TF1 GROUP

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

The consolidated financial statements of the TF1 group for the year ended 31 December 2016 should be read in conjunction with the audited consolidated financial statements for the years ended 31 December 2015 and 31 December 2014, prepared in accordance with international financial reporting standards, as presented in the 2015 French-language *Document de Référence* filed with the *Autorité des Marchés Financiers* (AMF) on 9 March 2016 under reference number D.16-0124. An English-language version of the audited consolidated financial statements for the year ended 31 December 2015 is included in the TF1 2015 Registration Document, available on the TF1 corporate website at: http://www.groupe-tf1.fr/sites/default/files/pdf-financiers/tf1_2015_uk_v14-09-2016.pdf.

The financial statements have been audited, and an unqualified opinion has been issued by the auditors.

CONSOLIDATED INCOME STATEMENT

(€ million)	Note	2016	2015
Advertising revenue		1,530.1	1,554.2
Other revenue		532.6	450.1
Revenue	*4.3*	**2,062.7**	**2,004.3**
Other income from operations		14.1	-
Purchases consumed and changes in inventory	*4.4*	(923.2)	(1,017.6)
Staff costs	*5.1*	(403.9)	(327.4)
External expenses	*5.2*	(369.9)	(341.0)
Taxes other than income taxes	*5.3*	(127.2)	(124.0)
Depreciation and amortisation, net		(177.6)	(56.5)
Provisions and impairment, net		(80.6)	11.7
Other current operating income	*5.4*	242.6	106.3
Other current operating expenses	*5.4*	(107.6)	(97.8)
Current operating profit/(loss)		**129.4**	**158.0**
Non-current operating income		-	-
Non-current operating expenses	*5.5*	(83.7)	(16.8)
Operating profit/(loss)		**45.7**	**141.2**
Income associated with net debt		0.6	1.2
Expenses associated with net debt		(1.8)	(0.1)
Cost of net debt	*5.6*	**(1.2)**	**1.1**
Other financial income	*5.7*	4.3	0.8
Other financial expenses	*5.7*	(8.8)	(4.0)
Income tax expense	*5.9*	(5.9)	(42.3)
Share of profits/(losses) of joint ventures and associates		9.9	6.5
Net profit/(loss) from continuing operations		**44.0**	**103.3**
Net profit/(loss) from discontinued or held-for-sale operations		**-**	**-**
Net profit/(loss)		**44.0**	**103.3**
attributable to the Group:		***41.7***	***99.9***
Net profit/(loss) from continuing operations		*41.7*	*99.9*
attributable to non-controlling interests:		***2.3***	***3.4***
Net profit/(loss) from continuing operations		*2.3*	*3.4*
Weighted average number of shares outstanding (in ‘000)		209,444	210,786
Basic earnings per share from continuing operations (€)	*7.4.2*	0.20	0.47
Diluted earnings per share from continuing operations (€)	*7.4.2*	0.20	0.47

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€ million)	2016	2015
Consolidated net profit/(loss) for period	**44.0**	**103.3**
Items not reclassifiable to profit or loss		
Actuarial gains and losses on employee benefits	(3.7)	(3.5)
Net tax effect of equity items not reclassifiable to profit or loss	1.3	1.2
Share of non-reclassifiable income and expense of joint ventures and associates recognised in equity		-
Items reclassifiable to profit or loss		
Remeasurement of hedging instruments [1]	0.8	(2.2)
Remeasurement of available-for-sale financial assets		-
Change in cumulative translation adjustment of controlled entities		-
Net tax effect of equity items reclassifiable to profit or loss	(0.3)	0.8
Share of reclassifiable income and expense of joint ventures and associates recognised in equity		0.6
Income and expense recognised directly in equity	**(1.9)**	**(3.1)**
Total recognised income and expense	**42.1**	**100.2**
attributable to the Group	39.7	96.8
attributable to non-controlling interests	2.4	3.4

[1] *Includes amounts reclassified to profit or loss: -€2.9 million in 2016, -€6.5 million in 2015*

CONSOLIDATED CASH FLOW STATEMENT

(€ million)	Note	2016	2015
Net profit/(loss) from continuing operations (including non-controlling interests)		44.0	103.3
Depreciation, amortisation, provisions & impairment (excluding current assets)	*6.2.1*	242.9	54.1
Net (gain)/loss on asset disposals		0.5	(32.4)
Share of (profits)/losses and dividends of joint ventures and associates		(8.4)	7.9
Other non-cash income and expenses	*6.2.2*	(18.6)	(10.1)
Sub-total		**260.4**	**122.8**
Cost of net debt		1.2	(1.1)
Income tax expense (including deferred taxes)		5.9	42.3
Operating cash flow		**267.5**	**164.0**
Income taxes (paid)/reimbursed		(53.4)	(35.1)
Change in operating working capital needs		14.5	8.4
Net cash generated by/(used in) operating activities		**228.6**	**137.3**
Cash outflows on acquisitions of property, plant & equipment and intangible assets	*6.3.2*	(205.4)	(57.6)
Cash inflows from disposals of property, plant & equipment and intangible assets		0.3	0.2
Cash outflows on acquisitions of financial assets		(7.3)	(6.2)
Cash inflows from disposals of financial assets		2.5	-
Effect of changes in scope of consolidation	*6.3.1*	(104.9)	494.5
Purchase price of investments in consolidated activities		*(186.5)*	-
Proceeds from disposals of consolidated activities		*9.5*	*526.9*
Net liabilities related to consolidated activities		-	-
Other cash effects of changes in scope of consolidation		72.1	*(32.4)*
Dividends received		-	0.2
Other cash flows from investing activities		(0.8)	1.7
Net cash generated by/(used in) investing activities		**(315.6)**	**432.8**
Cash received on exercise of stock options	*7.4.6*	1.9	4.5
Purchases and sales of treasury shares	*6.4.1*	(21.4)	(40.0)
Other transactions between shareholders	*6.4.2*	(0.8)	(14.6)
Dividends paid during the period	*7.4.5*	(167.3)	(317.3)
Cash inflows from new debt contracted		85.7	0.1
Repayment of debt (including finance leases)		(91.4)	(1.3)
Net interest paid (including finance leases)		(1.2)	1.1
Net cash generated by/(used in) financing activities		**(194.5)**	**(367.5)**
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		**(281.5)**	**202.6**
Cash position at start of period – continuing operations		**700.8**	**498.2**
Change in cash position during the period – continuing operations		(281.5)	202.6
Cash position at end of period – continuing operations	*6.1*	**419.3**	**700.8**

CONSOLIDATED BALANCE SHEET

ASSETS (€m)	*Note*	**31/12/2016**	**31/12/2015**
Goodwill	*7.3.1*	**560.9**	**431.6**
Intangible assets		**237.2**	**125.2**
Audiovisual rights	*7.1.1*	174.4	65.0
Other intangible assets	*7.3.2*	62.8	60.2
Property, plant and equipment	*7.3.3*	**174.0**	**170.1**
Investments in joint ventures and associates	*7.3.4*	**89.3**	**84.8**
Non-current financial assets	*7.3.5*	**31.7**	**30.1**
Non-current tax assets		**-**	**-**
Total non-current assets		**1,093.1**	**841.8**
Inventories		**677.5**	**726.9**
Programmes and broadcasting rights	*7.1.2*	661.9	713.4
Other inventories		15.6	13.5
Trade and other debtors	*7.2.1*	**979.8**	**937.4**
Current tax assets		**40.2**	**-**
Other current financial assets		**4.9**	**4.5**
Cash and cash equivalents	*7.5.1*	**420.2**	**703.1**
Total current assets		**2,122.6**	**2,371.9**
Assets of held-for-sale operations		**-**	**-**
TOTAL ASSETS		**3,215.7**	**3,213.7**
Net surplus cash (+) / Net debt (-)	*7.5.1*	**186.7**	**700.8**

CONSOLIDATED BALANCE SHEET (continued)

SHAREHOLDERS' EQUITY AND LIABILITIES (€m)	*Note*	**31/12/2016**	**31/12/2015**
Share capital	*7.4.1*	41.9	42.1
Share premium and reserves		1,409.8	1,599.7
Net profit/(loss) for the period attributable to the Group		41.7	99.9
Shareholders' equity attributable to the Group		**1,493.4**	**1,741.7**
Non-controlling interests		(0.8)	20.1
Total shareholders' equity		**1,492.6**	**1,761.8**
Non-current debt	*7.5.1*	**224.9**	**-**
Non-current provisions	*7.3.6*	**54.2**	**51.3**
Non-current tax liabilities	*5.9.2*	**42.9**	**11.8**
Total non-current liabilities		**322.0**	**63.1**
Current debt	*7.5.1*	**8.6**	**2.3**
Trade and other creditors	*7.2.2*	**1,368.0**	**1,339.7**
Current provisions	*7.2.3*	**24.5**	**36.6**
Current tax liabilities		**-**	**10.2**
Other current financial liabilities		**-**	**-**
Total current liabilities		**1,401.1**	**1,388.8**
Liabilities of held-for-sale operations		**-**	**-**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**3,215.7**	**3,213.7**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€ million)	Share capital	Share premium	Treasury shares	Reserves	Income & expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Non-controlling interests	**Consolidated shareholders' equity**
BALANCE AT 31 DECEMBER 2014	**42.3**	**7.3**	**-**	**1,958.6**	**(4.8)**	**2,003.4**	**36.5**	**2,039.9**
Capital increase (stock options exercised)	0.1	4.4	-	-	-	**4.5**	-	**4.5**
Share-based payment	-	-	-	1.3	-	**1.3**	-	**1.3**
Purchase of treasury shares	-	-	(40.0)	-	-	**(40.0)**	-	**(40.0)**
Cancellation of treasury shares	(0.3)	-	20.0	(20.0)	-	**(0.3)**	-	**(0.3)**
Dividends paid	-	-	-	(317.3)	-	**(317.3)**	-	**(317.3)**
Other transactions with shareholders	-	-	-	(9.6)	-	**(9.6)**	(5.0)	**(14.6)**
Total transactions with shareholders	**(0.2)**	**4.4**	**(20.0)**	**(345.6)**	**-**	**(361.4)**	**(5.0)**	**(366.4)**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**99.9**	**-**	**99.9**	**3.4**	**103.3**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**(3.1)**	**(3.1)**	**-**	**(3.1)**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	**2.9**	-	**2.9**	**(14.8)**	**(11.9)**
BALANCE AT 31 DECEMBER 2015	**42.1**	**11.7**	**(20.0)**	**1,715.8**	**(7.9)**	**1,741.7**	**20.1**	**1,761.8**
Capital increase (stock options exercised)	0.1	1.8	-	-	-	**1.9**	-	**1.9**
Share-based payment	-	-	-	2.5	-	**2.5**	-	**2.5**
Purchase of treasury shares	-	-	(21.4)	-	-	**(21.4)**	-	**(21.4)**
Cancellation of treasury shares	(0.3)	-	13.2	(12.9)	-	**(0.0)**	-	**(0.0)**
Dividends paid	-	-	-	(167.2)	-	**(167.2)**	(0.1)	**(167.3)**
Other transactions with shareholders	-	-	28.2	(3.4)	-	**24.8**	(23.8)	**1.0**
Total transactions with shareholders	**(0.2)**	**1.8**	**20.0**	**(181.0)**	**-**	**(159.4)**	**(23.9)**	**(183.3)**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**41.7**	**-**	**41.7**	**2.3**	**44.0**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**(2.0)**	**(2.0)**	**0.1**	**(1.9)**
Other movements (changes in scope of consolidation, other items)	-	-	-	**(128.6)**	-	**(128.6)**	**0.6**	**(128.0)**
BALANCE AT 31 DECEMBER 2016	**41.9**	**13.5**	**-**	**1,447.9**	**(9.9)**	**1,493.4**	**(0.8)**	**1,492.6**

Refer to Note 7-4, "Consolidated shareholders' equity", for an analysis of these changes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Significant events of 2016

1-1. Acquisition of the Newen Studios group

On 26 January 2016, having obtained the necessary clearances from the regulatory authorities, TF1 completed the acquisition of a 70% equity interest in Newen Studios, the parent company of the Newen Studios group. The Newen Studios group is fully consolidated in the TF1 group consolidated financial statements with effect from 1 January 2016.

This acquisition had an impact of €293 million on the TF1 group's net debt, including (i) the acquisition cost of the 70% equity interest, (ii) the fair value of the commitment to buy out the 30% interest held by the minority shareholders, and (iii) 100% of the net debt carried by the Newen Studios group.

On 24 February 2016, the Newen Studios group acquired 100% of the equity capital of Rendez-Vous Production Séries. This subsidiary is also fully consolidated in the TF1 group consolidated financial statements with effect from 1 January 2016.

As a result of asset and liability valuations carried out as part of the purchase price allocation process, production and distribution rights have been remeasured at a gross fair value of €67.7 million. These rights are being amortised on a straight line basis from 1 January 2016 over an average period of three years (depending on the programme). The resulting expense is included in "Non-current operating expenses" in the consolidated income statement.

After taking account of all these factors and of the associated deferred tax effects, provisional partial goodwill of €110 million was recognised on these transactions as of 31 December 2016.

1-2. Buyout of the minority shareholding in TMC

On 9 June 2016, the TF1 group bought out the Principality of Monaco's 20% stake in TMC, raising the Group's stake in the channel to 100%. The transaction was carried out via a share exchange, enabling the Principality of Monaco – which became a shareholder of TF1, with a 1.1% stake – to retain an interest in the success of TMC and of the TF1 group. This change in ownership has no effect on the agreements between the Principality of Monaco and the TF1 group, or on the way the channel (whose head office and operations remain in Monaco) is currently run.

This transaction between shareholders is accounted for in accordance with the revised IFRS 3 (Business Combinations). It has no impact in the consolidated financial statements on either profit or loss for the period or the consolidation method used for TMC's operations (full consolidation); the net impact of €5 million is recognised in shareholders' equity attributable to the Group.

1-3. New segmental reporting structure

To reflect the new strategic orientation of the TF1 group, the group's activities are with effect from 1 January 2016 allocated to one of two operating segments:

- ✓ Broadcasting
- ✓ Studios & Entertainment

For definitions of those segments, see Note 4 ("Segment information"). Historical revenue and operating profit data are available on our corporate website via the link http://www.groupe-tf1.fr/en/investors/media-center. For details of how consolidated entities are allocated between the operating segments, refer to Note 9-5 ("List of companies included in the consolidation").

2 Accounting principles and policies

Accounting policies

Accounting policies are described in text boxes within the relevant notes to the financial statements.

2-1. Declaration of compliance and basis of preparation

The consolidated financial statements of the TF1 group for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, as required under EC Regulation 1606/2002 of 19 July 2002.
They include the financial statements of TF1 SA and its subsidiaries and joint ventures, and the TF1 group's interests in associated undertakings. They comply with recommendation no. 2009-R-03 on the presentation of financial statements, as issued by the CNC (the French national accounting standard-setter, now known as the ANC) on 2 July 2009.

The consolidated financial statements are presented in millions of euros.

They were closed off by the Board of Directors on 15 February 2017, and will be submitted for approval by the shareholders at the forthcoming Ordinary General Meeting to be held on 13 April 2017.

2-2. New and amended IFRS accounting standards and interpretations

2-2-1. New standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption in periods beginning on or after 1 January 2016

In preparing its consolidated financial statements for the year ended 31 December 2016, the TF1 group applied the same standards, interpretations and accounting policies as those used in the preparation of its consolidated financial statements for the year ended 31 December 2015, plus any new standards, amendments and interpretations applicable from 1 January 2016.

The principal new IFRS standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption with effect from 1 January 2016 are:

- ✓ **Amendments to IAS 7: Statement of Cash Flows**

  These amendments lay down the principle that an entity should provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.
  To meet this requirement, the TF1 group provides a reconciliation between the opening and closing financial positions as regards liabilities included in financing activities, in Note 7-5-1to the consolidated financial statements.
  These amendments are applicable to annual accounting periods beginning on or after 1 January 2017, and have been early adopted in the TF1 consolidated financial statements for the year ended 31 December 2016.

- ✓ **Amendment to IAS 16 and IAS 38 –** Clarification of Acceptable Methods of Depreciation and Amortisation:

This amendment, adopted by the European Union on 2 December 2015 and mandatorily applicable from 1 January 2016, has no material impact on the consolidated financial statements.

- ✓ **IFRS 9 - Financial Instruments**

On 24 July 2014, the IASB issued a new standard on financial instruments intended to replace most of the current pronouncements on this subject, especially IAS 39. The new standard was endorsed by the European Union on 22 November 2016 and is applicable from 1 January 2018. The TF1 group does not intend to early adopt IFRS 9. The impact of IFRS 9 is currently under review.

- ✓ **IFRS 15 - Revenue from Contracts with Customers**

On 28 May 2014, the IASB issued a new standard on revenue recognition intended to replace most of the current IAS 18 and IAS 11. The new standard, which was endorsed by the European Union on 29 October 2016, is applicable from 1 January 2018. The TF1 group does not intend to early adopt IFRS 15, the impact of which is currently under review.

2-2-2. New standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union

- ✓ **IFRS 16: Leases**

On 13 January 2016, the IASB issued IFRS 16, "Leases". IFRS 16 will replace IAS 17, along with the associated IFRIC and SIC interpretations, and for lessees will end the distinction currently made between operating leases and finance leases. Lessees will be required to account for all leases with a term of more than one year in a manner similar to that currently specified for finance leases under IAS 17, involving the recognition of an asset for the rights, and a liability for the obligations, arising under the lease. IFRS 16, which has not been endorsed by the European Union, is applicable from 1 January 2019.

2-3. Changes in accounting policy

The TF1 group did not make any changes in accounting policy during 2016.

2-4. Exercise of judgment and use of estimates

Preparation of the consolidated financial statements requires TF1 management to exercise judgement in the selection of accounting treatments. In addition, the Group uses estimates and assumptions, regarded as realistic and reasonable, for the remeasurement of assets, liabilities, income and expenses; those estimates and assumptions may have a material impact on the amounts reported in the financial statements. Subsequent events or circumstances may result in changes to these estimates or assumptions, which could affect the value of the Group's assets, liabilities, equity or net profit.

Accounting policies applied to balance sheet items that require the use of estimates are indicated in the relevant notes to the financial statements. Estimates are used in particular for goodwill, audiovisual and broadcasting rights, and revenue recognition.

3 Scope of consolidation: significant changes and held-for-sale operations

Accounting policy: business combinations, divestments and goodwill

Business combinations are accounted for using the acquisition method in accordance with IFRS 3. A revised version of IFRS 3 became effective on 1 January 2010 without retrospective effect. The main effects of the revision were a tightening of the "control" criterion in accounting for a business combination, and broader use of fair value accounting. The treatment applied by TF1 to business combinations with effect from 1 January 2010 is as follows:

The cost of a business combination is the fair value, at the date of exchange, of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued by the Group, in exchange for control over the acquiree.

The identifiable assets, liabilities and contingent liabilities of the acquiree that satisfy the IFRS recognition criteria are recognised at their fair value at the acquisition date, except for non-current assets held for sale which are recognised at fair value less costs to sell in accordance with IFRS 5.

Any excess of the cost of a business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date is recognised as goodwill. Non-controlling interests may also be measured at fair value (the "full goodwill" method), giving rise to additional goodwill; this option may be elected separately for each business combination.

Subsequent changes in percentage interest with no loss of control over the acquiree are accounted for as transactions between shareholders, with the difference between the purchase price (or sale price) and the carrying amount of the interest acquired (or sold) recognised in equity.

In the case of step acquisitions, equity interests held prior to acquisition of control are remeasured at fair value, with the effect of the remeasurement recognised in profit or loss. The same applies to equity interests retained after loss of control.

Costs directly incurred to effect a business combination are recognised in profit or loss.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the TF1 group recognises any adjustments to the provisional values within twelve months following the acquisition date. If the adjustment between provisional and final fair value accounting materially affects the presentation of the financial statements, the comparative information for the period preceding the final accounting for the combination is restated as though the final accounting had been completed at the acquisition date.

If the share of the fair value of the identifiable assets and liabilities acquired exceeds the cost of the combination, the excess is recognised immediately in the income statement as negative goodwill (i.e. gain from a bargain purchase).

Subsequent to initial recognition, goodwill is measured at cost less any impairment losses, determined using the method described in Note 7-3-1. Any impairment losses are charged as an operating item in the income statement, and may not be subsequently reversed.

In the event of a partial sale of the component operations, or if a CGU is split up, the TF1 group usually allocates the goodwill of the CGU in proportion to the relative values (as defined in the IFRS 7 hierarchy of valuation methods, see Note 7-3-5) of the divested, retained or split operations at the sale/split date, unless it can be demonstrated that another method better reflects the goodwill of the divested operation, in accordance with paragraph 86 of IAS 36.

The consolidated financial statements of the TF1 group for the year ended 31 December 2016 include the financial statements of the companies listed in Note 9-5.

3-1. Significant changes in scope of consolidation in 2016

✓ Acquisitions of Newen Studios and Rendez-Vous Production Séries

Following the acquisition of a 70% equity interest in Newen Studios that gave TF1 exclusive control over that company, Newen Studios and its subsidiaries are fully consolidated in the TF1 group consolidated financial statements with effect from 1 January 2016 (see Note 1, "Significant Events"). They are included in the Studios & Entertainment operating segment for financial reporting purposes.

The vendors and TF1 entered into a shareholder agreement which specifies the terms of exercise of the reciprocal undertakings whereby the vendors have an option to sell to TF1, and TF1 has an option to acquire, the residual 30% equity interest during a five-year period from 2018 to 2023 in accordance with the terms of each undertaking. In the consolidated financial statements for the year ended 31December 2016 the commitment entered into by TF1 to buy out the minority shareholders' 30% interest was measured at fair value on the basis of discounted cash flow projections. The resulting amount was recognised as a non-current financial liability in accordance with IAS 32, with the corresponding entry recorded as a deduction from consolidated shareholders' equity.

The commitment to buy out the minority shareholders has been accounted for as an advance purchase under the revised IFRS 3. This means that the TF1 group's percentage interest in the Newen Studios group has been increased to 100%, and that the entire net profit or loss of the Newen Studios group is treated as attributable to the shareholders of TF1 with no non-controlling interests recognised.

On 24 February 2016, the Newen Studios group acquired 100% of the equity capital of Rendez-Vous Production Séries. This subsidiary is also fully consolidated in the TF1 group consolidated financial statements with effect from 1 January 2016.

✓ Bonzai Digital

On 19 February 2016, e-TF1 acquired a 51% equity interest in Bonzai Digital, a company specialising primarily in targeted advertising solutions. Bonzai Digital is fully consolidated with effect from 1 January 2016. It is included in the Broadcasting operating segment for financial reporting purposes. The acquisition was accompanied by a shareholder agreement that includes a put option whereby the minority shareholders can sell their 49% interest to the TF1 group from 2017 onward. The fair value of the resulting commitment has been recognised as a financial liability, with the corresponding entry recorded as a deduction from consolidated shareholders' equity.

✓ Beauté Test

On 6 April 2016, the Newen Studios group acquired a 75% equity interest in Devtribu, the company behind Beauté-test.com, a cosmetics testing and comparison website. Devtribu is fully consolidated with effect from 1 April 2016 and is included in the Studios & Entertainment segment for financial reporting purposes. Goodwill of €6.3 million has been recognised provisionally pending completion of the purchase price allocation.

The acquisition was accompanied by a shareholder agreement that includes a put option whereby the minority shareholders can sell their 25% interest to the Newen Studios group between 2017 and 2019. The fair value of the resulting commitment, determined on the basis of the acquisition business plan, has been recognised as a financial liability, with the corresponding entry recorded as a deduction from consolidated shareholders' equity.

- ✓ **Blue Spirit**

On 30 September 2016, the Newen Studios group took control of the Blue Spirit group, which specialises in animation production, by raising its equity interest from 49.5% to 85%.

The Blue Spirit group entities, which were accounted for by the equity method up to and including 30 September 2016, are fully consolidated with effect from 1 October 2016. In accordance with IFRS 3 (Business Combinations), the previously-held equity interest has been remeasured at fair value based on the transaction price, with the resulting gain recognised in "Share of profits/losses of joint ventures and associates". Goodwill of €6.4 million has been recognised provisionally pending completion of the purchase price allocation.

The acquisition was accompanied by a shareholder agreement that includes a put option whereby the minority shareholders can sell their 15% interest to the Newen Studios group in 2021. The fair value of the resulting commitment, determined on the basis of the acquisition business plan, has been recognised as a financial liability, with the corresponding entry recorded as a deduction from consolidated shareholders' equity.

3-2. Significant changes in scope of consolidation in 2015

- ✓ Eurosport group:

Following the sale of the TF1 group's 49% equity interest in the Eurosport group on 1 October 2015, that interest (previously accounted for as an associate by the equity method) was deconsolidated as of that date.

- ✓ Eurosport France:

Following the sale of the TF1 group's entire 80% equity interest in Eurosport France, that entity was deconsolidated with effect from 31 March 2015.

- ✓ Prefas 18 and the TV Breizh, Histoire and Ushuaia TV pay-TV channels:

The TF1 group raised its equity interest in those entities to 100% following the buyout of the Discovery group's 20% interest on 1 October 2015. This transaction generated a net loss in 2015 of €9.3 million, which was recognised in shareholders' equity.

3-3. Held-for-sale operations

Accounting policy:

A non-current asset or a group of assets and liabilities is classified as "held-for-sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is highly probable.

If material, such assets and asset groups are reported separately from other assets or asset groups, and are measured at the lower of their carrying amount or fair value less costs to sell.

An operation is treated as discontinued or held-for-sale when it is a separate line of business that is material to the Group, and either (i) the criteria for classification as a held-for-sale asset are met or (ii) it has been sold by the TF1 group.

Discontinued or held-for-sale operations are reported on a single line in the income statement for all the periods presented, comprising:

- the net profit (or loss) after tax of discontinued or held-for-sale operations until the date of disposal;
- any impairment of net assets held for sale, based on their fair value less costs to sell, at the time of initial classification of those net assets as held-for-sale; and
- the net gain (or loss) after tax arising from the disposal.

If material, cash flows relating to discontinued and held-for-sale operations are shown separately from the consolidated cash flow statement for all the periods reported, with details provided in the notes to the financial statements.

There were no held-for-sale operations during the year ended 31 December 2016.

4 Segment information

In the first quarter of 2016, the TF1 group changed the presentation of the internal reports used to manage and monitor the performance of its operating activities. This change is intended to better reflect the new strategic orientation of the Group following recent transactions, in particular the divestment of the Eurosport group and the acquisition of the Newen Studios group, as well as the implementation of new organisational structures at executive management level and across the Group more generally.

The segment information presented below has been updated to take account of this change in the Group's internal performance measurement and management reporting structures. For details of how Group entities are allocated to these segments, refer to Note 9-5, "Detailed list of companies included in the consolidation".

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold. This segmentation serves as the basis for the presentation of internal management data, and is also used by the Group's operational decision-maker to monitor performance. The operating segments reported by the Group are those reviewed by the chief operational decision-maker.

Management assesses segmental performance on the basis of current operating profit. Segmental results, assets and liabilities include items directly or indirectly attributable to the relevant segment. Segmental capital expenditure represents total acquisitions of property, plant and equipment and intangible assets as recognised in the corresponding balance sheet line items. Inter-segment sales and transfers are conducted on an arm's length basis.

The TF1 group reports the following operating segments:

Broadcasting

The Broadcasting segment consists of all of the Group's TV channels and websites. Revenues from these activities are generated by selling advertising airtime and by fees collected from cable, satellite and ADSL operators.

This segment also includes activities that generate non-advertising revenue derived directly from programmes broadcast on the Group's platforms (such as interactivity between viewers and programmes), and subsidiaries involved in production and rights acquisition on behalf of the Group's TV channels (pursuant to regulations governing those channels) and websites.

Studios & Entertainment

This segment consists of two sub-segments:

- ✓ Content subsidiaries whose activities are primarily focused on producing, acquiring, developing and commercialising audiovisual or music rights, licences and brands for exploitation independently of the Group's broadcasting operations. Revenue is derived from fees for the sale of broadcasting rights and all other types of exploitation rights in France or internationally, and from physical and online video sales.

  Although these activities (carried on by TF1 Studios, Newen Studios and TF1 Entertainment) are situated at different points along the value chain, they share the same business models and operate in markets that are ever more closely integrated.

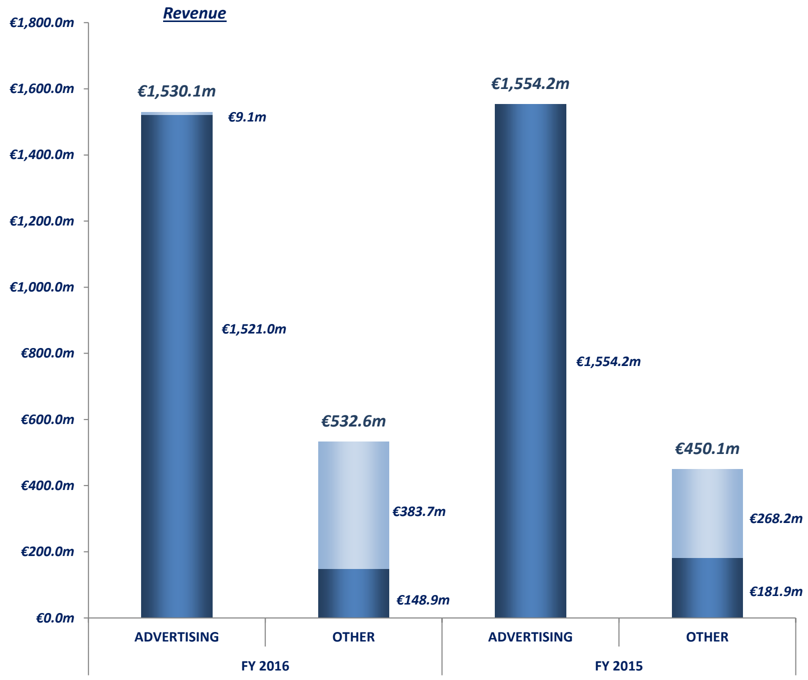
  More specifically, TF1 Studios and Newen Studios exploit complementary types of audiovisual rights which both entities sell into the market of French and European video rights distributors.
  Consequently, TF1 management considers it relevant to monitor the financial performance of these activities collectively.

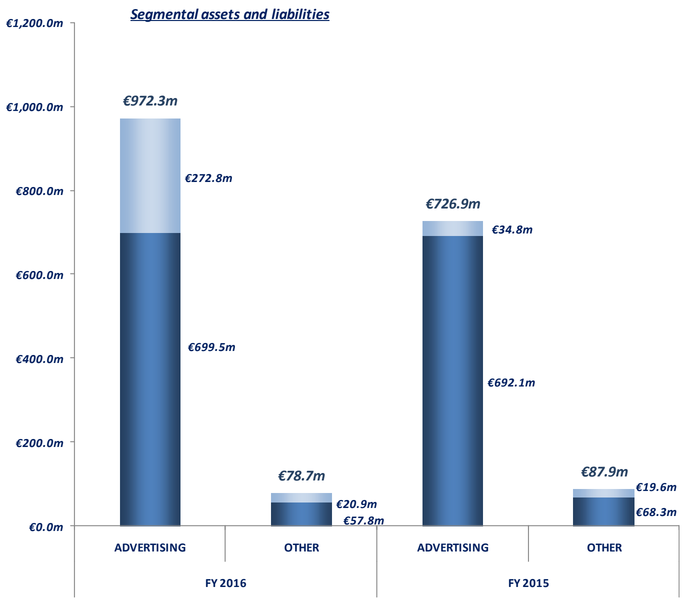
- ✓ The Home Shopping business, including online and in-store sales, are also included in this segment, given their contribution relative to the TF1 group as a whole..

4-1. Information by operating segment

(€m)	**BROADCASTING**		**STUDIOS & ENTERTAINMENT**		**TOTAL TF1 GROUP**	
SEGMENTAL INCOME STATEMENT	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Segment revenue	1,694.4	1,759.5	386.8	268.9	2,081.2	2,028.4
Elimination of inter-segment transactions	(24.5)	(23.4)	6.0	(0.7)	(18.5)	(24.1)
GROUP REVENUE CONTRIBUTION	**1,669.9**	**1,736.1**	**392.8**	**268.2**	**2,062.7**	**2,004.3**
of which Advertising revenue	*1,521.0*	*1,554.2*	*9.1*	*0.0*	*1,530.1*	*1,554.2*
of which Other revenue	*148.9*	*181.9*	*383.7*	*268.2*	*532.6*	*450.1*
CURRENT OPERATING PROFIT/(LOSS)	**87.5**	**134.6**	**41.9**	**23.4**	**129.4**	**158.0**
% operating margin on Group contribution	*5.2%*	*7.8%*	*10.7%*	*8.7%*	*6.3%*	*7.9%*
Share of profits/(losses) of joint ventures and associates	5.9	6.7	4.0	(0.2)	9.9	6.5

BROADCASTING *STUDIOS & ENTERTAINMENT*



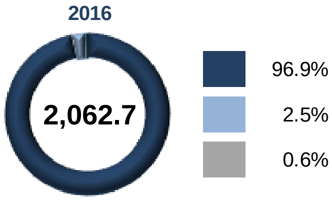


Segmental assets include audiovisual rights, other intangible assets, goodwill, and property, plant and equipment.

Segmental liabilities include current and non-current provisions.

4-2. Information by geographical segment

Revenue is generated mainly in France (see chart below), and there was no significant year-on-year change in the geographical split of sales.



	Revenue	
(€m)	**2016**	**2015**
France (excluding non-European territories)	1,999.3	1,944.3
Continental Europe	51.1	53.1
Other countries	12.3	6.9
TOTAL	**2,062.7**	**2,004.3**

France accounts for the vast majority of the Group's assets and capital expenditure. Amounts for other geographical segments are immaterial.

4-3. Operating revenues

Accounting policy:

The TF1 group recognises revenue when:

- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the amount of revenue can be measured reliably;
- at the transaction date, it is probable that the amount of the sale will be recovered.

The specific revenue recognition policies applied to each business line are as follows:

- Sales of advertising airtime are recognised on transmission of the advertisement or commercial.

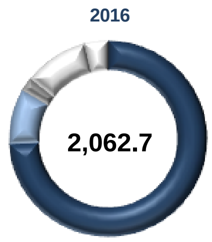
- For sales of advertising airtime on media not owned by the Group, TF1 recognises the agency commission as revenue unless it has offered the media owner a recovery guarantee for selling the airtime, in which case TF1 recognises as revenue the gross amount of airtime sales invoiced to the advertisers.
- The TF1 group makes marginal use of barter transactions involving advertising with media other than television, such as radio or print media. Such transactions, which are exchanges of dissimilar services within the meaning of SIC 31, are reported on a non-netted basis, with matching amounts recognised as income in “Revenue” and as expenses in “External expenses”.

- Fees charged by theme channels to cable and satellite operators that broadcast them are calculated on a per subscriber basis or as a fixed annual fee invoiced to the operator. Subscriber-based fees are recognised monthly on the basis of statements received from the operator. Fixed annual fees are recognised as revenue on a straight-line basis over the course of the year.
- Sales of audiovisual rights are recognised (depending on the nature of the rights) either when the rights are opened or when the licensee has acknowledged that the programme conforms with the terms of the contract (technical acceptance).
- Revenue from sales of merchandise and products by the Group’s publishing and distribution activities is reported net of (i) provisions for expected goods returns and (ii) paybacks made in connection with some distribution contracts.
- in the case of services that require recourse to technical service-providers, the Group recognises as revenue the cost of the service borne by the end user if the Group bears the financial, after-sales and legal risks associated with the service. In other cases, where the Group regards itself as acting purely as agent, only the net fee collected is recognised as revenue.

Other operating revenues mainly comprise sales-based royalties invoiced under licence agreements.

The activities carried on by the TF1 group do not to any material extent include sales comprising separately identifiable components within the meaning of IAS 18.

Operating revenues comprise:



% (2016)	*(€m)*	2016	2015
74.2%	Advertising revenue	1,530.1	1,554.2
9.1%	Distribution of consumer products	187.9	213.2
2.3%	Cable and satellite revenue	47.3	80.6
10.5%	Production/distribution of audiovisual rights [1]	217.4	79.7
3.9%	Revenue from other activities	80.0	76.6
	Revenue	**2,062.7**	**2,004.3**
	Disposals of coproduction shares	14.1	-
	Operating revenues	**2,076.8**	**2,004.3**

[1] The increase in this item during 2016 is due to the first-time consolidation of the Newen Studios group from 1 January 2016.

4-4. Purchases consumed and changes in inventory

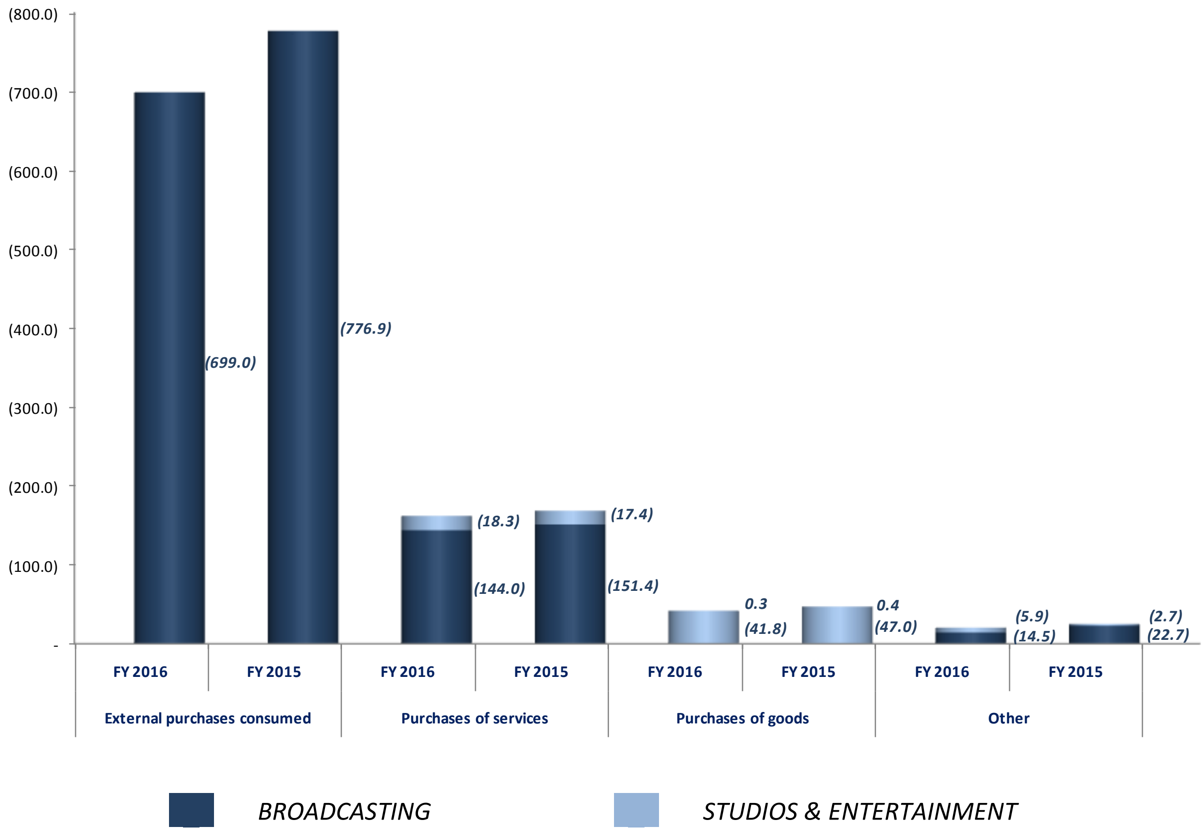
This item breaks down as follows:

(€m)	2016	2015
External production consumed [1]	(699.0)	(776.9)
Purchases of services [2]	(162.3)	(168.7)
Purchases of goods	(41.5)	(46.6)
Other purchases	(20.4)	(25.4)
Purchases consumed and changes in inventory	**(923.2)**	**(1,017.6)**

[1] “External production consumed” relates to programmes acquired from third parties and broadcast by TF1, TMC, NT1 and HD1, and by the theme channels TV Breizh, Histoire and Ushuaïa TV.

[2] The “Purchases of services” line includes the cost of broadcasting rights for the Euro 2016 football tournament (2016) and the Rugby World Cup (2015).

Purchases consumed and changes in inventory by operating segment

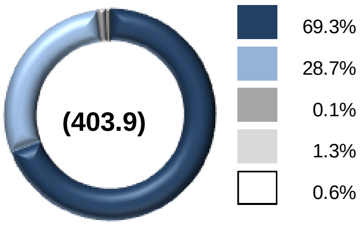


5 Notes to the income statement

5-1. Staff costs

Staff costs break down as follows:

2016



(€m)	2016	2015
Staff remuneration	(279.8)	(220.7)
Social security charges	(116.0)	(93.3)
Other staff costs	(0.4)	(1.0)
Statutory employee profit-sharing	(5.2)	(11.1)
Share-based payment expense	(2.5)	(1.3)
Staff costs	**(403.9)**	**(327.4)**

Defined-contribution plan expenses are included in “Social security charges”, and totalled €28 million in 2016 (2015: €28 million).

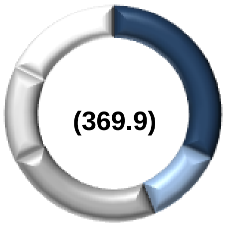
Expenses relating to retirement benefits under the collective agreements applicable to TF1 group companies are recognised as part of the net change in non-current provisions (see Note 7-3-6). Retirement benefits paid during the period are recorded in “Staff remuneration”.

Share-based payment expense includes the cost of stock option plans and performance share plans, calculated in accordance with IFRS 2 (see Note 7-4-6).

5-2. External expenses

External expenses break down as follows:

2016

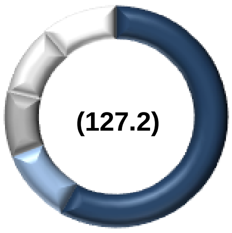


2016	(€m)	2016	2015
32.0%	Subcontracting	(118.3)	(116.0)
11.7%	Rent and associated charges	(43.3)	(29.4)
24.1%	Agents' fees and professional fees	(89.3)	(82.3)
14.3%	Advertising, promotion and public relations	(52.9)	(58.0)
17.9%	Other external expenses	(66.1)	(55.3)
	External expenses	**(369.9)**	**(341.0)**

5-3. Taxes other than income taxes

Taxes other than income taxes break down as follows:

2016



2016	(€m)	2016	2015
	Audiovisual taxes	**(87.9)**	**(89.5)**
58.3%	*- National Centre for Cinematography (CNC) taxes*	*(74.1)*	*(73.9)*
10.8%	*- Other audiovisual taxes*	*(13.8)*	*(15.6)*
	Other taxes	**(39.3)**	**(34.5)**
9.6%	*- Local business taxes*	*(12.2)*	*(10.1)*
10.4%	*- Payroll-based taxes*	*(13.2)*	*(11.4)*
10.9%	*- Miscellaneous taxes*	*(13.9)*	*(13.0)*
	Taxes other than income taxes	**(127.2)**	**(124.0)**

5-4. Other current operating income and expenses

Other current operating income and expenses consist of the following items:

(€m)	2016	2015
In-house production capitalised, and cost transfers(1)	148.1	19.9
Reversals of unused provisions	24.3	8.2
Operating grants(1)	7.2	0.8
Investment grants(1)	20.3	10.5
Foreign exchange gains	17.1	28.4
Other income *(including proceeds from divestments of consolidated entities and Audiovisual Tax Credit)*	25.6	38.5
Other current operating income	**242.6**	**106.3**
Royalties and paybacks to rights-holders	(82.8)	(71.0)
Bad debts written off	(3.5)	(5.8)
Foreign exchange losses	(15.2)	(14.6)
Other expenses *(including carrying amount of divested consolidated entities)*	(6.1)	(6.4)
Other current operating expenses	**(107.6)**	**(97.8)**

(1) The increase in these items during 2016 is due to the first-time consolidation of the Newen Studios group from 1 January 2016.

5-5. Non-current operating income and expenses

Accounting policy: These line items contain a limited number of income and expense items, which are unusual but are material to the consolidated financial statements. TF1 reports these items separately in its income statement in order to give users of the financial statements a better understanding of the Group's ongoing operational performance.

The non-current operating expenses of €83.7 million reported in the income statement for 2016 represent (i) costs incurred on the reorganisation of the Group (€25.3 million) and on the freeview switchover of the LCI channel (€8.2 million), and (ii) amortisation of €24.8 million charged against rights remeasured at fair value as part of the Newen Studios purchase price allocation (see Note 1, "Significant events").

They also include the impact of changes in regulations relating to production of French drama programmes: with effect from the decree of 27 April 2015, the Group is entitled to co-production shares in respect of its investments in French drama productions. Consequently, as indicated in the description of the Group's accounting policies, some of the acquisition costs for these rights are capitalised as intangible assets and are subject to amortisation and impairment charges on the basis of expected future receipts, while the remainder continues (as was previously the case for all such investments) to be recognised in inventory and charged to profit or loss as and when the programme is broadcast.

Because impairment is charged against the capitalised component earlier than the date on which the inventory is consumed, the fact that the workdown of existing contracts is being taken into account simultaneously with the recognition of the new contracts generated an additional expense of €25.4 million during the period, reported in "Non-current operating expenses". Amortisation and impairment charged against capitalised co-production are included in the cost of programmes (see Note 9.11.2 to the 2015 consolidated financial statements as included in the 2015 Registration Document).

The non-current operating expenses of €16.8 million for 2015 represent restructuring costs relating to the Group's news operations. Most of this related to the discontinuation of the print edition activities of Metro France Publications.

5-6. Cost of net debt

Accounting policy:

"Cost of net debt" represents "Expenses associated with net debt", net of "Income associated with net debt".

"Expenses associated with net debt" comprise:

- interest expense on current and non-current debt;
- amortisation of financial assets and liabilities measured at amortised cost;
- expenses arising from interest rate hedges;
- expenses arising from the use of fair value accounting for financial assets and financial liabilities, such as changes in the fair value of interest rate derivatives, cash equivalents and financial assets used for treasury management purposes;
- expenses arising on the disposal of assets used for treasury management purposes.

Interest expense is recognised in the income statement in the period in which it is incurred.

"Income associated with net debt" comprises:

- interest income associated with cash and cash equivalents and with financial assets used for treasury management purposes;
- income arising from interest rate hedges;
- other revenues generated by cash equivalents and financial assets used for treasury management purposes;
- income arising from the use of fair value accounting for financial assets and financial liabilities, such as changes in the fair value of interest rate derivatives, cash equivalents and financial assets used for treasury management purposes;
- income generated by the disposal of assets used for treasury management purposes.

Cost of net debt breaks down as follows:

(€m)	2016	2015
Interest income	0.6	1.2
Income and revenues from financial assets	-	-
Income associated with net debt	**0.6**	**1.2**
Interest expense on debt	(1.8)	(0.1)
Expenses associated with net debt	**(1.8)**	**(0.1)**
Cost of net debt	**(1.2)**	**1.1**

5-7. Other financial income and expenses

Other financial income and expenses break down as follows:

(€m)	2016	2015
Dividend income	0.1	0.2
Gains on financial assets	3.8	0.1
Gains arising from changes in value of forward currency purchase/sale contracts	-	-
Gains arising from the effect of discounting assets and liabilities	0.4	0.4
Other income	-	0.1
Other financial income	**4.3**	**0.8**
Losses on financial assets	(7.4)	(2.9)
Losses arising from changes in value of forward currency purchase/sale contracts	-	(0.2)
Losses arising from the effect of discounting assets and liabilities	(0.5)	(0.7)
Other expenses	(0.9)	(0.2)
Other financial expenses	**(8.8)**	**(4.0)**

5-8. Net income and expense on financial assets and financial liabilities

The table below shows income, expenses, gains and losses arising on financial assets and liabilities by category, split between items affecting financial income/expense and items affecting operating profit:

(€m)	Financial 2016	Financial 2015	Operating 2016	Operating 2015
Net income/(expense) on loans and receivables at amortised cost	0.6	1.3	(6.9)	15.7
Net income/(expense) on financial assets at fair value	0.1	-	-	-
financial assets designated at fair value through profit or loss	-	-	-	-
financial assets held for trading	*0.1*	-	-	-
Net income/(expense) on available-for-sale financial assets	(3.6)	(2.7)	0.5	(1.9)
Net income/(expense) on financial liabilities at amortised cost	(2.0)	(0.5)	-	-
Net income/(expense) on derivatives	(0.8)	(0.2)	0.4	(0.4)
Net income and expense on financial assets and financial liabilities	**(5.7)**	**(2.1)**	**(6.0)**	**13.4**

5-9. Income taxes

Accounting policy:

Deferred taxation is recognised using the liability method on all temporary differences existing at the end of the reporting period between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base, except in the specific cases mentioned in IAS 12 (primarily goodwill).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets arising on deductible temporary differences and on the carry-forward of unused tax losses are recognised only to the extent that it is probable that they can be offset against future taxable profits.

Taxes on items recognised directly in equity are taken to consolidated reserves.

Deferred taxes are presented in the balance sheet in non-current assets or liabilities, after offset of assets and liabilities in each tax jurisdiction.

5-9-1. Current and deferred taxes

5-9-1-1. Income statement

(€m)	2016	2015
Current taxes	(11.6)	(60.2)
Deferred taxes	5.7	17.9
Income tax expense	**(5.9)**	**(42.3)**

In the year ended 31 December 2016, the temporary differences of French entities due to reverse before 31 December 2019 have been recognised using a rate of 34.43%; those due to reverse after that date have been recognised at a rate of 28.92%, which is the 2020 tax rate approved by the French National Assembly.

5-9-1-2. Tax proof

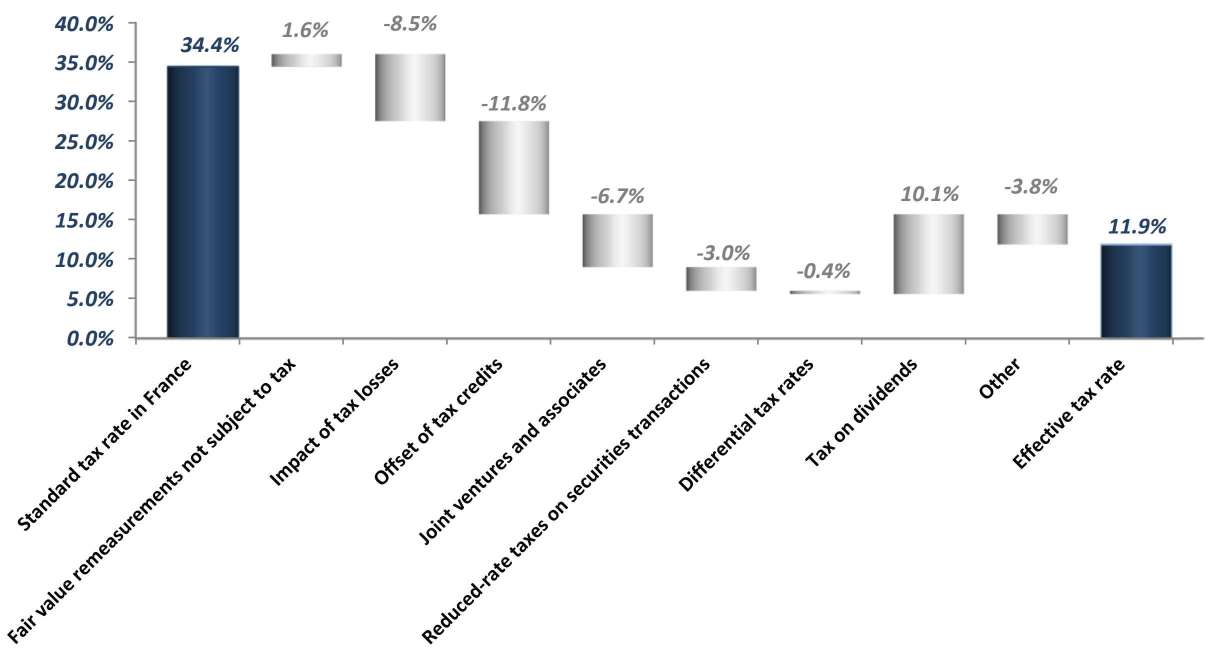
(€m)	2016	2015
Net profit attributable to the Group	**41.7**	**99.9**
Income tax expense	5.9	42.3
Net profit from discontinued operations	-	-
Non-controlling interests	2.3	3.4
Net profit from continuing operations before tax and non-controlling interests	**49.9**	**145.6**
Standard tax rate in France	**34.4%**	**38.0%**
Impact of fair value adjustments not recognised for tax purposes	1.6%	0.4%
Impairment of goodwill	0.0%	0.0%
Impact of tax losses	(8.5%)	(1.5%)
Offset of tax credits[2]	(11.8%)	(2.1%)
Share of profits and losses of joint ventures and associates	(6.7%)	(1.7%)
Reduced-rate taxes on securities transactions [1]	(3.0%)	(7.7%)
Tax rate differential (change in tax rate, and rates applicable to foreign subsidiaries)	(0.4%)	(0.5%)
Tax on dividends	10.1%	6.5%
Other differences, net	(3.8%)	(2.5%)
Effective tax rate	**11.9%**	**28.9%**

(1) *Includes the effects of the sale of Eurosport France in 2015.*

(2) *Mainly the "CICE" (Employment and Competitiveness Tax Credit) and Audiovisual Tax Credit*

TF1 made a group tax election on 1 January 1989, and has renewed this election regularly since that date.

Tax proof



5-9-2. Deferred tax assets and liabilities

5-9-2-1. Change in net deferred tax position

(€m)	2016	2015
Net deferred tax asset/(liability) at 1 January	**(11.8)**	**(31.5)**
Recognised in equity	1.0	2.0
Recognised in profit or loss	5.7	17.9
Held-for-sale operations	-	-
Changes in scope of consolidation and other items(1)	(37.8)	(0.2)
Net deferred tax asset/(liability) at 31 December	**(42.9)**	**(11.8)**

(1) *The increase in this item during 2016 is due to the first-time consolidation of the Newen Studios group, and includes deferred taxes arising on the remeasurement of acquired rights as part of the purchase price allocation.*

5-9-2-2. Principal sources of deferred taxation

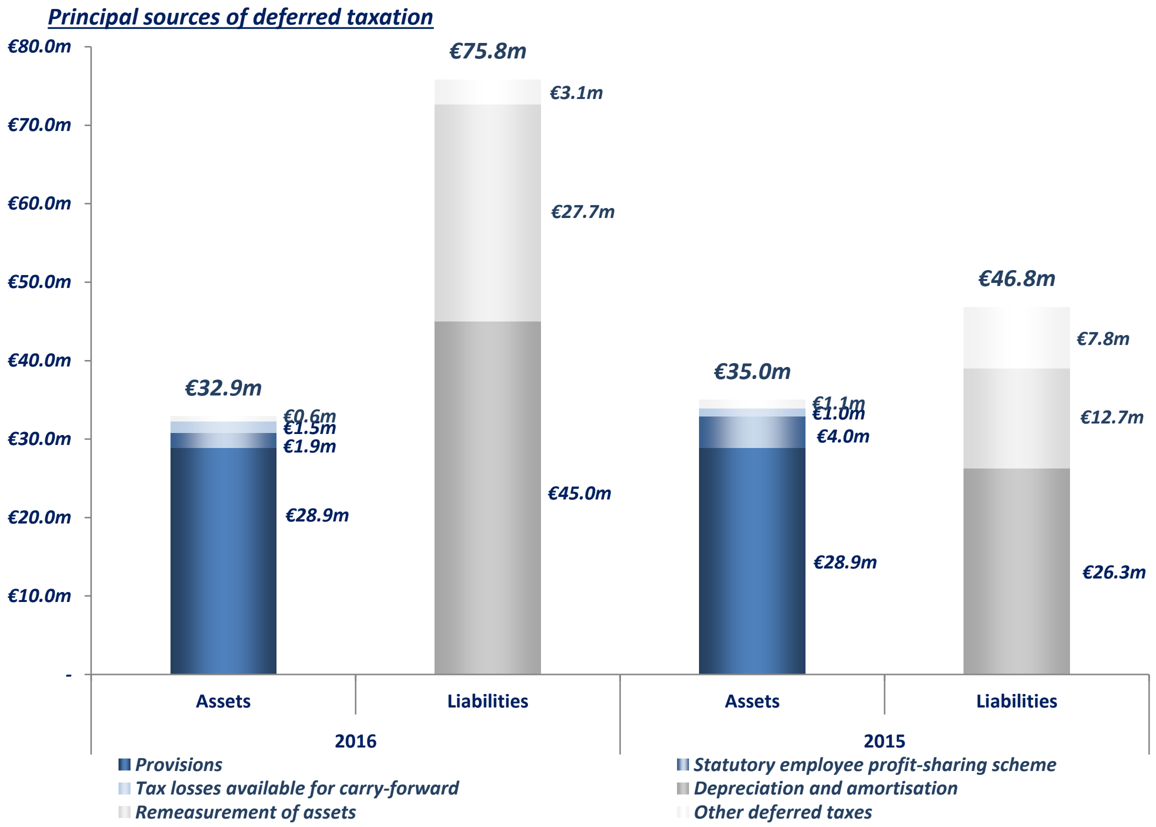
The principal sources of deferred taxation are as follows:

(€m)	2016	2015
Provisions		
Provisions for programmes	1.9	1.5
Provisions for retirement benefit obligations	13.6	13.2
Provisions for impairment of audiovisual rights	0.6	0.6
Provisions for trade debtors	0.7	0.9
Other provisions	12.1	12.7
Employee profit-sharing	1.9	4.0
Tax losses available for carry-forward	1.5	1.0
Other deferred tax assets	0.6	1.1
Offset of deferred tax assets and liabilities	(32.9)	(35.0)
Deferred tax assets	**-**	**-**
Accelerated tax depreciation (1)	(36.4)	(17.7)
Depreciation of head office building	(8.6)	(8.6)
Remeasurement of assets (1)	(27.7)	(12.7)
Other deferred tax liabilities	(3.1)	(7.8)

Offset of deferred tax assets and liabilities	32.9	35.0
Deferred tax liabilities	**(42.9)**	**(11.8)**
Net deferred tax asset/(liability) at 31 December	**(42.9)**	**(11.8)**

[(1)] Year-on-year changes are mainly due to the acquisition and first-time consolidation of the Newen Studios group.

Unrecognised deferred tax assets totalled €15.3 million (versus €16.3 million as of 31 December 2015), and comprised tax losses and deferred tax depreciation available for indefinite carry-forward, the recovery of which is not sufficiently probable to justify recognition.



5-9-2-3. Period to recovery of deferred tax assets

(€m)	Less than 2 years	2 to 5 years	More than 5 years	Offset of deferred tax assets and liabilities	Total
Deferred tax assets	**19.3**	**-**	**13.6**	**(32.9)**	**-**

Deferred tax assets recoverable after more than five years relate to timing differences on provisions for retirement benefit obligations.

6 Notes to the consolidated cash flow statement

6-1. Definition of cash position

The cash position analysed in the cash flow statement comprises cash and cash equivalents, treasury current accounts (debit and credit balances), and bank overdrafts. A reconciliation between the cash position in the cash flow statement and the “Cash and cash equivalents” line in the balance sheet is presented below:

(€m)	2016	2015
Cash and cash equivalents in the balance sheet	420.2	703.1
Cash relating to held-for-sale assets	-	-
Treasury current account credit balances	(0.1)	(2.3)
Bank overdrafts	(0.8)	-
Closing cash position per the cash flow statement	**419.3**	**700.8**

6-2. Net cash generated by/used in operating activities

6-2-1. Depreciation, amortisation, provisions and impairment

An analysis of depreciation, amortisation, provisions and impairment is provided below:

(€m)	2016	2015
Intangible assets (1)	230.3	36.1
Property, plant and equipment	16.3	15.4
Financial assets	(2.2)	2.8
Non-current provisions	(1.5)	(0.2)
Total depreciation, amortisation, provisions & impairment, net	**242.9**	**54.1**

(1) The increase in this item during 2016 includes the effects of (i) amortisation of the audiovisual rights of the Newen Studios group following its first-time consolidation and (ii) amortisation of drama co-production changes pursuant to the new regulations.

6-2-2. Other non-cash income and expenses

Other non-cash income and expenses comprise the following items:

(€m)	2016	2015
Effect of fair value remeasurement	0.6	0.9
Share-based payment	2.5	1.3
Dividend income from non-consolidated entities	-	(0.2)
Grants recognised in profit or loss	(21.7)	(12.1)
Total other non-cash income and expenses	**(18.6)**	**(10.1)**

6-3. Net cash generated by/used in investing activities

6-3-1. Cash effect of changes in scope of consolidation

This item breaks down as follows:

(€m)	2016	2015
Net cash outflows on acquisitions	(114.4)	-
Net cash inflows from disposals	9.5	494.5
Effect of changes in scope of consolidation	**(104.9)**	**494.5**

"Net cash outflows on acquisitions" consists of the following items:

(€m)	2016	2015
Cash and cash equivalents acquired	72.1	-
Financial assets acquired	9.6	-
Other assets acquired	238.9	-
Non-controlling interests acquired	(2.3)	-
Other liabilities acquired	(245.6)	-
Net assets acquired (A)	72.7	-
Goodwill (B)	129.3	-
Cash outflow (A) + (B)	**186.5**	**-**
Cash acquired	72.1	-
Cash of companies joining the consolidation during the period without acquisition	-	-
Net cash outflow	**114.4**	**-**

The table below shows the cash flow effects of disposals of subsidiaries:

(€m)	2016	2015
Cash inflows	9.5	526.9
Cash divested	-	(32.4)
Subscriptions to capital increases carried out by subsidiaries	-	-
Net cash inflow	**9.5**	**494.5**

For 2016, cash inflows mainly relate to the receipt of the contingent consideration arising from the 2014 sale of OneCast following the agreements signed in October 2016 by TF1, ITAS and TDF.

In 2015, cash inflows comprised (i) the €490.5 million proceeds from the sale of the 49% equity interest in the Eurosport group and (ii) the €36.4 million proceeds from the deferred portion of the consideration for the sale of a 31% equity interest in the same entity in May 2014. Cash divested in 2015 consisted of the cash held by Eurosport France, which was sold and deconsolidated on 31 March 2015.

6-3-2. Cash outflows on acquisitions of property, plant & equipment and intangible assets

In 2016, the increase in cash outflows on acquisitions of property, plant & equipment and intangible assets reflected the first-time consolidation of the Newen Studios group, plus the effect of changes in French regulations relating to the production of French drama.

6-4. Net cash generated by/(used in) financing activities

6-4-1. Purchases and sales of treasury shares

Under the new share buyback programme approved by the Annual General Meeting of 14 April 2016, TF1 repurchased 2,222,986 of its own shares during the second and third quarters of 2016 for a total amount of €21.4 million.

6-4-2. Other transactions between shareholders

Other transactions between shareholders consist of buyouts of non-controlling interests by companies in the Newen Studios group, and the buyout of the 33% interest in TF1 International held by UGC.

7 Notes to the consolidated balance sheet

7-1. Audiovisual rights and broadcasting rights

7-1-1. Audiovisual rights

Accounting policy:

This item primarily includes shares in films and audiovisual programmes produced or co-produced by TF1 SA, TF1 Films Production, TF1 Vidéo and TF1 Production; distribution and trading rights owned by TF1 DA and TF1 Entreprises; the audiovisual rights produced by Newen Studios; and music rights owned by Une Musique.

Audiovisual rights are recognised as an asset in the balance sheet at historical cost.

Amortisation methods for these categories of audiovisual rights are as follows:

- producer shares in French drama acquired to meet broadcasters' regulatory obligations: amortised at least on a straight line basis over the projected period over which the rights will be exploited, reflecting the decline in future economic benefits from those shares;
- producer shares in French drama produced by the TF1 group: amortised on a reducing balance basis, taking account of the decline in the expected value of the economic benefits from those shares;
- shares in film co-productions and audiovisual distribution rights: amortised on a reducing balance basis, taking account of the decline in the expected value of the economic benefit;
- audiovisual trading rights: amortised on a straight-line basis over the contract term or expected period of exploitation;
- music rights: amortised over 2 years, 75% of gross value in the first year and the remaining 25% in the second year.

Use of estimates and judgment

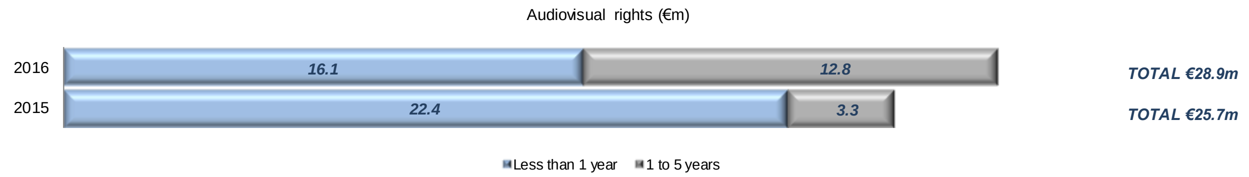
A provision for impairment of audiovisual rights is recorded individually as required. Impairment testing of audiovisual rights is based on an analysis of the future economic benefits derived from the rights relative to their carrying amount.

Movements during 2016 and 2015 were as follows:

(€m)	Gross value	Amortisation	Impairment	Total audiovisual rights
31 December 2014	**1,179.4**	**(1,110.3)**	**(22.3)**	**46.8**
Increases	49.6	(35.4)	(6.8)	7.4
Decreases	(0.1)	0.1	11.8	11.8
Changes in scope of consolidation and reclassifications	5.5	-	(6.5)	(1.0)
31 December 2015	**1,234.4**	**(1,145.6)**	**(23.8)**	**65.0**
Increases	202.6	(154.4)	(84.7)	(36.5)
Decreases	(1.0)	0.1	16.1	15.2
Changes in scope of consolidation and reclassifications [(1)]	945.5	(811.8)	(3.0)	130.7
31 December 2016	**2,381.5**	**(2,111.7)**	**(95.4)**	**174.4**

[(1)] *Mainly the first-time consolidation of the Newen Studios group.*

The chart below shows the maturities of audiovisual rights acquisition contracts entered into by the Group to secure future programming schedules.



7-1-2. Programmes and broadcasting rights

Accounting policy:

✓ Initial recognition:

In order to secure programming schedules for future years, the Group enters into binding contracts, sometimes for a period of several years, under which it acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

A programme is treated as ready for transmission and recognised in inventory under "Programmes and broadcasting rights" when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions).

In the case of rights and programmes for which these two criteria have not been met (programmes not yet delivered, sports rights for which the right to broadcast is not activated until the date of the event, etc), the Group takes the view that it does not control the asset, since it has neither the right nor the ability to broadcast the programme. Consequently, such rights are not recognised in the balance sheet.

However, any advance payments made to acquire such rights are recognised as supplier prepayments.

The balance sheet line item "Programmes and broadcasting rights" includes:

- in-house productions, made by TF1 group companies for TF1 channels;
- external productions, comprising broadcasting rights acquired by the Group's channels.

The value of programmes and broadcasting rights is measured as follows:

- in-house production: at overall production cost (direct costs plus a portion of indirect production costs);
- broadcasting rights and co-productions: at purchase cost, less consumption for the year calculated at the end of each reporting period.

✓ Accounting for consumption of programmes:

TF1 SA programmes (which account for most of the Group's programme inventory) are deemed to have been consumed as transmitted. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of that transmission. If they are acquired for two or more transmissions, consumption is calculated according to the type of programme using the rules described below, unless otherwise specified in the acquisition contract:

Rules by type of programme			
	Dramas with a running time of at least 52 minutes	Films, TV movies, serials and cartoons	Other programmes and broadcasting rights
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

"Other programmes and broadcasting rights" in the table above refers to children's programmes (other than cartoons), light entertainment, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

✓ Impairment and write-offs:

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above.

Use of estimates and judgment:

Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. If rights are resold, a provision is recorded once the sale is probable to cover any excess of the value at which the rights were initially recognised in inventory (or the amount of advance payments) over the actual or estimated selling price.

Programmes that have not been transmitted and the rights to which have expired are written off as a component of current operating profit, and any previously-recognised provisions are reversed.

✓ Rights acquired to secure future programming schedules:

Rights ordered under irrevocable contracts but not yet available for transmission (see above) are disclosed in the section relating to contracts entered into by TF1 to secure future programming schedules, and are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made.

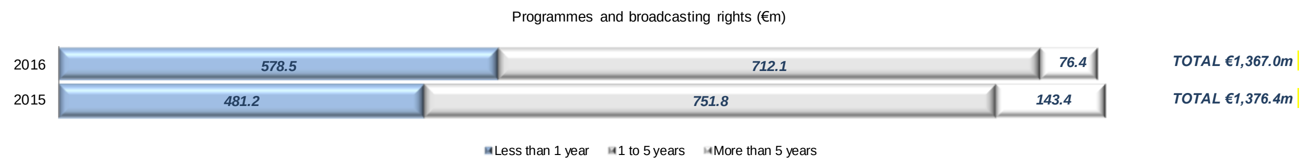
The table below shows the movement in programme and broadcasting rights inventory, valued in accordance with the accounting policy described above.

(€m)	Gross value	Impairment (net)	Inventories
1 January 2015	**799.4**	**(120.9)**	**678.5**
Net movement	28.6	6.3 (1)	**34.9**
Changes in scope of consolidation and reclassifications	-	-	**-**
31 December 2015	**828.0**	**(114.6)**	**713.4**
Net movement	(26.6)	(24.9) (2)	**(51.5)**
Changes in scope of consolidation and reclassifications	1.4	(1.4)	**-**
31 December 2016	**802.8**	**(140.9)**	**661.9**

(1) Includes €56.7 million of impairment losses charged, €63 million of impairment losses reversed
(2) Includes €76.1 million of impairment losses charged, €51.2 million of impairment losses reversed

The programme and broadcasting rights inventory reported above is owned primarily by TF1 SA and the TF1 Acquisition de Droits economic interest grouping.

The charts below show the maturities of broadcasting and sports transmission rights acquisition contracts entered into by the Group to secure future programming schedules.



Some of those broadcasting and sports transmission rights contracts are expressed in U.S. dollars; the amounts involved were the U.S. dollar equivalent of €112.2 million in 2016 and €152.8 million in 2015.

In 2016, programmes and broadcasting rights related mainly to TF1 SA (€359.3 million, versus €274.5 million in 2015) and to the Acquisition de Droits economic interest grouping (€902.7 million, versus €1,023.3 million in 2015).

Sports transmission rights commitments related mainly to TF1 SA and TF1 DS (€169.3 million in 2016, €86.4 million in 2015).

7-2. Current assets and liabilities

7-2-1. Trade and other debtors

Accounting policy:

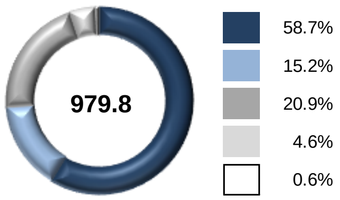
These financial assets are initially recognised at fair value plus directly attributable transaction costs. At the end of each subsequent reporting period, they are measured at amortised cost using the effective interest method.

This category includes trade debtors, other debtors, loans receivable, deposits and caution money, loans and advances to non-consolidated equity investments, cash, and current account advances to joint ventures, associates and non-consolidated entities.

Loans and receivables are assessed individually for objective evidence of impairment. An asset is regarded as impaired if the carrying amount is greater than the estimated recoverable amount as determined in impairment tests.

Impairment losses are recognised in profit or loss, but may be reversed if the recoverable amount increases in subsequent periods.

Carrying amount 2016



(€ million)	Gross value 2016	Impairment 2016	Carrying amount 2016	Carrying amount 2015
Trade debtors	584.7	(10.0)	574.7	539.8
Supplier prepayments (1)	149.6	(0.4)	149.2	172.7
Other operating debtors (2)	204.5	-	204.5	186.1
Other debtors	164.8	(120.2)	44.6	33.0
Prepayments	6.8	-	6.8	5.8
Trade and other debtors	**1,110.4**	**(130.6)**	**979.8**	**937.4**

(1) This line includes advance payments in respect of acquisitions of programmes and sports transmission rights.

(2) Primarily amounts due to the government, local authorities, employees and social security bodies.

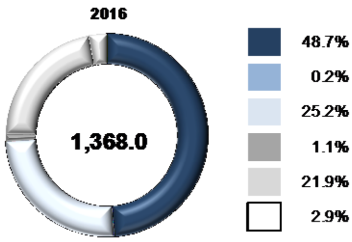
Movements in provisions for impairment of trade and other debtors during the period are shown below:

(€m)	2016	2015
Impairment as of 1 January	**(130.7)**	**(138.3)**
Additional provisions booked during the year	(7.8)	(13.9)
Reversals for debts written off during the year	5.4	21.7
Recovered during the year	2.9	1.8
Held-for-sale operations	-	-
Changes in scope of consolidation and reclassifications	(0.4)	(2.0)
Impairment as of 31 December - continuing operations	**(130.6)**	**(130.7)**

7-2-2. Breakdown of trade and other creditors

Accounting policy:

Grants received by the TF1 group mainly comprise grants received by the Group’s production companies from funds set up to support the audiovisual industry, in particular grants awarded by the French National Centre for Cinematography (CNC). Grants awarded by audiovisual industry support funds are initially recorded as deferred income in “Trade and other creditors” on the liabilities side of the balance sheet once the grant has been definitively awarded. They are taken to the income statement under “Other current operating income” when the corresponding rights are used.



(€ million)	2016	2015
Trade creditors	666.1	672.4
Advance payments received	2.7	2.8
Tax and employee-related liabilities (1)	344.9	318.0
Creditors related to acquisitions of non-current assets	14.6	10.8
Other creditors	299.2	310.7
Deferred and prepaid income and audiovisual industry support fund grants (2) (3)	40.5	25.0
Trade and other creditors	**1,368.0**	**1,339.7**

(1) *Mainly comprises VAT payable, and amounts owed to employees and social security bodies.*

(2) *Audiovisual industry support fund grants included in creditors mainly comprise grants awarded by the CNC.*

(3) *Mainly comprises prepaid income.*

7-2-3. Current provisions

Accounting policy:

Provisions are recorded when there is a legal or constructive obligation to a third party arising from a past event; the obligation will certainly or probably result in an outflow of resources with no corresponding inflow of resources; and the amount of the outflow can be measured reliably. Provisions are reviewed at the end of each reporting period, and adjusted where necessary to reflect the best estimate of the obligation as of that date.

Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

Use of estimates and judgment:

Provisions include those booked to cover litigation and claims of whatever kind, the amount of which is estimated based on assumptions regarding the most likely outcomes. In determining those assumptions, TF1 management may rely on the assessments of external advisors.

Current provisions mainly comprise provisions for litigation and claims arising in the normal operating cycle and for which settlement will probably occur within twelve months. They are determined in the same way as non-current provisions (see Note 7-3-6).

The table below shows movements in current provisions during 2016:

(€m)	Litigation and claims: employees	Litigation and claims: commercial	Other contractual litigation, claims, and risks	Other	TOTAL CURRENT PROVISIONS
1 January 2016	**5.3**	**6.6**	**12.3**	**12.4**	**36.6**
Charges	5.8	0.8	-	2.2	**8.8**
Reversals: used	(3.4)	(1.5)	-	(5.6)	**(10.5)**
Reversals: unused	(0.7)	(2.0)	(9.8)	(0.4)	**(12.9)**
Changes in scope of consolidation and reclassifications	(0.1)	0.5	0.2	1.9	**2.5**
31 December 2016	**6.9**	**4.4**	**2.7**	**10.5**	**24.5**

No material contingent liabilities had been identified as of the date of preparation of the financial statements.

Provisions for commercial litigation and claims mainly relate to ongoing disputes with customers, producers and rights-holders.
Provisions for other contractual litigation, claims and risks are intended to cover risks of claims from other third parties with contractual relations with TF1, including guarantees given by TF1 in connection with divestments of equity interests.

✓ Alleged abuse of dominant position in the advertising market:

Canal Plus, M6 and NextRadioTV have each filed a complaint with the French Competition Authority against the TF1 group alleging abuse of dominant position in the French television advertising market.

The Competition Authority appointed a rapporteur to investigate the complaints, and TF1 Publicité presented its case in January 2015. TF1 has submitted an economic study to the Competition Authority and the CSA, commissioned from the accountancy and consultancy firm RBB, that demonstrates the pro-competitive impact of TF1's position in the advertising market.

At present, the complaints of Canal Plus and M6 are still under investigation. However, the French Competition Authority has formally closed the NextRadio TV investigation and rejected its complaint.

✓ Alleged restraint of trade:

The Canal Plus group has filed a complaint with the French Competition Authority against the TF1 group alleging restraint of trade as regards the rights of first and last refusal and pre-emptive rights enjoyed by TF1 Films Production in respect of the films that it finances.

The Competition Authority appointed a rapporteur to investigate the complaints, and TF1 Publicité presented its case in March 2015.

However, no notice of complaint has been issued to TF1 by the Competition Authority.

These risks are not at present covered by any provision in the TF1 consolidated financial statements.

7-3. Non-current assets and liabilities

Accounting policy:

The recoverable amount of an asset is the higher of value in use or fair value less costs to sell. If fair value less costs to sell cannot be reliably measured, the recoverable amount of an asset is its value in use.

The value in use of assets to which independent cash flows can be directly allocated is determined individually. All other assets are grouped within cash-generating units (CGUs) to determine their value in use. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The value in use of an asset or a CGU is measured using the discounted cash flow (DCF) method, based on 3-year cash flow projections in business plans approved by TF1 management and the Board of Directors plus a standard annual cash flow figure for the time horizon beyond the 3-year business plan. The cash flows used are determined on an after-tax basis.

These cash flow projections are discounted using an after-tax discount rate, determined on the basis of the weighted average cost of capital (calculated using market parameters, such as beta and capitalisation) of a sample of companies representative of the business sector to which the asset being tested belongs.

The fair value less costs to sell of an asset or CGU is measured, where possible, by reference to the price in a binding sale agreement in an arm's length transaction.

Use of estimates and judgment:

The carrying amount of goodwill in the TF1 consolidated financial statements is reviewed at least annually. These impairment tests are sensitive to medium-term financial forecasts and to the discount rates used to estimate the value in use of cash-generating units (CGUs).

Impairment:

At the end of each reporting period, the Group assesses whether there are internal or external events or circumstances which indicate that a non-current asset may have been impaired. If there is such an indication, or if the asset is required to be tested for impairment annually (goodwill, and intangible assets with indefinite useful lives), the recoverable amount of the asset is estimated.

An impairment loss is recognised where the recoverable amount of an asset or CGU is less than its carrying amount. Impairment losses on finite-lived and indefinite-lived items of property, plant and equipment and intangible assets may be reversed subsequently if the recoverable amount of the asset becomes greater than its carrying amount again. The only impairment losses that may not be reversed are those taken against goodwill.

7-3-1. Goodwill

With effect from 1 January 2016, further to changes in the Group's business mix in 2015 and 2016, goodwill has been allocated between the two new operating segments (and the cash generating units (CGUs), which have been adjusted accordingly) as shown in the table below; comparative information has been restated on the same basis. This reallocation was performed using an approach based on the relative values of each component of the CGU, in accordance with IAS 36.

Movements in goodwill are shown in the table below:

(€m)	Broadcasting	Studios & Entertainment	TOTAL
Goodwill at 1 January 2015	**448.7**	**25.1**	**473.8**
Acquisitions	-	-	-
Disposals	(42.2)	-	(42.2)
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at 31 December 2015	**406.5**	**25.1**	**431.6**
Acquisitions	2.8	126.5	129.3
Disposals	-	-	-
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at 31 December 2016	**409.3**	**151.6**	**560.9**
Gross value	*413.8*	*151.6*	*565.4*
Accumulated impairment	*(4.5)*	-	*(4.5)*

In 2016, the movement in goodwill corresponds to the acquisitions described in Note 1, "Significant events", and includes in particular the €110m goodwill recognised on the Newen Studios acquisition. In accordance with the revised IFRS 3 the TF1 group has for these acquisitions elected not to remeasure the non-controlling interests at fair value, as a result of which only the share of goodwill attributable to the Group is reported in the balance sheet.

The €42.2 million reduction in goodwill during 2015 was explained by the deconsolidation of Eurosport France.

(€m)	Broadcasting segment		Studios & Entertainment segment		TOTAL	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Number of CGUs	**1**	**1**	**3**	**3**	**4**	**4**
Broadcasting CGU	409.3	406.5			**409.3**	**406.5**
Newen/TF1 Studios CGU			151.6	25.1	**151.6**	**25.1**
TF1 Entertainment CGU			-	-	**-**	**-**
Home Shopping CGU			-	-	**-**	**-**
Total	**409.3**	**406.5**	**151.6**	**25.1**	**560.9**	**431.6**

Based on impairment tests conducted using the method described below, no impairment of goodwill was identified as of 31 December 2016.

Impairment testing of goodwill

The recoverable amount of each of the four CGUs was determined by calculating the value in use using the discounted cash flow (DCF) method, based on three-year cash flow projections compiled from plans and budgets approved by the TF1 Board of Directors. Cash flows beyond the projection time horizon were extrapolated at a perpetual growth rate that reflects past experience and incorporates prudent assumptions about the growth potential of the markets in which each CGU operates, and their competitive positions in those markets.

The business plans used in the tests were prepared on the basis of revenue growth rates and operating margins consistent with actual performances over the previous five years. Those business plans take account of factors including:

- the ongoing implementation of a resolutely multi-channel, multi-media and multi-activity strategy, combining pulling power with targeted reach on each channel and developing growth areas in DTT, digital and production, with a particular focus on:
  - developing attractive and distinctive content with a competitive cost base, in particular by expanding production activities ;
  - broadening the distribution of content by multiplying the number of distribution channels and strengthening the bond with the viewer/consumer;
  - improving the monetisation of both linear and non-linear content ;
- the impacts of the economic situation and competitive environment on advertising spend;
- the impact of future major sporting events;
- the acceleration of the transformation of the TF1 group, and the organic growth of its activities.

The perpetual growth rate used for impairment testing as of 31 December 2016 was 2% for all CGUs; the same rate was used as of 31 December 2015. The after-tax discount rate used as of 31 December 2016 was 6.18% (versus 6.81% as of 31 December 2015); it was determined on the basis of external data sources using the method described in Note 7-3 above. The change in this rate reflects the fall in the risk-free rate and in the beta of the economic asset, partly offset by an increase in the risk premium (source: "Associés en Finance" market data).

For the four CGUs, analyses were performed of the sensitivity of the calculations to key assumptions (discount rate, growth rate, normative cash flows), both individually and using combinations of discount rate and normative cash flow scenarios, including reasonably possible changes in those assumptions. Those analyses did not reveal any probable scenario in which the recoverable amount of a CGU would fall below the carrying amount of the corresponding assets.

For confidentiality reasons, the results of those analyses are presented on an aggregated basis for the three Studios & Entertainment segment CGUs.

For those CGUs, recoverable amount would equal the carrying amount of the assets tested if the following assumptions (taken individually) were to be applied:

	Change in discount rate	Change in normative cash flows
Broadcasting CGU	+ 523 bp	-62%
Aggregated Studios & Entertainment CGUs	+ 1.003 bp	-79%

For the Broadcasting CGU, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would exceed the carrying amount by €1,026 million.
For the Studios & Entertainment CGUs, in the event of a 10% reduction in normative cash flows combined with an increase of 50 basis points in the discount rate, the recoverable amount would exceed the carrying amount by €537 million.

7-3-2. Intangible assets (other than audiovisual rights, see Note 7-1-1)

Accounting policy:

Intangible assets (other than audiovisual rights) mainly comprise operating licences (other than broadcasting licences and audiovisual rights), trademarks and similar rights, and software. On the acquisition date, they are measured as follows:

- at acquisition cost, net of accumulated amortisation and impairment losses; or
- at fair value as of the acquisition date, if acquired in a business combination.

Subsequent to the acquisition date, intangible assets are measured at initial recognition cost less accumulated amortisation and impairment losses.

Intangible assets with finite useful lives are amortised using the straight-line method over their expected useful lives.

Intangible assets with indefinite useful lives, such as commercial trademarks owned by the Group, are not amortised. These trademarks are tested for impairment (see Note 7-3).

The figures shown below are net carrying amounts:

(€m)	Indefinite-lived trademarks	Concessions, patents & similar rights	Other	TOTAL
1 January 2015	**36.2**	**26.4**	**(1.1)**	**61.5**
Increases	-	1.9	2.9	4.8
Amortisation & impairment	-	(5.6)	(0.2)	(5.8)
Decreases	-	-	-	-
Changes in scope of consolidation and reclassifications	-	3.8	(4.1)	(0.3)
31 December 2015	**36.2**	**26.5**	**(2.5)**	**60.2**
Increases	-	1.7	6.8	8.5
Amortisation & impairment	-	(6.2)	(1.2)	(7.4)
Decreases	-	(0.4)	(0.2)	(0.6)
Changes in scope of consolidation and reclassifications	-	(3.6)	5.7	2.1
31 December 2016	**36.2**	**18.0**	**8.6**	**62.8**
gross value	*36.2*	*63.7*	*26.5*	***126.4***
amortisation and impairment	-	*(45.7)*	*(17.9)*	***(63.6)***

Based on impairment tests conducted using the method described in Note 7-3, no impairment of indefinite-lived trademarks was identified as of 31 December 2016.

7-3-3. Property, plant and equipment

Accounting policy:

- **Property, plant and equipment owned outright**

Property, plant and equipment is carried at acquisition cost net of accumulated depreciation and impairment losses.

Depreciation is charged on a straight-line basis over the expected useful life of the asset, taking account of any residual value of the asset:

Buildings:	25 to 50 years
Technical installations:	3 to 7 years
Other property, plant and equipment:	2 to 10 years

Land is not depreciated.

Where an asset is made up of components with different useful lives, those components are recorded as separate items within property, plant and equipment.

Gains or losses on disposals of property, plant and equipment represent the difference between the sale proceeds and the net carrying amount of the asset, and are included in "Other current operating income and expenses".

The table below shows movements in property, plant and equipment, and in depreciation and impairment, during the years ended 31 December 2016 and 2015 (the figures shown are net carrying amounts):

(€m)	Land	Buildings	Technical facilities	Technical facilities held under finance leases	Other property, plant & equipment	Property, plant & equipment under construction	TOTAL
1 January 2015	**60.9**	**79.2**	**12.3**	**2.2**	**21.6**	**0.1**	**176.3**
Increases	-	-	3.7	-	5.2	1.2	**10.1**
Depreciation & impairment	-	(2.4)	(5.3)	(1.0)	(6.7)		**(15.4)**
Decreases	-	-	(0.4)	-	(0.4)	-	**(0.8)**
Changes in scope of consolidation and reclassifications	-	-	(0.1)	-	0.1	(0.1)	**(0.1)**
31 December 2015	**60.9**	**76.8**	**10.2**	**1.2**	**19.8**	**1.2**	**170.1**
Increases	-	0.1	7.6	-	7.3	0.1	**15.1**
Depreciation & impairment	-	(2.5)	(5.4)	(1.0)	(7.4)	-	**(16.3)**
Decreases	-	-	(0.1)	-	(0.1)	-	**(0.2)**
Changes in scope of consolidation and reclassifications	1.0	1.7	2.0	-	1.8	(1.2)	**5.3**
31 December 2016	**61.9**	**76.1**	**14.3**	**0.2**	**21.4**	**0.1**	**174.0**
gross value	*61.9*	*107.7*	*161.2*	*10.3*	*115.2*	*0.1*	***456.4***
depreciation and impairment	-	*(31.6)*	*(146.9)*	*(10.1)*	*(93.8)*	-	***(282.4)***

7-3-4. Investments in joint ventures and associates

Accounting policy:

Because goodwill included in the carrying amount of investments in associates and joint ventures is not presented separately, this goodwill is not tested individually for impairment, in accordance with IAS 36. The total carrying amount is tested for impairment by comparing its recoverable amount to its carrying amount if there is evidence that the investment is impaired.

The table below gives details of investments in joint ventures and associates:

(€m)	Eurosport group [(1)]	Groupe AB [(2)]	Other [(3)]	TOTAL
1 January 2015	**504.5**	74.1	**3.2**	**581.8**
Share of profit/(loss) for the period	(0.3)	(1.8)	0.9	**(1.2)**
Provision for impairment	-	-	7.7	**7.7**
Dividends paid	(14.2)	-	0.1	**(14.1)**
Changes in scope of consolidation and reclassifications	(490.0)	-	-	**(490.0)**
Provision for risks	-	-	0.6	**0.6**
31 December 2015	**-**	**72.3**	**12.5**	**84.8**
Share of profit/(loss) for the period	-	4.4	1.5	**5.9**
Provision for impairment	-	-	-	**-**
Dividends paid	-	-	(1.0)	**(1.0)**
Changes in scope of consolidation and reclassifications	-	-	(0.4)	**(0.4)**
Provision for risks	-	-	-	**-**
31 December 2016	**-**	**76.7**	**12.6**	**89.3**

(1) *The interest in the Eurosport group was divested on 1 October 2015.*

(2) *The carrying amount of Groupe AB includes goodwill of €44.4 million recognised in the consolidated financial statements of Groupe AB itself (see below, and also Note 9-6 "Events after the reporting period").*

(3) *Primarily Série Club (Broadcasting operating segment): €10.9 million as of 31 December 2016 and €10.2 million as of 31 December 2015, and Direct Optic Participations (Studios & Entertainment operating segment): €1.3 million as of 31 December 2016 and €1.5 million as of 31 December 2015.*

No other material income or expenses recognised directly in equity were reported by joint ventures or associates.

The table below gives summary information about material investments in associates:

	Groupe AB [1]	
TF1 group share	*33.5%*	*33.5%*
(€m)	**2016**	**2015**
Non-current assets [2]	81.8	81.9
Current assets	42.3	47.5
TOTAL ASSETS	**124.1**	**129.4**
Shareholders' equity	77.9	73.3
Non-current liabilities	14.4	20.4
Current liabilities	31.8	35.7
TOTAL LIABILITIES AND EQUITY	**124.1**	**129.4**
Revenue	**41.2**	**39.8**
Current operating profit/(loss)	**11.8**	**10.0**

[1] Figures for 2016 and 2015 are based on financial statements to end September (the latest available).

[2] Includes goodwill of €44.4 million.

Figures relating to other joint ventures and associates are not material for 2016 or 2015.

7-3-5. Other non-current financial assets

Accounting policy:

Classification:

Financial assets may be classified in one of four categories: available-for-sale financial assets, loans and receivables, held-to-maturity investments, and assets at fair value through profit or loss. In accordance with IAS 1, financial assets are classified as either current assets or non-current assets.

Financial assets are recognised at the settlement date.

- Available for-sale financial assets are initially recognised at fair value, which corresponds to acquisition cost plus transaction costs. At the end of subsequent reporting periods, available-for-sale financial assets are remeasured at fair value. Changes in fair value are recognised in equity, and are not transferred to the income statement until the asset in question is sold.

  TF1 classifies in this category equity interests in companies over which the Group exercises neither control nor significant influence. The fair value of listed securities is determined using the fair value measurement methods described below. Unlisted securities whose fair value cannot be measured reliably are carried at cost.

  Available-for-sale financial assets are tested individually for impairment. Unrealised gains and losses are recognised in equity. If there is objective evidence of a significant or prolonged decline in value, an impairment loss is recognised in the income statement.

- Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold until maturity. They are measured and carried at amortised cost calculated using the effective interest method.

  Held-to-maturity investments are assessed individually for objective evidence of impairment. An asset is regarded as impaired if the carrying amount is greater than the estimated recoverable amount as determined in impairment tests; any impairment losses are recognised in profit or loss.

- Other non-current financial assets include:
  - investments in non-consolidated entities, which are classified as available-for-sale financial assets and carried at cost if their fair value cannot be measured reliably;
  - share warrants, which are measured using the Black & Scholes method based on available valuation parameters;
- Interest rate derivatives and currency derivatives: fair value is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets, on the basis of market data at the end of the reporting period (level II method).

Use of estimates and judgment:

IFRS 13 establishes a three-level hierarchy of fair value measurement methods for financial instruments:

- Level I: measurement based on quoted prices in active markets
- Level II: measurement based on observable market parameters
- Level III: measurement based on non-observable market parameters

The methods used by the TF1 group are as follows:

The fair value of financial instruments is where possible measured by reference to the market price derived from trading on a national stock exchange or over-the-counter market. Where no quoted market price is available, fair value is estimated using other valuation methods such as the actual valuation of comparable transactions or the discounted cash flow method, which relies on observable (level II) or non-observable (level III) parameters.

Because of their short maturities, the carrying amount of trade and other debtors, cash, and treasury current accounts is regarded as the best approximation of their fair value.

7-3-5-1. Financial assets by category

2016 (€m)	Financial assets at fair value through profit or loss: Designated at fair value on initial recognition	Financial assets at fair value through profit or loss: Held for trading	Level (1)	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	TOTAL
Other non-current financial assets	-	-	III	27.5	4.2	-	**31.7**
Trade and other debtors	-	-		-	979.8	-	**979.8**
Other current financial assets	-	4.9		-	-	-	**4.9**
Currency derivatives	-	*4.9*	II	-	-	-	***4.9***
Interest rate derivatives	-	-		-	-	-	**-**
Financial assets used for treasury management purposes	-	-		-	-	-	**-**
Cash and cash equivalents	-	-		-	420.2	-	**420.2**

(1) *See "Use of estimates and judgment" section of Note 7-3-5.*

2015 (€m)	Financial assets at fair value through profit or loss: Designated at fair value on initial recognition	Financial assets at fair value through profit or loss: Held for trading	Level (1)	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	TOTAL
Other non-current financial assets	6.4	-	III	21.5	2.2	-	**30.1**
Trade and other debtors	-	-		-	937.4	-	**937.4**
Other current financial assets	-	4.5		-	-	-	**4.5**
Currency derivatives	-	*4.5*	II	-	-	-	***4.5***
Interest rate derivatives	-	-		-	-	-	**-**
Financial assets used for treasury management purposes	-	-		-	-	-	**-**
Cash and cash equivalents	-	-		-	703.1	-	**703.1**

(1) *See "Use of estimates and judgment" section of Note 7-3-5.*

In 2015, financial assets designated at fair value through profit or loss on initial recognition mainly comprised 1,534 ITAS share warrants. Those warrants were divested in 2016 in connection with TDF's acquisition of control over the ITAS group.

No transfers between these levels were made in either 2016 or 2015.

7-3-5-2. Other non-current financial assets

Accounting policy:

Other non-current financial assets are measured at fair value, with changes in fair value recognised in profit or loss.

This category includes:

- financial assets classified as held for trading, which comprise assets acquired for the purpose of reselling them in the near term at a profit or which are part of a portfolio of financial instruments that are managed together and for which there is a pattern of short-term profit-taking;
- assets designated by the Group on initial recognition as financial instruments at fair value through profit or loss.

Other non-current financial assets break down as follows:

(€m)	2016	2015
Equity investments in non-consolidated entities	27.5	21.5
Loans and advances to non-consolidated investees [(1)]	-	7.2
Loans receivable	2.2	-
Deposits and caution money	2.0	1.4
Other financial assets – continuing operations	**31.7**	**30.1**
Other financial assets – held-for-sale operations	**-**	**-**

(1) *In 2015, this item mainly comprised 1,534 ITAS share warrants. Those warrants were divested in 2016 in connection with TDF's acquisition of control over the ITAS group.*

- **Equity investments in non-consolidated entities**

The main equity investments in non-consolidated entities break down as follows:

(€m)	% interest at year-end	Gross value 2016	Gross value 2015	Impairment 2016	Impairment 2015	Carrying amount 2016	Carrying amount 2015
A1 International	50%	12.8	12.8	(12.8)	(12.8)	-	-
Teads	7%	3.5	3.5	-	-	3.5	3.5
Sofica valor 7	99.9%	16.9	14.0	-	-	16.9	14.0
Soread	12%	1.6	1.6	(1.6)	(1.6)	-	-
Sylver	-	-	3.7	-	(2.8)	-	0.9
Other investments		9.9	5.2	(2.8)	(2.1)	7.1	3.1
Equity investments in non-consolidated entities		**44.7**	**40.8**	**(17.2)**	**(19.3)**	**27.5**	**21.5**

Impairment tests were performed on all these investments, and indicated no evidence of impairment in 2016 or 2015.

7-3-6. Non-current provisions

Accounting policy:

The main types of non-current provisions are described below.

- **Provisions for retirement benefits**

  The Group's employees are entitled to retirement benefits under defined-contribution and defined-benefit plans, which may be partially managed via the Group's pension funds.

  The employees of TF1 group subsidiaries belong to general and supplementary French pension schemes. These are defined-contribution plans, under which the TF1 group's obligation is limited to the payment of a periodic contribution based on a specified percentage of staff costs. Those contributions are expensed in profit or loss for the period under "Staff costs".

  The Group's obligation is partially covered by an insurance contract. The provision for retirement benefits recognised in the balance sheet represents the total obligation less the value of this contract.

  Use of estimates and judgment:

  The pension cost recognised for defined-benefit plans is determined using the projected unit credit method at the expected retirement date, based on final salary, and taking account of:

  - vested benefit entitlements under collective agreements for each category of employee based on length of service;
  - staff turnover rate, calculated using historical average data for employees leaving the Group;
  - salaries and wages, including a coefficient for employer's social security charges as currently payable;
  - an annual salary inflation rate;
  - life expectancy of employees, determined using statistical tables;
  - a discount rate, applied to the obligation and reviewed annually.

Actuarial gains and losses arise on defined-benefit post-employment benefit plans as a result of changes in the actuarial assumptions used to measure the obligation and plan assets from one period to the next, and of differences between actual market conditions and the expected market conditions used in the assumptions. Since 1 January 2011, the TF1 group has recognised actuarial gains and loss directly in equity, in accordance with the revised IAS 19.

- **Provisions for risks relating to commitments, litigation and claims**

These provisions cover litigation, claims and non-recurring risks for which settlement occurs outside the normal operating cycle.

Provisions for litigation and claims include the estimated amount payable to third parties in respect of litigation and claims. They also include provisions for charges relating to disputes with tax and social security authorities; in such cases, the amount shown on reassessment notices issued by the authorities is provided for unless the company concerned regards it as highly probable that it will successfully defend its position against the authorities.

Use of estimates and judgment:

These provisions are measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the end of the reporting period.

7-3-6-1. Analysis of non-current provisions

The table below shows movements in non-current provisions during 2016 and 2015:

(€m)	Provisions for:		TOTAL
	Retirement benefits	Risks relating to commitments, litigation and claims [1]	
31 December 2014	**35.6**	**12.8**	**48.4**
Charges	3.1	0.1	3.2
Reversals: used	(1.7)	(0.1)	(1.8)
Reversals: unused	(1.5)	-	(1.5)
Actuarial (gains)/losses	3.5	-	3.5
Changes in scope of consolidation and reclassifications	(0.5)	-	(0.5)
31 December 2015	**38.5**	**12.8**	**51.3**
Charges	3.5	-	3.5
Reversals: used	(2.0)	-	(2.0)
Reversals: unused	(3.0)	-	(3.0)
Actuarial (gains)/losses	3.7	-	3.7
Changes in scope of consolidation and reclassifications	0.7	-	0.7
31 December 2016	**41.4**	**12.8**	**54.2**

[1] *Provisions for commitments relate to the risk of loss on audiovisual assets that the Group has committed to acquire.*

7-3-6-2. Provisions for retirement benefit obligations

Accounting policy:

Use of estimates and judgement

Provisions for retirement benefit obligations are calculated by the TF1 group itself using the projected unit credit method, as described in Note 7-3-6 above.

This calculation is sensitive to assumptions regarding the discount rate, the salary inflation rate and the staff turnover rate.

Main actuarial assumptions

	2016	2015	2014	2013	2012
Discount rate (Iboxx A10)	1.7%	2.1%	2.0%	3.2%	3.3%
Expected rate of return on plan assets	1.7%	2.1%	2.0%	3.2%	3.1%
Expected salary inflation rate	2.0%	2.0%	2.0%	2.0%	2.0%
Life table	INSEE	INSEE	INSEE	INSEE	INSEE

The staff turnover rate used in calculating the provision at 31 December 2016 was 6.6%, unchanged from 2015.

A reduction of 70 basis points in the discount rate applied would increase the obligation by €2.5 million. Under the accounting policies applied by the Group, the resulting actuarial losses would be recognised directly in equity.

Expense recognised in the income statement for retirement benefit obligations

(€m)	2016	2015
Current service cost	(2.7)	(2.4)
Interest expense on the obligation	(0.9)	(0.8)
Expected return on plan assets	0.1	0.2
Past service cost	-	-
Expense recognised	**(3.5)**	**(3.0)**
net change in provisions	*1.5*	*0.1*
amount recognised in "Staff costs"	*(5.0)*	*(3.1)*
Actual return on plan assets	**0.1**	**0.2**

Amounts recognised in the balance sheet for retirement benefit obligations

The amount recognised in the balance sheet for the TF1 group's retirement benefit obligations breaks down as follows:

(€m)	2016	2015	2014	2013	2012
Present value of obligation	47.8	44.8	41.7	34.3	33.0
Fair value of plan assets	(6.4)	(6.3)	(6.1)	(5.9)	(5.7)
Unfunded obligation provided for	**41.4**	**38.5**	**35.6**	**28.4**	**27.3**

Changes in the present value of the retirement benefit obligation

(€m)	2016	2015
Defined-benefit plan obligation at start of period	**44.8**	**41.7**
Current service cost for the period	2.7	2.4
Interest cost (unwinding of discount)	0.9	0.8
Reversals of provisions	(5.0)	(3.1)
Actuarial (gains)/losses	3.7	3.5
Changes in scope of consolidation and reclassifications	0.7	(0.5)
Held-for-sale operations	-	-
Defined-benefit plan obligation at end of period	**47.8**	**44.8**

Changes in the fair value of plan assets

(€m)	2016	2015
Fair value of insurance policy assets at start of period	**6.3**	**6.1**
Employer's contributions	-	-
Benefits paid	-	-
Expected return on plan assets	0.1	0.2
Actuarial gains/(losses)	-	-

Fair value of insurance policy assets at end of period	6.4	6.3

Plan assets are in the form of contributions paid into “Fonds Club no.1”, a mutual fund denominated in euros and managed by an independent financial institution. Based on financial information supplied by the fund manager, the gross return was 1.7% in 2016. As of 31 December 2016, the fund had an estimated fair value of €6.4 million.

7-4. Shareholders’ equity

7-4-1. Share capital

Accounting policy:

Treasury shares acquired by the TF1 group are deducted from consolidated equity. No gains or losses arising on the purchase, sale or cancellation of treasury shares are recognised in the income statement.

As of 31 December 2016, the share capital of TF1 SA consisted of 209,417,542 fully paid ordinary shares. Movements in share capital during 2016 were as follows:

Number of shares	Number of shares outstanding	Number of treasury shares	Total number of shares
1 January 2015	**211,528,764**	**-**	**211,528,764**
Capital increases	474,986	-	474,986
Purchases of treasury shares [(1)]	(2,969,765)	2,969,765	-
Cancellation of treasury shares	-	(1,482,183)	(1,482,183)
31 December 2015	**209,033,985**	**1,487,582**	**210,521,567**
Capital increases	316,693		316,693
Purchases of treasury shares [(1)]	(2,222,986)	2,222,986	-
Share exchange transaction	2,289,850	(2,289,850)	-
Cancellation of treasury shares		(1,420,718)	(1,420,718)
31 December 2016	**209,417,542**	**-**	**209,417,542**
Par value	*€0.20*	*€0.20*	*€0.20*

(1) Treasury shares: see Note 7-4-6 on share buybacks below

7-4-2. Earnings per share

Accounting policy:

Basic earnings per share is obtained by dividing net profit for the period by the weighted average number of shares outstanding during the period.

All shares conferring unrestricted rights upon the shareholder are included. Shares in the parent company held by the company itself or by consolidated companies are excluded from the average number of shares outstanding.

Diluted earnings per share is calculated by including all financial instruments giving future access to the capital of the parent company, whether these instruments are issued by the parent company itself or by a subsidiary. The dilutive effect is calculated separately for each instrument, based on the conditions prevailing at the end of the reporting period. Anti-dilutive instruments are excluded.

Non-dilutive stock subscription option plans are excluded from this calculation.

Basic earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

Because potentially dilutive ordinary shares have no adjusting effect on net profit for the year, diluted earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of all potentially dilutive ordinary shares. Diluted earnings per share takes account of the dilutive effect of performance share plans, and of stock subscription option plans where the exercise price is lower than the average quoted market price of TF1 shares over the period.

	2016	2015
Net profit/(loss) for the year (€m)		
Net profit/(loss) from continuing operations (attributable to the Group)	41.7	99.9
Net profit/(loss) from discontinued or held-for-sale operations	-	-
Net profit/(loss) attributable to the Group	41.7	99.9
Weighted average number of ordinary shares	**209,443,632**	**210,785,909**
Basic earnings per share (in euros)		
Basic earnings per share from continuing operations	0.20	0.47
Basic earnings per share from discontinued/held-for-sale operations	-	-
Basic earnings per share	0.20	0.47
Average number of ordinary shares after dilution	**210,006,430**	**211,775,423**
Diluted earnings per share (in euros)		
Diluted earnings per share from continuing operations	0.20	0.47
Diluted earnings per share from discontinued/held-for-sale operations	-	-
Diluted earnings per share	0.20	0.47

The average number of ordinary shares after dilution is obtained by taking account of the following dilutive effects:

(number of shares)	**2016**	**2015**
Weighted average number of ordinary shares for the period	209,443,632	210,785,909
Dilutive effect of stock subscription option plans	402,698	989,514
Dilutive effect of performance share plan	160,100	-
Average number of ordinary shares after dilution	**210,006,430**	**211,775,423**

In 2016, only share subscription option plan no. 13 (awarded 12 June 2012) had an adjusted exercise price lower than the average quoted market price of TF1 shares over the period.

In 2015, stock subscription option plans no. 11 (awarded 20 March 2009), no.12 (awarded 10 June 2011) and no. 13 (awarded 12 June 2012) had an adjusted exercise price lower than the average quoted market price of TF1 shares over the period.

7-4-3. Other transactions with shareholders:

In 2016, the amounts shown on the line "Other transactions between shareholders" relate primarily to the buyout by TF1 of the Principality of Monaco's 20% equity interest in the TMC subsidiary, in exchange for TF1 shares (see Note 1, "Significant events").

In 2015, "Other transactions with shareholders" relates to the buyout by TF1 of the Discovery Group's 20% equity interest in Prefas 18 for €14.6 million.

7-4-4. Other movements (changes in scope of consolidation, other items)

For 2016, this line item in the consolidated statement of changes in shareholders' equity mainly relates to the recognition of liabilities for commitments to buy out non-controlling interests, in particular those of Newen Studios. The movement in the "Non-controlling interests" column relates to the inclusion in the consolidated financial statements of the non-controlling interests arising from the consolidation of the Newen Studios group.

For 2015:

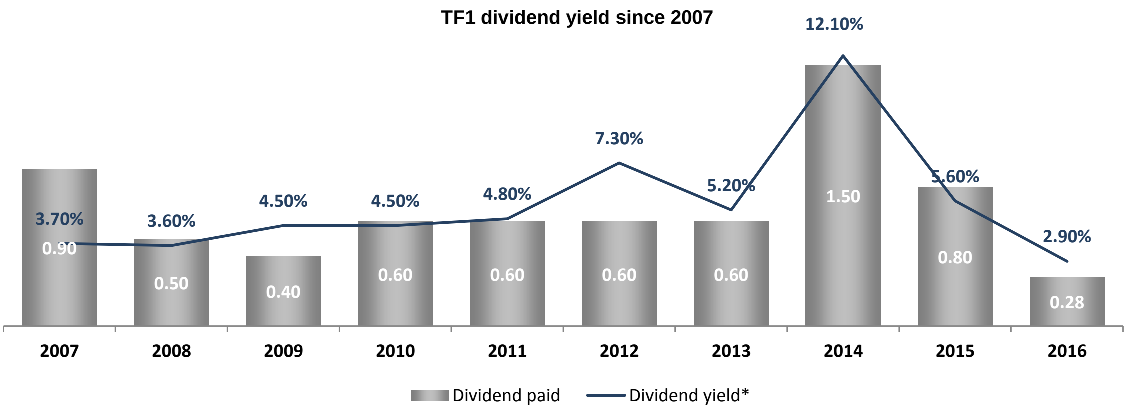
- The movement of €2.9 million in reserves attributable to the Group relates to the retrospective application of IFRIC 21.
- The reduction of €14.8 million in non-controlling interests corresponds to the deconsolidation of the 20% interest held by Discovery Communications in the Eurosport France subsidiary.

7-4-5. Changes in equity not affecting the income statement

Dividends

The chart below shows:

- the amount of dividend paid by the Group, and the yield on TF1 shares, in respect of previous years;
- the amount of dividend in respect of the year ended 31 December 2016 that will be submitted by the Board of Directors for approval by the Ordinary General Meeting of shareholders to be held on 13 April 2017, and the yield represented by that dividend.



** dividend paid per share divided by average closing share price for the year*

The proposed dividend in respect of the year ended 31 December 2016, to be paid in 2017, amounts to €58.6 million, or €0.28 per share.

The dividend paid in 2016 in respect of the year ended 31 December 2015 amounted to €167.3 million, and consisted of (i) an ordinary dividend of €0.28 per share and (ii) an exceptional dividend of €0.52 per share.

Because the dividend payable in 2017 is subject to approval by the shareholders, it was not recognised as a liability in the consolidated financial statements as at 31 December 2016.

7-4-6. Share-based payment and stock option plans

7-4-6-1. Details of stock option plans and performance share plans (PSPs)

	Plan no. 11	Plan no. 12	Plan no. 13	Plan no. 14	Plan no. 15	TF1 PSP	Newen PSP
Date of Shareholders' Meeting	17/04/2007	14/04/2011	14/04/2011	17/04/2014	17/04/2014	14/04/2016	13/07/2016
Date of Board meeting	18/02/2009	12/05/2011 & 25/07/2011	14/05/2012	29/04/2015	26/04/2016	26/04/2016	29/07/2016
Date of grant	20/03/2009	10/06/2011	12/06/2012	12/06/2015	08/06/2016	08/06/2016	29/08/2016
Type of plan	subscription options	subscription options	subscription options	subscription options	subscription options	performance shares	performance shares
Total number of options/shares awarded	2,000,000	1,500,000	1,437,200	1,308,800	642,000	170,000	1,037,401
- to corporate officers	*56,000*	*7,200*	*7,200*	*16,000*	*0*	*0*	*0*
- to the 10 employees awarded the greatest number	*340,000*	*272,000*	*302,000*	*368,000*	*114,000*	*79,600*	*475,489*
Total number of options/ shares awarded subject to performance conditions	50,000	1,500,000	1,437,200	1,308,800	642,000	170,000	1,037,401
Start date of exercise/vesting period	20/03/2012	10/06/2015	12/06/2016	12/06/2018	08/06/2019	08/06/2019	31/03/2017
Expiration date	20/03/2016	10/06/2018	12/06/2019	12/06/2022	08/06/2023	08/06/2023	31/03/2020
Subscription price	€5.98	€12.47	€6.17	€15.46	€10.99	N/A	N/A
Terms of exercise/vesting	May be exercised from 3rd anniversary of date of grant May be sold from 4th anniversary of date of grant	May be exercised and sold from 4th anniversary of date of grant		May be exercised and sold from 3rd anniversary of date of grant		Vesting from 3rd anniversary of date of grant May be sold from 4th anniversary of date of grant	
Number of shares subscribed at 31 December 2016	1,649,000	244,400	185,517	-	-	-	-
Cumulative number of options/performance shares cancelled, not awarded, or forfeited	351,000	147,200	134,000	40,800	14,700	9,900	-
Number of valid options/ performance shares at end of period	**0**	**1,108,400**	**1,117,683**	**1,268,000**	**627,300**	**160,100**	**1,037,401**

7-4-6-2. Movement in number of valid options and performance shares

	2016		2015	
	Number of options/ performance shares	**Weighted average subscription/ purchase price (€)**	**Number of options/performance shares**	**Weighted average subscription/ purchase price (€)**
Options/shares valid at 1 January	**3,932,376**	**11.03**	**4,819,862**	**11.17**
Options/shares awarded	811,600	8.80	1,308,800	15.46
Options/shares cancelled, not awarded, or forfeited	(69,800)	11.72	(16,800)	7.97
Options exercised	(316,693)	6.09	(474,986)	9.32
Options expired	(76,000)	5.98	(1,704,500)	15.35
Options/shares valid at 31 December	**4,281,483**	**11.03**	**3,932,376**	**11.03**
Options exercisable/shares yet to vest at 31 December	*2,226,083*	*9.31*	*1,315,576*	*11.45*

A total of 316,693 options were exercised during 2016. The average residual life of options outstanding as of 31 December 2016 was 46 months (compared with 49 months as of 31 December 2015).

7-4-6-3. Share-based payment expense

Accounting policy:

TF1 may award stock subscription option plans and performance share plans to its employees (see Note 7-4-6-1).

In accordance with IFRS 2, the cost of these equity-settled share-based payment plans is recognised as an expense in "Staff costs", with the opposite entry recognised in equity.

The total expense relating to stock subscription option plans is measured at the date of grant using the Black-Scholes-Merton model, and is recognised on a straight-line basis over the vesting period.

The total expense relating to performance share plans is measured at the date of grant (taking into account any specific terms and conditions liable to affect fair value), and recognised over the vesting period on a straight line basis.

The opposite entry for the movement in this reserve during the period is charged to "Staff costs" in the income statement (see Note 5-1).

- **Expense related to stock option plans and performance share plans awarded by the TF1 group**

The expense related to stock option plans and performance share plans, as recognised in "Staff costs", breaks down as follows:

(€m)	**Date of grant**	**Lock-up period**	***Total fair value***	**Staff costs**	
				2016	**2015**
Plan no. 12	10/06/2011	4 years		-	0.1
Plan no. 13	12/06/2012	4 years		0.1	0.4
Plan no. 14	12/06/2015	3 years	1.7	1.2	0.8
Plan no. 15	08/06/2016	3 years	1.1	0.3	
TF1 performance share plan	08/06/2016	3 years	1.6	0.4	
Newen performance share plan	29/08/2016	7 months	3.5	0.5	
Total				**2.5**	**1.3**

Stock option plan expense was computed using the Black-Scholes model and the following assumptions:

	Reference share price	**Exercise price**	***Expected volatility***	**Average maturity**	**Risk-free rate**	***Payout ratio***	**Liquidity discount**	**Fair value per option**
Plan no. 12	€12.40	€12.47	31%	5.25 years	2.61%	4.64%	-15%	€1.18
Plan no. 13	€5.72	€6.17	40%	5.18 years	1.63%	7.65%	-15%	€0.70
Plan no. 14	€15.70	€15.46	28%	5.18 years	0.41%	1.57%	-15%	€2.75
Plan no.15	€10.99	€10.99	34%	5.14 years	-0.18%	1.81%	-15%	€2.15

The average maturity used is less than the contractual life of the option in order to take account of exercises by grantees ahead of the contractual expiry date. The volatility assumptions used are consistent with the implied volatility reflected in the price offered at the date of grant by leading banks for TF1 stock options with the same maturity.

The expense recognised for the TF1 performance share plan was determined on the basis of the reference TF1 share price as of the date of the award, i.e. €11.40.

- **Expense related to employee benefit plans awarded by the Bouygues group**

  The expense related to plans awarded by the Bouygues group to TF1 employees was not material for 2016.

7-4-6-4. Share buybacks

Under the new share buyback programme approved by the Annual General Meeting of 14 April 2016, TF1 repurchased 2,222,986 of its own shares during the second and third quarters of 2016 for a total amount of €21.4 million.

In 2015, TF1 repurchased 2,969,765 of its own shares during the third quarter for a total amount of €40.0 million.

7-4-6-5. Put options granted to non-controlling interests

The TF1 group had no commitments in place as of 31 December 2016 constituting a put option exercisable by non-controlling interests.

7-4-7. Cash flow hedge reserve

(€m)	2016	2015
Reserve as of 1 January	**1.1**	**(3.6)**
Cash flow hedges reclassified to profit or loss during the period [(1)]	(2.9)	(6.5)
Change in fair value of new cash flow hedges contracted during the period	3.7	2.2
Change in fair value of existing portfolio of cash flow hedges during the period	-	2.1
Reserve as of 31 December	**1.9**	**1.1**

[(1)] *Amounts reclassified from equity to profit or loss are recognised as a component of operating profit.*

7-5. Net debt and financial liabilities

7-5-1. Net debt

Net debt as reported by the TF1 group comprises the following items:

(€m)	31/12/2015	Cash flows	Changes in scope of consolidation	Other movements	31/12/2016
Cash and cash equivalents	703.1	(355.6)	72.7		420.2
Financial assets used for treasury management purposes	-				-
Available cash	**703.1**	**(355.6)**	**72.7**	**-**	**420.2**
Interest rate derivatives - assets	-				-
Interest rate derivatives - liabilities	-				-
Fair value of interest rate derivatives	-				-
Non-current debt [(1)]	-	(17.5)	(207.4)		(224.9)
Current debt, excluding overdrafts & current accounts in credit [(1)]	-	9.7	(17.5)	-	(7.8)
Overdrafts & current accounts in credit	(2.3)	2.1	(0.6)		(0.8)
Total debt	**(2.3)**	**(5.7)**	**(225.5)**	**-**	**(233.5)**
Net surplus cash (+) / Net debt (-)	**700.8**	**(361.3)**	**(152.8)**	**-**	**186.7**

[(1)] *Non-current debt and current debt as of 31 December 2016 include the fair value of the commitments made by TF1 to buy out minority shareholders, primarily in Newen Studios and its subsidiaries (see Note 1, "Significant events").*

7-5-1-1. Cash and cash equivalents

Accounting policy:

The line "Cash and cash equivalents" in the balance sheet comprises cash, cash equivalents, and debit balances on treasury current accounts.

Cash consists of liquidity available in bank current accounts, and sight deposits. Cash equivalents are assets held in order to meet short-term treasury needs. Investments qualify as cash equivalents if they are readily convertible into cash, are subject to an insignificant risk of changes in value, and have a maturity of less than three months. Treasury current accounts represent cash invested with non-consolidated equity investees, joint ventures or associates, and current accounts with other Bouygues group entities.

Cash and treasury current accounts are financial assets classified in the "Loans and receivables" category, and carried at amortised cost.

Cash and cash equivalents consists of the following items:

(€m)	2016	2015
Cash	52.4	11.3
Money-market funds	0.2	-
Treasury current accounts [1]	367.6	691.8
Cash and cash equivalents of continuing operations	**420.2**	**703.1**

[1] Includes €367.6 million with Bouygues Relais.

7-5-2. Financial liabilities

Accounting policy:

Financial liabilities are classified in one of two categories: financial liabilities at fair value through profit or loss, or financial liabilities at amortised cost.

- Financial liabilities at **fair value** through profit or loss comprise:
  - liabilities regarded as held for trading, comprising liabilities incurred principally with a view to their redemption in the near term;
  - liabilities designated by the Group on initial recognition as financial instruments at fair value through profit or loss.
- Non-derivative financial liabilities at **amortised cost** mainly comprise borrowings (including credit facilities contracted with banks or with the Group), treasury current accounts with credit balances, bank overdrafts, and finance lease obligations.

Where a financial liability is wholly or partially hedged by an interest rate instrument, the hedged portion is accounted for under hedge accounting rules (see Note 8-2-2).

- **Commitments to buy out non-controlling interests:**

Commitments to buy out non-controlling interests are recognised as a financial liability, in accordance with IAS 32.

Since 1 January 2010, the effective date of the amended IAS 27, TF1 has elected to recognise such financial liabilities by debiting equity, with no impact on the recognition of non-controlling interests. Apart from discounting effects (recognised in "Expenses associated with net debt"), the effects of subsequent changes in the liability are also recognised in equity.

For commitments to buy out non-controlling interests relating to a business combination completed prior to 1 January 2010, TF1 recognised the excess of the amount of the liability over the carrying amount of the related non-controlling interests, and subsequent changes in the fair value of the liability (other than discounting effects), as goodwill.

Use of estimates and judgment: the fair value of financial instruments is determined by reference to market prices. In the case of derivatives, market prices are determined and supplied to the TF1 group by its bank counterparties. Where no quoted market price is available, fair value is estimated using other valuation methods such as the discounted cash flow method.

The table below shows financial liabilities by category:

2016 (€m)	Financial liabilities at fair value through profit or loss: Designated at fair value on initial recognition	Financial liabilities at fair value through profit or loss: Held for trading	Level [1]	Commitments to buy out non-controlling interests measured at fair value	Level [1]	Financial liabilities at amortised cost	TOTAL
Non-current debt	-	-		133.2	III	91.7	**224.9**
Current debt	-	-		2.9	III	5.7	**8.6**
Trade and other creditors	-	-		-		1,368.0	**1,368.0**
Other current financial liabilities	-	-		-		-	**-**

[1] See "Use of estimates and judgment" section of Note 7-3-5.

2015 (€m)	Financial liabilities at fair value through profit or loss: Designated at fair value on initial recognition	Financial liabilities at fair value through profit or loss: Held for trading	Level [1]	Commitments to buy out non-controlling interests	Financial liabilities at amortised cost	TOTAL
Non-current debt	-	-		-	-	**-**
Current debt	-	-		-	2.3	**2.3**
Trade and other creditors	-	-		-	1,339.7	**1,339.7**
Other current financial liabilities	-	-		-	-	**-**

[1] See "Use of estimates and judgment" section of Note 7-3-5.

- **Fair value of financial liabilities**

Because of their short maturities, the carrying amount of bank overdrafts, trade and other creditors and current debt is regarded by the Group as an approximation of their fair value.

The fair value of derivatives is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets on the basis of market data at the end of the reporting period (level II method), except for the transactions described below which are measured using Level III criteria as defined in the "Use of estimates and judgment" section of Note 7-3-5.

8 Risk management

8-1. Capital management policy

The TF1 group has a policy of maintaining a stable capital base, apart from share buybacks (see the present Annual Financial Report and Registration Document).

In terms of equity capital, the Group uses various indicators, including gearing (defined as the ratio of net debt to equity). Gearing provides investors with an indication of the Group's level of indebtedness relative to the level of equity capital. It is calculated on the basis of net debt as defined in Note 7-5-1 and of shareholders' equity, including reserves used to recognise changes in the fair value of cash flow hedges and of available-for-sale financial assets.

As of 31 December 2016 and 2015, the Group had net surplus cash of €186.7 million and €700.8 million respectively, so gearing was zero.

8-2. Financial risk management policy

Liquidity risk and market risk (interest rate risk, foreign exchange risk and own equity risk) are managed centrally by the Treasury unit within the Accounting, Tax, Treasury and Financing department.

8-2-1. Liquidity risk

The Treasury unit is responsible for ensuring that the Group has access to adequate, sustainable and appropriate sources of financing. This involves:

- daily multi-currency pooling of surplus cash held by all Group entities, to minimise the need for external funding;
- analysis and periodic updating of cash flow projections for all Group entities;
- negotiating credit facilities with phased maturities, and ensuring that such facilities are in place at all times.

The Group assesses liquidity risk by reference to the global drawdown on its confirmed credit facilities, net of available cash.

Financing risk:

The TF1 group's financing strategy is based on its ability to cope with market fluctuations and a deteriorating economy while retaining its financial autonomy vis-à-vis the financial and banking markets. The strategy is devised so as to retain the possibility of seizing opportunities for organic growth or acquisitions, while at the same time optimizing the cost of financing by actively managing and renewing the portfolio of credit facilities. The Group's credit facilities are spread among a significant number of French and international banks. They are bilateral facilities and are not subject to covenants regarding financial ratios, and are backed up by a cash pooling agreement with the Bouygues Group.

2016	**Authorised facilities**			**Drawdowns**			**Available facilities**
(€m)	Less than 1 year	1 to 5 years	**Total**	Less than 1 year	1 to 5 years	**Total**	
Confirmed bilateral facilities	115.0	870.0	**985.0**	90.7	-	**90.7**	**894.3**
Finance leases	(0.0)	0.4	**0.4**	(0.0)	0.4	**0.4**	**-**
Bouygues cash pooling agreement	-	-	**-**	-	-	**-**	**-**
TOTAL	**115.0**	**870.4**	**985.4**	**90.7**	**0.4**	**91.1**	**894.3**

2015 (€m)	Authorised facilities			Drawdowns			Available facilities
	Less than 1 year	1 to 5 years	**Total**	Less than 1 year	1 to 5 years	**Total**	
Confirmed bilateral facilities	245.0	660.0	**905.0**	-	-	**-**	**905.0**
Finance leases	-	-	**-**	-	-	**-**	**-**
Bouygues cash pooling agreement	-	-	**-**	-	-	**-**	**-**
TOTAL	**245.0**	**660.0**	**905.0**	**-**	**-**	**-**	**905.0**

Credit rating:

The TF1 group has a credit rating from Standard & Poor's, which currently stands at BBB+/stable/A-2.

Maturity of non-derivative financial liabilities

The tables below provide a schedule of undiscounted future repayments (principal and interest) of financial liabilities, based on residual contractual maturities:

2016 (€m)	Carrying amount	Residual contractual amount		
		Less than 1 year	1 to 5 years	Total
Finance leases	-	-	-	-
Trade and other creditors	1,368.0	1,368.0	-	1,368.0
Other financial liabilities	233.5	8.6	224.9	233.5
TOTAL	**1,601.5**	**1,376.6**	**224.9**	**1,601.5**

2015 (€m)	Carrying amount	Residual contractual amount		
		Less than 1 year	1 to 5 years	Total
Finance leases	-	-	-	-
Trade and other creditors	1,339.7	1,339.7	-	1,339.7
Other financial liabilities	2.3	2.3	-	2.3
TOTAL	**1,342.0**	**1,342.0**	**-**	**1,342.0**

Investment of surplus cash

The Group exercises great care in choosing the vehicles in which it invests temporary or structural cash surpluses, which must:

- be liquid, i.e. immediately accessible (current accounts, interest-bearing instant access accounts, etc), with a maturity of no more than 3 months;
- pay interest on the basis of money-market indices, with no capital risk other than counterparty risk, and have a minimum rate of interest of 0%;
- be contracted with high-grade counterparties.

As of 31 December 2016, €367.6 million out of the €420.2 million of net surplus cash was invested with Bouygues Relais under the terms of the cash pooling arrangement between the two entities.

(€m)	**2016**	**2015**
Interest-bearing bank account	14.0	4.2
Bouygues Relais cash pooling agreement	367.6	691.0
Other treasury current accounts	38.6	7.9
TOTAL	**420.2**	**703.1**

8-2-2. Market risk

The Group manages its exposure to interest rate and exchange rate risk by using hedging instruments such as swap contracts and forward purchases/sales. Derivatives are used solely for hedging purposes and are never used for speculative purposes.

The Treasury unit monitors the financial markets on a daily basis, and periodically updates the positions to be hedged after netting similar types of exposures between Group entities. The unit submits hedging scenarios to the Accounting, Tax, Treasury and Financing department for approval; once they have been approved, it executes and administers the relevant market transactions.

Accounting policy:

Derivative financial instruments are initially recognised at fair value as of the inception date of the contract, and are subsequently measured at fair value in accordance with IAS 39.

The Group uses derivative financial instruments such as swaps, interest rate options, forward currency purchases and currency options to hedge its exposure to fluctuations in interest rates and exchange rates. Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

- Derivative financial instruments designated as hedges

For hedge accounting purposes, a hedge may be classified into one of two categories:

- fair value hedges, which hedge the exposure to changes in fair value of a recognised asset or liability or of a firm commitment, such as a fixed-rate loan or borrowing or an asset or liability denominated in a foreign currency;
- cash flow hedges, which hedge the exposure to variability in cash flows attributable to:
  - an asset or liability such as a floating-rate loan or borrowing;
  - a highly probable forecast transaction; or
  - foreign exchange risk relating to a firm commitment.

At the inception of a hedge, the Group formally designates the financial instrument to which hedge accounting will apply, and documents:

- the hedging relationship;
- the effectiveness of the hedging relationship, by conducting effectiveness tests both at inception and throughout all the financial reporting periods during which the hedge is designated.

Hedging instruments that qualify for hedge accounting are accounted for as follows:

- fair value hedges: changes in the fair value of the hedging instrument are recognised in profit or loss for the period symmetrically with changes in the fair value of the hedged item. The hedging instrument and the hedged item are both recognised in the balance sheet at fair value;
- cash flow hedges: the gain or loss (net of taxes) arising on the effective portion of the hedging instrument is recognised in equity, and the gain or loss on the ineffective portion is recognised in profit or loss. The amounts recognised in equity are taken to profit or loss in the period in which the hedged transaction affects the income statement.

- Derivative financial instruments not designated as hedges

Gains and losses arising from changes in the fair value of derivatives not designated as hedges within the meaning of IAS 39 are recognised in the income statement.

8-2-2-1. Interest rate risk

The objective of the Group's interest rate risk management strategy is to lock in a fixed rate, or to a guarantee a maximum rate, for cost of net debt over the short and medium term.

Exposure and sensitivity to interest rate risk:

The schedules below analyse financial assets and financial liabilities, and the net exposure, by interest rate type and maturity.

	Financial assets		**Financial liabilities**		**Net pre-hedging exposure**		**Hedging instruments**		**Net post-hedging exposure**	
2016 *(€m)*	**Fixed rate**	**Floating rate**	**Fixed rate** (1)	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**	**Floating rate**
Less than 1 year	14.0	406.2	(8.5)	(0.1)	5.3	406.2	-	-	**5.3**	**406.2**
1 to 5 years	-	-	(224.9)	-	(224.9)	-	-	-	**(224.9)**	**-**
TOTAL	**14.0**	**406.2**	**(233.4)**	**(0.1)**	**(219.6)**	**406.2**	**-**	**-**	**(219.6)**	**406.2**

(1) *Includes commitments to buy out non-controlling interests*

	Financial assets		**Financial liabilities**		**Net pre-hedging exposure**		**Hedging instruments**		**Net post-hedging exposure**	
2015 *(€m)*	**Fixed rate**	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**	**Floating rate**
Less than 1 year	4.2	698.9		(2.3)	4.2	696.6	-	-	**4.2**	**696.6**
1 to 5 years	-	-	-	-	-	-	-	-	**-**	**-**
TOTAL	**4.2**	**698.9**		**(2.3)**	**4.2**	**696.6**	**-**	**-**	**4.2**	**696.6**

The sensitivity analysis shown below measures the theoretical impact on cost of net debt of an immediate and constant movement of 1% across the entire yield curve for 2015 and 2016.

It is defined as the impact of applying this 1% movement to the net floating-rate exposure (this exposure being assumed to be constant over one year).

	2016		**2015**	
(€m)	**Pre-tax impact on profit or loss**	**Pre-tax impact on equity**	**Pre-tax impact on profit or loss**	**Pre-tax impact on equity**
Impact of a movement of +1% in interest rates	4.1	-	7.0	-
Impact of a movement of -1% in interest rates	ns (1)	-	ns (1)	-

(1) As of 31 December 2016, the level of short-term interest rates is such that TF1 has no material exposure to a fall in interest rates.

Interest rate derivatives:

The TF1 group has not held any interest rate derivatives since 2011.

8-2-2-2. Foreign exchange risk

Risk of significant fluctuations in the euro/dollar exchange rate, and techniques used to manage that risk

The Group is exposed to the risk of fluctuations in the exchange rate between the euro and the U.S. dollar because it acquires American programmes and consumer products and pays for them in U.S. dollar.

Consequently, any significant appreciation in the U.S. dollar could have a negative effect on the Group's results.

Over an eighteen-month time horizon, the risk is managed using appropriate hedging instruments that provide protection against a deterioration in the exchange rate position and eliminate the cash effect over the duration of the hedge.

At the same time, the Group is committed to reducing its exposure to the U.S. dollar by increasing the extent to which it uses the euro as the currency of payment in programme acquisition contracts.

Multi-currency foreign exchange risk

Accounting policy:

Foreign currency translation: transactions denominated in foreign currencies carried out by subsidiaries are initially translated into the functional currency of the subsidiary or entity using the exchange rate at the transaction date. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate. Any resulting translation differences are taken to profit or loss. Non-monetary assets and liabilities denominated in a foreign currency are recognised at historical cost and translated using the exchange rate at the transaction date.

The Group's exposure to foreign exchange risk is of an operational nature. It derives from recurring cash flows under long-term broadcasting and sports transmission rights acquisition contracts denominated in U.S. dollars and Swiss francs.

During 2016, over 99% of the Group's cash inflows were in euros, 0.6% were in Swiss francs, and 0.4% in U.S. dollars.

As regards cash outflows, 96.1% (including acquisitions of audiovisual rights) were in euros, 3.8% in U.S. dollars, and 0.1% in sterling, Canadian dollars and Swiss francs.

The objective of the Group's foreign exchange risk management policy is to lock in or guarantee a maximum exchange rate on its net long position and a minimum exchange rate on its net short position in each of the currencies used, over a rolling 12-to-18-month period.

Exposure and sensitivity to foreign exchange risk.

The table below shows the Group's exposure to foreign exchange risk as of 31 December 2016:

Equivalent value in euros at 2016 closing exchange rates (€m)	USD [1]	GBP	CHF [2]	Other currencies	Total
Assets	15.6	0.4	4.0	0.1	20.2
Liabilities	(52.9)	-	(0.5)	-	(53.5)
Off balance sheet commitments	(108.7)	-	-	-	(108.7)
Pre-hedging position	**(146.0)**	**0.4**	**3.5**	**0.1**	**(142.0)**
Forwards and futures	121.1	-	(10.7)	-	110.3
Currency swaps	-	-	-	-	-
Net post-hedging position	**(24.9)**	**0.4**	**(7.2)**	**0.1**	**(31.7)**

[1] *Net exposure in USD: some Group entities (TF1, GIE AD, TF1 Droits Audiovisuels) enter into long-term rights acquisition contracts in the course of their ordinary activities that give rise to off balance sheet commitments. Most of the inventories purchased by Dujardin and the Home Shopping business are paid for in U.S. dollars.*

[2] *Net exposure in CHF: this mainly relates to the ordinary activities of TF1; forward contracts in CHF are contracted solely to hedge future cash flows.*

The table below shows the Group's exposure to foreign exchange risk at 31 December 2015:

Equivalent value in euros at 2015 closing exchange rates (€m)	**USD**	**GBP**	**CHF**	**Other currencies**	**Total**
Assets	5.2	0.5	2.8	0.1	8.6
Liabilities	(71.8)	-	(0.9)	(0.0)	(72.7)
Off balance sheet commitments	(64.5)	-	-	-	(64.5)
Pre-hedging position	**(131.1)**	**0.5**	**1.9**	**0.1**	**(128.6)**
Forwards and futures	121.3	-	-	-	121.3
Currency swaps	0.9	2.7	2.8	-	6.4
Net post-hedging position	**(8.9)**	**3.2**	**4.7**	**0.1**	**(0.9)**

The sensitivity analysis shown below measures the impact on profit or loss and equity of an immediate unfavourable uniform movement of 1% in the rate of the euro against all the other currencies involved, and represents the sum total of:

- the impact of applying this 1% movement to the net pre-hedging positions presented above;
- the change in the fair value of the portfolio of foreign exchange instruments in place at the end of the reporting period, applying the accounting treatments specified in IAS 39.

	2016				**2015**			
(€m)	**Pre-tax impact on profit or loss**		**Pre-tax impact on equity**		**Pre-tax impact on profit or loss**		**Pre-tax impact on equity**	
	+1%	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**
USD	0.2	(0.3)	(1.2)	1.2	0.1	(0.1)	(1.2)	1.2
GBP	-	-	-	-	-	-	-	-
CHF	0.1	(0.1)	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
TOTAL	0.3	(0.4)	(1.2)	1.2	**0.1**	**(0.1)**	**(1.2)**	**1.2**

As of 31 December 2016, the sensitivity of the TF1 group's equity (including net profit for the period) to changes in the net foreign-currency accounting position arising from a uniform unfavourable movement of 1% in the rate of the euro against all the currencies involved would be +€2.1 million, before taking account of the effects of such a movement on the Group's future foreign-currency cash flows. The comparable figure at end 2015 was +€1.1 million.

Analysis of foreign exchange derivative instruments by currency

The tables below analyse foreign exchange hedging instruments by currency at the end of the reporting period:

		Nominal amount of hedges				**Fair value (€ million)**	
			Amount in euros				
31 December 2016 ***(in millions)***	**Currency**	**Total foreign-currency amount**	**Total**	**Less than 1 year**	**1 to 5 years**	**Total amount**	**Of which designated as cash flow hedges**
Currency swaps	USD	-	-	-	-	-	-
	GBP	-	-	-	-	-	-
	CHF	-	-	-	-	-	-
Forward purchases	USD	127.6	121.1	96.1	25.0	4.9	4.9
Forward sales	CHF	11.5	10.7	10.7	-	(0.0)	(0.0)
TOTAL			**131.8**	**106.8**	**25.0**	**4.8**	**4.8**

31 December 2015 *(in millions)*	Currency	Nominal amount of hedges Total foreign-currency amount	Amount in euros Total	Less than 1 year	1 to 5 years	Fair value (€ million) Total amount	Of which designated as cash flow hedges
Currency swaps	USD	1.0	0.9	0.9	-	-	-
	GBP	2.0	2.7	2.7	-	-	-
	CHF	3.0	2.8	2.8	-	-	-
Forward purchases	USD	132.1	121.3	121.3	-	4.5	4.5
Forward sales	Various	-	-	-	-	-	-
TOTAL			**127.7**	**127.7**	**-**	**4.5**	**4.5**

The nominal amount represents the amount sold or purchased forward in the currency.

Fair value is the difference between (i) the nominal amount translated into euros at a forward rate recalibrated to reflect closing exchange rates and (ii) the nominal amount translated into euros at closing exchange rates.

Accounting classification and treatment

All foreign exchange instruments used by the Group are contracted to hedge its exposure to financial risks. In accordance with IAS 39, they are classified as fair value hedges or cash flow hedges depending on the strategy applied. However, some instruments are ineligible for hedge accounting because they do not meet the IAS 39 criteria, in particular where there has been a reversal of the initial strategy.

Transactions designated as cash flow hedges are used by TF1 SA to hedge sports transmission rights and audiovisual rights acquisition contracts, on which the amount and timing of payments are precisely agreed on a contractual basis.

(€m)	Ineligible for hedge accounting	Designated as fair value hedges	Designated as cash flow hedges	TOTAL Fair value of financial instruments
2016				
Foreign exchange instruments – assets	-	-	4.9	**4.9**
Foreign exchange instruments – liabilities	-	-	-	**-**
TOTAL	**-**	**-**	**4.9**	**4.9**
2015				
Foreign exchange instruments – assets	-	-	4.5	**4.5**
Foreign exchange instruments – liabilities	-	-	-	**-**
TOTAL	**-**	**-**	**4.5**	**4.5**

Change in fair value of foreign exchange instruments

Changes in the fair value of foreign exchange instruments that qualify for hedge accounting consist of two elements:

- ✓ an effective portion (i.e. the portion closely correlated to changes in the fair value of the hedged items), which is recognised in remeasurement reserves as a component of equity);
- ✓ an ineffective portion.

The table below shows changes in the fair value of foreign exchange instruments during 2016 and 2015:

CHANGE IN FAIR VALUE OF FOREIGN EXCHANGE INSTRUMENTS

(€m)	Ineligible for hedge accounting	Designated as fair value hedges	Designated as cash flow hedges	TOTAL
2016	0.0	-	1.2	**1.3**
effective portion	-	-	(0.5)	
ineffective portion	0.0	-	1.7	
2015	(0.2)	-	(2.7)	**(2.9)**
effective portion	-	-	(3.0)	
ineffective portion	(0.2)	-	0.3	

Counterparty risks:

The Group applies policies designed to limit its exposure to counterparty risk, and in particular (i) the risk of non-recovery of trade debtors in connection with its ordinary activities, (ii) the risk of being unable to recover assets held by financial counterparties and (iii) the risk that financial counterparties will default on their commitments to the Group.

The Group believes that its exposure is limited, given that the cost of such risks has historically been immaterial both in overall terms and for each business segment.

In 2016, no single customer of the Group represented more than 3% of consolidated revenue.
The five largest customers represented no more than 10% of consolidated revenue.
The ten largest customers represented no more than 15% of consolidated revenue.

In 2016, no single supplier of the TF1 group represented more than 5% of consolidated revenue.
The five largest suppliers represented no more than 15% of consolidated revenue.
The ten largest suppliers represented no more than 25% of consolidated revenue; this figure reflects the specialised nature of some suppliers within the audiovisual industry, such as production studios.

Risk of non-recovery of debtors

2016	Carrying amount	Not past due	Past due			
(€m)			Total	< 6 months	6-12 months	> 12 months
Trade debtors	**584.7**	504.8	79.9	63.7	5.0	11.2
Provisions for impairment of trade debtors	**(10.0)**	-	(10.0)	(0.7)	(3.2)	(6.1)
TOTAL trade debtors, net	**574.7**	**504.8**	**69.9**	**63.0**	**1.8**	**5.1**

2015	Carrying amount	Not past due	Past due			
(€m)			Total	< 6 months	6-12 months	> 12 months
Trade debtors	**552.0**	475.8	76.2	59.7	3.4	13.1
Provisions for impairment of trade debtors	**(12.2)**	-	(12.2)	(2.0)	(2.3)	(7.9)
TOTAL trade debtors, net	**539.8**	**475.8**	**64.0**	**57.7**	**1.1**	**5.2**

In 2016, the TF1 group introduced a trade debtor management software program incorporating the following key functionalities:

- issuance of automatic reminders before and after the due date;
- collaborative management of disputed accounts;
- automatic reporting of performance indicators such as aged debtors' listing, days' sales outstanding, and weighted average time to collection;
- debtor risk control features such as credit ratings and balance limits.

This application streamlines the collection process and ensures invoiced revenue is converted into cash flows as soon as possible.

It has also led to the standardisation of reminder processes across the Group's vendors, and bolstered the resources dedicated to revenue collection.

Advertising airtime sales

TF1 Publicité sells advertising airtime on media for which it acts as agent (TV channels, radio stations and websites) to advertisers who over the years have often become regular airtime buyers, developing well-established partnerships. TF1 Publicité applies risk management policies adapted to the profile of its customer base.

The policy used to manage the underlying counterparty risk relies on the operating terms of TF1 Publicité, of which its customers are aware. Those terms include:

• upfront payment in full, in advance of broadcast, for airtime orders placed by a new advertiser;

• upfront payment for new advertising campaigns from any advertiser with a track record of payment incidents. If those payment terms are rejected, TF1 Publicité may refuse to sell airtime to the buyer;

• payment of annual rebates in the form of "end-of-order" credit notes issued at the start of the following year, the final amount of which is contingent on the buyer paying its invoices on time.

On top of these procedures, TF1 Publicité has a Credit Management department which performs regular financial health checks on advertisers, issues preventive payment reminders to agencies and advertisers, and (in the event of late payment) systematically issues graded reminders, charges late payment interest, and prepares legal recovery proceedings.

Those procedures have helped keep the risk of non-payment by advertisers to less than 0.15% of total annual billings (inclusive of VAT).

Subscriptions to Pay-TV channels

There is no significant risk of non-recovery as regards revenues payable by cable operators in France.

Consumer activities

The Home Shopping business is not exposed to major non-payment risks, given that payment is usually required prior to the delivery of goods or services.

There are no other significant exposures to individual customers in other Group subsidiaries that might have a lasting adverse impact on the Group's profitability.

Rights sales

Rights sales within France present little risk since the main customers are French broadcasters and ISP/video operators, who are relatively few in number and are high grade counterparties with no history of payment default.

Risks are also limited as regards rights sales outside France, because the media needed to exploit the audiovisual works are not supplied until after the majority of the contractual amounts due have been paid.

Financial counterparties

In investing surplus cash, the TF1 group applies a policy of selecting only high-grade banks and financial institutions that meet minimum rating criteria and with which the Group has well-established relationships, including the provision of credit facilities to the Group (see Note 8-2-1 on liquidity risk).

9 Other notes to the financial statements

9-1. Off balance sheet commitments

The off balance sheet commitments reported below comprise guarantee commitments given and received by the Group; reciprocal commitments not associated with the Group's operating cycles; and operating and finance lease commitments.
A commitment is reciprocal if the future commitment given by the Group is inseparable from the commitment given by the other party or parties to the contract. Reciprocal commitments given and received in connection with the Group's operating cycles are reported in the note relating to the relevant balance sheet item: Note 7-1-2 ("Programmes and broadcasting rights") for purchase contracts designed to secure future programming schedules, and Note 8-2-1 ("Liquidity risk") for confirmed bank credit facilities.

Off balance sheet commitments are stated at the amount of the outflow or inflow of resources specified in the contract. In the case of renewable contracts, the commitment is measured on the basis of the period until the next renewal date.
In the case of reciprocal commitments, the commitment given and the commitment received are measured on the basis of the net cash outflow or inflow for the Group.

The various types of commitments given and received by the Group are described below:

- Guarantee commitments:
This item comprises guarantees provided in connection with commercial contracts or leases.
None of the non-current assets held by TF1 (intangible assets, property, plant and equipment or financial assets) is subject to any pledge or mortgage.

- Reciprocal contractual commitments:

Image transmission:
Image transmission commitments relate to the supply of television transmission services (Télédiffusion de France), and to the leasing of satellite capacity and transponders from private-sector companies.

Commitments relating to equity interests:
This item comprises firm or optional commitments to deliver or receive securities.

Other reciprocal contractual commitments:
This comprises commitments given or received under various contracts not associated with the recurring operations of Group companies.

Operating leases:
This item shows (in both commitments given and commitments received) the minimum future lease payments under non-cancellable operating leases in place at the end of the reporting period. Only leases that are material to the Group are included. Most of the leases included relate to property, in particular the premises occupied by TF1 subsidiaries.

Finance leases:
This item shows the minimum future lease payments under finance leases outstanding at the end of the reporting period.

No material off balance sheet commitments, as defined in the applicable accounting standards, are omitted from the disclosures below.

9-1-1. Guarantee commitments:

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2016	Total 2015
Guarantee commitments					
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements given	4.4	-	11.1	15.5	3.8
Guarantee commitments given	**4.4**	**-**	**11.1**	**15.5**	**3.8**
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements received	1.7	-	-	1.7	-
Guarantee commitments received	**1.7**	**-**	**-**	**1.7**	**-**
Guarantee commitments, net	**2.7**	**-**	**11.1**	**13.8**	**3.8**

9-1-2. Reciprocal contractual commitments

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2016	Total 2015
Miscellaneous contractual commitments					
Image transmission	24.7	65.3	1.2	91.2	149.9
Commitments relating to equity interests [1]	7.3	-	-	7.3	176.8
Other items	43.1	8.6	-	51.7	9.2
Miscellaneous contractual commitments given	**75.1**	**73.9**	**1.2**	**150.2**	**335.9**
Image transmission	24.7	65.3	1.2	91.2	149.9
Commitments relating to equity interests [1]	7.3	-	-	7.3	176.8
Other items	41.4	8.6	-	50.0	9.2
Miscellaneous contractual commitments received	**73.4**	**73.9**	**1.2**	**148.5**	**335.9**
Miscellaneous contractual commitments, net	**1.7**	**-**	**-**	**1.7**	**-**

(1) *In 2015, commitments relating to equity interests included commitments relating to the acquisition of an equity interest in Newen Studios (see Note 1, "Significant events of the year"), and commitments vis-à-vis the ITAS group associated with the share warrants held by TF1 (see Note 7-3-5, "Other non-current financial assets") since the fourth quarter of 2014.*

9-1-3. Operating leases

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2016	Total 2015
Operating leases					
Operating lease commitments given	12.8	38.2	17.6	**68.6**	23.3
Operating lease commitments received	12.8	38.2	17.6	**68.6**	23.3
Operating lease commitments, net	**-**	**-**	**-**	**-**	**-**

9-1-4. Finance leases

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2016	Total 2015
Finance leases (already recognised in the balance sheet)	**-**	**-**	**-**	**-**	**-**

9-2. Related party information

9-2-1. Executive remuneration

Total remuneration paid during 2016 to key executives of the Group (i.e. the ten members of the TF1 Executive Committee mentioned in the Registration Document) was €6.1 million, comprising:

(€m)	2016	2015
Fixed remuneration	5.1	5.8
Variable remuneration and benefits in kind	1.0	3.5

Additional information:

- the portion of expenses for the period relating to stock options and performance shares awarded to these key executives was €0.2 million;
- the portion of the total obligation in respect of retirement and other post-employment benefits relating to those key executives was €1.5 million.

The Bouygues group offers the members of its Executive Committee, who include Nonce Paolini and Gilles Pélisson, a supplementary pension of up to 0.92% of the reference salary for each year's membership of the scheme, which represents a post-employment benefit. The expense (invoiced to TF1 by Bouygues) relating to the contribution paid in 2016 to the investment fund of the insurance company which manages the scheme was €1.0 million.

Apart from loans of shares made to key executives who are also members of the Board of Directors in connection with their duties, no material loans or guarantees were extended to key executives or members of the Board of Directors.

Excluding corporate officers, remuneration paid to key executives of the TF1 group fell by 34% in 2016, with the fixed portion decreasing by 12% and the variable portion by 71%.

9-2-2. Transactions with other related parties

Transactions with other related parties are summarised in the table below:

	Income		Expenses		Debtors		Creditors	
(€m)	2016	2015	2016	2015	2016	2015	2016	2015
Parties with an ownership interest	42.8	41.2	(16.3)	(13.2)	381.0 [(1)]	703.7 [(1)]	8.6	6.7
Joint ventures	0.2	0.5	-	-	1.6	0.6	-	2.3
Associates	7.6	7.0	(6.0)	(12.2)	5.5	8.1	6.7	11.3
Other related parties	-	-	-	-	-	-	-	-
TOTAL	**50.6**	**48.7**	**(22.3)**	**(25.4)**	**388.1**	**712.4**	**15.3**	**20.3**

[(1)] *Primarily the Bouygues Relais cash pooling agreement (see Note 8-2-1).*

Agreements entered into with joint ventures and associates relate primarily to operational transactions in the ordinary course of business in the audiovisual sector, recharges of head office administrative expenses, and income and expenses arising from short-term cash pooling transactions.

Agreements entered into with parties with an ownership interest comprise agreements with Bouygues SA and with other Bouygues group companies that are subsidiaries of Bouygues SA. Those agreements are of an ordinary commercial nature, except in the case of transactions with Bouygues Relais under the short-term cash pooling agreement.

The off balance sheet commitments reported in Note 9-1 do not include any material commitments to related parties.

9-3. Auditors' fees

The table below shows fees paid by the Group to its auditors:

	Mazars				KPMG				EY				Other audit firms			
	Amount		%		Amount		%		Amount		%		Amount		%	
(€ '000)	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Audit of consolidated and individual company financial statements	**(781)**	**(735)**	**98%**	**100%**	**(460)**	**(512)**	**92%**	**96%**	**(152)**	**-**	**70%**	**0%**	**(399)**	**(60)**	**88%**	**60%**
- TF1 SA	*(111)*	*(210)*			*(206)*	*(212)*			*(105)*				*-*	*-*		
- Subsidiaries	*(670)*	*(525)*			*(254)*	*(300)*			*(47)*				*(399)*	*(60)*		
Other procedures and services related directly to the audit engagement	**(15)**	**-**	**2%**	**0%**	**(38)**	**(15)**	**8%**	**3%**	**(65)**	**-**	**30%**	**0%**	**(52)**	**(40)**	**12%**	**40%**
- TF1 SA	*-*	*-*			*(35)*	*(15)*			*(65)*				*(52)*	*(40)*		
- Subsidiaries	*(15)*	*-*			*(3)*	*-*			*-*				*-*	*-*		
Audit-related fees	**(796)**	**(735)**	**100%**	**100%**	**(498)**	**(527)**	**100%**	**99%**	**(217)**		**100%**	**0%**	**(451)**	**(100)**	**100%**	**100%**
Other services provided by audit firms to fully consolidated subsidiaries																
Company law, tax and employment law	(1)	(1)	-	-	-	(2)	0%	0%	-		0%	0%	-	-	0%	0%
Other (if > 10% of audit-related fees)	-	-	-	-	-	(2)	0%	0%	-		0%	0%	-	-	0%	0%
Other fees	**(1)**	**(1)**	**-**	**-**	**-**	**(4)**	**0%**	**1%**	**-**		**0%**	**0%**	**-**	**-**	**0%**	**0%**
TOTAL AUDITORS' FEES	**(797)**	**(736)**	**100%**	**100%**	**(498)**	**(531)**	**100%**	**100%**	**(217)**		**100%**	**0%**	**(451)**	**(100)**	**100%**	**100%**

9-4. Dependence on licences

TF1 is an audiovisual communications service that requires a licence.

The law of 30 September 1986, as amended by Law 2007-309 of 5 March 2007, stipulates that subject to certain conditions, a company's broadcasting licence may be automatically renewed. TF1 has signed the necessary agreements and provided the necessary undertakings to retain its broadcasting licence until 2022.

In addition, the following subsidiaries were awarded a digital terrestrial broadcasting licence for a 10-year period on 10 June 2003: LCI, TMC and NT1. That period was extended for a further five years following an undertaking by the channels to extend their DTT coverage to more than 95% of the population, in accordance with Article 97 of the law of 30 September 1986.

9-5. Detailed list of companies included in the consolidation

***Consolidation methods*:**

Subsidiaries

Subsidiaries are companies over which TF1 exercises control. Control is presumed to exist where the parent company has the power directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Subsidiaries are included in the consolidation from the date on which control is effectively transferred to the Group. Divested subsidiaries are excluded from the consolidation from the date on which the Group ceases to have control.

The Group accounts for investees over which it exercises exclusive control using the full consolidation method. Under this method, all assets, liabilities, equity, income and expenses of each subsidiary are combined on a line-by-line basis in the consolidated financial statements. Non-controlling interests in equity and in net profit are identified separately under "Non-controlling interests" in the consolidated balance sheet and the consolidated income statement.

Joint arrangements

Joint arrangements, which may be either joint operations or joint ventures, arise where the power to govern the financial and operating policies of an investee is contractually shared by TF1 with one or more other parties, none of which exercises control.

- In the case of joint operations, which give each of the parties direct rights to the assets and obligations for the liabilities, the assets and liabilities (and income and expenses) are recognised in proportion to the interests held by TF1 in the joint operation.
- Joint ventures, which give the parties rights to the net assets, are accounted for by the equity method.

Associates

An associate is an entity over which the Group exercises significant influence, which means that it has the power to participate in the financial and operating policy decisions of the investee without exercising control. Significant influence is presumed to exist if the parent company holds, directly or indirectly, 20% or more of the voting power of the investee. This presumption is reviewed in light of the way in which the investee is effectively governed and managed.

The Group accounts for investments in associates using the equity method. Under this method, the investment in the associate is initially recorded in the balance sheet at acquisition cost. The carrying amount is then increased or decreased by the Group's share of the associate's profits or losses and of other changes in the equity of the associate subsequent to the acquisition date.

***Translation of the financial statements of foreign entities*:**

The financial statements of foreign operations are translated into euros, the reporting currency of the TF1 group. All assets and liabilities of foreign entities are translated at the closing exchange rate; income and expenses are translated at the average rate for the period. Translation differences arising from this treatment, and from retranslating the opening equity of foreign entities at the closing exchange rate, are taken to equity under "Share premium and reserves". On disposal of a foreign entity, these differences are taken to profit or loss as part of the gain or loss on disposal.

COMPANY	COUNTRY	ACTIVITY	31 December 2016 % INTEREST	31 December 2016 METHOD	31 December 2015 % INTEREST	31 December 2015 METHOD
Broadcasting						
TF1 SA	***France***	***Broadcasting***	***Parent company***		***Parent company***	
TELE MONTE CARLO	Monaco	Theme channel	100.00%	Full	80.00%	Full
NT1	France	Theme channel	100.00%	Full	100.00%	Full
HD1	France	Theme channel	100.00%	Full	100.00%	Full
LA CHAINE INFO	France	Theme channel	100.00%	Full	100.00%	Full
METRO FRANCE PUBLICATIONS	France	Digital news platform	-	-	100.00%	Full
TMC REGIE	France	TMC advertising airtime sales	100.00%	Full	100.00%	Full
TF1 PUBLICITE	France	TF1 advertising airtime sales	100.00%	Full	100.00%	Full
LA PLACE MEDIA	France	Advertising airtime sales	24.70%	Equity	24.70%	Equity
OUEST INFO	France	TV news images agency	100.00%	Full	100.00%	Full
TF1 FILMS PRODUCTION	France	Movie co-production	100.00%	Full	100.00%	Full
TF1 PRODUCTION	France	Programme production	100.00%	Full	100.00%	Full
APHELIE	France	Real estate company	100.00%	Full	100.00%	Full
FIRELIE	France	Real estate company	100.00%	Full	100.00%	Full
PERELIE	France	Real estate company	100.00%	Full	100.00%	Full
E-TF1	France	Content/broadcasting: internet and TV services	100.00%	Full	100.00%	Full
BONZAI DIGITAL	France	Digital marketing consultancy	100.00%	Full	-	-
GIE TF1 Acquisitions de droits	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
TF1 DS	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
TV BREIZH	France	Theme channel	100.00%	Full	100.00%	Full
TF6	France	Theme channel	-	-	50.00%	Equity
TF6 GESTION	France	TF6 management company	-	-	50.00%	Equity
SERIE CLUB	France	Theme channel	50.00%	Equity	50.01%	Equity
HISTOIRE	France	Theme channel	100.00%	Full	100.00%	Full
USHUAIA TV	France	Theme channel	100.00%	Full	100.00%	Full
TF1 DISTRIBUTION	France	Distribution of TV channels	100.00%	Full	100.00%	Full
TF1 THEMATIQUES	France	Theme channels holding company	100.00%	Full	100.00%	Full
MONTE CARLO PARTICIPATIONS	France	TMC holding company	100.00%	Full	100.00%	Full
TF1 DIGITAL CONTENT	France	Content/broadcasting: internet and TV services	100.00%	Full	-	-
PREFAS 18	France	Holding company	100.00%	Full	100.00%	Full
TF1 EXPANSION	France	Holding company	100.00%	Full	100.00%	Full
GROUPE AB	France	Audiovisual production, scheduling & broadcasting	33.50%	Equity	33.50%	Equity
Studios & Entertainment						
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 DROITS AUDIOVISUELS	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 INTERNATIONAL	France	Exploitation of audiovisual rights	100.00%	Full	66.00%	Full
UGC DISTRIBUTION	France	Exploitation of audiovisual rights	-	-	34.00%	Equity
TELESHOPPING	France	Home shopping	100.00%	Full	100.00%	Full
TOP SHOPPING	France	Retail distribution	100.00%	Full	100.00%	Full
OPTIQUAL (ex-DIRECT OPTIC PARTICIPATIONS)	France	e-commerce	47.85%	Equity	47.85%	Equity
TF1 VIDEO	France	Exploitation of video rights	100.00%	Full	100.00%	Full
TF1 Entertainment	France	Telematics, spin-off rights	100.00%	Full	100.00%	Full
DUJARDIN	France	Producer of board/card games	100.00%	Full	100.00%	Full
UNE MUSIQUE	France	Publisher of music & sound recordings	100.00%	Full	100.00%	Full
STS EVENEMENTS	France	Commercial operation of live show venues	55.00%	Full	55.00%	Full
TF1 EVENTS	France	Event management	100.00%	Full	100.00%	Full
NEWEN STUDIOS	France	Holding company	100.00%	Full	-	-
FLCP DEVELOPPEMENT	France	Holding company	100.00%	Full	-	-
NEWEB	France	Holding company	100.00%	Full	-	-
NEWEB FACTORY	France	Audiovisual production	78.52%	Full	-	-
NEWEB DEVELOPPEMENT	France	Audiovisual production	78.52%	Full	-	-
FACTORY ELEVEN	France	Audiovisual production	78.52%	Full	-	-
NEWEB REGIE	France	Audiovisual production	78.52%	Full	-	-

			31 December 2016		31 December 2015	
COMPANY	COUNTRY	ACTIVITY	% INTEREST	METHOD	% INTEREST	METHOD
Studios & Entertainment						
CUP HOLDING	France	Audiovisual production	78.36%	Full	-	-
CUP INTERACTIVE SAS	France	Audiovisual production	78.36%	Full	-	-
NEWEN	France	Audiovisual production	100.00%	Full	-	-
CAPA DEVELOPPEMENT	France	Holding company	88.09%	Full	-	-
CAPA PRESSE	France	Audiovisual production	88.09%	Full	-	-
CAPA ENTREPRISE	France	Audiovisual production	88.09%	Full	-	-
CAPA PROD	France	Audiovisual production	88.09%	Full	-	-
CAPA DRAMA	France	Audiovisual production	88.09%	Full	-	-
EXPLORER	France	Audiovisual production	88.09%	Full	-	-
CAPA PICTURES	France	Audiovisual production	79.28%	Full	-	-
TF ET ASSOCIES	France	Holding company	100.00%	Full	-	-
TELFRANCE	France	Audiovisual production	100.00%	Full	-	-
NERIA PRODUCTIONS	France	Audiovisual production	100.00%	Full	-	-
SNC EDITIONS MUSICALES BOXEUR DE LUNE	France	Audiovisual production	100.00%	Full	-	-
NEWEN DISTRIBUTION	France	Audiovisual production	100.00%	Full	-	-
TELFRANCE SERIE	France	Audiovisual production	100.00%	Full	-	-
MIMA PRODUCTION	France	Audiovisual production	100.00%	Full	-	-
BLUE SPIRIT HOLDING	France	Audiovisual production	100.00%	Full	-	-
BLUE SPIRIT PRODUCTION	France	Audiovisual production	100.00%	Full	-	-
BLUE SPIRIT STUDIO	France	Audiovisual production	100.00%	Full	-	-
SINEMATIK	Belgium	Audiovisual production	100.00%	Full	-	-
STUDIO BLUE SPIRIT CANADA	Canada	Audiovisual production	100.00%	Full	-	-
STUDIOS DE MARSEILLE	France	Audiovisual production	100.00%	Full	-	-
BOXEUR DE LUNE	France	Audiovisual production	100.00%	Full	-	-
NERIA PRESSE	France	Audiovisual production	100.00%	Full	-	-
PROD 360	France	Audiovisual production	100.00%	Full	-	-
TELECIP	France	Audiovisual production	100.00%	Full	-	-
BARJAC PRODUCTION	France	Audiovisual production	100.00%	Full	-	-
COSTUMES ET DECO	France	Audiovisual production	100.00%	Full	-	-
SEENOVA	France	Audiovisual production	100.00%	Full	-	-
ROYAL ME UP PRODUCTIONS	France	Audiovisual production	80.00%	Full	-	-
AND SO ON	France	Audiovisual production	100.00%	Full	-	-
YELLOW THING	France	Audiovisual production	33.33%	Equity	-	-
ABRAFILMS	France	Audiovisual production	80.00%	Full	-	-
LVPB	France	Audiovisual production	100.00%	Full	-	-
STUDIOS POST & PROD	France	Audiovisual production	100.00%	Full	-	-
17 JUIN DEVELOPPEMENT ET PARTICIPATIONS	France	Holding company	69.63%	Full	-	-
17 JUIN DEVELOPPEMENT	France	Holding company	69.06%	Full	-	-
17 JUIN MEDIA	France	Audiovisual production	69.06%	Full	-	-
17 JUIN FICTION	France	Audiovisual production	69.06%	Full	-	-
17 JUIN PROD	France	Audiovisual production	69.06%	Full	-	-
PULSATIONS	France	Audiovisual production	69.06%	Full	-	-
PULSATIONS MULTIMEDIA	France	Audiovisual production	69.06%	Full	-	-
BOXEUR 7	France	Audiovisual production	100.00%	Full	-	-
CAPA SERIES	France	Audiovisual production	88.09%	Full	-	-
PRODUCTION VALLEY	France	Audiovisual production	100.00%	Full	-	-
TARONJA PROD	France	Audiovisual production	100.00%	Full	-	-
TELFRANCE A	France	Audiovisual production	100.00%	Full	-	-
TOOCO	France	Audiovisual production	66.00%	Full	-	-
RENDEZ-VOUS PRODUCTION SERIES	France	Audiovisual production	100.00%	Full	-	-
BLUE SPIRIT LAB	France	Audiovisual production	100.00%	Full	-	-
BEAUTY HOLDING	France	Audiovisual production	78.52%	Full	-	-
DEVTRIBU	France	Audiovisual production	78.52%	Full	-	-
CAPA PARTICIPATION	France	Holding company	100.00%	Full	-	-

9-6. Events after the reporting period

✓ **Acquisition of a majority equity interest in MinuteBuzz**

In accordance with the commitment announced on 1 December 2016, the TF1 group acquired a majority equity interest in MinuteBuzz, French millennials' favourite social platform, on 23 January 2017.

✓ **Taking of an equity stake in Studio71**

On 12 January 2017 the TF1 group took a 6.1% equity stake in Studio71, the no.4 MCN worldwide with over 6 billion video views per month and 1,100 channels (more channels than any other European rival). Studio71 has a presence in Germany, the USA and the UK and is a subsidiary of the major German media group ProsiebenSat.1, which simultaneously struck a similar deal with Mediaset, Italy's leading private-sector media group.
In parallel with this transaction, the TF1 group will also become the operator of Studio71 in France and francophone territories via Finder Studios, in which Studio71 is to take a minority stake.

✓ **Divestment of the equity interest in Groupe AB**

On 30 January 2017, TF1 confirmed that it had accepted an offer from Mediawan SA to buy the TF1 group's 33.5% equity interest in Groupe AB. That equity interest had a carrying amount of €76.7 million as of 31 December 2016 (see Note 7-3-4), based on financial statements as of 30 September 2016 (the most recent available). This agreement has no impact on the consolidated financial statements of the TF1 group as of 31 December 2016.

✓ **Acquisition of a majority equity interest in Tuvalu Media Group by Newen Studios**

On 6 February 2017, Newen Studios acquired a majority equity interest in Tuvalu Media Group (the leading independent producer in the Netherlands, specialising in single-use programmes and drama) from the founding shareholders, who will continue to manage the company.