Michel Champetier

20.2.6 Special report of the statutory auditors on related party agreements for the year ended 30 June 2005

See section 19.2.2 "Special report of the statutory auditors on related party agreements for the year ended 30 June 2005".

20.3 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004 PREPARED IN ACCORDANCE WITH FRENCH GAAP

20.3.1 Consolidated balance sheet for the year ended 30 June 2004 (French GAAP)

BALANCE SHEET

ASSETS (In thousands of euros)	Cost	Depreciation, amortisation & provisions	Net at 30 June 2004	Net at 30 June 2003
Non-current assets				
INTANGIBLE ASSETS				
Start-up costs	42	27	14	28
Concessions, patents, licenses	36	21	15	6
Intangible business assets	862		862	862
Other intangible assets	11	11	0	0
GOODWILL				
Goodwill on acquisitions	1,643	411	1,232	1,314
PROPERTY, PLANT & EQUIPMENT				
Land				
Buildings	2,971	300	2,671	765
Plant & equipment.	529	312	217	295
Other	2,366	1,157	1,209	1,131
Assets in course of production, down payments	437		437	17
FINANCIAL ASSETS				
Equity investments and related receivables	45		45	163
Other financial assets	66		66	81
INVESTMENTS IN ASSOCIATES				
Investments accounted for at equity	26		26	19
TOTAL NON-CURRENT ASSETS	**9,033**	**2,238**	**6,795**	**4,681**
Current assets				
INVENTORIES				
Raw materials and supplies	63		63	57
Goods held for resale	429	38	391	469
RECEIVABLES				
Trade receivables	15,817	970	14,847	4,055
Supplier debit accounts	460		460	232
Amounts due from employees	6		6	6
Income tax receivables	135		135	67
VAT receivables	1,058		1058	1,843
Other receivables	27,305		27,305	20,696
Prepaid expenses	5,692		5,692	10,187
Deferred expenses	23,692		23,692	41,835
Bond redemption premiums				
Unrealised foreign exchange losses				21
Deferred tax assets			0	
OTHER				
Advances and down payments on orders	100		100	12
Marketable securities	21,886		21,886	23,555
Cash	345		345	343
TOTAL CURRENT ASSETS	**96,988**	**1,008**	**95,980**	**103,378**
TOTAL ASSETS	**106,021**	**3,246**	**102,775**	**108,059**

BALANCE SHEET

EQUITY & LIABILITIES (In thousands of euros)	Net at 30 June 2004	Net at 30 June 2003
Equity		
Share capital	14,114	12,639
Share premium	18,130	12,710
Statutory reserves	138	43
Regulated reserves	37	37
Other consolidated reserves	(1,485)	4,896
Retained earnings	714	714
Net profit for the period	(7,905)	(6,391)
TOTAL EQUITY	23,744	24,648
Minority interests		
Minority interests in capital and reserves	261	245
Minority interests in net profit	(2)	(114)
TOTAL MINORITY INTERESTS	259	131
Provisions for liabilities and charges		
Provisions for liabilities	1,893	1,400
Provisions for charges	18	8
TOTAL PROVISIONS	1,910	1,407
Liabilities		
AMOUNTS DUE TO CREDIT INSTITUTIONS		
Loans	28,650	26,565
Overdrafts	985	565
OTHER FINANCIAL LIABILITIES		
Other	4	42
Intragroup	483	1,280
PAYABLES	10,547	9,750
Advances and down payments received	37	8
TAX AND SOCIAL SECURITY LIABILITIES & ACCRUALS		
Amounts due to employees	9,103	7,444
Social security liabilities	3,446	3,327
Income tax liabilities	19	40
VAT payables	2,292	2,489
Other tax and social security liabilities	1,377	971
Other liabilities	9,437	20,337
Deferred tax liabilities	1,426	5,229
Deferred income	8,917	3,298
Unrealised foreign exchange gains	138	107
TOTAL LIABILITIES	76,861	81,452
TOTAL EQUITY & LIABILITIES	**102,775**	**108,059**

20.3.2 Consolidated income statement for the years ended 30 June 2004 and 2003 (French GAAP)

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Year ended 30/06/2004	% of revenue	Year ended 30/06/2003	% of revenue
Revenue	95 923	100%	92 554	100%
Sales of goods held for resale	3 717	4%	2 740	3%
Cost of goods sold	1 925	2%	1 600	2%
Gross profit	1 793	2%	1 140	1%
Sales of manufactured goods	92 205	96%	89 813	97%
Assets produced for own used	665			
Production	92 870	97%	89 813	97%
Purchases	19 301	20%	20 549	22%
Value added	75 362	79%	70 404	76%
Operating subsidies	450	0%	1 067	1%
Taxes other than income tax	3 466	4%	3 659	4%
Staff costs	52 343	55%	47 777	52%
EBITDA	20 002	21%	20 035	22%
Reversals of depreciation, amortisation and provisions	120	0%	46	0%
Expense transfers	13 082	14%	15 029	16%
Other income	-3	0%	406	0%
Charge to depreciation, amortisation and provisions	30 498	32%	25 887	28%
Other expenses	13 324	14%	11 782	13%
Operating profit	-10 621	-11%	-2 152	-2%
Financial income	770	1%	489	1%
Financial expense	1 020	1%	1 267	1%
Net financial income/(expense)	-250	0%	-778	-1%
Current profit	-10 871	-11%	-2 930	-3%
Exceptional income	424	0%	412	0%
Exceptional expense	922	1%	6 858	7%
Net exceptional income/(expense)	-497	-1%	-6 447	-7%
Income tax	-3 535	-4%	-2 946	-3%
Net profit from fully consolidated companies	-7 833	-8%	-6 430	-7%
Share of profit of associates	9	0%	7	0%
Consolidated net profit	-7 824	-8%	-6 423	-7%
Minority interests	-2	0%	-114	0%
Consolidated net profit (Group share)	-7 823	-8%	-6 309	-7%
Amortisation of goodwil	82	0%	82	0%
NET PROFIT (Group share)	-7 905	-8%	-6 391	-7%

20.3.3 Consolidated cash flow statement for the years ended 30 June 2004 and 2003

CONSOLIDATED CASH FLOW STATEMENT

Change in cash and cash equivalents	30 June 04	30 June 03
Net profit	-7 905	-6 391
Minority interests	-2	-114
Share of profit of associates	9	7
Net depreciation, amortisation and provisions	25 676	28 966
Capital gains or losses	-93	-
Operating cash flow	**17 685**	**22 468**
Restatement of deferred expenses	-11 650	-11 900
Change in working capital	-13 834	-13 067
Net cash provided/(used) by operating activities	**-7 800**	**-2 499**
Acquisitions of intangible assets	-30	-43
Acquisitions of property, plant & equipment	-2 912	-232
Acquisitions of non-current financial assets	-127	-169
Disposals of non-current assets	221	409
Net cash provided/(used) by investing activities	**-2 847**	**-35**
Change in equity	6 895	0
Change in debt	2 503	3 008
Net cash provided/(used) by financing activities	**9 398**	**3 008**
Change in cash and cash equivalents	**-1 249**	**474**
Opening cash and cash equivalents	**22 914**	**22 440**
Closing cash and cash equivalents	**21 665**	**22 914**

20.3.4 Notes to the consolidated financial statements for the year ended 30 June 2004

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. BASIS OF ACCOUNTING

The consolidated financial statements of OL Groupe have been prepared and presented in accordance with CRC regulation no. 99-02.

1.2. BASIS OF CONSOLIDATION

The consolidated financial statements are prepared on the basis of the separate financial statements of each group company as at 30 June 2004. All companies included in the scope of consolidation are fully consolidated, except for OL Restauration which is accounted for using the equity method.

Some equity investments owned by OL Groupe and its subsidiaries have not been consolidated as they do not meet materiality conditions.

RESTATEMENT OF SEPARATE FINANCIAL STATEMENTS

The financial statements have been restated to eliminate intragroup transactions, internal movements and intragroup assets and liabilities.

Deferred taxes

The deferred tax position has been analysed and deferred taxes accounted for using the liability method. The tax rate used to calculate deferred taxes is 34.33%.

Lease agreements

Assets acquired under lease agreements are accounted for as if they were purchased with debt if the amounts are material (over €1.5 million by company).

INTANGIBLE ASSETS

Purchased software

Purchased software is amortised over a period of one 1 to 5 years.

Intangible business assets

This item comprises the value allocated to intangible business assets upon first-time consolidation of newly-acquired companies.

GOODWILL

* The difference between the acquisition cost of the shares in a company acquired and the group's share in the company's underlying net assets restated on the date of first-time consolidation, are allocated to identifiable

assets and liabilities as far as possible. This includes the item "intangible business assets" as defined above.

In exceptional cases (acquisitions made by way of capital increase), the difference may be charged directly to equity.

Any residual value is recognised on the balance sheet as goodwill and amortised on a straight-line basis over periods determined on a case-by-case basis but in any event not exceeding 20 years.

Intangible business assets are not amortised but a provision for impairment taken if the carrying amount is lower than the estimated fair value at the period end. The estimated fair value is based on business and financial criteria and/or recent transactions involving companies in the same sector. The valuation is made on a global basis if the intangible assets concerned cannot be separated from the business of the company. A breakdown of this item is provided in the notes to the balance sheet.

PROPERTY, PLANT & EQUIPMENT

Property, plant & equipment are measured at cost and depreciated on a straight-line basis over their estimated useful lives:

. Buildings...	50 years
. Building improvements.......	20 and 5 years
. Computer equipment..	3 and 5 years
. Office equipment...	5 years
. Office furniture...	8 years
. Plant & equipment...................................	5 years
. Vehicles..	3 and 4 years

NON-CURRENT FINANCIAL ASSETS

Investments in non-consolidated companies are carried at cost less any impairment losses. An impairment loss is recognised when the fair value as defined below is lower than the carrying amount on the balance sheet:

* Value in use determined on the basis of the company's revalued net assets and its profitability prospects;
* Value determined by reference to recent market transactions involving companies in the same sector.

INVENTORIES

* Inventories of goods held for resale are valued on a first in, first out basis.

* An impairment loss is recognised if the value as defined above is lower than the price or realisable value less costs to sell on the reporting date.

RECEIVABLES

Receivables are measured at their face value. An impairment loss is recognised when their recoverable value falls below the carrying amount.

MARKETABLE SECURITIES

Marketable securities are measured at cost on initial recognition. On subsequent reporting dates, investments in mutual funds are measured at their last known net asset value.

Listed securities are valued at the average share price in the last month of the period.

An impairment loss is recognised if the carrying amount is lower than the fair value as calculated above, unless the unrealised loss can be offset against unrealised gains on securities of the same nature.

If all securities of the same nature conferring the same rights are sold at the same time, their original cost is determined on a first in, first out basis.

DEFERRED EXPENSES

Deferred expenses principally comprise transfer fees paid by SASP OL on the purchase of player registrations. Each transfer fee is calculated on an individual basis and amortised over the initial or extended term of the player's contract. Amortisation periods range from 2 to 7 years.

When the player leaves, any remaining deferred expenses are recognised immediately as an operating expense under the line item amortisation.

REVENUE

Transfer fees earned on the sale of a player are recognised as revenue when the contract is signed and a corresponding amount recognised as a receivable.

PROVISIONS FOR LIABILITIES AND CHARGES

Provisions are calculated on a case-by-case basis according to the risk and expense involved.

PLAYER REGISTRATIONS

For player purchases (OL SASP), the triggering event for recognition is the presence of the player as an employee at 30/06/2004.

EARLY RETIREMENT ALLOWANCES

Given the average age of the employees, no provision for retirement or early retirement benefits is recognised.

2. SCOPE OF CONSOLIDATION

COMPANY	REGISTERED OFFICE REG. NO.	BUSINESS	NO. OF MONTHS CONSOLIDATED	% HOLDING AT 30/06/04	% HOLDING AT 30/06/03	% CONSOLIDATED	CONSOLIDATION METHOD
OL GROUPE	LYON - 421577495	HOLDING COMPANY	12	--	--	--	--
COMPANIES OWNED BY OL GROUPE SA							
SASP OL	LYON - 385071881	SPORTS CLUB	12	99.53%	99.53%	99.53%	FC
SA OL VOYAGES	LYON – 431703057	TRAVEL AGENCY	12	50.00%	100.00%	50.00%	FC
SAS OL MERCHANDISING	LYON – 442493888	MERCHANDISING	12	100.00%	100.00%	100.00%	FC
SAS ARGENSON	LYON – 399272277	RESTAURANT	12	50.00%	50.00%	50.00%	FC
SAS OL RESTAURATION	OULLINS – 443160551	CATERING	12	30.00%	30.00%	30.00%	EM
SCI OL MEGASTORE	LYON – 444248314	SCI (NON-TRADING PROPERTY COMPANY)	12	99.99%	-	100.00%	FC

FC: Full consolidation
EM: Equity method

Main changes in scope of consolidation:

- Disposal on 1 September 2003 of 50.00% of OL Groupe's shares in OL Voyages to AFM.

- Consolidation of SCI Megastore as of 1 July 2003.

3. NOTES TO THE BALANCE SHEET

3.1. ASSETS

MOVEMENTS IN NON-CURRENT ASSETS (in thousands of euros)

At cost	Opening balance	Increases	Decreases	Closing balance
Intangible business assets	862			862
Other intangible assets	83	30	24	89
Total intangible assets	**945**	**30**	**24**	**951**
Goodwill	1,643			1,643
Property, plant & equipment	3,601	2,912	210	6,303
Non-current financial assets (*)	262	127	253	136
TOTAL	**6,451**	**3,069**	**487**	**9,033**

(*) Including investments accounted for using the equity method, listed below

INVESTMENTS ACCOUNTED FOR AT EQUITY (in thousands of euros)

At cost	Opening balance	Increases	Decreases	Closing balance
OL Restauration shares	19	7		26
TOTAL	**19**	**7**		**26**

GOODWILL (in thousands of euros)

Movements in goodwill:

Opening net value	1,314
Increases/decreases Amortisation	82
Closing net value	1,232

MOVEMENTS IN DEPRECIATION, AMORTISATION AND IMPAIRMENT OF NON-CURRENT ASSETS (in thousands of euros)

At cost	Opening balance	Increases	Decreases	Closing balance
Intangible assets	49	20	10	59
Goodwill	328	82		410
Property, plant & equipment	1,393	505	130	1,768
TOTAL	**1,770**	**607**	**140**	**2,238**

DEFERRED EXPENSES (in thousands of euros)

At cost	Opening balance	Increases	Decreases	Closing balance
Deferred expenses	41,835	11,650	29,793	23,692

MOVEMENTS IN PROVISIONS (in thousands of euros)

At cost	Opening balance	Increases	Decreases	Closing balance
Operating provisions				
Operating provisions				
Inventories	13	35	10	38
Receivables	1,026	54	110	970
Sub-total	**1,039**	**89**	**120**	**1,008**

Provisions for liabilities and charges				
Other liabilities and charges	1,407	745	242	1,910
Deferred taxes (*)	5,229	0	5,229	0
Sub-total	**6,636**	**745**	**5,471**	**1,910**
TOTAL	**7,675**	**834**	**5,591**	**2,918**

(*) With effect from the current financial period, deferred taxes are included in other liabilities.

EQUITY INVESTMENTS AND RELATED RECEIVABLES (in thousands of euros)

This item comprises investments in and receivables from non-consolidated companies at 30 June 2004 (OL Organisation incorporated on 30/06/2004 has not been consolidated):

Type of investment	**Value of investment or receivable**	**% holding**
M2A shares	8	20
OL Organisation shares	37	99.97
Total, at cost	**45**	
Impairment		
Total	**45**	

MARKETABLE SECURITIES (in thousands of euros)

	30/06/04	**Market value at 30/06/04**
Investments in mutual funds (1)	21,886	21,886
Sub-total		
Provisions		
Total	**21,886**	**21,886**

(2) Investments in money market or capital guaranteed mutual funds.

PREPAID EXPENSES

This item only includes expenses incurred in the course of the Company's ordinary activities.

3.2. EQUITY AND LIABILITIES

STATEMENT OF CHANGES IN EQUITY EXCLUDING MINORITY INTERESTS (in thousands of euros)

	Share capital	Share premium	Reserves & retained earnings	Net profit for the period	Total
Position at 30/06/03	12,639	12,710	5,690	(6,391)	24,648
Net profit for the period				(7,905)	(7,905)
Allocation of 2003 consolidated net profit 2003			(6,391)	6,391	0
OL Groupe capital increase	1,475	5,420			6,895
net of issuance expenses					
Other movements: deferred taxes			106		106
Position at 30/06/04	14,114	18,130	(595)	(7,905)	23,744

STATEMENT OF CHANGES IN MINORITY INTERESTS (in thousands of euros)

	Amount
Position at 30 June 2003	131
Net profit for the period	(2)
Change in scope of consolidation	19
Deferred taxes	111
Position at 30 June 2004	259

FINANCIAL LIABILITIES (in thousands of euros)

The following table shows a breakdown of financial liabilities by maturity at 30/06/2004:

	Amount
Under one year	18,120
1 to 5 years	10,391
Over 5 years	1,611
TOTAL	**30,122**

4. NOTES TO THE INCOME STATEMENT

BREAKDOWN OF REVENUE (in thousands of euros)

The following table shows a breakdown of consolidated revenue by business segment after elimination of intragroup transactions:

	2004	**2003**
SASP OL	87,713	86,745
OL Merchandising	4,312	2,822
OL Voyages	1,697	910
Argenson	2,198	2,077
SCI Megastore	0	
TOTAL	**95,923**	**92,554**
Travel agency	1,697	
Restaurant	2,198	
Sales of spin-off products	3,753	
Gate receipts and season ticketing	16,388	
Advertising	13,203	
Transfer fees	24,683	
Media rights	33,415	
OTHER	586	
TOTAL	**95,923**	

BREAKDOWN OF FINANCIAL EXPENSE AND INCOME (in thousands of euros)

	2004	**2003**
Financial income		
Proceeds on disposal of mutual funds & interest income	676	387
Foreign exchange gains	65	78
Discounts obtained	0	24
Provision reversals	21	
Other financial income	8	
TOTAL	**770**	**489**
Financial expenses		
Interest expense	1,001	1,236
Foreign exchange losses	20	31
TOTAL	**1,021**	**1,267**

BREAKDOWN OF EXCEPTIONAL ITEMS (in thousands of euros)

	2004	2003	2002
Exceptional income			
Proceeds on disposal of non-current assets	195	2	839
Provision reversals	0	0	77
Other	229	410	111
TOTAL	**424**	**412**	**1,027**
Exceptional expenses			
Net book value of non-current assets sold	98	0	627
Amortisation of deferred expenses	0	5,759	3,202
Provisions for liabilities and charges	644	496	310
Other	180	603	186
TOTAL	**922**	**6,858**	**4,325**

INCOME TAX (in thousands of euros)

2004	**Net profit before tax**	**Taxes**	**Net profit after tax**
Net profit before exceptional items	(10,871)	3,624	(7,247)
Exceptional items	(497)	(89)	(586)
Accounting result	**(11,394)**	**3,535**	**(7,833)**

2003	**Net profit before tax**	**Taxes**	**Net profit after tax**
Net profit before exceptional items	(2,930)	976	(1,954)
Exceptional items	(6,447)	1,970	(4,477)
Accounting result	**(9,377)**	**2,946**	**(6,431)**

Deferred taxes arise on:

* Taxes payable or paid in advance on certain items of income or expense included in the accounting result for the year but taxable or tax-deductible in a different financial year.

* Eliminations or restatements made on consolidation.

* Deferred tax assets in respect of tax loss carryforwards are recognised where there is a strong probability of their utilisation. Deferred taxes have been recognised in accordance with article D 248-11 of the 7th European directive, using the liability method.

The following table shows a breakdown of deferred taxes (in thousands of euros):

	Amount
Tax loss carryforwards	(206)
Temporary differences	1,632
TOTAL	**1,426**

Breakdown of current and deferred taxes (in thousands of euros):

	Amount
Current taxes	206
Deferred taxes	(3,741)
TOTAL	**(3,535)**

5. OTHER NOTES

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

No remuneration was paid during the year to Directors or Executive Officers of the reporting entity due to their functions in the consolidated companies.

EMPLOYEES

The following table shows a breakdown of the employees of fully consolidated Group companies:

Average number of employees:

Average number of employees	**2004**	**2003**
OL Groupe	3	2
OL Merchandising	16	14
SASP OL	124	122
OL Voyages	6	5
Argenson	25	27
SCI Megastore	0	0
TOTAL	**174**	**170**

COMMITMENTS AND CONTINGENT LIABILITIES

Commitments given

- Bank and other guarantees: €1,676 thousand
- Guarantee for disputed taxes: €93 thousand
- Transfer fees: €10,250 thousand

Commitments received

- Guarantees: €205 thousand

EXCEPTIONAL EVENTS AND DISPUTES

Exceptional events

- On 1 September 2003, Olympique Lyonnais Groupe sold 50% of its shares in OL Voyages to AFM (AFAT/Autocars Faure and Didier Marceillac).

- Various provisions have been recognised in respect of industrial tribunal disputes, commercial disputes and other legal proceedings after internal analysis and discussion with the Group's advisers.

- To the Company's knowledge, there are no other exceptional facts or disputes likely to have a material impact on the Group's operations, assets and liabilities, financial condition or results.

Litigation

Tax audit

With regard to the ongoing tax audit on OL SASP covering the period 01/01/1997 to 31/10/2000, provisions for additional tax payable have been recognised in the following amounts:

- Provisions for liabilities: €213,352

- Accrued expenses: €93,070

Provisions for liabilities also include €1,461,671 for payment of the 1% contribution to training for contract staff. Article 3 of the proposed law of 21 July 2004 on professional sport proposes to abolish this contribution.

Social security audit

On the recommendation of OL SASP's advisers, no provision has been taken against the disputed sums under the ongoing social security audit of OL SASP covering the period from 01/10/2000 to 31/12/2002.

SUBSEQUENT EVENTS

At the beginning of September 2004, OL Groupe acquired 100% of the share capital of 2C2M, a French company that provides consultancy services in strategy, communications, design, marketing, organisation and management. M2A is 100%-owned by 2C2M and the two companies will be merged during the second half of 2004.

At end September 2004, OL Groupe acquired 99.97% of the share capital of OL Image, a company specialising in:

- TV production
- production of corporate, advertising and events films, and documentaries.

20.3.5 General report of the statutory auditors on the consolidated financial statements for the year ended 30 June 2004 prepared in accordance with French GAAP

GENERAL REPORT OF THE

STATUTORY AUDITORS

In accordance with the terms of our appointment at the annual general meeting, we have audited the accompanying financial statements of Olympique Lyonnais Groupe for the year ended 30 June 2004.

The consolidated financial statements, which are presented in thousands of euros, have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our review.

We carried out our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

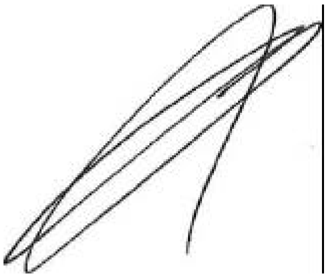
In our opinion, the consolidated financial statements prepared in accordance with French GAAP present fairly in all material respects the assets and liabilities, financial position and results of the consolidated group of companies.

Pursuant to the provisions of article L.225-235 (1) of the *Code de Commerce* on the justification of our assessments, introduced by the Financial Security Act of 1 August 2003 and applicable for the first time to the current financial year, we advise you that we have no particular comments to make with respect to our assessments, and particularly our assessment of the accounting policies and significant estimates used in preparing the consolidated financial statements and their overall presentation.

We also verified the information provided in the group management report. We have no matters to report regarding its fairness and consistency with the consolidated financial statements.

Lyon, 6 December 2004
The Statutory Auditors

Cogeparc
Christian Laurain



Béchir Chebbah

20.3.6 Special report of the statutory auditors on related party agreements for the year ended 30 June 2004

See section 19.2.3 "Special report of the statutory auditors on related party agreements for the year ended 30 June 2004".

20.4 AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION

20.4.1 Audited historical financial information

The Company hereby declares that the historical financial information has been audited and that the statutory auditors have issued general and special reports thereon.

20.4.2 Other information audited by the statutory auditors

None.

20.4.3 Information not extracted from the Company's audited financial statements

None.

20.4.4 Statutory Auditors' fees

Amount of fees paid to Statutory Auditors	**Year ended 30 June 2006**	**Year ended 30 June 2005**	**Year ended 30 June 2004**
Audit and certification of the separate and consolidated financial statements			
Cogeparc	63,000	10,800	8,500
Orfis Baker Tilly	63,000	10,800	
Béchir Chebbah			33,500*

Amount of fees paid to Statutory Auditors	Year ended 30 June 2006	Year ended 30 June 2005	Year ended 30 June 2004
Sub-total	**126,000**	**21,600**	**42,000**
Other work			
Sub-total	***0***	***0***	***0***
Total	**126,000**	**21,600**	**42,000**

***** The sum of €33,500 breaks down as follows: €10,000 in respect of the Company and €23,500 in respect of subsidiaries for which Mr. Chebbah was Statutory Auditor

20.5 AGE OF LATEST FINANCIAL INFORMATION

The latest audited financial statements prepared by the Company are the consolidated financial statements for the year ended 30 June 2006 prepared in accordance with IFRS.

20.6 INTERIM AND OTHER FINANCIAL INFORMATION

None.

20.7 DIVIDEND POLICY

20.7.1 Company's dividend policy

The amount of the dividend payout envisaged for future years is a reflection of management's confidence in the Company's future performance. As things stand, it could be in the range of 5% to 15% of the Company's annual distributable profits.

This target in no way constitutes a commitment on the part of the Company. Future dividends will depend notably on the Company's results and financial position.

20.7.2 Dividends paid in the past three financial years

Year	Date of shareholders' meeting that approved the dividend	Amount
Year ended 30 June 2004	13 December 2004	None
Year ended 30 June 2005	5 December 2005	€0.40 per share
Year ended 30 June 2006	6 November 2006	€1 per share

20.8 LITIGATION AND ARBITRATION

Social security authorities versus SASP OL

Prior to their transfer to OL, Juninho and Edmilson had sold the entire rights to their name and image on an exclusive basis to Chaterella Holding Limited. When SASP OL bought Juninho and Edmilson, it also acquired their image rights. On 18 November 2004, SASP OL received a demand for the payment of €2,605,248 from the social security authorities (URSSAF) as a result of their adding back to the basis of contribution the sums that had been paid to Chaterella Holding Limited for the Juninho and Edmilson image rights. SASP OL contested this decision before the Lyon Social Security Affairs Court. Its claim was declared unfounded and SASP OL therefore appealed. On 13 June 2006, the Lyon Appeal Court overturned the initial ruling and cancelled the demand for additional payment. The Appeal Court considered that the social security authorities were unable to provide evidence that the players had directly or indirectly benefited from the sums paid by SASP OL to Chaterella Holding Limited. The social security authorities have appealed this decision. SASP OL has not taken a provision against this dispute.

Legal proceedings taken by taxpayers against the Gerland stadium occupancy agreements

Master agreement of 5 August 2003

Under a master agreement dated 5 August 2003, the City of Lyon provided SASP OL with use of the Gerland stadium and the *Tola Vologe* centre for the period 1 July 2003 to 30 June 2005, in consideration for a fee of €600,000 a year.

A taxpayer has requested annulment of: (i) the resolution passed on 26 May 2003 by the Lyon municipal council approving the terms of the master agreement signed with SASP OL setting the amount of the fee to be paid for use of the stadium and (ii) the mayor's decision to sign the agreement. On 10 March 2005, the Lyon administrative court annulled the resolution and the mayor's decision, but only to the extent of the provision setting the annual fee at €600,000. The grounds for this annulment were manifest error in assessing the amount of the fee, which the court deemed to be clearly insufficient in light of the benefits that SASP OL would draw from use of the stadium.

SASP OL has not appealed against the ruling**.**

The City of Lyon and SASP OL agreed a settlement on 15 July 2005 whereby the City would repay SASP OL the fees received since 1 July 2003, i.e. €900,000, while SASP OL would pay the City compensation for its use of the stadium for the period 1 July 2003 to 10 March 2005 in the sum of €1,326,318 and a fee for the period 11 March to 30 June 2005 in the sum of €221,053. The parties also signed a third amendment to the master agreement of 5 August 2003, setting the fee for use of the stadium at €31,579 per game.

Following legal proceedings taken by a taxpayer, on 13 July 2006 the Lyon administrative court annulled (i) the resolution passed by the Lyon municipal council of 20 June 2005 approving the settlement reached by the parties and the third amendment to the master agreement and (ii) the mayor of Lyon's decision to sign the two contracts. On 17 October 2006, the City of Lyon lodged an appeal with the Lyon administrative appeal court and asked for a stay of the administrative court's ruling.

Agreement of 15 July 2005

A temporary authorisation to occupy public property was signed on 15 July 2005 covering the period from 1 July 2005 to 30 June 2008, setting the fee payable by SASP OL to the City of Lyon at €32,827 per game.

A taxpayer sought annulment by the Lyon administrative court of several decisions including the mayor's decision to sign the agreement of 15 July 2005.

On 13 July 2006, the Lyon administrative court annulled the decision (but rejected the other claims for annulment). The court considered that the City of Lyon was unable to justify the elements underlying its calculation of the amount of the fee and, accordingly, that the amount of the fee was vitiated by a manifest error of assessment. On 17 October 2006, the City of Lyon lodged an appeal with the Lyon administrative appeal court and asked for a stay of the administrative court's ruling.

Regularisation of the position

The City of Lyon and SASP OL must sign (i) an new agreement for future use of the Gerland stadium and (ii) in order to settle the issue of fees due for previous use, an agreement on the compensation paid for use of the stadium for the period 1 July 2003 to the date of the new agreement referred to in (i).

For both agreements, the City of Lyon must determine a properly justified fee. This matter exposes SASP OL to the risk of an increase in the fee paid to date. It is not possible at this stage to foresee whether and by how much the fee will be increased.

SASP OL has not taken a provision against this dispute.

Industrial tribunal dispute

On 23 June 2005, SASP OL was ordered by the Lyon industrial tribunal to pay a former training centre coach more than €600,000 in bonuses for the 2000/2001 and 2001/2002 seasons.

SASP OL has appealed against this decision on the grounds that the scale applicable to bonuses for the 2000/2001 and 2001/2002 seasons came under the conditions of remuneration set out in the coach's employment contract, i.e. game bonuses not challenge or qualification bonuses. A provision has been taken for this dispute.

In its ruling of 14 November 2006, the Lyon Appeal Court overturned the industrial tribunal's decision and ordered SASP OL to pay the former coach the sum of approximately €67,000.

There are no other governmental, legal or arbitration proceedings (including any proceedings pending or threatened of which the Company is aware), that may have or have had in the last twelve months a significant effect on the financial position or profitability of the Company and/or the Group.

20.9 NO SIGNIFICANT CHANGE IN THE COMPANY'S FINANCIAL OR TRADING POSITION

There has been no significant change in the Group's financial or trading position since 30 June 2006.

21. **ADDITIONAL INFORMATION**

21.1 SHARE CAPITAL

21.1.1 Amount of share capital (Article 7 of the Articles of Association)

As of the registration date of this prospectus, the Company's share capital was €14,155,304, divided into 931,270 ordinary shares with a par value of €15.20 per share. At their combined ordinary and extraordinary general meeting of 6 November 2006, the shareholders authorised the Company, contingent upon admission of the Company shares to trading on Eurolist by Euronext Paris S.A., to make a ten for one stock split increasing the number of shares from 931,270, each with a par value of €15.20 to 9,312,700, each with a par value of €1.52.

The shares are fully subscribed, paid up and all of the same class.

21.1.2 Non-equity shares

None.

21.1.3 Treasury shares

On the date of registration of this prospectus, the Company did not hold any treasury shares and no shares of the Company were held by a third person on behalf of the Company or one of its subsidiaries.

Under the tenth resolution passed at their combined ordinary and extraordinary general meeting of 6 November 2006, the shareholders authorised the Board of Directors to trade in the Company's shares, contingent upon admission of the shares to trading on Eurolist by Euronext Paris S.A.

The purpose of this authority is to enable the Company to trade in its own shares for the following purposes:

- to make a market in and ensure regular price quotations of *Olympique Lyonnais Groupe* shares through a liquidity agreement that complies with the AFEI's Code of Good Practice;
- to keep the shares with a view to tendering them in exchange or in payment for acquisitions in accordance with market practices permitted by the AMF and within the limits set out by law, to the extent that the total number of shares acquired by the Company for the purpose of

tendering to merger, spin-off or partial transfer operations may not exceed 5% of the share capital;

– to allot the shares, under the terms and conditions of the law, to share option plans, employee share ownership plans or stock grants for employees and executive officers, particularly as part of the mandatory profit-sharing scheme, under the provisions of articles L.225-197-1 *et seq*. of the French Commercial Code (*Code de Commerce*);

– to allot the shares on exercise of rights attached to equity-related securities issued by the company, in accordance with the provisions of the law;

– to reduce the share capital by cancelling all or some of the shares purchased.

The maximum amount that the Company may spend on its share buyback programme is €10 million.

The number of shares that the Company may purchase throughout the term of the share buyback programme may not exceed 10% of the total number of shares comprising the Company's share capital at any time. This percentage applies to the share capital adjusted for any equity transactions that might be made after the combined ordinary and extraordinary general meeting of 6 November 2006. The Company may not at any time hold more than 10% of total number of shares comprising its share capital.

At their combined ordinary and extraordinary general meeting of 6 November 2006, the shareholders authorised the Board of Directors to cancel the shares purchased. In accordance with the law, the capital reduction may not exceed 10% of the share capital in any one twenty-four month period.

21.1.4 Other equity-related securities

None.

21.1.5 Authorised, unissued share capital

Purpose of the resolution passed by the shareholders at their combined ordinary and extraordinary general meeting of 6 November 2006	**Maximum amount**	**Term of the authority with effect from 6 November 2006**
1. Authority conferred on the Board of Directors to issue ordinary shares and/or securities conferring rights in the share capital or to the allotment of negotiable debt securities, with pre-emptive rights (thirteenth resolution)	€9,000,000 *	26 months

Purpose of the resolution passed by the shareholders at their combined ordinary and extraordinary general meeting of 6 November 2006	**Maximum amount**	**Term of the authority with effect from 6 November 2006**
2. Authority conferred on the Board of Directors to increase the share capital, without pre-emptive rights, by making public share offerings (fourteenth resolution)	€9,000,000 *	26 months
3. Authority conferred on the Board of Directors to issue equity instruments and/or securities conferring rights in the share capital and to fix the issue price, within the limits of 10% of the share capital, contingent upon admission of the Company's shares to trading on Eurolist by Euronext Paris S.A. (fifteenth resolution)	10% of the share capital per year *	26 months
4. Authority conferred on the Board of Directors to issue equity instruments and/or shares conferring rights in the share capital for the purpose of tendering them to a public offer initiated by the Company, contingent upon admission of the Company's shares to trading on Eurolist by Euronext Paris S.A. (sixteenth resolution)	€9,000,000 *	26 months
5. Authority conferred on the Board of Directors to issue equity instruments and/or shares conferring rights in the share capital for the purpose of paying for contributions in kind comprising equity instruments or securities conferring rights in the share capital, contingent upon admission of the Company's shares to trading on Eurolist by Euronext Paris S.A. (seventeenth resolution)	10% of the share capital *	26 months

Purpose of the resolution passed by the shareholders at their combined ordinary and extraordinary general meeting of 6 November 2006	Maximum amount	Term of the authority with effect from 6 November 2006
6. Authority conferred on the Board of Directors to increase the share capital by capitalising reserves, earnings, share premiums or any other sums that may be capitalised (eighteenth resolution)	€3,000,000	26 months
7. Authority conferred on the Board of Directors to increase the number of new shares to be issued with or without pre-emptive rights (nineteenth resolution)	15% of the original amount of the issue	26 months
8. Authority conferred on the Board of Directors to increase the share capital of the Company, without pre-emptive rights, by issuing shares to the employees (twentieth resolution)	€1,500,000 *	26 months
9. Authorisation conferred on the Board of Directors to grant stock options, contingent upon admission of the Company's shares to trading on Eurolist by Euronext Paris S.A. (twenty-first resolution)	3%** of the share capital for stock options over new shares 5%** of the share capital for stock options over existing shares Discount within the limit permitted by law.	38 months
10. Authority conferred on the Board of Directors to make stock grants of new or existing shares, contingent upon admission of the Company's shares to trading on Eurolist by Euronext Paris S.A. (twenty-second resolution)	2% of the share capital *	38 months

* The maximum par value (excluding share premiums) of capital increases made by issuing new shares or securities conferring rights in the share capital with or without pre-emptive rights by virtue of the authorities conferred on the Board of Directors in the thirteenth,

fourteenth, fifteenth, sixteenth, seventeenth, nineteenth, twentieth, twenty-first and twenty-second resolutions may not exceed €9 million plus the par value of any shares that may be issued in accordance with the law to preserve the rights of the holders of those securities.

** Under the twenty-first resolution, the number of shares allotted on exercise of stock options will be deducted from a blanket limit of 3% of the share capital throughout the term of the authority.

21.1.6 Information about the share capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option

As of the registration date of this prospectus, no member of the Group had any call options over the Company's share capital.

21.1.7 Changes in the Company's share capital in the past three financial years

The following table shows changes in the Company's share capital in the past three financial years:

Effective date of transaction	Transaction	Number of shares issued	Par value of the capital increase	Share premium	Cumulative share premiums	Cumulative par value of share capital	Cumulative number of shares	Par value per share (in €)
17 October 2005	Capital increase	2,726	41,435.20	145,432.10	18,275,841.70	14,155,304.00	931,270	15.20
5 April 2004	Capital increase	97,014	1,474,612.80	5,525,917.44	18,130,409.60	14,113,868.80	928,544	15.20

21.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

At their combined ordinary and extraordinary general meeting of 6 November 2006, the shareholders approved the new Articles of Association, contingent upon admission of the Company's shares to trading on Eurolist by Euronext Paris S.A.

The key provisions of the Articles of Association applicable as of the day on which the Company's shares are admitted to trading on Eurolist by Euronext Paris S.A. are set out below.

21.2.1 Corporate object

The Company's corporate object in France and elsewhere is:

- holding and managing its investment in the Professional sporting company (*Société anonyme sportive professionnelle*) *Olympique Lyonnais* and using and enhancing the value of the *Olympique Lyonnais* brand and image and more generally acquiring, holding, managing and, where applicable, selling or otherwise transferring any securities, bonds or other instruments in any French or foreign listed or unlisted companies or consortia directly or indirectly related to the corporate object;
- conducting all research, consulting, management, organisation, development and operational activities related to the foregoing object and

notably all sporting, educational, cultural, media or artistic activities; organising events and entertainment; promoting, organising and arranging travel; providing lodging, catering and transport for participants; designing, creating, manufacturing and directly or indirectly marketing all products and services that can be distributed in the form of brands, logos or emblems belonging to related companies, or in the form of any new brand, logo or emblem which related companies might come to own or register;

- seeking, purchasing and/or selling and renting in any form all land, movable and immovable property; building, fitting out, managing and maintaining all equipment, facilities and installations with a sporting, educational, cultural or artistic purpose and notably sports facilities, training centres or any other property assets connected with the corporate object;

- more generally, engaging in any transactions, notably commercial, financial, securities and property-related, which are directly or indirectly connected with or which may be useful to the foregoing corporate object or similar or related objects, or which may facilitate the achievement thereof, and notably improving the management of related companies or consortia through their corporate governance arrangements, by providing or otherwise making available staff or employees in order to provide them with advice and assistance with respect to their organisation, investments and financing through loans, borrowings, guarantees and sureties covering the liabilities of the Company or related companies.

21.2.2 Provisions of the articles of association concerning the Board of Directors and senior management – Board charter

(a) ***Board Charter***

On 6 November 2006, the Company's Board of Directors adopted a charter setting out its method of operation. The Charter is designed to supplement existing legislation, regulations and the Company's Articles of Association.

The charter contains corporate governance rules which will be applicable as of the day the Company’s shares are admitted to trading on Eurolist by Euronext Paris S.A. (see section 16 "Board practices").

(b) ***Election of Directors and term of office***

The Company is governed by a Board of Directors comprising no less than three and no more than eighteen members, subject to the temporary derogations provided for by law in the event of a merger.

The Directors must each own at least one share of the Company throughout their term of office.

Directors are elected for a term of six years.

Directors may be removed at any time by ordinary resolution of the shareholders.

(c) ***Chairman of the Board of Directors***

The Board of Directors elects a Chairman from among its members. The Chairman must be a natural person.

The Chairman represents the Board of Directors. He organises and manages the work of the Board of Directors and reports thereon to the shareholders. He is responsible for ensuring that the company's governing bodies function correctly and more particularly that the Directors are capable of fulfilling their duties.

(d) ***Resolutions of the Board of Directors***

Meetings of the Board of Directors are called by the Chairman and held at the place indicated in the notice of meeting.

If the Board has not met for more than two months, one third of the Directors may ask the Chairman to call a meeting to discuss a pre-determined agenda.

Notice of meeting may be given by all means, including verbally.

Resolutions are taken under the quorum and voting conditions provided for by law.

(e) ***Powers of the Board of Directors***

The Board of Directors is responsible for defining the Company's broad strategic objectives and overseeing their implementation. Subject to those powers expressly conferred on the collective body of shareholders and within the limits of the Company's corporate objects, the Board of Directors considers and settles all issues involving the proper functioning of the Company through the passing of resolutions.

In its dealings with third parties, the Company is bound by the Board of Directors' acts even where they are beyond the scope of the Company's corporate objects, unless the Company can prove that the third party knew the act was beyond the scope of the Company's corporate objectives or could not fail to know given the circumstances. Publication of these Articles of Association does not in itself constitute sufficient proof.

The Board of Directors undertakes all the controls and verifications it deems fit. Directors shall receive the information required to fulfil their duties and may request to view any documents they deem useful.

21.2.3 Rights, obligations and restrictions attached to the shares

(a) ***Allocation of results and distribution of earnings***

Distributable profits comprise the net profit for the year less any prior year losses and transfers to the statutory reserve, plus any retained earnings. In addition to distributable profits, the shareholders may by ordinary resolution decide to distribute sums from reserves to which they are entitled in accordance with the provisions of the law.

After approving the financial statements and duly noting the existence of the amount available for distribution, the shareholders determine the sum to be distributed in the form of a dividend by ordinary resolution.

Shareholders may resolve to offer payment of all or part of the approved dividend in cash or in shares at the personal choice of each shareholder, in accordance with the provisions of the law.

An interim dividend may also be distributed prior to approval of the financial statements for the year under the terms and conditions set out by law.

Shareholders may be offered payment of all or part of the interim dividend in cash or in shares at their personal choice.

(b) ***Pledges over the Company's shares***

None of the shares comprising the Company's share capital have been pledged.

21.2.4 Alteration to shareholders' rights

The Articles of Association do not contain any specific provisions on the alternation to shareholders' rights and therefore any alteration to the shareholders' rights is subject to the provisions of the law.

21.2.5 General meetings

(a) ***Calling and holding meetings***

Shareholders' meetings are called and conducted under the quorum and majority conditions set out by law.

Meetings take place at the registered office or any other place indicated in the notice of meeting.

All shareholders are entitled to attend general meetings and take part in the vote either in person or by proxy, simply by providing evidence of their identity and ownership of the shares, provided that:

– holders of registered shares appear on the shareholders' register held by the Company;

- holders of bearer shares send a certificate issued by an authorised intermediary to the place indicated on the notice of meeting, stating that the shares held on the account will be blocked until the date of the meeting.

These formalities must be completed no less than five (5) days before the date of the meeting.

The Board may reduce this period provided that the same conditions apply to all shareholders.

All shareholders may vote prior to the meeting by post or by electronic means in accordance with the provisions of the law.

Shareholders may, in accordance with the provisions of the law, send their proxy form or postal vote for any general meeting either by mail or by electronic means if permitted by the Board of Directors and duly indicated on the notice of meeting in accordance with the provisions of the law.

Shareholders attending the meeting by videoconferencing or other means of telecommunication that permits their identification in accordance with the provisions of the law are counted as present for the purpose of calculating the quorum and majority.

General meetings are chaired by the Chairman of the Board of Directors, or in his absence, by the Director who has been in office for the longest period of time.

An attendance register is kept in accordance with the provisions of the law.

Copies or excerpts of the minutes of meetings are validly certified either by the Chairman of the Board of Directors, or the Chief Executive Officer if he is a Director, or by the secretary of the meeting.

(b) ***Authority of the general meetings***

Other than the derogations set out by law, ordinary general meetings are held to transact all business that does not involve an alteration to the Articles of Association. An extraordinary meeting must be held to approve any alteration to the Articles of Association, although the shareholders' liability may not be increased without the unanimous consent of all the shareholders.

(c) ***Voting rights***

The right to vote attached to the shares is proportional to the amount of the share capital they represent. With an equal par value, each share gives the right to one vote.

However, double voting rights are conferred on all fully paid registered shares which have been registered in the name of the same shareholder for at least two years, in accordance with article L.225-123 of the French Commercial Code (*Code de Commerce*).

In the event of a capital increase by capitalisation of reserves, earnings or share premiums, double voting rights are conferred as of their issuance on the registered bonus shares allocated to shareholders in respect of existing shares conferring such entitlement.

The double voting rights cease if the shares are converted to bearer shares or transferred to another registered holder, save in the case of transfers arising upon inheritance, division of estate between divorcing spouses or gifts *inter vivos* to a spouse or other person of an eligible degree of relationship, which shall not result in the loss of double voting rights and shall not interrupt the periods specified in article L.225-123 of the French Commercial Code (*Code de Commerce*).

A merger or spin-off of the Company will have no effect on double voting rights, which may be exercised within the beneficiary company or companies if their Articles of Association so permit.

The double voting rights may be abolished by extraordinary resolution of the shareholders, after ratification at a special class meeting of shareholders with double voting rights.

(d) ***Preferred shares***

During its existence, the Company may issue preferred shares, which may be voting or non-voting and combined with special rights of all kinds, on a temporary or permanent basis, in accordance with the provisions of the law.

(e) ***Restrictions on voting rights***

None.

(f) ***Form of shares and identification of holders of bearer shares***

The shares are in registered or bearer form at the shareholder's choice.

The Company may at any time avail itself of the legal provisions with respect to identifying shareholders and securities conferring the right immediately or in the future to vote at shareholders' meetings in accordance with articles L.228-1 and L 228-2 of the French Commercial Code (*Code de Commerce*).

21.2.6 Shareholders' agreements

The agreement dated 30 April 1999 between Jean-Michel Aulas and Pathé, existing as of the date of registration of this prospectus, will lapse automatically on the day on which the Company's shares are admitted to trading on Eurolist by Euronext Paris S.A.

21.2.7 Disclosure thresholds

In addition to the statutory disclosure requirements, any natural or legal person, acting alone or in concert, that comes to own or ceases to own, directly or indirectly through one or more companies over which it has majority control, a percentage equal to or more than 2% of the share capital and/or voting rights of the Company or any multiple thereof up to 33%, is required to notify the Company of the total number of shares, voting rights and equity-related securities it owns directly, as well as the number of shares or voting rights treated as owned by that person under the provisions of article L.233-9 of the French Commercial Code (*Code de Commerce*). Notice shall be given by recorded delivery mail at the Company's registered office no later than five trading days after occurrence.

Any shares that have not been disclosed in accordance with these requirements shall be disqualified for voting purposes at all general meetings held for a period of two years after the date on which the requisite disclosure is finally made, if so requested by one of the shareholders. Such request shall be duly noted in the minutes of the general meeting. Similarly, the voting rights attached to any shares that have not been properly disclosed may not be exercised by proxy.

21.2.8 Alteration of share capital

The provisions of the Articles of Association governing alterations to the Company's share capital are no more stringent than the provisions set out by law.

22. MATERIAL CONTRACTS

Agreement between the Association and SASP OL

Relations between the Association and SASP OL, and more particularly the way in which SASP OL runs and manages the Association's professional football activities, are governed by an agreement dated 31 May 2005 which is based on the model imposed by decree no. 2001-150 of 16 February 2001. The agreement is valid for four years with effect from 1 July 2005, unless terminated early by one of the parties on the grounds of the other party's breach of contract and failure to remedy the breach within 60 days of receiving notice thereof. In any event, early termination will not take effect until the end of a sporting season. Under the agreement, the Association undertakes to grant SASP OL the benefit of all the rights arising from its affiliation to the FFF and manages all the amateur sections of the Club and the training academy under SASP OL's control. The Association undertakes to provide SASP OL with all the information it requires to fulfil its administrative and management responsibilities. In exchange, SASP OL pays all the Association's expenses, and particularly those relating to the amateur sections. For the year ended 30 June 2006, SASP OL covered all the Association's expenses, which amounted to approximately €3 million.

Master agreement between SASP OL and the City of Lyon

On 15 July 2005, the City of Lyon and *Olympique Lyonnais SASP* entered into a targets and resources master agreement (the "**Master Agreement**"), governing their relationship for the period 1 July 2005 to 30 June 2008.

SASP OL has undertaken to implement actions in the general interest, and more particularly initiatives in favour of young people and to undertake measures to prevent and combat violence. In exchange for these actions, the City of Lyon has agreed to provide a grant of €515,000 for the 2005/2006 season.

The City of Lyon has undertaken to buy tickets up to a maximum amount of €591,106 for the 2005/2006 season.

The grant and ticket purchases may be renewed for subsequent seasons by supplemental agreement. However, these amounts may be decreased in order to comply with regulatory ceilings on sums paid by local authorities to professional clubs (€2.3 million for grants and 30% of total revenue capped at €1.6 million, for the provision of services). SASP OL has accordingly undertaken to provide the City of Lyon with information on any partnerships it enters into with other local authorities.

SASP OL has also undertaken to provide the City of Lyon with the following documents: annual budget, report on the use of funds provided by the City of Lyon, balance sheet and detailed accounts, statutory auditors' report, management report and business and financial report. SASP OL is required to advise the City of Lyon of any alteration to the amount or ownership of its share capital. Any change to SASP OL's legal status may lead to a revision of the Master Agreement by mutual negotiation.

The financial support provided by the City of Lyon to SASP OL may decrease significantly should SASP OL fail to comply with its obligations under the Master Agreement (after a notice period of 30 days), or should the team be temporarily banned from League 1 on disciplinary grounds or relegated to a lower division (the parties shall amend the Master Agreement by mutual negotiation).

The Master Agreement may also be unilaterally terminated by the City of Lyon with three months notice in the following circumstances: (i) should SASP OL fail to comply with its undertakings set out in the Master Agreement; (ii) in the event of SASP OL's liquidation or winding-up leading to the disappearance of OL's professional section; or (iii) in the event of OL's withdrawal, temporary or definitive ban from professional competition. In the event of termination, SASP OL shall have no right to compensation (as the grants for public interest missions and payment for services provided are paid on a *pro rata temporis* basis).

The City of Lyon may terminate the agreement on public interest grounds, by virtue of a general principle applicable to public contracts. However, in the event of termination on public interest grounds, the City of Lyon must compensate SASP OL in full for loss suffered.

Occupancy agreements entered into in application of the Master Agreement between SASP OL and the City of Lyon

Pursuant to article 3 of the Master Agreement, on 15 July 2005 SASP *Olympique Lyonnais* and the City of Lyon entered into a agreement granting SASP OL a temporary authorisation to occupy public property (the "**Occupancy Agreement**") for a term of three years with effect from 1 July 2005.

Under the Occupancy Agreement, SASP OL has a non-exclusive right to use the Gerland stadium and nearby parking facilities, free of concessions and advertising, to play all its professional games whether championship, national cup, European cup or friendly fixtures. SASP OL must use the stadium for at least 38 days and no more than 70 days a year. The stadium has a maximum capacity of 40,494 seats. The agreement does not cover some seats in the stands and one box, as well as certain areas such as the stadium roof arch.

SASP OL pays the City of Lyon a total fee of €32,827 per game, i.e. (i) €17,827 in respect of the stadium's variable operating expenses and (ii) €15,000 in respect of its occupancy of public property. Payment is made on 1 December and 30 June each season.

The authorisation to use the Gerland stadium is a [precarious] agreement: There is no commercial lease. SASP OL has no right to stay in the premises or to renew the Occupancy Agreement. SASP OL may not assign its rights or make the premises available to any other person (including the Association), even free of charge.

The City of Lyon provides the following services: (i) preparation and repair of the pitch; (ii) repairs to technical installations and (iii) cleaning the interior and exterior of the stadium, except for certain areas. SASP OL is responsible for all other tasks related to its use of the premises.

The Occupancy Agreement may be terminated unilaterally by the City of Lyon in the following cases: (i) on public interest grounds (with three months notice); (ii) if SASP OL ceases its activity (no notice required); or (iii) if SASP OL fails to comply with its obligations under the Occupancy Agreement (three months after receiving notice to comply).

SASP OL waives all right of recourse against the City of Lyon in respect of (i) the consequences of riots, terrorist attacks, force majeure, acts of god, strikes and more generally any unforeseeable event, (ii) all damage suffered or caused by equipment and installations which fall under its responsibility or care or which it uses (particularly heating, water, gas and electricity installations including those installed by the City of Lyon) and (iii) fire. Furthermore, in the event of fire, no compensation will be payable for loss of enjoyment.

On 1 July 2004, the City of Lyon and SASP OL entered into a separate occupancy agreement for a term of ten years, covering the giant screens installed inside the Gerland stadium. In this respect, SASP OL pays an annual fee of €7,770.80.

The City of Lyon and SASP OL have also entered into an occupancy agreement for the 2006/2007 season covering the football pitches, with the ability for either party to terminate at any time. SASP OL pays the City of Lyon a fee of €43,430.

Sports marketing agreement with Sportfive

Like most French professional football clubs, the Group has outsourced its marketing rights (partnerships and advertising) to Sportfive, a sports marketing company.

Under an agreement dated 29 March 1997 amended by various supplemental agreements, SASP OL has granted Sportfive an exclusive licence to manage and market all advertising space, partnerships, public relations and certain media rights that may belong to SASP OL (except for rights sold on a centralised basis and rights sold by OL Images and OL TV). Sportfive also has an exclusive right to negotiate and enter into sportswear supply contracts.

In consideration for these services, Sportfive receives a variable commission depending on the type of rights sold based on a percentage of the revenue generated with a minimum annual commitment. The commission is based on all revenue generated by selling marketing rights, including any sold directly by the Group. All revenue generated by selling the Club's marketing rights licensed to Sportfive is payable directly to Sportfive by the partners.

This contract is valid until 30 June 2010.

Sports partnership agreement with Accor

On 21 April 2006, SASP OL and Accor entered into a sports partnership agreement making Accor a "Major Partner" to the Club and granting it an exclusive licence to use and exploit marketing rights (official names, Club brands, collective image rights). The exclusive licence is worldwide, without prejudice to the Group's catering activities, for all products and/or services sold or provided by Accor and other Accor group companies in the tourism, hotels, catering, personal services, local authority services and corporate services sectors, with the exception of the casino sector.

Under the contract, the Club undertakes to present the Accor group as a "major partner" on all its communications and promotional materials, and to display the Accor group's brands on the main body of its official display showing the names and/or logos of its commercial partners.

The contract also sets forth the rules governing the advertising of the Accor group's brands on the Club's advertising media. The Accor group's brands will therefore appear on the strip worn by the first team squad during all fixtures and on the various advertising boards around the pitches. They will also have a certain media exposure. The agreement also provides for various promotional activities involving Club players. SASP OL undertakes to purchase the Accor group's products and services on a preferential basis to meet all the needs of the Club and entities controlled by the Company.

In consideration for the rights granted and undertakings made, SASP OL will receive an annual fee of €8,000,000 for the 2006/2007 season and €9,000,000 for the two following seasons. The fee may be adjusted downwards depending on the first team's results. The agreement also provides for bonuses contingent on the Club's results, particularly if the team plays in the UEFA Champions League or wins the French league championship. The financial terms of the agreement may be renegotiated should the broadcast and exposure conditions or the championship format change.

The agreement is valid for an initial term of three seasons, i.e. until 30 June 2009. It may be extended for a further two seasons under certain circumstances.

Accor has the right to terminate the agreement under certain circumstances, and particularly (i) if the Club or a team member is involved in a doping incident, (ii) if certain events occur that might tarnish the Club's image or Accor's reputation, (iii) if the Club or a member of its teams is disciplined for breach of the football federation rules, (iv) if the Club is relegated, (v) if the Club decides to create a B team without legitimate grounds, (vi) if Jean-Michel Aulas ceases to be Chairman of the Club and/or Chairman of the Company and/or ceases to be the major shareholder, (vii) if there is a change in the major shareholders or (viii) if SASP OL fails to comply with the representations and warranties made in the agreement.

Either party may terminate the agreement prematurely should the Club produce poor sporting results for two seasons and more particularly if it fails to qualify for the UEFA Champions League for two consecutive seasons or finishes below tenth place in the French League 1 for at least two seasons. Either party may also terminate the agreement should the other party fail to comply with one or more of its contractual obligations.

Partnership agreement as official exclusive sportswear supplier

On 1 July 2004, SASP OL entered into an agreement with Sportfive and Noel Soccer, Umbro International's exclusive licensee in France.

Under the terms of the agreement, SASP OL grants Noel Soccer and the Umbro brand an exclusive right to use the title "exclusive official supplier of sportswear to *Olympique Lyonnais*" on its equipment and sportswear as well as the names, emblems, initials or symbols designating the Club or the team.

The Club also undertakes to make team players available for "Umbro" brand promotional activities. It is also required to make some of its facilities available to Noel Soccer, and particularly the pitch and changing rooms, for organising events such as an "Umbro" game. The Club also undertakes that its team and sports management staff will only use sportswear supplied by Noel Soccer in all activities involving the team (friendly or official fixtures, training, presentations, etc.) except for protocol events taking place outside the sports grounds. Under the agreement, Noel Soccer is given advertising exposure for the "Umbro" brand in the Gerland stadium and on the official display of the Club's main partners.

In exchange, Noel Soccer is required to design, manufacture and periodically renew the strip worn by the professional players and more general the team's sportswear, in association with the Club. Each season, Noel Soccer is also required to supply the Club with an amount of Umbro sportswear and pay Sportfive a fee that may be adjusted downwards depending on the Club's League 1 performance. Noel Soccer will pay the

Club performance bonuses, particularly if the Club wins the UEFA Champions League and/or League 1, and if they qualify for the UEFA Champions League or the UEFA Cup.

The agreement is valid until 30 June 2010 and may be terminated prematurely by Noel Soccer should the Club remain in League 2 for two consecutive seasons.

Partnership agreement with Renault Trucks

Under the terms of an agreement entered into by SASP OL, Sportfive and Renault Trucks, Renault Trucks has been granted marketing rights and benefits for certain first team fixtures. These rights and benefits are designed to promote Renault Trucks and members of its group as the Club's exclusive partner in the sector of design, manufacture, assembly, distribution, sale and repair of trucks, buses or other utility vehicles forming part of the AB Volvo group's business.

The main rights and benefits granted to Renault Trucks are: (i) use of the Club's distinctive signs and the words "Major Partner to *Olympique Lyonnais*" and "Official Sponsor of *Olympique Lyonnais*" on all internal and/or external communications materials; (ii) "Renault Trucks" logo to appear on all sportswear (particularly first team shirts for League 1 and friendly fixtures); (iii) exposure for the Renault Trucks brand in the stadium during certain fixtures; (iv) use of Renault Trucks vehicles; (v) organisation of events and public relations operations (provision of seats in the presidential lounge and VIP boxes); (vi) organisation of a tour; and (vii) the Renault Trucks logo to appear on the official display of the Club's major partners.

In exchange for these rights and benefits, Renault Trucks pays an annual fee that may be adjusted downwards the following season if the Club does not perform well, and particularly if it fails to qualify for a European Cup or is relegated to League 2. In addition, Renault Trucks pays a bonus if the Club wins the League 1 championship.

The agreement is valid for three consecutive seasons beginning on 1 July 2006 and ending on 30 June 2009, but Renault Trucks may terminate the agreement unilaterally by giving SASP OL notice no later than 31 March of the current season. It may also terminate the agreement if (i) several first team players are disciplined for using banned substances or proved to have taken part in activities punishable under criminal law that might tarnish the image of Renault Trucks, (ii) the Club is relegated to a lower division either because of its end-of-season ranking or on the decision of the supervisory bodies of the LFP or FFF.

Partnership agreement with ISS Services

ISS Services, Sportfive and SASP OL entered into an agreement on 1 June 2006 for a term of three seasons ending on 30 June 2009. The Club has granted ISS Services various rights and benefits, and more particularly (i) a licence to use certain distinctive signs such as the name, acronym and logos of the Club and the first team, and the words "Official Partner to *Olympique Lyonnais*", on all its internal and/or external communications materials; (ii) exposure of the ISS brand in the stadium and in mixed areas (iii) public relations operations and the provision of seats for certain fixtures, (iv) inclusion of the ISS logo on all communications materials.

These rights and benefits are granted to ISS Services exclusively for the "ISS" brands and the corporate and local authority services sector: cleaning, grounds maintenance, climate control systems, urban waste management and events security.

In exchange for these rights and benefits, ISS Services pays an fixed annual fee.

Partnership agreement with Apicil Prévoyance

SASP OL has a similar agreement with Apicil Prévoyance, entered into on 16 December 2005 for a term of three seasons ending on 30 June 2008.

The Club has granted rights and benefits to Apicil, including: (i) use of the Club name and acronym, the words "Official Partner to *Olympique Lyonnais*" or "Official Sponsor of *Olympique Lyonnais*"; (ii) the "Apicil" logo to appear on shirts for League 1 and friendly fixtures; (iii) exposure of the Apicil brand in the stadium and in mixed areas; (iv) public relations operations and provision of seats for home and away games; (v) use of the Club's database subject to data protection legislation; (vi) inclusion of the Apicil logo on all the Club's communications materials.

These rights and benefits are granted to Apicil exclusively for the "Apicil" brand and the healthcare, savings, protection and retirement insurance sector.

In exchange for these rights and benefits, Apicil pays an annual fixed fee.

Apicil may terminate the agreement at any time before 31 December 2006 for the 2007/2008 season subject to payment of compensation.

Contracts with Orange

SASP OL has entered into an in-principle "marketing" agreement with Orange France to promote its businesses in (i) telephony (fixed and mobile), (ii) Internet service provider, (iii) broadband TV and (iv) telephone directory services.

OL Images has entered into an in-principle "content" agreement with Orange France for mobile coverage of OL's UEFA Champions League and League 1 games on Orange.fr and Orange broadband TV.

These contracts are valid for the 2006/2007 and 2007/2008 seasons.

Merchandising agreement between Noel Soccer, OL Merchandising and SASP OL

SASP OL and OL Merchandising entered into an agreement with Noel Soccer on 1 July 2004 setting out the terms and conditions on which OL Merchandising grants Noel Soccer an exclusive licence to manufacture, commission the manufacture of, distribute and commission the distribution of the sportswear used by the Club's professional teams using the Club and Noel Soccer logos (the "OL replica products"). OL Merchandising undertakes to source its branded sportswear for sale in its shops and through its distribution network exclusively from Noel Soccer. Noel Soccer pays a fee based on the total revenue generated from sales of OL replica products.

The agreement is valid for six consecutive seasons ending on 30 June 2010. Noel Soccer may terminate the agreement should the Club spend two consecutive seasons in League 2.

Partnership agreement with LG Electronics

SASP OL entered into a partnership agreement on 19 July 2004 with LG Electronics (formerly Goldstar France) setting out the terms and conditions on which LG Electronics acts as co-sponsor of the *Olympique Lyonnais* professional football team to promote its LG brand during certain fixtures. The contract took effect on 1 July 2004 for the 2004/2005 season. It sets out the terms and conditions on which LG Electronics may use the Club's and the OL professional team's distinctive signs on all promotional and advertising materials and the terms and conditions on which OL (i) undertakes to put the LG logo on OL's strip (particularly shirts and outerwear); (ii) provides exposure for the LG brand at OL games; (iii) provides LG Electronics with seats and boxes for certain fixtures; and (iv) provides support for organising events. LG Electronics pays SASP OL a fixed, non-revisable fee of €2 million excluding taxes and technical expenses for each season. By amendment to the agreement, the parties granted LG Electronics an option to renew the partnership for two further seasons and, by agreement dated 8 May 2005, the partnership was renewed with effect from 1 July 2005 for the 2005/2006 season on the same financial terms. This partnership has not been renewed for the 2006/2007 season.

23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

None.

24. DOCUMENTS ON DISPLAY

The Articles of Association, minutes of shareholders' meetings and other company documents, historical financial information and all valuations or statements prepared by any expert at the Company's request that must be made available to the shareholders in accordance with the law, may be inspected at the Company's registered office.

25. INFORMATION ON HOLDINGS

As of the registration date of this prospectus, the Company did not own any holdings likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses other than as described in section 20 "Financial information on the assets and liabilities, financial position and profits and losses of the Group".

APPENDIX

INSTITUTIONAL AND REGULATORY ENVIRONMENT

The Group is acting in the professional football business which is a highly regulated field of activity and which regulatory framework has considerably changed over the past few years. Football is governed by both French regulations, principally set out in the French Sport Code (*Code du Sport*), and a series of European and international regulations. Like all sport disciplines, football is managed on a world level by an international governing body, the *Fédération Internationale de Football Association* (FIFA) and on a European level by the Union of European Football Associations (UEFA). Both FIFA and UEFA established disciplinary rules, codes of conduct and regulations for the sport competitions they organise, which must be adhered to by their national member football associations. However, French law makes no reference to international football associations that are governed by other legal systems (Swiss law for FIFA and UEFA) and their own statutes. Their rules and decisions therefore only apply to national sport associations if they comply with French legislation and have been endorsed by it. However, national associations are effectively forced to comply with international rules and regulations as otherwise their teams would not be able to take part in competitions organised by FIFA and UEFA.

1. International bodies

1.1 *Fédération Internationale de Football Association* (FIFA)

FIFA is football's world governing body. It was founded on 21 May 1907 and is a Swiss law association with its registered office in Zurich. It has 207 member national football associations. It sets out rules governing the sport (laws of the game, disciplinary rules, etc.) and ensures that they are respected. More generally, FIFA aims to continuously improve the game of football, impose controls through all necessary measures and promote the sport throughout the world. It has also drawn up a series of general regulations (e.g. regulations for the status and transfer of players and players agents regulations) and has powers to ensure that the national associations comply with them.

The main competition organised by FIFA is the four-yearly FIFA World Cup which is played by national teams. It does not organise any major competitions between football clubs.

1.2 Union of European Football Associations (UEFA)

UEFA, a Swiss law association founded on 15 June 1954, is the governing body for European football, under the aegis of FIFA. Its members are the national football associations in Europe. UEFA's core mission is to deal with all questions involving European football and to protect the collective interests of its members. Its main aims are to use UEFA’s revenues to support re-investment and re-distribution in the game, and to run an anti-doping programme aiming at preserving the ethics of sport, safeguarding the players’ health and ensuring equal chances for all competitors. It is also in charge of relations with the other continental football confederations and FIFA.

Each year, UEFA establishes rankings for the national associations and the various clubs. The rankings are based on the sports results of the clubs in each association over the past five years in the various UEFA competitions. The national association rankings define the number of clubs in each association that can qualify for the UEFA Champions League, the UEFA Cup and the Intertoto Cup. The club rankings are used as the basis for seeding teams in UEFA competitions.

1.3 G-14

G-14 is a European Economic Interest Group founded in September 2000. The organisation was originally founded by fourteen clubs that had all won a European cup and was later extended to other clubs on the basis of their quality of management, results and reputation. The current members are AC Milan, Ajax AFC, Borussia Dortmund, Barcelona FC, FC Bayern Munchen, FC Internazionale Milano, Porto FC, Juventus FC, Liverpool FC, Manchester United, Olympique de Marseille, Paris Saint-Germain, PSV Eindhoven, Real Madrid CF, Arsenal FC, Bayer 04 Leverkusen, *Olympique Lyonnais* and Valencia C.F..

G-14 represents its members with respect to the international and national football authorities and partners (FIFA, UEFA, European Union, broadcasters, etc.). It aims to make its members' voice heard, particularly in the following areas: (i) sport (calendars, regulations, competition formats), (ii) business (media and marketing rights, players' salaries) and (iii) legislation and regulations.

G-14 is currently chaired by David Dein (Vice Chairman of Arsenal FC). The Board of Directors includes Jean-Michel Aulas (*Olympique Lyonnais*), Jean-Claude Blanc (Juventus FC), Diego Brandão (FC Porto), Uli Hoeness (FC Bayern Munchen) and Ferran Soriano (Barcelona FC).

2. National bodies

The regulations of the French Football Federation (*Fédération Française de Football*) and the Professional Football League (*Ligue de Football Professionnel*) set out the rules applicable to national competitions. They basically apply the most of FIFA regulations on the national level.

French legislation permits the creation of professional leagues but sets out strict regulations governing the practice of professional sport, giving the French Football Federation (*Fédération Française de Football*) effective control over the Professional Football League (*Ligue de Football Professionnel*) and, therefore, the professional football clubs. It has also created an independent watchdog committee responsible for ensuring compliance with certain legal and financial criteria required to qualify for professional football competitions.

Under law no. 84-610 of 16 July 1984 as amended on the organisation and promotion of physical and sporting activities (the "**1984 Law**"), which is contained in the French Sports Code (*Code du Sport*), the French government directly confers a public service mission to the sports associations in their sports discipline. The French Ministry of Youth, Sports and Associations delegates powers necessary to organise and promote the practice of their sport to the national sports associations. It supports them through target agreements and by providing the services of technical management staff.

The national associations therefore have a monopoly over organising sports competitions under the terms of article L. 131-15 of the French Sports Code (*Code du Sport*). This includes organising sports competitions "*which lead to the award of international, national, regional or departmental titles.*"

2.1 *Fédération Française de Football* (FFF)

The French Football Federation (*Fédération Française de Football*), a French law association founded on 7 April 1919, is the French national football national association. Its mission is to organise, develop and control the teaching and practice of football in all forms by players of different statuses. The FFF has general authority to govern amateur football and control professional football. With the exception of disciplinary decisions, the FFF can examine and reverse all decisions taken by the Professional Football League (*Ligue de Football Professionnel*) which it deems contrary to the best interests of football or to the statutes and regulations.

It manages the national teams.

It also maintains relations with foreign associations affiliated to FIFA, the national sports bodies and the public authorities.

is the FFF is furthermore responsible for issuing the affiliation number to football clubs, sports licences and sports agents' licences, setting out and ensuring compliance with safety regulations, governing football rules and codes of conduct, organising medical supervision, approving sports equipment and exercising disciplinary power on appeal.

2.2 *Ligue de Football Professionnel* (LFP)

As regards professional sport, the national sports associations may sub-delegate their authority to a specialised body known by law as a "professional league". The FFF has accordingly sub-delegated its authority over French professional football to the LFP.

The LFP, a French law association declared on 23 October 1932, comprises all the representatives of sports groups playing in League 1 and League *2*. It is governed by a Board of Directors comprising 25 members, including eight managers of sports groups in League 1, three managers of sports groups in League 2, a representative of the FFF, two representatives of the players and two representatives of the coaches, the Chairman of the organisation which is the most representative of the sports groups that are members of the LFP, five independent members, a representative of the referees, a representative of the administrative staff and a representative of professional club doctors.

The LFP's mission is to organise and manage the various League 1 and League 2 competitions. It therefore establishes the regulations governing professional competitions (League 1, League 2 and the League Championship (*Coupe de la Ligue*)). It also establishes regulations governing player transfers.

The FFF and LFP have entered into an agreement setting out the terms of their relationship and the powers they exercise jointly, subject to those conferred exclusively on the FFF in respect of issuing sports licences and sports agents' licences. The agreement is valid for a term of five years with effect from 30 June 2002.

2.3 *Direction Nationale de Control de Gestion* (DNCG)

Under article L.132-2 of the French Sports Code (*Code du Sport*) and decree no. 2002-761 of 2 May 2002, any national association that creates a professional league must at the same time create a supervisory body in charge of legal and financial control over the sports clubs and for ensuring that they meet the conditions for qualifying in the competitions organised.

The FFF and LFP have therefore created the DNCG, an independent watchdog whose status results from the agreement between the FFF and LFP. It comprises a committee that controls professional championships, a committee that controls federal championships and an appeal committee.

2.4 *Union des Clubs Professionnels de Football* (UCPF)

The UCPF, a French law association founded on 28 February 1990, is the trade union for all professional French clubs. It is responsible for defending and promoting general and specific interests and is the main interface for employee representative organisations in the professional football sector.

2.5 *Union Nationale des Footballeurs Professionnels* (UNFP)

The UNFP, a French association founded on 16 November 1961, is the trade union for football players. It is the main interface for all football organisations concerning the status, particularly employment status, of professional players.

3. Regulations governing sports activities

In France, the organisation and promotion of physical and sports activities are governed by the French Sports Code (*Code du Sport*).

The legislative and regulatory framework has considerably changed over the past 20 years with the aim of gradually professionalising French football and disciplining clubs that do not respect the principles of fair play and healthy financial management. A first series of reforms authorised and then imposed the creation of professional sports clubs in the form of commercial sports companies. The status of commercial sports company has evolved gradually and is now similar to the general regime governing all commercial companies. However, given the specific nature of sport, the legislation attempts to maintain a strong relationship between the company and the association-type structure of the sports club. This legal framework has recently undergone a final major reform as part of this controlled professionalisation process, allowing sports companies to issue financial instruments to the public.

In parallel to the changes in the status of sports companies, sports associations were also authorised to sell their brands to the commercial sports company and most importantly the national associations were authorised to transfer media rights over professional competitions to the competing clubs.

To avoid the excesses seen in some other countries, a specific legislative and regulatory framework has also been developed to organise and control the transfer market.

In 2004, given the highly specific nature of professional sport, the law introduced a method of remunerating players for team image rights. This remuneration is exempt from social security charges with a view to helping French clubs attract the top international players and retain the best French players.

Lastly, there are specific regulations covering the prevention, control and punishment of doping, and sports ground safety and security.

3.1 The sports association and commercial sports company

Historically, sports clubs had the legal status of association. The 1984 Law, which became article L.122-1 of the French Sports Code (*Code du Sport*), required all sports associations meeting certain conditions (e.g. taking part in remunerated sports competitions generating annual revenue of more than €1.2 million) to create a commercial sports company such as the *société anonyme sportive professionnelle* (SASP).

However, the Law provides for coexistence of the sports association alongside the commercial company. It is the association that is affiliated to the FFF, a prerequisite for taking part in competitions. Decree no. 2004-550 of 14 June 2004 made some revisions to these arrangements. The SASP is now responsible for the professional teams' participation in federal competitions or competitions organised by the LFP through an agreement with the association.

This agreement governs relations between the association and the commercial company, and must be drawn up in accordance with the model set out in article 2 of decree no. 2001-150 of 16 February 2001. The key provisions contained in the agreement are (i) a description of the club's amateur and professional activities, which are the responsibility of the association and the SASP respectively; (ii) division of training activities between the association and the SASP; (iii) the way in which the SASP takes part in activities that are the association's responsibility; (iv) the terms and conditions on which the grounds, buildings and facilities will be used by each party and, where applicable, their relationship with the owner; (v) the terms governing renewal of the agreement, which may not include automatic renewal; (vi) the association may not be managed by the Chairman, Director, member of the Supervisory Board, member of the Executive Board or legal manager of the SASP; (vii) no manager of the association may receive remuneration of any kind from the SASP nor any executive officer of the SASP from the association. The term of the agreement may not exceed five years.

3.2 Authorisation to issue financial instruments to the public

Until very recently, football clubs were not allowed to make public share offerings to finance their activities. The legislation has since changed and flotation is now permitted under Law n° 2006-1770 of 30 December 2006 on the development of employee share ownership and various other economic and social provisions, which amends article L.122-8 of the French Sports Code (*Code du Sport*). A SASP may now make a public share offering provided the prospectus contains information about its sports development programme and plans to acquire assets designed to strengthen its stability and sustainability, such as the sports facilities used for events and competitions in which its teams play. The Company is respecting this new legislation by describing its new stadium project (see 6.5.3 "Main futures investments").

3.3 Regulations governing media and marketing rights

3.3.1 Media rights

The legislation and regulations governing media rights has been exclusively revised recently.

Media rights are the rights to broadcast games on all media including television, video on demand, Internet, mobile phones, etc. A significant proportion of media rights are sold directly by the competition organisers.

(a) Centralised sale by LFP of media rights to League 1 and the League Championship (*Coupe de la Ligue*)

Law no. 2003-708 of 1 August 2003 and its enforcement decrees amended certain sections of article L.333-1 of the French Sports Code (*Code du Sport*) by authorising clubs to own media rights over the national professional competition games in which they play.

In accordance with article L.333-1 of the French Sports Code (*Code du Sport*) and article 1 of decree no. 2004-699 of 15 July 2004, at its general meeting on 9 July 2004 the FFF decided to transfer all media rights over League 1, League 2, League Championship (*Coupe de la Ligue*) and the Championship Trophy (*Trophée des Champions*) games to the professional football clubs. Since the 2004/2005 season, therefore, the clubs have owned the rights to the national competition games in which they play.

In accordance with article 2 of Decree no. 2004-699 of 15 July 2004, live, near-live and magazine broadcasting rights are sold centrally by the LFP. In the media regulations adopted by the LFP, the clubs have also set out the means by which they will sell rights that are not managed centrally by the LFP, i.e. delayed broadcasting rights.

In accordance with article 105 of the LFP's administrative regulations, the rules for allocating media revenue are set by its Board of Directors, subject to article L.333-3 of the French Sports Code (*Code du Sport*) which provides that such allocation must be based *"notably on the solidarity existing between the companies* [and the clubs]*, and on their sporting performance and media profile"*.

In accordance with this principle of solidarity, part of the revenue generated by selling League 1 rights is redistributed to League 2 clubs on the following basis:

– Up to €450 million in revenue: 81% League 1 and 19% League 2;

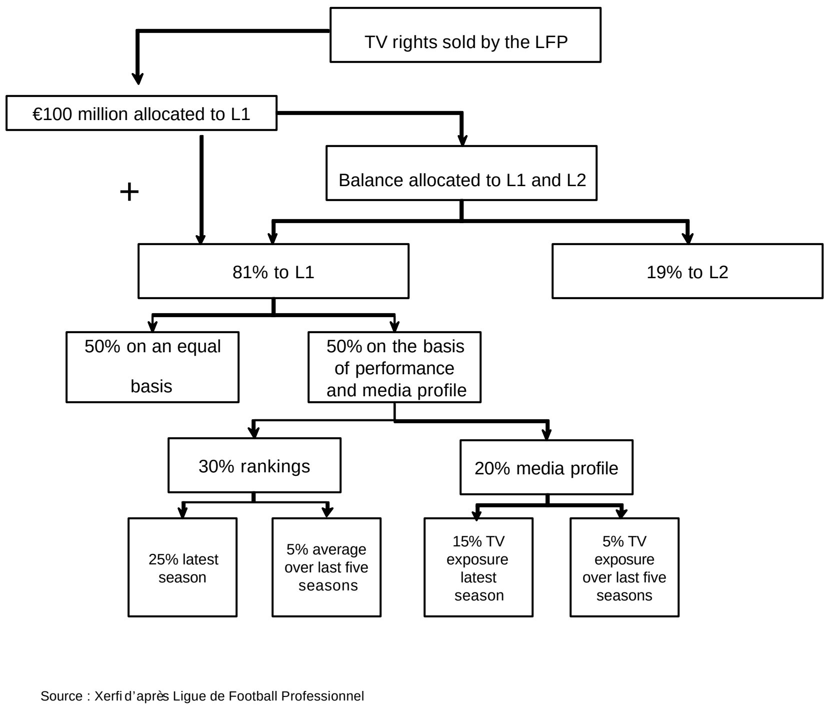
– From €450 to 550 million in revenue: 100% League 1;

– Above €550 million in revenue: 81% League 1 and 19% League 2.

Within League 1, 50% of the allocation is distributed equally to all clubs and the balance according to sporting results and television exposure during the season and the past five years.

Before the amendments of February 2005 pursuant to the decision of the LFP's Board of Directors on 31 January, the balance was distributed on the basis of 30% according to ranking and 20% according to a media profile index.

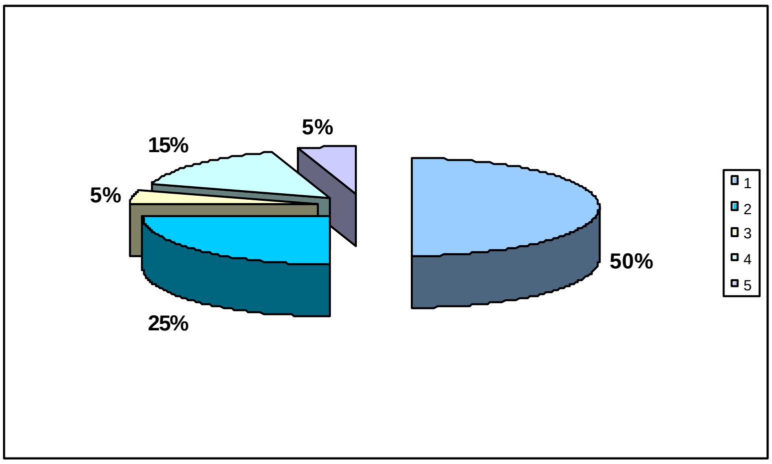
Distribution of TV rights: League 1



Source: Xerfi, from the *Ligue de Football Professionnel*

As of the 2005/2006 season and unless the LFP's Board of Directors subsequently changes its decision, the distribution of rights within League 1 focuses more on sporting success and media exposure of the major clubs like OL, on the following basis:

Allocation of TV rights within League 1



Source LFP

1. Fixed component
2. Ranking during the season
3. Ranking in the previous five seasons
4. TV exposure during the current season
5. TV exposure during the previous five seasons

This allocation was ratified by the clubs (through the UCPF) in the "2002 charter of professional French football clubs" adopted on 28 January 2002 and amended on 31 January 2005.

In addition, as of the 2006/2007 season, in order to strengthen the appeal of League 1, the LFP has decided to implement an attacking football challenge to reward teams for playing attacking football. A portion of the variable component of revenues from centralised media rights (€16.7 million, i.e. 3.5% of the total amount distributed to the clubs) will therefore be distributed on the basis of the following scale (defeat: 0 points; no-score draw: 1 point; win by one goal: 2 points; win by more than one goal: 3 points, with the remaining 46.5% being allocated on the same basis as for the 2005/2006 season). At the end of the season, the club that wins this challenge will receive the sum of approximately €2.4 million.

Distribution of sums for the attacking challenge rankings(in €)

1st	2,403,772	11th	555,872
2nd	2,073,253	12th	480,754
3rd	1,791,144	13th	415,652
4th	1,547,428	14th	358,896
5th	1,337,098	15th	308,818
6th	1,155,146	16th	267,086
7th	998,233	17th	230,361
8th	861,352	18th	200,314
9th	744,502	19th	171,936
10th	642,675	20th	148,566

Source: LFP

Lastly, the winner of the Championship League (*Coupe de la Ligue*) will receive €2 million for the 2006/2007 season. This sum also includes revenue from the centralised sale of marketing rights.

Overall allocation of revenue from the Championship League (*Coupe de la Ligue*) for the 2006/2007 season (in €)

1st round	100,000
2nd round	120,000
Last 32	200,000
Last 16	300,000
Quarter finals	450,000
Semi-finals	700,000
Losing finalist	1,300,000
Winner	2,000,000

Source: LFP

(b) Centralised sale of UEFA Champions League rights

Live, delayed and magazine broadcasting rights to UEFA Champions League games are sold centrally by UEFA in accordance with article 25.03 of the UEFA Champions League regulations.

The revenue generated is redistributed to the clubs according to sporting results and the amount of TV rights paid by their national media. The allocation comprises (i) a fixed component comprising a starting bonus (representing 14.5% of the total amount distributed to the 32 qualifying clubs), game and performance bonuses (21.3% of the total), bonuses based on progress in the competition (last sixteen, quarter finals, semi-finals, finals and winner, representing 14.2% of the total), and (ii) a variable component based on the country's market share of total European rights (the market pool representing 50% of the total). In France, half of the variable component is paid over to the qualifying French clubs according to their previous season's ranking in the national league championship (League 1) and the number of French clubs that took part. The other half is allocated pro rata to the number of games played by the French clubs during the competition.

During the 2005/2006 season, SASP OL received €25.9 million in media rights for taking part in the UEFA Champions League including 63.7% from the market pool, 15.4% in starting and first-round game bonuses, and 20.9% in performance bonuses. In its seven appearances in the UEFA Champions League, the Group has aggregated €123 million from the centralised sale of media rights. For the 2006/2007 season, UEFA will distribute €750 million to the 32 qualifying clubs compared with €600 million the previous season.

(c) Centralised sales of French Championship (*Coupe de France*) rights

Media rights for the French Championship (*Coupe de France*) are sold centrally by the FFF. The revenue generated is redistributed to the clubs according to results. The sum also includes revenue from the centralised sale of marketing rights (see section 3.3.2 of this appendix).

(d) Media rights sold directly by the clubs

The clubs may sell delayed broadcasting rights to their League 1 (and Championship League (*Coupe de la Ligue*)) games and UEFA Champions League games under the conditions set out respectively in the LFP's media regulations of 31 March 2006 and the UEFA Champions League regulations.

These two sets of regulations set out the formats permitted and the broadcasting windows per media type. The regulations are designed to encourage clubs to broadcast their games on their own media (club TV channel, TV programmes dedicated to club life and the club website). Clubs can broadcast League 1 and Championship League (*Coupe de la Ligue*) games on their own media from midnight on the evening of the game, subject to certain restrictions set out in the LFP's media regulations. Clubs can broadcast UEFA Champions League games on their own media 24 hours after the end of the competition day, i.e. from Thursday at midnight.

3.3.2 Marketing rights

Marketing rights (partnerships) comprise the sale of space on advertising hoardings in the stadium, shirt sponsorship, and contracts with sportswear and hospitality suppliers (selling boxes and corporate hospitality services). Most marketing rights are sold directly by the clubs.

(a) Marketing rights for national competitions

All marketing rights for League 1 games are sold directly by the clubs.

Marketing rights (advertising boards and shirts sponsorship only) for the Championship League (*Coupe de la Ligue*) and the French Championship (*Coupe de France*) are sold directly by the LFP and FFF respectively. The revenue generated is redistributed as part of the total allocation to the clubs according to their results in the competition concerned (see sections 3.3.1 (a) and 3.3.1 (b) of this appendix).

(b) Marketing rights for the UEFA Champions League

Advertising space inside the stadium during UEFA Champions League games is sold centrally by UEFA. The revenue generated is redistributed to the clubs as part of their total allocation depending on their sporting results (see section 3.3.1 (b) of this appendix).

3.3.3 Legislation and regulations governing players, player transfers, loans and release of players for national team duty

All national regulations (French Sports Code (*Code du Sport*), LFP regulations and professional football charter) and international regulations (FIFA regulations) governing football provide the general framework applicable to players, particularly with regard to their registration, transfer or loan between clubs and release for national team duty.

Professional players must have a written employment contract from the club.

(a) Registration of players

A professional player must have a contract with a minimum term of the period from its effective date to the end of the season and a maximum term of five years. Contracts with a different term are not allowed unless authorised by national law. A player who is not yet 18 may only sign a professional contract for a term of three years or less. Any clause exceeding this term is not recognised (article 18 of the FIFA regulations for the status and transfer of players and article 260 of the professional football charter – collective agreement for French professional football).

In principle, a contract may not be unilaterally terminated during the season or before expiry. It may be terminated by mutual agreement or pursuant to article 265.2 of the professional football charter (which states that a player is free from any further commitment if his salary has not been paid within 30 days of the date on which the player sends an official notice to pay).

In case of termination without just cause, the party in breach of the contract is required to pay compensation.

In addition, the FIFA regulations allow a professional player to terminate his contract prematurely without incurring sporting sanctions on the grounds of sporting just cause, if he has appeared in less than 10% of the official games played by his club during a season. This rule has not been transposed into the LFP's regulations.

For a player to compete in a professional competition, his employment contract must be registered by the LFP's legal committee under the terms of section 1 of the LFP's administrative regulations and article 254 of the professional football charter.

The contract must be drawn up in accordance with the models available through an information system called "isyFoot". These contracts contain all the requisite clauses with no restrictions or qualifications, the most important ones being whether or not the player has an agent, the term of the contract and the agreed remuneration. The various copies of a single contract must be identical. Any special clause agreed either upon signature or subsequently must be contained in a separate amendment setting out the exact terms agreed by the parties. Failure to do so will incur the sanctions set out in the professional football charter. To obtain registration, an application comprising the contract and the various documents required under the professional football charter, is sent to the LFP both by mail and via isyFoot.

For inward or outward transfers involving payment of a fee, the application must contain full information on the fee, including the amount, the terms of payment and the beneficiaries.

(b.) Professional players transfers, loans and release for national team duty

(i) Professional players transfers

The rules are different depending on whether the transfer is within the same national association or between two national associations in different countries.

For transfers within the same national association, FIFA regulations for the status and transfer of players state that "the transfer of players between clubs belonging to the same Association is governed by specific regulations issued by the Association concerned", that is the LFP regulations and the professional football charter in France. For transfers between clubs belonging to different national associations, the FIFA regulations apply. In addition, the provisions of the *Code du Sport*, which govern the profession of agent and transfers of minors, also apply.

In principle, an international transfer is only allowed if the player is at least 18 years old, save for special cases for players aged 16 to 18, and particularly if the transfer takes place within the European Union (EU) or the European Economic Area (EEA).

For international transfers, the old association must issue an international transfer certificate to the new association free of charge with no conditions or time limitation (article 9 of the FIFA regulations for the status and transfer of players).

The two periods during which transfers may be made are fixed by the LFP. The first period usually lasts about three and a half months. For the 2006/2007 season, the official transfer period began on Monday, 15 May 2006 and ended on 31 August 2006. The second period takes place in January each year and is generally limited to one month.

(ii) Loan of professional players

A professional player may only be loaned to another club on the basis of a written agreement between the player and the clubs concerned. A loan is subject to the same rules as a transfer.

The two periods during which players may be loaned are fixed by the LFP and are the same as the transfer periods. The minimum loan period is the time between two registration periods.

A club may only receive up to five players on loan at any one time. A club may only loan up to seven of its registered players to other clubs. A club may only loan up to two of its players to the same club.

A club that accepts a player on loan is not entitled to transfer that player to a third club without the written authorisation of the loaning club and the player concerned.

(iii) Release of players for national team duty

Clubs are obliged to release their registered players for their respective home country's national team, if called up by the national association concerned. Any other agreement between a player and a club is prohibited.

If a club refuses to release a player or does not respond to the call-up, FIFA has the power to impose sporting sanctions.

(c) Training and status of young players

Training of young footballers in France is governed by article L.211-4 of the French Sports Code (*Code du Sport*), which states that training academies must be "*approved by the administrative authority at the proposal of the competent federation and on the opinion of the National Committee for Top-Level Sport*" and, more specifically, through the professional football charter. This charter notably sets out the criteria (facilities, equipment, lodging, management, coaching and effectiveness) for classifying training academies into categories and the four types of training status: “apprentice”, “aspirant”, “trainee” and “young hope”. The number of young players a training academy may take on depends on its classification.

One of the key features of the legislation governing training in France is that at the end of the training period, the player is obliged to sign his first professional contract with the club he trained with. This provision applies at national level but is not binding on a foreign club.

(d) Player/club agents

An agent is an intermediary whose business is to put clubs and players into contact with a view to signing and/or renewing an employment contract or putting two clubs into contact for a transfer.

The profession of agent in France is strictly regulated. In accordance with article L.222-6 of the French Sports Code (*Code du Sport*) and with decree no. 2002-649 of 29 April 2002, the agent must have a three-year licence from the FFF, which has a special committee for controlling the profession of agent. A licence is only granted to persons of impeccable reputation who have passed a written professional examination. An agent based in another EU or EEA country may exercise the profession of agent in France provided he has a valid licence from his home country or can provide evidence that he has the requisite professional qualifications.

Article L.222-10 of the French Sports Code (*Code du Sport)* states that an agent's fee may not exceed 10% of the amount of the contract signed. In addition, an agent may not charge a fee for a contract involving a minor. Lastly, article L.222-7 of the French Sports Code (*Code du Sport*) states that an agent may not be a manager or coach of a sports group.

Failure to comply with the regulations governing the profession of agent is subject to disciplinary measures, civil sanctions (annulment of the agency contract) and criminal sanctions.

(e) Training compensation

Article 20 of FIFA's regulations for the status and transfer of players sets out the principles of the training compensation mechanism. However, this rule does not apply to transfers between French clubs. Article 2 (ii) of annex 4 of FIFA's regulations for the status and transfer of players only requires training compensation to be paid for transfers between clubs belonging to different national associations.

A player's training and education takes place between the ages of 12 and 23. Training compensation is payable, as a general rule, up to the age of 23 for training incurred up to the age of 21, unless it is obvious that the player terminated his training period before the age of 21. In this case, training compensation is payable until the end of the season in which the player reaches the age of 23, but the calculation of the amount payable is based on the years between 12 and the age when the player actually completed his training.

Training compensation is payable to the previous club or clubs when a player is registered for the first time as a professional, and when a professional is transferred before the end of the season of his 23rd birthday. The compensation is calculated on the basis of training and education costs.

(f) Solidarity mechanism

Article 21 of FIFA's regulations for the status and transfer of players sets out the principles of the solidarity mechanism.

If a professional is transferred before expiry of his contract, any club that has contributed to his education and training shall receive a proportion of the training compensation paid to his previous club (solidarity contribution. This mechanism reflects the number of years (on a pro rata basis if less than one) during which the player was registered in each club between the ages of 12 and 23.

3.3.4 Collective image rights

Collective image rights were recognised by Law no. 2004-1366 of 15 December 2004, which exempts professional clubs from paying social security contributions on a portion of the sums paid to players and forms part of article L.785-1 of the French Labour Code (*Code du Travail*). This provision was incorporated into the LFP's administrative regulations through the addition of article 750 bis and is applicable to French professional football as of February 2005. The amount of a player's remuneration corresponding to the club's sale of the team's collective image rights (i.e. including sponsorship, advertising and merchandising revenue, and revenue from selling media rights) has been set at 30% of total salary (including bonuses of all types), although total salary subject to social security contributions may not be less than four times the social security ceiling.

3.3.5 Doping

On a world level, the battle against doping is led by the World Anti-Doping Agency, which has drawn up a world anti-doping code and authorised various laboratories to carry out anti-doping tests.

In France, article L.232-9 of the French Sports Code (*Code du Sport*) states that no person may, before or during competitions and sporting events organised or authorised by sports federations: (i) use substances and procedures that might artificially modify their capabilities or mask the use of a substance or procedure which has that property or (ii) use substances or procedures subject to restrictive conditions when those conditions are not met. The list of prohibited substances is set out by decree drawn up jointly by the French Minister of Youth, Sport and Associations and the French Minister of Health and Solidarity.

Law no. 2006-405 of 5 April 2006 on anti-doping and health protection strengthens these arrangements for anti-doping prevention and control. The new law on doping has created the French Agency for the Fight Against Doping (*Agence Française de Lutte contre le Dopage* (AFLD)), an independent body responsible for carrying out anti-doping tests governed by articles L.232-5 to L.232-8 of the French Sports Code (*Code du Sport*).

Tests are carried out at its initiative by the head of the AFLD's control department or at the request of the national federation. The controls take place under the conditions set out in articles L.232-12 to L232-15 of the French Sports Code (*Code du Sport*).

The national federation is responsible for punishing proven doping cases. Its review must be independent and an appeal may be made against the initial ruling. Sanctions may range from suspension to a lifetime ban from competitions in case of repeated offences. The AFLD has authority to impose sanctions or take the place of the national federation if it fails to act or to change the federation's decision.

3.3.6 Safety and security

Stadium safety and security is governed by strict regulations and legislation. The regulations were tightened up by Law no. 2006-784 of 5 July 2006, which gives the French Minister of the Interior the ability to order the winding-up of supporter associations that have committed acts of violence or racial abuse, and also modifies the arrangements on stadium bans.

First, any sports ground must be approved by the State representative, after opinion from the competent safety and security committee (articles L.312-5 *et seq*. of the French Sports Code (*Code du Sport*)). This procedure, which is designed to guarantee spectator safety, verifies that all measures concerning the solidity of the buildings and facilities, personal safety and first aid provision have been duly and properly taken.

Articles L.332-3 to L.332-21 of the French Sports Code (*Code du Sport*) set out a list of prohibitions and sanctions concerning notably carrying dangerous projectiles, racial abuse, etc.

Any person legally banned from a stadium is now obliged to respond to a convocation from any public authority during a sport event (article L.332-11 of the French Sports Code (*Code du Sport*)).

In accordance with Law no. 95-73 of 21 January 1995 and its enforcement Decrees, clubs must ensure their own law and order and reimburse the government for additional expenses incurred in providing a police presence. To this end, the FFF, LFP and the government have entered into an agreement for the provision of law and order services.

There is also a legal obligation to install CCTV cameras (article 116 of the LFP's administrative regulations), and Law no. 2006-784 of 5 July 2006 now imposes an obligation to maintain these systems.

Football clubs are responsible for the behaviour of their spectators and are answerable to UEFA for order and safety during games.

3.4 Overview of regulations governing League 1

As referred to in sections 2.1 and 3.4 of this appendix, professional clubs must be affiliated to the FFF in order to compete in League 1.

A body of rules drawn up by the FFF and the LFP governs access to and holding of professional competitions organised by the LFP.

The general framework is set out in the LFP's administrative regulations which governs relations between the clubs and the LFP, the conditions for taking playing in competitions, terms and conditions of transfers and registration of players. Various internal LFP committees are responsible for controlling compliance with the rules. These arrangements are supplemented by charters designed to preserve the ethics of football (football ethics charter) and prevent racism (anti-racism charter). The LFP's administrative regulations and competition regulations also set out the rules for granting clubs professional status (granted by the LFP's Board of Directors based on objective factors such as the club's business, financial, legal and administrative position, management quality and respect for sporting ethics), for the Stadium Committee's approval of the stadium, for installing CCTV camera systems and for medical supervision of players.

The professional football charter is the national collective agreement for professional football. It is signed by the representative bodies of the football profession and notably the FFF, LFP, UNFP and UCPF. It includes the provisions governing training academies, the status of trainees and professional players.

These rules form part of the FFF's general and special regulations on the approval of sporting equipment for example and disciplinary regulations that contain scales of standard sanctions for anti-sporting behaviour, throwing harmless projectiles, use and possession of magic candles and pyrotechnics.

The LFP has various committees including the competitions organisation committee and the disciplinary committee. The competitions organisation committee is responsible for organising and approving games and may impose financial penalties if its rules are breached. The disciplinary committee is responsible for imposing disciplinary measures on players, coaches and managers, assessing the degree of responsibility for the clubs in any incident or breach of the rules reported by an official LFP steward in the stadium before, during and after games, imposing sanctions and ruling on any breach of the regulations governing competitions organised by the LFP.

An appeal against any decision made by the LFP's committees may be lodged with the FFF's appeal committee.

Lastly, before the beginning of each season, every professional football club is subject to control by the DNCG. The purpose is to ensure that the sports group meets the conditions set by the LFP as regards administration, organisation and its financial ability for eligibility to compete in national professional football competitions. After examination, the DNCG may impose five types of sanction: (i) banning the club from recruiting; (ii) restricting its recruitment to a forecast total payroll level; (iii) relegating the club; (iv) banning the club from the national federal championships; and (v) withdrawing its authorisation to use professional players.

3.5 UEFA Champions League

Participation in the UEFA Champions League is governed by the UEFA Champions League regulations. These regulations set out the rules governing the structure of the competition, the sports equipment that may be used, UEFA's and the clubs' organisation and responsibility, and disciplinary procedures.

3.6 Overview of potential changes in regulations governing professional football

3.6.1 At national level

Status of referees

New legislation on the status of referees is currently being debated by parliament. The law aims to create a real status for all referees and to recognise their public service mission in order to protect them effectively.

Entertainment tax

Today, clubs pay an indirect local tax (entertainment tax) based on the takings from sports and cultural events, the rate of which is fixed by the municipal council. The tax is included in the price of the tickets so clubs lose the benefit of ordinary corporate law, particularly with regard to recovering value added tax (VAT). Clubs want the tax to be abolished and replaced by VAT at the rate of 5.5%.

Compensation paid to clubs for releasing their players for national team duty

Today, French clubs receive no compensation from the FFF and bear the entire risk of injury to their players. However, the FFF and LFP are in discussions to introduce a mechanism whereby the FFF would compensate clubs that release their players for national team duty, as is the case in some other countries.

3.6.2 UEFA licence

As of the 2008/2009 season, UEFA has decided to introduce a licensing system for clubs playing in its competitions. The licence will be issued by each national association on the basis of a procedure and conditions set out in advance by UEFA in its 'UEFA Club Licensing System Manual – version 2.0 – 2005 edition 2005". Under this system, a club must, at least, (i) have a youth development programme; (ii) have a stadium at which UEFA interclub competitions can be played and training facilities available all year round; (iii) prepare annual financial statements audited by independent auditors showing that there are no payables overdue towards football clubs arising from transfer activities and no payables overdue towards employees and social/tax authorities; and (iv) submit future financial information including a budgeted income statement, budgeted cash flow, and explanatory notes including assumptions and risks and comparison of budget to actual figures.

The licensing system is similar to the control mechanism that already exists at national level with the DNCG (see sections 2.3 and 3.4 of this appendix). This reform would benefit French clubs, which are already subject to such controls, unlike Spanish and English clubs. Clubs competing in the UEFA Champions League will therefore all have to abide by the same financial rules, which should reduce the legal and financial disparities between European clubs.

4. Club competitions

At national level, there are three major competitions: League 1, the Championship League (*Coupe de la Ligue*) and the French Championship (*Coupe de France*).

At European level, there are two major competitions: UEFA Champions League and the UEFA Cup.

The table below describes the competitions in which French professional clubs may compete.

Competition	**Organiser**	**Level**
League 1	LFP	National
League 2	LFP	National
National	FFF	National
Championship League (*Coupe de la Ligue*)	LFP	National
French Championship (*Coupe de France*)	FFF	National
UEFA Champions League	UEFA	European
UEFA Cup	UEFA	European
Intertoto Cup	UEFA	European

The LFP organises three professional competitions: League 1, League 2 and the Championship League (*Coupe de la Ligue*). League 1 is the most important national competition in France and designates the French football champions each season. League 2 is the second division championship for professional clubs. The top three clubs are promoted to League 1 each season.

The Championship League (*Coupe de la Ligue*) is open to all professional football clubs. The winner automatically qualifies for the UEFA Cup. The LFP also organises the Championship Trophy (*Trophée des Champions*), which is a game between the French league champions and the winners of the French Championship (*Coupe de France*).

The FFF organises all non-professional or open competitions taking place in France, such as the *Coupe de France* (in which OL competes), the *Championnat "National"* (equivalent of the third division), the *Championnat de France Amateur* (in which OL's reserve team competes), and the *Championnat de France féminine* (in which OL's ladies' team competes). The *Coupe de France* is the main competition open to all French football clubs, whether amateur or professional.

The most important European competitions are organised by UEFA. They are, in order of importance, the UEFA Champions League, the UEFA Cup and the Intertoto Cup.