**PARENT COMPANY INCOME STATEMENT (French GAAP)**

| (€m) | Note | 2012 | 2011 |
|---|---|---|---|
| *Operating income* | | 1,525.4 | 1,626.9 |
| TF1 channel advertising revenue | *2.12 & 4.1* | 1,339.1 | 1,435.2 |
| Revenue from other services | | 4.2 | 4.7 |
| Income from ancillary activities | | 13.5 | 7.3 |
| *Revenue* | | 1,356.8 | 1,447.2 |
| Stored production | | 0.1 | (0.5) |
| Capitalised production | | 0.9 | 0.7 |
| Operating grants | | 0.0 | 0.2 |
| Reversals of depreciation, amortisation, provisions and impairment | | 71.3 | 81.2 |
| Cost transfers | *4.6* | 94.0 | 95.5 |
| Other income | | 2.3 | 2.6 |
| *Operating expenses* | | (1,450.0) | (1,429.4) |
| Purchases of raw materials and other supplies | *4.2* | (591.9) | (610.0) |
| Change in inventory | *4.2* | (86.4) | (36.2) |
| External expenses | | (328.9) | (348.1) |
| Taxes other than income taxes | *4.3* | (105.0) | (106.6) |
| Wages and salaries | *4.4* | (147.1) | (133.0) |
| Social security charges | *4.4* | (67.7) | (61.3) |
| Depreciation, amortisation, provisions and impairment | | | |
| - amortisation of co-productions already transmitted | | (17.5) | (5.6) |
| - amortisation and depreciation of other non-current assets | | (14.4) | (15.4) |
| - impairment of intangible assets and current assets | | (25.6) | (43.4) |
| - provisions for liabilities and charges | | (8.5) | (8.7) |
| Other expenses | *4.5* | (57.0) | (61.1) |
| OPERATING PROFIT | | 75.4 | 197.5 |
| *Share of profits/losses of joint operations* | | 0.0 | 0.0 |
| Financial income | | 112.4 | 131.5 |
| Financial expenses | | (80.1) | (144.2) |
| NET FINANCIAL INCOME | *4.7* | 32.3 | (12.7) |
| PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS | | 107.7 | 184.8 |
| *Exceptional income* | | 234.8 | 37.4 |
| Exceptional income from operating transactions | | 0.8 | 31.4 |
| Exceptional income from capital transactions | | 196.3 | 3.0 |
| Reversals of provisions and impairment | | 37.7 | 3.0 |
| *Exceptional expenses* | | (202.5) | (57.9) |
| Exceptional expenses on operating transactions | | (0.1) | (4.6) |
| Exceptional expenses on capital transactions | | (195.0) | (10.6) |
| Depreciation, amortisation, provisions and impairment | | (7.4) | (42.7) |
| EXCEPTIONAL ITEMS | *4.8* | 32.3 | (20.5) |
| Employee profit-sharing | | (1.8) | (4.6) |
| Income taxes | *4.9 & 4.10* | (17.7) | (45.2) |
| NET PROFIT | | 120.5 | 114.5 |

## PARENT COMPANY BALANCE SHEET (French GAAP)

| ASSETS (€m) | Note | Dec. 31, 2012 Net | Dec. 31, 2011 Net |
|---|---|---|---|
| *Intangible assets* | *2.2 & 3.1* | 36.6 | 45.8 |
| Concessions and similar rights | | 10.3 | 9.2 |
| Trademarks and other intangible assets | | 0.0 | 0.0 |
| Intangible assets in progress | | 2.0 | 3.1 |
| Co-productions available for initial transmission | | 7.3 | 12.7 |
| Co-productions available for retransmission | | 10.4 | 15.0 |
| Co-productions in progress | | 6.6 | 5.8 |
| *Property, plant and equipment* | *2.3 & 3.2* | 38.1 | 44.1 |
| Technical facilities | | 13.6 | 17.1 |
| Other property, plant and equipment | | 24.1 | 26.7 |
| Property, plant and equipment under construction | | 0.4 | 0.3 |
| *Non-current financial assets* | *2.4 & 3.3* | 1,220.5 | 1,386.4 |
| Investments in subsidiaries and affiliates | | 1,220.1 | 1,285.3 |
| Other long-term investment securities | | 0.1 | 0.8 |
| Loans receivable | | 0.0 | 100.0 |
| Other non-current financial assets | | 0.3 | 0.3 |
| NON-CURRENT ASSETS | | 1,295.2 | 1,476.3 |
| *Inventories and work in progress* | *2.5 & 3.4* | 340.8 | 400.2 |
| Broadcasting rights available for initial transmission | | 178.3 | 198.2 |
| Broadcasting rights available for retransmission | | 160.9 | 200.6 |
| Broadcasting rights in progress | | 1.6 | 1.4 |
| Advance payments | *2.6 & 3.5.1* | 130.3 | 116.6 |
| Trade debtors | *2.7 & 3.5.2* | 329.3 | 349.7 |
| Other debtors | *3.5.3* | 166.0 | 107.2 |
| Short-term investments and cash | *2.8 & 3.6* | 323.3 | 134.0 |
| Prepaid expenses | *3.7* | 5.3 | 5.3 |
| CURRENT ASSETS | | 1,295.0 | 1,113.0 |
| Unrealised foreign exchange losses | | 0.0 | 0.3 |
| TOTAL ASSETS | | 2,590.2 | 2,589.6 |

| LIABILITIES AND SHAREHOLDERS' EQUITY (€m) | Note | Dec. 31, 2012 | Dec. 31, 2011 |
|---|---|---|---|
| Share capital | | 42.1 | 42.2 |
| Share premium | | 0.0 | 0.0 |
| Legal reserve | | 4.3 | 4.3 |
| Other reserves | | 810.5 | 813.4 |
| Retained earnings | | 295.1 | 290.7 |
| Net profit for the year | | 120.5 | 114.5 |
| Restricted provisions | *2.10* | 34.6 | 38.7 |
| SHAREHOLDERS' EQUITY | *3.8* | 1,307.1 | 1,303.8 |
| PROVISIONS FOR LIABILITIES AND CHARGES | *2.11 & 3.9* | 46.9 | 80.0 |
| Bank borrowings (1) | | 0.0 | 1.3 |
| Other borrowings (2) | | 473.6 | 470.1 |
| Trade creditors | | 284.0 | 327.9 |
| Tax and employee-related liabilities | | 157.7 | 155.4 |
| Amounts payable in respect of non-current assets | | 3.2 | 2.5 |
| Other liabilities | | 313.1 | 242.4 |
| Deferred income | | 4.5 | 6.2 |
| LIABILITIES | *3.10* | 1,236.1 | 1,205.8 |
| Unrealised foreign exchange gains | | 0.1 | 0.0 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 2,590.2 | 2,589.6 |
| *(1) of which bank overdrafts and bank accounts in credit* | | 0.0 | 1.2 |
| *(2) of which intra-group current accounts (including Bouygues group)* | | 473.6 | 470.1 |

## PARENT COMPANY CASH FLOW STATEMENT (French GAAP)

| CASH FLOW STATEMENT (€m) | 2012 | 2011 |
|---|---|---|
| 1 – Operating activities | | |
| • Net profit for the year | 120.5 | 114.5 |
| • Depreciation, amortisation, provisions and impairment (1) (2) | (19.7) | 61.1 |
| • Investment grants released to the income statement | 0.0 | 0.0 |
| • Net (gain)/loss on disposals of non-current assets | (14.4) | 0.2 |
| *Operating cash flow before changes in working capital* | 86.4 | 175.8 |
| • Acquisitions of co-productions(2) | (8.4) | (11.3) |
| • Amortisation and impairment of co-productions(2) | 10.8 | 11.3 |
| • Inventories | 59.4 | 21.5 |
| • Trade and other debtors | (38.0) | 8.9 |
| • Deferred charges | 27.3 | (59.5) |
| • Advance payments received from third parties, net | (13.7) | 38.1 |
| *Change in operating working capital needs* | 37.4 | 9.0 |
| NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES | 123.8 | 184.8 |
| 2 – Investing activities | | |
| • Acquisitions of property, plant & equipment and intangible assets (1) (2) | (9.8) | (9.9) |
| • Disposals of property, plant & equipment and intangible assets (1) (2) | 0.0 | 0.0 |
| • Acquisitions of investments in subsidiaries and affiliates | (101.7) | (3.4) |
| • Disposals of investments in subsidiaries and affiliates | 192.3 | 0.1 |
| • Net change in amounts payable in respect of non-current assets | 0.7 | 1.1 |
| • Net change in other non-current financial assets | 100.7 | 59.4 |
| NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES | 182.2 | 47.3 |
| 3 – Financing activities | | |
| • Change in shareholders' equity | (3.0) | (25.8) |
| • Net change in debt | 3.4 | (27.2) |
| • Dividends paid | (115.9) | (117.2) |
| NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES | (115.5) | (170.2) |
| TOTAL CHANGE IN CASH POSITION | 190.5 | 61.9 |
| Cash position at beginning of period | 132.8 | 70.9 |
| Change in cash position | 190.5 | 61.9 |
| Cash position at end of period | 323.3 | 132.8 |

*(1) Excluding programme co-production shares*
*(2) Acquisitions, consumption, disposals and retirements of programme co- production shares, accounted for as non-current assets in the parent company financial statements, are included in "Changes in operating working capital needs" in this cash flow statement in order to provide a fair representation of cash flows comparable with that presented in the consolidated financial statements.*

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The parent company financial statements for the year ended December 31, 2012 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

Audit procedures have been performed, and issuance of the audit opinion is pending.

## 1 Significant events

### 1-1. Strategic partnership with the Discovery Communications group

Under the terms of a partnership agreement signed on December 21, 2012 relating to the activities of Eurosport, the pay-TV channels and production activities, TF1 SA sold 20% of its equity interest in Eurosport SAS to the Discovery Communications group (having previously transferred Eurosport France to Eurosport SAS for €112.8 million), via the following transactions:

- a €112.8 million capital increase by Eurosport SAS reserved for Discovery, which enabled Discovery to acquire a 12.7% interest in the company;

- the sale of a 7.3% equity interest in Eurosport SAS for a price of €64.9 million.

This transaction took place on the basis of an enterprise value of €850 million, plus the net cash held by Eurosport as of December 31, 2012.

The terms of the agreement give the Discovery Communications group the option to increase its equity interest in the Eurosport group to 51% in two years' time, which if exercised would give TF1 SA the option to sell the remaining 49% to the Discovery Communications group (see note 5-1, "Off balance sheet commitments").

TF1 SA also sold a 20% equity interest in Prefas 18 (a company which since December 2012 has owned the pay-TV channels TV Breizh, Histoire, Ushuaïa TV and Stylía) to the Discovery Communications group for €14.6 million. An equity injection of €72.9 million into Prefas 18 had been carried out prior to that company's acquisition of the equity interests in the pay-TV channels.

This transaction took place on the basis of an enterprise value of €70 million, plus the net cash held by the theme channels.

The terms of the agreement give the Discovery Communications group the option to increase its equity interest in the theme channels to 49% in two years' time (see note 5-1, "Off balance sheet commitments").

### 1-2. Launch of phase II of the optimisation plan

In 2012, TF1 SA launched phase II of an optimisation plan designed to further the adaptation of its business model (refer to the Management Review for more details).
The overall costs incurred under the plan, amounting to €28.3 million, consist of staff costs and expenses relating to the rationalisation of premises.

# 2 Accounting policies

The accounting policies described below have been applied in compliance with the principles of prudence, lawfulness and fairness in order to represent faithfully the company's assets, liabilities and financial position and the results of its operations, in accordance with the following fundamental concepts:

- going concern;
- consistency of method from one period to the next;
- accrual basis of accounting;

and in accordance with the general rules applicable to the preparation and presentation of annual individual company financial statements in France.
The basic method used for measuring items recorded in the books of account is the historical cost method.

## 2-1. Comparability of the financial statements

There were no changes in accounting policy during the year ended December 31, 2012.

## 2-2. Intangible assets

### 2-2-1. General principles

In order to secure programming schedules for future years, TF1 SA enters into binding contracts under which it acquires programme co-production shares and the other party agrees to deliver the programme in question.
Programme co-production shares are recognised as intangible assets at the time of technical acceptance and opening of rights, and are measured at the contractual acquisition price.

Payments made before the conditions for recognition are met are recognised in the balance sheet under "Advance payments".

Programmes acquired for a single transmission are fully amortised on transmission.
Where programmes are acquired for two or more transmissions, they are amortised as follows, according to the type of programme:

| **Type of programme** | Dramas with a running time of at least 52 minutes | Cartoons | Other programmes |
|---|---|---|---|
| - Initial transmission | 80% | 50% | 100% |
| - Retransmission | 20% | 50% | |

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

A provision for impairment is recorded once it becomes probable that a programme with a co-production share will not be transmitted. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management.

Tax depreciation is charged against co-production shares relating to programmes not yet transmitted in accordance with the policies described in note 2-10, "Restricted provisions".

#### 2-2-2. Co-productions available for initial transmission

Co-production rights are recorded on this line once they are opened for initial transmission on the TF1 channel.

#### 2-2-3. Co-productions available for retransmission

Rights relating to possible repeat broadcasts are recorded on this line.

#### 2-2-4. Co-productions in progress

This line is used to record screenplays and other texts that have not yet gone into production. The amount reported represents the sums actually paid as at the balance sheet date. The treatment of future contractual payments is described in the section on intangible assets arising from payments made to secure programming schedules for future years.

This line also includes co-production shares in programmes where shooting has been completed but technical acceptance and/or opening of rights have yet to occur.

#### 2-2-5. Other intangible assets

Other intangible assets are measured at acquisition cost (or production cost), net of accumulated amortisation and impairment.

Software and licences are amortised on a straight line basis over their estimated useful lives.

### 2-3. Property, plant and equipment

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

Depreciation periods and methods are summarised below:

| | | |
|---|---|---|
| Technical facilities | Straight line | 3 to 7 years |
| Other property, plant and equipment | Straight line | 2 to 10 years |

## 2-4. Non-current financial assets

Equity investments are measured at acquisition cost, comprising the purchase price and transaction costs.
Annual impairment tests are performed on the basis of revenue and profit projections derived from business plans, using the discounted cash flow (DCF) method. If the value in use of an investment falls below acquisition cost, a provision for impairment is recorded. If necessary, this provision may be supplemented by a provision for impairment of the current account with the subsidiary or affiliate and a provision for liabilities and charges.
Tax depreciation is charged against transaction costs relating to acquisitions of equity interests in accordance with the policies described in note 2-10, "Restricted provisions".

## 2-5. Inventories and work in progress

### 2-5-1. General principles

In order to secure programming schedules for future years, TF1 SA enters into binding contracts (in addition to co-production share acquisition contracts) under which it acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

A programme is recognised in inventory once technical acceptance and opening of rights have occurred. Programme inventory is measured at acquisition cost or total production cost (direct costs plus indirect costs attributable to the production, but excluding borrowing costs which are recognised as an expense).

Rights payments made before these conditions are met are recognised in the balance sheet under "Advance payments".
Programmes acquired for a single transmission are regarded as having been consumed in full on transmission.
Where programmes are acquired for two or more transmissions, consumption is calculated as follows:

- Programmes not individually valued in the contract:

| **Type of programme** | Dramas with a running time of at least 52 minutes | Films, TV movies, serials and cartoons | Other programmes |
|---|---|---|---|
| - Initial transmission | 80% | 50% | 100% |
| - Retransmission | 20% | 50% | |

- Programmes individually valued in the contract: consumption reflects the contract price.

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

A provision for impairment is recognised:
- once it becomes probable that a programme will not be transmitted (probability of transmission is assessed on the basis of the most recent programming schedules approved by management);
- if the contractual value of the retransmission rights exceeds the value that would be attributed to those rights using the rules that apply to programmes that are not individually valued in a contract;
- where it is probable that a programme will be resold, and its carrying value in inventory exceeds the actual or estimated selling price.

Rights acquisition contracts not recognised in inventory at the balance sheet date are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made in respect of the contract, which are recognised as an asset in the balance sheet in "Advance payments"; these contracts are discussed in the section on inventories.

#### 2-5-2. Broadcasting rights available for initial transmission

Broadcasting rights are recorded on this line once they are opened for initial transmission on the TF1 channel.

#### 2-5-3. Broadcasting rights available for retransmission

Rights relating to possible repeat broadcasts are recorded on this line.

### 2-6. Advance payments

Advance payments in respect of programme purchases are accounted for as described in note 2-5-1, and may be written down if impaired.

Payments made to purchase sports transmission rights are recognised in "Advance payments" until the sporting event takes place. If the rights are resold, a provision is recorded once the sale is probable, to cover any excess of the amount of advance payments over the actual or estimated selling price.

### 2-7. Trade debtors

Trade debts that are the subject of ongoing legal recovery proceedings are written down in full (excluding VAT).
Provisions for risks of non-recovery of trade debts are covered by impairment provisions on the following basis:

- 100% of all trade debts (excluding VAT) more than 3 years old;
- 50% of all trade debts (excluding VAT) more than 2 years old.

### 2-8. Short-term investments and cash

TF1 SA provides centralised treasury management for the Group. Treasury current accounts are classified as cash in order to achieve consistency with the classification of treasury current account credit balances, included in "Other borrowings".
Short-term investments are measured at acquisition cost. A provision for impairment is recorded if the recoverable amount falls below acquisition cost.

## 2-9. Foreign-currency transactions and unrealised foreign exchange gains / losses

Invoices received in foreign currencies are translated into euros at the rate prevailing on the date of initial recognition, and foreign-currency liabilities are translated using the exchange rate prevailing as of December 31. Unrealised foreign exchange losses and gains are recorded on the relevant lines on the assets and liabilities sides of the balance sheet.
Unrealised foreign exchange losses on unhedged liabilities are covered by a provision included in "Provisions for liabilities and charges".

## 2-10. Restricted provisions

This item comprises:
- tax depreciation on co-production shares for programmes not yet transmitted, calculated from the first day of the month following the end of shooting in accordance with the rules defined by the French tax authorities on July 3, 1970. The monthly percentages used are:

| | |
|---|---|
| - Month 1 | 20% |
| - Month 2 | 15% |
| - Months 3 to 9 | 5% |
| - Months 10 to 24 | 2% |

- tax depreciation of software and licences, in addition to the accounting depreciation recognised in the balance sheet;
- tax depreciation on transaction costs on acquisitions of equity interests, calculated over 5 years on a straight line basis.

## 2-11. Provisions for liabilities and charges

A provision is recorded when a legal or constructive obligation to a third party arising from a past event will certainly or probably result in an outflow of resources that can be measured reliably. Provisions are reviewed at each balance sheet date, 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.

### 2-11-1. Retirement benefits

TF1 SA's obligation in respect of retirement benefits is limited to the level of benefits stipulated in the relevant collective agreements. It is calculated using the projected unit credit method at the expected retirement date based on final salary, and recognised as a liability in "Provisions for liabilities and charges", net of amounts transferred to an insurance fund.

### 2-11-2. Other provisions for liabilities and charges

These mainly comprise provisions for litigation and claims. The provision is measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the balance sheet date. They include provisions for tax and social security disputes. The amount shown on reassessment notices issued by the authorities is provided for unless the company regards it as highly probable that it will successfully defend its position against the authorities. The undisputed portion of reassessment notices is recognised as a liability as soon as the amount is known.

### 2-12. Advertising revenue

Sales of advertising airtime are recognised as revenue on transmission of the advertisement or commercial. The revenue recognised is the amount invoiced by advertising sales agencies (primarily TF1 Publicité) to the advertiser for the airtime, less the agency commission.

TF1 makes marginal use of barter transactions involving advertising with media other than television, such as radio or print media. These transactions are reported on a non-netted basis in "Revenue" and in "External expenses".

### 2-13. Off balance sheet commitments

Image transmission commitments represent fees payable to transmission service operators until the expiry date of their contracts.

Caution money and guarantees paid under commercial contracts are disclosed as off balance sheet commitments.

### 2-14. Financial instruments

TF1 uses financial instruments to hedge its exposure to fluctuations in interest rates and exchange rates. This exposure is generated by transactions entered into by TF1 SA itself, and by foreign exchange guarantees provided to subsidiaries in connection with the centralised management of the Group's foreign exchange risk.
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.
Gains and losses on financial instruments used for hedging purposes are measured and recognised symmetrically with the recognition of gains and losses on the hedged item.

# 3 Notes to the balance sheet

## 3-1. Intangible assets

### 3-1-1. Intangible assets – programmes

Intangible assets mainly comprise programme co-production shares, movements in which are shown below:

| *(€m)* | 2012 | 2011 |
|---|---|---|
| Co-productions in progress | 10.7 | 8.9 |
| Co-productions available for initial transmission | 12.8 | 8.8 |
| Co-productions available for retransmission | 15.0 | 15.0 |
| **CO-PRODUCTIONS AT JANUARY 1** | **38.5** | **32.7** |
| **Acquisitions** | **25.6** | **21.5** |
| | | |
| Consumption on initial transmission | (14.5) | (4.1) |
| Consumption on retransmission | (3.0) | (1.5) |
| **Total consumption on transmission** | **(17.5)** | **(5.6)** |
| Expired | (3.0) | (0.4) |
| Retired or abandoned | (9.3) | (7.0) |
| Resold (net book value) | (4.8) | (2.8) |
| **Decreases** | **(34.6)** | **(15.8)** |
| **CO-PRODUCTIONS AT DECEMBER 31** | **29.5** | **38.4** |
| *Breakdown of co-production shares:* | | |
| Co-productions in progress | 11.8 | 10.7 |
| Co-productions available for initial transmission | 7.3 | 12.7 |
| Co-productions available for retransmission | 10.4 | 15.0 |
| **Total** | 29.5 | 38.4 |
| **PROVISIONS FOR IMPAIRMENT** | | |
| **At January 1** | **4.9** | **1.5** |
| Charges during the period | 0.4 | 3.4 |
| Reversals during the period | 0.1 | 0.0 |
| **At December 31** | **5.2** | **4.9** |

As of December 31, 2012, the risk of non-transmission for co-produced programmes was €13.4 million, of which:

- €5.2 million was covered by provisions for impairment;
- €8.2 million was covered by restricted provisions previously established in accordance with the policy described in note 2.10.

The table below shows the maturity of programme co-production share acquisition contracts entered into by TF1 to secure future programming schedules:

| *(€m)* | Less than 1 year | 1 to 5 years | More than 5 years | Total 2012 | Total 2011 |
|---|---|---|---|---|---|
| Co-production shares | 8.8 | 2.9 | 5.5 | 17.2 | 13.8 |

### 3-1-2. Other intangible assets

Movements in other intangible assets are shown below:

| *(€m)* | | | | | |
|---|---|---|---|---|---|
| **Gross value** | **Jan. 1, 2012** | **Increases** | **Decreases** | **Transfers** | **Dec. 31, 2012** |
| Software and licences | 11.6 | 1.9 | (0.9) | 1.7 | 14.3 |
| Other intangible assets | 2.2 | | | | 2.2 |
| Intangible assets in progress | 3.1 | 0.6 | 0.0 | (1.6) | 2.1 |
| **TOTAL** | **16.9** | **2.5** | **(0.9)** | **0.1** | **18.6** |
| **Amortisation & impairment** | **Jan. 1, 2012** | **Increases** | **Decreases** | **Transfers** | **Dec. 31, 2012** |
| Software and licences | 2.4 | 1.7 | | | 4.1 |
| Other intangible assets | 2.2 | | | | 2.2 |
| **TOTAL** | **4.6** | **1.7** | **0.0** | | **6.3** |
| **Net value** | **12.3** | | | | **12.3** |

## 3-2. Property, plant and equipment

The table below shows movements in property, plant and equipment during the year:

| *(€m)* | | | | | |
|---|---|---|---|---|---|
| **Gross value** | **Jan. 1, 2012** | **Increases** | **Decreases** | **Transfers** | **Dec. 31, 2012** |
| Technical facilities | 79.8 | 2.9 | (3.2) | 0.1 | 79.6 |
| Other property, plant and equipment | 78.9 | 4 | (0.7) | 0.1 | 82.3 |
| Property, plant and equipment under construction | 0.3 | 0.4 | 0.0 | (0.3) | 0.4 |
| **TOTAL** | **159** | **7.3** | **(3.9)** | **(0.1)** | **162.3** |
| **Depreciation & impairment** | **Jan. 1, 2012** | **Increases** | **Decreases** | | **Dec. 31, 2012** |
| Technical facilities | 62.7 | 6.6 | (3.3) | | 66.0 |
| Other property, plant and equipment | 52.2 | 6.7 | (0.7) | | 58.2 |
| **TOTAL** | **114.9** | **13.3** | **(4.0)** | | **124.2** |
| **Net value** | **44.1** | | | | **38.1** |

## 3-3. Non-current financial assets

This item breaks down as follows:

| *(€m)* | Equity investments | Other long-term investment securities | Loans receivable | Other | Total |
|---|---|---|---|---|---|
| **GROSS VALUE AT JANUARY 1, 2012** | **1,533.3** | **0.8** | **100.2** | **0.3** | **1,634.6** |
| **Increases** | | | | | |
| Prefas 18 shares (capital increase) | 72.9 | | | | 72.9 |
| WB Télévision shares (capital increase) | 3.7 | | | | 3.7 |
| TF1 Production shares (capital increase) | 15.0 | | | | 15.0 |
| Metro France Publications shares (capital increase) | 10.0 | | | | 10.0 |
| Treasury shares | | 2.3 | | | 2.3 |
| **Decreases** | | | | | |
| Eurosport France SA shares | (126.8) | | | | (126.8) |
| Eurosport SAS shares | (35.5) | | | | (35.5) |
| Prefas 18 shares | (14.6) | | | | (14.6) |
| Eurosport loan | | | (100.0) | | (100.0) |
| Treasury shares | | (3.0) | | | (3.0) |
| Other items | | | (0.2) | | (0.2) |
| **GROSS VALUE AT DECEMBER 31, 2012** | **1,458.0** | **0.1** | **0.0** | **0.3** | **1,458.4** |
| **Provisions for impairment** | | | | | |
| **January 1, 2012** | **248.0** | | **0.2** | | **248.2** |
| Charges during the period | 24.9 | | | | 24.9 |
| Reversals during the period | (35.0) | | (0.2) | | (35.2) |
| **December 31, 2012** | **237.9** | | **0.0** | | **237.9** |
| **NET VALUE AT DECEMBER 31, 2012** | **1,220.1** | **0.1** | **0.0** | **0.3** | **1,220.5** |

Impairment losses charged in the period, amounting to €24.9 million in total, related to TF1 Production (€20.0 million), WAT (€1.2 million) and WB Télévision (€3.7 million).

Reversals during the period related to Eurosport France (€33.5 million) and Metro France Publications (€1.5 million).

## 3-4. Inventories and work in progress

This item mainly comprises broadcasting rights yet to be consumed, and breaks down as follows:

| (€m) | Acquired rights | In-house production | Total 2012 | Total 2011 |
|---|---|---|---|---|
| Broadcasting rights available for initial transmission | 227.9 | 0.1 | 228.0 | 226.6 |
| Broadcasting rights available for retransmission | 279.5 | | 279.5 | 317.2 |
| Broadcasting rights in progress | | 1.4 | 1.4 | 1.9 |
| **INVENTORY AT JANUARY 1** | **507.4** | **1.5** | **508.9** | **545.7** |
| Purchases during the year | **591.8** | **257.3** | **849.1** | **875.8** |
| Consumption on initial transmission | (535.8) | (257.1) | (792.9) | (783.0) |
| Consumption on retransmission | (62.7) | | (62.7) | (70.7) |
| **Total consumption on transmission** | **(598.5)** | **(257.1)** | **(855.6)** | **(853.7)** |
| Expired | (41.8) | | (41.8) | (21.1) |
| Retired or abandoned | (8.3) | | (8.3) | (17.8) |
| Resold | (29.7) | | (29.7) | (20.0) |
| **Total consumption** | **(678.3)** | **(257.1)** | **(935.4)** | **(912.6)** |
| **INVENTORY AT DECEMBER 31** | **420.9** | **1.7** | **422.6** | **508.9** |
| **CHANGE IN INVENTORY** | **(86.5)** | **0.2** | **(86.3)** | **(36.8)** |
| Closing inventory breaks down as follows: | | | | |
| Broadcasting rights available for initial transmission | 204.5 | 0.1 | 204.6 | 228.0 |
| Broadcasting rights available for retransmission | 216.4 | | 216.4 | 279.5 |
| Broadcasting rights in progress | | 1.6 | 1.6 | 1.4 |
| **TOTAL** | **420.9** | **1.7** | **422.6** | **508.9** |
| **PROVISIONS FOR IMPAIRMENT** | | | | |
| **Balance at January 1** | **108.7** | **0.0** | **108.7** | **123.9** |
| Transfers | 0.0 | | 0.0 | 0.7 |
| Charges during the period | 24.5 | | 24.5 | 31.6 |
| Reversals during the period | (51.4) | | (51.4) | (47.5) |
| **Balance at December 31** | **81.8** | **0.0** | **81.8** | **108.7** |

The table below shows the maturity of broadcasting and sports transmission rights acquisition contracts entered into by TF1 to secure future programming schedules:

| (€m) | Less than 1 year | 1 to 5 years | More than 5 years | Total 2012 | Total 2011 |
|---|---|---|---|---|---|
| Programmes and broadcasting rights (1) | 701.3 | 585.7 | 37.0 | 1,324.0 | 1,621.0 |
| Sports transmission rights (2) | 44.0 | 182.4 | | 226.4 | 279.8 |
| **TOTAL** | **745.3** | **768.1** | **37.0** | **1,550.4** | **1,900.8** |

*(1) Includes third-party commitments entered into by GIE TF1 Acquisitions de Droits on behalf of TF1 SA, and shown in that entity's assets or off balance sheet commitments*
*(2) Includes contracts entered into by TF1 DS (the company that acquires rights to sporting events broadcast by TF1, and shown in that entity's assets or off balance sheet commitments*

The portion of these contracts expressed in foreign currencies was €247.8 million (expressed in U.S. dollars).

## 3-5. Advance payments and debtors

### 3-5-1. Advance payments

This mainly comprises advance payments for programme broadcasting rights acquisition contracts and sports transmission contracts (€133.8 million, against which impairment losses of €3.5 million have been charged).

### 3-5-2. Trade debtors

TF1 Publicité acts as agent for TF1 SA, selling advertising airtime in return for commission indexed to actual revenues. The amount owed by TF1 Publicité to TF1 SA was €300.8 million as of December 31, 2012, compared with €327.7 million as of December 31, 2011.

### 3-5-3. Other debtors

This item mainly comprises VAT recoverable of €66.7 million, and current accounts with subsidiaries of €74.1 million (against which impairment losses of €4.0 million have been charged).

### 3-5-4. Provisions for impairment of advance payments and debtors

| *(€m)* | Jan. 1, 2012 | Charges | Reversals | Dec. 31, 2012 |
|---|---|---|---|---|
| Advance payments | 9.3 | 0.2 | (6.0) | 3.5 |
| Trade debtors | | 0.2 | | 0.2 |
| Other debtors | 1.4 | 2.6 | | 4.0 |
| **TOTAL** | **10.7** | **3.0** | **(6.0)** | **7.7** |

### 3-5-5. Loans receivable and debtors by due date

| *(€m)* | Less than 1 year | 1 to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Non-current assets | | 0.3 | | 0.3 |
| Current assets (1) | 494.9 | 0.4 | | 495.3 |
| **Total** | **494.9** | **0.7** | **0.0** | **495.6** |

*(1) Includes trade and other debtors, net of impairment provisions*

## 3-6. Short-term investments and cash

These items break down as follows:

| **Gross value *(€m)*** | **2012** | **2011** |
|---|---|---|
| Bank deposits (sight deposits) | 7.6 | 5.8 |
| Treasury current accounts with debit balances (1) | 315.2 | 127.5 |
| Cash in hand | 0.5 | 0.7 |
| **Cash** | **323.3** | **134.0** |
| **TOTAL** | **323.3** | **134.0** |
| **Provisions for impairment of current accounts and short-term investments** | | |
| **Balance at January 1** | **0.0** | **0.2** |
| Charges during the period | | |
| Reversals during the period | | |
| Transfers during the period | | (0.2) |
| **Balance at December 31** | **0.0** | **0.0** |
| **NET VALUE** | **323.3** | **134.0** |

(1) As of December 31, 2012, €220.0 million was placed with Bouygues Relais, and intragroup current account balances amounted to €93.2 million (compared with €127.5 million as of December 31, 2011).

## 3-7. Prepaid expenses

Prepaid expenses amounted to €5.3 million at December 31, 2012, an identical amount to December 31, 2011.

## 3-8. Shareholders' equity

The share capital is divided into 210,624,321 ordinary shares with a par value of €0.20, all fully paid.

Movements in shareholders' equity during the year are shown in the table below:

| ***(€ m)*** | **Jan. 1, 2012** | **Appropriation of profit (2012 AGM) *(1)*** | **Increases** | **Decreases *(2)*** | **Transfers (3)** | **Dec. 31, 2012** |
|---|---|---|---|---|---|---|
| Share capital | 42.2 | | | (0.1) | | 42.1 |
| Share premium | 0.0 | | | | | 0.0 |
| Legal reserve | 4.3 | | | | | 4.3 |
| Retained earnings | 290.7 | (1.4) | | | 5.8 | 295.1 |
| Other reserves | 813.4 | | | (2.9) | | 810.5 |
| Net profit for the year | 114.5 | (114.5) | 120.5 | | | 120.5 |
| **Sub-total** | **1,265.1** | **(115.9)** | **120.5** | **(3.0)** | **5.8** | **1,272.5** |
| Restricted provisions | 38.7 | | 6.6 | (10.7) | | 34.6 |
| **TOTAL** | **1,303.8** | **(115.9)** | **127.1** | **(13.7)** | **5.8** | **1,307.1** |
| **Number of shares** | **211,033,003** | | **3,000** | **(411,682)** | | **210,624,321** |

*(1) Dividends paid from May 2, 2012.*

*(2) Reduction in share capital by cancellation of 411,682 repurchased shares (Board meetings of February 15 and November 13, 2012).*

*(3) Reversal of provision for long-service leave as of January 1, 2012.*

Restricted provisions comprise the following items:

| *(€m)* | Jan. 1, 2012 | Charges | Reversals | Dec. 31, 2012 |
|---|---|---|---|---|
| Co-production shares | 25.9 | 2.8 | (9.7) | 19.0 |
| Transaction costs on acquisitions of equity interests | 4.6 | 1.5 | | 6.1 |
| Software and licences | 8.2 | 2.3 | (1.0) | 9.5 |
| **TOTAL** | **38.7** | **6.6** | **(10.7)** | **34.6** |

## 3-9. Provisions for liabilities and charges

Provisions are established using the methods described in note 2-11. Movements during the year were as follows:

| *(€m)* | Jan. 1, 2012 | Charges | Reversals (used) | Reversals (unused) | Transfers | Dec. 31, 2012 |
|---|---|---|---|---|---|---|
| Provisions for litigation and claims | 11.8 | 1.5 | (2.4) | (1.1) | 0.5 | 10.3 |
| Provisions for related entities | 14.4 | 18.3 | (12.9) | (1.5) | | 18.3 |
| Provisions for retirement benefit obligations | 13.1 | 6.3 | | (2.6) | | 16.8 |
| Provisions for long-service leave | 5.8 | | | | (5.8) | 0.0 |
| Provisions for miscellaneous risks | 34.9 | 1.4 | (2.2) | (32.1) | (0.5) | 1.5 |
| **TOTAL** | **80.0** | **27.5** | **(17.5)** | **(37.3)** | **(5.8)** | **46.9** |

Following a tax inspection covering the years 2006 to 2008, TF1 received a draft reassessment notice from the French tax authorities in November 2011. During 2012, the company contested the principal items included in this notice, and recognised in its financial statements the effects of its discussions with the tax authorities. This item also includes a risk relating to an inspection conducted by the National Centre for Cinematography (CNC).

Provisions for related entities consist of TF1 SA's share of the losses of subsidiaries, including those established in the form of partnerships, plus provisions for risks relating to subsidiaries.

The €16.8 million provision for retirement benefit obligations represents the present value of the obligation (€21.1 million) minus the fair value of plan assets (€4.3 million). The main assumptions used in calculating the present value of the obligation are:

- discount rate: 3.30%;
- salary inflation rate: 2.00%;
- age on retirement: 62.

Following changes to international accounting standards relating to employee benefits, TF1 SA has decided to alter the classification of long-service leave. With effect from January 1, 2012, long service leave entitlement is treated as a short-term employee benefit, and no longer requires a provision. The existing provision as of January 1, 2012, amounting to €5.8 million, has been reversed through retained earnings.

Reversals of provisions for miscellaneous risks include €27.0 million for the exceptional provision described in note 4-8.

No material contingent liabilities (claims liable to result in an outflow of resources) were identified as of the balance sheet date.

## 3-10. Liabilities

### 3-10-1. Bank borrowings

As of December 31, 2011, this item included bank overdrafts of €1.2 million.

TF1 SA had confirmed credit facilities of €1,040 million with various banks as at December 31, 2012, none of which was drawn down at that date; of this amount, €205 million was due to expire within less than one year and €835 million after more than one year.

### 3-10-2. Other borrowings

This item includes surplus cash invested on behalf of subsidiaries under cash pooling agreements; the amount involved was €473.6 million, versus €423.0 million as of December 31, 2011. The balance at December 31, 2011 included a drawdown of €47.1 million under the Bouygues Relais facility.

### 3-10-3. Other liabilities

This item mainly comprises credit notes and accrued discounts in favour of TF1 Publicité amounting to €282.5 million (€231.1 million as of December 31, 2011).

### 3-10-4. Liabilities by maturity

| *(€m)* | Less than 1 year | 1 to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| Bank borrowings | 0.0 | | | 0.0 |
| Other borrowings | 473.6 | | | 473.6 |
| Trade creditors | 284.0 | | | 284.0 |
| Tax and employee-related liabilities | 157.7 | | | 157.7 |
| Amounts payable in respect of non-current assets | 3.2 | | | 3.2 |
| Other liabilities | 312.5 | 0.6 | | 313.1 |
| **TOTAL** | **1,231.0** | **0.6** | **0.0** | **1,231.6** |

### 3-10-5. Accrued income and expenses

| *(€m)* | | | |
|---|---|---|---|
| **Accrued income included in:** | | **Accrued expenses included in:** | |
| Trade debtors | 7.6 | Trade creditors | 143.4 |
| Other debtors | 56.7 | Tax and employee-related liabilities | 70.3 |
| | | Amounts payable in respect of non-current assets | 0.9 |
| | | Other liabilities | 282.7 |

### 3-11. Deferred income

The deferred income of €4.5 million includes an amount of €4.1 million relating to the subsidiary TF1 Publicité, which corresponds to commitments to provide services to clients free of charge. The corresponding amount as of December 31, 2011 was €6.2 million.

## 4 Notes to the income statement

### 4-1. Revenue

Advertising revenue of €1,339.1 million was recognised in 2012, compared with €1,435.2 million in 2011.

### 4-2. Purchases of raw materials and other supplies and changes in inventory

This line includes broadcasting rights consumed of €678.3 million (2011: €646.2 million). See note 3-4.

### 4-3. Taxes other than income taxes

The main item included on this line is TF1 SA's contribution to the French cinematographic industry support fund, which amounted to €81.6 million in 2012 compared with €82.0 million in 2011. In 2012, this line also included €6.0 million in respect of the tax on broadcast advertising (versus €6.4 million in 2011).

### 4-4. Wages, salaries and social security charges

No expense was recognised in either 2012 or 2011 in respect of the TF1 group voluntary profit-sharing agreement.

The expense recognised for the employer's contribution to the company savings plan (employee share ownership plan) in 2012 was €4.1 million, compared with €4.3 million in the previous year.

### 4-5. Other expenses

This item includes payments to copyright-holders and holders of related rights, amounting to €56.5 million in 2012 (versus €60.6 million in 2011).

### 4-6. Cost transfers

This item (€94.0 million in 2012, versus €95.5 million in 2011) mainly comprises reimbursements of costs incurred by TF1 SA on behalf of its subsidiaries.

## 4-7. Net financial income / expense

The components of net financial income/expense are as follows:

| *(€m)* | 2012 | 2011 |
|---|---|---|
| Dividends and transfers of profits/losses from partnerships | 37.7 | 35.1 |
| Net interest paid | 2.7 | 1.4 |
| Provisions for impairment of equity investments (1) | 10.1 | (31.4) |
| Provisions for impairment of current accounts | (2.6) | - |
| Provisions for risks relating to shares of partnership losses | (18.3) | (12.7) |
| Other provisions | 0.5 | (0.5) |
| Loss on assignment of current account | - | (0.8) |
| Foreign exchange differences | 2.2 | (3.8) |
| **Net financial income/(expense)** | **32.3** | **(12.7)** |

*(1) See note 3.3*

The "Other provisions" line includes provisions for unrealised foreign exchange losses.

Interest paid to related companies in 2012 totalled €0.9 million (2011: €4.2 million), and interest received from related companies totalled €3.4 million (2011: €5.0 million).

## 4-8. Exceptional items

Exceptional items break down as follows:

| *(€m)* | 2012 | 2011 |
|---|---|---|
| Retirements and losses on disposal of co-production shares | (13.1) | (7.4) |
| Net change in provisions (including tax depreciation) | 30.3 | (39.7) |
| Gains/(losses) on disposals of non-current financial assets | 15.3 | 0.0 |
| Other items | (0.2) | 26.6 |
| **Net** | **32.3** | **(20.5)** |

The net change in provisions in 2012 includes the reversal of a €27.0 million provision (originally booked in 2011) following withdrawal by the tax authorities of their claim in a dispute relating to a reimbursement of CNC (French National Centre for Cinematography) taxes. The remainder of this item relates to the net change in tax depreciation.

The net gain on disposal of non-current financial assets of €15.3 million comprises a gain of €29.3 million on the sale of a 7.3% interest in Eurosport SAS to Discovery, and a loss of €14 million on the transfer of equity interests in Eurosport France to Eurosport SAS.

## 4-9. Income taxes

This item breaks down as follows:

| (€m) | 2012 | 2011 |
|---|---|---|
| Income tax expense incurred by the tax group | (41.9) | (81.6) |
| Income tax credit receivable from companies entitled to tax credits | 22.2 | 39.3 |
| Prior-year income tax expense | 2.0 | (2.9) |
| **Income tax expense** | **(17.7)** | **(45.2)** |

"Income tax expense incurred by the tax group" and "Income tax credit receivable from companies entitled to tax credits" fell by matching amounts because the companies in which Discovery acquired an equity interest during 2012 were withdrawn from the tax group.

Exceptional items generated a tax expense of €6.4 million.

TF1 made a group tax election on January 1, 1989. Under the group tax election agreement, the tax liability borne by each company included in the election is the same as it would have borne had there been no group tax election. The group tax election included 31 companies in 2012.

The difference between the standard French tax rate of 36.10% and the effective tax rate of 12.80% is mainly due to deductions relating to income not taxed at the full rate (dividends, long-term capital gains) and adjustments related to the tax group (tax savings arising from the losses of tax group member companies, reinstatement of intragroup transactions).

The total amount of tax losses of subsidiaries that generated savings for the tax group and may generate a tax liability in the future is €15.3 million.

## 4-10. Deferred tax position

The table below shows future tax effects that were not recognised by TF1 SA at the balance sheet date but will be recognised when the underlying transactions are recognised in the income statement, calculated using a tax rate of 36.10%.

| (€m) | Future increases in tax liability | Future reductions in tax liability |
|---|---|---|
| Restricted provisions | 10.3 | - |
| Accrued employee profit-sharing, holiday pay entitlement and social solidarity contributions, provisions for retirement benefit obligations, and other non-deductible expenses | - | 11.8 |

# 5 Other information

## 5-1. Off balance sheet commitments

The table shows off balance sheet commitments by type and maturity:

*(€m)*

| Commitments given | Less than 1 year | 1 to 5 years | More than 5 years | Total 2012 | Total 2011 |
|---|---|---|---|---|---|
| Operating leases | 27.6 | 120.7 | 18.1 | 166.4 | 188.7 |
| Image transmission contracts | 19.0 | 40.1 | 1.8 | 60.9 | 63.9 |
| Property finance leases (1) | 2.1 | 3.0 | | 5.1 | 7.3 |
| Guarantees (2) | 5.6 | 15.8 | | 21.4 | 22.3 |
| Commitments relating to equity interests (3) | | 283.8 | | 283.8 | 155.0 |
| Other commitments (4) | 0.8 | 0.1 | | 0.9 | 0.2 |
| **TOTAL** | **55.1** | **463.5** | **19.9** | **538.5** | **437.4** |

*(€m)*

| Commitments received | Less than 1 year | 1 to 5 years | More than 5 years | Total 2012 | Total 2011 |
|---|---|---|---|---|---|
| Operating leases | 27.6 | 120.7 | 18.1 | 166.4 | 188.7 |
| Image transmission contracts | 19.0 | 40.1 | 1.8 | 60.9 | 63.9 |
| Property finance leases (1) | 2.1 | 3.0 | | 5.1 | 7.3 |
| Commitments relating to equity interests (3) | | 283.8 | | 283.8 | 155.0 |
| Other commitments (4) | 1.9 | | | 1.9 | 6.2 |
| **TOTAL** | **50.6** | **447.6** | **19.9** | **518.1** | **421.1** |

(1) On June 1, 2010, TF1 acquired technical and computer equipment under a 5-year finance lease contracted with a bank for a total amount of €10.1 million (excluding interest). Lease payments made during 2012 amounted to €2.1 million, and estimated future lease payments amount to €5.1 million.

(2) This item relates to guarantees provided by TF1 SA against default by its subsidiaries.

(3) In 2011, the 33.5% equity interest held by TF1 in Groupe AB had since June 2010 been subject to a call option exercisable by Groupe AB management at any time up to and including June 11, 2012 at a price of €155 million. This option was not exercised in 2012.

In 2012, as a result of the partnership agreement with the Discovery Communications group and the latter's acquisition of a 20% equity interest the Eurosport group and the pay-TV theme channels (see note 1, "Significant events"), the following commitments were entered into:

Relating to the Eurosport group:

- The Discovery Communications group has the option to acquire, during a period of one year from December 21, 2014, a further 31% interest in Eurosport SAS (the parent company of the Eurosport group), which would raise its equity interest in the company to 51%.
- If the Discovery Communications group exercises this option, TF1 could then sell the rest of its interest in Eurosport SAS (i.e. 49%) to the Discovery Communications group during a period of one year from the date on which the Discovery Communications group acquires the additional 31% interest.

Relating to the pay-TV theme channels:

- The Discovery Communications group has the option to acquire, during a period of one year from December 21, 2014, a further 29% interest in the pay-TV theme channels, which would raise its equity interest in the channels to 49%.
- If the Discovery Communications group acquires an additional 31% interest in Eurosport SAS (see above) but does not acquire the additional 29% interest in the pay-TV theme channels, TF1 could then sell a further 15% equity interest in those channels to the Discovery Communications group, raising the latter's equity interest in those channels to 35%.

The commitments reported here, amounting to €283.3 million, represent the two commitments made by TF1 to sell 31% of Eurosport and 29% of the pay-TV channels to the Discovery Communications group, measured on the basis of enterprise values at December 31, 2012; the other commitments vis-à-vis the Discovery Communications group are subject to conditions that have not yet been fulfilled.

(4) Other commitments given and received mainly comprise the fair value of currency instruments (see note 5-2-1).

Other reciprocal commitments relating to the operating cycle are reported in the notes relating to the relevant balance sheet item (in particular, commitments to secure future programming schedules) and to the financing of these items (see note 3-10-1).

TF1 SA had not contracted any complex commitments as of December 31, 2012.

## 5-2. Use of hedging instruments

### 5-2-1. Hedging of foreign exchange risk

TF1 is exposed to fluctuations in exchange rates as a result of:

- making and receiving commercial payments in foreign currencies;
- providing subsidiaries with a guaranteed annual exchange rate per currency, applied to annual projections of their foreign-currency cash needs or surpluses.

Periodically, TF1 updates its consolidated net exposure and reassesses its foreign exchange risk. The strategy applied 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 depending on market opportunities.

TF1 buys and sells currency forward and contracts swaps to protect itself against exchange rate fluctuations.

At December 31, 2012, the equivalent value of these hedging instruments contracted with banks was €74.8 million:

- €70.0 million of forward purchases (all in U.S. dollars, valued at the closing exchange rate);
- €4.8 million of currency swaps (€1.7 million in Swiss francs and €3.1 million in pounds sterling).

## 5-3. Employees

The table below shows the split of employees (permanent contracts) by grade at the balance sheet date, based on the classifications defined in the collective agreement for the French communication and audiovisual production industries:

| | 2012 | 2011 | 2010 |
|---|---|---|---|
| Clerical and administrative | 10 | 10 | 10 |
| Supervisory | 352 | 380 | 390 |
| Managerial | 971 | 996 | 960 |
| Journalists | 229 | 247 | 244 |
| **TOTAL** | **1,562** | **1,633** | **1,604** |

## 5-4. Executive compensation

Total compensation paid during 2012 to key executives of the TF1 Group (i.e. the 15 members of the TF1 Management Committee mentioned in the Annual Report) was €9.8 million.
The portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €3.3 million.
The Bouygues Group offers the members of its Executive Committee, who include Nonce Paolini, a top-up pension of 0.92% of the reference salary for each year of service in the scheme, which represents a post-employment benefit. The expense (invoiced to TF1 by Bouygues) relating to the contribution paid in 2012 to the investment fund of the insurance company which manages the scheme was €0.5 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.

## 5-5. Share options and allotment of consideration-free shares

Information about the granting of share options and the allotment of consideration-free shares to employees is given in the relevant section of the Directors' Report ("Share subscription option plans and consideration-free share allotment plans").

## 5-6. Directors' fees

Directors' fees paid in 2012 amounted to €0.3 million.

## 5-7. Amounts involving related companies

| *(€m)* | | | |
|---|---|---|---|
| **Assets** | | **Liabilities** | |
| | | Debt | 473.6 |
| Advance payments/trade debtors | 406.7 | Trade creditors | 41.2 |
| Other debtors | 74.1 | Other liabilities | 309.8 |
| Cash and current accounts | 315.2 | Deferred income | 4.1 |
| **Expenses** | | **Income** | |
| Operating expenses | 217.2 | Operating income | 1,423.9 |

| | | | |
|---|---|---|---|
| Financial expenses | 19.1 | Financial income | 48.3 |

## 5-8. List of subsidiaries, affiliates and other equity investments

| Company/Group | Currency | Share capital | Equity other than share capital and profit/loss | Share of capital held | Gross book value of investment (1) | Net book value of investment (1) | Outstanding loans and advances | Guarantees provided (2) | Revenues for most recent financial year | Profit/ (loss) for most recent financial year | Dividends received during the year |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | *In thousands of euros (or other currency as specified)* | | *In thousands of euros* | | | | | | |
| **I. Subsidiaries (at least 50% of the capital held by TF1 SA)** | | | | | | | | | | | |
| - TF1 PUBLICITE | | 2,400 | 1,014 | 100.00% | 3,038 | 3,038 | 8,788 | - | 1,578,993 | 12,313 | 18,150 |
| - TF1 FILMS PRODUCTION | | 2,550 | 25,791 | 100.00% | 1,768 | 1,768 | - | - | 42,645 | 3,820 | - |
| - TÉLÉ-SHOPPING | | 5,127 | 2,888 | 100.00% | 5,130 | 5,130 | 1,732 | - | 90,868 | 507 | 3,076 |
| - TF1 PUBLICATIONS (*) | | 75 | (1,420) | 99.88% | 519 | 0 | - | - | 0 | 4 | - |
| - TF1 ENTREPRISES | | 3,000 | 11,100 | 100.00% | 3,049 | 3,049 | - | - | 43,168 | 6,520 | 1,600 |
| - e-TF1 | | 1,000 | 496 | 100.00% | 1,000 | 1,000 | - | - | 85,764 | 9,902 | 5,865 |
| - TF1 THEMATIQUES | | 40,000 | 13,489 | 100.00% | 209,452 | 89,000 | - | - | 94 | 34,186 | - |
| - EUROSPORT | | 17,182 | 483,049 | 80.00% | 198,713 | 198,713 | 0 | - | 390,342 | 32,324 | 3,000 |
| - ONE CAST | | 3,000 | 329 | 100.00% | 17,940 | 17,940 | 1,402 | - | 11,994 | 973 | 420 |
| - TF1 EXPANSION | | 269 | 323,779 | 100.00% | 291,291 | 291,291 | - | - | 0 | 11,947 | - |
| - TF1 DROITS AUDIOVISUELS | | 40,000 | (19,217) | 100.00% | 116,431 | 62,000 | 23,773 | 15,317 | 54,359 | 1,103 | - |
| - LA CHAINE INFO | | 4,500 | 80 | 100.00% | 2,059 | 2,059 | - | 238 | 36,052 | (7,007) | - |
| - OUEST INFO | | 40 | (361) | 100.00% | 1,617 | 1,617 | - | - | 2,227 | (10) | - |
| - TF1 PRODUCTION | | 10,080 | 11,882 | 100.00% | 39,052 | 14,052 | 10,635 | - | 87,465 | (6,929) | - |
| - TF1 INSTITUT | | 40 | (300) | 100.00% | 590 | 590 | 91 | - | 1,104 | 31 | - |
| - TF1 MANAGEMENT | | 40 | (17) | 100.00% | 40 | 40 | - | - | 0 | (5) | - |
| - WAT | | 100 | 246 | 100.00% | 12,140 | 3,800 | - | - | 2,755 | 452 | 160 |
| - HD1 | | 40 | (14) | 100.00% | 40 | 40 | 188 | - | 328 | (1,728) | - |
| - PREFAS 18 | | 73,000 | 0 | 80.00% | 58,400 | 58,400 | 3,500 | - | 0 | (80) | - |
| - PREFAS 19 | | 40 | 0 | 100.00% | 40 | 40 | - | - | 0 | (3) | - |
| - PREFAS 20 | | 40 | 0 | 100.00% | 40 | 40 | - | - | 0 | (3) | - |
| - PREFAS 21 | | 40 | 0 | 100.00% | 40 | 40 | - | - | 0 | (3) | - |
| - PUBLICATIONS METRO FRANCE | | 100 | 5,493 | 100.00% | 25,552 | 17,500 | 1,201 | - | 35,507 | (4,027) | - |
| - TF1 DISTRIBUTION | | 40 | (263) | 100.00% | 40 | 40 | 5,349 | - | 59,756 | (124) | - |
| - HOP | | 11,624 | 37,058 | 100.00% | 276,185 | 276,185 | - | - | 0 | (3) | 3,000 |
| - TF1 DS | | 100 | 0 | 100.00% | 100 | 100 | 39,060 | - | 22,150 | (63) | - |
| - GIE ACQUISITION DE DROITS | | 0 | 0 | 93.00% | 0 | 0 | 48,934 | - | 139,348 | (11,570) | - |

| Company/Group | Currency | Share capital | Equity other than share capital and profit/loss | Share of capital held | Gross book value of investment (1) | Net book value of investment (1) | Outstanding loans and advances | Guarantees provided (2) | Revenues for most recent financial year | Profit/ (loss) for most recent financial year | Dividends received during the year |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | *In thousands of euros (or other currency as specified)* | | *In thousands of euros* | | | | | | |
| **II. Affiliates (10% to 50% of the capital held by TF1 SA)** | | | | | | | | | | | |
| - MEDIAMETRIE (*) | | 930 | 19,294 | 10.80% | 44 | 44 | - | - | 73,207 | 4,802 | 52 |
| - A1 INTERNATIONAL (**) | | 20 | 5,015 | 50.00% | 12,809 | 0 | - | - | 0 | (3,779) | - |
| - MONTE CARLO PARTICIPATION | | 25,285 | (335) | 50.00% | 12,642 | 12,642 | - | - | 2,165 | 3,915 | - |
| - S M R 6 | | 105 | 73 | 14.29% | 15 | 15 | 5 | - | 78 | 2 | - |
| - GROUPE AB (*) | | 462,687 | (33) | 33.50% | 155,000 | 155,000 | - | - | 1,280 | (389) | - |
| - WB TELEVISION (*) | | 62 | (4,665) | 49.11% | 8,237 | 0 | - | - | 0 | (15,167) | - |
| - MR5 | | 38 | (34) | 33.33% | 13 | 13 | - | - | 19,164 | (31) | - |

| Company/Group | Currency | Share capital | Equity other than share capital and profit/loss | Share of capital held | Gross book value of investment (1) | Net book value of investment (1) | Outstanding loans and advances | Guarantees provided (2) | Revenues for most recent financial year | Profit/ (loss) for most recent financial year | Dividends received during the year |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | *In thousands of euros (or other currency as specified)* | | *In thousands of euros* | | | | | | |
| **III. Other equity investments (less than 10% of the capital held by TF1 SA)** | | | | | | | | | | | |
| - E BUZZING (*) | | 8,657 | 41,747 | 9.06% | 3,504 | 3,504 | - | - | 191 | 3,908 | - |
| - PRIMA TV (**) | | 6,500 | 3,964 | 5.00% | 1,407 | 1,407 | - | - | 47,926 | 27,433 | - |
| - MEDIAMETRIE EXPANSION (*) | | 1,829 | 87 | 5.00% | 91 | 0 | - | - | 0 | 286 | 7 |
| - TF6 | | 80 | (7) | 0.02% | 0 | 0 | - | 121 | 13,897 | (949) | - |
| - TF6 GESTION | | 80 | 23 | 0.001% | 0 | 0 | - | - | 5 | (8) | - |
| - SERIE CLUB | | 50 | 419 | 0.004% | 2 | 2 | - | - | 9,608 | 670 | - |
| - APHELIE | | 2 | 4,498 | 0.05% | 0 | 0 | 40 | - | 14,670 | 12,397 | - |
| - DUJARDIN (EX REGAIN GALORE) | | 463 | 3,082 | 0.01% | 1 | 1 | - | - | 18,217 | (292) | - |
| **TOTAL SUBSIDIARIES, AFFILIATES & EQUITY INVESTMENTS** | | | **0** | | **1,458,031** | **1,220,100** | **144,698** | **15,676** | **-** | **-** | **35,330** |

(1) Includes transaction costs where relevant

(2) “Guarantees provided” represent guarantees given by TF1 SA to cover possible default by a subsidiary, and are disclosed in off balance sheet commitments

(*) Share capital, equity other than share capital and profit/loss, revenue, and profit/loss all relate to the 2011 financial year

(**) Share capital, equity other than share capital and profit/loss, revenue, and profit/loss all relate to the 2009 financial year

# 6 Post balance sheet events

None.