



GROUPE

2012 REGISTRATION DOCUMENT
**INCLUDING THE ANNUAL
FINANCIAL REPORT**

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The French version of this Registration Document was filed with the French Financial Market Authority (AMF) on 16 April 2013, in accordance with Article 212-13 of the AMF General Regulations. It may be used for the purpose of a financial transaction, if completed by an information notice approved by the AMF. This document was prepared by the issuer and is the responsibility of the signatories.

Disclaimer

This report is an English translation of the French version of such report and is provided for informational purposes. This translation is qualified in its entirety by the French version which is available on the company's web site (www.groupeM6.fr). In the event of any inconsistencies between the French version of this report and the English translation, the French version will prevail.

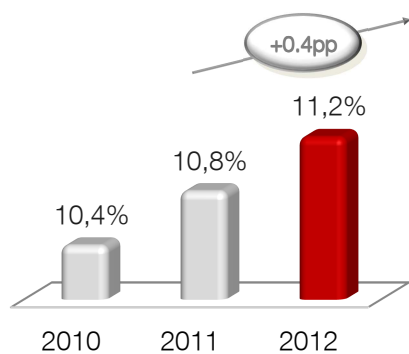
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1. M6 Group presentation

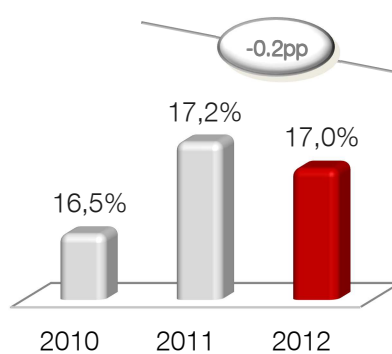
1.1. Key figures

1.1.1. Management indicators

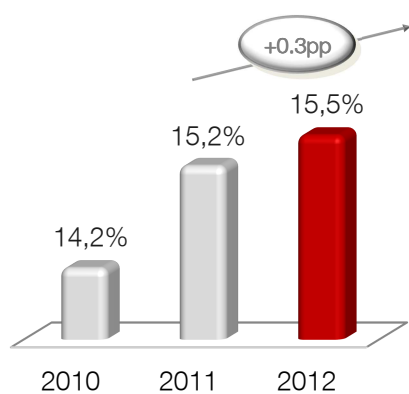
M6 channel 4+ audience ratings (*)



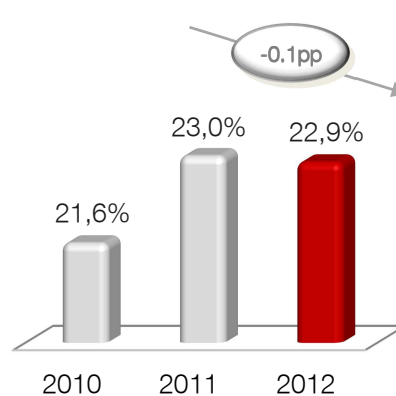
M6 channel Hws<50 audience ratings (*)



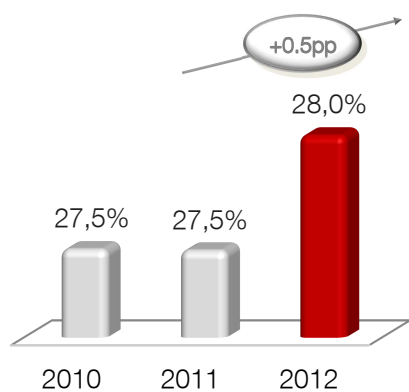
M6 Group 4+ audience ratings (*)



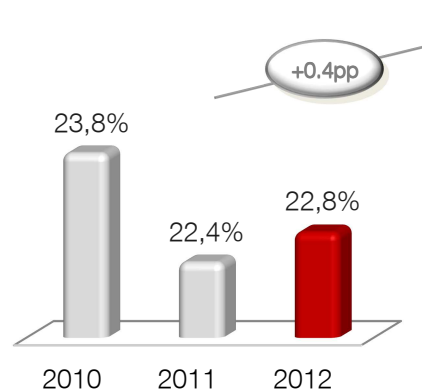
M6 Group Hws<50 audience ratings (*)



Gross advertising market share
M6 channel (historic channels) (*)

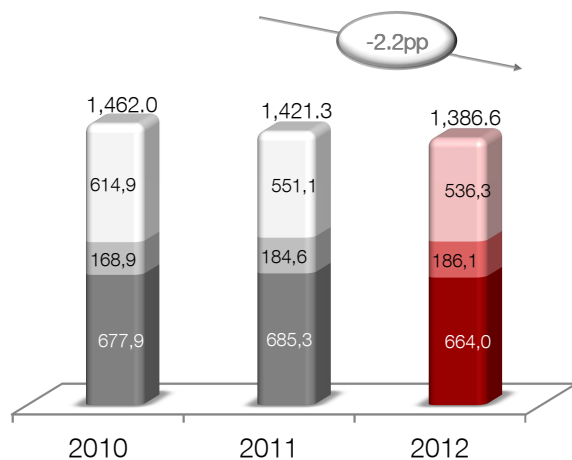
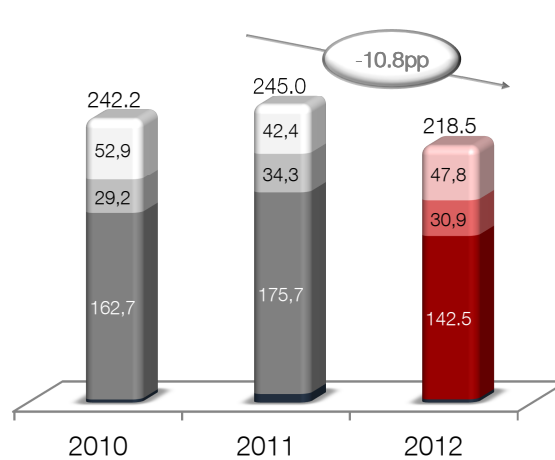


Gross advertising market share
M6 Group (all TV) (*)



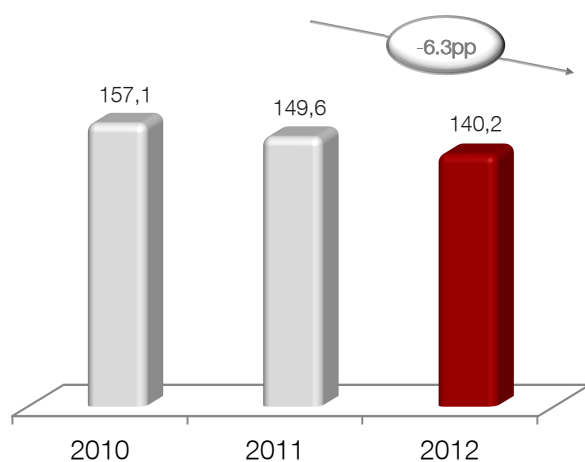
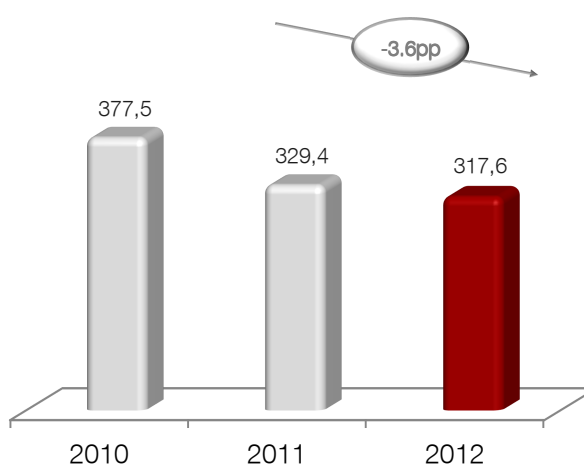
Sources: Médiamétrie, Kantar Média.

1.1.2. Financial indicators

Revenue analysis by division (€ millions)EBITA* analysis by division (€ millions)

■ M6 TV Network ■ Digital channels

■ Diversification and Audiovisual Rights ■ Unallocated items

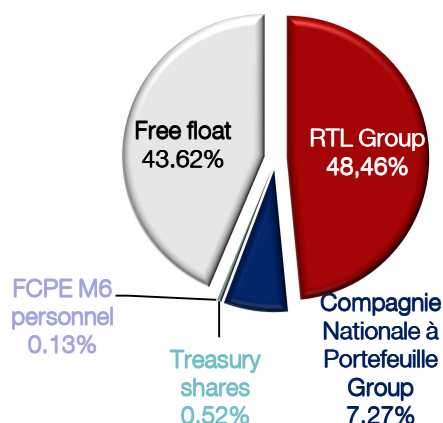
Group Share of Net Profit (€ millions)Net Cash Position** (€ millions)

* EBITA is defined in section 5.1.1.1 of this management report

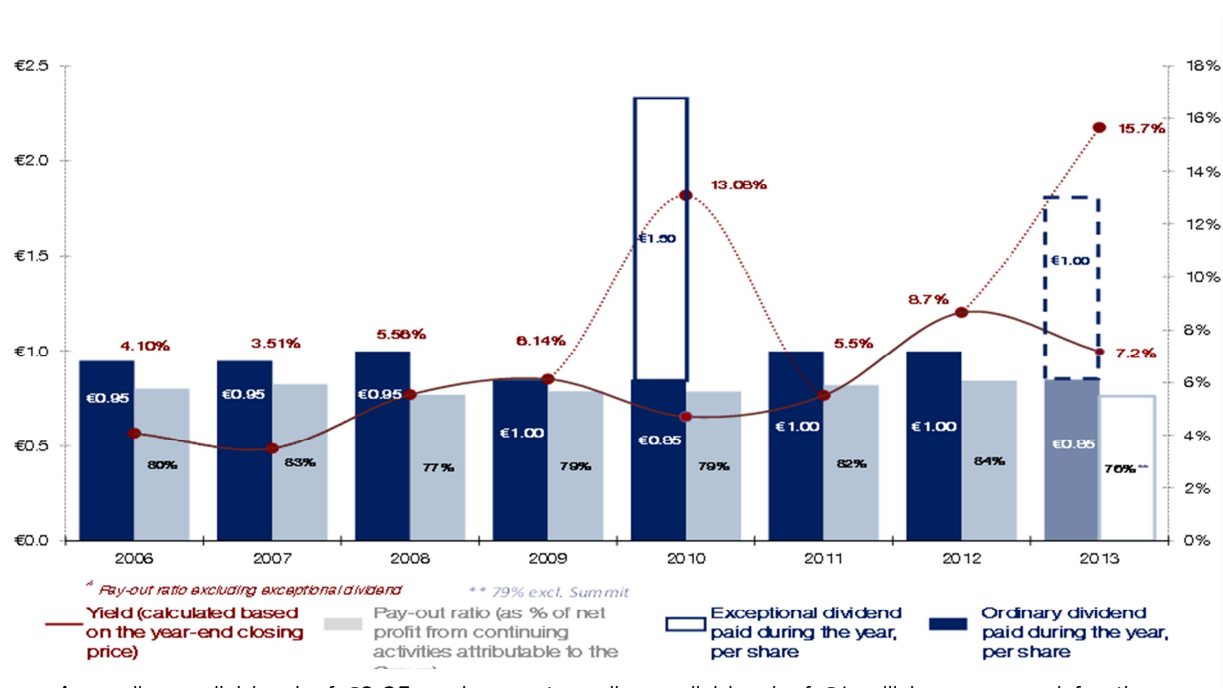
** The net cash position is defined in section 5.2.2 of this management report.

1.1.3. Stock market indicators

Shareholding structure at 31 December 2012



Dividends paid

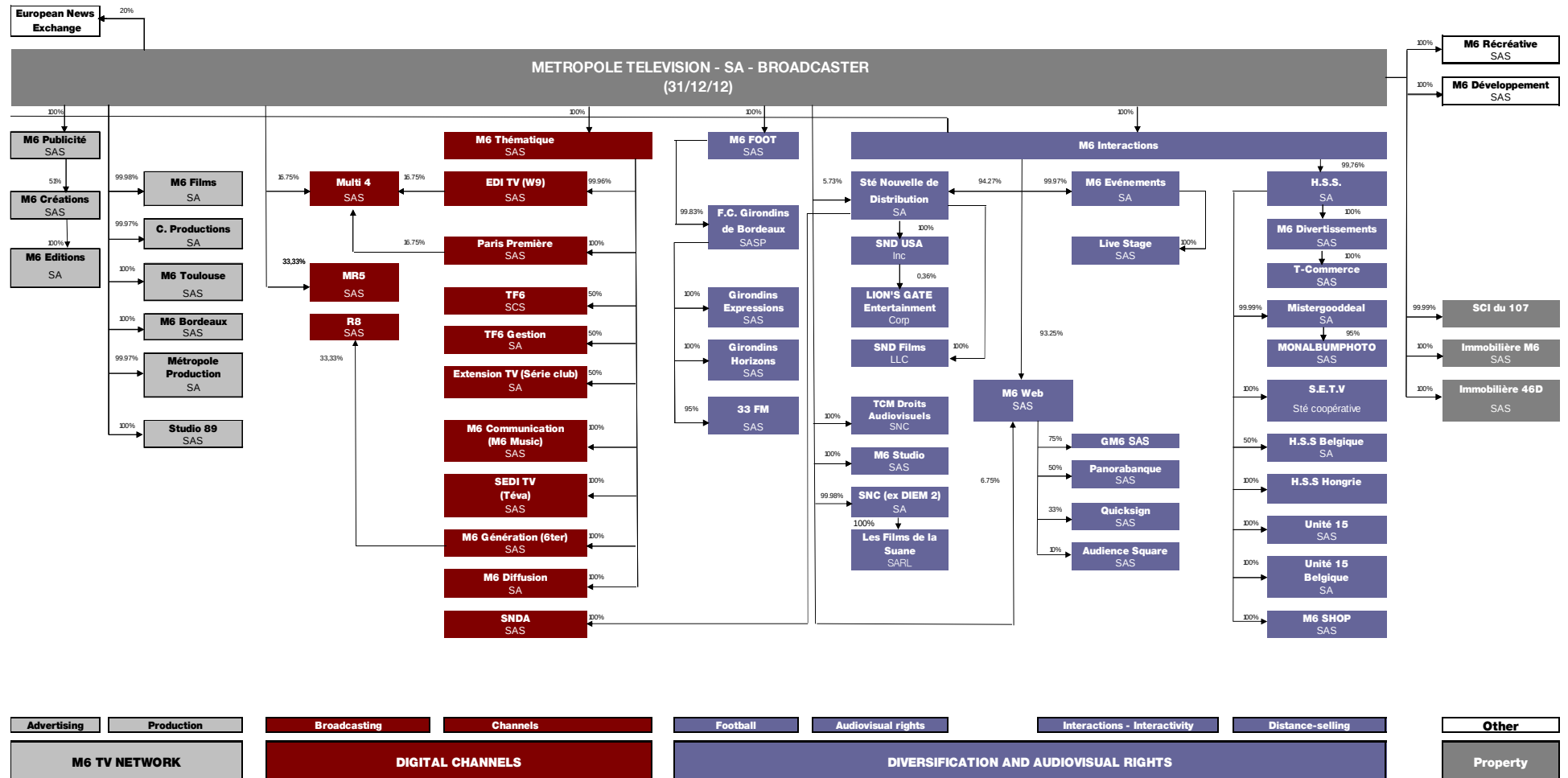


- An ordinary dividend of €0.85 and an extraordinary dividend of €1 will be proposed for the financial year 2012, amounting to a total dividend of €1.85.

Stock market performance



1.2. Group structure (% of share capital)



1.3. Changes in group structure

In 2012, the Group did not **acquire** or **dispose** of any entities.

In 2012, the following companies were **incorporated** to play host to new projects:

- R8 SAS, of which the Group owns 33.33%, a multiplex that operates the digital broadcast of the 6ter, Numéro 23 and RMC Découverte channels;
- GM6 SAS, of which the Group owns 75%, a semi-professional video platform dedicated to comedy;
- AUDIENCE SQUARE SAS, of which the Group owns 10%, a platform for the buying and selling of advertising space.

Furthermore, the Group continued to take steps to **streamline** its group structure by carrying out the following transactions:

- On 19 March 2012, M6 Boutique la Chaîne was merged into Télévente Promotion;
- On 20 March 2012, Télévente Promotion was merged into Home Shopping Service;
- On 31 December 2012, all assets and liabilities of Société Nouvelle de Cinématographie were transferred to DIEM 2 (renamed SNC).

1.4. 2012 Highlights

1.4.1. History of key dates

1987: Authorisation to operate France's 6th analogue channel. Launch of the channel on 1 March 1987 at 11.15 am.

1992: Creation of M6 Interactions, the first step to business diversification.

1993: Launch of the Série Club channel, the first thematic channel. Creation of the Zone Interdite and Capital magazines.

1994: M6 shares listed on the Second Marché of the Paris Stock Exchange

1996: M6 took part in the launch of TPS, making a 20% investment, and acquired 10% of Paris Première. Creation of the m6.fr website.

1997: The Group transferred to its new Neuilly head office.

1999: The Group took over Football Club des Girondins de Bordeaux (F.C.G.B) and extended its range of pay channels with the creation of TF6.

2000: Creation of the M6 Web subsidiary.

2004: Launch of the M6 Boutique teleshopping channel. The Group made the full acquisition of Paris Première. Suez Group disengaged from M6, maintaining a 5% shareholding, thus increasing the percentage of shares held by the general public.

2006: Acquisition of Mistergooddeal. Launch of W9 on free DTT. Launch of the M6 Mobile By Orange package. Announced merger of TPS and Canal+ France pay-TV operations in France.

2007: The Group acquired the entire share capital of Téva and transferred its TPS shareholding to the new Canal Plus France pay-TV business. SND became a shareholder of the US producer and distributor Summit Entertainment L.L.C.

2008: The M6 channel topped the 100 best audiences of the year of all channels, with the France – Italy Euro football match. Acquisition of Cyréalys Group and launch of M6Replay, the first catch-up TV service in France.

2009: F.C.G.B. crowned French Ligue 1 champion for the 2008-2009 season. M6 aired *Le 19.45*, the channels' new hosted newscast, for the first time.

2010: M6 Group sold its 5.1% shareholding in Canal+ France to Vivendi.

2011: M6 mobile By Orange passed the 2 million customer mark. The M6 Group launched the channels Paris Première HD and TEVA HD on Canalsat.

1.4.2. 2012 financial year highlights

January

12: Broadcast on M6, *Scènes de Ménages* attracted 5.9 million viewers, which was the series' all-time record at access prime time.

13: The M6 Group transferred its equity investment in US cinema production and distribution company Summit Entertainment to Lions Gate.

February

16: *Le 19'45* achieved an all-time record with 4.5 million viewers and audience ratings of 18.0% among all audiences.

20: The M6 Group was awarded the UEFA Europa League broadcasting rights for the 2012-2015 seasons.

March

7: The M6 application was the most downloaded TV app on iPhones with more than 2 million downloads.

13: M6 celebrated its 25th anniversary.

20: M6 Web strengthened its automotive division with the acquisition of Ellop Média Group's theme-based websites.

April

9: Audience record of all seasons for the final episode of *Top Chef*: 5.4 million viewers.

19: *Pass M6* became the first subscription-based video on-demand service to be included in the main three French broadband providers (Orange, SFR and Free).

May

14: "Global Catch Up" study published by Médiamétrie ranked M6 Replay as the leading catch up service on IPTV.

20: W9 is the best known DTT channel in France with an awareness rate of 89%, according to Observatoire 2012 CSA on the awareness of DTT, cable and satellite channels.

20: Girondins de Bordeaux finished in 5th place in the Ligue 1 championship, thus qualifying for the Europa League.

June

12: Best ratings of the year for W9 with the broadcast of *Pretty Woman*, which attracted 1.9 million viewers and 12.2% of under 50 year-old housewives, an historic record for the channel.

14: Turbo celebrated its 25th anniversary by making all its archives available on turbo.fr.

19: Record audience for UEFA Euro 2012's France vs. Sweden match watched by 12.2 million viewers (44.5% audience share), which was the channel's second best historical performance.

July

9: M6 web launched a new version of M6 and W9's mobile applications and catch-up TV services.

August

27: *L'Amour est dans le Pré* attracted 6.3 million viewers, with a share of 27.3% of all audiences.

September

20: Première of the *Sister Act* musical at the Mogador theatre in Paris.

17: Historical record for *L'amour est dans le pré*, which attracted 7 million viewers.

October

8: The prime-time showing of *Scènes de Ménages* had its best audience performance since it was launched and achieved an all-time record for a prime-time French drama broadcast by M6, with 6.3 million viewers.

31: M6 Web acquired Tom's Games websites jeuxvideoPC.com and jeuxvideo-flash.com.

November

16: Release of *Chapitre 4 Révélation 2ème partie*, the latest instalment of the Twilight series, which broke the saga's box office record with 4.5 million cinema tickets sold.

19: M6 was the French people's favourite leisure brand for the third consecutive year, according to the study carried out by Toluna on behalf of Le Grand Livre des Marques.

28: The Génération Goldman album went straight into first place of the GFK music sales ranking.

December

4: M6 took the opportunity of the first semi-final of *La France a un incroyable Talent* to launch enriched and social TV, which allows viewers to interact with programmes via their mobile phone or tablet.

4: M6 Publicité Digital launched Audience Square, a joint premium advertising marketplace in partnership with nine other advertising agencies.

12: Launch of the 6ter free-to-air channel on DTT channel 22.

Annual assessment

The M6 channel concluded 2012 with average audience ratings of 11.2% of all audiences (compared to 10.8% in 2011) thus achieving the best increase in audience of all TV channels (up 0.4% compared to 2011) and 17.0% of under 50 year-old housewives (compared to 17.2% in 2011).

Among free-to-air DTT channels, W9 achieved national ratings of 3.2% of all audiences in 2012, compared to 3.4% in 2011, and 4.2% of under 50 year-old housewives. W9 was therefore the leading free-to-air channel for the preferred commercial target.

Following its launch on 12 December, 6Ter had a string of audience successes and asserted itself as the most-watched of the six new channels in the French audiovisual landscape.

Source: Mediamat – Mediamétrie

1.4.3. Main legal and regulatory developments

By virtue of its corporate purpose and status as an operator of a free-to-air and digital and analogue television broadcasting licence, the Company is governed by a specific legal and regulatory regime which applies in addition to ordinary provisions, as specified in section 1.6.2 of this document. The main legal and regulatory developments introduced in 2012 are set out below.

1.4.3.1. Development of digital terrestrial television

Following on from this digital terrestrial television development process, the public authorities, in consultation with private operators, led several discussions on technological developments affecting compression and broadcasting standards. Their findings led the CSA to launch a call for tender for six free-to-air and pay HD channels on digital terrestrial television on 18 October 2011, adopting the Mpeg-4 compression standard.

The M6 Group took part in this process with the aim of ensuring its sustainable development, and was granted approval for the operation of a third free-to-air terrestrial channel called 6ter.

The six new HD channels, including 6ter, were selected on 27 March 2012, authorised on 3 July 2012 and launched on 12 December 2012. They bring the number of free channels available on digital terrestrial television to 24.

1.4.3.2. Changes to M6 agreement

Two amendments were added to M6's agreement during 2012:

- Signed on 12 June 2012, an amendment acknowledged the CSA's decision to terminate mobile personal television, and to remove any reference relating to this service included in the M6 agreement;

- Another amendment, signed by the CSA and Métropole Télévision on 30 October 2012, extended the 2011 amendment intended to regulate the use of associated data, designed to enrich and complement the main programming of the television service.

1.5. Group markets and operations

1.5.1. Television

1.5.1.1. Presentation of operations

The M6 Group's main business is television edition and broadcasting, operated for a portfolio of channels that includes:

- Free-to-air channels (M6, W9 and 6ter), accessible without subscription via a digital signal, fully funded by the advertising expenditures of advertisers who seek to optimise the efficiency and cost of their media campaigns.
- Pay channels (Paris Première, Téva, TF6, Série Club, M6 Music Hits, M6 Music Black, M6 Music Club, Girondins TV), which operate on a mixed financing model, based both on advertising revenue and royalties paid by distribution platform operators (primarily cable, satellite and broadband operators), in accordance with the terms and conditions of commercial agreements between editors and distributors. The Paris Première and TF6 channels also have a pay DTT licence.

**Métropole
Télévision**
SA

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

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

EDI TV
SNC

EDI TV edits W9, the Group's second free-to-air channel.

M6 Génération
SAS

M6 Génération edits 6ter, the Group's third free-to-air channel.

*Pay
channels*

The Group broadcasts channels on cable and satellite that complement the Group's offering: Téva, Paris Première, Série Club, TF6, M6 Music, M6 Music Black and Club and Girondins TV.

M6 Publicité
SAS

As the historical advertising agency of the M6 TV network, the growth of which it supported, M6 Publicité today markets the advertising space of 10 TV channels.

M6 Créations
SAS

M6 Créations markets the whole range of the Group's non-media advertising products (production of audiovisual programmes, short programmes, and advertising material, promotions and merchandising).

M6 Films
SA

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

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

Métropole Production
SA

Métropole Production operates all of the Group's technical production resources and media management, and produces audiovisual works and programmes for the M6 channel. In particular, it produces some of the channel's flagship programmes such as *Turbo* and *M6 Kid* (delegated production).

C. Productions
SAS

C. Productions is the second mainstay of this segment, which primarily produces M6 TV channel news magazines, such as *Capital*, *Zone Interdite*, *Enquête Exclusive*, *66 Minutes*, *100% Mag*, as well as *Enquêtes Criminelles* on behalf of W9.

Studio 89
SAS

Studio 89 Productions produces, both for the M6 channel and the Group's other channels, a significant number of different formats, including *Top Chef*, *Un dîner presque parfait*, *Pékin Express* and *Accès Privé* for M6, as well as *Enquête d'action* and *La Belle et ses princes presque charmants* for W9 and *Norbert et Jean: le Défi* for 6ter.

1.5.1.2. Market trends in the TV business and Group positioning

a) Structural changes in the TV market

► **Constantly improving household equipment**

Today, practically all French households have a television (98.3% according to Médiamétrie). In fact, more than half own two or more TV sets.

Sales of televisions fell in 2012, with 7 million sold as opposed to 8.2 million in 2011, whilst over the previous 8 years, sales grew continuously, driven by recent technological innovations such as the digital switchover, the increase in screen size, 3D and connected TV.

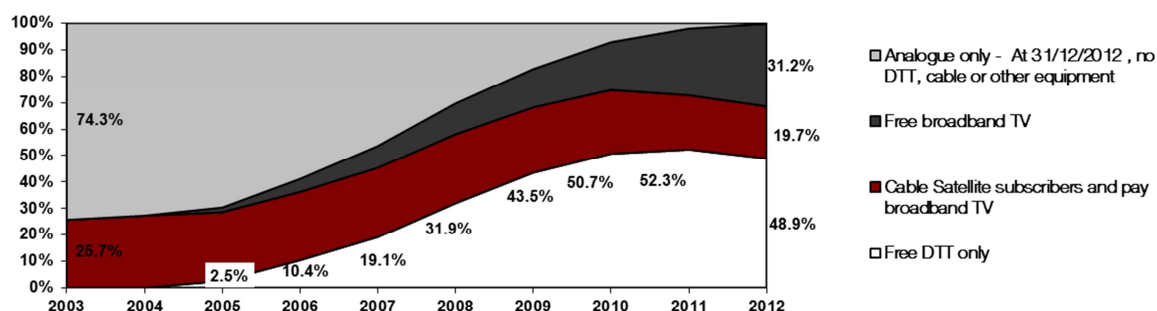
The penetration rate of widescreen and HD compatible TV sets rose considerably, with three quarters of French households, almost 20 million, owning at least one television compatible with high definition broadcasting. This success is explained, in particular, by the development in the offering of high definition programmes and the decrease in the price of televisions (CSA French audiovisual industry key figures – 2012 second half year issue).

► **The advent of digital television and access to a growing number of channels**

Since 2011, all households equipped with a TV set have had access to digital television. This growth chiefly results from the development of free DTT. In fact, 16.3 million households (61% of households equipped with a television) have access to DTT.

In total, the CSA counts 32.7 million separate accesses to digital television, including 50% by DTT receiver, 25% by broadband connection, 18% by satellite aerial and 7% by cable connection. Whilst terrestrial remains the main system for both analogue and digital television reception, it is increasingly associated with other reception systems within the same household. Broadband is now the second most widespread reception system.

Equipment of households by reception system at year-end:



DTT coverage (% of population)

March-05	End 2005	End 2006	End 2007	End 2008	End 2009	End 2010	End 2011	End 2012
35%	50%	65%	85%	87%	89%	93%	100%	100%

Source: M6, Médiamétrie

Growth in digital has also enabled widespread access to a multi-channel package. All households equipped with a television receive 19 channels or more, compared with just 40% in 2006.

The gradual switchover of French households to digital reception and a multi-channel offering caused a change in the breakdown of audience shares between “historic” analogue channels and “Other TV”, which include:

- o Cable and satellite pay channels, whose nationwide 4 plus year old audience share was 11.2% in 2011, stable compared to 2005;
- o Free DTT channels, whose nationwide 4 plus year old audience share was 22.0% in 2012, compared to 0.9% in 2005.

Overall in 2012, changes in TV audience shares on the 4 plus year old target (i.e. all audiences) were as follows, reflecting the so-called “audience fragmentation” phenomenon: historic channels attracted 66.8% of the nationwide TV audience, compared to 33.2% for “Other TV”.

Nationwide audience ratings (4+ year olds):

Nationwide audience ratings (4+ year olds)								
%	2012	2011	2010	2009	2008	2007	2006	2005
M6	11.2%	10.8%	10.4%	10.8%	11.0%	11.5%	12.5%	12.6%
TF1	22.7%	23.7%	24.5%	26.1%	27.2%	30.7%	31.6%	32.3%
France 2	14.9%	14.9%	16.1%	16.7%	17.5%	18.1%	19.2%	19.8%
France 3	9.7%	9.7%	10.7%	11.8%	13.3%	14.1%	14.7%	14.7%
Canal+	2.9%	3.1%	3.1%	3.1%	3.3%	3.4%	3.4%	3.6%
France 5	3.5%	3.3%	3.2%	3.1%	3.0%	3.3%	3.1%	3.1%
Arte	1.8%	1.5%	1.6%	1.7%	1.7%	1.8%	1.7%	1.8%
TOTAL historic channels audience share **	66.8%	65.2%	68.1%	72.1%	76.3%	82.5%	86.2%	87.9%
W9	3.2%	3.4%	3.0%	2.5%	1.8%	1.0%	0.4%	0.1%
TMC	3.6%	3.5%	3.3%	2.6%	2.1%	1.3%	0.8%	0.3%
NT1	2.1%	1.9%	1.6%	1.4%	1.0%	0.6%	0.3%	n.a
NRJ 12	2.4%	2.3%	1.9%	1.5%	1.0%	0.4%	0.2%	n.a
Virgin 17 / Direct Star	1.2%	1.2%	1.0%	0.7%	0.5%	0.4%	0.2%	n.a
Gulli	1.9%	2.1%	2.2%	1.8%	1.5%	0.8%	0.4%	n.a
France 4	2.1%	2.0%	1.6%	1.1%	0.9%	0.4%	0.1%	0.1%
Direct 8	2.3%	2.3%	2.0%	1.4%	0.7%	0.3%	n.a	n.a
i>Télé	0.8%	0.8%	0.7%	0.5%	0.3%	0.3%	0.2%	n.a
BFM TV	1.8%	1.4%	0.9%	0.7%	0.4%	0.2%	n.a	n.a
TOTAL DTT channels audience share	22.0%	23.1%	19.7%	15.2%	11.1%	5.9%	2.7%	0.9%*
TOTAL cable and satellite channels audience share **	11.2%	11.7%	12.2%	12.7%	12.6%	11.6%	11.0%	11.2%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%

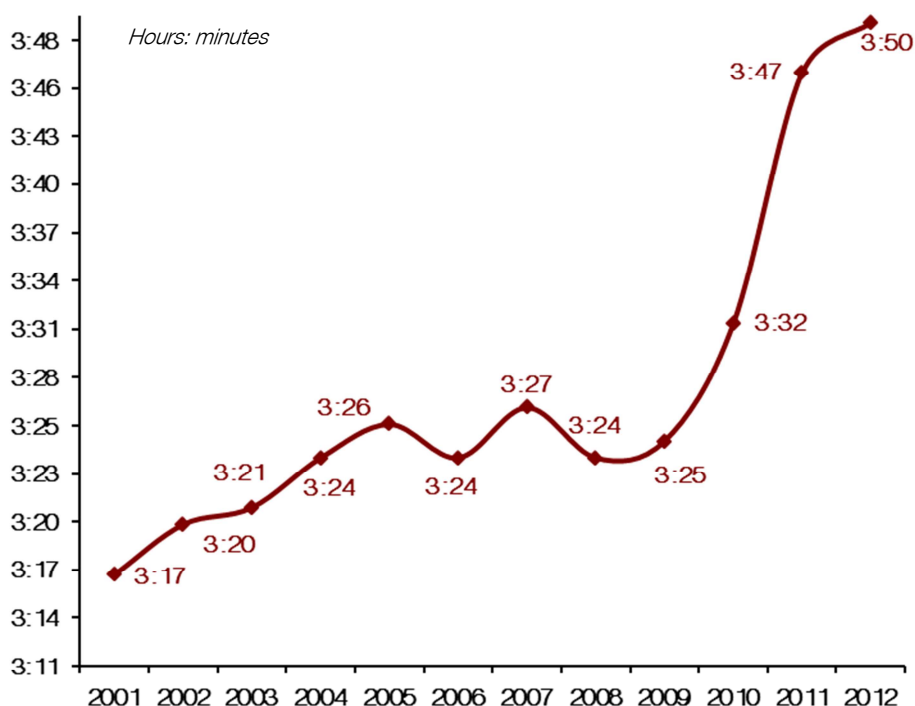
* M6 estimate

** Until 2011 inclusive, France 5 was considered a historic channel before 7pm and a DTT channel after 10pm, whilst Arte was considered a historic channel after 7pm and as a DTT channel before 7pm.

Source: Médiamétrie

► **Changes in TV viewing patterns caused by new technologies**

The advent of new media and the rapid development of the internet, supported by the rollout of the telecom operators' high-speed broadband, very high speed through optic fibre and triple play (Internet, television, landline) packages had an influence on TV viewing patterns. These developments improve viewers' experience, who benefit from better picture quality (HD) and can now have access to on demand formats (catch-up TV platforms) or as mobile TV (3G reception). However, the growing penetration of new media did not prevent the Individual Watching Time (IWT) of television from increasing over the last ten years, with consumption peaking in 2012.

Individual Watching Time (4+ year olds)

Source: Mediamat / Médiamétrie

b) Advertising market

► Changes in the multimedia and TV advertising market

Advertising expenditure (gross) – Multimedia:

	2012		2011
	€ millions	% change	€ millions
Total TV *	9,803.1	4.5%	9,382.4
<i>Historic channels</i>	6,079.1	1.5%	5,989.0
<i>DTT channels</i>	2,868.3	13.9%	2,517.9
<i>Cab/Sat channels</i>	855.7	(2.3%)	875.4
Press	7,533.8	(2.7%)	7,742.9
Radio	4,305.4	3.7%	4,152.0
Internet **	2,938.3	3.3%	2,845.4
Billboards	2,926.5	(6.6%)	3,132.3
Cinema	380.8	0.3%	379.9
TOTAL	27,887.8	0.9%	27,634.9

* including self-promotion

** gross online advertising expenditure, excluding sponsored links

Source: Kantar Media

Developments in the multiyear multimedia advertising market (Press, Television, Billboard Advertising, Radio, Internet, and Cinema) highlighted the following trends:

- 2012 was a "challenging and mixed" year (Kantar Media Intelligence), marked by a near stagnation of gross advertising expenditure (up 0.9% to €27.9 billion), and a decline in volume

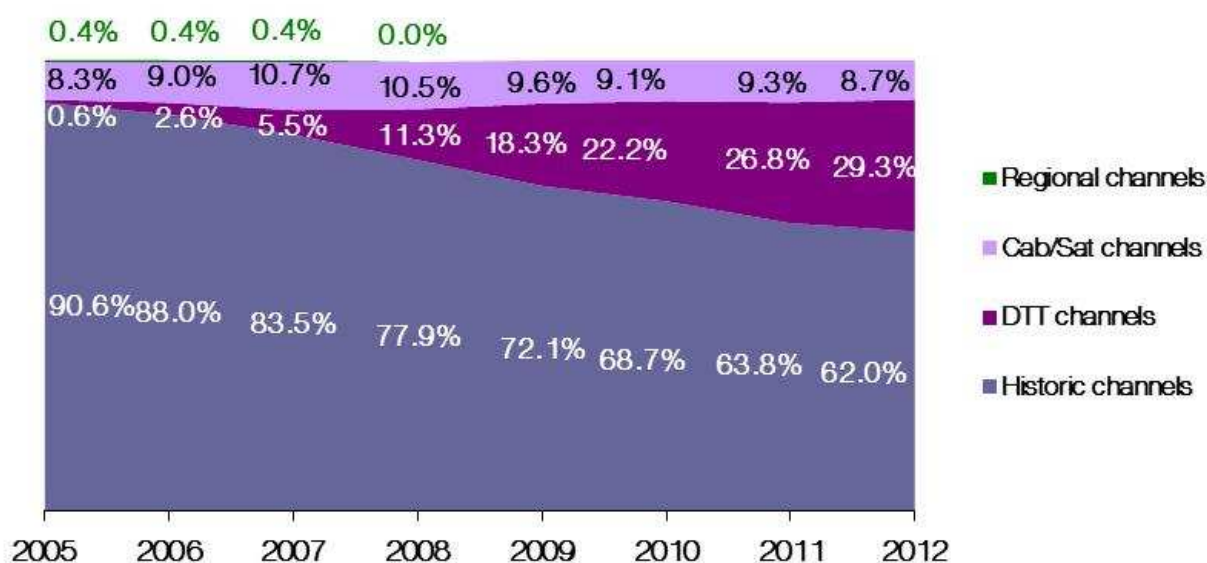
(pagination or duration of advertising) across all media.

2012 was characterised by growth in investments between January and April, followed by a sharp decline from May onwards.

This development was more or less marked depending on the media:

- growth in Internet and radio gross expenditure in 2012,
 - lower expenditure in press and billboard advertising, whose market shares deteriorated: press represented 27% of gross multimedia expenditure in 2012 compared with 28% in 2011, and billboard advertising fell from 11.3% in 2011 to 10.5% in 2012.
- Television gained further market shares in 2012, from 34.0% to 35.2% in 2012 (gross data): television reaffirmed its position as the leading advertising medium and the benchmark medium in France.

Advertising expenditure (gross) – TV: market share analysis by segment (2005-2012):



Source: M6 / Kantar Media estimates

In 2012, historic channels represented 62.0% of TV advertising expenditure (compared to 88.0% in 2005 and 63.8% in 2011), while DTT channels represented 29.3% of gross TV expenditure in 2012 (compared to 2.6% in 2006 and 26.8% in 2011), the balance being invested in cable and satellite channels for 8.7% of the total in 2012.

In 2012, gross expenditure on TV grew by 4.5%, marked by an increase in advertising expenditure allocated to free DTT channels (up 13.9%) and the stagnation of historic channels (up 1.5% in gross data including self-promotion, up 1.0% excluding self-promotion).

In this respect, it should be noted that even though variations in multimedia expenditure, the majority of which is measured in gross data (published prices applied to marketed volumes), provide a significant indication of trends and expenditure distribution by media, it is nonetheless necessary to remain cautious when interpreting the data, which differs from net figures (price actually paid by advertisers to the media after discounts), with potentially significant differences between media that can vary depending on the prevailing economic situation.

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

GROSS historic channel TV expenditure (historic channels, excluding self-promotion and regional channels)

	2012		2011		2010		2009		2008
	€ millions	% Change	€ millions	% Change	€ millions	% Change	€ millions	% Change	€ millions
M6	1,517.1	2.9%	1,474.7	(1.3%)	1,493.5	9.9%	1,358.7	4.8%	1,296.2
TF1	3,283.6	2.2%	3,212.7	(1.5%)	3,261.7	7.8%	3,024.7	1.2%	2,989.0
France 2	263.9	(14.3%)	307.8	(1.5%)	312.6	28.1%	244.1	(35.2%)	376.5
France 3	138.2	(10.7%)	154.9	(5.4%)	163.7	8.4%	151.0	(36.6%)	238.1
France 5	31.8	2.3%	30.7	2.3%	29.8	16.6%	25.6	(2.6%)	26.3
Canal+	175.2	1.1%	173.3	8.3%	160.0	4.5%	153.1	15.8%	132.2
TOTAL	5,409.8	1.0%	5,354.0	(1.2%)	5,421.2	9.4%	4,957.1	(2.0%)	5,058.2

Source: Kantar Media, gross data for TF1, M6, C+, net for FTV

Historic data may have been restated

GROSS historic channel TV advertising market shares (historic channels, excluding self-promotion and regional channels):

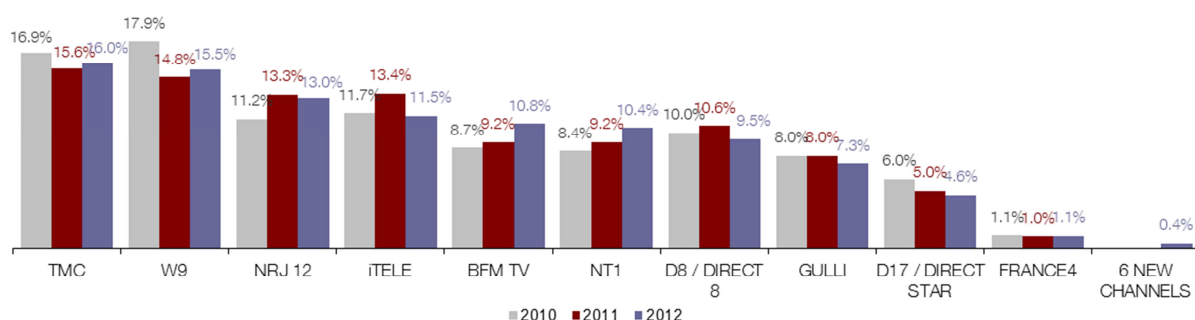
	2012		2011		2010		2009		2008
	Market share	% Change	Market share	% Change	Market share	% Change	Market share	% Change	Market share
M6	28.0%	0.5pp	27.5%	(0.0pp)	27.5%	0.1pp	27.4%	1.8pp	25.6%
TF1	60.7%	0.7pp	60.0%	(0.2pp)	60.2%	(0.9pp)	61.0%	1.9pp	59.1%
France 2	4.9%	(0.9pp)	5.7%	(0.0pp)	5.8%	0.8pp	4.9%	(2.5pp)	7.4%
France 3	2.6%	(0.3pp)	2.9%	(0.1pp)	3.0%	(0.0pp)	3.0%	(1.7pp)	4.7%
France 5	0.6%	0.0pp	0.6%	(0.0pp)	0.6%	0.1pp	0.5%	(0.0pp)	0.5%
Canal+	3.2%	0.0pp	3.2%	0.3pp	3.0%	(0.1pp)	3.1%	0.5pp	2.6%
TOTAL	100%		100%		100%		100%		100%

Source: Kantar Media, gross data for TF1, M6, C+, net for FTV

Historic data may have been restated

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

The distribution of the DTT channels' gross advertising market, which totalled €2,733.8 million in 2012 (excluding self-promotion), an increase of 13.7%, reflected the audience ratings of each channel and was as follows:



Source: Kantar Media, DTT channels excluding self-promotion

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

The distribution of the gross advertising market of cable and satellite channels, which totalled €855.7 million in 2012, down 2.3%, potentially involves more than a hundred channels.

1.5.1.3. M6 Group TV market positioning and strategy in 2012

Overall, the Group's advertising agency, M6 Publicité, achieved a total market share of 22.8% in 2012 (total gross + net advertising market share, measured by adding terrestrial, DTT, cable and satellite revenue, source Kantar Media) of the whole TV advertising market, compared to 22.4% in 2011, thus maintaining its position as the second advertising agency in France.

a) Free-to-air television

► M6 channel

In a historic channel advertising market (excluding self-promotion) which increased by a moderate 1.0% in 2012 in gross data (source: Kantar Media), the M6 channel saw its gross advertising expenditure grow 2.9%, translating into a 4.3% decrease in net advertising revenue. This decline was characterised by a drop in advertising volume (the advertising time of historical channels fell 3.9% over the period), and a fall in the number of brands featured on screen.

Against this background, the M6 TV network managed to confirm its market shares in Food & Drink, Automotive/Transport and Distribution.

The consolidation of M6's position should be seen in the light of the channel's strong resilience in the face of audience fragmentation: with 11.2% ratings among all audiences in 2012, M6 was the French channel that reported the most significant increase in audience ratings and was the only historic channel to report growth. In 2012, M6 confirmed its ranking as the third nationwide channel for all audiences and the second most watched nationwide channel at prime time.

This is evidenced by the fact that M6 is increasingly often the leading channel at night: in 2012, M6 was the leader for all audiences on 50 nights (compared to 41 nights in 2011 and 19 in 2010) and attracted more than 4 million prime-time viewers on approximately one hundred occasions, which is more than one night out of four.

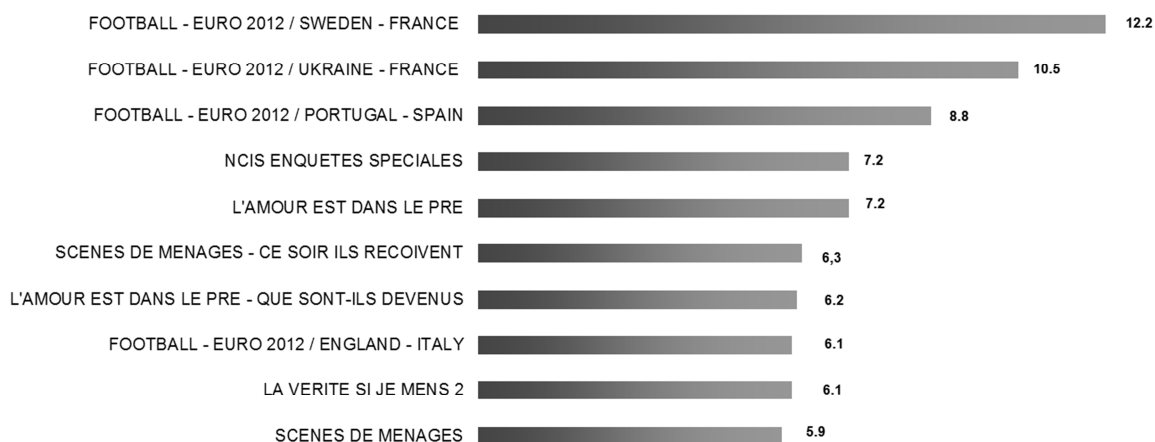
The best audience ratings of the year were achieved by a Euro 2012 football match, i.e. Sweden vs. France, which attracted 12.2 million viewers and was the 2nd all-time audience performance of the channel.

All types of programmes reported strong audience growth this year (magazines, newscasts, sports, series, French drama, etc.). "*L'amour est dans le pré*" thus had its best season since its creation with an average of 6.4 million viewers.

M6 was also able to assert itself at access prime-time due to the quality of its programmes. *Le 19 45* and *Scènes de ménages* thus enabled M6 to retain the lead amongst under 50 year-old housewives on more than one night out of three. The evening newscast is beating record after record and reached 4.4 million viewers in 2012. At the same time, *Scènes de ménages* beat the all-time record in its time slot with 5.9 million loyal viewers.

The top ten M6 audience ratings in 2012 testified to this success in all types of programmes:

Top ten M6 audience ratings in 2012 (millions of viewers, source: Médiamétrie):



Strategically speaking, the channel intends to focus its investment efforts in programmes of the midday-midnight time slot, which by itself represents more than 94% of TV advertising expenditure and 90% of daily audience levels.

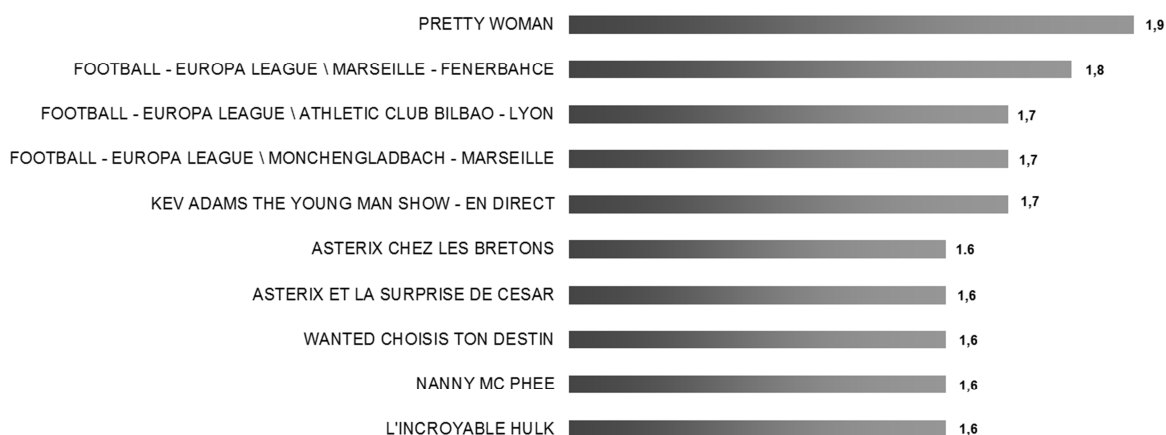
► **W9 channel**

In the fast-growing free DTT market, both from the point of view of the relative significance of these channels in the overall audience and their attractiveness to advertisers, M6 Group wished to rapidly position W9 as a leading DTT channel, with a view to making it a general-interest channel for under 50 year old audiences.

In 2012, W9 reported a nationwide audience share of 3.0% (4+ year olds) and an audience share of 4.2% on the commercial target, thus retaining its leadership on this target among DTT channels.

In addition, W9 is the channel that broadcasts the largest number of powerful programmes with 267 programmes attracting at least 1.0 million viewers.

Top ten W9 audience ratings in 2012 (millions of viewers, source Médiamétrie):



In 2012, W9 continued to develop its programme offering in the following five fields: music, series, cinema, entertainment magazines and sport, which made it the undisputed leader among DTT channels for under 50 year-old viewers.

Music represents 50% of airtime and is a major feature of W9, which puts it forward in all its forms: videos, concerts, shows, rankings and music gameshows. W9 continued its innovative programming policy in 2012 with the broadcast of major prime time events such as *La meilleure danse 2*.

W9 also broadcasts prestigious sporting events, including a number of Europa League matches, entertainment shows, magazines and reality TV shows, as well as series and movies. W9 has developed an ambitious policy in the production of innovative entertainment, such as the reality series "*Les Chtis*", and a significant effort in the production of original investigative reports to strengthen major prime time magazines (*Enquête d'action*, the factual magazine, *Enquête Criminelle*, the magazine of everyday news items and *Vies croisées*, the magazine of everyday life).

Strong audience performance has enabled W9 to become the prime-time leader among DTT channels, which went hand-in-hand with an increase in the channel's advertising revenues in 2012.

Most advertising sectors, including the major sectors of food and drink, health and beauty, telecommunications, etc. increased their expenditure this year on the channel.

► 6ter channel

One of the 6 new free-to-air DTT channels, 6ter was launched on 12 December 2012. It is the M6 Group's third free-to-air channel, and for this reason builds on the Group's channels' strong track record with a single goal of offering original, unifying programming, which appeals to people and shares values embodied by an easy-to-watch, engaging and uplifting line-up.

6ter is a channel designed to be watched by all the family at any time of the day, based on the idea of collective viewing. Its varied programming is structured around several key genres: family dramas, magazine programmes, documentaries, entertainment and youth programmes.

It already has the largest audience of the 6 new DTT channels.

b) Pay digital channels

Pay digital channels are distributed on all broadcasting platforms and media (cable, satellite, broadband, mobile), with a view to maximising the potential of subscribing households/individuals. This extensive distribution enables them to attract targeted or more general-interest audiences, depending on each channel's positioning, and as a result offer commercial breaks that meet the objectives of advertisers' campaigns. Therefore, the Group has developed a family of 7 pay channels (excluding Girondins TV) to complement free-to-air channels, with strong and identity-building positioning, with the intent of making each of these channels a benchmark in its niche market (Paris Première for upper class targets, Téva for women).

Summary table of broadcasting network by channel (at 31 December 2012):

	Free DTT	Pay DTT	Cable	Satellite	Broadband	Mobile
Paris Première	unscrambled					
Téva						
M6 Music Hits						
M6 Music Black						
M6 Music Club						
TF6*						
Série Club*						
Girondins TV						

* broadband via CanalSat

Source: M6

Change in the number of households (4+ year old) equipped to receive M6 Group's pay channels

Number of households equipped to receive M6 Group's pay channels				
	December 2012		December 2011	
	Equipped households (millions)	% of households equipped with TV	Equipped households (millions)	% of households equipped with TV
Téva	10.7	40%	10.4	40%
Paris Première*	8.7	32%	8.4	31%
M6 Music Hits	4.9	18%	4.7	18%
M6 Music Club / M6 Music Black	2.2	8%	2.2	8%
TF6	5	18%	5.2	19%
Série Club	4.3	16%	4.4	16%
Girondins TV	1.2	5%	1.1	4%

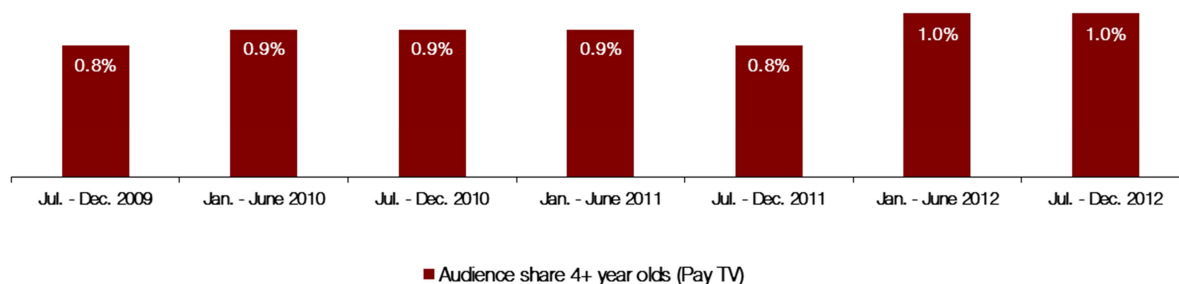
* Estimate of households (Mainland France) effectively connected, restated for subscribers to several packages and excluding Paris Première's unscrambled slots

Source: distributor data / M6 estimates

According to Kantar Media data, the cumulative advertising market share of the M6 Group's pay channels (Paris Première, Téva, TF6 and 50% of Série Club, as well as the M6 Music channels) totalled 12.6% in 2012, an increase of 0.5pp compared to 2011.

► **Paris Première**

On 15 December 1986 at 7pm, Paris Première was launched on Paris Cable's channel 8. Among a constantly changing audiovisual industry, Paris Première benefits today from growing visibility and a strong identity. Paris Première benefits from an extensive broadcasting network: cable, satellite, broadband, mobile TV (3G) as well as pay DTT since 21 November 2005, with a daily two-hour unscrambled time slot between 6.35pm and 8.35pm. More than 57 million viewers (4+ year olds) can access Paris Première's unscrambled time slot (accessible to households equipped with a DTT adapter).

Paris Première's audience share for 4+ year old individuals:

Source: Médiamétrie / MédiaCabSat, subscriber base to a pay package

Paris Première features a rich and diverse editorial line based on live performance, discussion programmes and culture. The channel dedicates a significant portion of its budget to the production and acquisition of original formats. The channel's new flagship magazines in 2012 were *Zemmour et Naulleau*, *17^{ème} sans ascenseur* (hosted by Laurent Baffie), and *Paris Dernière*.

In 2011, Paris Première confirmed its extensive event-driven programming, including, in particular, live broadcasts of theatre plays (*Pas Nique au FMI*, *Toc Toc*, etc.), and also some thematic evenings, film cycles and many comedy shows (*Lemoine man Show*, *Guy Bedos: rideau*, etc.).

Paris Première is today the pay channel that benefits from the greatest awareness among the general public (source: Institut CSA – *2012 complementary channels awareness survey*), as well as the third

general-interest pay channel among all audiences and the fourth pay channel for upper class individuals, its core target, with audience ratings of almost 0.52% of this population (source: Médiamétrie Mediamat Thematik, January-June and September-December 2012).

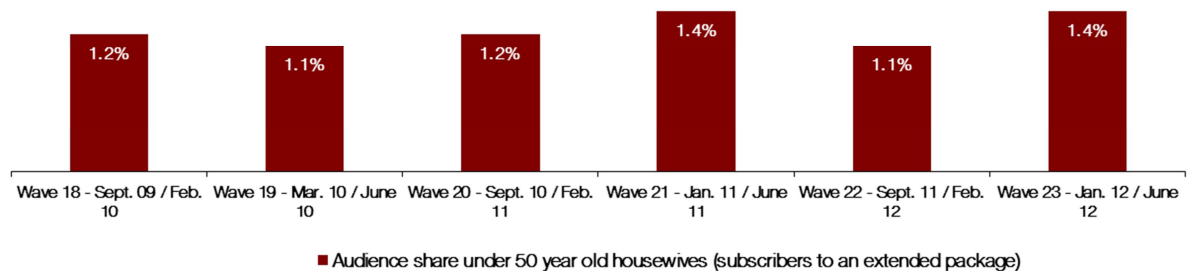
► Téva

Téva, which was launched on 6 October 1996 and became a wholly-owned subsidiary of M6 Group in January 2007, addresses women as a priority.

It is currently the best distributed pay general-interest channel and can be received by 40% of French households, representing approximately 25 million people.

Highly diversified programming primarily combines magazines, series, documentaries and feature films. The ambitious original documentary coproduction policy continued in 2012 with *Gaza: une jeunesse sous surveillance*, directed by Mélissa Theuriau, as well as *La prison et après: la réinsertion des femmes détenues*, directed by Marielle Fournier. 2012 saw the launch of a new magazine: *Le gâteau de mes rêves* and *Conseils d'am(e)s*. Lastly, series remained prominent on Téva, with the broadcast of sequels to successful series such as *Drop Dead Diva*, *Cougar Town* and *Nurse Jackie*.

Téva is the leading pay channel for under 50 year old housewives with a nationwide audience share of 0.89% and 1.4 % among households equipped to receive it.



Source: Médiamétrie / MédiaCabSat, subscriber base to an extended package

► TF6 and Série Club

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

TF6, a generalist channel aimed at a young adult audience (15-34 year olds), offers original entertainment, never-shown-before series, recent drama and numerous feature films. TF6 is watched by 8 million viewers every month.

TF6 audience share of 15-34 year olds:

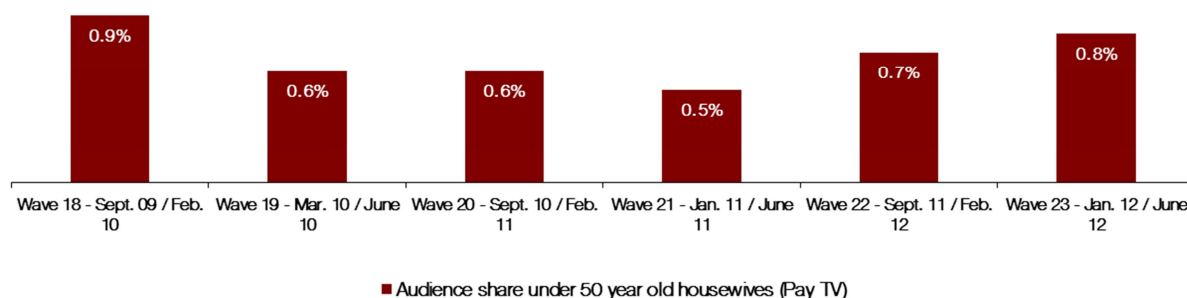


Source: Médiamétrie / MédiaCabSat, households equipped to receive the channel

Série Club asserted its positioning as the “series channel”. The channel offers a complete range of never-

shown-before series and full broadcasts of cult series. It also offers full digital and widescreen broadcasting. Série Club is also available on catch-up TV.

Série Club audience share of under 50 year old housewives:



Source: Médiamétrie / MédiaCabSat, subscribers to a pay package

► Music channels

The Group's three music channels, M6 Music, M6 Music Black and M6 Music Club, each develop their music programming in a specific environment:

- M6 Music develops a programming focusing on hits and stars for the 15-34 year olds;
- M6 Music Black dedicates itself to groove R'n'B urban music for the 15-34 years old;
- M6 Music Club is the channel of new trends in "dance floor" sound.

These three music channels, all available on cable, satellite, broadband and mobile phone, complement each other in terms of offering and audiences.

c) Total Advertising Package

The Group has merged several "Brand content" ancillary activities into the advertising agency in order to strengthen its Total Advertising Package. In this way, various activities have been transferred to M6 Créations, which going forward will pool different departments able to provide advertisers with a wide range of complementary and innovative products to heighten their exposure:

- a Total Package cross-group department, responsible for offering innovative solutions to advertisers;
- the production of self-promotion billboards, short programmes, channel signature and commercials;
- promotions, offering brand licences to advertisers (*Top Chef*, *Un Diner Presque Parfait*, *D&CO*, etc.) in support of their products, as well as the image of presenters or of programme contestants;
- merchandising, marketing these same licences to promote products (such as "Top Chef" cooking utensils);
- a Development Department, responsible for developing ad hoc projects (such as the Mozaïc agreement in partnership with Crédit Agricole).

Several Total Package offers were marketed to advertisers in 2012 in addition to advertising space, illustrating the synergies introduced by the advertising agency (for example, the Soda / M6 MOZAIC campaign with Crédit Agricole).

The Publishing Department will be added to the Total Package in 2013.

d) Film production

The cinema market is described in section 1.5.2.1.2 devoted to the description of the Group's Audiovisual Rights division.

In 2012, investments related to the commitment to dedicate 3.2% of revenue to French and European

cinema production increased by 1.2% compared to 2011 to €19.0 million.

Ten films co-produced by M6 FILMS were released in cinemas in 2012, totalling 18.4 million box office sales. Six of these entered the Top 15 of French films: the *Taken 2* and *La Vérité si je mens 3* franchises, the adaptation of the successful play *Le Prénom*, *Les Infidèles*, a comedy with Jean Dujardin and *Mince Alors !* with Charlotte de TURCKHEIM, as well as *De l'autre côté du périph*, with Omar Sy and Laurent Lafitte.

1.5.2. Diversification and audiovisual rights

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

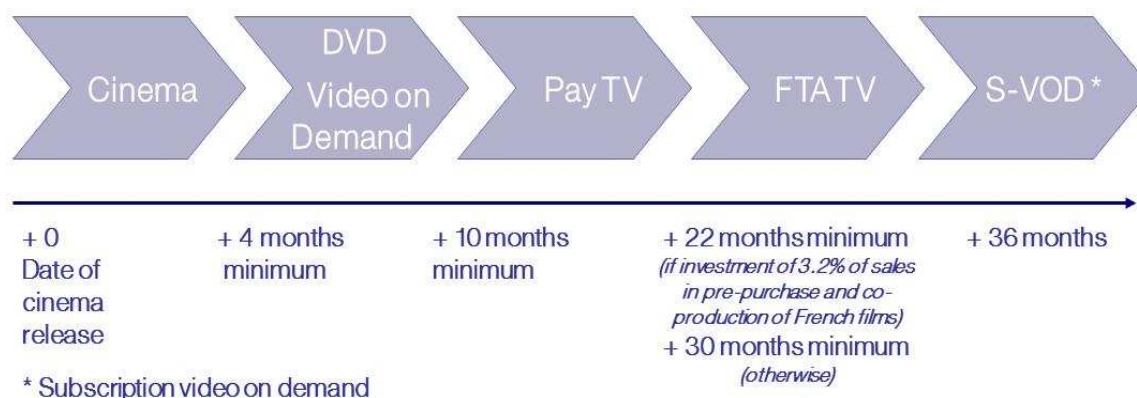
These diversification activities are extended to the following 5 segments:

- Audiovisual rights
- Interactions
- M6 Web
- Ventadis
- F.C.G.B.

1.5.2.1. Audiovisual Rights

a) Business presentation

The Group's Audiovisual Rights business operates in the movie rights distribution market to the general public throughout their operating cycle, (cinemas, selling of physical and dematerialised videos) and subsequently to professionals (distribution of the rights portfolio to nationwide free-to-air and pay channels and international distribution), in accordance with a cycle defined by media chronology which operates under the following timeframe:



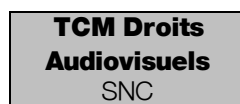
**Sté Nouvelle de
Distribution
SA**

SND (Société Nouvelle de Distribution) is the flagship of M6 Group's audiovisual rights business, operating on all film distribution formats. SND's main activities are the acquisition, management and distribution of the licensing rights of audiovisual works (cinema, video, sale of rights to pay TV and free TV broadcasters).

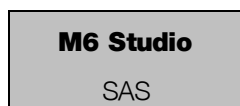
In order to consolidate its rank in the audiovisual rights environment and secure its access to more diverse content, M6 Group owns a number of feature film rights catalogues.



SNC brings together all the catalogue companies acquired by M6 Group (resulting from merger or takeover of the following companies: Mandarin acquired in 2002, Mandarin Films acquired in 2006, Diem 2 acquired in 2007, Hugo Films in 2008 and SNC in 2005). It holds a catalogue with both classic French and European films (over 450 titles), and more recent cinema-released French feature films (during the 2000s).



TCM D.A was created in September 1996 and has been wholly-owned by M6 since 19 April 2011. Its business is the acquisition, distribution, sale, import and export, promotion, provision and negotiation of TV licensing rights of any film or visual works in all French-speaking territories. Since 2011, its business has been limited to the licensing of a catalogue of 60 feature films belonging to Paramount studios.



M6 Studio, created in 2003, is dedicated to the development and production of animated feature films and series. In 2006, the company thus produced its first animated feature film, *Astérix et les Vikings*, and in 2009 and 2010 started the production of the first and second series of the cartoon *Le Petit Nicolas* (52x13 minutes). A new animated feature film, *Astérix et le Domaine des Dieux*, went into production in 2012.

These various shareholdings, which require recurring investment, enable M6 Group to benefit from a wide range of assets in an increasingly fragmented environment where access to quality content is ever more critical.

b) Market trends and Group positioning

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

► The cinema market in 2012

Following an exceptional year in 2011, cinema going decreased by 5.9% in 2012 to 204.3 million box office sales, higher than the average of the past 10 years (source: CNC).

2012 distributor ranking

Ranking	Distributors	Number of films released in 2012	French box office*	Market share
1	Warner Bros.	15	22,765,382	11.21%
2	20th Century Fox	23	14,621,731	7.20%
3	Pathé Distribution	18	15,498,291	7.63%
4	Sony Pictures	12	15,545,518	7.65%
5	Walt Disney Studios	11	14,167,431	6.97%
6	Mars Distribution	15	12,585,493	6.20%
7	Universal Pictures	19	11,386,344	5.61%
8	Metropolitan Filmexport	27	9,551,658	4.70%
9	SND	13	8,662,041	4.26%
10	Paramount	7	7,481,893	3.68%
11	Studiocanal	15	7,042,633	3.47%
12	Gaumont	7	3,302,660	1.63%

* Excluding continued screening of films released in 2011

Source: 2012 distributor ranking (excerpt from *Le Film Français*)

With 13 cinema releases in 2012 (including one technical release), SND recorded 8.7 million box office sales and remained in the top ten distributors in this market and was in fourth place among French distributors.

Among these releases, 7 films attracted more than half a million cinema-goers each. The last episode of the "Twilight" franchise drew this saga to a conclusion with unprecedented success: best start of the year and 5th biggest US success in 2012, "*Twilight chapitre 5*" beat all previous "Twilights" with 4.5 million box-office sales. Overall, the "Twilight" saga generated more than 19 million ticket sales in France.

SND also recorded a number of successes with genre films, including "*Looper*" (900,000 box-office sales), "*The Impossible*" (600,000), "*Le pacte*", "*Underworld: nouvelle ère*", as well as "*Ghost Rider: esprit de vengeance*" (500 000). Lastly, SND's first English-speaking production, the suspense thriller movie "The Secret", attracted more than 570,000 cinema-goers, which was one of the best scores for this type of films.

► The video sales market in 2012

In 2012, the French market for retail physical video (DVD and High Definition formats) amounted to €1.1 billion, a decline of 8.7% compared to 2011. This market has lost more than one third of its value (€800 million) over the past eight years. This decline conceals two contrasting developments: on the one hand, the growth in high definition sales, especially due to booming Blu-Ray Disc sales (€224 million, being growth of 9.3% compared to 2011), and on the other hand, the decline in DVD sales (down 8.9% in volume and 12.3% in value).

Video format consumption in VALUE

(€ millions)	2012	2011	% change	Market share	2012	2011	% change
DVDs	893	1,018	(12.3%)	DVD	80.0%	83.3%	(3.3pp)
High definition formats	224	205	9.3%	High definition formats	20.0%	16.7%	3.3pp
TOTAL	1,116	1,222	(8.7%)		100.0%	100.0%	

Source: Baromètre Vidéo CNC-GFK 2012

Video format consumption in VOLUME

(millions of units)	2012	2011	% change	Market share	2012	2011	% change
DVDs	106	116	(8.9%)	DVD	88.3%	90.2%	(2.0pp)
High definition formats	14	13	12.0%	High definition formats	11.7%	9.8%	2.0pp
TOTAL	120	129	(6.9%)		100.0%	100.0%	

Source: Baromètre Vidéo CNC-GFK 2012

SND was the leading independent publisher in the video market (excluding “majors”) in 2009 and 2010 and remained a key player in 2011 and 2012, both in physical and digital markets, with a market share of approximately 6% (sources SEVN).

Bolstered by a catalogue of more than 1,000 films published under the M6 Video label, the video edition business has a substantial position in the market, as it operates in all physical distribution channels, (supermarkets, superstores, export, corporate, newsstands, etc.). Moreover, the distribution of VOD rights (TVOD, SVOD, EST, etc.) is in place across all digital platforms (around 15 customer platforms including Orange, i-Tunes, Canalplay and SFR).

The catalogue boasts a variety of work, representing all genres from all periods of cinema, from the *Gendarmes* saga to Lars Von Trier and David Lynch’s films, major US successes such *Iron Man*, *Hulk*, *Mr & Mrs Smith*, etc.), family-friendly French comedies such as *Les femmes du 6ème étage* and *Nos jours heureux*, American and international arthouse films (*Harvey Milk*, *Dans ses yeux*, etc.) and SNC’s collections of classical movies (approximately 130 films edited between 2007 and 2012, including *La Piscine*, *Divorce à l’italienne* and *Médée*).

2012 best-sellers include the 4th instalment of the Twilight saga, *Underworld Nouvelle ère*, *Ghost Rider 2*, *le Pacte*, *The Raid*, etc. The main non-movie successes include shows by Audrey Lamy and Les Chevaliers du fiel, as well as the boxsets of series TV *Soda*, *Scènes de Ménages* and *XIII*.

► The TV rights transfer market

The operating cycle of the rights portfolio continues with the sale of TV rights when pay or free-to-air TV time slots open up.

In 2012, SNC continued to sell excerpts of movies for advertising campaigns (a new revenue stream initiated in 2010), while at the same time continuing its efforts to restore heritage films, such as “*Sylvie et le fantôme*” and “*Amour à cheval*” with Jean-Louis Trintignant.

1.5.2.2. Interaction division

a) Business presentation

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

Over the past few years, the historical markets in which M6 Interactions has been operating (recorded music, compound product sales and press markets) have experienced a significant decline, adversely affected by technological developments and changes in consumer spending habits. Due to this negative situation, the Group had to take drastic, rapid measures to downsize the structure of its subsidiary and implement a strategy aimed at curbing the Group’s exposure to launches and the risk of low sales in the most weakened markets:

- In terms of music and event production, in 2012 the Group continued with the efforts initiated in 2009: M6 Interactions curtailed the number of releases and launches, in order to give priority to top quality products, which are chosen following an improved selection and test process.
- Book publishing or co-publishing (comics, practical guides, youth, general literature) was fully transferred to the M6 advertising agency on 1 January 2013 in order to improve the synergies with the Group’s non-media total advertising product package.
- M6 Interactions definitively ceased operations in the publishing market (objects, multimedia products) distributed by the newsstand network, at the end of the Bakugan and Betty Boop collections, in April and May 2012 respectively.

This division is now broken down in two product lines:

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

b) Market and change to business positioning

One of the Group's key markets, in 2012 the disc market suffered a further slowdown in retail sales (source: SNEP, store sales inclusive of VAT and legal online downloading), with an 8.0% decline in value to €748.9 million. However, volumes only fell by 2.6% (98.3 million units sold, compared to 100.9 million in 2011).

The market share of digital formats continued to increase, reaching 16% in value, compared to 13% in 2011. 99% of singles sold in 2012 were downloaded from the internet.

Store sales (incl. VAT) and legal internet downloading:

French disc market								
<i>In value (€ millions)</i>	2012	Change	% change	Market share	2011	Change	% change	Market share
Store sales	629.8	(79.1)	(11.2%)	84%	708.9	(18.3)	(2.5%)	87%
Internet downloading	119.1	13.9	13.2%	16%	105.2	15.0	16.6%	13%
TOTAL	748.9	(65.2)	(8.0%)	100%	814.1	(3.3)	(0.4%)	100%

<i>In volume (millions of units)</i>	2012	Change	% change	Market share	2011	Change	% change	Market share
Store sales	46.6	(4.9)	(9.5%)	47%	51.5	(0.7)	(1.3%)	51%
albums	44.1	(3.6)	(7.5%)	45%	47.7	0.3	0.6%	47%
singles	0.5	(0.4)	(44.4%)	1%	0.9	(0.7)	(43.8%)	1%
music videos	2.0	(0.9)	(31.0%)	2%	2.9	(0.3)	(9.4%)	3%
Internet downloading	51.7	2.3	4.7%	53%	49.4	10.7	27.6%	49%
singles	44.1	1.1	2.6%	45%	43.0	9.6	28.7%	43%
albums*	7.6	1.2	18.8%	8%	6.4	1.1	20.8%	6%
TOTAL	98.3	(2.6)	(2.6%)	100%	100.9	10.0	6.4%	100%

* equivalent to 15 titles for 1 album

Source: SNEP

Within this context, the projects' performance proved excellent, with the notable success of the album "Génération Goldman", co-produced with My Major Company, which had sold 500,000 copies (certified Diamond disc) two months after its release, the compilation Zumba Fitness, as well as the Gotye ("Makin Mirror") and Lana del Rey ("Born to die") co-distributions.

Moreover, the musical shows co-produced or co-distributed by the Group were also very successful in 2012 the Mamma Mia tour, the Sister Act show at the Mogador theatre, or even the musical "Salut les Copains" at the Folies Bergère.

1.5.2.3. M6 Web

a) Business presentation

M6 Web edits fixed, mobile and IPTV internet services, a mobile phone service and operations relating to game shows and interactivity with the Group's TV channels. This division derives the majority of its revenues from advertising, pay-per-click income and transactions with consumers.

▶ Edition of online services

Operating on all technological devices, the M6 Group's online services have the following objectives:

- extend the viewers' experience by putting into place convergence platforms, such as:
 - channel websites (m6.fr, w9.fr, etc.), websites of programmes (Undinerpresqueparfait.m6.fr, pekin-express.m6.fr, etc.);
 - the new version of M6 Replay, the first catch-up TV service in France, which was launched in 2008 and now covers several channels (M6, W9 and 6ter). It provides viewers with a one-stop-shop to watch all available videos from programmes (live broadcasts, replay, excerpts, original videos and VOD);
 - mobile applications, tablets and game consoles, which offer live, replay and VOD broadcasting on these new media, as well as interactive and community services (social discussions, voting).
- offer community websites (Habbo) and topical websites featuring editorial content. The editorial offering of these sites is based on topics that attract a broad spectrum of visitors, such as high-tech (clubic.com), home (deco.fr), video games (jeuxvideo.fr and Tomsgames.fr) and cars (turbo.fr and sport-prestige.com etc.).

▶ Mobile telephony

M6 Web manages the "M6 mobile by Orange" licence concluded with the Orange phone operator. The model of this licence is based on the use of the M6 brand and the marketing expertise of M6 Web's teams, completed by a large quantity of content and many services.

M6 mobile has enjoyed continuing success since its launch in 2005, both in attracting customers and building the loyalty of the existing base. It continued to develop its adolescent customer base while also targeting pragmatic adults looking for value for money. The brand thus illustrates the relevance of the partnership between Orange and M6 Group.

▶ Games and Programme Interactivity

M6 Web designs and operates all interactive processes offered to viewers on all programmes broadcast by the Group's channels.

A proactive player in terms of innovation, M6 Web has introduced voting via Facebook to the "La France a un Incroyable Talent" show and has launched a fully-interactive music game show, during which viewers can participate online.

M6 Web also develops its online gaming business, publishing games derived from programmes such as "D&Co" and "Maison à Vendre".

Lastly, M6 Web has strengthened its offering with the introduction of the Group's flagship programmes into mobile phone products ("Chtis" or Norbert from "Top Chef" ringtones) and by forming close partnerships with online games publishers (Ubisoft, Bigpoint, etc.).

b) Market trends and Group positioning

► Internet

The internet market, now well established in France, has reached maturity with more than 23.6 million high speed connections in the 3rd quarter of 2012 (Source: Arcep).

As a result of constant developments in reception technologies (broadband, 3G, Wifi) and terminals (tablets, smartphones, connected TV sets, IPTV decoders), viewers now have many ways of consuming audiovisual content. Linear programme consumption is enhanced by many delinearised consumption modes (catch-up TV, VOD per view or on subscription).

The use of mobile internet is therefore developing rapidly due to flat-rate packages now featuring unlimited data and the widespread use of smartphones and tablets: in the 2nd quarter of 2012, the former's penetration rate was 59%, a year-on-year increase of 32% (NPA conseil December 2012). The penetration rate of tablets is estimated at 8%, which means that more than 3 million of them have already been sold (NPA conseil December 2012).

The integration of internet in the life of French people has led advertisers to increasingly invest in this media. A pioneer and an expert in the marketing of in-stream video commercials, M6 Publicité Digital offers a user-friendly and powerful multi-screen service (PC, IPTV, Mobile, Tablet, connected TV) which allows advertisers to free themselves from the consumption mode of programmes by broadcasting their commercials on all types of screens, selecting programmes with which their targets have affinity.

Viewers become active participants by commenting or by searching for extra information on a second screen. Today 76% of viewers multitask, an increase of 2 percentage points in just 6 months (CSA-NPA 2nd Screen Study December 2012).

In 2012, the Group continued its online development, building on the audience of previous years and achieving a monthly average of 12.3 million unique visitors (Nielsen NetRatings) and in November 2012 was ranked as one of the 20 most visited groups in France.

Excerpt of Top 50 most visited Group websites in France - November 2012:

Ranking	Groups	Unique visitors all connection modes
1	Google	40,309,000
2	Microsoft	36,419,000
3	Facebook	31,658,000
4	France Telecom	23,738,000
5	Wikimedia Foundation	21,824,000
6	PagesJaunes	20,224,000
7	Groupe Lagardère	20,216,000
8	Vivendi	19,538,000
9	CCM Benchmark Group	19,429,000
10	Illiad	18,578,000
11	PPR	17,705,000
12	Schibsted	17,572,000
13	Amazon	16,383,000
14	Yahoo!	16,052,000
15	WEB66	15,579,000
16	Ebuzzing	15,013,000
17	Groupe TF1	14,305,000
18	M6	13,874,000
19	auFeminin	13,513,000
20	La Poste	13,238,000

Source: Médiametrie NetRatings - November 2012

- In 2012, Deco.fr retained its leadership in its category with 1 million unique visitors per month. By February, the Deco.fr portal had completed a comprehensive overhaul of its services and its corporate identity, with the dual objective of refocusing on its major commitments and send a message of regeneration to the advertising market. This was reflected by the launch of “Deco.fr jardin” in April, to carry out exterior improvements, then “Deco.fr bricolage”, in November, targeted specifically at women with step by step guides and practical videos.
- The high-tech website Clubic.com attracts 4.3 million unique visitors per month and ranks among the top 4 high-tech news websites in France.
- Today, jeuxvideo.fr, which has just celebrated its 10th anniversary, and the Tom’s games sites (acquired at the end of the year), represent a total audience of 2.4 million unique visitors and together make up the 2nd brand of video game reviewing websites in France.
- With almost 1 million unique visitors per month and 425,000 downloads of its iPhone application, Turbo.fr has maintained its position as a leading player in the motoring field. The site notably covered the Paris based motor show “Mondial de l’Auto” in October with added editorial resources for production of both editorial content and innovative services.
- At the same time, the price comparison engine Achetezfacile.com, which analyses the catalogues of online stores and provides an easy shopping guide, continued to diversify online revenues since its business model is mainly based on the cost-per-click billing of e-merchant partners.
- In addition to Habbo, the leading virtual world for the 13 to 16 year olds and an exclusive partner for the last eight years, during 2012 M6 Web developed new partnerships.

Digital distribution of the Group’s programmes also grew significantly in 2012, with an average of almost 50 million videos viewed monthly on all broadcasting networks (PC, mobile, tablet, IPTV, etc.).

The rollout of these services continued on all screens for all viewing modes (Live, Replay, excerpts and extras) and for every Group channel, as demonstrated by the fact that in 2012 the Group launched catch-up services for the Paris Première, Téva and 6ter channels (the newest of M6 Group's channels).

On the basis that viewers' needs and usage have evolved with the explosion of social networks, mobility and the use of a second screen ahead of watching TV, the Group decided to offer its viewers a whole new digital television experience by launching, in November 2012, the first second screen service, synchronised in real time with the programmes.

► **Mobile phone market**

The mobile phone market in France had a total of 72.0 million customers at the end of September 2012 (of which 18.5 million prepaid and 53.5 million bill pay), a penetration rate of more than 110.3% of the population (source: ARCEP). Orange remains the leader with a market share of 39% of mobile phones (SFR: 29%, Bouygues Telecom 16%, Free 5%, MVNO 11%). Since January 2012, there has been a new operator with the arrival of the Iliad-Free Group.

The pre-paid market is suffering from addressing a younger customer base and appeared to stagnate in 2012, for the benefit of low cost, unlimited flat rate services.

At the end of 2012, M6 mobile had more than 2.35 million customers.

1.5.2.4. Ventadis

a) Business presentation

The M6 Group has also built another diversification business in a market other than advertising, while using the power of its media to develop its market share in distance distribution, particularly through the use of TV air time.

Ventadis, which allies teleshopping and e-commerce, is the name of the M6 Group's distance-selling business that combines stores specialising in selling household and personal goods.

The growth in distance-selling activities is linked to consumer spending, as well as to the change in purchasing behaviours with the development and generalisation of online purchase (e-commerce).

H.S.S
SA

Home Shopping Service is the legal entity that oversees M6 Boutique, the morning show on M6, which has been on the air for the last 25 years: its business efficiency is based on clear demonstrations, specialist speakers, customer testimonials and strong special offers.

M6 Boutique
La Chaîne
SNC

Since 2004, M6 Boutique La Chaîne, a channel dedicated to teleshopping available on cable, satellite and broadband, has provided viewers with 8 hours of live programming daily, allowing them to discover products from the worlds of fashion, jewellery, beauty, cookery, etc.

Due to its expertise, Ventadis develops teleshopping formats on behalf of other broadcasters, such as W9, Paris Première and Téva, and also on behalf of Belgian TV channels for example. This business also operates in the infomercial segment, which consists of short news programmes and films demonstrating products and how to use them.

Mistergooddeal

SA

Mistergooddeal is a leading e-commerce website for home equipment and furniture, with an extensive range of high-tech products, electrical goods, gardening, DIY and household equipment.

monAlbumPhoto

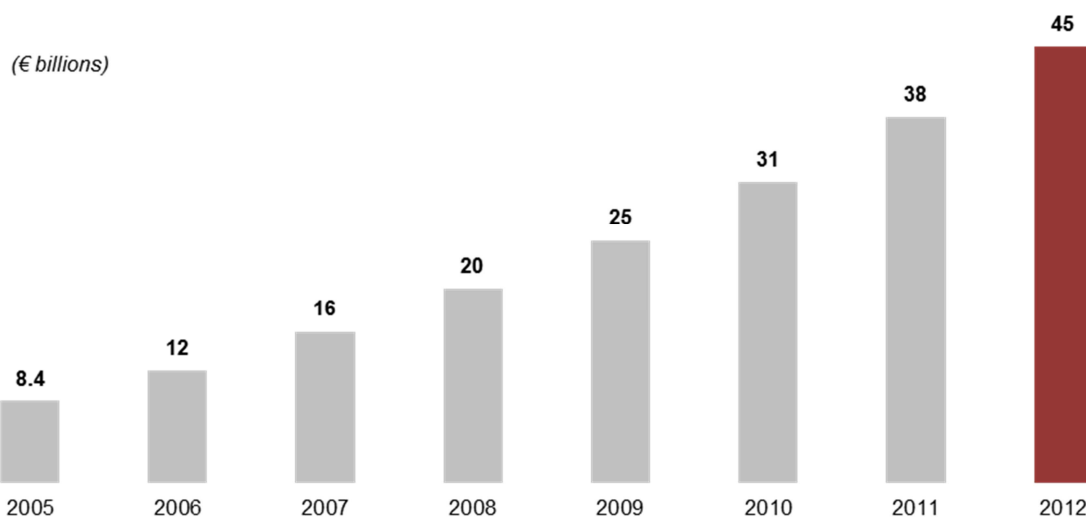
SA

monAlbumphoto.fr, acquired in 2010, is a leading player in the online photo book market. Using software that can be downloaded free of charge directly from www.monalbumphoto.fr, users can create photo albums that are printed and bound like a book.

b) Market trends and Group positioning

Ventadis operates in a competitive market, in the presence of many players, including supermarket distribution players operating an internet portal, traditional media players that have developed a distance-selling offer and online players. Many of them implement an aggressive promotional policy to offset slower sales, at the expense of profit margins.

Online spending grew by 19% in 2012 to €45 billion, according to a study published by Fevad (Fédération du e-commerce et de la vente à distance).

Online sales growth in France since 2005

Source: Fevad

Over the past 12 months, there were 117,500 active merchant websites, a 17% increase compared to 2011. The number of e-merchants has therefore increased 8-fold between 2005 and 2012. In addition, the number of e-shoppers increases substantially every year (up 5% over the first 11 months of 2012).

Against this competitive background, Mistergooddeal favoured a strategy of differentiating its offering, banking on the quality of products sold and associated customer service (collection points in particular) in order to preserve its gross profitability.

Teleshopping posted a strong performance in 2012, due to the success of the daily show on M6, its dedicated channel and its website.

Lastly, monAlbumPhoto.fr benefited significantly from its advertising exposure on the Group's channels and posted significant revenue growth since its takeover by the Group.

1.5.2.5. F.C.G.B

a) Business presentation

The Football Club des Girondins de Bordeaux has been owned by M6 Group since 1999. It plays in the French League 1 Championship. The wholly-owned Football Club des Girondins de Bordeaux provides M6 Group with access to the football market, a reputation in the sports world and an opportunity to develop an asset.

Club revenues primarily comprise TV rights relating to the French Ligue 1 and Ligue 2 championships and apportioned by the LFP (French professional football league): in addition to a fixed share, these TV rights are based on the Club's ranking (over the last season and previous seasons), and based on its reputation (number of matches broadcast on TV).

These rights are paid to the LFP by the broadcasters who have been awarded match batches following calls for tender. Canal+ and Orange own the broadcasting rights of matches for the 2008-2012 seasons, for a total annual fee of €707.7 million for the 2011-2012 season, and Canal +, Al-Jazeera and Orange have been allocated the broadcasting rights of matches of the 2012-2016 seasons, for a total fee of €674.2 million for the 2012-2013 season.

Other Club revenues comprise TV rights generated by potential participations in European (Champions' League, UEFA Cup) and French competitions (League Cup, French Cup), match day sales (season ticket and match ticket sales), partnerships and sales of derivative products bearing the Club colours. Lastly, revenue records fees from the transfer of players' contracts on a recurring basis.

b) Group positioning

Football Club des Girondins de Bordeaux, founded in 1881, is cementing its position as one of the oldest French and European clubs. The club has been one of the most successful teams in French football, winning 6 French League titles, 3 French Cups, 3 League Cups, and 2 Champions Trophies. With more than 180 matches played in the various European Cups, one semi-final of the Champions' League and one final of the UEFA Cup, the Club has gained an international standing.

The F.C.G.B. 2011/12 sporting season ended up with the Club climbing up the table over the last few matches, finishing in 5th place in the Ligue 1 championship and qualifying for the Europa League.

The team has been managed by Francis Gillot since the start of the 2011/12 season. The Club's team includes players able to compete on an international level and young players that have been trained at its training centre. The Club intends to continue this policy of focusing on training young players to guarantee that it will keep playing at the top level in the future and to maintain its performance level. Over the past 5 years, the training centre has produced half of the club's professional players.

The Group's strategy is to increase the share of Club revenues that does not depend on sporting results, resulting in an active diversification policy, which was further developed in 2012. The F.C.G.B. has a diverse media offering, including:

- the "Girondins TV" channel, accessible from Orange TV and on broadband, Numericable and CanalSat, with M6 Publicité acting as advertising agency,
- a newsstand magazine,
- a website with 150,000 unique visitors per month and 2.5 million pages viewed,
- a mobile phone offering,
- a radio station,
- 4 stores, and
- a travel agency.

The City of Bordeaux, in a desire to create a major economic development tool for the city, the district and for the region as a whole elected to build a new stadium with the prospect of the "UEFA Euro 2016" football championship which will be organised in France. This stadium will have a capacity of 43,000 (whereas the Stade Chaban Delmas only has a capacity of 34,000), with F.C.G.B as its resident club. It

will be built within the framework of a public/private partnership (PPP), signed on 28 October 2011 between the City of Bordeaux and the Vinci/Fayat Group, which provides for an indirect contribution by the Club to the funding of the project from the date of delivery of the stadium, planned for 2015. An initial contribution of €20 million will be paid at that date and a 30-year lease will be signed for an annual rent of €3.8 million. At the start of 2012, €20 million was deposited on an escrow account in the name of the City of Bordeaux, subject to the stadium being delivered.

Planning permission was granted on 27 July 2012 and work began in November 2012.

This very significant commitment by the Club must be seen in the light of its historic involvement in the local economy, as well as the previously described policy of developing revenues that do not come from TV rights.

Risks attached to the Group's activities are specified in section 8 of this management report, which completes the description of the Group's activities and markets.

1.6. Bylaws and regulatory information

1.6.1. Bylaws

The main provisions of the Company's bylaws are as follows:

COMPANY NAME

MÉTROPOLE TÉLÉVISION – (M6)

HEAD OFFICE AND REGISTERED OFFICE

89, avenue Charles-de-Gaulle
92575 NEUILLY-SUR-SEINE Cedex France
Telephone: +33 (1) 41 92 66 66

LEGAL FORM

A French public limited company (Société Anonyme) with an Executive Board and Supervisory Board, governed by the Commercial Code and regulations specific to audiovisual activities.

DATE OF INCORPORATION - DURATION

The Company was incorporated on 13 October 1986 for a period of 99 years unless subject to early dissolution or extension.

TRADE AND COMMERCE REGISTER - SIRET – APE CODE

The Company is entered in the Trade and Companies Register under the numbers:
RCS Nanterre 339 012 452
SIRET 339 012 452 00084
APE 6020A

INSPECTION OF DOCUMENTS

Legal documents concerning the Company may be inspected at the registered office.

FINANCIAL YEAR

From 1 January to 31 December.

COMPETENT COURTS

The competent courts will be those of the Company's registered office in the event of litigation where the Company is defendant and these courts will be designated in accordance with the location and nature of the litigation, unless otherwise specified by the Code of Civil Procedure.

CORPORATE PURPOSE (ARTICLE 3 OF THE BYLAWS)

The Company's corporate purpose is as follows:

- operation of one or more audiovisual communications service broadcast or distributed over terrestrial, cable, satellite networks or by any other means that may be authorised, as applicable, by the Conseil Supérieur de l'Audiovisuel (CSA), comprising in particular the conception, production, programming and broadcasting of television programmes, including advertisements;
- all industrial, commercial, financial and real estate transactions directly or indirectly connected to the above. Also, any related or complementary aims likely to further the development of the Company's objectives or assets.

EXECUTIVE BOARD (ARTICLES 15 to 19 OF THE BYLAWS)

The Company is managed by the Executive Board, which carries out its duties under the oversight of the Supervisory Board.

The Executive Board comprises between two and five natural persons, aged less than 70 years and appointed by the Supervisory Board for a period of 5 years.

The Supervisory Board appoints a member of the Executive Board as Chairman. The Executive Board meets as often as required in the interest of the Company. At least half the members must be in attendance to validate submissions, which must be approved by a majority of members in attendance. In the event of a split vote, the Chairman of the meeting shall have the casting vote.

The Executive Board has the widest possible powers to act in all circumstances on behalf of the Company with third parties, to the exception of powers expressly bestowed upon the Supervisory Board and Shareholders' General Meetings by the law.

SUPERVISORY BOARD (ARTICLES 20 to 24 OF THE BYLAWS)

The Supervisory Board comprises a minimum of three and a maximum of fourteen members, either natural persons or legal entities.

Board members are appointed by an Ordinary General Meeting for a period of 4 years. As an exception and solely for the purpose of establishing staggered terms of office for Board members, the Ordinary General Meeting may appoint one or several members of the Supervisory Board for terms of one (1), two (2) or three (3) years.

In the event of a vacancy, due to death or resignation of one of its members, the Board may appoint members on a provisional basis between two General Meetings, subject to approval from the following Ordinary General Meeting.

At least one third of members must be deemed independent. A member of the Supervisory Board is deemed independent when he/she has no relationship of any kind with the Company, its Group or its management likely to compromise the exercise of his/her free judgement.

No person over the age of 70 may be appointed to the Supervisory Board should this appointment lead to one third of Board members exceeding this age.

Every member of the Supervisory Board must hold 100 (one hundred) shares.

The Supervisory Board elects from amongst its natural person members a Chairman and a Vice-Chairman, in charge of convening and directing meetings. The Board meets as often as required upon notice of its Chairman, or failing that, its Vice-Chairman.

At least half of Board members must be in attendance to validate decisions, which are taken by a majority of the votes of attending and represented members. Each member has one vote and may not represent more than one other Board member. In the event of a split vote, the Chairman of the meeting shall have the casting vote.

The Supervisory Board exercises permanent control of the Company's management by the Executive Board and provides prior approval to the latter to finalise transactions that require its authorisation.

STATUTORY ALLOCATION OF PROFITS (ARTICLE 40 OF THE BYLAWS)

5% of the profit of the year, as reduced by any prior year losses, shall be allocated to the legal reserve. This deduction ceases to be obligatory once the legal reserve amounts to one tenth of the share capital.

The balance, less any transfers to other reserves as required by law, together with any profits carried forward, comprises the distributable profit.

As applicable, the following may be deducted from the distributable profit:

a) any amounts that the General Meeting, upon the recommendation of the Executive Board, decides to allocate to any special reserves, ordinary or extraordinary, or to carry forward;

b) any amounts necessary to give shareholders, by way of first dividend, 5% of the amount paid and not written down on their shares without entitling them to a claim on future profits, if there is an insufficient profit in a year to effect the payments.

The balance of distributable profit, after the above deductions, shall be split equally among all shares by way of an additional dividend.

If the General Meeting decides to distribute amounts from the reserves that are available, the decision shall expressly indicate which reserves are to be used.

In accordance with legal provisions, the General Meeting called to approve the annual financial statements may grant shareholders the option to receive payment in cash or in shares for all or part of the dividend or interim dividend payment, in accordance with terms and conditions set forth by Law.

GENERAL MEETINGS (ARTICLES 27 to 29 OF THE BYLAWS)

Notice of meetings - attendance and exercise of voting rights

Shareholders' meetings are announced by a preliminary notice which is published in the Bulletin des Annonces Légales Obligatoires (BALO) at least 35 days prior to the meeting date, pursuant to regulations in force, other than where an exception to this rule is allowed by such regulations (notably during a public share-offer period).

The final notice of shareholders' meetings is issued at least fifteen days prior to the date set for the meeting, other than where an exception to this rule is allowed by regulations in force.

This time period is reduced to ten days for meetings on second call, other than where an exception to this rule is allowed by regulations in force.

The notices are sent by postal carrier or by electronic mail to all holders of registered shares and published in a legal gazette serving the location in which the registered office is located and in the BALO.

The notices must include the information required by applicable legislation and regulations, and more specifically the location, date and time of the meeting, as well as the nature of the meeting and its agenda.

These notices must also specify the conditions under which a shareholder may vote by post, and must specify the location where postal voting forms may be obtained and the necessary documents to be attached.

Shareholders may submit their questions in writing up to four working days prior to the General Meeting.

All of the Company's shareholders whose shares are fully paid up may participate in meetings. All shareholders may be represented by a natural person or legal entity of their choice, in accordance with the terms and conditions provided by applicable regulations and pursuant to the provisions of Article L.225-106 of the Commercial Code.

The right to attend General Meetings is subject to the accounting record of the shares in the name of the shareholder or the intermediary on his/her behalf, on the third working day preceding the meeting (00.00 hours Paris time), either in the nominative accounts held by the Company, or in the accounts of bearer shares held by an authorised intermediary. The registration of bearer shares is noted by a certificate of shareholding issued by an authorised intermediary.

Legal representatives of shareholders deemed legally incapable and individuals representing legal-entity shareholders may participate in the General Meetings, irrespective of whether or not they themselves are shareholders.

Proxy and postal voting forms are prepared and addressed in accordance with legislation in force. The shareholders may forward their proxy and postal voting forms related to any General Meeting in paper format or via email, in accordance with legal and regulatory terms and conditions.

At the time a General Meeting is convened, the shareholders may also, if it is permitted by the Executive Board or failing that, the Supervisory Board, participate in this General Meeting by video conference or electronic telecommunication or broadcasting means, subject to the qualifications and terms and conditions set out by applicable laws and regulations.

The owners of the shares referred to in Article L 228-1 of the Commercial Code may be represented at general meetings by an intermediary registered on behalf of such owners in accordance with the provisions of the foregoing Article. The intermediary who has fulfilled the obligations specified in Article L. 228-1 may, pursuant to a general securities management mandate, transmit its voting rights or power of attorney as an owner of shares for a General Meeting, as defined in the same Article.

LIMITATION OF VOTING RIGHTS (ARTICLE 35 OF THE BYLAWS)

Subject to the provisions below, the voting rights conferred on shares is proportional to the share capital they represent, and each share carries the right to one vote.

No shareholder, or group of shareholders acting in concert, may hold more than 34% of the total number of voting rights.

In the event that a shareholder, either alone or in concert with others, holds over 34% of the share capital, the number of votes available to this shareholder in General Meetings is restricted to 34% of the total number of shares in the Company and/or the attached voting rights.

This restriction ceases to have effect in the event of the elimination of the need for such a restriction, either following a decision by the CSA or as part of a revision to the agreement between the Company and the CSA.

JURISDICTION AND SCOPE OF DECISIONS OF THE GENERAL MEETING (ARTICLES 36-37 OF THE BYLAWS)

The Extraordinary General Meeting alone has the authority to amend any and all of the provisions of the bylaws. It may not, however, increase the commitments of shareholders, without prejudice to transactions resulting from a properly executed share consolidation.

The Ordinary General Meeting deliberates and makes all decisions that fall outside the jurisdiction of Extraordinary General Meetings.

Decisions made in compliance with the law and these bylaws bind all shareholders, including those who are absent, incapacitated or dissenting.

However, a General Meeting decision requiring an amendment of rights attached to a specific category of shares shall only be final after its endorsement by a Special General Meeting of the shareholders of the relevant category.

REQUIREMENTS FOR HOLDINGS EXCEEDING THE STATUTORY THRESHOLD (ARTICLE 11 OF THE BYLAWS)

Shares are freely negotiable.

Shares are transferred by transfer from account to account subject to applicable legal provisions. In the event of an increase in the share capital, shares may be traded as soon as it is completed.

Any individual or legal entity, acting alone or in concert, that attains a holding of at least 1% or any multiple of 1% of the capital and/or voting rights must notify the Company of the number of shares and/or voting rights held within a period of five stock market trading days from the moment this threshold is exceeded, by registered letter with return receipt addressed to its registered office.

The number of shares that determine the above thresholds shall include indirectly held shares and/or voting rights and shares and/or voting rights as defined by Articles L. 233-7 and subsequent of the Commercial Code.

This declaration must also be made each time that the fraction of share capital or voting rights held becomes less than one of the thresholds stated above.

If not declared under the above conditions, the shares in excess of the relevant threshold will be deprived of voting rights under the conditions laid down by the Commercial Code relating to the crossing of statutory thresholds. Intermediaries registered as holders of shares pursuant to Article L. 228-1 of the Commercial Code are required, without prejudice to the obligations of the owners of shares, to make the declarations stipulated in this article for all of the shares of the Company for which they are registered as the holder.

The requirements set forth in the present Article shall not limit the application of the provisions of the Law of 30 September 1986 on the free disclosure of share ownership or voting rights of companies licensed to operate an audiovisual communication service, or of any other provisions under law.

RIGHTS AND OBLIGATIONS ATTACHED TO SHARES (ARTICLE 12 OF THE BYLAWS)

Ownership of shares results from the registration of their owners or the intermediary registered as holding the shares as prescribed by Article L. 228-1 of the Commercial Code. Upon request from and at the expense of the holder of a share account, account managers issue a statement specifying the nature and the number of shares registered to his/her account and the details that it contains.

Shareholders are only liable up to the par value of the shares which they hold and any request for funds beyond that amount is prohibited.

Each share entitles its holder to ownership of a portion of the assets and profits of the Company, in proportion to the percentage of the share capital it represents, while taking into account, if applicable, whether or not any shares have been redeemed, whether or not they have been fully paid up, the nominal value of the shares and the rights of shares of different class, and, subject to these reservations, each share carries a right, during the term of the Company or upon its liquidation, to the payment of the same net sum of any distribution or refund, in such a way that all shares shall be considered as a whole, without, if applicable, distinction for any tax exemption or any taxation likely to be borne by the Company.

Share ownership automatically entails acceptance of the Company's bylaws and the resolutions duly adopted by the General Meetings.

The rights and duties attached to a share shall be transferred to the holder of the account on which the share is registered.

Heirs, representatives or creditors of a shareholder may not, on any grounds whatsoever, call for the affixing of seals on the assets and valuables of the Company, or call for a division or sale by auction thereof, or interfere in any manner whatsoever in its administration; for the exercise of their rights, they shall be bound by the statements of corporate assets and liabilities and resolutions of the General Meeting.

The shares are indivisible. Joint owners of an indivisible share shall be represented to the Company by one of them or by a sole proxy.

The voting right belongs to the beneficial owners at both Ordinary and Extraordinary General Meetings.

Whenever more than one share is required to exercise a particular right, specifically in the event of a share exchange, consolidation or allocation, or as a result of an increase or reduction in share capital, or in the event of a merger or other transaction, shareholders who own only one share or who do not own the minimum number required have no rights against the Company; shareholders must make their own arrangements to form a group or to purchase or sell the requisite number of shares or rights.

PROCEDURE FOR THE IDENTIFICATION OF BEARER SHARES (ARTICLE 10 OF THE BYLAWS)

The company may at any time request that the main custodian of its financial instruments provide the information referred to by law pertaining to the identity of the owners of shares that confer immediate or future voting rights at General Meetings.

1.6.2. Regulatory Environment

Due to its corporate purpose and the operation by the Company of an authorisation to broadcast in analogue or digital form, a specific legal and regulatory framework applies in addition to ordinary provisions.

1.6.2.1. Ownership of the share capital

Under the terms of Article 39 of Law n°86-1067 of 30 September 1986, as amended, an individual or entity, acting alone or in concert, shall not hold, directly or indirectly, more than 49% of the capital or voting rights of a company licensed to operate a national television service by Free-to-Air terrestrial transmission.

This provision limits the scope of the 49% rule to those terrestrial channels with an average annual audience (terrestrial, cable and satellite combined) in excess of 8% of the total television audience.

Under the terms of Article 40 of Law n°86-1067 of 30 September 1986, as amended, no individual or entity of foreign nationality shall purchase an interest leading to foreign nationals holding, directly or indirectly, more than 20% of the capital of a company licensed to operate a national television service by terrestrial free-to-air transmission (subject to the international commitments of France, excluding notably European community or European economic area nationals).

1.6.2.2. Authorisations to use free-to-air frequencies

a) M6

M6 is a privately owned free-to-air terrestrial TV network which was initially licensed to broadcast for a duration of ten years from 1 March 1987 (expired on 28 February 1997) under the licencing regime set forth by Article 30 of the amended Law of 30 September 1986 on Freedom of Communication.

As a network which is financed exclusively by advertising, it is subject to the general requirements of this legal classification and to the special terms and conditions of its broadcasting licence.

M6's broadcasting licence was renewed in July 1996 and July 2001 for two consecutive terms of five years from 1 March 1997 and 1 January 2002. These broadcasting licence renewals were the subject of negotiations with the CSA in accordance with the provisions of the Law of 30 September 1986.

On 10 June 2003, M6 received an authorisation to continue its terrestrial digital service, effective from 31 March 2005. As a result, M6 authorisation was renewed until 28 February 2012, in accordance with Article 82 the Law 2000-719 of 1 August 2000.

In addition, M6 received a further five-year authorisation from the termination of its analogue service, as its terrestrial digital service at 30 November 2011 had been extended to 95% of Metropolitan France territory. This is complemented by a minimum coverage of 91% of every district.

Lastly, by a ruling of the CSA (Conseil supérieur de l'audiovisuel) on 8 January 2013 and pursuant to Article 99 of the amended Law of 30 September 1986, the M6 licence was extended by a duration of five years owing to its participation in the public interest group established to phase out analogue broadcasting.

The channel's service has been broadcast in High Definition since 31 October 2008.

b) W9

W9 is a privately owned free-to-air terrestrial TV network which was initially licensed to broadcast for a duration of ten years from 10 June 2003 (call for tender of 24 July 2001) under the licencing regime set forth by Article 30 of the amended Law of 30 September 1986 on Freedom of Communication. W9 was launched on 31 March 2005.

W9's broadcasting licence was renewed for five years, i.e. until 30 March 2020, pursuant to Article 97 of the above-mentioned Law, in return for extending its effective coverage of Mainland France to 95%. This also requires that at least 91% of every district be covered.

c) 6ter

6ter is a privately owned free-to-air high definition nationwide terrestrial TV network, which was licensed to broadcast on 3 July 2012 for a duration of ten years from 12 December 2012 (expiring on 11 December 2022) under the licensing regime set forth by Article 30 of the amended Law of 30 September 1986 on Freedom of Communication.

d) Other licences

The M6 Group also hold licences for the Paris Première and TF6 pay channel, with the latter being jointly-controlled with TF1.

1.6.2.3. Investment obligations in the production of audiovisual and cinematographic works and broadcasting

The channels' investment obligations in audiovisual and cinema productions, as well as their broadcasting obligations are defined by Decree No. 2010-747 of 2 July 2010, known as the "Production" decree, Decree No. 90-66 of 17 January 1990, as amended, known as the "Broadcasting" decree, and agreements signed with the Conseil Supérieur de l'Audiovisuel.

a) Provisions applicable to M6

The M6's channel regime for obligations in 2012 was as follows:

► **Audiovisual production**

- Invest 15% of net annual revenue for the previous year in the production of European audiovisual works or original French language works, at least 11% of which must be invested in heritage works which are defined as works relating to the following categories: drama, animation, creative documentaries, including those which are broadcast within a programme other than a newscast or entertainment programme, music videos and broadcasting or re-enactment of live shows.
- European works which are not original French language works must be eligible for the industry's support programmes and cannot represent more than 10% of the investment in heritage works.
- 9% of revenue must be invested in productions deemed independent. A production company is considered as independent from M6 as long as M6 does not directly or indirectly hold more than 15% of the share capital or voting rights in that company.
- 66% of the contribution to audiovisual production must be invested in European works or in new original French language works.
- At least 1% of the previous year's net annual revenue must be invested in the production of original French language and European animation works, of which 0.67% must be invested in works produced by independent producers as defined above. Investments in animation works which are not specifically directed at children may be included in this.

► **Cinematographic production**

- To invest at least 3.2% of its annual revenue in the development of the production of European cinematographic works, of which 2.5% must be dedicated to the development of original French language cinematographic works, of which 75% must be dedicated to cinematographic works that are independently produced.

► **Broadcasting obligations**

- To annually broadcast 120 hours of European works or of new original French language works with a starting broadcast time of between 8pm and 9pm (including 25% of repeats).
- In any 24 hour period, a minimum of 40% of audiovisual works broadcast must be original French language, and 60% must be European, and the same requirements apply to peak viewing periods between 6pm and 11pm every day and between 2pm and 6pm on Wednesdays.
- To broadcast no more than 192 hours of cinematographic works during the year, of which 144 hours must be during peak viewing period from 8.30pm to 10.30pm. Cinematographic works must comply with the broadcasting quotas throughout the day and for peak viewing hours, i.e. 60% of European work and 40% of original French language works origin.
- To broadcast, as an annual average, between 4pm and midnight, 80% of programmes in high definition in 2012.

► **Musical programming obligations**

- Broadcast a minimum of 20% of musical programming per 24-hour period, in particular between 4pm and midnight;
- At least 50% of the music broadcast during these programmes must be original French work;
- Prebuy and broadcast 100 music videos dedicated to French language artists, of which 70 music videos had to be dedicated to new talent;
- Invest €21.34 million in musical programming.

b) Provisions applicable to W9

The W9 channel's regime for obligations in 2011 was as follows:

▶ Audiovisual production

- Invest 14.5% of net advertising revenue of the previous year in the production of European audiovisual works or original French language works, including at least 7.5% of net annual advertising revenue must be invested in heritage works which are defined as works relating to the following categories: drama, animation, creative documentaries, including those which are broadcast within a programme other than a newscast or entertainment programme, music videos and broadcasting or re-enactment of live shows.
- European heritage works which are not original French language works may not account for more than 20% of the overall obligation and more than 20% of investment in heritage films. This requirement applies until net revenue for the previous year does not exceed €100 million.
- 70% of the overall obligation and 75% of investment in heritage work must be devoted to productions deemed independent.
- 25% of the contribution to audiovisual production must be invested in European works or in new original French language works (investment in feature-length drama, music videos and animation are excluded).
- Dedicate at least 5% of net annual revenue of the previous year to original French language or European music.

▶ Cinematographic production

- To invest at least 3.2% of its annual revenue in the development of the production of European cinematographic works, of which 2.5% must be dedicated to the development of original French language cinematographic works,
- 75% invested in pre-purchase or co-production must be dedicated to cinematographic works that are independently produced.

▶ Broadcasting obligations

- In any 24 hour period, a minimum of 40% of audiovisual works broadcast must be original French language, and 60% must be European, and the same requirements apply to peak viewing periods between 10 am and 12.30pm between 5pm and 11pm.
- To broadcast no more than 192 hours of cinematographic works during the year of which 144 hours must be during peak viewing period from 8.30pm to 10.30pm. Cinematographic works must comply with the broadcasting quotas throughout the day and for peak viewing hours (8.30pm to 10.30pm), i.e. 40% of original French language works and 60% of European origin.

▶ Musical programming obligations

W9's agreement states that its programming primarily focuses on mainstream music, aimed more specifically at young adults. W9's programming is open to diverse types of music and includes the broadcasting of at least 52 live shows per year.

c) Provision applicable to 6ter**► Cinematographic and audiovisual obligations**

Having only been launched on 12 December 2012, the channel 6ter was not subject to production obligations for the year 2012. Its broadcasting licence stipulates that it must invest 15% of its net annual revenue in audiovisual production and 9% in the production of heritage works, with a guaranteed minimum of €6 million over the first three years.

In addition, at least 3.2% of net annual revenue will be invested in the development of European cinematographic production, including 2.5% in original French language works.

► Broadcasting obligations

- In any 24 hour period, a minimum of 40% of audiovisual works broadcast must be original French language and 60% must be European, and the same requirements apply to peak viewing times (between 6.30am and 9am inclusive and between 6pm and 11pm inclusive).
- A minimum of 60% of total transmission time must be devoted to magazine programmes and documentaries on the one hand, and to fiction on the other, with the two genres evenly split.
- To broadcast no more than 192 hours of cinematographic works during the year of which 144 must be between 8.30pm and 10.30pm. Cinematographic works must comply with the broadcasting quotas throughout the day and during peak viewing times, i.e. 40% original French language works and 60% European works.

► Discovery programming obligations

- To broadcast 100 hours of programming devoted to educational programmes, which comprises magazine programmes, game shows, documentaries, fiction and animation.

1.6.2.4. Other obligations common to M6, W9 and 6ter**a) Accessibility of programmes****► Deaf and hard of hearing**

In accordance with the obligations set by Law n°2005-102 for equal rights, opportunities, participation and citizenship of the disabled, obligations in respect of broadcasting subtitled programmes require that all programmes on channels with an audience ratings of more than 2.5% are made accessible to the deaf and hard-of-hearing, with the exception of advertising slots, self-promotion messages, live singing performances and instrumental music pieces, trailers, teleshopping and commentaries on live broadcasts of sporting events between midnight and 6 am, via a progressive increase until 2010.

In 2012, M6 and W9 subtitled all its programming (excluding above-mentioned exceptions).

6ter's licence did not impose any obligations on the channel in 2012.

► Blind or visually impaired

Pursuant to the provisions of Articles 28 and 33-1 of the Law of 30 September 1986 arising from the above-mentioned Law n°2005-102, on 7 October 2011 the CSA and M6 signed an amendment to the Channel's agreement to include obligations for the broadcasting of programmes in audio-description. The number of original programmes to be broadcast with audio-description in 2012 was set at twelve, and, from 2013 onwards at 52 programmes per year, of which 20 must be original with audio-description. The stakeholders are to pay particular attention to peak viewing times and programmes aimed at children and teenagers.

The amendment to W9's agreement sets the number of original programmes to be broadcast in audio-description at 6 in 2012 and 12 from 2013 onwards.

6ter's licence did not impose any obligations on the channel in 2012.

- Signalling code

As part of its mission to protect young viewers, the CSA has established a rating system for programmes and a signalling code, which M6 Group's channels must adhere to. Channels may broadcast programmes aimed at all audiences, and, depending on broadcasting time, category II (viewers must be at least 10 year olds), III (+12) and IV (+16). M6 and W9 are not authorised to broadcast programmes classified as category V (+18).

6ter is not permitted to broadcast category III programmes before 10pm and is not authorised to broadcast category IV programmes.

- Advertising commitments

Concerning advertising, the Law n° 93-122 of 22 January 1993 (the "Loi Sapin") governs the relationship between advertisers, their agents and the advertising media.

Other regulations that relate to the broadcasting of advertising spots arise from the Code of Public Health, from the Law of 30 September 1986 already mentioned, and from Decree n° 92-280 of 27 March 1992. It should be noted that as of 27 February 2007, advertising or promotional messages for certain foods and beverages must be accompanied by relevant health information.

A number of amendments were made between 2008 and 2010 to the advertising regulations that apply to M6 and W9.

The Decree n°92-280 of 27 March 1992, amended by the Decree n° 2008-1392 of 19 December 2008, set the regulations applying to television advertising, self-promotion and teleshopping and authorised:

- an extension of the average advertising time allowable during one hour from 6 to 9 minutes, with the maximum allowable hourly advertising time remaining at 12 minutes;
- a change in the method of counting, clock time replacing moving time.

In addition, the Law n°2009-258 of 5 March 2009 relating to audiovisual communication and new public television services proceeded with:

- the reform of the public television service by providing for the partial elimination of commercial advertising on the national channels of France Télévisions between 8pm and 6am with effect from 5 January 2009;
- the transposition of the SMA Directive by extending the competence of the CSA to on-demand audiovisual media services,

and also provided for:

- the introduction of a second advertisement break during audiovisual and cinematographic works;
- the authorisation of product placement, in accordance with the terms and conditions defined by the CSA in its decision dated 16 February 2010, amended by its decision dated 24 July 2012. It states that product placement is authorised within this framework in film works, audiovisual drama and music videos, providing these programmes are not intended for children.

With regard to 6ter, the channel is not permitted to broadcast advertisements before 10pm that promote videos games and videogrammes of works that are prohibited or not recommended for the under 12s.

b) Sector-specific taxes to which M6, W9 and 6ter are subject

In 2012, the M6, W9 and 6ter channels were not subject to new taxes.

The most recent tax changes are as follows:

- tax on advertising broadcast on TV channels (*302 bis KG of the General Tax Code*) for the benefit of France Télévisions. The rate of 3% of advertising revenue (where this amount exceeds €11 million), will apply when daytime advertising on France Télévisions' nationwide networks ends. In the meantime, the rate is set at 0.5%.
- tax on premium rate calls as part of TV game shows and competitions (*L137-19 of the Social Security Code created by Article 19 of the 2010 PFLSS*). A rate of 9.5% applies to this type of revenue.

In addition, all three channels are liable for the following taxes:

- the tax on television services (*302 Bis KB of the General Tax Code*), named "Cosip tax", for the benefit of the CNC. The rate applicable to M6 and 6ter in 2012 was 5.7% of revenue from advertising, self-promotion and premium rate calls, after a flat-rate rebate of 4%. A rate of 5.5% applies to W9.
- the tax on advertising broadcast by radio and television (*302 bis KD of the General Tax Code*) for the benefit of the "fonds de soutien à l'expression radiophonique" (radio expression support fund). A graded scale applies, based on quarterly revenues.
- the tax on TV advertising (*302 Bis KA of the General Tax Code*) for the benefit of written press. A scale based on the number and price of advertisement applies.

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2. Corporate governance

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

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

The Company also ensures it abides by recognised standards and applies the best practices in terms of governance.

The methods are explained in the report of the Chairman of the Supervisory Board (section 2.6 of this document).

2.1. Supervisory Board

2.1.1. Membership of the Supervisory Board

At the date of preparation of this report, the Supervisory Board of Métropole Télévision consisted of thirteen members, including twelve individuals and one legal entity.

At the time the majority of the terms of office of Board members was renewed on 3 May 2012, members were appointed for a period of 2, 3 or 4 years pursuant to Article 20.2 of the bylaws to ensure terms of office are, and remain, staggered to comply with the AFEP/MEDEF recommendation on this matter. At the end of each of these periods, each member may be reappointed for a further term of 4 years.

No member of the Supervisory Board was elected by the employees.

In accordance with the rules of governance set by the Code of corporate governance issued by the AFEP-MEDEF and amended in April 2012, consolidating the Report of October 2003 and the Recommendations of January 2007 and October 2008 of AFEP-MEDEF, and pursuant to the addendum no 3 to the Agreement between the Company and the Conseil Supérieur de l'Audiovisuel, the Supervisory Board considered that at least one third of its members is independent after considering each of their positions.

Therefore, six of the Board's members are today independent as they have no relationship with the Company, its Group or its management, of a nature to compromise their freedom of judgement, namely,

- Delphine Arnault,
- Mouna Sepehri,
- Albert Frère,
- Gérard Worms,
- Guy de Panafieu, and
- Gilles Samyn.

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

In addition, it is consistent practice that any member of the Supervisory Board who has a direct or indirect interest in an issue submitted to the Board should, depending on the case:

- abstain from voting on the corresponding deliberation,
- refrain from attending Board meetings during the period he/she is in conflict of interest, or
- resign his/her duties as member of the Board.

Members of the Supervisory Board include:

Members of the Board	Nationality	Age	Principal function within the Company	Date of first appointment	Expiry date of appointment	Exit date
Albert Frère*	Belgian	87	Chairman	26 May 2000	2015	-
Gérard Worms*	French	76	Vice-Chairman	26 May 2000	2014	-
Guy de Panafieu*	French	70	Member	18 February 2004	2014	-
Remy Sautter	French	67	Member	26 May 2000	2014	-
Guillaume de Posch**	Belgian	55	Member	27 March 2012	2016	-
Gilles Samyn*	Belgian and French	63	Member	02 May 2007	2015	-
Philippe Delusinne	Belgian	55	Member	28 July 2009	2016	-
Vincent de Dorlodot	Belgian	48	Member	18 March 2004	2014	-
Elmar Heggen	German	45	Member	22 November 2006	2016	-
Christopher Baldelli	French	48	Member	03 May 2012	2015	-
Delphine Arnault*	French	38	Member	05 November 2009	2016	-
Mouna Sepehri*	French	49	Member	03 May 2012	2016	-
Immobilier Bayard d'Antin represented by Catherine Lenoble	French	63	Member	03 March 2012	2015	-
Gerhard Zeller**	Austrian	57	Member	08 March 2002		27 March 2012
Jean Laurent*	French	68	Member	18 February 2004		03 May 2012
Andrew Buckhurst	British	46	Member	07 November 2007		03 May 2012

* "A member of the Supervisory Board is independent when he/she has no relationship with the Company, its Group or its management likely to compromise the exercise of his/her freedom of judgement." (source: Code of corporate governance for listed companies of December 2008, updated in April 2010, edited by the AFEP-MEDEF)

** Gerhard Zeller, resigned his duties and was replaced by Guillaume de Posch, who was co-opted by the Supervisory Board on 27 March 2012.

The Supervisory Board meets as often as required in the interests of the Company and at least once a quarter. It met five (5) times in 2012. The overall attendance rate of the members of the Supervisory Board is calculated for the effective period of the term of office in 2012. This rate was 87.7% and may be analysed as follows:

Members of the Board	Supervisory Board Meetings				
	14 February 2012	27 March 2012	3 May 2012	24 July 2012	6 November 2012
Albert Frère	✓	✓	x	✓	x
Gérard Worms	✓	✓	✓	✓	✓
Guy de Panafieu	✓	✓	✓	✓	x
Remy Sautter	✓	✓	✓	✓	✓
Guillaume de Posch		x	✓	✓	✓
Gilles Samyn	✓	✓	✓	✓	✓
Philippe Delusinne	✓	✓	✓	x	✓
Vincent de Dorlodot	✓	✓	✓	✓	✓
Elmar Heggen	x	✓	✓	✓	✓
Christopher Baldelli			✓	x	✓
Delphine Arnault	✓	✓	✓	x	✓
Mouna Sepehri			✓	✓	✓
Immobilier Bayard d'Antin represented by Christopher Baldelli	✓	✓			
Immobilier Bayard d'Antin represented by Catherine Lenoble			✓	✓	✓
Gerhard Zeller	✓				
Jean Laurent	✓	✓			
Andrew Buckhurst	✓	✓			

✓ Present
x Absent

Albert FRERE

Number of company shares held: 100.

Number of company shares held by Groupe Compagnie Nationale à Portefeuille SA, which is controlled by Albert Frère: 9,154,477

Biography and principal duties outside the Company

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

Other appointments and duties

- CEO of Groupe Bruxelles Lambert SA (Belgium)
- Chairman of the Board of Directors Frère-Bourgeois SA (Belgium); ERBE SA (Belgium); Financière de la Sambre SA (Belgium); Stichting Administratiekantoor Frère-Bourgeois (Belgium)
- Vice-Chairman, CEO and member of the Executive Committee of Pargesa Holding SA (Switzerland)
- Vice-Chairman of the Board of Directors of GdF-Suez, a listed company (France)
- Director of LVMH SA, a listed company (France), and Château Cheval Blanc SA (France)
- Permanent Representative of Beholding Belgium SA, Director of Groupe Arnault SA (France)
- Permanent Representative of Frère-Bourgeois SA, Director of GBL Verwaltung SARL and GBL Energy (Luxembourg)
- Member of the Strategic Committee of Université Libre de Bruxelles (Belgium)
- Honorary Regent of Banque Nationale de Belgique
- Honorary Chairman of the Chamber of Commerce and Industry of Charleroi (Belgium)
- Honorary Councillor for Overseas Commerce (Belgium)

Appointments and duties expiring in the course of the last five financial years

- Vice-Chairman of the Board of Directors of Suez, a listed company (France) (July 2008)
- Director of Gruppo Banca Leonardo (April 2009)
- Chairman of Fingen SA (April 2009)
- Permanent Representative of Frère-Bourgeois SA, Director of GBL Finance (2009)
- Director of Raspail Investissements (December 2009)
- Member of the International Committee of Assicurazioni Generali SpA (May 2010)
- Chairman of the Board of Directors of Groupe Bruxelles Lambert (1987 → 1 January 2012)

Business address

GROUPE BRUXELLES LAMBERT
24 avenue Marnix
B-1000 BRUXELLES

Gérard WORMS

Number of company shares held: 200.

Biography and principal duties outside the Company

Gérard Worms graduated from the École Polytechnique in 1957 and the École Nationale Supérieure des Mines in 1960. An Ingénieur en chef des Mines and commander of the Legion of Honour, he joined the Rothschild Group in October 1995. After beginning his career as advisor to the Minister for Industry, Olivier Guichard, and later to the Prime Minister, Jacques Chaban-Delmas, he became CEO of the Hachette Group and later CEO of Rhône-Poulenc, with responsibility for finance and the pharmaceuticals business. He subsequently became CEO and then Chairman of the Compagnie de Suez and Chairman of the Banque Indosuez and Chairman of insurance group Victoire. As well as being Vice-Chairman of Rothschild Europe, he is currently Honorary Chairman of the Association Nationale de la Recherche Technique and of the Société d'Économie Politique.

Other appointments and duties

- Vice Chairman of Rothschild Europe
- Member of the Supervisory Board of Publicis Groupe SA, a listed company (France)
- Member of the Supervisory Board of Médias and Régies Europe SA
- Censor of SIACI SAINT- HONORE SA
- Chairman of the Steering Committee of COE-Rexecode, a leading French economic forecast institute.
- Chairman of the French National Committee of the International Chamber of Commerce (ICC) since June 2006.

Appointments and duties expiring in the course of the last five financial years

- Chairman of the Board of Directors of SGIM SA
- Member of the Supervisory Board of SIACI SA (2007)
- Managing Partner of Rothschild & Cie Banque and Rothschild & Cie SCS

- Chairman of thematic channel Histoire SA
- Director of Mercapital SA and Cofide SA (2007)
- Censor and member of the Supervisory Board of Francarep SA and Paris Orléans SA
- Director of Éditions Atlas SA
- Censor of Degrémont SA
- Member of the Supervisory Board of Moonscoop
- Member of the Supervisory Board of Hamac

Business address

Rothschild & Cie
23 bis, avenue de Messine
75008 Paris

Guy de PANAFIEU

Number of company shares held: 7,600.

Biography and principal duties outside the Company

Guy de Panafieu is Senior Advisor of Crédit Agricole SA and Vice-Chairman of the Business and Industry Advisory Committee (BIAC) of the OECD. He was Chairman of the BULL Group from 1997 to 2001. From 1983 to 1997 he worked in the Lyonnaise des Eaux Group, in various management positions and latterly as Vice-Chairman and CEO.

From 1968 to 1982 he worked for the Ministry of Economics and Finance with various responsibilities in the department of foreign trade and international economic relations. From 1978 to 1981 he was a technical advisor to the French President on matters of international economics. He is a graduate of the Institut d'études politiques de Paris, a graduate in humanities and economics, a former student of ENA and a former finance inspector general.

Other appointments and duties

- Director of SANEF SA, Chairman of the Audit Committee, Member of the Appointment and Remuneration Committee.
- Director of Médica SA, a listed company (France), Chairman of the Audit Committee, Member of the Appointment and Remuneration Committee.

Appointments and duties expiring in the course of the last five financial years

- Member of the Supervisory Board of IDI
- Chairman of the Supervisory Board of Gras-Savoie SA

Business address

CA-CIB
9 quai du Président Paul Doumer
92920 Paris La Défense Cedex

Rémy SAUTTER

Number of company shares held: 690.

Biography and principal duties outside the Company

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

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

Other appointments and duties

- Chairman and CEO of Immobilière Bayard d'Antin SA (France)
- Chairman of the Supervisory Board of Ediradio RTL - SA (RTL/RTL2/FUN RADIO) (France)
- Director of SERC -Fun Radio SA (France)
- Director of RTL Belux SA (Luxembourg)
- Director of SASP Football Club des Girondins de Bordeaux
- Director of PagesJaunes SA (France)
- Director of Partner Reinsurance Ltd (France)
- Chairman of Technicolor SA (France)
- Censor of H.G.L Gestion
- Director of TVI SA (Belgium)
- Permanent Representative of CLT-UFA, Director of SODERA SA (RTL2)
- Permanent Representative of Ediradio, Director of IP France SA
- Permanent Representative of Bayard d'Antin, Director of IP régions SA

Appointments and duties expiring in the course of the last five financial years

- Director of FIVE/Channel 5 Television Group Ltd (2010)
- Director of Wanadoo SA, IP France (2007), IP Régions (2007) and SODERA (2007)
- Chairman of FIVE/Channel 5 Television Group Ltd (2009)
- Director of INSERT (2008) and NAVIMO (Duke Street Capital)(2009)
- Director of Taylor Nelson Sofres Ltd (2008)

Business address

RTL
22 rue Bayard
75008 PARIS

Guillaume de POSCH

Number of company shares held: 100

Biography and principal duties outside the Company

Guillaume de Posch, born 1958 in Brussels, has 18 years of international experience in the television and media industry. After starting out with international energy and services company Tractebel (1985 to 1990) and Mc Kinsey & Company (1990 to 1993), he began his media industry career at the Luxembourg-based Compagnie Luxembourgeoise de Télédiffusion (CLT). At CLT, Guillaume de Posch started out as assistant to the Chief Executive Officer (1993 to 1994) and then became Head of CLT's TV operations in French-speaking countries (1995 to 1997). From 1997 to 2003, he was Deputy General Manager and Head of Programming for the French pay-TV company TPS. In August 2003, he joined the Munich-based, publicly listed ProSiebenSat1 Media AG, first as Chief Operating Officer and then as Chairman of the Executive Board and CEO (2004-2008). Between 2009 and 2011, Guillaume de Posch advised several European and US broadcasters. In December 2011, he was appointed Chief Operating Officer of RTL Group with effect from 1 January 2012. He was appointed as Co-CEO of RTL Group S.A. on 18 April 2012.

Other appointments and duties

- Co-CEO of RTL Group S.A. (Luxembourg)
- CEO of CLT-UFA S.A. (Luxembourg)
- Director of FremantleMedia S.A. (Luxembourg)
- Member of the Supervisory Board of RTL Television GmbH (Germany)
- Director and Chairman of the Board of Directors of RTL Belgium S.A. (Belgium)
- Member of the Supervisory Board of RTL Nederland Holding BV (Netherlands)
- Permanent Representative of CLT-UFA S.A.(Luxembourg) to the Board of Directors of Ediradio S.A. (France)

Appointments and duties expiring in the course of the last five financial years

- Member of the Board of Directors of ProSiebenSat.1 Media AG
- Manager of German Free TV Holding GmbH
- Manager of P7S1 Erste SBS Holding GmbH

- Manager of P7S1 Zweite SBS Holding GmbH
- Member of the Supervisory Board of FilmFernsehFond Bayern GmbH
- Member of the Board of Directors of Sky Deutschland AG

Business address

RTL Group
45, boulevard Pierre Frieden
L - 1543 Luxembourg

Gilles SAMYN

Number of company shares held: 100.

Number of company shares held by Compagnie Nationale à Portefeuille SA, of which Gilles Samyn is the CEO: 9,154,477.

Biography and principal duties outside the Company

Gilles Samyn, a French and Belgian national, is a sales engineer graduate from École de Commerce de Solvay (Université Libre de Bruxelles, Belgium). He is currently the CEO of Groupe Frère and Compagnie Nationale à Portefeuille SA (CNP).

Other appointments and duties

- CEO of Compagnie Nationale à Portefeuille SA (Belgium), Frère-Bourgeois SA (Belgium), Belholding Belgium SA (Belgium), Carpar SA (Belgium), Erbe SA (Belgium), Europart SA (Belgium), Fibelpar SA (Belgium), Financière de la Sambre SA (Belgium), Investor SA (Belgium), Société des Quatre Chemins SA (Belgium), Safimar SA (Belgium), Compagnie Immobilière de Roumont SA (Belgium) and SCP SA (Luxembourg)
- Chairman of Distripar SA (Belgium), Financière FLO SA (France), Finer (formerly Erbe Finance SA) (Luxembourg), Groupe FLO SA (France), Groupe Jean Dupuis SA (Belgium), Helio Charleroi Finance SA (Belgium), Kermadec SA (Luxembourg), Swilux SA (Luxembourg) and Transcor Astra Group SA (Belgium)
- Chairman and CEO of Newcor SA (Belgium) Director of Affichage Holding SA (Switzerland), AOT Holding SA (Switzerland), Banca Leonardo SpA (Italy), Belgian Sky Shops SA (Belgium), Cheval des Andes (formerly Opéra Vineyards SA) (Argentina), Filux SA (Luxembourg), Segelux SA (formerly Gesecalux SA) (Luxembourg), Grand Hôpital de Charleroi ASBL (Belgium), Groupe Bruxelles Lambert SA (Belgium), Société Civile du Château Cheval Blanc (France), Pargesa Holding SA (Switzerland), Stichting Administratiekantoor of Frère-Bourgeois (Netherlands), TTR Energy SA (Belgium) and Transcor East Ltd (Switzerland)
- Representative of Société des Quatre Chemins SA, Director of Acide Carbonique Pur SA (Belgium)
- Commissaris of Agesca Nederland NV (Netherlands) and Parjointco NV (Netherlands)
- Member of the Investment Committee of Tikehau Capital Partners SAS (France)

Appointments and duties expiring in the course of the last five financial years

- Chairman of Centre de Coordination de Charleroi SA (2010), UNIFEM SAS (2011) and SolvaySchoolsAlumni ASBL (2011)
- Vice-Chairman of Compagnie Nationale à Portefeuille (2011)
- CEO of Fingen SA (2011)
- Director of Eiffage SA (2007), LYPARIS SA (2010), Mesa SA (2007), Swifin SA (2008), Tikehau Capital Advisors SAS (2010), Entremont Alliance SAS (2011), Société Générale d’Affichage SA (2011)
- Chairman and CEO of Manoir de Roumont SA (2009)
- Representative of Société des Quatre Chemins SA, Chairman of the Board of Directors of Finimpress SA (2009)
- Censor of Marco Polo Capital SA (2009)
- Commissaris of Frère-Bourgeois Holding BV (2009)
- Liquidator of Loverfin SA (2007)

Business address

COMPAGNIE NATIONALE A PORTEFEUILLE
rue de la Blanche Borne 12
B-6280 LOVERVAL

Philippe DELUSINNE

Number of company shares held: 100.

Biography and principal duties outside the Company

Philippe Delusinne began his career in 1982 as Account Executive for Ted Bates. He then joined Publicis as Account Manager. In 1986, he transferred to Impact FCB as Client Service Director. In 1988, he was appointed Deputy General Manager at McCann Erickson and in 1993 became Chief Executive Officer of Young & Rubicam. Philippe Delusinne has been Chief Executive Officer of RTL Belgium since March 2002.

Other appointments and duties

- CEO of RTL Belgium SA, Radio H,
- CEO of Cobelfra SA (Radio Contact) and JOKER FM SA (for CLT-UFA represented by Philippe Delusinne)
- Managing Director of CLT-UFA Belgian Broadcasting
- Chairman of the Board of Directors of IP Plurimedia SA and Home Shopping Service S.A.
- Chairman of New Contact SA (for CLT-UFA represented by Ph Delusinne)
- Director of INADI SA, CLT-UFA SA, RTL Belux S.A and BeWeb SA
- Director of Association pour l'Autorégulation de la Déontologie Journalistique
- Chairman of Association des Télévisions Commerciales Européennes (A.C.T.) since June 2009.
- Member of Conseil Supérieur de l'Audiovisuel (Belgium)
- Vice-Chairman of B.M.M.A. (Belgian Management & Marketing Association)
- Chairman of Théâtre Royal de La Monnaie
- Independent Director of CFE SA, FRONT SA

Appointments and duties expiring in the course of the last five financial years

- Director of Media Corner S.A, Contact SA and Carrefour Belgium SA
- Chairman of the Board of Directors of IP Belgium SA, TVI Services S.A., Ariane Music SA, Belga Films SA and Tournesol Conseils SA

Business address

RTL TVI
avenue Jacques Georgin, 2
1030 Brussels
Belgium

Vincent de DORLODOT

Number of company shares held: 100.

Biography and principal duties outside the Company

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

Other appointments and duties

- General Counsel of RTL Group S.A
- Chairman of the Board of Directors of B & CE SA (Luxembourg)
- Director of Audiomédia Investments SA; CLT UFA SA, RTL Group Germany SA; RTL Group Central and Eastern Europe SA (Luxembourg), RTL BELUX S.A.(Luxembourg)

Appointments and duties expiring in the course of the last five financial years

- Director of Alpha Radiofoniki Kronos SA; Alpha Satellite Télévision SA; Cosmoradiotileoptiki SA and Plus Productions SA (Greece) and Soparad Holding SA (Luxembourg)

Business address

RTL Group
45, boulevard Pierre Frieden
L - 1543 Luxembourg

Elmar HEGGEN

Number of company shares held: 100.

Biography and principal duties outside the Company

Elmar Heggen, a German national, graduated from the European Business School and with an MBA in Finance. He began his career in 1992 with the Félix Schoeller group. He became Vice-Chairman and CEO of Felix Schoeller Digital Imaging in the United Kingdom in 1999 and joined the Corporate Center of the RTL Group in 2000 as Deputy Chairman of mergers and acquisitions. In January 2003 he was named Senior Deputy Chairman of Investment and Control activities and fulfilled the role of Deputy Chairman of control and strategy from July 2003 to December 2005. He has been a member of RTL Group's Management team since January 2006. Since 1 October 2006, Elmar Heggen is the Chief Financial Officer and Chairman of Corporate Center of RTL Group. On 18 April 2012, he was appointed as Executive Director of RTL Group S.A.

Other appointments and duties

- Chief Financial Officer, Head of Corporate Center and Luxembourg Activities RTL Group SA
- Director of RTL Group S.A.
- CEO of RTL Group Central and Eastern Europe SA (Luxembourg)
- Chairman of the Board of Directors of Broadcasting Center Europe SA (Luxembourg); Média Assurances SA (Luxembourg); Audiomédia Investments SA (Belgium); FremantleMedia SA (Luxembourg); Duchy Digital SA (Luxembourg), MP B S.A. (Luxembourg), MP D S.A. (Luxembourg), MP E S.A. (Luxembourg) and MP H S.A. (Luxembourg),
- Chairman of the Supervisory Board of RTL Nederland Holding BV (Netherlands)
- Director of CLT UFA SA (Luxembourg); RTL Group Germany SA (Luxembourg); RTL 9 SA (Luxembourg); RTL Belgium SA (Belgium); INADI SA (Belgium); Immobilière Bayard d'Antin SA (France); Antena 3 de Television SA (Spain); de RTL TV Doo (Serbia), RTL Belux SA (Luxembourg)
- Member of the Supervisory Board: Ediradio SA (France) as representative of Immobilière Bayard d'Antin SA
- Director of IP France SA (France) as permanent representative of Immobilière Bayard d'Antin
- Manager of RTL Radio Berlin GMBH (Germany); RTL Group Services GmbH (Germany); UFA Film und Fernseh GmbH (Germany); RTL Group Vermögensverwaltung GmbH (Germany); RTL Group Deutschland GmbH (Germany); RTL Group Central and Eastern Europe GmbH (Germany); RTL Television GmbH (Germany), RTL Group Licensing Asia GmbH (Germany)
- Chairman of the Executive Committee of Média Properties Sarl (Luxembourg)
- Director of Bertelsmann Capital Investment (S.A.), (Luxembourg)
- Regus PLC (UK)

Appointments and duties expiring in the course of the last five financial years

- Director of Sportfive SA (France), Média Capital SA (Portugal), Radio H S.A. (Belgium); Alpha Radiofoniki SA, Alpha Radiofoniki Kronos SA and Cosmoradiotileoptiki SA, Alpha Satellite Television SA and Plus Productions SA (Greece), Media Holding Ren TV (Russia), and Content Union S.A. (Russia).
- Manager of Radio Deutschland GMBH (Germany)
- Chairman of the Supervisory Board of RTL Hrvatska Doo (Croatia)

Business address

RTL Group
45, boulevard Pierre Frieden
L - 1543 Luxembourg

Christopher BALDELLI

Number of company shares held: 15,437

Biography and principal duties outside the Company

A former student of Ecole Normale Supérieure and a graduate of the Paris Institut d'Etudes Politiques, Christopher Baldelli served from 1994 to 1997, successively as an Advisor as part of the French Budget Minister's staff, the Communication and Culture Minister's staff, and lastly as part of the Prime Minister's staff. He subsequently acted as Head of Strategy at Lagardère Group's head office (Media industry) from 1997 to 1998, before being appointed CEO of the "La Provence" daily newspaper (Lagardère Group) in 1999. From 1999 to 2002, Christopher Baldelli held the position of Deputy CEO of France 2, and was subsequently appointed CEO in 2002, a position he held until 2005. He then joined M6 Group in 2006 as Chairman of M6 Thématique (W9, Paris Première, TEVA and the M6 Music, TF6, Série Club channels) before his appointment as Chairman of the Executive Board of Ediradio in August 2009 and Chairman of the Board of Directors or Manager of various RTL Group companies (RTL2, FUN Radio, Information & Diffusion, etc.).

Other appointments and duties

- Chairman of the Executive Board of EDIRADIO-RTL SA (France)
- Chairman of the Board of Directors of IP France SA, Société d'Exploitation Radio Chic "SERC" SA (France), Société De Radio Diffusion "SODERA" SA (France)
- Chairman of RTL NET SAS (France)
- Director of CLT-UFA SA
- Permanent Representative of Société Immobilière Bayard d'Antin S.A. to Médiamétrie
- Permanent Representative of IP France to the Board of IP Régions SA
- Co-Manager of Information & Diffusion SARL, Société Commerciale de Promotion and Publicité SARL, RTL SPECIAL MARKETING SARL

Appointments and duties expiring in the course of the last five financial years

- Chairman of M6 Thématique SAS, Sedi-TV SAS, Studio 89 Productions SAS, W9 Productions SAS
- Chairman and CEO of Paris Première SA and TCM Gestion SA
- Chairman of the Board of Directors of TF6 Gestion SA and Extension TV SA
- CEO of Métropole Production SA
- Permanent Representative of:
 - a. TCM Gestion SA in its capacity as manager of TCM DA SNC
 - b. M6 Thématique SAS in its capacity as Managing Partner of Edi TV SNC, Fun TV SNC
 - c. M6 Thématique SAS in its capacity as Chairman of Fun TV SAS, Paris Première SAS and M6 Communication SA
 - d. Edi-TV (SNC) and Paris Première (SAS) in their capacity as Members of the Shareholders' Committee of Multi 4 SAS
 - b. Paris Première SAS in its capacity as Chairman of M6 Numérique SAS
 - c. Métropole Production SA in its capacity as Director of C. Productions SA
 - d. M6 Films SA in its capacity as Director of Métropole Production SA

Business address

Immobilière Bayard d'Antin
22 bis rue Bayard
75008 Paris

Delphine ARNAULT

Number of company shares held: 200

Biography and principal duties outside the Company

A graduate of EDHEC and the London School of Economics and Political Science, Delphine Arnault, 37 years old, started her career as a consultant for the McKinsey practice, before she joined the John Galliano company as Head of Development.

She is currently Deputy CEO of Dior Couture.

Other appointments and duties

- Director of LVMH Moët Hennessy – Louis Vuitton SA, a listed company (France)
- Member of the Supervisory Board of Les Echos SAS (France)
- Director of Société Civile Cheval Blanc (France)
- Director of Emilio Pucci Srl (Italy)
- Director of Emilio Pucci international B.V (Netherlands)
- Director of Loewe SA (Spain)
- Director of la Société Celine (France)
- Director of Christian Dior S.A

Appointments and duties expiring in the course of the last five financial years

- Chairman of the Board of Directors of Calto Srl (Italy)
- Chairman of the Board of Directors of ManifatturaUno Srl (Italy)
- Director of the Sèvres – Cité de la Céramique public organisation

Business address

Christian Dior
11, rue François 1^{er}
75008 Paris

Mouna SEPEHRI

Number of company shares held: 100

Biography and principal duties outside the Company

A law school graduate and member of the Paris Bar Association, Mouna Sepehri began her career in 1990 as an attorney based first in Paris and then in New York, specialising in mergers and acquisitions and in corporate international law. Mouna Sepehri joined Renault in 1996 as Deputy General Counsel. She was an integral part of Renault's international expansion and the formation of the Renault-Nissan Alliance (1999) in her capacity as a member of the original negotiating team.

Mouna Sepehri joined the Office of the CEO in 2007 and was in charge of the management of the Cross-Functional Teams (CFTs).

In 2009, Mouna Sepehri was appointed Director of the Alliance CEO Office and Secretary of the Renault-Nissan Alliance Board. In 2010, she became a member of the Steering Committee on the Alliance cooperation with Daimler. As part of this assignment, Mouna Sepehri was responsible for the implementation of Alliance synergies, for coordinating strategic cooperation and for driving new projects.

On 11 April 2011, Mouna Sepehri joined Renault Group's Executive Committee as Executive Vice President, Office of the CEO. She oversees the following functions: Legal Department, Public Affairs Department, Communications Department, Corporate Social Responsibility Department, Real Estate & Corporate Services Department, Prevention and Group protection Department, as well as overseeing Cross-Group Teams and the Programme for Economic Efficiency of Running Costs.

Other appointments and duties

- Member of Executive Committee of Renault, a listed company (France)
- Director of Fondation Renault (France)
- Director of Nexans, a listed company (France)
- Director of Danone, a listed company (France)

Appointments and duties expiring in the course of the last five financial years

- Executive Vice-President, Office of the CEO Renault-Nissan, Renault, a listed company (France)

Business address

Renault
13-15 quai Le Gallo
92513 Boulogne-Billancourt

IMMOBILIERE BAYARD D'ANTIN represented by Catherine LENOBLE

Number of company shares held by the legal entity: 61,007,471.

Number of company shares held by its representative: 97,930.

On 23 March 2012, Immobilière Bayard d'Antin informed the Company of the replacement of its permanent representative by Catherine Lenoble with effect from 2 May 2012.

Biography and principal duties outside the Company of the individual representing the legal entity

Catherine Lenoble has spent her entire career in media. Initially with RMC as Director of Sponsorship, she became Deputy CEO of M6 Publicité in 1987 when the channel was founded. She was appointed to the Executive Board of Métropole Télévision in 2000, the following year she became CEO of M6 Publicité. She decided to retire in 2012.

Other appointments and duties

- Member of the Supervisory Board of Hexamedics SAS

Appointments and duties expiring in the course of the last five financial years

- Permanent Representative of M6 Publicité in its capacity as Director of Paris Première SAS
- Member of the Executive Board de Métropole Télévision in charge of Advertising
- Chairman of M6 Créations SAS
- Permanent Representative of M6 Publicité in its capacity as Director of M6 Diffusion SA, M6 Éditions SA, M6 Événements SA and Mistergooddeal SA

Business address

Immobilière Bayard d'Antin
22 bis rue Bayard
75008 Paris

2.1.2. Operation of the Supervisory Board

The Supervisory Board exercises permanent control over the management of the Company and subsidiaries by the Executive Board and grants the latter the prior approval for transactions that it may not perform without such authorisation, in accordance with the provisions of Article 24.3 of the bylaws.

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

The arrangements for operation and the main topics discussed by the Supervisory Board in 2012 are reported in the Chairman's report, under section I.

2.1.3. Committees of the Supervisory Board

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

- The Remuneration and Appointment Committee
- The Audit Committee

The missions and arrangements for operation of these committees are specified in the Chairman's Report, under sections 1.7 and 1.8.

2.1.3.1. Remuneration and Appointment Committee

The Remuneration and Appointment Committee, first set up in 2000, is made up of a minimum of two and a maximum of five members, which are selected from the members of the Supervisory Board other than the Chairman of the Board, of which half are selected from the independent members and their appointment lasts for the duration of their term of office as members of the Supervisory Board.

At 31 December 2012, the members of the Remuneration and Appointment Committee were the following:

Members of the Remuneration and Appointments Committee	Date of first appointment	Expiry date of appointment	Attendance rate 2012
Gérard Worms * Chairman of the Committee	26 May 2000	2014	100%
Guillaume de Posch Member	3 May 2012	2016	100%
Gilles Samyn * Member	10 March 2009	2015	100% **

* Independent member.

** Attendance rate from his appointment

2.1.3.2. Audit Committee

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

At 31 December 2012, its members were the following:

Members of the Audit Committee	Date of first appointment	Expiry date of appointment	Attendance rate 2012
Guy de Panafieu * Chairman of the Committee	18 February 2004	2014	100%
Remy Sautter Member	26 May 2000	2014	100%
Elmar Heggen Member	22 November 2006	2016	75%
Gilles Samyn * Member	3 May 2012	2015	100% **

* Independent member.

** Attendance rate from his appointment

2.2. Executive Board

2.2.1. Membership of the Executive Board

The Executive Board is appointed for a period of five years.

Since 22 November 2006, it has had four members, all natural persons, aged less than 70 years, appointed by the Supervisory Board and compensated by Métropole Télévision Group.

Members of the Executive Board	Nationality	Age	Principal function	Date of first appointment	Date of renewal/exit	Date term expires
Nicolas de Tavernost	French	62	Chairman of the Executive Board	26/05/2000	25/03/2010	25/03/2015
Thomas Valentin	French	58	Vice-Chairman of the Executive Board with responsibility for Programmes and Content	26/05/2000	25/03/2010	25/03/2015
Robin Leproux*	French	54	Vice-Chairman of the Executive Board with responsibility for Sales and Business Development	31/03/2012 *		25/03/2015
Jérôme Lefébure	French	50	Member of the Executive Board with responsibility for Management Operations	25/03/2010		25/03/2015
Catherine Lenoble**	French	63	Member of the Executive Board with responsibility for advertising	28/01/2001	31/03/2012	

* Robin Leproux was Vice-Chairman of the Executive Board of M6 Group from 26 May 2000 to 2 January 2001

**Catherine Lenoble decided to retire as of 31 March 2012 and was replaced by Robin Leproux

Nicolas de TAVERNOST

Chairman of the Executive Board

Other appointments and duties

- *Outside the M6 Group*
 - Member of the Supervisory Board of Ediradio SA (RTL/RTL2/FUN RADIO) (France)
 - Director of Nexans SA, a listed company (France)
 - Director of GL Events SA, a listed company (France)
 - Director and Vice-Chairman of the Remuneration Committee of Antena 3, a listed company (Spain)
- *Within the M6 Group*
 - Director of Extension TV SA and TF6 Gestion SA
 - Permanent Representative of:
 - a. M6 Publicité in its capacity as Director of Home Shopping Service SA, M6 Diffusion SA
 - b. Home Shopping Services in its capacity as Director of MisterGooddeal SA
 - c. Métropole Télévision in its capacity as Director of SASP Football Club des Girondins de Bordeaux, Société Nouvelle de Distribution SA
 - d. Métropole Télévision in its capacity as Chairman of: M6 Publicité SAS, Immobilière M6 SAS, M6 Toulouse SAS, M6 Bordeaux SAS, M6 Interactions SAS, M6 Web SAS and M6 Foot SAS
 - e. Métropole Télévision in its capacity as Member of the Shareholders' Committee of Multi4 SAS
 - f. Métropole Télévision in its capacity as Managing Partner of SCI du 107, av. Charles de Gaulle
 - Member and Director of Association Football Club des Girondins de Bordeaux
 - Chairman of M6 Group's Corporate Foundation

Appointments and duties expiring in the course of the last five financial years

- *Within the M6 Group*
 - Director of Société Nouvelle de Distribution SA
 - Permanent Representative of:
 - a. Métropole Télévision in its capacity as Chairman of M6 Numérique SAS
 - b. M6 Interactions in its capacity as Chairman of M6 Développement SAS
 - c. Métropole Télévision in its capacity as Director of Paris Première SA and Paris Première SAS, and MisterGooddeal SA
 - d. Home Shopping Services in its capacity as Director of Télévente Promotion SA

Thomas VALENTIN

Vice-Chairman of the Executive Board with responsibility for Programmes and Content

Other appointments and duties

- *Outside the M6 Group*
 - Nil
- *Within the M6 Group*
 - Chairman of the Board of Directors of M6 Films SA and Métropole Production SA
 - Chairman of M6 Studio SAS, Sedi-Tv SAS, M6 Communication SAS

- Director of C. Productions SA, Extension TV SA and TF6 Gestion SA
- Permanent Representative of:
 - a. Métropole Production in its capacity as Director of M6 Diffusion SA and Société Nouvelle de Distribution SA
 - b. M6 Films in its capacity as Director of Home Shopping Service SA
- Member and Vice-Chairman of Association Football Club des Girondins de Bordeaux

Appointments and duties expiring in the course of the last five financial years

- *Outside the M6 Group*
 - Director of Channel 5 Broadcasting Limited (UK)
- *Within the M6 Group*
 - Chairman of Mandarin SAS and M6 Thématique SAS
 - Director of Société Nouvelle de Distribution SA,
 - Permanent Representative of:
 - a. M6 Thématique in its capacity as Chairman of Paris Première SAS, M6 Communication SAS, FUN TV SAS and Sedi Tv SAS
 - b. M6 Thématique in its capacity as Manager of Edi Tv SNC
 - c. M6 Films in its capacity as Director of Paris Première SA and Paris Première SAS
 - d. Edi Tv and Paris Première SAS in its capacity as Member of Shareholders' Committee of Multi 4 SAS

Jérôme LEFEBURE

Member of the Executive Board in charge of Management

Other appointments and duties

- *Outside the M6 Group*

Nil
- *Within the M6 Group*
 - Chairman of Immobilière 46D SAS, M6 Divertissements SAS, M6 Récréative SAS, M6 Thématique SAS, M6 Génération SAS and M6 Développement SAS
 - Chairman and CEO of M6 Diffusion SA
 - Permanent Representative of:
 - a. Métropole Télévision in its capacity as Chairman of SNDA SAS and M6 Shop SAS
 - b. Métropole Télévision in its capacity as Director of M6 Éditions SA
 - c. M6 Interactions in its capacity as Director of M6 Événements SA, Home Shopping Service SA, Société Nouvelle de Distribution SA and Mistergooddeal SA
 - d. M6 Diffusion in its capacity as Director of C. Productions SA
 - e. M6 Thématique in its capacity as Chairman of Edi-Tv SAS
 - f. Director of the M6 Group's corporate foundation
 - g. M6 Thématique in its capacity as Director of Extension TV SA and TF6 Gestion SA

Appointments and duties expiring in the course of the last five financial years

- *Outside the M6 Group*

Nil
- *Within the M6 Group*
 - Chairman of M6 Créations SAS
 - Permanent Representative of:
 - a. Métropole Télévision in its capacity as Director of Métropole SA
 - b. M6 Web in its capacity as Director of PagesJaunes Petites Annonces SA
 - c. M6 Thématique in its capacity as Chairman of EDI-TV SNC
 - d. M6 Diffusion in its capacity as Director of Télévente Promotion SA

Member of the Executive Board until 31 March 2012:

Catherine LENOBLE

Member of the Executive Board in charge of Advertising

Catherine Lenoble joined the Supervisory Board of Métropole Télévision on 3 May 2012, as Permanent Representative of IMMOBILIERE BAYARD D'ANTIN. Her terms office are listed in section 2.1 of this document.

Catherine Lenoble resigned from the Executive Board on 31 March 2012. On 14 February 2012, at Nicolas de Tavernost's suggestion the Supervisory Board appointed Robin Leproux as Vice-Chairman of the Executive Board in charge of Sales and Business Development, with effect from the date of Catherine Lenoble's effective departure and for the remainder of her term of office, i.e. until 25 March 2015.

Member of the Executive Board with effect from 31 March 2012:

Robin LEPROUX

Vice-Chairman of the Executive Board in charge of Sales and Business Development

Other appointments and duties

- *Outside the M6 Group*
 - Chairman of PGM Media SAS
- *Within the M6 Group*
 - Chairman and CEO of M6 Editions SA and M6 Evènements SA
 - Chairman of M6 Créations SAS
 - Permanent Representative of M6 Evènements SA, Chairman of Live Stage SAS

Appointments and duties expiring in the course of the last five financial years

- *Outside the M6 Group*
 - Chairman of Springer France
 - Chairman of the Executive Board of Paris Saint-Germain (PSG)
- *Within the M6 Group*
 - Nil

2.2.2. Operation of the Executive Board

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

However, investments and divestments not provided for in the budget and whose unit amount has an impact exceeding €20 million on the Group's financial position require the prior approval of the Supervisory Board (Article 24.3 of the Bylaws).

The Executive Board meets as often as required in the interests of the company. In 2012, the Executive Board met 27 times, with minutes kept for each of these meetings. The Executive Board prepares all files to be submitted to Supervisory Board meetings by providing a detailed presentation of the situation of each activity of the Group during the previous quarter. To that end, the Executive Board ensures the relevance of operating management indicators presented to the Supervisory Board in order to reflect developments affecting the various activities and businesses. The Executive Board examines and collectively takes decisions on investment projects submitted to it by operating teams.

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

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

- the Executive Committee, comprising the main operational and functional managers, which is in

charge of implementing the Executive Board's major operational and strategic decisions;

- the Management Committee, comprising the main managers responsible for activities and functional services, which inform the Group on business management.

In 2012, The Executive Committee met 17 times and the Management Committee met 14 times. Detailed minutes of each meeting were kept and handed out to each member.

2.3. Executive Board members' remuneration and fringe benefits

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

2.3.1. Executive Board member' remuneration and fringe benefits

2.3.1.1. Policy to determine the fixed and variable remuneration of the members of the Executive Board

The remuneration policy for the remuneration of members of the Executive Board is described in section 2.2 of the Report of the Chairman of the Supervisory Board.

2.3.1.2. Summary of remuneration:

Nicolas de Tavernost (Chairman of the Executive Board)				
	2011		2012	
	Amounts paid (€) (2)	Amounts due (€)	Amounts paid (€) (2)	Amounts due (€)
Fixed remuneration	925,008	925,008	925,008	925,008
Variable remuneration (2)	932,900	687,763	687,763	701,424
Exceptional remuneration				
Directors' fees				
<i>Sub-total paid</i>	<i>1,857,908</i>	<i>1,612,771</i>	<i>1,612,771</i>	<i>1,626,432</i>
Benefits in kind (1)	7,311	7,311	7 100	7,100
TOTAL	1,865,219	1,620,082	1,619,871	1,633,532

(1): company car provided

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

The variable remuneration comprises two elements:

- additional remuneration (70% of variable remuneration), based on the level of achievement of the Group's consolidated EBITA objectives, as defined by the Supervisory Board.

- remuneration as member of the Executive Board (30% of variable remuneration), as determined by the Supervisory Board as a function of audience criteria calculated for all channels held by the M6 Group.

The expected level of achievement of all criteria of variable remuneration has been established precisely but is not disclosed on the grounds of confidentiality.

Thomas Valentin (Vice-Chairman of the Executive Board)

	2011		2012	
	Amounts paid (€) (2)	Amounts due (€)	Amounts paid (€) (2)	Amounts due (€)
Fixed remuneration	495,001	495,001	495,001	495,001
Variable remuneration (2)	540,100	443,725	443,725	449,261
Exceptional remuneration				
Directors' fees				
<i>Sub-total paid</i>	<i>1,035,101</i>	<i>938,726</i>	<i>938,726</i>	<i>944,262</i>
Benefits in kind (1)	6,573	6,573	6,731	6,731
TOTAL	1,041,674	945,299	945,457	950,993

(1): company car provided

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

The variable remuneration comprises two elements:

- additional remuneration (70% of variable remuneration), of which 70% is based on the level of achievement of consolidated EBITA objectives of the Group, and 30% based on an audience criteria calculated for all channels held by the M6 Group.

- remuneration as member of the Executive Board (30% of variable remuneration), as determined by the Supervisory Board as a function of audience criteria calculated for all channels held by the M6 Group.

The expected level of achievement of all criteria of variable remuneration has been established precisely but is not disclosed on the grounds of confidentiality.

Robin Leproux (Vice-Chairman of the Executive Board)

	2011		2012	
	Amounts paid (€) (2)	Amounts due (€)	Amounts paid (€) (2)	Amounts due (€)
Fixed remuneration	-	-	341,770	341,770
Variable remuneration (2)	-	-	-	214,436
Exceptional remuneration				
Directors' fees				
<i>Sub-total paid</i>	<i>-</i>	<i>-</i>	<i>341,770</i>	<i>556,206</i>
Benefits in kind (1)			2,639	2,639
TOTAL	-	-	344,409	558,845

(1): company car provided

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

The variable remuneration comprises two elements:

- additional remuneration (70% of variable remuneration), based on the level of achievement of M6 Publicité's annual advertising revenue objectives

- remuneration as member of the Executive Board (30% of variable remuneration), as determined by the Supervisory Board as a function of audience criteria calculated for all channels held by the M6 Group.

The expected level of achievement of all criteria of variable remuneration has been established precisely but is not disclosed on the grounds of confidentiality.

Jérôme Lefébure (member of the Executive Board)

	2011		2012	
	Amounts paid (€) (2)	Amounts due (€)	Amounts paid (€) (2)	Amounts due (€)
Fixed remuneration	265,005	265,005	310,771	310,771
Variable remuneration (2)	168,904	124,521	124,521	126,995
Exceptional remuneration				
Directors' fees				
<i>Sub-total paid</i>	<i>433,909</i>	<i>389,526</i>	<i>435,292</i>	<i>437,766</i>
Benefits in kind (1)	4,414	4,414	4,414	4,414
TOTAL	438,323	393,940	439,706	442,180

(1): company car provided

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

The variable remuneration comprises two elements:

- additional remuneration (70% of the variable remuneration) based on the level of achievement of consolidated EBITA objectives of the Group, as defined by the Supervisory Board.

- remuneration as member of the Executive Board (30% of the variable remuneration) as determined by the Supervisory Board as a function of audience criteria calculated for all channels held by the M6 Group.

The expected level of achievement of all criteria of variable remuneration has been established precisely but is not disclosed on the grounds of confidentiality.

Pursuant to Article L. 225-102-1, sections 1 and 2 of the Commercial Code, information on Catherine Lenoble's remuneration, a member of the Executive Board until 31 March 2012, is disclosed below:

Catherine Lenoble (member of the Executive Board)

	2011		2012	
	Amounts paid (€) (2)	Amounts due (€)	Amounts paid (€) (2)	Amounts due (€)
Fixed remuneration	320,008	320,008	73,848	73,848
Variable remuneration (2)	186,580	106,875	132,875	26,000
Exceptional remuneration (3)			400,000	
Directors' fees				
<i>Sub-total paid</i>	<i>506,588</i>	<i>426,883</i>	<i>606,723</i>	<i>99,848</i>
Benefits in kind (1)	3,534	3,534	884	884
TOTAL	510,122	430,417	607,607	100,732

(1): company car provided

(2): variable remuneration due in respect of a year is paid the following year. In 2012, the variable remuneration was paid in the same year.

The variable remuneration comprises two elements:

- additional remuneration (70% of the variable remuneration) based on the level of achievement of M6 Publicité's annual advertising revenue objectives

- remuneration as member of the Executive Board (30% of the variable remuneration) as determined by the Supervisory Board, as a function of audience criteria calculated for all channels held by the M6 Group.

The expected level of achievement of all criteria of variable remuneration has been established precisely but is not disclosed on the grounds of confidentiality.

Regarding Catherine Lenoble's supplementary remuneration for the first quarter of 2012, the Supervisory Board has approved the payment to Catherine Lenoble of a lump sum of €26 thousand, which corresponds to the pro rate temporis average of remuneration paid during the last three financial years.

(3): The Supervisory Board has approved the payment of exceptional remuneration to Catherine Lenoble, based on the business performance of the advertising agency and revenue growth of the past five years (12.6% growth between 2007 and 2011, i.e. an increase of €93.5 million).

2.3.1.3. Benefits subsequent to term of office

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

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

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

Employer contributions recognised by the Company during the 2012 financial year in respect of retirement commitments were as follows:

<u>Name</u>	<u>Amount paid</u>
Nicolas de Tavernost	€14,538
Thomas Valentin	€14,538
Robin Leproux	€12,115
Jérôme Lefébure	€14,538
Catherine Lenoble	€3,634

It should be noted that every member of the Executive Board and employees concerned by this regime pay an annual contribution, which is supplemented by an employer contribution.

Lastly, it should be noted that the members of the Executive Board other than Nicolas de Tavernost are subject to a non-competition clause in their employment contracts. Details of this obligation are contained in the table on components of Executive Board members' remuneration set out in section 2.3.3.1 of this document.

2.3.1.4. Compensation for breach of contract

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

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

The revisions to the compensation terms of Catherine Lenoble, Thomas Valentin, Robin Leproux and Jérôme Lefébure, presented below, have been formalised by the signing of an addendum to their respective employment contracts and duly authorised by the Supervisory Board. It is stipulated that Catherine Lenoble no longer benefits from the mechanism described below, having decided to retire as from 31 March 2012.

a) Basis of compensation for breach of contract

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

It is specified, for the purposes of the calculation of this amount, that the remuneration as a member of the Executive Board is excluded from the basis of the calculation of compensation for Thomas Valentin, Robin Leproux and Jérôme Lefébure, to the extent that the contractual compensation for breach of contract from which they benefit is part of their employment contract.

b) Event of payment of compensation for breach of contract

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

c) Maintained performance conditions

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

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

Payment of severance pay is subject to prior acknowledgement by the Supervisory Board that the performance condition has been fulfilled.

The termination of Catherine Lenoble's term of office as member of the Executive Board in charge of Advertising did not give rise to the payment of the above-mentioned compensation for breach of contract, since retirement is treated as a resignation.

Furthermore, Robin Leproux benefits from the above-mentioned mechanism, it being specified that the entitlement to compensation is acquired gradually over the first twenty four months of employment and may not subsequently exceed this amount.

2.3.2. Allocation of options to subscribe or purchase shares and allocation of free shares to members of the Executive Board

2.3.2.1. Allocation policy

On 10 March 2009, the Supervisory Board decided to introduce a number of rules to provide a future framework for all allocations of options to subscribe or to purchase shares and all allocations of free shares for the benefit of members of the Executive Board.

a) Allocation limits

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

- Collective limits

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

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

- Individual limits

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

The cumulative amount, determined under IFRS 2, of options to subscribe or to purchase shares and free shares allocated to Thomas Valentin, Robin Leproux or Jérôme Lefébure during a given year may not exceed 100% of their gross remuneration, fixed and variable, due in respect of the year preceding the year of allocation.

b) Performance conditions

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

- an internal performance condition identical to that applied to all beneficiaries of each allocation plan, and set in 2007, 2008, 2009, 2010, 2011 and 2012 compared to an objective of earnings per share or consolidated net profit;

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

c) Additional investment condition for the allocation of free shares

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

d) Retention commitment

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

e) Long-term incentive plan (LTIP)

At its meeting held on 26 July 2011, the Supervisory Board of the Company authorised the implementation of a long-term incentive plan for the benefit of 25 senior executives, some of whom are members of the Executive Board. This plan will be subject to the achievement of cumulative performance targets for the years 2011 to 2013, based on value creation and their continued presence within the Group at 30 April 2014. These members of the Executive Board may be granted a maximum of 140,500 free shares out of the 500,000 shares reserved for all beneficiaries, subject to a further retention period of

two years of additional presence within the Group for delivery of the shares in April 2016.

f) Other provisions applicable to members of the Executive Committee in the area of options and free shares

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

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

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

- For 2012:
 - from 14 January to 16 February 2012
 - from 12 April to 5 May 2012
 - from 24 June to 26 July 2012
 - from 16 October to 8 November 2012.
- For 2013:
 - from 19 January to 21 February 2013
 - from 13 April to 15 May 2013
 - from 23 June to 25 July 2013
 - from 29 September to 31 October 2013.

2.3.2.2. Options allocated to members of the Executive Board during 2012

During the financial year, no option was allocated to any Executive Board member

Name	N° and date of plan	Nature of options	IFRS 2 value of options	Number of options allocated in 2012	Exercise price	Period of exercise
Nicolas de Tavernost	n°: - date: -	-	-	-	-	-
Thomas Valentin	n°: - date: -	-	-	-	-	-
Jérôme Lefébure	n°: - date: -	-	-	-	-	-
Robin Leproux	n°: - date: -	-	-	-	-	-
Catherine Lenoble	n°: - date: -	-	-	-	-	-
TOTAL						

2.3.2.3. Options exercised by members of the Executive Board during 2012

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

Name	N° and date of plan	Number of options exercised in 2012	Exercise price
Nicolas de Tavernost	n°: - date: -	-	-
Thomas Valentin	n°: - date: -	-	-
Jérôme Lefébure	n°: - date: -	-	-
Catherine Lenoble	n°: - date: -	-	-
Robin Leproux	n°: - date: -	-	-
TOTAL		-	-

2.3.2.4. Free share allocation plan

a) Free shares allocated to members of the Executive Board during 2012

In accordance with the authorisation granted by the Combined General Meeting of 4 May 2011 in its 11th resolution, the Executive Board decided on 27 July 2012 to grant free shares following the approval by the Supervisory Board on the 24 July 2012.

This allocation plan relates to 487,750 shares (maximum allocation), granted to 185 beneficiaries under the conditions of being members of staff on 27 July 2014.

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

Nom (3)	N° and date of plan	Number of shares granted during 2012	IFRS 2 value of shares (1)	Date of final allocation	Performance conditions (2)	Date of availability
Nicolas de Tavernost	n°: AAAG11270712 Date: Board of 27 July 2012	20,000	8.1	27 July 2014	Achievement by the Group of a performance condition based on consolidated net profit at 31 December 2012	27 July 2016
Thomas Valentin	n°: AAAG11270712 Date: Board of 27 July 2012	10,000	8.1	27 July 2014		27 July 2016
Jérôme Lefébure	n°: AAAG11270712 Date: Board of 27 July 2012	7,000	8.1	27 July 2014		27 July 2016
Robin Leproux	n°: AAAG11270712 Date: Board of 27 July 2012	7,000	8.1	27 July 2014		27 July 2016
TOTAL		44,000				

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

(2) The expected level of achievement has been determined precisely but has not been disclosed on grounds of confidentiality.

(3) Due to her retirement, Catherine Lenoble forfeited her entitlements to free shares

For plans subject to performance conditions, the above states benchmark data corresponding to the specified target being achieved.

The net profit achieved for the 2012 financial year enables member of the Executive Board to receive their maximum allocation of free shares, namely 44,000 shares, subject to their being employed by the Group on 27 July 2014.

The shares allocated in 2011 and in 2012 to the members of the Executive Board represent 3.7% of the total amount authorised by the Extraordinary General Meeting of 4 May 2011, thereby complying with the decision of the Supervisory Board of 10 March 2009. It should be noted that this decision, in accordance with the AFEP/MEDEF recommendation, caps the total amount of free shares allocated to all members of the Executive Board determined under IFRS to a maximum of 15% of the total amount authorised by the Extraordinary General Meeting.

b) Free shares allocated to members of the Executive Board in the previous year (2011)

In relation to the allocation of free shares on July 2011, at its meeting held on 14 February 2012, the Supervisory Board approved the additional performance condition set for the Executive Board, which required that the Group's share of gross advertising revenues be in excess of 20% in the relevant financial year (2011) and in the following year (2012).

This performance condition was achieved during both financial years.

c) Free shares allocated definitively to members of the Executive Board during 2012

Name	N° and date of plan	Number of shares allocated finally in 2012	Acquisition conditions (1)
Nicolas de Tavernost	n°: AAAG09270710 Date: Board of 26 July 2010	12,650	Achievement by the Group of a performance condition based on consolidated net profit for the year to 31 December 2010 and subject to being employed by the Group in July 2012.
Thomas Valentin	n°: AAAG09270710 Date: Board of 26 July 2010	8,280	
Jérôme Lefébure	n°: AAAG09270710 Date: Board of 26 July 2010	6,900	
Catherine Lenoble	n°: AAAG09270710 Date: Board of 26 July 2010	-	
TOTAL		27,830	

(1) The expected level of achievement has been determined precisely but has not been disclosed on grounds of confidentiality.

These shares resulted from the free share plan of 27 July 2010 which, for the Executive Board, must be conditional not only on the achievement of the consolidated net profit objective, but also in the achievement of an advertising market share for 2010 and 2011. Given the overachievement, the number of shares definitively allocated is equal to the maximum number authorised.

These shares already issued were thus granted on 27 July 2012, the 2010-11 performance condition having been validated by the Supervisory Board in February 2012.

No shares were granted in July 2012 to Catherine Lenoble owing to her departure.

d) Free shares vested during the financial year 2012

Nom	N° and date of plan	Number of shares allocated finally in 2012	Acquisition conditions (1)
Nicolas de Tavernost	n°: AAAG04060508 Date: Board of 6 May 2008	11,805	Achievement by the Group of a performance condition based on consolidated net profit for the year to 31 December 2008 and subject to being employed by the Group in May 2010.
Thomas Valentin	n°: AAAG04060508 Date: Board of 6 May 2008	7,727	
Jérôme Lefébure	n°: AAAG04060508 Date: Board of 6 May 2008	5,366	
Catherine Lenoble	n°: AAAG04060508 Date: Board of 6 May 2008	6,439	
TOTAL		31,337	

(1) The expected level of achievement has been determined precisely but has not been disclosed on grounds of confidentiality.

2.3.3. Analysis of Executive Board members' remuneration

2.3.3.1. Nature of factors comprising the remuneration of Executive Board members

	Employment contract		Supplementary retirement plan		Compensation or benefits due or likely to be due with the cessation or change of duties		Compensation in respect of a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Nicolas de Tavernost Chairman of the Executive Board Date appointed: 26/05/2000 Expiry date of appointment: 25/03/2015	✓ ¹		✓ ²		✓ ³			✓
Thomas Valentin Vice-Chairman of the Executive Board Date appointed: 26/05/2000 Expiry date of appointment: 25/03/2015	✓		✓ ²		✓ ³		✓ ⁴	
Robin Leproux Member of the Executive Board Date appointed: 31/03/2012 Expiry date of appointment: 25/03/2015	✓		✓ ²		✓ ³		✓ ⁴	
Jérôme Lefébure Member of the Executive Board Date appointed: 25/03/2010 Expiry date of appointment: 25/03/2015	✓		✓ ²		✓ ³		✓ ⁴	
Catherine Lenoble Member of the Executive Board Date appointed: 28/01/2001 Expiry date of appointment: 31/03/2012	✓		✓ ²		✓ ³		✓ ⁴	

¹ See 2.3.1.3. Employment contract suspended since 6 December 1990 until the end of his term of office as Chairman of the Executive Board.

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

³ See 2.3.1.

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

Robin Leproux agreed to, in respect of his employment contract, a non-competition commitment of 12 months for compensation of 6 months fixed remuneration.

Jérôme Lefébure agreed to, in respect of his employment contract, a non-competition commitment of 3 months for compensation of 1.5 months fixed remuneration.

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

2.3.3.2. Valuation of remuneration elements of members of the Executive Board (€)

Nicolas de TAVERNOST	2011	2012
Remuneration due in respect of the year	1,620,082	1,633,532
Value of options allocated during the year	0	0
Value of performance-based shares allocated during the year (*)	137,900	162,000
TOTAL	1,757,982	1,795,532

Thomas VALENTIN	2011	2012
Remuneration due in respect of the year	945,299	950,993
Value of options allocated during the year	0	0
Value of performance-based shares allocated during the year (*)	89,635	81,000
TOTAL	1,034,934	1,031,993

Robin LEPROUX	2011	2012
Remuneration due in respect of the year	-	558,845
Value of options allocated during the year	-	0
Value of performance-based shares allocated during the year (*)	-	56,700
TOTAL	-	615,545

Jérôme LEFEBURE	2011	2012
Remuneration due in respect of the year	393,940	442,180
Value of options allocated during the year	0	0
Value of performance-based shares allocated during the year (*)	75,845	56,700
TOTAL	469,785	498,880

(*) based on the benchmark number of free shares allocated and a share price of €8.1 calculated in accordance with IFRS 2.

Pursuant to Article L. 225-102-1, paragraphs 1 and 2 of the Commercial Code, the information relating to the remuneration of Catherine Lenoble, member of the Executive Board until 31 March 2012, is detailed below:

Catherine LENOBLE	2011	2012
Remuneration due in respect of the year	430,417	100,732
Value of options allocated during the year	0	-
Value of performance-based shares allocated during the year (*)	137,900	-
TOTAL	568,317	100,732

(*) based on the benchmark number of free shares allocated and a share price of €8.1 calculated in accordance with IFRS 2

2.3.4. Supervisory Board attendance fees

The Ordinary General Meeting of 3 May 2012 set the total amount of attendance fees to be apportioned between Supervisory Board members at €236,000, as against €180,000 in 2011.

The Board decided to maintain the apportion rules taking into account the nature of their duties (Chairman of the Board, Chairman or Committee members, member of the Board) and attendance of each member at Board and Committee meetings, as recommended by the AFEP-MEDEF corporate governance code.

In 2012, attendance fees were therefore allocated as follows:

Theoretical individual allocation of fees	Scale	Number of persons concerned	Total
Chairman of the Supervisory Board	€23,000	1	€23,000
Chairmen of Committees	€15,500	2	€31,000
Members of Committees	€11,000	5	€55,000
Other members of the Board	€8,000	5	€40,000
Fixed part			€149,000
Variable part of total amount to be allocated			€87,000
Total			€236,000

Given the attendance rate of Board members and their effective terms of office, attendance fees of €226,000.00 were apportioned in 2012. Their individual allocation is set out in the following table:

Members of the Supervisory Board	Attendance fees paid in 2011	Attendance fees paid in 2012
Albert FRERE	€20 400 *	€26 000 *
Gérard WORMS	€16 500	€22 500
Guy de PANAFIEU	€16 500	€23 500
Gerhard ZEILER	€13 800 *	€4 585 *
Guillaume de POSCH	€0	€12 415 *
Remy SAUTTER	€13 800	€20 000
Gilles SAMYN	€13 800 *	€21 992 *
Jean LAURENT	€13 612	€6 697
Mouna SEPEHRI	€0	€8 311
Elmar HEGGEN	€12 345 *	€18 000 *
Delphine ARNAULT	€10 800	€12 000
Philippe DELUSINNE	€10 800 *	€12 000 *
Vincent de DORLODOT	€10 800 *	€13 000 *
Andrew BUCKHURST	€10 800 *	€4 689 *
Christopher BALDELLI	€0	€7 311
Immobilière Bayard d'Antin	€10 800	€13 000
	€174 757	€226 000

* including 25% retained at source

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

2.4. Supplementary information on the membership of the Executive Board and Supervisory Board

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

In addition, to the best of the Company's knowledge, at the date of preparation of this document, there is:

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

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

- a minimum holding of 100 shares by each member of the Supervisory Board during their term of office;
- a ban on trading in the Company's shares during periods to be defined annually by the Executive Board to prevent insider trading (no-trade periods are listed in section 2.3.2.1 of this document).

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

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

These rules state that by reason of the nature of their position and their duties, the Board members of M6, namely the members of the Executive Board and the Supervisory Board, may have access to privileged information. Privileged information means particular non-public information, directly or indirectly relating to one or several issuers or one or several financial instruments, which, if it became public knowledge, might affect the price of the M6 share (revenue, performance, proposals of every kind, etc.).

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

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

2.5. Statutory Auditors

		Address	Date of first appointment	Last year of financial instruments to be audited	Expiry date of appointment
PRINCIPAL AUDITORS					
Ernst & Young et Autres	Bruno PERRIN	Tour First, 1, place des Saisons 92400 Courbevoie	2002	2013	AGM 2014
PricewaterhouseCoopers Audit	Marc GHILIOTTI	63, rue de Villiers 92208 Neuilly sur Seine Cedex	2008	2013	AMG 2014
ALTERNATE AUDITORS					
AUDITEX		Tour First, 1, place des Saisons 92400 Courbevoie	2008	2013	AGM 2014
Etienne BORIS		63, rue de Villiers 92208 Neuilly sur Seine Cedex	2008	2013	AGM 2014

The two Principal Auditors are members of the Compagnie Régionale des commissaires aux comptes de Versailles.

2.6. Report of the Chairman of the Supervisory Board on corporate governance and internal control procedures and risk management

To the shareholders,

In accordance with the Law and in my capacity as Chairman of the Supervisory Board of METROPOLE TELEVISION, I am honoured to present this report on the performance, planning and organisation of the work of the Supervisory Board and on the internal control procedures implemented by the Company.

This report also specifies the principles and rules used to determine all nature of remuneration and benefits granted to Board members.

This report, prepared by the Chairman with the support of the Finance Department, the Legal Department, the Audit Department and the Group's Risk Manager, was approved by the Supervisory Board on 2 April 2013.

As regards corporate governance, our company refers to the *Corporate Code of Governance for listed companies of December 2008, updated in April 2010, prepared by the AFEP-MEDEF*.

The AFEP-MEDEF Code can be obtained from: www.medef.com.

I - ORGANISATION AND OPERATION OF THE SUPERVISORY BOARD

1.1 Membership of the Supervisory Board

The Supervisory Board comprises 13 members, including 12 individuals and 1 legal entity, appointed pursuant to Company bylaws.

When the Supervisory Board was last renewed, members were appointed for terms of 2, 3 or 4 years in accordance with Article 20.2 of the bylaws, in order to introduce staggered terms of office and thus comply with the AFEP/MEDEF recommendation on this matter. At the end of each of these periods, the term of office of each member may be renewed for a further period of four years.

At 31 December 2012, the Board was made up of the following members:

- Albert Frère, Chairman,
- Gérard Worms, Vice-Chairman and Chairman of the Remuneration and Appointment Committee,
- Guy de Panafieu, Chairman of the Audit Committee,
- Elmar Heggen, member of the Audit Committee,
- Guillaume de Posch, member of the Remuneration and Appointment Committee,
- Gilles Samyn, member of the Remuneration and Appointment Committee and member of the Audit Committee,
- Rémy Sautter, member of the Audit Committee,
- Delphine Arnault,
- Immobilière Bayard d'Antin, represented by Catherine Lenoble.
- Mouna Sepehri,
- Christopher Baldelli,
- Philippe Delusinne,
- Vincent de Dorlodot.

Eight of these members are French nationals and five are Europeans, including four Belgian nationals and one German.

The term of office of each member is specified in the registration document (2.1.1).

Pursuant to addendum no 3 to the Agreement between the Company and the Conseil Supérieur de l'Audiovisuel, to the bylaws and to the Internal Regulations of the Company, the Supervisory Board confirmed that at least one third of its members are independent since, after consideration of the individual position of each of its members with regards to the criteria of independence determined by the Board and listed hereafter, six of its members are considered to be independent.

The AFEP-MEDEF Governance Code states that a member who does not meet all criteria may be deemed independent by the Board, or, conversely, a member who meets all the criteria may be deemed not independent.

According to the Supervisory Board's internal regulations, a member is considered to be independent if he/she satisfies the following criteria on the date upon which his/her status as an independent member is assessed (without indication to the contrary) during the course of the previous five (5) years, and:

- is not an employee, a director or directly linked to a director of a related Group company or a company which controls the Company in the sense of Article L233-3 of the Commercial Code;
- is not a director or directly linked to a director of a company over which a Group company directly or indirectly exercises a term of office;
- is not one of the Group's customers, suppliers or service providers, nor an employee of one of the Group's customers, suppliers or service providers;
- is not a member of a Company director's immediate family;
- does not (i) represent a shareholder of the Company or its parent company, participating in the control of the Company, and (ii) the Board should question the independence of persons with a shareholding or Company voting rights in excess of a threshold of 10%, taking into consideration the composition of the Company's share capital and the potential conflict of interests.

During the preparation and approval of the said internal regulations, it was decided that the certain independence criteria of the AFEP/MEDEF Reference Code should be ignored:

Recommendations disregarded	Justification
Not to be a member of the Supervisory Board for more than 12 years (§ 8.4 of the Code)	In assessing the independence criteria, it was decided to disregard the maximum tenure of 12 years as a member of the Supervisory Board, as it was considered that this limitation is not appropriate for Supervisory Boards, whose role is fundamentally different to that of Boards of Directors, for which this criterion was defined. Since the Supervisory Board is not responsible for the Company's management, which is the Executive Board's sole responsibility, but for its oversight and control, it was considered that the duration of terms of office is irrelevant when assessing the independence of members exercising their supervisory duties.
2/3 of Audit Committee members must be independent (§ 14 of the Code)	The recommendation that two thirds of members be independent is not complied with within the Audit Committee due to the presence of a long-standing principal shareholder whose rights are

limited by the Law of 30 September 1986 and the broadcasting licence granted by the Conseil Supérieur de l'Audiovisuel on 1 March 1987.

The other independence criteria set out by the AFEP-MEDEF Code are complied with.

The members of the Board currently deemed to be independent are:

- Albert Frère,
- Gérard Worms,
- Guy de Panafieu,
- Delphine Arnault,
- Mouna Sepehri
- Gilles Samyn.

By signing Internal Regulations, the Board members have approved the conditions for qualifying as independent members and have committed to verify every year that the qualification conditions are complied with.

The list of positions held by each member is disclosed in paragraph 2.1 of the Group's 2012 Registration Document.

As regards male and female representation on the Board, we remind you that the Board comprises three female members, which makes the Company strictly compliant with the provisions relative to a "balanced male and female representation within boards of directors and supervisory boards and gender equality at work" introduced by the Law n°2011-103 of 27 January 2011 and the AFEP-MEDEF Code.

23% of Supervisory Board members are therefore female. When the next terms of office are due for renewal in 2014, 2015 and 2016, the Company will continue to increase the number of female members in compliance with the next legal deadlines and in accordance with its own Reference Code.

1.2 Conditions of preparation of the work of the Supervisory Board

Prior to each of its meetings, the Executive Board provides members of the Supervisory Board with all necessary information and documents to prepare their meetings, in the form of a file covering all items of the agenda and presenting Group operations during the last quarter as well as the various projects submitted for approval by the Board.

Each member of the Supervisory Board is also provided with all the Company's corporate communications throughout the year.

Works Council representatives also benefited from the same information as Supervisory Board members.

1.3 Supervisory Board meetings

Notices of meetings are sent in writing by the Chairman to Board members and Works Council representatives on average ten days before the date of the meeting.

In 2012, the Supervisory Board met five times in compliance with the quarterly legal framework and the schedule of decisions submitted to it for approval.

The overall attendance rate of its members was 87.7% in 2012, and at least one Works Council representative attended each meeting. A detailed table of the attendance of each Board member is provided in paragraph 2.1 of the registration document.

Minutes are prepared at the end of every Board meeting. These are formally approved at the following Supervisory Board meeting.

Statutory Auditors were specifically requested to attend the two Supervisory Board meetings at which the annual and interim financial statements were reviewed.

1.4 Supervisory Board's internal regulations

At its first meeting on 20 May 2000, the Supervisory Board adopted its own internal regulations, completed in April 2003, which primarily specified and completed the Company's bylaws regarding its organisation and operation: in particular, arrangements for Board meetings, how the Board exercises its powers, as well as membership, purpose and attributions of its Committees. Internal regulations are posted on the Company's website.

Reaffirming its commitment to corporate governance rules, in its meetings of 30 April 2003 and 6 May 2008 the Supervisory Board updated its internal regulations with a more detailed text that includes best practices and provides it with the resources to operate more efficiently and better serve the Company and its shareholders.

Upon the reappointments and appointments which took place at the Combined General Meeting of 3 May 2012, internal regulations were updated to include the latest recommendations from the AMF, the AFEP-MEDEF Code and the Poupart Lafarge report dated 22 July 2010. Internal regulations were formally readopted by the members of the Supervisory Board at its meeting of 27 July 2012. The main changes related to:

- the equal representation of men and women;
- obligations related to holding confidential information and the prevention of insider dealings and misconduct;
- conflicts of interest and the acceptance of additional terms of office;
- the Supervisory Board's assessment;
- the assignments and operation of the Audit Committee.

Internal regulations specify the role and the *modus operandi* of the Board and its Committees in accordance with the Law, Métropole Télévision's bylaws and the corporate governance rules mentioned in the AFEP-MEDEF Code and the Poupart Lafarge report in the Audit Committee dated 22 July 2010.

The first Article sets out the status and obligations of Board members. Their principal obligations include:

- legal and statutory obligations pertaining to their status as members of the Supervisory Board;
- terms and conditions of attendance and expertise and independence criteria;
- equal representation of men and women;
- obligations relating to ownership of Company shares;
- obligations regarding confidentiality;
- other obligations of members of the Supervisory Board, particularly the obligation, valid for all Board members, of:
 - disclosing to the Board any situation of conflict of interest, even potential, between them and the Company or the Group, where these are not current agreements concluded at arm's length,
 - and must abstain from voting on the corresponding deliberations of the Board or in competitive situations, notably when accepting additional terms of office.

Internal Regulations also specify the operating rules and the terms and conditions of governing Board meetings:

- convening, frequency and conditions for holding the meetings;
- Board Secretary and drafting of minutes.

They set out the principles and conditions for the Board exercising its powers:

- committee operation, expertise and role;
- access to and circulation of information.

The Board's Internal Regulations also structure how the Committees operate, particularly in relation to the following:

- composition of the various Board committees (Audit Committee and Remuneration and Appointment Committee);
- the operating rules and the definition of the missions and responsibilities of the various Board Committees.

1.5 Matters discussed by the Supervisory Board in 2012

The key undertakings of the Supervisory Board during the 2012 financial year mainly concerned:

- interim and annual consolidated financial statements;
- the budget for the 2013 financial year;
- the results for the quarters ended 31 March and 30 September 2012;
- major investment projects, in particular in programmes;
- the renewal of the share buyback agreement for subsequent cancellation and the treasury management agreement with RTL Group;
- the renewal of the authorisation given to the Executive Board to grant deposits, guarantees and sureties.

The Executive Board also informed or sought the opinion of the Supervisory Board even when its prior approval was not necessary.

1.6 Self-assessment by the Supervisory Board

The Board reviews its own modus operandi once a year at one of its meetings, using a questionnaire issued to each member to evaluate the Supervisory Board's operating rules, which each member completes anonymously. An evaluation analysis is then presented to the Board.

The following emerged from the review in 2012:

- the Board benefits from the independence and the resources necessary to carry out its mission,
- the information available to Board members is highly satisfactory, owing to the supporting documentation provided prior to each Board meeting, which allows members to familiarise themselves with matters being discussed, and the attendance of Executive Board members at meetings;
- meetings are carried out efficiently and in a manner that promotes quality and fully transparent discussions;
- the specialised Committees regularly report on their work in a comprehensive and thorough manner;
- the key improvements highlighted relate to the delivery of studies or analyses performed by third parties.

1.7 Remuneration and Appointment Committee

The Remuneration and Appointment Committee comprises three members appointed for the duration of their term of office as members of the Supervisory Board.

At 31 December 2012, the Committee was chaired by Gérard WORMS and was made up of the following members:

- Gérard WORMS, independent member,
- Gilles SAMYN, independent member,
- Guillaume de POSCH.

The Committee thus comprises a two-thirds majority of independent members, in accordance with the criteria mentioned above in paragraph 1.1.

As defined in the Internal Regulations, the Remuneration and Appointment Committee meets at least

once a year and has the following responsibilities:

- to create proposals for the remuneration of members of the Supervisory Board and the Executive Board;
- to review the free share allocation plan or plans of which Executive Board members and employees are beneficiaries;
- to consider every candidate for appointment or replacement of any member of the Executive and the Supervisory Board, ensuring that the criteria for an independent member of the Supervisory Board are complied with.

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

The Committee met twice in 2012, on 9 February and 23 July, and ruled on:

- the calculation of the Executive Board members' variable remuneration for 2011;
- the definition of objectives for the calculation of Executive Board members' variable remuneration for 2012;
- the terms and conditions of Catherine Lenoble's retirement;
- the appointment of Robin Leproux as member of the Executive Board;
- the achievement of performance conditions for releasing the free share allocation plan of 2010, with delivery on 28 July 2012, and 2011, with delivery on 27 July 2013;
- an amendment to Jérôme Lefébure's remuneration package;
- the review of the 2012 performance target for the calculation of variable remuneration;
- the conditions for the annual allocation of free shares.

The Committee reported on its work to the Supervisory Board, which took note of it and followed all of the Committee's recommendations.

The attendance rate of its members was 100% in 2012.

o Audit Committee

As regards the Audit Committee, the Company refers to the report of the AMF workgroup chaired by Mr Poupart-Lafarge on the Audit Committee dated 22 July 2010.

▪ Membership

The Audit Committee comprises four members selected for their expertise. Two of the members are independent members in light of the above-mentioned criteria of section 1.1.

At 31 December 2012, the Committee was chaired by Guy de PANAFIEU and was made up of the following members:

- Guy de PANAFIEU, independent member
- Gilles SAMYN, independent member
- Rémy SAUTTER
- Elmar HEGGEN

Guy de PANAFIEU and Gilles SAMYN are independent members in light of the above-mentioned criteria in section 1.1.

The Chairman organises and structures the work of the Committee.

▪ Expertise

All members of the Audit Committee have the appropriate accounting and financial expertise, as evidenced by their past or current professional positions:

Guy de PANAFIEU is deemed to have the relevant financial expertise due to his previous tenures as Chief Executive Officer and Director of several major international corporations and his current position as Senior Advisor to Crédit Agricole Corporate and Investment Bank and as a director of SANEF SA and Médica SA.

Gilles SAMYN was selected by the Board for his professional experience in the financial field, acquired in particular in his capacity as Deputy CEO of the Frère Group and Compagnie Nationale à Portefeuille.

Rémy SAUTTER was selected by the Board for his financial expertise acquired throughout his career, in particular as former Chief Financial Officer of the Havas agency, as current Chairman of the Supervisory Board of Ediradio (RTL) and as a current director of Pages Jaunes SA and current Chairman of Technicolor SA.

Elmar HEGGEN holds an MBA in finance and has held a variety of finance and strategy positions, which led to his current position as Chief Financial Officer and Head of Corporate Center of RTL Group.

▪ Operation

Based on the Internal Regulations, completed with recommendations from the AMF (Final report on audit committees, dated 22 July 2010), the Audit Committee defined its Operating Charter in July 2011.

The Audit Committee meets at least twice a year and has the following responsibilities:

- matters relating to the monitoring of the process of preparing financial and accounting information:
 - monitoring of system architecture used to prepare both historic and forecast accounting and financial information;
 - review of accounting and financial information, in particular the accounting reflection of significant events or complex transactions which had an impact on the financial statements;
 - monitoring of the press release preparation process on publication of the full-year and half-year financial statements and quarterly reporting;
- matters relating to the monitoring of internal control and risk management system efficiency:
 - assess the Group's internal control systems with internal control officers;
 - ensure internal control and risk management systems are efficient;
 - monitor how the weaknesses and malfunctions are identified and corrective actions are taken into consideration.
- matters relating to the monitoring of the legal audit:
 - ensure the legal audit of parent company and consolidated financial statements is carried out by the Statutory Auditors;
 - review the Statutory Auditors' findings in order to get a better understanding of major areas of risk or uncertainty in the parent company and consolidated financial statements, their audit approach or the difficulties they may have encountered;
 - evaluate the candidates put forward for appointment as Statutory Auditors, their remuneration and appropriateness in light of assignments;
 - ensure the Alternate Statutory Auditors are effectively involved;

- matters relating to the monitoring of the Statutory Auditors' independence:
 - monitoring of compliance by the Statutory Auditors with provisions relative to inconsistencies in their duties, as provided by their professional rules.

In order to fulfil its mission, the Audit Committee is provided with all the documents it deems useful and consults with all persons it deems necessary or useful to carry out its review, particularly with the Statutory Auditors (including at least one meeting without the Executive Board and Financial Department in attendance), the CFO and his principal assistants. A detailed file is prepared by the Company's financial staff for each Audit Committee meeting.

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

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

Audit Committee meetings relative to the review of full-year and half-year financial statements are always held between the approval of the financial statements by the Executive Board and the subsequent meeting of the Supervisory Board.

The Committee met four times in 2012. Its work included:

- the review of the parent company and consolidated financial statements;
- the review of the interim consolidated financial statements at 30 June and quarterly consolidated financial statements at 31 March and 30 September;
- the 2013 budget;
- the review of the financial parts of the Registration Document;
- the treasury position and the working capital requirements of the Group;
- a follow-up of the year's internal control assignments;
- the review of the risk-mapping;
- 2012 assignments and fees of the Statutory Auditors and the 2012-2013 audit plan;
- the review of the audiovisual rights portfolio and the various methods of recognition of audiovisual rights;
- the follow-up of financial reporting.

The Committee reported on its work to the Supervisory Board, which was duly noted. Minutes of every meeting are prepared and approved at the following meeting.

The attendance rate of its members was 87.5% in 2012.

The Audit Committee carries out an assessment of its own operation on an annual basis by filling out the Supervisory Board's assessment questionnaire provided to all Board members, a section of which is reserved for the Audit Committee.

The 2012 assessment highlighted that:

- the Committee is able to carry out due diligence on the scope of responsibility assigned to it;
- the necessary information provided to the Committee is sufficient;
- free access to the Chief Financial Officer, the Statutory Auditors and Internal Audit facilitates the performance of its duties;
- the necessary time is devoted to performing the various duties entrusted to the Committee.

II - PRINCIPLES AND RULES GOVERNING BOARD MEMBERS' REMUNERATION

2.1 Remuneration of Supervisory Board members

The Board apportions the total amount of attendance fees set by the General Meeting of 3 May

2012 between its members. This amount should be understood to be a maximum amount, the full payment of which is subject to the achievement of an attendance rate of 100%.

The total amount of fees is allocated by the Supervisory Board pro rata to the time given to the function during the period, taking account of the quality of the Chairman of the Board or its Committees and the contribution by members to the Board and to the Committees. It also takes account of members' attendance, as is recommended in the AFEP-MEDEF Code of corporate governance.

Upon the proposal of the Remuneration Committee, the total directors' fees is apportioned as follows:

- **a fixed element** equal to 63% of the total amount, which stands at €149,000, apportioned pro rata over the effective duration of service during the period and reflecting the responsibilities exercised within the Supervisory Board and potential membership of committees,
- **a variable element** equal to 37% of the total amount, which stands at €87,000, which is paid, depending on the attendance at Board and Committee meetings during the period.

A total of €226,000 was paid to members of the Supervisory Board in respect of 2012 (out of the €236,000 maximum approved by the General Meeting). Details of these payments are included in section 2.3.4 of this registration document.

2.2 Remuneration of Executive Board members

Every year, the Supervisory Board, upon proposal by the Remuneration Committee, sets the Executive Board members' remuneration policy with reference to the AFEP/MEDEF recommendations on the governance of listed companies.

All members of the Executive Board cumulate an employment contract with a term of office as Director, noting that Nicolas de Tavernost's employment contract has been suspended since 6 December 1990 and will remain so until his term of office as Chairman of the Executive Board expires. The remuneration policy sets all fixed, variable and exceptional remuneration items, in addition to commitments of any nature undertaken by the Company for the benefit of its directors.

It is not only based on the performance of work results achieved, level of responsibility assumed, but also on practices observed in comparable companies and remuneration paid to other directors of the company.

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

In 2012, Executive Board members' remuneration comprised the following items:

(1) a fixed element comprising:

- a basic salary for every member of the Executive Board, paid monthly for Nicolas de Tavernost, a Director, and over 13 months for Thomas Valentin, Robin Leproux and Jérôme Lefébure, all of whom are employees.
- the value of a company car as a benefit-in-kind.

(2) a variable part comprising two elements:

- for Nicolas de Tavernost and Jérôme Lefébure, additional remuneration based on the level of achievement of consolidated EBITA objectives for the Group, as defined by the Supervisory Board.

For Robin Leproux, 70% of this remuneration is calculated by reference to net annual advertising revenue for M6 Publicité and 30% based on the level of achievement of consolidated EBITA objectives for the Group, as defined by the Supervisory Board;

For Thomas Valentin, 70% of this remuneration is calculated based on the level of achievement of consolidated EBITA objectives for the Group and 30% based on audience criteria calculated for all channels held by the M6 Group.

- Excluding Robin Leproux, remuneration as member of the Executive Board is determined by the Supervisory Board based on audience criteria calculated for all channels held by the M6 Group.

In 2012, the variable part of Executive Board members present at the end of 2012 represented a fraction of between 40% and 90% of the fixed part.

The targets set by the Supervisory Board for the payment of variable remuneration are not disclosed on confidentiality grounds.

(3) annual granting of free shares, which may be availed of at the same time as those granted to other employees of the Group and the quantity of which reflects the assessment of individual performance.

At any time, each member of the Executive Board must retain at least 20% of the shares received or exercised.

The Board meeting of 10 March 2009 also decided to introduce a number of rules to provide a framework for the future allocation of free shares for the benefit of members of the Executive Board that are now subject to collective and individual maxima as disclosed in the Group's Management Report.

These allocations are subject to demanding performance conditions, in accordance with the recommendations of the AFEP/MEDEF Code.

(4) compensation for breach of contract, noting that pursuant to the AFEP-MEDEF Code of corporate governance for listed companies, on 10 March 2009 the Supervisory Board approved the proposal of the Remuneration Committee designed to harmonise all compensation for breach of contract granted to members of the Executive Board by restricting instances where payments are due and setting a maximum of 24 months as a basis for this compensation, the payment of which remains subject to the achievement of the performance conditions set by the Supervisory Board on 3 March 2008, in accordance with the AFEP-MEDEF Code of corporate governance for listed companies.

The compensation mechanism (individual amount, payment terms, etc.) is detailed in the Group's Registration Document (section 2.3).

(5) a supplementary, compulsory and defined contribution retirement plan put in place in April 2007 for all Executives of the Group, resulting in the constitution of individual pension accounts intended to fund the payment of life annuities.

A charge of €59,363 was recognised and paid in 2012 by the Group for all members of the Executive Board.

(6) if applicable, exceptional remuneration.

No exceptional remuneration was paid during the 2012 financial year to Executive Board members present at the end of 2012.

(7) Long-term incentive plan (LTIP)

At its last meeting held on 26 July 2011, the Supervisory Board of the Company authorised the implementation of a long-term incentive plan for the benefit of 25 senior executives, some of whom are members of the Executive Board. This plan will be subject to the achievement of cumulative performance targets for the years 2011 to 2013, based on economic value creation and their continued presence within the Group at 30 April 2014. The members of the Executive Board may be granted a maximum of 140,500 free shares out of the 500,000 shares reserved for all beneficiaries, subject to a further retention period of two years of additional presence within the Group for delivery of the shares in April 2016.

III- PARTICIPATION OF SHAREHOLDERS IN GENERAL MEETINGS

The terms and conditions of participation of shareholders in General Meetings is described in Article 29 of the bylaws.

IV- FACTORS LIKELY TO HAVE AN EFFECT IN THE EVENT OF A PUBLIC OFFER

These are disclosed in the Management Report (section 3.5).

V- INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT

The present section has been prepared by the Audit and Risk Management Department and checked by the Chief Financial Officer. It was prepared on the basis of the principal conclusions arising from the work carried out in 2012 on internal control and risk management. The results of this work were considered in 2012, specifically at the time of Audit Committee meetings that were held throughout the year.

5.1 General organisation of internal control

5.1.1 Definition of internal control

In order to mitigate the risks the Group faces, M6's Executive Management set up an internal control system closely associated with operational management and which acts as a decision-making tool for Management.

This internal control is based on the benchmark of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the recommendations on corporate governance and internal control prepared by the AMF, which take into consideration legal and regulatory obligations as well as good trade practices.

The Métropole Télévision Group (Métropole Télévision SA and its subsidiaries) defines internal control as a process that consists of setting up and continuously revising appropriate management systems, with the aim of providing managers and senior executives with reasonable assurances that financial information is reliable, that legal and internal regulations are complied with and that the principal processes of the business function effectively and in an efficient manner. In addition, one of the objectives of an internal control system is to prevent and manage the risk of error or fraud.

As with all control systems, it cannot provide an absolute guarantee that these risks are fully eliminated or controlled. The mechanism implemented aims to reduce the probability of their occurrence by the implementation of appropriate action and prevention plans.

5.1.2 Summary of risks

Every year, the Group prepares and updates a summary of all the operational and functional risks incurred by its various operating and functional staff. This summary determines events that may have an adverse effect on the achievement of the Group's objectives and provides for the implementation of action plans and detailed follow-up.

This work is carried out with the support of members of the Executive Committee of the Group and the senior operating and functional executives.

This summary of risks is presented bi-annually to the Audit Committee.

The main risks facing the Group are discussed in the current Management Report, in section 4 relating to risk factors and how they are managed.

5.1.3 Allocation of operating and functional staff responsibilities

Responsibility for the control of risks is entrusted to the member of the Executive Board in charge of management operations, with the assistance of the Audit and Risk Manager who coordinates the control assignments in line with the action plan approved by the Executive Board. The Risk Manager ensures continuous monitoring of the internal control mechanism and, where appropriate, calls on external assistance.

The Métropole Télévision Group internal control system is based on all the policies and procedures defined by every functional department and by all operating units on the basis of the different risks identified:

- the internal control procedures in the area of group-wide activities are defined by functional management. They concern mainly Financial Management, Human Resources, Communications, Strategy and Development, the Legal Department and the Technical Department.

- the internal control procedures specific to operating management are defined at their respective level. Thus:

- programme management monitors the costs and risks of content;
- the advertising section seeks quality in the channels' partners and standardisation of marketing depending on the programmes;
- the management of the diversification subsidiaries (other than television) ensures the quality of their contractual partners and monitors the development of trademarks created by Group channels.

5.2 Description of internal control procedures

The commissioning of an expense management tool integrated into the financial reporting system (Oracle iProcurement) during the 2012 financial year strengthened the overall organisation of internal control on purchasing. Besides the operational contribution of this new tool, which is recognised as the benchmark in its market (numerous automated checks, strict rules for the segregation of tasks and security), the responsibilities assigned to the various internal control players and the main internal control procedures have been both updated and strengthened.

The Company took this opportunity to set up a team dedicated to purchase management. Reporting to the Group' Finance Department, this team is in charge of the management of new software, such as central order processing and monitoring.

5.2.1 General organisation of internal control procedures

In order to attain its operational and financial goals, the Group has implemented organisational and internal controls as part of the general organisation described above.

a. Corporate governance: forms and approach

Since 2000, Métropole Télévision has been a limited liability company with an Executive Board and Supervisory Board. This legal form facilitates the separation between company management, which is the responsibility of the Executive Board, and the supervision of that management, performed by the Supervisory Board. It therefore satisfies the regulatory constraints imposed by the agreement with the Conseil Supérieur de l'Audiovisuel (CSA), which governs the operation and broadcasting rules of the network.

The rules of corporate governance in the Métropole Télévision Group are set down in the bylaws (Articles 14-19 for the Executive Board and Articles 20-24 for the Supervisory Board) in the 2012 annual report and in the first part of this report.

b. Operational control participants

Internal control is monitored at all levels within the Group. The Executive Board has delegated internal control powers to the following collegial organisations or functional departments:

- The Executive Committee ensures the effective implementation of the Group's internal control policy, by monitoring and following up on the internal control work carried out across the Group. It meets twice a month. It has seventeen members, including the Executive Board, and includes the main functional and operational departments of the Group: the Programming Department, managers of the diversification, audiovisual rights, distance selling and Internet divisions, as well as the Development, Financial management, Strategy, Human resources, Legal, General Secretariat and Technical departments.
- The Management Committee is responsible for informing the Group on major decisions and communicating the internal control policy to the various entities. It meets twice a month and comprises members of the Executive Committee as well as representatives of the main operations or departments: programming, M6 programmes, studies, digital channels and Girondins de Bordeaux.
- The Finance Committee is established in subsidiaries in which the Group does not have a majority interest (TF6, Série Club and TCM). It ensures the Group is informed of major decisions and directions.
- The Group's Financial Department
 - co-ordinates and steers the weekly and monthly reporting of majority-held subsidiaries, thereby guaranteeing regular financial updates to the Group;
 - co-ordinates certain financial operations that are of importance to the Group;
 - in consultation with the subsidiaries, manages the Group's cash flow and exchange risks by setting up financial indicators and hedge instruments as it considers appropriate;
 - monitors the handling of direct and indirect taxation as part of tax planning;
 - in collaboration with the subsidiaries, maintains a network of management controllers suited to the needs of the Group's individual business units;
 - strengthens the security of accounting information and the way it is passed up through the Group for consolidation purposes.
- The Audit and Risk Management Department:
 - centralises and coordinates all aspects of risk management (risk identification), internal control (definition of internal control procedures) and internal audit (implementation of an annual internal audit plan);
 - reports its findings to the operational departments, the Executive Board and the Audit Committee.
- The Group Legal Department
 - which issues legal opinions for all Group subsidiaries;
 - liaises with the subsidiaries and other functional departments to prepare and negotiate contracts;
 - maintains a network of lawyers to monitor and manage the Group's legal risks.
- The Corporate Secretary ensures compliance with laws and provisions specific to the Group's operating activities and follows legal and regulatory developments that may have an impact on the various entities.

c. Company Internal References

In order to enable each of its employees to take part in reinforcing internal control within operations, the Company implemented the following:

- an Ethics Charter which has been communicated to, and which must be observed by all employees of the Métropole Télévision Group. This Charter details the Company's ethical values and defines the professional principles which Directors and employees must respect in their own conduct and guides their choices in actions they undertake;
- descriptive manuals specifying the operational and administrative processes applying to all its operations of whatever nature;
- an expense control procedure backed by a system for the delegation of signatory powers. These delegations of powers are updated and formalised on a regular basis as the roles and responsibilities of delegating individuals change. At the time of each modification to delegations of power, segregation of duties between the validation of an operating expense, its accounting and its payment is strictly assured. The new expense management monitoring tool introduced in 2012 reinforced this process;
- procedure for artistic validation of programming content, ensuring it respects editorial and ethical values and current legislation. This procedure is enacted by preparing recommendations for the attention of Programme Management.

The key Group documents are available on the Group's intranet. Functional managers are responsible for their distribution.

d. Preparation of financial and accounting information

The internal control procedures relating to the preparation and processing of financial and accounting information are primarily implemented by the Accounting, Consolidation, Reporting and Management Control divisions of the Group's Financial Department.

Most of these processes are also deployed within the subsidiaries to ensure best-fit with the current modus operandi of the Group.

5.2.2 Principal internal control procedures established by the Company

The Métropole Télévision Group has a system of centralised control procedures with a high rate of hierarchical control based on a priori control of decisions and strict monitoring of individual objectives.

The Group's operational controls involve monitoring expenses, programming, content, quantity and compliance with regulations (CSA, CNC, etc.).

The main procedures applied within the Group include:

- an integrated management system, tailored to the audiovisual sector, which allows the simultaneous management of programme purchases and their broadcast, as well as the sale of advertising space;
- a centralisation of cash management transactions
- a financial reporting system and procedures. An expense management tool was added to it in 2012;

The Group's internal controls for the preparation and processing of financial information comprise a number of procedures:

a. Accounting procedures

The Accounts Department records all movements and gathers all accounting documentation throughout the accounting period using financial reporting systems controlled by system administrators which ensure such systems are correctly used and monitor updates in close collaboration with the publishers.

Document validation paths prioritise the Accounts Department and internal procedures, such as dual control, exist to ensure a posteriori control of the consistency in accounting entries. Detailed reviews are conducted at each balance sheet date to check the work carried out.

Lastly, specific procedures relative to monitoring customer risk are applied in every accounting department: they relate to all stages of the commercial relationship, from contact with the customer (completion of solvency check) to collection of the receivables (different terms of payment, application of late penalties and procedures for recovery of unpaid invoices).

b. Consolidation procedures

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union since 1 January 2005.

The Consolidation Department ensures that accounting standards are consistently applied throughout the Group and are in line with IFRS developments. It also gathers and monitors non-accounting data included in financial reports that are relevant to the consolidated financial statements.

The Group publishes quarterly reports on the consolidated revenue and financial position, and half-yearly reports on the results. It also issues financial documentation annually, as required for a company listed on a regulated market.

c. Reporting procedures and budgetary control

The Reporting Department is part of the Financial Control Department. It gathers and analyses data on a weekly or monthly basis depending on the activity in question.

The first step in this process is the preparation of a three-year strategic plan, approved by the Executive Board. The second step consists of establishing an annual budget analysed by month. Although the budgetary process is decentralised to the level of each entity, its organisation and coordination is carried out by the central management control. In addition every entity or subsidiary presents its budget to the Executive Board and to Financial Management. This budget is subject to a quarterly update to provide optimum management of Group forecasts.

Reporting is then reviewed monthly with operational staff, who are in a position to monitor and explain progress towards their budget objectives.

To complete this monthly reporting, all operational entities are included on the weekly management report (revenue, programming costs, gross profit) or daily report (revenue statistics).

d. Monitoring off-balance sheet commitments

The Group has an integrated tool to manage the rights portfolios and programming of the M6 free-to-air and digital channels, which comprise most of the Group's off-balance sheet commitments. The other off-balance sheet commitments are summarised by Financial Management in close collaboration with the Legal Department in a half-year report.

At the balance sheet date the Financial Department obtains the information required to report consolidated off-balance sheet commitments from all Group departments.

e. Monitoring non-current assets

The Group's non-current assets are monitored using asset management software and a special application to manage audiovisual rights. At each balance sheet date the information generated by this software is reconciled with the accounting records.

Regular physical inventories and asset reviews ensure that the operating assets exist and have been accurately valued.

5.3 Conclusions and outlook

During 2012, the M6 Group focused on the continuous improvement of internal control processes by strengthening tools and procedures. In 2012, the financial reporting system was bolstered by an expense monitoring module, which is to be rolled out to all Group subsidiaries (except for Ventadis and F.C.G.B. which have their own software) during 2013.

Furthermore, in 2012 the Audit and Risk Management Department carried out a campaign to assess the internal control procedures overseeing the main risks associated with the preparation of the Group's financial statements.

Internal audit assignments have been carried out in 2012, primarily on the content purchasing cycle, the treasury management cycle and the entire F.C.G.B. internal control process. These assignments did not bring to light any major shortcoming or inadequacy in the internal control process. Where applicable, the recommendations issued were subject to an action plan by operational structures and were followed up by the Audit and Risk Management Department.

Work has been carried out to update risk-mapping and action plans have been defined to cover the main issues associated with internal control.

The Audit Committee has received regular updates on all this work.

In 2013, M6 intends to continue this process with the implementation of a tool for monitoring expense and continuing to increase the operational entities' accountability and raise their awareness of internal control issues.

Neuilly sur Seine, 2 April 2013

Chairman of the Supervisory Board

2.7. Statutory Auditors' Report

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92208 Neuilly-sur-Seine Cedex
France

Ernst & Young et Autres
Tour First, 1, place des Saisons
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France

Métropole Télévision S.A.

Registered office: 89, avenue Charles de Gaulle - 92575 Neuilly-sur-Seine Cedex

Share capital: €50,353,585.60

Financial year ended 31 December 2012

Statutory Auditors' report, prepared in application of Article L. 225-235 of the Commercial Code on the report by the Chairman of the Supervisory Board of Métropole Télévision

To the Shareholders,

As Statutory Auditors to the Métropole Télévision company and in application of the provisions of Article L.225-235 of the Commercial Code, we hereby present you our report on the report prepared by the Chairman of the Supervisory Board in accordance with the provisions of Article L.225-68 of the Commercial Code for the financial year ended 31 December 2012.

It is the Chairman's responsibility to prepare a report, to be submitted for the Supervisory Board's approval, on the internal control and risk management procedures implemented within the Company and providing any other information required by Article L. 225-68 of the Commercial Code, relative notably to the area of corporate governance.

It is our duty to:

- communicate any observations we may have on the information contained in the report of the Chairman concerning internal control procedures regarding the preparation and processing of accounting and financial information, and
- certify that this report includes the other information required by Article L. 225-68 of the Commercial Code, noting that we are not required to verify the accuracy of this other information.

We have performed our work in accordance with acceptable professional standards in France.

Information on the internal control procedures in respect of the preparation and processing of accounting and financial information.

Professional standards require the performance of due diligence procedures to assess the fairness of information presented in the Chairman's report regarding internal control and risk management procedures for the preparation and processing of accounting and financial information. Specifically, these procedures consist of:

- becoming familiar with internal control and risk management procedures regarding the preparation and processing of accounting and financial information supporting the information provided in the Chairman's report, as well as existing documentation;
- becoming familiar with the work done to prepare this information and the existing documentation
- establishing if major deficiencies of internal control regarding the preparation and processing of accounting and financial information that we may have identified as part of our assignment were properly supported by information provided in the Chairman's report.

On the basis of our work, we have no observations to formulate on the description of internal control and risk management procedures regarding the preparation and processing of accounting and financial information contained in the report of the Chairman of the Supervisory Board, prepared in application of the provisions of Article L. 225-68 of the Commercial Code.

Other information

We certify that the report of the Chairman of the Supervisory Board includes the other information required by Article L. 225-68 of the Commercial Code.

Neuilly-sur-Seine and Paris La Défense, 4 April 2013

The Statutory Auditors

PricewaterhouseCoopers Audit
Marc Ghiliotti
Partner

Ernst & Young et Autres
Bruno Perrin
Partner

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3. Share capital

3.1. Share listing

The Métropole Télévision share is listed under Eurolist Compartment A (companies whose average market capitalization exceeds €1 billion. The Métropole Télévision share is a component of the CAC MID 60, SBF 120, CAC Mid & Small, CAC All-Tradable, CAC All-Share, CAC Media and CAC Consumer Serv indices.

The ISIN code of the company is 0000053225 and its ticker MMT.

The share price opened 2012 at €11.640 on 2 January and closed the year at €11.815 on 31 December, reaching its lowest closing trading price of €9.57 on 1 June and its highest trading price of €14.05 on 26 March. The Company's share price increased by 2.52% (movement based on the last prices quoted in 2011 and 2012).

European media sector securities (the sample used includes: Pro7Sat1, Vivendi, Mediaset Spa, Mediaset España, Lagardère, TF1, Antena 3, ITV, M6, NRJ Group, Nextradio TV, SkyDeutschland) moved in different directions during 2012, registering variations in share prices that ranged from a negative 27.22% to a gain of 193.95%. German and British share prices stood out (increases of 194% for Sky Deutschland, 54.37% for ITV and 50.9% for ProSiebenSat1), whilst Mediaset Spa and Antena 3 registered the greatest falls (27.22% and 16.13% respectively).

It should be noted that the share price of nearly all European broadcasters reached a high point in the first quarter, and then declined between June and August, before a rebound in December.

At 31 December 2012, the Company's market capitalisation was €1,487,319 million.

The average number of shares traded daily in 2012 was 205,592 compared to 296,210 in 2011.

Comparative trends of M6 share, CAC and DJ EuroStoxx Media since 1 January 2012:



Stock market performance since 2008

	2008*	2009*	2010*	2011*	2012*
Number of shares	128,954,690	128,954,690	128,957,939	126,383,964	125,883,964
High price (€)	17.81	18.72	20.22	18.90	14.05
Low price (€)	11.47	9.62	15.46	9.38	9.57
Closing price (€)	13.84	17.97	18.10	11.53	11.82

***Data based on closing price*

Source: Euronext

3.2. Information policy and documents available to the general public

In order to establish and maintain frequent communication with shareholders and the overall financial community, a large number of meetings, in addition to the Annual General Meeting of 3 May 2012, were organised in 2012, including:

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

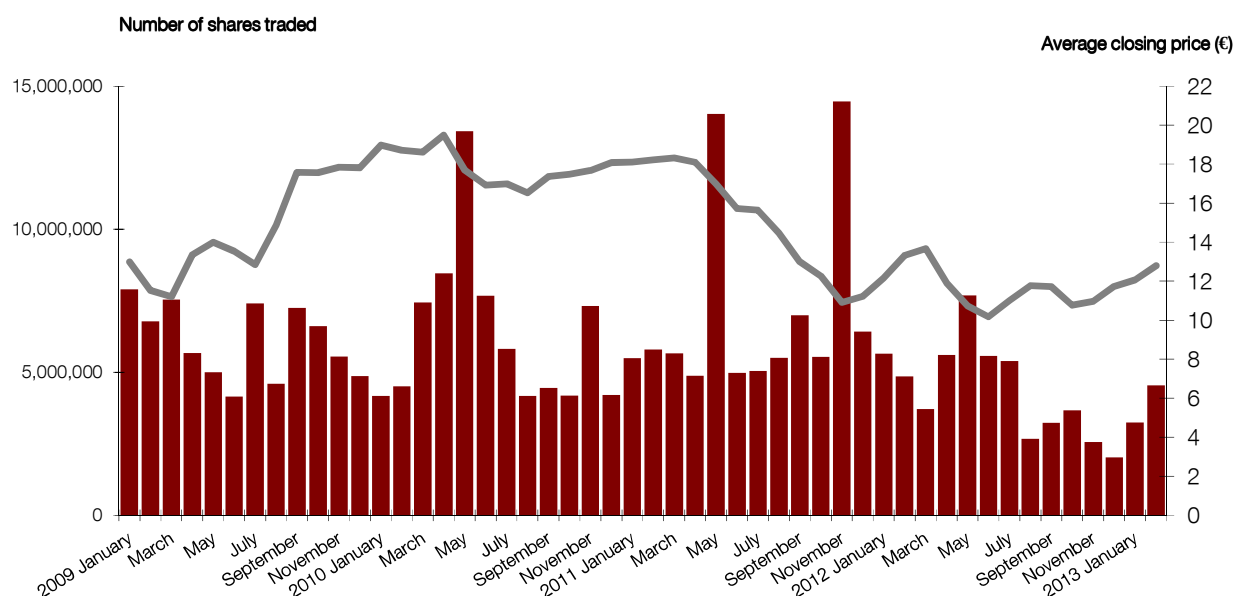
In addition, the Group organised frequent meetings with the financial community in France and abroad during road shows and investor conferences. Lastly, numerous individual meetings with analysts, investors and managers took place in 2012.

The website dedicated to investors and shareholders of the Group is regularly updated in French and in English with our registration documents, latest publications, presentations, press releases, bylaws and significant audience ratings and is accessible on www.groupepm6.fr.

In compliance with the Transparency Directive, the website also features a section dedicated to regulatory information, which comprises all required information, and calls on a professional publisher to ensure its effective and comprehensive publication. A notice of General Meeting is sent to all holders of registered shares on request.

3.3. M6 share price and trading volume

Share price and trading volume since January 2009:



SHARE CAPITAL

Date	Number of shares traded	Average closing price (€)	Monthly high (€)	Monthly low (€)	Trading value (€)
2009 January	7,903,024	12.99	14.83	11.24	102.68
February	6,776,306	11.53	12.68	9.82	75.92
March	7,537,095	11.20	12.45	9.35	84.43
April	5,678,375	13.35	14.58	12.01	75.59
May	4,995,606	14.00	15.06	13.11	70.54
June	4,150,341	13.54	14.44	12.40	56.49
July	7,405,595	12.85	14.25	12.00	96.82
August	4,603,770	14.87	16.20	13.85	68.12
September	7,243,921	17.57	18.85	15.49	128.46
October	6,610,768	17.57	18.39	16.31	116.38
November	5,547,596	17.85	18.95	16.33	99.49
December	4,865,996	17.82	18.49	17.15	85.79
2010 January	4,167,713	18.97	19.70	17.86	79.12
February	4,503,983	18.71	19.94	17.90	84.29
March	7,448,759	18.62	19.35	18.05	138.69
April	8,461,636	19.50	20.16	18.91	165.50
May	13,425,044	17.69	20.22	15.30	244.30
June	7,667,933	16.92	17.87	15.69	129.54
July	5,814,137	16.99	18.00	16.03	99.06
August	4,167,713	16.53	17.88	15.47	69.54
September	4,446,573	17.37	18.12	16.28	77.28
October	4,177,425	17.48	17.83	16.85	72.92
November	7,312,731	17.68	19.00	16.71	129.38
December	4,205,786	18.08	18.68	16.76	75.82
2011 January	5,496,304	18.11	19.02	17.63	99.71
February	5,795,070	18.22	18.70	17.52	105.52
March	5,657,883	18.32	18.96	17.27	103.47
April	4,876,211	18.10	18.77	17.40	88.36
May	14,027,313	16.98	18.25	16.03	244.69
June	4,976,308	15.72	16.48	15.25	78.20
July	5,044,161	15.64	16.40	14.76	78.79
August	5,504,910	14.47	16.53	13.27	79.52
September	6,985,943	12.98	14.92	11.13	89.73
October	5,535,809	12.26	13.06	11.32	67.72
November	14,462,706	10.91	12.30	9.38	155.33
December	6,412,431	11.21	11.85	10.66	71.86
2012 January	5,647,530	12.15	13.07	11.35	68.43
February	4,857,154	13.33	13.68	12.81	64.42
March	3,714,261	13.68	14.05	13.09	51.03
April	5,610,559	11.92	13.30	11.00	67.04
May	7,681,203	10.74	12.24	9.63	81.13
June	5,568,294	10.18	10.56	9.57	56.50
July	5,389,476	11.01	11.67	10.54	59.01
August	2,678,760	11.78	12.05	11.18	31.42
September	3,233,882	11.72	12.45	10.62	37.42
October	3,670,916	10.77	11.27	10.51	39.56
November	2,561,577	10.97	11.38	10.62	28.06
December	2,018,061	11.73	11.95	11.34	23.58
2013 January	3,245,676	12.07	12.44	11.59	39.24
Février	4,542,038	12.80	13.51	12.30	58.29

Source: Euronext

3.4. Cash dividend policy

Cash dividends paid over the last 5 financial years were as follows:

	2011	2010	2009	2008	2007
Ordinary dividend	€1.00	€1.00	€0.85	€0.85	€1.00
Extraordinary dividend	- €	- €	€1.50	- €	- €
Net dividend per share	€1.00	€1.00	€2.35	€0.85	€1.00
Tax credit	-	-	-	-	-
Gross dividend	€1.00	€1.00	€2.35	€0.85	€1.00
Yield (based on closing share price)	8.7%	5.5%	13.1%	6.1%	5.6%
Pay-out Ratio - Group share of continuing operations)	84.4%	82.1%	217.9%	79.2%	77.0%

With regard to its financial and cash flow generation position and net profit, M6 Group proposed to the Annual General Meeting of 3 May 2012 the payment of an ordinary dividend of €1.00 per share for the 2011 financial year, corresponding to a pay-out ratio of 84.4% of the Group's share of consolidated net profit and a yield of 8.7% (calculated based on the 2011 closing price).

In respect of the 2012 financial year, a proposal will be submitted for approval to the Ordinary General Meeting of 13 May 2013 for the payment of an ordinary cash dividend of €0.85 per share, corresponding to a pay-out ratio of 76.3% of the Group's share of consolidated net profit, and of an extraordinary cash dividend of €1.00 per share, making a total cash dividend of €1.85 per share. Including the extraordinary cash dividend, the yield is 15.7% calculated based on the 2012 closing price (7.2% excluding extraordinary cash dividend).

The Amending Law n° 2011-894 of 28 July 2011 on the financing of social security, published in the Journal Officiel on 29 July 2011, requires certain employers to pay a bonus to their employees when dividends paid to shareholders or partners increase.

This obligation covers commercial companies with a workforce of 50 or more and whose dividends have increased compared to the average of the previous two financial years.

The M6 Group is therefore concerned by this mechanism in 2012 as the average of dividends paid over the last two years was €1.00 for a total proposed dividend of €1.85 for the 2012 financial year. The amount of this bonus will be negotiated with trade unions after the Shareholders' General Meeting has delivered its opinion on the dividend to be paid for the 2012 financial year.

3.5. Main shareholders at 31 December 2012

	At 31 December 2012				At 31 December 2011				At 31 December 2010			
	Number of shares	% share capital	Number of voting rights	% voting rights	Number of shares	% share capital	Number of voting rights	% voting rights	Number of shares	% share capital	Number of voting rights	% voting rights
RTL Group	61,007,471	48.46%	42,578,509	34.00%	61,487,471	48.65%	42,578,509	34.00%	62,447,471	48.42%	42,920,487	34.00%
Groupe Compagnie Nationale à Portefeuille	9,154,477	7.27%	9,154,477	7.31%	9,154,477	7.24%	9,154,477	7.31%	9,154,477	7.10%	9,154,477	7.25%
Treasury shares	653,054	0.52%	-	0.00%	147,237	0.12%	-	0.00%	460,004	0.36%	-	0.00%
FCPE M6 Personne	160,900	0.13%	160,900	0.13%	142,700	0.11%	142,700	0.11%	136,130	0.11%	136,130	0.11%
Freefloat	54,908,062	43.62%	54,908,062	43.85%	55,452,079	43.88%	55,452,079	44.28%	56,759,857	44.01%	56,759,857	44.96%
in France	23,499,370	18.67%	23,499,370	18.76%	25,575,880	20.24%	25,575,880	20.42%	23,515,009	18.23%	23,515,009	18.63%
in other countries	31,408,692	24.95%	31,408,692	25.08%	29,876,199	23.64%	29,876,199	23.86%	33,244,848	25.78%	33,244,848	26.34%
Total	125,883,964	100.0%	106,801,948	85.28%	126,383,964	100.0%	107,327,765	85.70%	128,957,939	100.0%	108,970,951	86.32%

At the end of 2012, some 19,993 shareholders held shares in the Company, according to a Euroclear bearer share survey and the register of shares held in nominative form.

At that date, 446,008 of these shares were held by members of the Executive Board (0.35% of the company's share capital), with a further 122,657 shares held by members of the Supervisory Board in a personal capacity.

No legal threshold crossing (5%) was brought to the attention of the Company in 2012.

At 31 December 2012, after taking account of declarations of upward and downward legal threshold crossing (1% of the Company's share capital) disclosed to the Company during 2012 and preceding years:

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

The Company was not aware of any investor from the "free float" category, whether institutional or from the general public, that directly or indirectly owned more than 5% of the Company's share capital or voting rights acting individually or in concert with other investors. There are no shareholder agreements currently in existence.

By virtue of its corporate purpose and status as an operator of a Free-to-Air and digital and analogue television broadcasting licence, the Company is governed by a specific legal and regulatory regime, which applies in addition to the ordinary provisions, as specified in section 1.6.2 of this document. The regime particularly specifies that:

- this legal framework applies in particular to provisions in terms of shareholders and shareholdings (Article 39 of Law no. 86-1067 of 30 September 1986 as amended).
- the Conseil Supérieur de l'Audiovisuel (CSA) ensures that conditions and data that motivated the granting of the broadcasting licence are complied with. The breakdown of the share capital and governing bodies of licence holders is such data pursuant to Article 42-3 of the Law of 30 September 1986 in whose light the licence was granted. Article 42-3 of the Law of 30 September 1986 does not block any change in the capital of a business as considered by the Conseil d'Etat. Where changes that occur do not call into question the initial decision of the CSA, they are permitted without the channel having to give up its licence. This licence states that the company must inform the CSA of any substantial change in the amount or distribution of the share capital and voting rights as well as the crossing of thresholds, and that no change liable to result in a change of controlling shareholder may occur without the prior consent of the CSA.
- in application of the bylaws revised by the General Meeting of 18 March 2004 (Article 35), following the withdrawal of Suez and the amendment to the CSA agreement signed on 2 February 2004, no other shareholder or group of shareholders acting jointly can own more than 34% of voting rights. Therefore, RTL Group voting rights are limited to 34%. Subject to this provision, voting rights attached to shares are proportional to the percentage share of capital they represent and each share gives the right to one vote. There are no double voting rights.

Measures undertaken in order to prevent unwarranted control are detailed in the report on internal control (section 2.6 of this document). Contributing to preventing any excessive control and thus preserving a balance between shareholders, the cap on the number of voting rights and the organisation of corporate governance is repeated in the byelaws, pursuant to Article 2 of the agreement concluded with the CSA, which states that:

- Within the framework of the provisions of Article 28 and paragraph 1 of Article 39 of the Law of 30 September 1986, no shareholders or group of shareholders acting in concert may hold more than 34% of the total number of voting rights. No bylaw provision may call into question this cap, either directly or indirectly. This is a provision of the authorisation granted pursuant to Article 42-3 of the Law of 30 September 1986, as amended.

- At least one third of Supervisory Board members must be independent. A member of the Supervisory Board is deemed independent when he/she has no relationship of any kind with the Company, its Group or its management likely to compromise the exercise of his/her free judgement.

3.6. Buyback of company shares

3.6.1. Report on the 2012 share buyback plan

During the year just ended, the company successively used the two authorisations to purchase treasury shares that were granted to it by the General Meetings of 4 May 2011 and 3 May 2012.

These authorisations were used:

- as part of a liquidity contract complying with the AMAFI ethics charter of 20 September 2008, approved by the AMF on 1 October 2008, with implementation by the investment service provider Exane from 2 February 2009;
- to cancel the shares purchased, as permitted by the General Meeting of 3 May 2012 in its 18th resolution;
- to serve free share allocation plans.

At the date of implementation of the new liquidity contract with Exane, 114,000 Métropole Télévision shares and €1,209,180.79 were allocated to the contract.

Movement in treasury shares held during the 2012 financial year and number of shares held at 31 December 2012:

Number of treasury shares held at 31 December 2011	Movement in liquidity contract (2)	Shares bought back with a view to cancel (3)	Shares cancelled (3)	Shares bought back to allocate free shares (4)	Movement in respect of free shares allocated (5)	Number of treasury shares held at 31 December 2012 (1)
147,237	(12,361)	50,000	(500,000)	909,000	(390,822)	653,054

(1) At year-end, the Company held 653,054 treasury shares, primarily through the liquidity contract and also to fulfil commitments given within the framework of free share allocation plans. (See section 3.7).

(2) **In respect of the liquidity contract** during 2012:

- the number of shares purchased was 1,363,175 at an average price of €11.504;
- and the number of shares sold was 1,375 536 at an average price of €11.47;

and thus a balance of 128,548 shares and €1,231,658 in cash was held under the liquidity contract at 31 December 2012.

Note that at 31 December 2011, the number of shares effectively held under the liquidity contract was 140,909 and the cash balance was €1,060,748.

The decrease in the number of treasury shares held in respect of the liquidity contract was therefore 12,361 in 2012.

(3) **In respect of the share buyback for cancellation programme**, 500,000 Métropole Télévision securities were acquired during 2012, at an overall cost of €4.88 million.

These purchases were made in May and June 2012 via Natixis at an average weighted price per share of €9.77. Gross commissions of €3.4 thousand were paid.

The 500,000 Métropole Télévision shares purchased were cancelled following their buyback, resulting in a reduction in the number of shares making up the share capital of the Company to 125,883,964.

- (4) **In respect of the free share allocation plan**, 909,000 shares were bought back:
- 22,000 shares were bought back via Mediobanca on 26 March 2012;
 - 22,000 shares were bought back via Exane on 10 April 2012;
 - 480,000 shares were bought back via Natixis on 5 June 2012;
 - 345,000 shares were bought back via Mediobanca on 27 July 2012;
 - 40,000 shares were bought back via CA-CIB on 22 December 2012.
- (5) Lastly, 390,822 shares were transferred to the beneficiaries of the free share allocation plan:
- 22,000 shares were transferred to the beneficiaries of the free share allocation plan at the end of March 2012;
 - 339,021 were transferred in July 2012;
 - 29,801 were transferred in December 2012.

Book value and market value of treasury shares held at 31 December 2012:

Number of treasury shares held at 31 December 2012	Net book value of treasury shares at 31 December 2012 (€)	Market value of treasury shares at 31 December (€)	Number of shares comprising the share capital at 31 December 2012	% share capital
653,054	8,838,784	7,715,833	125,883,964	0.52%

3.6.2. Report on the previous share buyback plan

The Combined General Meeting of 3 May 2012 decided in its 18th resolution to authorise the Company to implement a share buyback plan. A description of this share buyback plan is included in the registration document filed with the AMF under n° D.12-0325 on 11 April 2012.

This share buyback plan, authorised for a period of eighteen months, enables the Executive Board to purchase up to a maximum of 5% of the Company's share capital, in order to fulfil the following objectives:

- to stimulate the Métropole Télévision share secondary market or the share liquidity through an investment service provider, within the framework of a liquidity contract complying with the AMAFI Ethics Charter approved by the AMF;
- to retain the purchased shares for future exchange or payment, within the framework of potential acquisitions, providing shares purchased to this end do not exceed 5% of the share capital of the Company;
- to ensure the allocation of shares through of stock option plans and other forms of allocation of shares to Group employees and management, pursuant to the terms and conditions set forth by the Law, in particular within the framework of profit sharing or through a company savings plan or the allocation of free shares;
- to allocate shares upon the exercise of rights attached to marketable securities in accordance with applicable regulations;
- to eventually cancel the shares purchased.

The maximum purchase price has been set at €22 per share. The maximum amount to be committed to this purchase programme is €139,022,360.

Change in the number of treasury shares held as part of the 3 May 2012 share buyback programmes and number of treasury shares held at 28 February 2013:

Number of treasury shares held at 3 May 2012	Movement in liquidity contract (2)	Shares bought back with a view to cancelling them (3)	Shares cancelled (3)	Shares bought back to allocate free shares (4)	Movement in respect of free shares allocated (5)	Number of treasury shares held at 28 February (1)
160,358	(71,655)	500,000	(500,000)	865,000	(368,822)	584,881

(1) At 28 February 2013, the company held 584,881 treasury shares, primarily through the liquidity contract, and also to cover commitments given as part of the free share allocation plans.

(2) **In respect of the liquidity contract** between 3 May 2012 and 28 February 2013:

- 1,218,505 shares were purchased at an average price of €11.31,
- 1,290,160 shares were sold at an average price of €11.37.

resulting in 60,375 shares and €2,059,280.67 being held as part of the liquidity contract on 28 February 2012.

(3) **In respect of the share buyback for cancellation programme**, 500,000 Métropole Télévision securities were acquired during this period, at an overall cost of €4.88 million.

These purchases were made in May and June 2012 via Natixis, at an average weighted price per share of €9.77. Gross commissions of €3.4 thousand were paid.

The 500,000 Métropole Télévision shares purchased were cancelled following their buyback, resulting in a reduction in the number of shares making up the share capital of the Company to 125,883,964.

(4) **In respect of the free share allocation plan:**

- 480,000 shares were bought back via Natixis on 5 June 2012;
- 345,000 shares were bought back via Mediobanca on 27 July 2012;
- 40,000 shares were bought back via CA-CIB on 22 December 2012.

(5) Lastly, 368,822 shares were transferred to the beneficiaries of the free share allocation plan:

- 339,021 shares were transferred in July 2012;
- 29,801 shares were transferred in December 2012.

At 28 February 2013, the Company held 584,881 of its own shares, representing 0.46% of the share capital, broken down as follows:

Book value and market value of treasury shares held at 28 February 2013:

Number of treasury shares held at 28 February 2013	Net book value of treasury shares at 28 February 2013 (€)	Market value of treasury shares at 28 February 2013 (€)	Number of shares comprising the share capital at 28 February 2013	% share capital
584,881	8,144,962	7,349,030	125,383,964	0.46%

3.6.3. Report on the current share buyback plan

A proposal will be submitted to the Ordinary General Meeting of 13 May 2013 to authorise a new share buyback plan according to the following conditions:

- shares involved: ordinary Métropole Télévision shares listed under Compartment A of Euronext Paris, ISIN code FR0000053225;

- maximum purchase price: €18 per share. The maximum amount of the transaction is thus set at €113,295,564;
- maximum purchase price: 5% of the share capital, it being specified that this cap should be considered in light of the buyback dates to take account of the potential share capital increase or reduction transactions that may occur over the term of the programme. The number of shares used to calculate this cap corresponds to the number of shares purchased, after deducting the number of shares sold back over the term of the programme as part of the liquidity contract;
- maximum period: 18 months from the date of the General Meeting.

These shares may be purchased to fulfil the following objectives:

- to stimulate the Métropole Télévision share secondary market or the share liquidity through an investment services provider, within the framework of a liquidity contract complying with the AMAFI Ethics Charter approved by the AMF;
- to retain the purchased shares for future exchange or payment, within the framework of potential acquisitions;
- to ensure the allocation of shares and/or free share plans (or comparable plans) through stock option plans for the benefit of Group employees and/or management as well as any allocation of shares within the framework of a company or Group savings plan (or comparable plan), within the framework of profit sharing and/or any other form of share allocation to Group employees and/or management;
- to allocate shares upon the exercise of rights attached to marketable securities in accordance with applicable regulations;
- to potentially cancel acquired shares, in accordance with the authorisation granted by the Annual General Meeting of 13 May 2013 in its 6th resolution.

These transactions may notably be carried out in a period of a public offering pursuant to Article 232-15 of the General Regulations of AMF if the offer is fully settled in cash and if the buyback transactions are carried out in execution of the programme in progress and are not likely to cause the offering to fail.

The Company reserves the right to use option mechanisms or derivative instruments in accordance with applicable regulations.

3.7. Treasury shares

At 31 December 2012, M6 held a total 653,054 of its own shares, amounting to 0.52% of the share capital, which was classified on the consolidated balance sheet of Métropole Télévision as a reduction of equity at their acquisition cost of €8.84 million. The number of treasury shares includes the 128,548 shares actually held by the liquidity contract at 31 December 2012.

The table below summarises the allocation of treasury shares held at 31 December 2011 and 31 December 2012 according to each objective.

Treasury shares allocated to the different objectives at 31 December 2011		Total treasury shares at 31 December 2011
Granting of free shares	Increasing share liquidity within the framework of the liquidity contract	
6,328	140,909	147,237 shares
Changes over the 2012 financial year		Changes over the 2011 financial year
Granting of free shares*	Increasing share liquidity within the framework of the liquidity contract	
518,178	(12,361)	505,817 shares
Treasury shares allocated to the different objectives at 31 December 2012		Total treasury shares at 31 December 2012
Granting of free shares	Increasing share liquidity within the framework of the liquidity contract	
524,506	128,548	653,054 shares

* The 518,178 shares originate from:

- 22,000 shares were bought back via Mediobanca on 26 March 2012;
- 22,000 shares were bought back via Exane on 10 April 2012;
- 480,000 shares were bought back via Natixis on 5 June 2012;

22,000 shares were transferred to beneficiaries of the free share plan in March 2012, 339,021 were transferred to beneficiaries in July 2012 and 29,801 in December 2012.

3.8. Share subscription option plans

3.8.1. [Share subscription option plans](#)

No share option subscription plan was decided in 2012.

Existing share option plans are analysed as follows:

SHARE CAPITAL

Date of General Meeting	28/04/2004		02/05/2007		Total
Date of Board Meeting	02/06/2005	06/06/2006	02/05/2007	06/05/2008	
Option type	Subscription	Subscription	Subscription	Subscription	
Total number of options allocated	635 500	736 750	827 500	883 825	3 083 575
- of which Board members (*)	90 500	90 500	75 500	75 500	332 000
- of which the top ten salaried employees	108 500	112 500	120 000	116 500	457 500
Start of exercise of options	02/06/07	06/06/08	02/05/09	06/05/10	-
Expiry date	01/06/12	05/06/13	01/05/14	05/05/15	-
Subscription and purchase price (€)	19,94	24,6	27,52	14,73	-
Subscription and purchase options outstanding at 31 December 2011	368 500	445 750	576 000	702 484	2 092 734
- options allocated	-	-	-	-	-
- options exercised	-	-	-	-	-
- options lapsed/cancelled	368 500	50 500	56 500	63 125	538 625
Subscription and purchase options outstanding at 31 December 2012	-	395 250	519 500	639 359	1 554 109
Options outstanding at 28 February 2013	-	395 250	519 500	639 359	1 554 109

(*) Board members at the allocation date

At 28 February 2013, no option was exercisable by beneficiaries due to the M6 share remaining below the exercise price of the various plans.

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

SHARE CAPITAL

Date of General Meeting	28/04/2004		02/05/2007		Total
Date of Board Meeting	02/06/2005	06/06/2006	02/05/2007	06/05/2008	
Option type	Subscription	Subscription	Subscription	Subscription	
Start of exercise of options	02/06/07	06/06/08	02/05/09	06/05/10	Total
Expiry date	01/06/12	05/06/13	01/05/14	05/05/15	
Subscription price (€)	19.94	24.6	27.52	14.73	
Total number of shares allocated to Board members:					
Nicolas de Tavernost	27,500	27,500	27,500	27,500	110,000
Thomas Valentin	18,000	18,000	18,000	18,000	72,000
Eric d'Hotelans	15,000	15,000	15,000	15,000	60,000
Catherine Lenoble	15,000	15,000	15,000	15,000	60,000
Subscription options outstanding at 31 December 2011:					
Nicolas de Tavernost	27,500	27,500	27,500	27,500	110,000
Thomas Valentin	18,000	18,000	18,000	18,000	72,000
Eric d'Hotelans	15,000	15,000	15,000	15,000	60,000
Catherine Lenoble	15,000	15,000	15,000	15,000	60,000
Changes over the 2012 financial year:					
Nicolas de Tavernost	(27,500)	-	-	-	(27,500)
Thomas Valentin	(18,000)	-	-	-	(18,000)
Eric d'Hotelans	(15,000)	-	-	-	(15,000)
Catherine Lenoble	(15,000)	-	-	-	(15,000)
Subscription options outstanding at 31 Decembre 2012:					
Nicolas de Tavernost	-	27,500	27,500	27,500	82,500
Thomas Valentin	-	18,000	18,000	18,000	54,000
Eric d'Hotelans	-	15,000	15,000	15,000	45,000
Catherine Lenoble	-	15,000	15,000	15,000	45,000

The movements in the year related to cancellations, taking account of the expiry date of the 2005 plans.

No option was exercised in any of the four plans included in the above table due to the M6 share remaining below the exercise price of the various plans.

Jérôme Lefébure and Robin Leproux, directors since 25 March 2010 and 31 March 2012 respectively, have not been granted any share subscription options since the start of their terms of office.

3.8.2. Ten most significant stock option beneficiaries and ten most significant option exercise transactions by employees (excluding Board members)

No share subscription option plans were decided in 2012. In addition, no options were exercised in 2012.

3.8.3. Share capital transactions carried out by Board members, executive officers and related parties during the last financial year

During the financial year, Board members and executive officers informed the Company of the following share capital transactions, carried out by themselves or related parties.

SHARE CAPITAL

Name and position	Nature of transaction	Date	Number of shares	Price per share	Total amount
Guy de PANAFIEU , Member of the Supervisory Board and Chairman of the Audit Committee	Purchase of shares	17/02/2012	7,500	€13.29	€99,711.00
Nicolas de Tavernost , Chairman of the Executive Board	Purchase of shares	06/03/2012	1,100	€13.33	€14,659.04
Nicolas de Tavernost , Chairman of the Executive Board	Purchase of shares	09/03/2012	1,100	€13.63	€14,987.50
Thomas Valentin , Vice-Chairman of the Executive Board	Purchase of shares	08/05/2012	828	€11.87	€9,831.67
Jérôme Lefébure , Member of the Executive Board	Purchase of shares	24/05/2012	700	€9.58	€6,705.86
Catherine Lenoble , Permanent representative of Société Immobilière Bayard d'Antin, a member of the Supervisory Board	Sale of shares	08/08/2012	46,179	€11.81	€545,143.10

This table does not include transactions that are below the annual disclosure threshold of €5,000.

3.9. Free share allocation plans

Six free share allocation plans were in force in 2012, pursuant to the authorisation given by the Combined General Meetings of 6 May 2008 and 4 May 2011:

- one that matured on 25 March 2012;
- one that matured on 27 July 2012;
- one that matured on 22 December 2012 specifically for employees of the Ventadis division;
- one that was decided by the Executive Board on 26 July 2011;
- one that was decided by the Executive Board on 22 December 2011 specifically for employees of the Ventadis division.
- one that was decided by the Executive Board on 27 July 2012.

The data in the table below details:

- for the plans dated 25 March 2010, 27 July 2010 and 22 December 2010, the shares effectively delivered;
- for the plans dated 26 July 2011 and 22 December 2011, the shares not yet allocated, taking account of the restatement owing to the company outperforming targets and individuals having left the company to date;
- for the plan dated 27 July 2012, the maximum number of shares liable to be allocated.

Date of General Meeting				04/05/2011			Total
Date of Executive Board meeting	25/03/2010	27/07/2010	27/07/2010	26/07/2011	26/07/2011	27/07/2012	
Plan date	25/03/2010	27/07/2010	22/12/2010	26/07/2011	22/12/2011	27/07/2012	
Total number of shares granted (trigger number relating to the achievement of performance objectives)	22,000	328,500	35,650	342,700	28,250	243,750	1,000,850
- to Board members	22,000	30,200	-	32,000	-	44,000	128,200
- to other top ten salaried employees	-	50,500	35,650	43,500	28,250	60,500	218,400
Maximum number of shares to be granted				367,820	48,000	487,750	903,570 +47.0% compared to the trigger performance level
Actual number of shares to be granted (due to performance levels projected and achieved and taking account of individuals having left the company to date)				318,982	33,500	475,995	352,482 -+58.0% compared to the number of shares not yet allocated at 31 December 2012
Date of final vesting	25/03/2012	27/07/2012	22/12/2012	26/07/2013	22/12/2013	27/07/2014	
Number of shares delivered during the financial year	22,000	339,021	29,801				390,822
Number of shares not yet allocated at 31 December 2012	-	-	-	318,982	33,500	487,750	840,232
Allocated shares cancelled between 31 December 2012 and 28 February 2013 due to individuals leaving the Company	-	-	-	-	-	-	-

Each of these plans is subject to beneficiaries being effectively employed by the Group for the two years following the allocation.

As regards performance conditions:

- the plan of 25 March 2010 is not subject to performance conditions;
- the plans of 27 July 2010, 26 July 2011 and 27 July 2012 required the achievement of an operating profit objective by the Ventadis division for 2010, 2011 and 2012, respectively;
- the plans of 22 December 2010 and December 2011 required the achievement of an operating profit objective by the Ventadis division for 2011 and 2012.

The number of shares actually delivered on 27 July 2012 was 339,021 due to the fact that the financial targets attached to the plan were exceeded. The top ten beneficiaries (employees) received 58,075 shares.

The number of shares actually delivered on 22 December 2012 was 29,801, due to the fact that the financial targets attached to the plan were exceeded. The top ten beneficiaries (employees) received 29,801 shares.

3.10. General information on the share capital

3.10.1. Changes in the share capital and voting rights

Any change to the share capital or rights conferred by securities that make it up must be made in accordance with the provisions of the bylaws. Only an Extraordinary General Meeting may decide capital increases or delegate its authority to do so to the Executive Board, for a determined period and within a specific limit, based on a report by the Executive Board.

3.10.1.1. Paid-in capital, number and classes of shares

At 31 December 2011, the Company's fully paid-up share capital was €50,553,585.60. Following the implementation of a share buyback plan in 2012, at 31 December 2012, the Company's fully paid-up share capital was €50,353,585.60 represented by 125,883,964 shares of the same class with a par value of €0.40 each.

SHARE CAPITAL

Date	Description of capital transaction	Nominal amount increase/ (reduction)	Number of shares issued/ (cancelled)	Share capital after the transaction	Total number of shares outstanding
15.09.86	Formation	FF 10,000,000.00	100,000	FF 10,000,000.00	100,000
16.05.87	Subscription	FF 190,000,000.00	1,900,000	FF 200,000,000.00	2,000,000
21.05.90	Capital reduction	FF (198,000,000.00)	(1,980,000)	FF 2,000,000	20,000
21.06.90	Share subscription	FF 200,000,000.00	2,000,000	FF 202,000,000	2,020,000
31.12.93	Exercise of share options by employees (1)	FF 6,900,000.00	69,000	FF 208,900,000	2,089,000
06.09.94	5 for 1 share split	-	-	FF 208,900,000	10,445,000
31.12.95	Exercise of share options by employees (1)	FF 4,337,000.00	216,850	FF 208,900,000	10,661,850
31.12.95	Conversion of bonds (2)	FF 50,387,700.00	2,519,385	FF 263,624,700	13,181,235
03.12.99	Conversion of share capital into €	€12,535,613.57	-	€52,724,940.00	13,181,235
30.12.99	Conversion of bonds	€30,536.00	7,634	€52,755,476.00	13,188,869
26.05.00	10 for 1 share split	-	-	-	131,888,690
04.07.07	Capital reduction	€(392,000.00)	(980,000)	€52,363,476.00	130,908,690
03.09.07	Capital reduction	€(392,000.00)	(980,000)	€51,971,476.00	129,928,690
03.09.07	Exercise of subscription options	€2,400.00	6,000	€51,973,876.00	129,934,690
15.04.08	Capital reduction	€(392,000.00)	(980,000)	€51,581,876.00	128,954,690
19.05.10	Exercise of subscription options	€306.40	766	€51,582,182.40	128,955,456
05.07.10	Exercise of subscription options	€380.00	950	€51,582,562.40	128,956,406
04.10.10	Exercise of subscription options	€613.20	1,533	€51,583,175.60	128,957,939
04.03.11	Exercise of subscription options	€300.00	750	€51,583,475.60	128,958,689
21.03.11	Exercise of subscription options	€533.20	1,333	€51,584,008.80	128,960,022
09.06.11	Exercise of subscription options	€580.00	1,450	€51,584,588.80	128,961,472
19.09.11	Capital reduction	€(392,000.00)	(980,000)	€51,192,588.80	127,981,472
10.10.11	Capital reduction	€(392,000.00)	(980,000)	€50,800,588.80	127,001,472
22.12.11	Capital reduction	€(247,003.20)	(617,508)	€50,553,585.60	126,383,964
11.06.12	Capital reduction	€(200,000.00)	(500,000)	€50,353,585.60	125,883,964

(1) Par value.

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

3.10.1.2. Shareholders' agreement

To the best of the Company's knowledge, no shareholder agreement exists.

3.10.1.3. Pledges of the issuers' shares

Nil.

3.10.1.4. Alienation of shares in order to regularise cross shareholdings

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

Nil.

3.10.1.5. Treasury shares

Article L.233-13 of the Commercial Code)

Controlled companies holding a share in the capital of the Company: nil

3.10.1.6. Capital increase reserved for employees

The most recent General Meeting called to approve a proposal to increase the share capital reserved for employees, which “*authorised the Executive Board to increase the share capital, if it deems it appropriate, in one or more offerings, by issuing ordinary shares for cash and by the granting of free ordinary shares or other securities giving access to the share capital reserved for employees of the Company and its subsidiaries members of a company savings plan, with cancellation of the pre-emption right for an amount not exceeding 0.5% of the nominal share capital on the date the Executive Board decides to carry out the capital increase and for a period of 26 months*” was held on 4 May 2011.

3.10.2. Potential share capital

The exercise of all options outstanding at 31 December 2012 would lead to the creation of 1,554,109 new shares, which would increase the share capital from 125,883,964 shares to 127,438,073 shares, a maximum potential dilution of 1.23%.

At 31 December 2012, outstanding options will be fully exercisable for the plans from 2005 to 2008 inclusive.

None of the plans had an exercise price lower than the share price at 31 December 2012. In addition, during the financial year 2012, none of the plans saw their exercise price fall below the share price.

The maximum potential dilution plan by plan is as follows: however, the probability that this dilution will effectively occur appears low today, since the M6 share price is below the subscription price for all four of the option plans below.

Date of the General Meeting authorising the plan	28/04/2004	02/05/2007	02/05/2007	Total
Date of Supervisory Board Meeting granting the option	06/06/2006	02/05/2007	06/05/2008	
Maximum number of shares which may be subscribed upon exercise of all options	395,250	519,500	639,359	1,554,109
Starting date	06/06/2008	02/05/2009	06/05/2010	N/A
Expiry date	05/06/2013	01/05/2014	05/05/2015	N/A
Potential share capital upon exercise of share options (€)	158,100	207,800	255,744	621,644
Exercise price (€)	24.60	27.52	14.73	21.52
Number of shares comprising the share capital	125,883,964	125,883,964	125,883,964	125,883,964
Nominal value per share (€)	0.4	0.4	0.4	0.4
Share capital (€)	50,353,586	50,353,586	50,353,586	50,353,586
Number of shares comprising the share capital	126,279,214	126,403,464	126,523,323	127,438,073
Share capital upon exercise of outstanding share options (€)	50,511,686	50,561,386	50,609,329	50,975,229
Potential dilution arising	0.31%	0.41%	0.51%	1.23%

(1) Average weighted subscription price

SHARE CAPITAL

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

	Maximum nominal amount of capital increases	Maximum nominal amount of debt securities to be issued	Term of authorisation	Remaining term (1)	General Meeting	Resolution number
Capital increase by contributions in kind (authorisation given to the Executive Board)	10%	-	26 months	2 months	AGM 04/05/11	9
Capital increase reserved for members of a company savings plan (authorisation given to the Executive Board) (2)	0.50%	-	26 months	2 months	AGM 04/05/11	10
Allocation of free shares to members of staff and/or certain senior executives (authorisation given to the Executive Board)	1.50%	-	38 months	14 months	AGM 04/05/11	11

(1) The remaining term runs from the AGM called for 13 May 2013.

(2) The next General Meeting called to approve a new draft resolution proposing an increase in capital of the same type in compliance with Article L225-129-6 section 2 will be held in 2014.

3.10.3. Acquisition by Métropole Télévision of its own shares: current authorisations and their use

	Maximum nominal amount	Term of authorisation	Remaining term (1)	General Meeting	Resolution No
Share buyback programme (3)	(2)	18 months	6 months	AGM 03/05/12	18
Capital reduction (3)	(2)	24 months	12 months	AGM 03/05/12	19

(1) With effect from the 13 May 2013 AGM

(2) Within the limit of 5% of the share capital.

(3) The Annual General Meeting called for 13 May 2013 will decide on the draft resolutions that propose a new share buyback programme for a further period of 18 months and authorise the Executive Board to reduce the share capital by cancellation of the shares bought back by the Company.

3.10.4. Form of shares and rights attached to shares

3.10.4.1. Rights attached to shares

All shares are part of the same class and hold equal rights to the Company's profits and assets on liquidation. Each share confers the right to a single vote at shareholders' meetings, without any shareholders exercising more than 34% of the total number of voting rights. None of the shares entitle their holders to double voting rights. The right to distributed dividends and interim dividends lapses after 5 years for the benefit of the French state.

3.10.4.2. Trading in shares

Shares are freely traded on Euronext Paris.

3.10.4.3. Form of shares

Since the IPO, shares are held at the option of the holder:

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

Shares are approved for EUROCLEAR-FRANCE transactions.

3.10.4.4. Identification of shareholders

The Company is authorised to apply legal provisions to identify holders of shares giving immediate or eventual voting rights at its General Meetings.

3.10.4.5. Withholding tax on dividends

The tax treatment of dividends has been substantially amended for income collected as of 1 January 2013. From this date, the optional flat rate withholding tax will be abolished, and it will be mandatory for shareholder dividends to be subject to the progressive scale for income tax.

In addition, a deduction at source, not acting as a discharge of income tax, will be introduced for all collections of dividends (excluding shares held in a PEA (French equity savings plan) effective as of 1 January 2013. The levy rate is fixed at 21% of the gross income distributed, and will be added to social contributions deducted at source (at the overall rate of 15.5% from 1 July 2012), by the shareholder's account holding institution. This mandatory contribution is an income tax prepayment. It is deductible from the income tax due for the year during which the dividends were received. If it exceeds the tax liability, the overpayment is refunded. This contribution does not apply to legal entities or non-resident shareholders, who remain taxed according to the specific conditions applicable to their specific situation. Lastly, shareholders are exempt from contributions if they so request, provided they belong to a household (for tax purposes) whose average benchmark tax for the second last year was less than €50,000 for single, divorced or widowed taxpayers or €75,000 for jointly-assessed taxpayers. It is advised that shareholders contact the institution that holds their share account or their advisor, in order to discuss options and procedures regarding exemption from contribution, given that the exemption must, in principle, be requested before 30 November of the year preceding that in which the dividend was paid. However, for income earned in 2013, this may be requested at the latest on 31 March 2013 (the exemption remaining applicable only to income earned after the request).

This deduction at source does not relieve the dividend of the possibility of subsequent taxation: the dividend shall be declared and taxed in accordance with the usual terms and conditions. As regards the base of the taxable dividend, the 40% rebate is maintained without amendment; conversely, the annual fixed rebate is abolished. Lastly, the CSG tax applied to the dividend is deductible from the total income in the year of its payment, at a rate of 5.1%.

3.10.5. Employee shareholding

3.10.5.1. Métropole Télévision Group savings plan

Established in September 1994 as a Fonds commun de placement (collective investment scheme), the Group savings plan invests exclusively in Métropole Télévision shares. At 31 December 2012, the savings plan had 937 unit holders indirectly holding 160,900 shares. The fund thus represented 0.12% of the share capital.

3.10.5.2. Purchase of shares for allocation to employees under a profit sharing agreement

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

4.1	Business risk	p.118
4.2	Market risks	p.122
4.3	Credit and counterparty risk	p.122
4.4	Liquidity risk	p.123
4.5	Legal risks	p.123
4.6	Major operating risks	p.128
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4.8	Insurance coverage	p.131

4. Risk factors and management

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

4.1. Business risk

4.1.1. Risks related to the Group's market structure

4.1.1.1. Audiovisual market

The M6 Group, via its broadcasting activities, operates in a changing audiovisual market, due to digitalisation and the rapid development of free Digital Terrestrial Television (DTT (described in section 1.5.1.2 on the structural changes affecting the TV market).

The free-to-air channel offering increased from 19 channels at 31 December 2011 to 25, following the launch of on free DTT of 6 additional channels on 12 December 2012. This growth in content offering leads to audience dispersal, with a consequent fragmentation of the TV advertising market, the only source of revenue for the Group's free channels.

Against this background, the M6 Group faces increased competition and has sought to strengthen its position by investing in the M6 channel to consolidate its audiences, and by developing a new offering on free DTT with the W9 channel. And 6ter, one of the new 6 channels launched on 12 December 2012. The competitive environment of free-to-air channels is changing, following TF1 Group's acquisition in 2010 of 40% of the TMC channel (thus increasing its shareholding to 80%) and of 100% of the NT1 channel from the AB Group, as well as the Canal+ acquisition of Bolloré Group's free-to-air TV channels (Direct 8 and Direct Star), finalised in September 2012.

The broadcasting activities of the pay channels operate in a competitive environment, with a penetration of the multi-channel (cable-satellite, ads) pay offer of some 50% of households equipped with a TV. In addition to advertising income, these channels benefit from revenue from cable operators and distribution platforms. The calling into question of these distribution agreements, the majority of which will mature at the end of 2015, could have a significant impact on the profitability of the Group's pay channels.

4.1.1.2. Other Group markets

Concerning other operations and revenue sources, the M6 Group has developed a product and service offering mainly directed at the mass market, and sold across the major national distribution networks. These operations, which do not depend on advertising resources for the majority of their income, are nonetheless sensitive to the economic situation (see section 1.5.2).

In addition, certain other Group markets, described in the section 1.5 of this management report, are also subject to pressures from digitalisation, notably the music publishing business (disks) and video publishing. The digitalisation of media and the rollout of high speed internet access have generated significant growth in illegal downloading, leading to a destruction of value for these markets.

The "Hadopi" law on illegal downloading, adopted in 2009, and the interprofessional agreements signed with a view to combating illegal downloading more effectively by bringing all selling windows forward and ensuring they remain totally separate, should restrict the opportunities and the interest in illegal downloading.

4.1.2. Development of technologies, changes in use

New technologies, as described in 1.5.1.2.1. of the Registration Document, have led to changes in television consumption. The M6 Group is involved in the implementation of all these new broadcasting technologies to support and anticipate the new methods of use, a necessary condition for the preservation of the future of its model.

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

As a result of these technological developments and their rapid adoption by French people, growth in so-called "convergent" media viewing patterns was noted, characterised by increasing TV content viewing outside of their original viewing medium. The Global TV survey, carried out by Médiamétrie in April and May 2011, underlined the growing significance of computers and mobile phones as complementary screens for watching live programmes. According to this survey, these new consumption patterns are gradually taking hold in the viewers' habits and complement live viewing on TV sets, which remain the preferred medium of 97% of people, along with continuing increase in TV watching times. Lastly, the NOTA study on television trends, carried out in autumn 2012, mentions the emergence of broadcasting and of viewer participation via a "second screen", so radically changing viewing habits.

In view of the above, it appears however that competition among the various media must be put in perspective, due to:

- the fact that TV usage remains at a high level, and the development of a different TV content viewing pattern, outside their original channel,
- and the complementary features of the various media for advertisers depending on their objectives: cover, repeats, commercial targets, power, costs, etc.

4.1.3. Sensitivity to the economic situation

M6 Group, due to the nature of its operations, is highly sensitive to the economic situation, to the extent that:

- Advertising revenue depend on a level of investment in communication set by advertisers, who for the most part are major brands that operate in mass market products and services (food, health & beauty, cleaning products, finance and insurance, transport, telecommunications, publishing, etc.). This level is notably related to the growth prospects and the profitability of these businesses on the French market.
- Communication expenditure may represent a balancing item in the cost structure of these businesses against a deteriorated economic background. More generally-speaking, all changes that create uncertainty to the level of advertisers' income, or which constitute an additional constraint on their costs, may have an influence on the level of their television advertising expenditure, and thus be reflected in a negative impact on the Group's advertising revenue, even if the advertising market is regularly marked by the development of new sectors. The significant number of advertisers, the constant renewal of brands and the competitive environment significantly limit M6 Group's risks connected with a possible concentration and to an excessive exposure to any given sector.
- However, due to its presence in free-to-air DTT through the W9 and 6Ter channels, M6 Group benefits from stronger exposure to the advertising market of this TV segment, whose growth was higher in 2012 than that of the overall TV advertising market.

The M6 Group has, however, from an early stage, implemented a strategy to diversify its revenues, in order to limit its dependence on the advertising market. The Group's sources of non-advertising revenue, which represented 41.5% of consolidated revenue in 2012, are nonetheless dependent on the level of consumer spending and the portion dedicated to leisure - media (TV subscription, telephone, video purchase, cinema, CDs, etc.) or to household equipment purchases (distance-selling division).

4.1.4. Adapting the cost structure and increase in content cost

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

The growth in the cost of programmes noted in recent years has affected all categories: retransmission rights for sports competitions, broadcasts, series, and feature films.

This was reinforced by the relative scarcity of powerful and attractive programmes in a market where buyers are more numerous than before, with an increase in the strength of DTT channels, and where the number of sellers is restricted, notably concerning successful products such as series. In addition, technological (transfer to HD reception), regulatory, legal and contractual changes (the collective production agreement for example) may also contribute to an inflation in production and purchase.

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

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

The audiovisual rights acquisition and distribution subsidiary SND, as well as the Summit Entertainment LLC shareholding and the film catalogue and co-production activities all contribute to the Group's strategic response aimed at making broadcasting rights procurement secure and to better control its cost.

Lastly, programme management has the objective of defining the programme policy for Group channels giving them each their own identity but also enabling the sharing of resources (technical resource, studios, programmes where appropriate). Throughout the year, programme management ensures strict cost control of programmes and monitors this, as much as possible, depending on advertising revenue growth.

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

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

For the other Group companies, the exposure to price risk, although real, is lower to the extent that costs are more variable in the diversification activities and the number of suppliers is significantly higher.

4.1.5. Payment terms risks

The provisions of the Law for Modernisation of the Economy in respect of terms of payment between customer and supplier came into force on 1 January 2009: since that date, customers are obliged to pay their suppliers within 60 days or within 45 days of the end of the month.

Companies that do not comply with the new payment terms imposed are exposed to certain financial risks and penalties, including late payment penalties, fines and proceedings initiated by the French Ministry of Economy following the filing of a report by the Statutory Auditors.

This law affects M6 as it does any other company. More specifically, since a significant part of contracts signed with its suppliers relate to the purchase of audiovisual rights, featuring very specific and very precise payment terms, meeting these payment terms is of particular importance for the Group.

Risk management and follow-up

In order to meet its settlement terms and to ensure that it always complies with applicable laws, the Group implements a number of steps.

Supplier payment procedures

The Group has put into place a supplier payment procedure governed by internal controls and an IT system to process invoices received that is adapted to the new legal provisions. Moreover, every supplier's payment terms to the Group are checked frequently.

Follow up of late payments

Two alert and monitoring tools are available to the Group's financial management to deal with payment terms: a summary of invoices that are due and not yet paid and a summary of every accounting department's payment terms. In addition, the consolidated WCR of each Group entity is monitored on a quarterly basis.

The maturity of the Group's trade payables (excluding audiovisual rights and intra-group suppliers) was as follows:

(€ millions)	31/12/2011	31/12/2012
Trade payables falling due before 1 February	39.9	49.9
Trade payables falling due between 1 February and 28 February	6.6	2.8
Trade payables falling due after 1 March	0.0	0.0
TOTAL	46.5	52.7

This data is consolidated and does not include liabilities relating to the purchase of audiovisual rights, since these liabilities primarily fall due on the basis of operational milestones (including "ready to broadcast", "first broadcast", etc.) and not on calendar dates.

For the Group's main company (Métropole Télévision), the trade payables outstanding, rights excluded but including intra-group payables may be analysed as follows:

(€ millions)	31/12/2011	31/12/2012
Trade payables falling due before 1 February	42.1	62.2
Trade payables falling due between 1 February and 28 February	31.6	22.7
Trade payables falling due after 1 March	0.0	0.0
TOTAL	73.7	84.9

4.2. Market risks

4.2.1. Foreign exchange risks

The foreign exchange risk management policy and related data are set out in Note 22.3 to the consolidated financial statements of this document.

4.2.2. Interest rate risks

The Group is naturally exposed to risks from movements in interest rates. This risk is detailed in Note 22.3 to the consolidated financial statements.

This risk is of little significance however as the Group has very little debt. Liabilities at 31 December 2012 are made up of a lease for production equipment (€1.3 million) advances subject to terms and conditions for the production of feature films (€0.2 million) and the share of liabilities of jointly-owned entities (€0.6 million).

4.2.3. Share risk

To the extent that the Group does not own any listed financial assets, share risk exposure only relates to treasury shares.

In the consolidated financial statements, treasury shares are recorded at their acquisition cost as a reduction of equity. Therefore, M6 Group share price movements have no impact on the Group's consolidated financial statements.

In the parent company financial statements, the net value of treasury shares is aligned with the corresponding asset at the listed share price, except for treasury shares held with a view to funding free share allocation plans, the net value of which is written down to zero over the period of the plans.

In the case of the Group, only shares held as part of the liquidity contract are therefore currently exposed to share risk. Their net value was €1.5 million at 31 December 2012 for 128,548 shares. A 10% movement in the M6 share price would have a €0.2 million impact on the net value of treasury shares.

4.2.4. Raw material risk

The Group has only little and indirect exposure to the risk of fluctuations in raw material prices.

Only a number of providers and suppliers (logistics, diversification product sub-contractors) may experience a variation in their operating costs as a result of changes in raw material prices (primarily petrol and paper) and if necessary pass them on their selling prices.

The effect on the Group's financial statements that would result from such price adjustments is not significant.

4.3. Credit and counterparty risk

The credit risk for the Group is the bankruptcy of a customer, a supplier or a banking counterparty.

4.3.1. Trade receivables

Concerning customer risk, the Group applies a cautious prevention and monitoring procedure described in Note 22 to the consolidated financial statements.

It is pointed out in this note that, as regards revenue, no single customer risk is material enough to significantly impair the Group's profitability.

The Group's top 1, 5 and 10 customers represent less than 5%, 10% and 15% of total revenue, respectively.

4.3.2. Trade payables

As part of the purchase and co-production of programmes, the Group has to pay advance payments which may be deemed significant over a full-year. The Group strives to pay advances or make prepayments as close to the delivery date of the programmes to be broadcast as possible. In all instances, the Group implements an active policy of selecting the most sound suppliers, or failing that, monitors the financial health of its suppliers.

4.3.3. Banking counterparties

Financial transactions are negotiated with carefully selected counterparties as described in this document in Note 22.3 to the consolidated financial statements, market risks, in the section dedicated to the investment policy.

The Group pays particular attention to the quality of its banking counterparties, which are all "investment grade" rated.

A prudent diversification was thus undertaken for the deposits with mutual funds where surplus cash is invested.

4.4. Liquidity risk

The liquidity risk management policy is set out in Note 22.2 to the consolidated financial statements of this report.

The Group's liquidity must therefore be considered in the light of its cash position and its unused confirmed credit lines.

At December 2012, the Group's cash position was €317.5 million and it had €85.0 million in undrawn credit lines.

These lines include early enforceability clauses (covenants) based on the relative level of financial expenses and the ratio between net debt, equity and the equivalent of Ebitda. Since no credit line had been drawn down at year-end, these clauses did not apply.

In addition, due to the Group's current financial situation, these covenants will definitely not apply.

4.5. Legal risks

4.5.1. Regulatory risks

a) Risks related to regulatory and contractual obligations

As part of its broadcasting authorisation, the main features of which are specified in section 1.6.2. of this document, M6 is subject to legal and regulatory authorisations provided by the Law of 30 September 1986 and related application decrees.

The channels are also bound to the regulatory body (CSA) in application of Article 28 of the Law of 30 September 1986.

These agreements set out the specific rules applicable to the channels, due to the extent of the area serviced, of the channel's share of the advertising market, of the obligation of equal treatment between all TV networks and competitive conditions specific to each of them, as well as the development of digital terrestrial radio and television.

The Conseil Supérieur de l'Audiovisuel thus ensures that the channels meet all their obligations.

Sanctions incurred in the event of non-compliance with commitments are listed in Articles 42 and subsequent of the Law of 30 September 1986: summons, suspension, reduction of the broadcasting licence to a single year, monetary sanctions limited to 3% of revenue or 5% in case of repeat offence, cancellation of the licence.

In order to minimise risks associated with production and broadcasting quotas, M6 put into place a precise daily monitoring of its programming and investments in programme production. In addition, one of these systems is exclusively focused on monitoring the network, ensuring daily that all programme contents are in accordance with regulations in force.

The Group considers that within an environment where TV channels face numerous challenges and need to adapt to a changing environment (increase in the number of channels, increase in viewing media, insufficient revenue growth, competition from powerful new business players), the growing complexity of the audiovisual regulatory framework generates new risks, reflected in new obligations and constraints that reduce investment and programming options; regulations are liable to hamper the development and adaptation and innovation capacity of audiovisual groups.

b) Risk related to frequency management

The channels granted to historic private networks by the Law of 5 March 2007 as compensation for the early switch off of the analogue signal have been called into question by a substantiated opinion issued by the European Commission in September 2011. France may challenge this pre-litigation ruling and the networks involved, including M6, retain this right for the time being. In all cases, the damage suffered has not been disputed and historic networks are still entitled to compensation.

No other regulations liable to have a significant impact on the Métropole Télévision Group have been adopted since the start of 2012.

4.5.2. Intellectual property, freedom of press and personal privacy

M6 Group's broadcast of audiovisual programmes, whether produced in-house or by third parties, is susceptible to claims of various natures concerning the violation of provisions relating to laws on intellectual property rights, personal privacy rights and freedom of the press.

No contractual provision can provide the Métropole Télévision Group with total protection against legal recourse, particularly with regard to legal action matters based on the Law of 29 July 1881 on the freedom of the press.

In addition, Métropole Télévision Group diversification activities may generate claims regarding the infringement of the aforementioned rights.

Nevertheless, procedures have been implemented within Métropole Télévision Group to protect it from this type of risk: contract mechanisms (guarantee clauses) and internal procedures, such as assignment of legal advisors to production in-charges, guidelines, etc., which enable this risk to be considerably reduced.

4.5.3. Risks relating to non-observance of contractual commitments

Non-observance of contractual agreements by suppliers or partners is liable to affect Group operations on a once-off basis, more particularly when defaults relate to the delivery of audiovisual rights (poor quality or unavailable on the planned broadcasting date) or technical services relating to live programmes or signal broadcasting.

A break in broadcasting may thus cause the loss of advertising revenue relating to commercial breaks not or poorly broadcast.

However, the Group carries out a strict assessment of its providers and suppliers, from the point of view of technical and operational reliability and financial soundness before placing any order. This selection is all the more important that the order relates to purchases or services deemed strategic.

In addition, the Group ensures that it negotiates contractual provisions that guarantee compensation in case of obvious default by suppliers resulting in a loss of profit or the recognition or exceptional expenses.

In 2012 as in 2011, the Group did not record any major incident resulting from its non-observance of contractual agreements with third parties.

The only identified risk of non-observance of contractual commitments by customers relate to their solvency, as specified in the notes to the financial statements.

Lastly, the Group takes particular care to meet all its commitments with third parties, considering that any failure to meet its obligations would have an adverse impact on its reputation, the proper running of its operations and the occurrence and magnitude of resulting litigations. Internal control procedures – more particularly those concerning the responsibility of operational and departmental executives – are specifically devoted to covering this risk.

In 2012, as in 2011, the Group did not record any major incident resulting from the non-observance of contractual agreements by suppliers or partners.

4.5.4. Litigations and financial assessment

In compliance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, the Group recognises a provision for litigations when it is considered probable or certain that an on-going trial or litigation will generate costs without an at least equivalent consideration and that a reliable estimate of this cost net of consideration can be made.

At 31 December 2012, the Group thus recognised €24.8 million in provisions for litigations (€25.6 million at 31 December 2011).

These provisions relate to litigations and trials in process with third parties of various natures (legal entities or private individuals who in certain cases had a business or employment relationship with the Group), which may not be presented individually or in detail due to business confidentiality.

On the other hand, no provision is recognised for litigations for which it is improbable that an outflow of resources will occur, or for which the financial impact cannot be reliably measured. In this case, the Group recognises a contingent liability.

By ensuring compliance with both its contractual and editorial obligations as regards its TV channels, the Group strives to reduce the occurrence of litigations to the best of its ability. However, such occurrences are inherent to any business activity and when litigation occurs, the Group will strive to minimise their impact by using the best advisors.

4.5.5. Legal and arbitration proceedings

a) Requalification of employment contracts for candidates in reality television shows

To date, the Group received 38 requests to appear before a number of Labour Courts seeking to requalify contracts signed by participants in reality television shows produced by the Group as employment contracts (notably Pékin Express, les Colocataires and the Bachelor).

M6 Group disputes the validity of these claims.

A judgment concerning 22 participants, in favour of M6, was delivered by an Industrial Tribunal in Nanterre (Conseil des Prud'hommes de Nanterre) on 30 March 2012, finding that the candidates did not have an employment contract but had a contract to participate in a gameshow, and therefore excluding them from the jurisdiction of the Industrial Tribunal in favour of the jurisdiction of the Regional Court (Tribunal de Grande Instance).

The 22 candidates made an objection to the Court of Appeal which gave its ruling on 12 February 2013. The Versailles Court of Appeal decided on these disputes in accordance with current case law and acknowledged that each candidate had an employment contract.

Nevertheless, these rulings are not final since Studio 89 Productions, the producer of the programmes concerned, has filed an appeal with the Supreme Court in relation to these 22 claims.

Despite this case law against television channels and production companies, it is important to note that a judgment in favour of the M6 Group relating to 7 participants in the programme Pékin Express was returned on 13 March 2013 by the Industrial Tribunal of Nanterre, which reiterated that it had no jurisdiction in view of the fact that Pékin Express was an audiovisual gameshow and that the plaintiffs had not provided proof of the existence of an employment contract.

The 7 candidates will also be able to appeal to the Versailles Court of Appeal.

The other submissions are awaiting trial or consideration by the Boulogne-Billancourt Industrial Tribunal (Conseil de Prud'hommes de Boulogne-Billancourt).

b) Notification of complaint by the Competition Authority

On 7 January 2009, stakeholders to the CanalSat TPS merger transaction that created Canal + France received a notification of complaint from the French Competition Authority, which has since become the Competition Authority, as the Committee's Reporting Secretary considered that certain clauses of the agreement entered into by the two parties could be criticised in light of Competition regulations. In its ruling of 16 November 2010, the French Competition Authority considered that it was not its role to call into question the exclusivity and non-competition clauses concluded between Canal + Distribution and M6 Group, which had been notified to the Ministry for the Economy and which was expressly authorised by the latter in its decision to authorise the merger between CanalSat and TPS.

This decision has not put a complete end to prosecution against Canal Plus, TF1, Métropole Télévision and Lagardère, since the Authority claimed jurisdiction to examine, as part of the transfer to the examining judge, exclusivity clauses relative to optic fibre and catch-up TV services concluded between Canal + Distribution and M6 Group, which, in the Authority's opinion, were not included in the ruling of the Ministry for the Economy. This ruling by the Competition Authority was subject to an appeal before the Court of Appeal of Paris by France Telecom. M6 Group communicated with this court at its own initiative. France Télécom finally withdrew this last claim, which was acknowledged by the Court of Appeal of Paris in its ruling of 8 December 2011. The appeals procedure remains on-going.

Although the M6 Group disputes the merits of this procedure, it cannot rule out the possibility of having a financial penalty imposed on it.

In addition, in a ruling dated 20 September 2011, the Competition Authority stated that the Canal Plus Group had not honoured several commitments taken under the Minister for the Economy, Finance and Industry's ruling of 30 August 2006, which authorised the acquisition of TPS by Vivendi Universal and Canal+.

The Authority thus fined CANAL + and withdrew its authorisation; Canal+ had to submit the request again. As an interested party (distribution of the Group's channels), M6 Group participated in the Authority's market tests in 2012. The Competition Authority authorised the acquisition in a decision dated 23 July 2012. The CANAL+ Group having lodged appeals against these two decisions, M6 Group became a voluntary third party to this action. In two rulings dated 21 December 2012, the Conseil d'Etat definitively upheld the aforementioned decisions of the Competition Authority, as well as the injunctions taken out against the Canal + Group companies for a minimum duration of five years, thus guaranteeing minimal protection as regards distribution of independent channels, including those of M6 Group.

c) Exclusive takeover of Direct 8, Direct Star, Direct Productions, Direct Digital and Bolloré Intermédia by Vivendi and CANAL + Group

In a decision dated 23 July 2012, the Competition Authority authorised the exclusive takeover of the companies Direct 8, Direct Star, Direct Productions, Direct Digital and Bolloré Intermédia by Vivendi CANAL + Group. M6 Group lodged an appeal against this decision to the Conseil d'Etat.

M6 Group also lodged an appeal to the Conseil d'Etat against the CSA's decision dated 18 September 2012 authorising, under Article 42-3 of the Law of 30 September 1986, the sale to Canal Plus Group of the Direct 8 and Direct Star companies.

d) Settlement of a dispute before the Conseil Supérieur de l'Audiovisuel

Within the framework of a referral to the CSA by France Télévisions, relating to the positioning of the France 5 TV channel in the new national service plan of the Numéricable cable operator, the Paris Première channel which had effectively been granted the 5th channel claimed by the public service was party to settlement agreement in 2010. The CSA ruled in favour of Numericable, in a ruling dated 9 November 2011, which rejected the request for dispute settlement from France Télévisions and thus ruled in favour of Paris Première who retains channel no 5 on Numericable. France Télévisions lodged an appeal against this decision to the Conseil d'Etat.

e) Other appeals before the Conseil d'Etat

As regards the appeals of the authors' and producers' unions contesting the investment levels made by M6 in production in 2009, the Conseil d'Etat agreed with the CSA, ruling that these investments satisfied the channel's obligations and rejected all the unions' demands. From 2010, M6 thus continued its investments without additional charges.

In addition, the Conseil d'Etat rejected the interim application submitted by several local television channels relating to the new numbering allocated by the CSA to the DTT HD channels selected in 2012. Consequently, 6ter could be launched immediately on channel 22 as early as 12 December 2012. The M6 Group had given its backing to the regulation authority before the Conseil d'Etat which must now rule on the substance of the case.

Lastly, M6 Group contested the absence of its compensation channel, an award which, as set out in the law, is possible since the phasing out of analogue broadcasting.

The financial risks arising from all the matters in progress, with the most significant described above, were estimated prudently and provided for where required in the financial statements of the Group (see Note 28 to the consolidated financial statements).

To date, there are no governmental, legal or arbitration procedures, including any procedure known to the Company, that is pending or of which it is threatened, which is likely to have or having had a significant effect in the last twelve months on the financial position or profitability of the Group.

4.6. Major operating risks

For the Group's channels, the interruption of the broadcast of their programmes constitutes a major risk. In order to protect itself from the occurrence of such a risk, the Group has taken a number of steps to ensure continuous broadcasting of the programmes of the Group's channels. These steps relate notably to securing the electricity supply to the units, the modernisation of the broadcasting installations and the selection of recognised and reliable suppliers for services to broadcast the signals.

4.6.1. Broadcasting and transmission signal risks

The Group's methods of broadcasting are varied:

- Since the switchoff of the analogue signal on 29 November 2011, M6 is broadcast free on the DTT network in digital mode only (Digital Terrestrial Television), in standard definition (SD) or high definition (HD); the M6 signal is also included in most packages of channels offered by the satellite, cable and broadband broadcast platforms.
- W9 is broadcast free in digital mode on the DTT network in standard definition only. The W9 signal is also included by the non free-to-air broadcast platforms (cable, satellite, broadband), either in standard definition (SD) or high definition (HD).
- 6ter is broadcast free in digital mode in high definition (HD) on the DTT network. Le 6ter signal is also included by the non free-to-air broadcast platforms (cable, satellite, broadband), either in high definition (HD) or standard definition (SD).
- Other Group channels are pay channels offered by the various non free-to-air platforms. Paris Première and TF6 are nevertheless included in DTT pay-TV packages in standard definition.

Concerning the broadcast of free-to-air digital (DTT), Data compression in digital mode enables the broadcast of several DTT channels on the same frequency. As a result, the broadcast in DTT is shared by a group of three to seven associated channels in common companies, called Multiplex or MUX, whose composition is decided by the Conseil Supérieur de l'Audiovisuel (CSA).

Thus, M6, W9 and Paris Première are associated with NT1 and Arte (for its HD signal) in the R4 Multiplex whose corporate name is Multi 4. 6ter is associated with the R8 Multiplex, along with RMC Découverte et Numéro 23. TF6 is associated with the R6 Multiplex (SMR 6), which notably includes TF1.

In accordance with the law, the networks that have been rolled out by Multi 4 and SMR 6, supported by 1,626 broadcasting sites, provide nationwide coverage of 95% of the population of Metropolitan France, with a minimum of 91% per district.

HD broadcast was launched on 30 October 2008. M6 is associated with TF1 and France 2 on the Multiplex R5 (MR 5), whose network is under construction, three years later than the first DTT networks. 1,231 sites are already operational. HD network coverage will continue to expand gradually in order to reach 1,626 sites in 2015.

The network deployed by R8 was launched on 12 December 2012 with an initial coverage of 25% of Mainland France. This network will extend gradually to achieve coverage identical to other networks (1,626 sites) in June 2015.

- TDF for Multi 4 and MR 5 operate the **top of the network**, which consists of compressing and multiplexing the signals. TF1 and M6 provide this service in the case of SMR 6 and SMR 8, respectively.
- Multi 4 and SMR 6 use the company Globecast to ensure the **upload** to the Eutelsat 5 West A satellite that transmits the signal to a large number of transmitters. A terrestrial link operated by TDF is used for the multiplex signal of associated channels in MR5 to transmit from Paris to the regional transmission sites. Lastly, R8 appointed the companies Arqiva and TDF to ensure the upload to the Eutelsat 5 West A satellite.

- the companies TDF, Towercast (NRJ Group), Itas-Tim and Onecast (TF1 Group) operate the **transmission sites** of the R4, R5, R6 and R8 networks.

For their broadcast, the channels thus heavily depend on the quality of the services of their technical providers (free-to-air broadcast) and on the continuity of service provided by the operators of cable, satellite and broadband platforms.

More specifically, concerning the free-to-air broadcast of M6, W9 and Paris Première (R4 network), these channels have no alternative carrier in the event of breakdown of the Eutelsat 5 West A satellite. Similarly, 6ter (R8 network) has no alternative primary carrier in the event of breakdown of this satellite. However, the setting up of a backup for the R4 network is being analysed.

Antenna systems are not fully immune to technical incidents (antennas, waveguides and frequencies multiplexer), and electric supply may be discontinued in the event of a failure of the ERDF network.

However, transmission sites are for the most part secured thanks to their multiplicity and to the presence in certain cases of power generators.

The damage that channels, and first and foremost M6, may be subject to in the event of a transmitter failure is proportional to the viewing audience size served by the transmitter. This is why M6 has negotiated with its service providers very short service times in the event of transmission failure.

4.6.2. Internal control failure, fraud, IT systems, concentration of purchases, etc.

a) Risk of internal control failure

The Group implements a cautious prevention and follows up policy for this risk, as specified in the report of the Chairman of the Supervisory Board on corporate governance and internal control and risk management procedures (section 2.6 of this document).

b) Risk of fraud

The M6 Group bases its internal control system on the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and on the recommendations prepared by the AMF. One of the targets set (see paragraph 5.1.1 of the Report of the Chairman of the Supervisory Board) is to “prevent and manage the risk of error or fraud”.

With the help of an independent consultancy firm, the Group has therefore put into place a multi-year anti-fraud plan, which is based on the definition of fraud used by Association of Certified Fraud Examiners (ACFE) in the execution of its activities: “The use of one’s occupation for personal enrichment through the deliberate misuse or misapplication of the employing organisation’s resources or assets”.

In order to prevent, discourage and detect frauds, the Group has put into place:

- an Ethics Charter, which must be observed and has been communicated to all Group employees. This Charter details the Company’s ethical values and defines the professional principles which Group Directors and employees must adhere to in their own conduct and which must guide the steps they undertake;
- a map of fraud risks within the Group. This map is the first step in an ambitious action plan implemented to manage the fraud risk as comprehensively and efficiently as possible. Initiated in July 2009 by the Audit Committee, and pursued throughout 2012, the objective of this action plan is:
 - o firstly, to define the areas at risk and the role of the various stakeholders (Operational Units Department, Legal Department, Finance Department and Risk Management)- this step was completed at the beginning of 2010;
 - o secondly, to determine whether the various internal control procedures established by the Group efficiently combat fraud – this stage has already led to adding to the procedures implemented in certain departments and subsidiaries;
 - o thirdly, to carry out internal work to assess the controls introduced in risk areas;
 - o lastly, put in place a multi-year testing programme that will complement the internal control audit.

- Group internal control standards, which include many key control points that directly or indirectly target the risk of fraud;
- more generally speaking, all the rules, procedures and controls implemented within the Group's organisations.

These anti-fraud measures cannot eliminate all risks, but are intended to very significantly reduce their occurrence and magnitude.

c) IT systems risk

The Group depends on shared and interdependent IT applications for all its operations. The main risks relate to data confidentiality and integrity, as well as the discontinuation of IT services. Any failure affecting these applications or data communication networks may result in a cessation or slowdown in operations, delay or distort certain decision-making processes and generate financial losses for the Group. Moreover, any accidental or intentional data loss, liable to be used by a third party, may have negative effects on the Group's activities and results.

This is the reason why all IT systems are made secured by:

- Physical facilities protection (access control, fire detection);
- Logical network access control;
- Firewalls and antivirus;
- Daily, weekly, monthly and annual data backup;
- Duplication of broadcasting control room key systems (software and hardware).

This securitisation policy is reviewed on a regular basis in order to equip the Group with the best tools and procedure to combat this risk.

d) Supplier risk

The concentration of strategic purchases from a limited number of suppliers may result in a strong dependence on the latter, causing a procurement risk (increase in purchase prices, supplier bankruptcy, etc.).

The purchases deemed the most strategic within the Group are audiovisual rights purchases for the M6 channel.

As regards programmes in inventory, the main suppliers are the major US studios. Even though distribution contracts (output deals) have been signed with certain producers, the most significant of which represents less than one third of films, made-for-TV films and series purchases. The top six US studios supplying M6 represent less than two thirds of these purchases. Dependence on these studios is structurally limited by the broadcasting quotas M6 must comply with.

As concerns flow programmes, purchases are spread over many suppliers.

In spite of the limited reliance on any given supplier, the Group pays particular attention to spreading its risks in terms of audiovisual rights procurement. It keeps a permanent watch in this respect in order to identify new programme concepts and alternative suppliers.

The share of 2012 purchases from the leading top five and top ten suppliers represented 3.5%, 15.4% and 24.4%, respectively.

4.7. Industrial and environmental risks

The Métropole Télévisions Group's operations do not structurally generate any significant environmental impacts, and as a result do not incur any industrial or environmental risks in light of existing regulations. Nevertheless, the Métropole Télévision Group does take its environmental protection responsibilities seriously, particularly with regard to the recycling of waste produced by its activities, such as the recycling of batteries, laser cartridges, neon lights and videocassettes through the Centre d'Aide par le Travail (see also the paragraphs on environmental responsibility in section 7.3).

4.8. Insurance coverage

The Group has adopted a prudent risk analysis and prevention policy in order to limit the occurrence and magnitude of such risks.

In order to complement this policy, the Group has put into place an insurance policies plan focusing on the coverage of major risks, thereby providing for adequate coverage according to risk assessment, its own capabilities and the insurance market conditions.

The Group ensures the appropriateness of its insurance policies in relation to its requirements.

The major insurance policies subscribed to by the Group are listed below, followed by category of major risks covered (information below is provided purely on an indicative basis), other than those concerning F.C.G.B. and Ventadis, which have their own insurance policies.

a) Property damage insurance

Policy Industrial and professional block policy

Insured parties: METROPOLE TELEVISION, its subsidiaries and/or related companies.

Coverage: damages to a maximum of €47,750,000 per loss per year of coverage.

Policy: All risks for IT and technical equipment

Insured parties: MÉTROPOLE TELEVISION, its subsidiaries and/or related companies.

Coverage: monetary damages arising from all direct material losses and all direct material damages caused to equipment to a maximum of €34,000,000 per loss per year of insurance.

b) General public liability insurance

Policy: Operational and professional liability

Insured parties: MÉTROPOLE TELEVISION, its subsidiaries and/or related companies, groups created by or for personnel, legal representatives and servants of the insured;

Coverage: monetary damages arising from personal injury, property damage or moral prejudice caused to third parties by the Group's operations, up to a maximum of €16,000,000 per loss for all professional liability type damages and up to a maximum of €7,000,000 per loss per year for all civil liability type damages.

c) Board members' general liability insurance

Insured parties: METROPOLE TELEVISION, its senior executives (1) (by law or fact) and Board members of Métropole Télévision and its subsidiaries.

Guarantees: monetary damages arising from Board members and senior management civil liability up to a maximum of €11,500,000 per insured period.

(1) Senior executives and directors: individuals, past, present or future, ordinarily invested with company powers pursuant to the laws or bylaws of subsidiaries.

In 2012, the annual cost of insurance premiums to the Group was stable at about €577 thousand. All of M6 Group insurance contracts were renewed in 2013 on similar bases as those of 2012.

All other contracts (particularly F.C.G.B. policies, as well as Ventadis policies and production insurance) represented €710 thousand in 2012.

Furthermore, SCI du 107 subscribed to specific insurance policies from ALBINGIA for protection against the risks associated with the rebuilding programme of the property complex of which it is the owner. Damage to this complex, which was delivered on 23 July 2012, is insured for the next ten years.

There are no captive insurance companies within the Group.

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5. 2012 financial report

5.1. 2012 results

5.1.1. Presentation of the consolidated income statement

5.1.1.1. Summarised consolidated statement of comprehensive income

The consolidated statement of comprehensive income below is based on the segmentation of Group activities selected within the framework of IFRS 8 - *Operating segments*.

EBITA, also termed profit from recurring operations, is defined as operating profit (EBIT) before operating income and expenses from business combinations and capital gains on the disposal of financial assets and subsidiaries.

Operating income and expenses related to business combinations include the amortisation of intangible assets (brands and technologies) accounted for as part of the Mistergooddeal and Cyréalís acquisitions (a negative €1.4 million in 2012 and €1.2 million in 2011), goodwill impairment (a negative €11.2 million in 2012 and €2.0 million in 2011) and other accounting entries resulting from the application of revised IFRS 3, Business combinations (€0.0 million in 2012 and a negative €0.2 million in 2011).

Analytical consolidated income statement

(€ millions)	31/12/2012	31/12/2011	2011 / 2012 change (€ millions)	(%)
M6 TV Network				
Advertising revenue	647.1	675.9	(28.8)	(4.3%)
Other revenue	16.9	9.4	7.4	79.2%
Profit from recurring operations (EBITA)	142.5	175.7	(33.2)	(18.9%)
Digital channels				
Revenue	186.1	184.6	1.5	0.8%
Profit from recurring operations (EBITA)	30.9	34.3	(3.4)	(9.9%)
Diversification & Audiovisual Rights				
Revenue	536.3	551.1	(14.8)	(2.7%)
Profit from recurring operations (EBITA)	47.8	42.4	5.4	12.8%
Other revenue	0.2	0.3	(0.1)	-22.5%
Eliminations and unallocated items	(2.7)	(7.4)	4.6	-62.9%
Revenue from continuing operations	1 386.6	1 421.3	(34.7)	(2.4%)
EBITA from continuing operations	218.5	245.0	(26.5)	(10.8%)
Operating income and expenses related to business combinations	(12.5)	(3.4)	(9.1)	
Capital gains on the disposal of subsidiaries and equity investments	-	0.0	(0.0)	
Operating profit (EBIT) from continuing operations	206.0	241.6	(35.6)	(14.7%)
Net financial income	24.4	3.0	21.3	
Share of associates' net profit	0.0	(0.1)	0.1	
Profit before tax (EBT)	230.4	244.6	(14.2)	(5.8%)
Income tax on profit from continuing operations	(90.2)	(94.9)	4.7	
Net profit from continuing operations	140.2	149.7	(9.5)	(6.3%)
Net profit from discontinued operations	-	-	-	-
Net profit	140.2	149.7	(9.5)	(6.3%)
Attributable to minority interests	(0.0)	(0.0)	0.0	
Net profit - Group share	140.2	149.6	(9.5)	(6.3%)

5.1.1.2. Consolidated income statement by nature of expense

Consolidated statement of comprehensive income		
<i>(€ millions)</i>	<i>31/12/2012</i>	<i>31/12/2011</i>
Revenue	1,386.6	1,421.3
Total operating revenues	1,394.4	1,437.7
Total operating expenses *	(1,175.9)	(1,192.7)
Profit from recurring operations (EBITA)	218.5	245.0
Amortisation and impairment of intangible assets related to acquisitions (including goodwill) and capital gains and losses on the disposal of subsidiaries & equity investments	(12.5)	(3.4)
Operating profit (EBIT)	206.0	241.6
Net financial income	24.4	3.0
Share of profit of associates	0.0	(0.1)
Profit before tax (EBT)	230.4	244.6
Income tax	(90.2)	(94.9)
Net profit for the year	140.2	149.7
attributable to non-controlling interests	(0.047)	(0.048)
Net profit - Group share	140.2	149.6

* operating expenses excluding amortisation and impairment of intangible assets related to acquisitions and capital gains and losses on the disposal of subsidiaries & equity investments

5.1.2. Analysis of the consolidated income statement5.1.2.1. Analytical presentation of 2012 results

In 2012, the M6 Group recorded consolidated revenue of €1,386.6 million, a decline of 2.4%.

This was mainly due to the M6 channel: in an advertising market that suffered a marked slowdown from May 2012 onwards, the channel took advantage from a strong audience performance and was the only nationwide historic channel to report growth, with 11.2% ratings among 4+ year old viewers (compared to 10.8% in 2011), thus limiting the decline in its advertising revenue to 4.3%. The latter totalled €647.1 million, compared to €675.9 million in 2011.

Digital channels reported moderate growth of 0.8% to €186.1 million, compared to €184.6 million in 2011, primarily driven by W9, the DTT channel that broadcasts the largest number of programmes attracting more than 1 million viewers in 2012 (126 nights).

Diversification and audiovisual rights recorded revenue of €536.3 million, a decline of €14.8 million, down 2.7%.

Excluding FC Girondins de Bordeaux (F.C.G.B.), which benefited from its good ranking at the end of the 2011/2012 season and its run in the Europa League, revenue from diversification activities declined by €22.1 million (down 4.5%). This reflected the decrease of M6 Interactions' revenue (down €18.3 million) under the combined effect of the transfer of licencing and development activities to M6 Créations and the termination of publication and press activities.

Other operating revenues were €7.8 million, a decline of €8.6 million compared to 2011, of which €5.7 million was attributable to lower transfer fees from F.C.G.B. players.

Operating revenues thus totalled €1,394.4 million in 2012, compared to €1,437.7 million in 2011, a decline of €43.3 million (down 3.0%).

Excluding operating expenses relating to business combinations, operating expenses decreased by €16.8 million (down 1.4%) to €1,175.9 million.

This decline was due to the following developments:

- operating expenses of the M6 TV Network segment increased by €8.5 million, including €4.0 million for the Advertising Agency [transfer to the Advertising Agency of online activities previously managed by M6 Web and development of IT systems] and €4.9 million for M6 Créations [transfer of licencing activities and development of M6 Interactions];
- operating expenses of digital channels posted an increase of €5.5 million, primarily due to W9, whose development is driven by higher programming costs and broadcasting expenses;
- operating expenses of diversification and audiovisual right activities decreased by €27.3 million:
 - they declined by €3.7 million for the audiovisual rights following the recognition of a writedown of €3.9 million on the SCN catalogue, reflecting an improvement in the operational profitability of other activities of this division;
 - they declined by €2.4 million and €2.0 million in the Interactivity and Ventadis divisions, respectively, i.e. at a more rapid pace than their decline in revenue, which is a sign of improved operational profitability;
 - these developments were also reflected in the Interactions division, whose operational profitability rose from 17.7 to 41.1%, while revenue declined by 55.7%;
 - within the segment comprising FC Girondins de Bordeaux and its subsidiaries, the decline in operating expenses was €0.7 million.

Analysis of expenses by nature is as follows:

- consumables and other operating expenses decreased by €41.2 million (down 5.2%) primarily in relation to the decline in business of the diversification and audiovisual rights division;
- personnel costs increased by €3.5 million (up 1.3%); this was due to conflicting developments: the increase in the payroll of the F.C.G.B division was offset by the decline in personnel costs of other operations;
- taxes and duties decreased by €0.5 million to €61.2 million;
- net amortisation, depreciation and provision charges, excluding those linked to acquisition-related intangible assets, rose by €21.3 million to €112.2 million; This change primarily reflected increased amortisation of audiovisual rights.

Operating income and expenses related to business combinations amounted to a net expense of €12.5 million. This charge primarily included an impairment charge of €11.2 million on the e-commerce goodwill and the €1.3 million amortisation of intangible assets identified as part of the acquisition of Mistergooddeal and Cyréalès (vs. €1.2 million in 2010).

Group operating profit (EBIT) totalled €206.0 million in 2012, less than in 2011 (€241.6 million).

Profit from recurring operations (EBITA), defined by the Group as operating profit before capital gains on the disposal of subsidiaries and equity investments and operating income and expenses related to business combinations amounted to €218.5 million in 2012, compared to €245.0 million in 2011.

Net financial income was €24.4 million, compared to €3.0 million in 2010, benefiting in particular from the proceeds from the disposal of the Summit Entertainment securities (€20.2 million).

The Group's share of profit/(loss) from associates (or share of profit from equity-accounted companies) was nil in 2012, compared to a loss of €0.1 million in 2011.

The consolidated income tax charge was €90.2 million, lower than in 2011 (€94.9 million).

Net profit from continuing operations thus amounted to €140.2 million, a decline of €9.5 million (down 6.3%) compared to 2011.

After taking account of net profit from discontinued operations, which was nil in both 2012 and 2011, and profit and loss attributable to non-controlling interests, the Group share of net profit was €140.2 million.

5.1.2.2. M6 TV Network

The contribution of each entity to the M6 TV Network's performance may be analysed as follows:

Contribution - M6 TV Network									
(€ millions)	31/12/2012			31/12/2011			2011 / 2012 change		
	Business segment total revenue	External revenue	EBITA	Business segment total revenue	External revenue	EBITA	Business segment total revenue	External revenue	EBITA
M6 TV Network*	735.6	649.8	138.2	765.6	679.6	173.3	(30.0)	(29.8)	(35.2)
Audiovisual and film production subsidiaries	102.0	14.2	4.4	101.0	5.7	2.3	1.0	8.5	2.0
Intra-group eliminations	(131.6)	-	-	(142.2)	-	-	10.6	-	-
Total M6 TV Network	706.1	664.0	142.5	724.4	685.3	175.7	(18.4)	(21.4)	(33.2)

including M6 Publicité (advertising agency)

M6 TV network EBITA may be analysed as follows based on the M6 channel's gross margin on programming:

M6 TV Network: Gross margin on programming				
(€ millions)	31/12/2012	31/12/2011	2011/2012 change (€ millions)	(%)
Advertising revenue	647.1	675.9	(28.8)	(4.3%)
Advertising revenue - Group	10.5	10.3	0.2	1.7%
Advertising agency cost - M6's share, taxes and copyright distribution costs	(112.4)	(121.3)	8.9	(17.5%)
Free-to-Air net revenue	545.2	565.0	(19.8)	(3.5%)
Programming costs	(346.9)	(333.9)	(13.0)	3.9%
Gross margin on programming	198.3	231.1	(32.7)	(14.2%)
(%)	36.4%	40.9%		
Net other operating expenses	(72.3)	(69.6)	(2.7)	3.8%
Ex-segment commissions net of advertising agency costs not allocated to M6	12.1	11.9	0.2	2.0%
M6 TV Network other subsidiaries EBITA	4.4	2.3	2.0	86.1%
M6 TV Network EBITA	142.5	175.7	(33.2)	(18.9%)

Net advertising revenues: These consist of advertising revenue earned by the M6 television network, offset by the cost of services provided by M6 Publicité (TV network share), mandatory charges levied as a proportion of revenue and broadcasting costs.

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

Gross margin on programming: this represents the difference between Free-to-air TV net revenue and programming costs.

In 2012, M6 recorded the strongest increase in audience ratings of all French channels and was the only historic channel to report growth, achieving ratings of 11.2% vs 10.8% in 2011 (4+ year olds, source Médiamétrie).

This strategic bolstering was due to event-driven programming, including the broadcast of UEFA Euro 2012, as well as the relevance of the channel's strongest brands, which continued to achieve solid performances (*L'Amour est dans le pré*, *Scènes de Ménages*, *Bones*, *La France a un incroyable talent*, etc.) and contributed to the channel's higher ratings.

Thanks to these successes, M6 reaffirmed its position as the 3rd ranked national channel among all audiences, and the 2nd ranked prime-time national channel.

These audience ratings were the reward for investment in the programme line-up, the cost of which increased by €13.0 million to €346.9 million, as investment in the broadcast of the European football championship was partly offset by savings in other programmes.

The Euro 2012 enabled the channel to report record ratings, as demonstrated by the broadcast of the Sweden vs. France match which attracted 12.2 million viewers, the channel's second best historic audience.

These gains in market share partly absorbed the effects of a contracting advertising market. In 2012, the channel's revenues declined by 2.6% and included a 4.3% decrease in advertising revenue. M6 outperformed the market due to solid audience ratings.

The M6 FTA network (M6 channel, advertising agency and production subsidiaries) thus generated an operating margin from recurring operations (EBITA/revenue) of 21.5%.

5.1.2.3. Digital channels

Contribution - Digital channels									
	Business segment total revenue	31/12/2012		Business segment total revenue	31/12/2011		Business segment total revenue	2011/2012 change	
		External revenue	EBITA		External revenue	EBITA		External revenue	EBITA
(€ millions)									
Total Digital Channels	190.3	186.1	30.9	187.7	184.6	34.3	2.7	1.5	(3.4)

In 2012, revenue from the Group's digital channels grew by 0.8%, primarily driven by W9, which reported average audience ratings of 3.2% during the period (4+ year olds, source Médiamétrie), confirmed its ranking as the leading DTT channel for the commercial target, with audience ratings of 4.2% (Source Médiamétrie), consolidated its ranking as leading DTT channel in the strategic 6pm-11pm time slot, and was the DTT channel which broadcast the largest number of high-profile programmes, showing 267 programmes attracting at least 1.0 million viewers.

More generally, digital channels contributed €30.9 million to consolidated EBITA, representing an operating margin from recurring operations of 16.6%.

5.1.2.4. Diversification and audiovisual rights

Contribution - Diversification & Audiovisual Rights									
	Business segment total revenue	31/12/2012		Business segment total revenue	31/12/2011		Business segment total revenue	2011/2012 change	
		External revenue	EBITA		External revenue	EBITA		External revenue	EBITA
(€ millions)									
Audiovisual rights	105.5	88.0	2.9	120.4	90.0	3.4	(15.0)	(2.0)	(0.5)
Interactions	17.7	14.6	6.0	37.4	32.9	5.8	(19.7)	(18.3)	0.2
Ventadis	273.7	266.7	12.9	276.0	268.2	11.8	(2.4)	(1.4)	1.1
M6 Web	104.3	101.8	36.8	105.1	102.1	34.6	(0.8)	(0.3)	2.3
FCGB	65.7	65.2	(10.7)	58.3	57.9	(13.2)	7.4	7.3	2.4
Intra-Group eliminations	(12.9)	-	-	(16.8)	-	-	4.0	-	-
Total Diversification & Audiovisual Rights	554.0	536.3	47.8	580.4	551.1	42.4	(26.5)	(14.8)	5.4

Advertising and non-advertising revenues from Diversification and Audiovisual Rights decreased by 2.7% in 2012, whilst the divisional contribution to EBITA increased significantly (up 12.7%):

- o revenues of the Audiovisual Rights receded slightly due to fewer video releases;
- o M6 Web strengthened its position in both the mobile phone and online advertising markets;
- o Ventadis (teleshopping and e-commerce) reported stable revenues and an increase in EBITA;
- o The Interactions division's operating profit increased due to numerous musical successes (Génération Goldman, Sister Act, etc.)
- o Finishing 5th in the French Ligue 1 Championship in 2011/2012 and competing in the Europa League enabled F.C.G.B. to reduce its losses compared to the previous season.

Diversification and Audiovisual Rights saw their operating margin from recurring operations increased 1.2 percentage points to 8.9%.

5.1.2.5. Unallocated items

Eliminations and unallocated income/expenses related to:

- the cost of share subscription options and cost of free share allocation plans, in accordance with IFRS 2 – Share-based payments;
- unallocated consolidation restatements primarily corresponding to the elimination of intra-Group gains on the disposal non-current assets or inventories;
- EBITA of property companies and dormant companies (€3.4 million in 2012, compared to €3.5 million in 2011).
 - o Immobilière M6 owns Métropole Télévision Group's 10,000 m² head office facilities located in Neuilly sur Seine.
 - o Immobilière 46D acquired a 4,000 m² building in Neuilly sur Seine in 2007.
 - o SCI du 107 owns a 6,000 m² building in Neuilly-sur-Seine following a major rebuilding programme completed in 2012.

These premises are leased to Group companies. All leasing and sub-leasing agreements provide for transparent billings of rent and related charges to each tenant, under normal market conditions, based on their allocated area of space.

5.1.3. Significant contracts signed over the last 24 months

No significant contract was concluded outside the ordinary activities of the M6 Group during the last 24 months.

5.1.4. Compliance with legal obligations and the agreement

The M6 and W9 channels, which benefit from a terrestrial broadcasting licence, are subject to obligations as a result of their agreement signed with the CSA. On an annual basis, the channels communicate the conditions for the implementation of their obligations and commitments during the previous financial year to the CSA.

In 2012, according to their calculations and subject to validation by the CSA, M6 and W9 complied with all the contractual commitments and obligations for the production of audiovisual and film works, as well as their broadcasting obligations.

Details concerning these obligations are set out in detail in section 1.6 of the Legal Information part of this document.

5.2. Group financial position and cash flow statement

5.2.1. Financial position

Condensed consolidated statement of financial position

<i>ASSETS (€ millions)</i>	31/12/2012	31/12/2011
Non-current assets	365.6	379.4
Current assets	960.4	995.8
Total Assets	1,325.9	1,375.2
<i>EQUITY AND LIABILITIES (€ millions)</i>		
Shareholders' equity	687.8	693.8
Non-current liabilities	11.7	18.8
Current liabilities	626.4	662.6
Total Equity and liabilities	1,325.9	1,375.2

At 31 December 2012, total assets were €1,325.9 million, a decrease of €49.3 million (down 3.6%) compared to 31 December 2011.

Non-current assets totalled €365.6 million, a decrease of €13.8 million (down 3.6%) compared to the 2011 year-end.

This change was primarily due to the impairment of the e-commerce goodwill (less €11.2 million), new goodwill generated by the acquisition of the Tom's Games websites (an additional €3.1 million), the disposal of the Summit Entertainment LLC securities and the acquisition of the Lions Gate Entertainment securities (less €19.2 million), and finally, the transfer of €20.0 million to an escrow account in the name of the City of Bordeaux.

For other types of non-current assets, additions (acquisitions) and amortisation and provision charges and disposals of capitalised assets balanced each other out overall.

The vast majority of the remainder was due to the €9.0 million decrease in deferred tax assets.

Current assets, excluding cash and cash equivalents, amounted to €644.7 million, a decrease of €22.5 million (down 3.4%) compared to 31 December 2011.

The €21.7 million reduction in trade receivables explains the greater part of this change.

Cash and cash equivalents amounted to €315.6 million, a decline of €13.0 million compared to 31 December 2011 (see comments on the consolidated cash flow statement).

Group equity totalled €687.8 million.

The €6.1 million decrease since the 2011 year-end was primarily attributable to:

- the payment of dividends, for €126.3 million;
- the purchase and sale of treasury shares, for a negative €14.8 million;

- the disposal of the Summit Entertainment LLC securities and the revaluation of the Lions Gate Entertainment securities, for a negative €13.9 million net of deferred tax;
- the net profit for the year of €140.2 million.

Other liability items (current and non-current liabilities) decreased by €43.4 million compared to 31 December 2011 to €638.1 million.

This significant 6.4% reduction primarily reflected the decrease in other operating liabilities.

At 31 December 2012, none of the credit facilities at the Group's disposal had been drawn down.

5.2.2. Cash flow statement

Condensed consolidated cash flow statement

(€ millions)	31/12/2012	31/12/2011
Self-financing capacity before tax	317.7	335.7
Movements in working capital requirements	11.9	(32.9)
Income tax	(88.5)	(114.7)
Net cash from operating activities	241.2	188.1
Net cash used in investment activities	(90.5)	(73.9)
Net cash used in financing activities	(163.7)	(162.6)
Dividends paid	(126.3)	(128.6)
Net change in cash and cash equivalents	(13.0)	(48.3)
Cash and cash equivalents - start of year	328.6	376.9
Cash and cash equivalents - end of year	315.6	328.6
Net cash position - end of year	317.5	329.4

Cash flow from operating activities was €241.2 million in 2012, higher than the level of €188.1 million achieved in 2011.

This increase of €53.1 million (up 28.3%) was due to the following:

- The self-financing capacity before tax generated by the Group decreased by €18.0 million to €317.7 million. This deterioration was due to the €35.6 million decline in operating profit, partly offset by the cautious approach to asset amortisation and risk provisioning; the total of charges net of reversals was higher in 2012 than in the previous year, by €11.2 million. The balance of the change (an increase of €6.4 million) was primarily due to lower capital gains on players' transfer fees.
- The change in working capital requirements (WCR), excluding tax receivables and payables amounted to a €11.9 million cash generation, compared to a cash flow usage of €32.9 million in 2011. The optimisation of supplier payment terms and lower trade receivables caused by the decline in Group revenue explain the majority of this change.
- Income tax outflows were €88.5 million, compared to €114.7 million in 2011, a variation that notably reflected the change in the income tax charge between 2010 and 2012.

In 2012, **cash flows applied to investments** used cash flow of €90.5 million, compared to a usage of €73.9 million in 2011:

- Growth or non-recurring investments resulted in a €22.2 million cash generation in 2012, primarily comprising the proceeds from the Summit transaction and the acquisition of the Tom's Games websites; in 2011, growth or non-recurring investments had a positive impact of €0.4 million.

- Virtually recurring investments (licencing rights purchases by SND, purchase and sale of players by FC Girondins de Bordeaux and renewal of technical and IT equipment) increased by €38.4 million to €112.7 million.

Cash flow applied to financing activities used up cash resources of €163.7 million in 2012 compared to €162.6 million in 2011.

This €1.1 million negative movement may be explained as follows:

- usage of other financial assets increased by €19.2 million, corresponding to the transfer of €20 million on an escrow account in the name of the City of Bordeaux as part of the planned construction of a new stadium;
- the share buyback and liquidity programmes had an adverse effect of €16.2 million, compared to a negative €32.5 million in 2011;
- there was a slight reduction in dividends paid (€2.3 million);

Furthermore, during the year to 31 December 2012, none of these credit facilities were drawn down.

The financial year thus resulted in a €13.0 million decrease in cash and cash equivalents.

Cash and cash equivalents thus totalled €315.6 million at 31 December 2012, compared to €328.6 million at 31 December 2011.

Considering the debt position, the Group thus went from a positive net cash position of €329.4 million at the 2011 year-end to a positive €317.5 million at 31 December 2012 (the net cash position is defined as cash and cash equivalents, plus current account balances and loans granted, less bank overdrafts and financial debt).

5.2.3. Cash management policy

The cash management policy is detailed in Note 22.3 “Investment policy” to the consolidated financial statements of this document, which covers financial instruments.

5.2.4. Investment policy

A significant element of the M6 Group’s business is the acquisition of rights and the production of shows. These “investments” in programmes are treated as operating expenses. They are therefore not capitalised but recognised as off-balance sheet commitments before the rights are opened, and then in inventory after the rights are opened.

M6’s capital expenditure policy is driven by the following:

- providing the Group with the necessary resources to develop future growth drivers that meet the challenges resulting from new broadcasting modes and media viewing patterns;
 - the strategic necessity to supply existing operations with the best content and products possible in order to confirm their positioning and attractiveness;
 - the importance of providing the Group with a safe and efficient working environment, both in terms of infrastructures and equipment (offices, production resources, etc.) and information and broadcasting systems;
 - TV network obligations and contractual commitment obligations, as well as regulations that govern these activities.
- **In 2010**, in order to develop its e-commerce activities, the Group acquired monAlbumphoto.fr, a leading player in the online photo book market.
- In addition, with a view to supporting existing activities, guaranteeing a continuing policy of improving

the reliability and optimising all technological resources implemented within the Group:

- o SND was highly active in its market in 2010 and increased its level of investment in audiovisual rights;
- o Given the timeframe for collection and disbursement of players' transfer fees, FC Girondins de Bordeaux posted a net cash outflow from transfers of €10.4 million;
- o SCI du 107 continued its programme to rebuild the property complex which it owns and invested €13.7 million during the year.

Overall, the Group's commitments for the production of cinematographic and audiovisual works were €155.1 million in 2010.

- In 2011, the Group made a number of acquisitions: in the field of Audiovisual Rights, the Group acquired 100% of Les Films de la Suane and the 50% it did not previously own in TCM; both companies own feature film catalogues. The Group also made a 34% equity investment in Quicksign, a technological platform devoted to financial services, and a 50% investment in its subsidiary Panorabanque.

Lastly, in respect of their contractual commitments and/or regulatory obligations, M6 and M6 Films devoted a cumulative €109.4 million to the production of audiovisual and film works.

- In 2012, the Group sold its 9.1% equity investment in the US film production and distribution company Summit Entertainment, within the framework of the acquisition of the studio by Lions Gate Entertainment.

The Group also acquired the websites owned by Tom's Games (jeuxvideoPC.com and jeuxvideo-flash.com) and made an equity investment in Audience Square, an online advertising space marketplace.

Lastly, as part of its contractual commitments and/or regulatory obligations, the Group invested a cumulative €110.6 million in the production of audiovisual and film works.

5.2.5. Contingent assets and liabilities

A description, a summary table and an analysis of changes in contingent assets and liabilities are included in Note 29 to the consolidated financial statements set out in this document.

5.3. Financial position of the parent company and agreements between M6 and its subsidiaries

5.3.1. Financial position of the parent company

At 31 December 2012, Métropole Télévision (M6) had total assets of €1,285.2 million, a slight increase of €9.2 million (up 0.7%) compared to 31 December 2011.

Non-current assets declined very slightly by €11.2 million to €236.1 million. This movement primarily relates to equity investments, down €9.9 million, due to the transfer to Diem 2 of equity securities held in SNC (Société Nouvelle de Cinématographie). These securities, which were valued at €12.9 million, had been subject to a provision for writedown of €3.1 million (released on disposal).

Current assets grew by €20.4 million to €1,049.1 million, primarily due to the increase in other receivables (up €33.4 million), corresponding for the most part to the current funding transactions of Group subsidiaries.

Under equity and liabilities, liabilities increased by €31.4 million to €668.3 million, primarily due to the increase in trade payables (up €26.4 million) and other liabilities (up €13.6 million). It also includes Group subsidiaries' current funding transactions.

Furthermore, at 31 December 2012, none of the credit facilities held by the Company had been drawn down.

Shareholders' equity totalled €564.5 million, a decline of €13.2 million. This movement was primarily due to:

- dividends paid, for €126.3 million;
- the cancellation of treasury shares, for €4.9 million;
- net profit for the year, for €116.3 million.

At 31 December 2012, cash and cash equivalents (cash and marketable securities less bank overdrafts) were €300.4 million, a slight increase of €3.4 million compared to 31 December 2011.

5.3.2. Shareholders' agreements

Métropole Télévision and its subsidiaries have entered into shareholders' agreements with a view to organising, as a complement to bylaws, relationships with joint shareholders in jointly-controlled companies. The companies concerned are Extension TV (Série Club), TF6, TF6 Gestion, Multi 4, MR 5, R8, Panorabanque, Quicksign, Audience Square, GM6 and HSS Belgique.

5.3.3. Direct shareholding interests over 5%, 10%, 20%, 33% or 50% of capital and controlling interests (Article L 233-6 of the Commercial Code) acquired during the 2012 financial year

In accordance with legal provisions, the table below shows the direct shareholding interests acquired by Métropole Télévision or any one of its subsidiaries during the 2012 financial year.

Company name	Legal form	2012 equity investment	% shareholding		Company	Total
			Direct M6	Indirect M6		
GM6	SAS	75%		75%	M6 WEB	75%
R8	SAS	33%		33%	M6 GENERATION	33%
AUDIENCE SQUARE	SAS	10%		10%	M6 WEB	50%

M6 Web made equity investments in **GM6**, a semi-professional platform broadcasting comedy videos and **AUDIENCE SQUARE**, a platform dedicated to the sale of online advertising space.

Through its subsidiary M6 GENERATION, the M6 Group created with RMC Découverte and DIVERSITE TV France the company **R8**, dedicated to the development of the digital network of the new DTT channels: 6Ter, Numéro 23 and Nextradio TV.

5.3.4. Parent company/subsidiaries relationships

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

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

- through the strategic objectives defined for Group activities;
- through the specific features of its three core business lines: the M6 channel, Digital TV and Diversification and Audiovisual Rights;
- through the existing business-wide functional departments (Finance, Corporate Services, Human Resources, Legal Affairs, Information Systems, Internal Communications, etc.) which operate as shared services within the Group. These functional responsibilities are held by specialists from each of the business lines. The provision of these resources is formalised in Technical Assistance Agreements and is invoiced to each subsidiary.

From a financial point of view:

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

At 31 December 2012, the Métropole Télévision Group had 61 subsidiaries and affiliates as follows:

- 26 significant consolidated subsidiaries;
- 28 insignificant consolidated subsidiaries;
- 7 non-consolidated subsidiaries.

Significant consolidated subsidiaries are as follows:

Significant consolidated subsidiaries (26)	Country	Financial transactions with Métropole Télévision		% interest (rounded up)	Impact of minority interests
		Member of cash pooling agreement	Various significant transactions*		
M6 TV NETWORK					
M6 Publicité	France	Yes	Advertising agency payment	100%	-
M6 Créations	France	Yes		100%	-
M6 Films	France	Yes	NS	100%	-
Métropole Production	France	Yes	Rights acquisition	100%	-
C. Productions	France	Yes	Technical or support services	100%	-
Studio 89 Productions	France	Yes	Rights acquisition	100%	-
DIGITAL CHANNELS					
M6 Thématique	France	Yes		100%	-
Extension TV- Série Club	France	Yes	NS	50%	-
M6 Génération	France	Yes	NS	100%	-
Paris Première	France	Yes		100%	-
TF6	France			50%	-
EDI TV – W9	France	Yes		100%	-
M6 Communication					
(M6 Music Black - Hit - Club)	France	Yes		100%	-
SediTV - Téva	France	Yes		100%	-
DIVERSIFICATION AND AUDIOVISUAL RIGHTS					
Football Club des					
Girondins de Bordeaux	France	No		100%	-
Home Shopping Service	France		Advertising	100%	-
Mistergooddeal	France	Yes	Advertising	100%	-
MonAlbumPhoto	France	No		95%	-
M6 Interactions	France		Advertising	100%	-
M6 Editions	France	Yes	Advertising	100%	-
M6 Evénements	France			100%	-
Société Nouvelle de Distribution	France	Yes		100%	-
M6 Web	France		Rights acquisition	100%	-
TCM Droits Audiovisuels	France	Yes	Advertising	100%	-
Société Nouvelle de Cinématographie	France		Rights acquisition	100%	-
SNDA	France	Yes	Rights disposals	100%	-
			Rights acquisition and disposal	100%	-

* Transactions valued in excess of €500 thousand

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

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

The Group's financial debt amounted to €2.2 million and primarily included the share of liabilities of jointly-owned subsidiaries and finance leases for the acquisition of technical equipment, for which the Group is liable.

Parent company - subsidiary relationships

(€ millions)	2012	2011
Non-current assets	345.1	350.0
M6 Web	43.2	39.8
SCI du 107	42.7	33.0
FCGB	35.0	17.5
E-Commerce *	34.5	42.9
Immobilière 46D	33.8	35.7
SND	30.7	55.6
Immobilière M6	27.8	28.0
SNDA	20.0	0.0
Métropole Télévision	20.0	21.3
SNC (Diem 2)	13.9	12.1
Teleshopping *	12.7	12.0
M6 Studio	9.2	4.6
Métropole Production	5.0	4.4
M6 Publicité	4.9	1.7
SND USA	4.3	23.4
TCM DA	1.4	3.8
SNC	0.0	8.4
Other	6.2	5.7
Balance sheet cash and cash equivalents	315.6	328.6
Métropole Télévision	294.9	309.3
SND	13.6	0.3
M6 Publicité	4.6	(0.5)
SND USA	2.5	3.1
Teleshopping *	0.7	4.7
E-Commerce *	(1.0)	11.3
Other	0.2	0.4
Cash flow from operating activities	241.2	188.1
M6 Publicité	49.2	50.1
Métropole Télévision	49.1	26.0
M6 Web	44.9	27.5
SND	44.6	46.9
SNDA	28.5	0.0
Sedi - Teva	8.4	4.6
M6 Studio	5.4	0.8
Immobilière M6	5.1	4.3
M6 Interactions SAS	4.1	2.6
C. Productions	3.5	0.6
M6 Communication	2.6	3.0
Teleshopping *	2.4	8.4
Studio 89 Productions	2.2	(5.2)
Edi - W9 Tv	1.5	22.6
SNC (Diem 2)	1.1	4.7
Paris Première	(1.6)	2.6
E-Commerce *	(2.1)	(1.5)
FCGB	(11.4)	(13.1)
Other	3.6	3.1
Dividends paid to Métropole Télévision	58.0	229.8
M6 Publicité SAS	29.0	28.3
M6 Interactions SAS	14.1	3.7
M6 Thématique SA	13.8	6.9
M6 Web SAS	1.0	0.7
M6 Numérique SAS	0.0	190.1

* E-Commerce includes Mistergooddeal and Mon Album Photo data

* Teleshopping includes HSS and HSS Belgique data

5.3.5. Tax consolidation

Information on the Group's tax consolidation is set out in Note 4.8 to the parent company financial statements.

5.4. 2013 outlook

In 2013, the M6 Group will continue to implement its profitable growth strategy for all its activities.

In line with previous financial years, content will be at the core of growth (see section 5.4.2), with a view to confirming the position of the family of channels, within a market environment undergoing extensive change and marked by an increase in the number of free-to-air channels, continued audience fragmentation, as well as concentration movements in this market.

Similarly, the Group will continue its strategy aimed at establishing a balanced revenue model that allows for growth in non-advertising revenue (see section 5.4.3), in particular by drawing on the strength of the Group's brands and its expertise in terms of audiovisual rights, merchandise and licencing, interactive services and offerings, distance selling and ownership of a first-rate sporting club.

The M6 Group will operate within a challenging business environment in 2013, marked by growing tension concerning the financing of public debt. Macroeconomic forecasts also point to a continued deterioration of the labour market (*Note de conjoncture de l'INSEE, December 2012*), and consequently consumer spending, which may result in a weak advertising market.

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

5.4.1. Significant post-balance sheet events

To the knowledge of the company, except for the extension of the M6 channel's licence by a ruling of the Conseil supérieur de l'audiovisuel dated 8 January 2013, mentioned in section 1.6.2.2. of this document, no other significant events have occurred since 1 January 2013 that are likely to have or have had a significant impact on the financial position, profitability, activities and assets of the Company or the Group.

5.4.2. Free To Air and Pay TV

Since 2008, the M6 channel has been driven by the success of access prime-time programmes. The channel continues its strategy to bolster its audience ratings at key time slots of the day. Varied access-time programming (series, movies, entertainment, magazines) has been very successful and has propelled M6 into second place among nationwide channels for this time slot. The M6 Group will strive to maintain this access prime-time success and strengthen other time slots in 2013.

The Group will also strive to develop its other channels, in particular W9, the leading DTT channel for the commercial target, and 6ter, launched on 12 December 2012.

Regulatory developments introduced in 2012 and having an impact on 2013 are set out in section 1.4.3.

5.4.3. Diversification and Audiovisual Rights

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

The Group's development strategy in new media will be continued in 2013. M6 is considered the benchmark for catch-up TV services. Already available on many terminals (PCs, IPTV, mobile phones, tablets, HBBTV), the M6 Group's video services still have a significant potential for increased usage and revenue. The website portfolio (channel websites and theme-based portals) will continue to grow in the following two directions: a quality content offering for users and a differentiating and powerful offering for advertisers.

At the same time, for ever greater adequacy with the viewers' new consumption patterns, mobile and tablet applications of the "social TV" type, based on the channel's brands should support the broadcasting of flagship programmes.

The audiovisual rights business will continue its development initiated over the past few years to strengthen the Group's access to more secure and diversified content, while at the same time generating revenue that does not depend on the advertising market.

The operations of the Distance-selling business proved rather resilient in 2012 in a highly competitive sector, limiting the decline in its revenue and increasing profitability, and will continue to develop its differentiation strategy. MonAlbumPhoto.fr in particular, which relocated to new premises at the end of 2012, will be able to pursue its expansion strategy in 2013.

Lastly, Football Club des Girondins de Bordeaux (F.C.G.B.) has extended its manager's contract for another two years and is delivering promising sporting results at the beginning of 2013. The club has many strengths, including quality players, a high-performance training centre, modern infrastructure and committed staff.

In addition, the City of Bordeaux continues the construction of a new stadium, with F.C.G.B. as the resident club. This stadium is being built as part of a Public-Private Partnership (PPP) signed between the City of Bordeaux and a consortium led by the construction company Vinci.

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6. 2012 financial statements and related notes

6.1. Consolidated financial statements at 31 December 2012

1. Consolidated statement of financial position

ASSETS

(€ millions)	Note n°	31/12/2012	31/12/2011
Goodwill	15	66.8	74.8
Audiovisual rights	14	47.9	65.7
Other intangible assets	14	67.7	55.0
INTANGIBLE ASSETS		182.3	195.5
Land	16	19.3	18.6
Buildings	16	91.5	84.3
Other property, facilities and equipment	16	24.9	25.0
PROPERTY, FACILITIES AND EQUIPMENT		135.6	127.9
Financial assets available for sale	17	4.5	23.6
Other non-current financial assets	18	22.4	2.7
Investments in associates	20	0.2	0.2
FINANCIAL ASSETS		27.1	26.5
Deferred tax assets	11	20.5	29.5
TOTAL NON-CURRENT ASSETS		365.6	379.4
Broadcasting rights inventory	21	168.2	165.5
Other inventories	21	23.9	29.3
Trade receivables	22.1	271.0	292.7
Current tax		13.8	8.2
Derivative financial instruments	22.3	-	0.9
Other current financial assets	18	1.7	0.9
Cash and cash equivalents	23	315.6	328.6
Other current assets	22.1	166.1	169.8
TOTAL CURRENT ASSETS		960.4	995.8
TOTAL ASSETS		1,325.9	1,375.2

EQUITY AND LIABILITIES

(€ millions)	Note n°	31/12/2012	31/12/2011
Share capital		50.4	50.6
Share premium		-	-
Treasury shares		(8.8)	(1.6)
Consolidated reserves		507.5	485.3
Other reserves		(1.6)	9.9
Net profit for the year (Group share)		140.2	149.6
GROUP EQUITY		687.6	693.7
Non-controlling interests		0.2	0.1
SHAREHOLDERS' EQUITY	24	687.8	693.8
Provisions for liabilities and charges	27 and 28	7.4	8.5
Financial debt	25	1.7	1.4
Other financial liabilities	26	-	3.4
Liabilities relating to non-current assets		1.8	1.4
Other liabilities		0.7	-
Deferred tax liabilities	11	-	4.0
TOTAL NON-CURRENT LIABILITIES		11.7	18.8
Provisions for liabilities and charges	28	88.2	100.6
Financial debt	25	0.5	1.5
Derivative financial instruments	22.3	0.2	-
Other financial liabilities	26	3.6	6.3
Trade payables		373.8	341.1
Other operating liabilities		59.5	95.7
Current tax		0.8	0.3
Tax and social security payable		89.4	101.0
Liabilities relating to non-current assets		10.4	16.2
TOTAL CURRENT LIABILITIES		626.4	662.6
TOTAL EQUITY AND LIABILITIES		1,325.9	1,375.2

2. Consolidated statement of comprehensive income

(€ millions)	Note n°	31/12/2012	31/12/2011
CONSOLIDATED STATEMENT OF PROFIT AND LOSS			
Revenue		1,386.6	1,421.3
Other operating revenues	8.1	7.8	16.4
Total operating revenues		1,394.4	1,437.7
Materials and other service purchases *	8.2	(750.9)	(791.7)
Personnel costs (including profit sharing plan contributions)	8.4	(252.9)	(249.4)
Taxes and duties		(61.2)	(61.7)
Net depreciation/amortisation/provision charges *	8.3	(112.3)	(90.9)
Impairment of unamortised intangible assets	8.3 / 15	(11.2)	(2.5)
Total operating expenses		(1,188.4)	(1,196.1)
Capital gains on disposals of non-current assets		-	-
Operating profit		206.0	241.6
Income generated by cash balances		5.7	5.1
Cost of debt		(0.4)	(1.0)
Revaluation of derivative financial instruments		(0.3)	(0.7)
Proceeds from the disposal of financial assets available for sale	17	20.2	-
Other financial expenses		(0.9)	(0.4)
Net financial income	10	24.4	3.0
Share of profit of associates		-	(0.1)
Profit before tax		230.4	244.6
Income tax	11	(90.2)	(94.9)
Net profit of continuing operations		140.2	149.7
Net profit/(loss) from discontinued operations		-	-
Net profit for the year		140.2	149.7
attributable to equity owners of the parent		140.2	149.6
attributable to non-controlling interests		0.0	0.1
Earnings per share - basic (€) - Group share	12	1.115	1.170
Earnings per share from continuing operations - basic (€) - Group share		1.115	1.170
Earnings per share - diluted (€) - Group share	12	1.111	1.167
Earnings per share from continuing operations - diluted (€) - Group share		1.111	1.167
COMPREHENSIVE INCOME			
Consolidated net profit		140.2	149.7
<i>Other items of comprehensive income transferable to the income statement:</i>			
Change in value of derivative instruments		4.9	(2.4)
Change in value of assets available for sale	17	(16.8)	20.0
Change in value of translation adjustment		(0.8)	(0.4)
Tax on transferrable items	11	1.2	(3.2)
<i>Other items of comprehensive income non-transferrable to the income statement:</i>			
Actuarial gains and losses		2.0	0.2
Tax on non-transferrable items	11	(0.7)	(0.1)
Other items of comprehensive income		(10.2)	14.2
Comprehensive income for the year		130.0	163.9
attributable to equity owners of the parent		130.0	163.8
attributable to non-controlling interests		0.0	0.1

* Compared to the published financial statements, €2.8 million of provision reversals was reclassified at 31 December 2011 from "Net depreciation/amortisation/provision charges" to "Materials and other service purchases", in order to bring broadcasting rights provision charges and reversals and their consumption together under the same aggregate.

3. Consolidated statement of cash flows

(€ millions)	Note n°	31/12/2012	31/12/2011
Operating profit		206.0	241.6
Non-current asset depreciation and amortisation		104.0	92.8
Capital gains (losses) on disposals		(2.0)	(10.2)
Other non-cash items*		5.1	6.6
Operating profit after restatement for non-cash items		313.1	330.8
Income generated from cash balances		5.3	5.1
Interest paid		(0.7)	(0.2)
SELF-FINANCING CAPACITY (BEFORE TAX)		317.7	335.7
Movements in inventories		2.7	(4.8)
Movements in trade receivables		6.1	(40.1)
Movements in operating liabilities		3.1	12.1
NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS		11.9	(32.9)
Income tax paid		(88.5)	(114.7)
CASH FLOW FROM OPERATING ACTIVITIES		241.2	188.1
Investment activities			
Intangible assets acquisitions		(91.1)	(76.9)
Property, facilities and equipment acquisitions		(25.6)	(16.2)
Investments acquisitions		(3.4)	(1.2)
Cash and cash equivalents arising from subsidiary acquisitions		(2.6)	(7.4)
Cash and cash equivalents arising from subsidiary disposals		-	-
Disposals of intangible assets and property, facilities and equipment		4.0	20.0
Disposals of investments		28.3	0.3
Dividends received		-	7.5
NET CASH USED IN INVESTMENT ACTIVITIES		(90.5)	(73.9)
Financing activities			
Share capital increases	24	(4.9)	(31.8)
Financial assets	18	(20.5)	(1.3)
Financial liabilities		(0.7)	(0.3)
Income from the exercise of stock options		-	-
Purchase and sale of treasury shares	24	(11.3)	(0.7)
Dividends paid to shareholders of the parent company	13	(126.3)	(128.6)
NET CASH USED IN FINANCING ACTIVITIES		(163.7)	(162.6)
Cash flow linked to discontinuing operations		-	-
Translation effect on cash and cash equivalents		-	0.1
NET CHANGE IN CASH AND CASH EQUIVALENTS	23	(13.0)	(48.3)
Cash and cash equivalents - start of year	23	328.6	376.9
CASH AND CASH EQUIVALENTS - END OF YEAR		315.6	328.6

* primarily related to the charge recognised pursuant to IFRS 2– Share-based payments

4. Consolidated statement of changes in equity

<i>(£ millions)</i>	<i>Number of shares (thousands)</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Consolidated reserves Group net profit</i>	<i>Fair value movements Foreign exchange difference</i>	<i>Group equity</i>	<i>Non-controlling interests</i>	<i>Shareholders' equity</i>
BALANCE AT 1 JANUARY 2011	128,957.9	51.6	24.3	(8.5)	618.5	(4.1)	681.8	-	681.8
Change in value of derivatives						(1.6)	(1.6)	-	(1.6)
Change in value of assets available for sale						16.0	16.0		16.0
Actuarial gains and losses					0.2		0.2		0.2
Foreign exchange difference						(0.4)	(0.4)		(0.4)
<i>Other items of comprehensive income</i>		-	-	-	0.2	14.0	14.2		14.2
Net profit for the year					149.6		149.6	0.0	149.7
Comprehensive income for the year		-	-	-	149.8	14.0	163.8	0.0	163.9
Dividends					(128.6)		(128.6)	(0.0)	(128.6)
Changes in consolidating company's equity	(2,573.9)	(1.0)	(24.3)		(6.4)		(31.8)		(31.8)
Purchases/sales of treasury shares				6.9	(5.0)		1.9		1.9
Total transactions with shareholders		(1.0)	(24.3)	6.9	(140.0)	-	(158.5)	(0.0)	(158.5)
Cost of stock options and free shares (IFRS 2)					6.6		6.6		6.6
Free shares allocation hedging instruments							-		-
Other movements					(0.1)		(0.1)	0.1	-
BALANCE AT 31 DECEMBER 2011	126,384.0	50.6	-	(1.6)	634.9	9.9	693.7	0.1	693.8
BALANCE AT 1 JANUARY 2012	126,384.0	50.6	-	(1.6)	634.9	9.9	693.7	0.1	693.8
Change in value of derivatives						3.2	3.2	-	3.2
Change in value of assets available for sale						(13.9)	(13.9)		(13.9)
Actuarial gains and losses					1.3		1.3		1.3
Foreign exchange difference						(0.8)	(0.8)		(0.8)
<i>Other items of comprehensive income</i>		-	-	-	1.3	(11.5)	(10.2)	-	(10.2)
Net profit for the year					140.2		140.2	0.0	140.2
Comprehensive income for the year		-	-	-	141.5	(11.5)	130.0	0.0	130.0
Dividends					(126.3)		(126.3)	(0.0)	(126.3)
Changes in consolidating company's equity	(500.0)	(0.2)			(4.7)		(4.9)		(4.9)
Purchases/sales of treasury shares				(7.2)	(2.7)		(9.9)		(9.9)
Total transactions with shareholders		(0.2)	-	(7.2)	(133.6)	-	(141.1)	(0.0)	(141.1)
Cost of stock options and free shares (IFRS 2)					4.8		4.8		4.8
Free shares allocation hedging instruments					0.2		0.2		0.2
Other movements					(0.1)		(0.1)	0.1	0.0
BALANCE AT 31 DECEMBER 2012	125,884.0	50.4	-	(8.8)	647.7	(1.6)	687.6	0.2	687.8

6.2. Notes to the consolidated financial statements

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Unless otherwise stated, the amounts presented in the notes are expressed in millions of Euros.

1. Financial year significant events

On 13 January 2012, the M6 Group sold its 9.1% equity investment in the US film production and distribution company Summit Entertainment, within the framework of the acquisition of the studio's entire share capital by Lions Gate. The impacts of this transaction on the Group's 2012 consolidated financial statements are set out in Note 17.

On 31 October 2012, M6 Web acquired the websites owned by Tom's Games (jeuxvideoPC.com and jeuxvideo-flash.com). Details of this acquisition and impacts on the Group's consolidated financial statements at 31 December 2012 are specified in Note 6.

On 12 December 2012, M6 Group launched the 6ter TV network on channel 22 of Free-to-Air DTT. This new channel, operated by M6 Génération, broadcasts a varied range of family-friendly programmes. It is already included in internet access providers' packages and its rollout to DTT will be completed in June 2015. M6 Génération is a fully-consolidated subsidiary.

2. Company information

The consolidated financial statements at 31 December 2012 of the Group of which Métropole Télévision is the parent company (the Group) were approved by the Executive Board on 18 February 2013 and reviewed by the Supervisory Board on 19 February 2013. They will be submitted for approval to the next Annual General Meeting on 13 May 2013.

Métropole Télévision is a public limited company governed by an Executive Board and a Supervisory Board, registered at 89, avenue Charles-de-Gaulle, Neuilly sur Seine in France. Its shares trade on compartment A of the Euronext Paris Stock Exchange (code ISIN FR0000053225). The Company is fully consolidated into the RTL Group, which is listed on the Brussels and Luxembourg stock exchanges.

3. Preparation and presentation of the consolidated financial statements

3.1. Accounting framework

The consolidated financial statements at 31 December 2012 have been prepared in accordance with the IAS/IFRS (International Financial Reporting Standards) in force within the European Union at that date. They are presented with comparative figures for 2011 prepared under the same framework.

The IFRS standards adopted by the European Union at 31 December 2012 are available in the section IAS/IFRS, SIC and IFRIC standards and interpretations adopted by the Commission on the following website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

In relation to texts having an impact on M6 Group's consolidated financial statements, there were no differences between the texts approved by the European Union and the standards and interpretations published by the IASB.

PRINCIPLES APPLIED

The principles applied for the establishment of these financial statements result from the application of:

- all standards and interpretations adopted by the European Union, the application of which is mandatory for financial years starting on or after 1 January 2012;
- options retained and exemptions used.

NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS IN FORCE WITHIN THE EUROPEAN UNION, THE APPLICATION OF WHICH IS MANDATORY FOR FINANCIAL YEARS STARTING ON OR AFTER 1 JANUARY 2012

The adoption of these texts had no impact on the information disclosed by the Group:

- Amendments to IAS 12 – *Deferred tax: recovery of underlying assets*, applicable to financial years starting on or after 1 January 2012;
- Amendments to IFRS 7 – *Disclosures: transfers of financial assets*, applicable to financial years starting on or after 1 July 2011.

APPLICATION OF NEW STANDARDS PRIOR TO THE DATE ON WHICH THEIR APPLICATION BECOMES MANDATORY

The Group opted for the early application of:

- Amendment to IAS 1 – *Presentation of items of other comprehensive income (OCI)*, applicable to financial years starting on or after 1 July 2012;
- Amendments to IAS 19 – *Defined benefit plans*, applicable to financial years starting on or after 1 January 2013.

The consequences of the early application of these standards are specified in Note 5.

The Group has chosen not to apply in advance the following texts, the application of which is not mandatory until after 1 January 2012:

- Revised IAS 27 – *Separate financial statements*, applicable to financial years starting on or after 1 January 2014;
- Revised IAS 28 – *Investments in associates and joint-ventures*, applicable to financial years starting on or after 1 January 2014;
- Amendments to IAS 32 – *Offsetting financial assets and financial liabilities*, applicable to financial years starting on or after 1 January 2014;
- Amendments to IFRS 7 – *Disclosures, offsetting financial assets and financial liabilities*, applicable to financial years starting on or after 1 January 2013.
- IFRS 10 – *Consolidated financial statements*, applicable to financial years starting on or after 1 January 2014;
- IFRS 11 – *Joint arrangements*, applicable to financial years starting on or after 1 January 2014;
- IFRS 12 – *Disclosure of interests in other entities*, applicable to financial years starting on or after 1 January 2014;
- IFRS 13 – *Fair value measurement*, applicable to financial years starting on or after 1 January 2013.

The Group does not expect any material impact from the first application of these texts on its financial position or performance.

STANDARDS PUBLISHED BY THE IASB BUT NOT YET APPROVED BY THE EUROPEAN UNION

The Group may be affected by:

- Annual IFRS improvements, applicable to financial years starting on or after 1 January 2013;

- Amendment to IFRS 1 – *Government loans*, applicable to financial years starting on or after 1 January 2013;
- IFRS 9 – *Financial instruments (phase 1: Classification and measurement of assets and liabilities)*, applicable to financial years starting on or after 1 January 2015;
- Amendments: IFRS 10, 11, 12 transitional provisions, applicable to financial years starting on or after 1 January 2013.

Nevertheless, the application of these texts should not have any material impact on the Group's financial position or performance.

OPTIONS AVAILABLE AND APPLIED BY THE GROUP IN RELATION TO THE ACCOUNTING FRAMEWORK

Some of the international accounting standards allow options relating to the valuation and accounting treatment of assets and liabilities. The options utilised by the Group are detailed in Note 3.5.

In addition, IFRS 1 - *First adoption of IFRS*, relating to the first time application of the international reporting framework, allows options in respect of the retrospective application of IFRS at the date of transition (1 January 2004) for the Group. In this regard, the Group has used the following options:

- business combinations prior to 1 January 2004 have not been restated in accordance with IFRS 3 – *Business combinations*;
- IAS 39 has been applied retrospectively as from 1 January 2004.

3.2. Preparation principles

The consolidated financial statements have been prepared in accordance with the historical cost principle, except for derivative instruments, financial assets available for sale and assets measured at fair value through the income statement, which have been measured at fair value. Other financial assets have been measured at amortised cost.

Except for derivatives measured at fair value, financial liabilities have been valued in accordance with the amortised cost principle. The book value of assets and liabilities recognised in the balance sheet and subject to a fair value hedge has been restated to reflect the movements in the fair value of the risks hedged against.

3.3. Use of estimates and assumptions

In order to prepare the consolidated financial statements in compliance with IFRS, Group Management makes estimates and formulates assumptions which affect the amounts presented as assets and liabilities on the consolidated balance sheet, the information provided on contingent assets and liabilities at the time of preparing this financial information, as well as the income and expenditure recognised in the income statement.

Management continually reviews its estimates and assumptions of the book value of asset and liability items, taking into account past experience as well as various other factors that it deems reasonable (such as the prevailing economic climate of the year).

The estimates and assumptions established during the finalisation of the consolidated financial statements are liable to be substantially called into question over future financial years, both as a result of changes in the Group's operations and performance and exogenous factors affecting the Group's development.

The main estimates and assumptions relate to:

- the valuation and recoverable value of goodwill and intangible assets such as audiovisual rights and the acquisition cost of sports club players; the estimation of the recoverable value of these

assets effectively rests on the determination of cash flows resulting from their use or the known market value of the assets. It could turn out that the cash flows actually realised from these assets differ significantly from initial projections. In the same manner, the market value of assets, particularly sports club players, can vary and differ from the previously recognised values;

- the measurement, methods of usage and recoverable value of audiovisual rights recognised in inventories;
- the valuation of retirement benefits, the measurement methods of which are detailed in Note 4.14;
- the valuation of commercial discounts (Note 4.17);
- the determination of the amounts recognised as provisions for liabilities and charges given the uncertainties likely to affect the occurrence and cost of the events underlying the provisions;
- the estimate of the recognition and recoverable value of deferred tax assets.

Lastly, in the absence of standards or interpretation applicable to specific transactions, Group management uses its own judgement in defining and applying accounting policies which would provide relevant and reliable information, so that financial statements:

- provide a true and fair view of the Group's financial position, financial performance and cash flows;
- reflect the economic substance of transactions;
- are prepared in accordance with the principles of neutrality (objectiveness) and prudence;
- and are complete in all material aspects.

3.4. Presentation principles

PRESENTATION OF THE INCOME STATEMENT

The Group has presented the income statement based on the nature of expenses, as permitted by IAS 1 - *Presentation of financial statements*.

Operating profit is equal to consolidated net profit before taking into account:

- finance income;
- finance costs;
- income tax;
- share of profit of associates;
- net profit from operations held for sale.

PRESENTATION OF THE BALANCE SHEET

In compliance with IAS 1, the Group presents current and non-current assets and liabilities separately on the balance sheet. Considering the nature of the Group's activities, this classification is based upon the timescale in which the asset will be realised or the liability settled: "current" when this is within the operating cycle or less than one year and "non-current" if longer.

PRESENTATION OF CONTINGENT ASSETS AND LIABILITIES

Commitments given in respect of purchases of rights are stated net of advances and account payments paid in this regard for the corresponding rights not yet recognised in inventories.

3.5. Options retained in relation to measurement and recognition of assets and liabilities

Some of the international accounting standards make provision for options as concerns the measurement and recognition of assets and liabilities.

Within this framework, the Group has retained the following:

- the valuation at historical cost of property, facilities and equipment and intangible assets, without revaluation at each balance sheet date;
- the proportional consolidation of jointly-controlled entities, as permitted by IAS 31 – *Interests in joint ventures*.
- the option for measurement at fair value through profit or loss, in accordance with the amendment to IAS 39.

4. Accounting principles, rules and methods

4.1. Consolidation principles

SUBSIDIARIES

A subsidiary is an entity controlled by the Group. Control exists when the Group has the power to govern the entity's financial and operating policies in order to derive benefits from its operations. Potential voting rights currently exercisable are taken into consideration to evidence the existence of control.

Companies exclusively controlled by Métropole Télévision are fully consolidated. Acquisitions or disposals of companies during an accounting period are taken into account in the consolidated financial statements from the date of taking control and until the date of effective loss of control. The full consolidation method implemented is that under which the assets, liabilities, income and expenses are completely integrated. The proportion of net assets and net profit attributable to minority interests is presented separately as non-controlling interest in shareholders' equity in the consolidated balance sheet and in the consolidated income statement.

JOINT VENTURES

Jointly controlled companies (joint control is the shared control of a single entity by a limited number of associates or shareholders, from whose agreement financial and operational decisions are made) are proportionally consolidated, in compliance with IAS 31 – *Financial reporting of interests in joint ventures*, which maintained this option.

Under this method, the Group includes its proportion of the assets, liabilities, income and expenses of the subsidiary under the appropriate heading of the consolidated financial statements.

ASSOCIATES

Associated companies are entities in which the Group has significant influence over the financial and operating policies, but does not control these policies. Significant influence is presumed when the Group holds between 20% and 50% of the voting rights of an entity but a third party has exclusive control of this entity.

Associated companies are accounted for under the equity method ("equity-accounted companies") and are initially recognised at acquisition cost. The Group's shareholding includes goodwill identified upon the acquisition, net of cumulative impairment charges.

Under this method, the Group accounts for its share of net assets of the associate in the balance sheet and records in the consolidated income statement, under a specific line item entitled "Share of profit/(loss) from associates", its share of the net income of the entity consolidated using the equity method.

Consolidated financial statements include the Group's share of total profit and loss and equity movements recognised by equity accounted companies, taking account of restatements necessary for accounting policies to comply with those of the Group, from the date on which significant influence is exercised and until significant influence ceases.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire book value of the investment (including goodwill) is tested for impairment as a single asset, in accordance with IAS 36, by comparing its recoverable value (higher of value in use and fair value less cost of disposal) with its book value. Any impairment loss recognised forms part of the book value of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable value of the investment subsequently increases.

If the Group's share of losses exceeds the value of its shareholding in the equity-accounted company, the book value of equity-accounted shares (including any long-term investment) is brought down to zero and the Group ceases to recognise its share of subsequent losses, unless the Group is under the obligation of sharing in the losses or to make payments in the name of the company.

The existence and effect of potential voting rights exercisable or convertible at year end are taken into consideration when assessing whether the Group has control or significant influence over the entity.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

All inter-company transactions and balances between the Group's consolidated companies have been eliminated for subsidiaries. In the case of companies consolidated under the proportional consolidation method, intercompany transactions are eliminated to the extent of the Group's ownership level in these companies.

FINANCIAL YEAR-END

All consolidated companies have a 31 December year-end.

4.2. Translation of financial statements of consolidated foreign entities

The presentation currency of the consolidated financial statements is the Euro.

The financial statements of foreign operations are translated into Euros, the Group's financial statement reporting currency. All assets and liabilities of the entity are translated at the closing exchange rate of the financial year and income and expenses are translated at the average rate of the year just ended, corresponding to the approximate rate at the transaction date in the absence of significant fluctuations. Translation reserves resulting from this treatment and those resulting from the translation at year end rate of subsidiaries' opening equity are posted to "Other reserves" under consolidated equity and to "Change in value of foreign exchange difference" under other items of comprehensive income.

4.3. Foreign currency transactions

Foreign currency transactions are initially recorded in the functional currency (Euro) using the exchange rate prevailing at the date of the transaction, in application of IAS 21 – *Effects of changes in foreign exchange rates*.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the balance sheet date. All differences are recorded in the income statement. Non-monetary items in foreign currencies which are valued at historical cost are translated at the exchange rate at the initial date of the transaction.

Exchange differences resulting from the conversion of assets and liabilities denominated in foreign currency arising from commercial transactions are accounted for in operating profit. For financial transactions, these same differences are accounted for in finance income and expense. The treatment of foreign exchange hedges is detailed in Note 4.16.

4.4. Business combinations and goodwill

Business combinations are accounted for using the acquisition method on the acquisition date, which is the date control is transferred to the Group.

- In relation to acquisitions carried out since 1 January 2010, the Group applied revised IFRS 3 – *Business combinations*, as well as revised IAS 27 – *Consolidated and separate financial statements*.
 - Business combinations are now accounted for as follows:
 - The identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date,
 - Investments that do not result in control over the company acquired (non-controlling interests) are measured either at fair value or at the non-controlling interests' proportionate share of the acquired company's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Acquisition-related costs are generally recognised in profit or loss as incurred. Potential restatements of the price of business combinations are measured at fair value on the acquisition date. After the acquisition date, the price restatement is measured at fair value at each balance sheet date. At any time after the first year following the acquisition date, any fair value change is recognised in profit or loss. Within this first-year timeframe, fair value changes explicitly related to events occurring after the acquisition date are also recognised in profit or loss. Other changes are offset against goodwill.

On the acquisition date, goodwill is measured as the excess of:

- The fair value of the consideration transferred, increased by the value of non-controlling interests in the entity acquired and, within the framework of a transaction by transaction business combination, and the fair value on the acquisition date of the equity interest previously held by the acquirer in the entity acquired, thus restated through profit or loss,
 - over the net value of the identifiable assets acquired, and the liabilities assumed on the acquisition date.
- The acquisition of additional securities after taking exclusive control:

When additional securities are acquired in an entity over which exclusive control is already being exercised, the excess of the acquisition price of the securities over the additional proportion of consolidated equity acquired is recognised under consolidated equity attributable to equity owners of the Group's parent company, with the consolidated value of identifiable assets and liabilities of the subsidiary, including goodwill, remaining unchanged.

- The recognition of acquisitions of non-controlling equity interests:

Pursuant to revised IAS 27, acquisitions of non-controlling equity interests are accounted for as transactions with the owners of the entity, acting in this capacity, and consequently no goodwill is recognised following this type of transaction. Restatements of the value of non-controlling interests are measured based on the share of ownership of the subsidiary's net assets.

- Business combinations carried out between 1 January 2004 and 1 January 2010 remain accounted for in accordance with IFRS 3 – *Business combinations*.

Within this framework, goodwill represents the difference between the acquisition price, plus related expenses, of the shares of consolidated entities and the Group share of the fair value of their net assets, less any contingent liabilities at the date of investment. The evaluation period for this fair value may be up to 12 months following the acquisition. When the acquisition price, together with related expenses, is less than the fair value of the identified assets and liabilities and contingent liabilities acquired, the difference is immediately recognised in the income statement.

In the specific case of the acquisition of non-controlling interests in an already fully-consolidated subsidiary and in the absence of any specific IFRS provision, the Group elected not to recognise additional goodwill and to record under equity the difference between the acquisition cost of the shares and the non-controlling interests acquired.

Once allocated to each of the Cash Generating Units, goodwill is not amortised. It is subject to impairment tests from the point of indication of impairment, and as a minimum, once a year (see Note 4.7).

In connection with its transition to IFRS in 2005, the Group adopted the option provided by IFRS 1 – *First-time adoption of IFRS* not to restate business combinations prior to 1 January 2004 which did not comply with the recommendations of IFRS 3 – *Business combinations*.

Goodwill recorded prior to 1 January 2004 has been frozen at its book value at this date and will no longer be amortised, in accordance with IFRS 3, as from this date.

Goodwill is valued at cost (on allocation of the price of the business combination), less cumulative impairment.

As for equity-accounted companies, the book value of the goodwill is included in the book value of the shareholding. In case impairment is recognised, the full investment is written down, not only goodwill. This type of goodwill impairment may be reversed.

4.5. Intangible assets

Intangible assets principally comprise:

- advances and payments on account for non-current assets;
- audiovisual rights held for commercialisation by companies with such a mandate;
- production and co-production share of drama and feature films and other programmes;
- acquisition costs of sports club players;
- computer software and e-business websites;
- brands.

NON-CURRENT ASSET ADVANCES AND PAYMENTS ON ACCOUNT

Advances and payments on account comprise:

- audiovisual rights not yet open held with a view to their commercialisation,

- co-production rights awaiting receipt of technical acceptance or commercialisation visa.

AUDIOVISUAL RIGHTS

Audiovisual rights, comprising rights to films for movie theatre distribution, as well as television and videographic rights, purchased with or without a minimum guarantee, in view of their commercialisation (distribution, trading), produced or co-produced are classified as an intangible asset in compliance with IAS 38 – *Intangible assets*.

The method of amortisation of an asset should reflect the pattern according to which the benefits generated by the asset are consumed. That is why audiovisual rights:

- are amortised according to the pattern of revenues generated, compared to the total estimated revenues, and as a minimum are amortised over the life of the contract, subject to the following limits:
 - 3 years if the company is a distributor of these rights;
 - 5 years if the company is a dealer in these rights;
 - 15 years if the company is a producer of these rights;
 - Amortisation schedules are consistent with industry practices and correspond to the timeframe during which audiovisual rights are most likely to generate revenue and cash flow.
- are subject, in accordance with IAS 36 – *Impairment of assets* (see Note 4.7) to an impairment test, which could lead to the recognition of impairment should the book value of the right exceed its recoverable value.

COPRODUCTION SHARE OF FEATURE FILMS, DRAMA AND OTHER COSTS

Co-production costs are also capitalised as other intangible assets and are amortised first and foremost as revenue is generated. Assets are amortised on a straight-line basis over 3 years if expected revenue is spread over more than 3 years. Lastly, in the case that revenue is insufficient in light of the book value of the production, the asset's full value is immediately amortised.

In application of IAS 20 – *Accounting for government grants and disclosure of government assistance*, grants received from the Centre National de Cinématographie (CNC) are accounted for as a reduction in the acquisition cost of financed co-production assets, and are consequently accounted for in the income statement according to the pattern of consumption of the expected economic benefits of the co-productions as previously defined.

ACQUISITION COST OF SPORTS CLUB PLAYERS

In application of IAS 38 – *Intangible assets*, transfer fees of sports club players are capitalised as intangible assets at their acquisition cost and are amortised on a straight-line basis over the length of their contracts. The term of these contracts may vary but it is generally from 1 to 5 years.

The recoverable value is also assessed in compliance with IAS 36 – *Impairment of assets* (see Note 4.7).

COMPUTER SOFTWARE AND E-BUSINESS WEBSITES

Computer software purchased or internally developed is reported at acquisition or production cost and amortised on a straight-line basis over its period of use, which does not exceed seven years.

Under IAS 38 – *Intangible assets*, development costs of “active” websites must be capitalised as intangible assets from the time the Company can demonstrate the following:

- its intention and financial and technical capacity to complete the development project;
- the likelihood that future economic benefits attributable to the development costs will flow to the Company;
- and the cost of this asset can be reliably measured.

BRANDS

Only the brands that are separable and well known are recognised as assets in the case of business combinations and the resulting allocation of the acquisition price.

Acquired brands are initially recognised at their fair value, which is estimated on the basis of the methods normally used to measure brands.

When such brands have a finite useful life, i.e. they are expected to be no longer usable at the end of a determined period, they are amortised on a straight-line basis over their useful lives.

Brands are tested for impairment in accordance with IAS 36 – *Impairment of assets*.

4.6. Property, facilities and equipment

Property, facilities and equipment are recorded at their acquisition cost, reduced by accumulated depreciation and impairment provisions, according to the treatment specified by IAS 16 – *Property, plant & equipment*. This cost includes costs directly attributable to the transfer of the asset to its place of operation and its adaptation to operate in the manner anticipated by management.

DEPRECIATION

Depreciation is calculated in line with the pattern of consumption of the expected economic benefits of each individual asset, based on its acquisition cost, less its residual value.

The straight-line method is applied over the following useful lives:

- Buildings	10 to 25 years
- General purpose facilities, office furniture	10 years
- Computer hardware	4 years
- Office and technical equipment	3 to 5 years

RESIDUAL VALUE

The residual value of an asset is the estimated amount that the Group would obtain from disposal of the asset, after deducting the estimated costs of disposal, at the end of its useful life.

The residual value of an asset may increase to an amount equal to or greater than the asset's book value. If it does, the asset's depreciation charge is zero unless and until its residual value subsequently decreases to an amount below the asset's book value.

IMPAIRMENT LOSSES

Property, facilities and equipment are subject to impairment tests when indications of a loss of value are identified. Should this be the case, an impairment loss is recorded in the income statement under the caption "Net depreciation, amortisation and provision charges".

FINANCE LEASES

Assets acquired through finance leases are capitalised when virtually all risks and rewards of ownership of these assets have effectively been transferred to the Group. On their initial recognition in the balance sheet, they are recorded at the lower of their fair value and the discounted value of minimum lease payments. At year-end, they are recognised at their initial value reduced by accumulated depreciation and impairment.

These assets are depreciated over the shorter of the duration of the lease and their estimated useful lives. Leases for which the risks and rewards are not transferred to the Group are classified as operating leases. Operating lease payments are accounted for as expenses on a straight-line basis over the duration of the lease.

4.7. Impairment of assets

According to IAS 36 – *Impairment of assets*, the recoverable value of intangible assets and property, facilities and equipment is tested at the appearance of indications of impairment.

The recoverable value of unamortised intangible assets is tested at the appearance of indications of impairment, and as a minimum once a year.

The recoverable value is determined on an asset by asset basis, unless the asset in question does not generate cash flows largely independent of those generated by other assets or groups of assets. These assets, connected at operational and cash flow generation levels constitute a Cash Generating Unit (“CGU”).

A Cash Generating Unit is the smallest group of assets, which includes the asset and which generates cash flows that are largely independent of other assets or groups of assets. In this case, the recoverable value of the CGU is subject to the impairment test.

For sports club players more particularly, the recoverable value of these intangible assets is tested separately, player by player, and in relation to other Ligue 1 (French Football League) players as a whole.

Similarly, audiovisual rights recognised as intangible assets are monitored on an individual basis. Only the oldest rights, purchased as part of the acquisition of SNC in 2005 (rights to films made from the 30s to the 60s) are allocated to the CGUs, the establishment of which is consistent with the nature of the rights and their original producer.

Goodwill and intangible assets to which it is not possible to directly match independent cash flows are grouped together, at the time they are first recorded, into the Cash Generating Unit to which they belong.

Impairment is recognised when, as a result of specific events or circumstances arising during the period (internal or external criteria), the recoverable value of the asset or group of assets falls below its net book value.

The recoverable value is the higher of fair value, net of disposal costs, and value in use.

The value in use retained by the Group corresponds to the discounted cash flows of the CGU, including goodwill, and is determined within the framework of the economic assumptions and operating conditions, as provisionally established by the Management of Métropole Télévision, in the following manner:

- future cash flows stem from the medium to long term business plan (5 or 10 years) drawn up by the Management;
- beyond this timescale, the cash flows are extrapolated by application of a perpetual growth rate appropriate to the potential development of the markets in which the entity concerned operates, as well as the competitive position held by the entity within these markets;
- the discount rate applied to the cash flows is determined using the rates which are most appropriate to the nature of the operations and the country. It takes into account the time value of money and risks specific to the CGU for which cash flows have not been adjusted.

Impairment recognised in respect of a cash generating unit (or group of units) is allocated firstly to reducing the book value of any goodwill associated with the cash generating unit, and subsequently to the book value of other assets of the unit (or group of units), proportionally to the book value of each asset of the unit (or group of units).

Impairment recognised in respect of goodwill may not be reversed. As for other assets, the Group assesses at each balance sheet date if there is any indication that impairment recognised in previous financial years has decreased or no longer exists. Impairment is reversed if a change has occurred in estimates used to measure the recoverable value.

The book value of an asset, increased by an impairment reversal, may not exceed the book value which would have been measured, net of amortisation and depreciation charges, if no impairment had been recognised.

4.8. Financial assets available for sale, other financial assets and financial liabilities

FINANCIAL ASSETS

In accordance with the recommendations of IAS 39 – *Financial instruments: recognition and measurement*, the shares of non-consolidated companies belong to the asset category “financial assets available for sale”. They are initially recognised at fair value, corresponding to their original acquisition cost, and are then revalued at fair value through equity at each balance sheet date. Loans and receivables, as well as assets held until maturity are measured at fair value and then revalued at their amortised cost.

Financial assets at fair value through profit or loss comprise:

- assets that are regarded as held for trading, which comprise assets that the company intends to sell in the short term in order to realise a gain, which are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking (mainly cash and cash equivalents and other cash management financial assets);
- assets explicitly designated by the Group upon initial recognition as financial instruments, the changes in fair value of which are recognised in profit or loss. This designation is used when such use results in the provision of better quality financial information and enhances the consistency of the financial statements.

The following assets are tested for impairment at each period end:

- loans and receivables issued by the entity and held-to-maturity assets: when there is an objective indication of impairment, the amount of the impairment loss is recognised in profit or loss;
- assets available for sale: unrealised gains and losses on financial assets held for sale are recognised as other items of comprehensive income until the sale, collection or exit of the financial asset on any other ground or where there is an objective indication that all or part of the value of the financial asset has been impaired. The cumulative gain or loss, which had so far been recognised under other items of comprehensive income, is transferred to the income statement on that date.

Impairment is evidenced in the case the following conditions are met simultaneously:

- the Group share of equity or an objective estimate (i.e. from experts or resulting from a transaction or planned transaction) results in a value which is less than the value of the securities;
- a business plan or other objective information demonstrates the inability of the entity in which the Group holds an equity investment to create value through the generation of cash inflows.

FINANCIAL LIABILITIES

Financial liabilities valued at fair value through the income statement result in the realisation of profit due to short-term variations in price. This applies only to liabilities resulting from short sales of shares or other financial assets or derivatives which are not hedge derivatives.

Other financial liabilities are valued at amortised cost, with the exception of derivative financial instruments which are valued at fair value.

Derivative instruments relating to cash flow hedges are valued at fair value at each balance sheet date, and the change in the fair value of the ineffective portion of the hedge is recognised in the income statement and the change in the fair value of the effective portion of the hedge in other items of comprehensive income.

FAIR VALUE

The fair value is determined by reference to a quoted price in an active market where such a market price exists. Failing that, it is calculated using a recognised valuation technique such as the fair value of a similar and recent transaction or the discounting of future cash flows, based on market data. However, the fair value of short-term financial assets and liabilities can be deemed to be similar to their balance sheet value due to the short maturity of these instruments.

4.9. Income tax

Income tax includes current tax and deferred tax charges. Tax is recognised against profit and loss except where it relates to items directly recognised as other items of comprehensive income or under equity, in which case it is recognised under equity as other items of comprehensive income or under equity.

Current tax is the estimated amount of income tax payable in respect of the taxable income of a period, measured using taxation rates adopted or virtually adopted at the balance sheet date, before any adjustment of current tax payable in respect of previous periods.

Deferred tax is measured and recognised according to the liability method balance sheet approach for all temporary differences between the book value of assets and liabilities and their tax base. However, the following items do not give rise to the recognition of deferred tax:

- the initial recognition of an asset or liability as part of a transaction that is not a business combination and that affects neither book profit nor taxable profit;
- temporary differences, to the extent that they may not be reversed in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that the Group will generate sufficient taxable profit in the future against which corresponding temporary differences may be offset. Deferred tax assets are examined at each balance sheet date and are adjusted, if necessary, in the light of estimated future taxable profits.

Recognised deferred tax assets reflect the best estimate of the schedule of taxable temporary difference reversal and realisation of future taxable profits in the tax jurisdictions concerned. These future taxable profit forecasts are consistent with business and profitability assumptions used in budgets and plans and other forecast data used to value other balance sheet items.

Furthermore, deferred tax is not recognised in case of a taxable temporary difference generated by the initial recognition of goodwill.

Deferred tax assets and liabilities are valued at the income tax rate expected to apply to the period in which the asset will be realised or the liability settled, based on tax regulations that have been adopted or virtually adopted at the balance sheet date.

In accordance with IAS 12 – *Income tax*, deferred tax assets and liabilities are not discounted and are offset if a legally enforceable right to offset current tax assets and liabilities exists and if it concerns income tax collected by the same tax authority, either from the same taxable entity or from different taxable entities, which intend to settle current tax assets and liabilities based on their net value or to realise the assets and pay the tax liabilities at the same time.

4.10. Inventories

Inventories consist of programmes, broadcasting rights and merchandise inventories.

PROGRAMMES AND BROADCASTING RIGHTS

In compliance with IAS 2 – *Inventories*, programmes and broadcasting rights are recorded in inventory at the date the rights are open.

Rights which are not open and not yet billed are classified as off-balance sheet commitments.

The billed portion of rights not open is recognised in advances and payments on account.

Programmes and broadcasting rights are valued at their acquisition costs, reduced at each year end by the amount consumed, as calculated according to the following models.

Métropole Télévision programmes, which constitute the predominant part of the Group's broadcasting rights inventories, are considered to be utilised when broadcast, in accordance with the following rules:

- rights acquired for a single broadcast and various rights (documentaries, concerts, sporting events, etc.): 100% expensed on first broadcast;
- rights acquired for multi-broadcasts:
 - 1st broadcast: 66%;
 - 2nd broadcast: 34%.

Different amortisation schedules may be considered in highly specific cases of rights acquired for 4 to 5 broadcasts, the audience potential of which is deemed particularly high for each broadcast.

On the other hand, a writedown provision is established for broadcasting rights relating to programmes that are not likely to be broadcast or whose unit cost turns out to be higher than the revenue expected to be generated within the broadcasting window, on the basis of a review, title by title, of the portfolio of broadcasting rights.

OTHER INVENTORIES

These inventories comprise products and goods relating to the brand diversification activities of the Group. These inventories are valued at the lower of their acquisition cost and their net realisable value which corresponds to the estimated sales price, net of estimated costs necessary to realise their sale.

A writedown provision is established whenever their net realisable value is less than their acquisition cost, measured on a case by case basis (slow rotation, inventories for reimbursement, returns, etc.).

4.11. Operating receivables

If the maturity date is less than one year and the effects of discounting are not significant, receivables are measured at cost (nominal amount of the receivable). Conversely, receivables are measured at amortised cost, using the effective rate of interest, when their maturity date exceeds one year and the effects of discounting are significant.

A writedown provision is calculated for each receivable as soon as circumstances indicate the possibility that the customer may not pay the total of the receivable within the contracted terms. The amount of the provision equates to the difference between the discounted value at the initial effective interest rate (should the case arise) of estimated future cash flows, and the book value.

4.12. Treasury shares

Treasury shares are recorded as a reduction to shareholders' equity at their purchase cost.

When future contracts are entered into to purchase treasury shares at a given price and on a given date, the commitment is reflected by the recognition of a financial liability representative of the discounted buyback value and offset against equity. Subsequent variations in the value of this financial liability are recognised under finance income and expense.

On the disposal of treasury shares, gains and losses are recorded in consolidated reserves, net of tax.

4.13. Share-based payments

M6 Group has implemented share subscription option plans, as well as free share allocation plans for the benefit of its personnel (see Note 9). In compliance with IFRS 2 – *Share-based payments*, personnel remuneration items paid in equity instruments are recognised as personnel costs in the income statement and offset against equity.

The total initial cost of the benefit is measured once and for all, using the binomial mathematical model in the case of share subscription option plans, at the date of allocation of the options and spread over the vesting period.

In the case of free share allocation plans, the total initial cost is estimated to be the market value of the M6 share on the date of allocation less dividends expected during the vesting period. This cost is posted to the income statement and spread over the same vesting period.

In the context of the transition to IFRS and in compliance with the requirements of IFRS 1, the Group has only recognised, in its valuation of the fair value of benefits awarded to employees, those plans granted after 7 November 2002 for which the rights had not yet been vested at 1 January 2005.

4.14. Retirement benefits and other employee benefits

RETIREMENT BENEFITS

The Group only has retirement benefit commitments under defined benefit schemes.

A defined benefit plan is a post-employment benefit plan under which payments made to a distinct entity do not discharge the employer from its obligation to pay additional contributions.

The Group's net obligation in respect of defined benefit plans is measured using the value of future benefits acquired by personnel in exchange of services rendered during the current and previous periods. This amount is discounted to measure its present value. The discount rate is equal to the interest rate, at the balance sheet date, of top-rated bonds with a maturity date close to that of the Group's commitments and denominated in the same currency as that used to pay out benefits.

Calculations are carried out every year by a qualified actuary using the projected unit credit method.

The Group immediately recognises against other items of comprehensive income all actuarial differences arising in respect of defined benefit plans.

SEVERANCE PAY

Severance pay is recognised as an expense when the Group is obviously committed, with no real possibility to retract, to a formal and detailed redundancy plan before the normal retirement age.

SHORT-TERM BENEFITS

Obligations arising from short-term benefits are measured on a non-discounted basis and recognised as corresponding services are rendered.

A liability is recognised for the amount the Group expects to pay in respect of employee profit-sharing plans and for bonuses paid in short-term cash when the Group has an actual obligation, legal or constructive, to make these payments as consideration for past services rendered by personnel and this obligation may be reliably assessed.

4.15. Provisions

In compliance with IAS 37 – *Provisions, contingent liabilities and contingent assets*, the Group recognises a provision when, at the balance sheet date, it has an obligation (legal or constructive) towards a third party resulting from a past event, for which it is probable that an outflow of resources embodying economic benefits will be required, and when a reliable estimate can be made of the amount of the obligation.

The amount recognised under provisions is the best estimate of the cash outflow necessary to settle the present obligation on the balance sheet date.

In the case that this liability is not probable and cannot be reliably measured, but remains possible, the Group recognises a contingent liability in its commitments.

Provisions are predominantly intended to cover probable costs of trials or litigation in process, of which the trigger event existed at the balance sheet date.

4.16. Derivative financial instruments

The M6 Group is principally exposed to foreign exchange rate risk when purchasing broadcasting rights in a foreign currency. In order to protect itself from foreign currency exchange risk, the Group uses simple derivative instruments guaranteeing it a covered amount and a maximum exchange rate for this hedged amount.

The Group's use of derivative instruments is with the sole aim of hedging commitments arising from its activity and never for a speculative purpose.

DETERMINATION OF FAIR VALUE

In accordance with IFRS 7 – *Financial instruments: disclosures* and IAS 39 – *Financial instruments: recognition and measurement*, derivative financial instruments are measured at fair value, based on a valuation carried out by a third party derived from observable market data. The fair value of foreign currency purchase contracts is calculated with reference to a standard forward exchange rate for contracts with similar maturity profiles. The fair value of interest rate swaps is determined with reference to the market values of similar instruments.

FINANCIAL INSTRUMENTS QUALIFYING AS HEDGES

The Group has decided to apply hedge accounting to the majority of its derivative instruments in order to reduce the impact on profit of hedges implemented.

The main hedge instruments authorised within the framework of the Group hedging policy are as follows: pure time, first generation options and swaps (currency or interest rate).

The hedging policies adopted by the Group are mainly of two types:

- Hedging the exposure to movements in the fair value of an asset or liability

All gains or losses from the revaluation of the hedging instrument to fair value are immediately recognised in the income statement.

All gains and losses on the hedged item attributable to the hedged risk adjust the book value of the hedged item and are recognised in the income statement.

This results in symmetric recognition of movements in fair value of the hedged item and the hedging instrument for the effective part of the hedge in EBITA. The ineffective part of the hedge is recorded in finance income/expense.

- Hedging future cash flows

This involves hedging the exposure to movements in cash flow that is attributable either to a forecast transaction or to a firm commitment.

Movements in the fair value of the financial instrument, as regards the effective portion, are recognised under other items of comprehensive income until the balance sheet recognition of the asset or liability.

When the hedged item is recorded and leads to the recognition of an asset or a liability, the amount recorded in equity is transferred and included in the initial value of the cost of acquisition of the asset or liability. As regards the ineffective portion, movements in value are included in finance income/expense.

For all other cash flow hedges, the amounts taken directly to other items of comprehensive income are transferred to the income statement for the year in which the forecast transaction or firm commitment affects the income statement.

FINANCIAL INSTRUMENTS NOT QUALIFYING AS HEDGES

Some financial instruments are not treated as hedges according to the definition of IAS 39, despite effectively being hedge instruments used to manage economic risks. Gains and losses resulting from the revaluation of financial instruments which may not be accounted for as hedges are recognised in the income statement of the period.

4.17. Revenue

In compliance with IAS 18 – *Revenue*, revenue realised by the various Group entities is recognised when:

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

More specifically, the revenue recognition principles per activity are as follows:

- advertising revenues are recorded on the broadcast of the advertisements which are the subject of the sale; revenue is recognised net of commercial rebates;
- remuneration of digital channels granted by cable and satellite broadcast operators that broadcast them are calculated on a per subscription basis or at an annual set price;
- diversification activities revenues are recognised on the provision of the service or delivery of the products; they are recognised net of provisions for returns. These revenues also include, where relevant, the financial contribution, invoiced to the final customer, relating to the unit costs incurred in the gathering and elimination of waste electrical and electronic equipment (“eco-participation”). When the Group acts as an agent instead of a principal in a transaction, recognised revenue corresponds to the net value of commissions received by the Group;

- sales of audiovisual rights are recognised at the opening date of the rights, essentially within the framework of television sales; other sales (theatre, video) are recognised on admission or on delivery of the material;
- sports revenues, such as broadcasting rights paid by the organisers of competitions, are recognised as the sports season progresses, with the exception of premiums relating to future ranking which are recognised at the date on which the ranking is acquired;
- mobile telephone revenues are recognised:
 - for the portion relating to signing up, the month of signing of a new subscription and adjusted for attrition rates;
 - and, for the portion relating to monthly operating revenues, spread over the duration of the subscription period to match the revenues received by the Group.

4.18. Earnings per share

In accordance with the recommendations of IAS 33 – *Earnings per share*, basic earnings per share is determined by dividing the net profit attributable to Group shareholders by the weighted average number of ordinary shares outstanding during the period.

The dilutive effect of non-vested stock option plans and free share allocation plans to be settled by the delivery of shares and in the process of being acquired is reflected in the calculation of diluted earnings per share.

Diluted earnings per share is calculated using net profit attributable to equity holders of the parent company and the weighted average number of outstanding shares, restated for the effects of all potentially dilutive ordinary shares.

The number of shares having a dilutive effect is determined on a plan by plan basis. This number is calculated by comparing the issue price of options or shares granted and the market value of the share during the period. The issue price corresponds to the exercise price of options increased by the fair value of services still to be provided.

4.19. Cash and cash equivalents

Cash comprises cash in hand in the bank current account and demand deposits.

Cash equivalents are liquid investments, readily convertible into a known amount of cash, subject to an insignificant risk of change in value, with a maturity of less than 3 months.

In this respect, the FCP mutual funds held by the Group are recognised as cash equivalents. As such, they are exposed to a very limited rate risk and their volatility over 12 months is very close to that of EONIA. They are therefore recognised as cash equivalents.

4.20. Cash flow statement

The table presents actual cash flows relating to the operations of the entities within the scope of consolidation at the year end. It has been established in compliance with IAS 7 – *Cash flow statements*.

CASH FLOW FROM OPERATING ACTIVITIES

Movements in inventories and receivables are calculated net of movements in provisions against current assets.

In addition, in order to highlight the effect of taxation on the movement in cash, the tax expense is removed from the self-financing capacity, and the movement in the tax liability is removed from the change in working capital requirements (WCR). The disbursement for taxation is thus isolated as a specific line item.

CASH FLOW FROM INVESTMENT ACTIVITIES

The effects on cash of adjustments to the consolidation scope resulting from acquisitions and disposals of entities (other than discontinuing operations) are identified on the lines "Cash and cash equivalents arising from subsidiary acquisitions" and "Cash and cash equivalents arising from subsidiary disposals".

DISCONTINUING OPERATIONS

The effects on the Group's cash of discontinuing operations are shown on a separate line in the cash flow statement, "Cash flow linked to discontinuing operations".

5. Changes in methods

The Group opted for the early application of the amendment to IAS 1 – *Presentation of items of other comprehensive income (OCI)*, applicable to financial years starting on or after 1 July 2012.

This amendment requires a distinction be made among other items of comprehensive income between items that will be reclassified in profit and loss and items that will not be reclassified. This amendment has no material impact on the presentation of the Group's published consolidated statement of comprehensive income.

The Group also opted for the early application of amendments to IAS 19 – *Defined benefit plans*, applicable to financial years starting on or after 1 January 2013.

The Group uses the projected unit credit method to calculate pension benefits. The application of this revised standard has no significant impact on the Group's consolidated financial statements. However, more detailed information is provided in Note 27.

6. Business combinations

On 31 October 2012, M6 Web acquired the Tom's Games websites (jeuxvideoPC.com and jeuxvideo-flash.com) from Best of Media.

This acquisition has been treated as a business combination in accordance with revised IFRS 3.

The full purchase price was allocated to goodwill, as asset allocation was not deemed significant on Group scale.

The acquisition cost was €3.1 million, comprising the initial acquisition price and the full first portion of earnout (estimated fair value of potential earnout in accordance with revised IFRS 3).

The allocation used in the consolidated financial statements to 31 December 2012 is provisional. It will only become final at the end of a period of 12 months following the acquisition.

7. Segment reporting

The Group has applied IFRS 8 – *Operating segments* since 1 January 2009 in order to present its net profit, balance sheet and investments by relevant operating segment.

The internal management reporting prepared on a monthly basis and communicated to the principal operational decision-maker, i.e. the Executive Board, as well as to other operational decision makers is based on these segments.

Revenue and EBITA, defined as operating profit before income and expenses relating to business combinations and proceeds from the disposal of subsidiaries and investments, are the most closely monitored performance indicators. Capital employed and investments made by each segment are also analysed on a regular basis in order to assess the profitability of resources allocated to each segment and make decisions about the future investment policy.

The operating segments presented are as follows:

M6 TV NETWORK

This segment includes the M6 TV channel, based on a business model entirely financed by advertising and extensive broadcasting (terrestrial SD and HD digital networks, broadband, cable and satellite), as well as all the main associated activities, such as the production, co-production and advertising agency activities.

DIGITAL CHANNELS

This segment includes Group channels that are broadcast on the DTT network or as part of packages broadcast by broadband, cable or satellite. These channels were originally termed thematic channels; they have considerably increased their market share, both in terms of audience ratings and advertising revenue over the past few years.

The business model of the so-called “pay channels” is based on mixed financing (advertising revenue and income from cable operators), whereas that of free channels (free SD DTT broadcasting) is fully dependent on advertising.

DIVERSIFICATION AND AUDIOVISUAL RIGHTS

This segment includes all activities considered independent, in part or in full, from the TV channel broadcasting business. Their main features notably include the distribution of physical or intangible goods to consumers, merchandise inventory building, buying and reselling and event organisation.

Revenues primarily originate from sales to consumers and ticket sales, as well as sales to specialised distributors and vendors. The contribution of advertising revenue, although remaining marginal for this segment, is growing rapidly.

ELIMINATIONS AND UNALLOCATED ITEMS relate to the cost of the share purchase and subscription plans, the cost of the free share allocation plans, the net profit of property companies and dormant companies, as well as unallocated consolidation restatements primarily corresponding to the elimination of intra-Group gains on the disposal of non-current assets or inventories.

7.1. Income statement

The contribution of each business segment in the income statement is detailed as follows:

	M6 TV Network	Digital channels	Diversification & Audiovisual rights	Elimination and unallocated items	Total 2011
External revenue	685.3	184.6	551.1	0.3	1,421.3
Inter-segment revenue	39.1	3.1	29.3	(71.5)	-
Revenue	724.4	187.7	580.4	(71.2)	1,421.3
Profit from recurring operations (EBITA) from continuing operations	175.7	34.3	42.4	(7.4)	245.0
Operating income and expenses relating to business combinations	-	-	(3.4)	-	(3.4)
Income from disposal of subsidiaries and investments	-	-	-	-	-
Operating profit (EBIT) from continuing operations	175.7	34.3	39.0	(7.4)	241.8
Net finance income/(expense)					3.0
Group share of profit from associates					(0.1)
Profit before tax (EBT) from continuing operations					244.5
Income tax					(94.9)
Net profit from continuing operations					149.7
Net profit					149.7
Net profit - Group share					149.6
Non-controlling interests					0.0

	M6 TV Network	Digital channels	Diversification & Audiovisual rights	Elimination and unallocated items	Total 2012
External revenue	664.0	186.1	536.3	0.2	1,386.6
Inter-segment revenue	42.1	4.2	17.7	(64.0)	-
Revenue	706.1	190.3	554.0	(63.8)	1,386.6
Profit from recurring operations (EBITA) from continuing operations	142.5	30.9	47.8	(2.7)	218.5
Operating income and expenses relating to business combinations	-	-	(12.5)	-	(12.5)
Income from disposal of subsidiaries and investments	-	-	-	-	-
Operating profit (EBIT) from continuing operations	142.5	30.9	35.3	(2.7)	206.0
Net finance income/(expense)					24.4
Group share of profit from associates					-
Profit before tax (EBT) from continuing operations					230.4
Income tax					(90.2)
Net profit from continuing operations					140.2
Net profit					140.2
Net profit - Group share					140.2
Non-controlling interests					0.0

7.2. Statement of financial position

The contributions of each business segment to the financial position are presented below:

	M6 TV Network	Digital channels	Diversification and Audiovisual rights	Eliminations	Total of continuing operations 2011
Assets and liabilities					
Segment assets	476.4	94.4	440.6	(133.4)	878.0
Investments in associates			0.2		0.2
Unallocated assets					497.0
Total Assets	476.4	94.4	440.8	(133.4)	1,375.2
Segment liabilities	332.8	135.8	326.5	(133.4)	661.8
Unallocated liabilities					19.7
Total Liabilities	332.8	135.8	326.5	(133.4)	681.4
Total Net Assets	143.5	(41.3)	114.3	-	693.8
Other segment information					
Non-current asset acquisitions	14.1	1.2	71.8		87.1
Depreciation and amortisation	(11.0)	(1.8)	(62.8)		(75.6)
Impairment	(1.4)	0.6	(7.9)		(8.7)
Other unallocated segment reporting items					4.8

	M6 TV Network	Digital channels	Diversification and Audiovisual rights	Eliminations	Total of continuing operations 2012
Assets and liabilities					
Segment assets	468.1	115.3	370.4	(119.5)	834.3
Investments in associates			0.2		0.2
Unallocated assets					491.5
Total Assets	468.1	115.3	370.6	(119.5)	1,325.9
Segment liabilities	334.8	133.4	273.9	(119.5)	622.7
Unallocated liabilities					15.4
Total Liabilities	334.8	133.4	273.9	(119.5)	638.1
Total Net Assets	133.3	(18.1)	96.6	-	687.8
Other segment information					
Non-current asset acquisitions	16.0	23.5	63.3		102.8
Depreciation and amortisation	(13.6)	(24.5)	(58.2)		(96.3)
Impairment	(0.1)	(3.9)	(3.7)		(7.8)
Other unallocated segment reporting items					10.7

Unallocated assets relate to cash and other Group financial assets, as well as tax receivables.

Unallocated liabilities relate to debt and other Group financial liabilities, as well as tax liabilities.

The Group does not present any segmental information by geographical segment as it has no significant operations outside of continental France.

8. Other operating income and expenses

8.1. Other operating income

Other operating income totalled €7.8 million (compared to €16.4 million in 2011), and primarily comprised:

- proceeds from the sale of football players (€2.7 million, compared to €8.4 million in 2011);
- operating grants received (€3.2 million, compared to €3.9 million in 2011);
- operating foreign exchange gains of €0.6 million.

8.2. Materials and other operating expenses

	2012	2011
Broadcasting rights consumption and programme flows writedown of broadcasting rights inventory) *	(217.6)	(216.6)
Cost of sales	(152.7)	(156.6)
Other external services	(379.9)	(417.6)
Operating foreign exchange losses	(0.0)	(0.3)
Other expenses	(0.8)	(0.6)
Cost of sales and other operating expenses	(750.9)	(791.7)

* Compared to the published financial statements, €2.8 million of provision reversals was reclassified at 31 December 2011 from "Net depreciation/amortisation/provision charges" to "Materials and other service purchases", in order to bring broadcasting rights provision charges and reversals and their consumption together under the same aggregate.

8.3. Amortisation, depreciation, impairment and foreign exchange differences included in operating expenses

	2012	2011
Amortisation and net provisions - audiovisual rights	(72.7)	(51.7)
Amortisation and net provisions - production costs	(9.8)	(5.9)
Amortisation and net provisions - other intangible assets	(11.1)	(16.9)
Depreciation - property, facilities and equipment	(13.5)	(12.5)
Other	(5.1)	(3.8)
Goodwill impairment	(11.2)	(2.5)
Total of amortisation and depreciation (net)*	(123.5)	(93.3)

* Compared to the published financial statements, €2.8 million of provision reversals was reclassified at 31 December 2011 from "Net depreciation/amortisation/provision charges" to "Materials and other service purchases", in order to bring broadcasting rights provision charges and reversals and their consumption together under the same aggregate.

8.4. Employee and workforce expenses

	2012	2011
Wages and salaries	(157.8)	(153.4)
Social Security charges	(65.9)	(64.9)
Profit sharing plan contributions	(8.3)	(11.9)
Other employee costs	(20.9)	(19.1)
Employee costs	(252.9)	(249.4)

Other employee costs include provision charges and reversals for retirement, provisions for employee litigations as well as the cost of stock options (IFRS 2).

The "full-time equivalent" (FTE) workforce of wholly-consolidated Group companies was 2,197 in 2012, compared to 2,304 in 2011.

The FTE workforce of jointly-owned companies was 22 in 2012, compared with 20 people in 2011, primarily relating to the share of TF6 and Série Club's FTEs.

9. Share-based payments

9.1. Plans allocated in 2012

Pursuant to the authorisation granted by the Combined General Meeting of 4 May 2011, an allocation of free shares was decided by the Executive Board on 27 July 2012, following approval by the Supervisory Board on 24 July 2012.

The plan of 27 July 2012 covered 487,750 shares, subject to beneficiaries being employed by the Group and the achievement of consolidated net earnings per share objectives in 2012.

No allocations of share subscription options were decided in 2012.

9.2. Valuation at fair value of benefits granted to employees

Pursuant to IFRS 2 – *Share-based payments* and IFRS 1 – *First-time adoption of IFRS*, the allocation of options to purchase and to subscribe for shares and the allocation of free shares granted since 7 November 2002 have been valued at their fair value at the date of grant.

The fair value of options granted to purchase and to subscribe for shares was based on a binomial model of option valuation.

The fair value of free shares granted is based on the value of the share at date of grant less the current value of future dividends estimated for the period of unavailability.

9.3. Features of plans and fair value of benefits granted

The principal features of option plans for the purchase, the subscription or the allocation of free shares outstanding at 31 December 2012, or which expired during the year, and for which a valuation of the fair value of the benefit granted to employees was carried out pursuant to IFRS 1 – *First-time adoption of IFRS*, are as follows:

	Model	Reference price	Exercise price	Historic volatility	Risk-free rate*	Expected yield	Fair value
Share subscription plans							
06/05/2008	Binomial	15.22	14.73	40.0%	4.39%	6.30%	3.59
Plans granting free shares							
25/03/2010		18.84	N/A	N/A	1.00%	5.04%	17.03
27/07/2010		17.66	N/A	N/A	1.00%	5.38%	15.79
22/12/2010		18.22	N/A	N/A	1.13%	5.49%	16.25
26/07/2011		15.75	N/A	N/A	1.56%	6.35%	13.79
22/12/2011		11.40	N/A	N/A	1.02%	9.60%	9.42
27/07/2012		11.51	N/A	N/A	0.24%	9.50%	8.10

(*) Risk-free rate: specified term after 2 years

The historical volatility used was determined based on a period equivalent to the maturity of each plan.

The maturity used for the share subscription plan of 6 May 2008 corresponds to its vesting period (4 years) increased by three years, the options being exercisable within a period of three years after the end of the vesting period.

Based on the attrition rate historically noted, it is also assumed that 20% of options will not be exercised due to beneficiaries leaving the Group before the exercise date. The cost of share subscription plans was restated based on the actual turnover rate where it differs from the initially selected rate of 20%.

The maturity used corresponds to the vesting period (2 years) for all plans granting free shares. In addition, it is assumed that 0% to 10% of the shares will not be delivered due to the departure of beneficiaries during the vesting period. However, the cost of free share allocation plans is restated at the end of the plans based on the actual departure rate.

During the financial year, the balance of options and shares granted changed as follows:

	Allocation at plan date	Maximum allocation	Balance at 31/12/2011	Change based on performance	Allocated	Exercised	Cancelled	Balance at 31/12/2012
Share subscription plans	3,083,575	3,083,575	2,092,734	-	-	-	(538,625)	1,554,109
02/06/2005	635,500	635,500	368,500	-	-	-	(368,500)	-
06/06/2006	736,750	736,750	445,750	-	-	-	(50,500)	395,250
02/05/2007	827,500	827,500	576,000	-	-	-	(56,500)	519,500
06/05/2008	883,825	883,825	702,484	-	-	-	(63,125)	639,359
Plans granting free shares	1,244,850	1,340,845	824,295	(16,322)	487,750	(390,822)	(64,669)	840,232
25/03/2010	22,000	22,000	22,000	-	-	(22,000)	-	-
27/07/2010	328,500	377,775	372,025	-	-	(339,021)	(33,004)	-
22/12/2010	35,650	48,000	33,050	2,468	-	(29,801)	(5,717)	-
26/07/2011	342,700	367,820	359,720	(18,790)	-	-	(21,948)	318,982
22/12/2011	28,250	37,500	37,500	-	-	-	(4,000)	33,500
27/07/2012	487,750	487,750	-	-	487,750	-	-	487,750

Cancellations recorded during the year resulted either from beneficiaries leaving the Group before the end of the vesting period or from plans expiring due to market conditions preventing all rights from being exercised. They may also be due to non-achievement of financial performance targets set on allocating the plans.

Data relating to the free share allocation plan are reference data corresponding to the achievement of performance objectives set within the context of the 2010, 2011 and 2012 plans.

9.4. Charge recognised in 2012

In light of the data set out above and the assessment of the charge resulting from the free share allocation plans based on the number of shares probably granted, this resulted in the following impact to the line personnel costs in the income statement:

	Personnel costs	
	2012	2011
Share subscription plans		
02/05/2007	-	0.2
06/05/2008	0.0	0.6
Plans granting free shares		
28/07/2009	-	1.3
23/12/2009	-	0.4
25/03/2010	0.0	0.2
27/07/2010	1.5	2.7
22/12/2010	0.2	0.3
26/07/2011	2.2	1.0
22/12/2011	0.2	0.0
27/07/2012	0.7	-
Total cost	4.8	6.6

10. Net financial income

	2012	2011
Investment income	5.1	4.6
Other interest income	0.6	0.5
Revaluation of derivative instruments	0.1	0.0
Income from disposal of financial assets held for sale	20.2	-
Other financial income (1)	0.0	7.5
Financial income	26.1	12.6

	2012	2011
Interest on loans from banks and associates	(0.1)	(0.1)
Capitalised interest on pension	(0.4)	(0.4)
Revaluation of derivative instruments	(0.4)	(0.8)
Other financial expense (1)	(0.8)	(8.4)
Financial expense	(1.7)	(9.6)

NET FINANCIAL INCOME	24.4	3.0
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Income from disposal of financial assets held for sale corresponds to the €20.2 million of income recorded on the disposal of the Summit Entertainment securities (see Note 17).

The increase in investment income originates from the increase in the rate achieved for deposits, despite the significant decline in benchmark interest rates (Eonia and Euribor). Despite lower average level of deposits year-on-year (€321 million in 2012, compared to €336 million in 2011), the Group recorded investment income of €5.1 million, compared to €4.6 million in 2011.

The Group did not draw down any of its credit facilities during the financial year.

⁽¹⁾ During the 2011 financial year, other financial items related to the Group's equity investment in Summit Entertainment.

11. Income tax

Métropole Télévision has declared itself as the parent company of a tax consolidation group, pursuant to the provisions of Articles 223-a and subsequent of the General Tax Code, as of 1 January 1988.

All French registered Group companies that are subject to income tax and are more than 95% continuously owned directly or indirectly by Métropole Télévision are members of the tax consolidation group.

The main components of income tax are as follows:

	2012	2011
Income tax payable:		
Tax charge for the year	(83.5)	(87.7)
Deferred tax:		
Creation and reversal of temporary differences	(6.7)	(7.2)
Total	(90.2)	(94.9)

The deferred tax rate used for 2012 was 36.1% (unchanged from 2011) for temporary differences that will be reversed until 31 December 2015. After that date, temporary differences will revert to the rate of 34.43%.

Deferred tax directly taken to equity (other comprehensive income) was as follows:

	2012	Change	2011
Revaluation to fair value of foreign exchange contracts (cash flow hedges)	0.1	0.4	(0.3)
Revaluation to fair value of assets available for sale	(1.1)	2.9	(4.0)
IAS 19 actuarial gains and losses	(0.5)	(0.7)	0.2
Treasury share forward purchase	1.2	(2.0)	3.2
Total	(0.4)	0.6	(0.9)

The reconciliation between the income tax charge calculated by applying the applicable rate to profit before tax and the charge calculated by applying the Group's actual tax rate is as follows:

	2012	2011
Net profit - Group share	140.2	149.6
Non-controlling interests	(0.0)	0.0
Income tax	(90.2)	(94.9)
Share of profit (loss) of associates	-	(0.1)
Goodwill impairment	(11.2)	(2.5)
Cost of stock options and free shares (IFRS 2)	(4.8)	(6.6)
Profit before tax, share of profit of associates, goodwill impairment and IFRS 2 expenses	246.3	253.7
Theoretical tax rate	36.10%	36.10%
Theoretical tax charge	(88.9)	(91.6)
Reconciling items:		
C.V.A.E. tax ⁽¹⁾	(6.4)	(6.4)
Impact relating to the exit of one company from the tax pooling	-	1.6
Impact relating to the change in income tax rate	0.2	0.5
Impact relating to foreign tax rates ⁽²⁾	5.3	-
Other differences ⁽³⁾	(0.4)	1.0
Effective tax charge	(90.2)	(94.9)
Effective tax rate	36.61%	37.39%

The income tax rate applicable to the Group during the financial year was 36.1%, unchanged from 2011.

⁽¹⁾ In 2010, the Group decided to reclassify CVAE (value added business tax) as income tax. This amounted to €10 million (€6.4 million net of income tax) at 31 December 2012, the same as at 31 December 2011.

⁽²⁾ The €5.3 million figure corresponds to the difference in the rate applicable to the capital gain on the disposal of the Group's equity investment in Summit Entertainment.

⁽³⁾ Other differences primarily relate to pre-2012 tax credits and tax settlements (for €0.4 million).

The sources of deferred tax at 31 December were as follows:

	2012	2011
Deferred tax assets		
Intangible assets	0.6	0.5
Assets held for sale	1.5	
Other assets	9.0	11.1
Retirement provisions (non-deductible)	2.2	2.6
Non-deductible provisions	18.4	24.5
Expenses payable non-deductible	5.0	5.7
Financial instruments	1.2	3.1
Losses brought forward	2.4	2.0
Other	0.4	0.4
Impact of offset of deferred tax assets and liabilities on the balance sheet	(20.3)	(20.4)
Total	20.5	29.5
Deferred tax liabilities		
Catalogues	(5.8)	(8.1)
Brands	(1.2)	(1.5)
Accelerated depreciation and amortisation	(4.4)	(3.4)
Revaluation of assets held for sale	(1.1)	(4.0)
Writedown of treasury shares	(2.7)	(2.7)
Other	(5.0)	(4.6)
Impact of offset of deferred tax assets and liabilities on the balance sheet	20.3	20.4
Total	-	(4.0)

The deferred tax assets and liabilities of companies included in the tax consolidation were offset.

The cumulative losses brought forward of group companies were €22.8 million at 31 December 2012. The losses that were capitalised as deferred tax assets amounted to €6.9 million at 31 December 2012.

At 31 December 2012, no deferred tax liability was recognised for taxes which may be due on undistributed profits of certain Group subsidiaries, associated companies or joint ventures.

The payment of dividends by the Group to its shareholders had no fiscal effects.

12. Earnings per share

	2012	2011
Net profit attributable to shareholders	140.2	149.6
Average weighted number of shares (excluding treasury shares) for basic earnings per share	125,655,902	127,890,194
Potential dilutive effect of share-based payments	481,189	395,946
Average weighted number of shares (excluding treasury shares) adjusted for dilutive effect*	126,137,091	128,286,140
Net earnings per share (€)	1.115	1.170
Diluted earnings per share (€)	1.111	1.167

* Only includes dilutive shares (with regard to prevailing market conditions at closing)

Net profit from discontinued operations for the periods presented was nil.

The calculation of diluted earnings per ordinary share takes into account the free shares granted by the plans of 26 July 2011, 22 December 2011 and 27 July 2012.
Shares with a dilutive impact totalled 481,189, with a dilutive effect on EPS of €0.42 cents per share.

13. Dividends paid and proposed

	2012	2011
Declared and paid during the year	126.3	128.6
Dividend paid per ordinary share (€)	1.00	1.00
Proposed for approval of AGM	231.9	126.2
Dividend paid per ordinary share (€)	0.85	1.00
Exceptional dividend paid per ordinary share (€)	1.00	-

14. Intangible assets

	Audiovisual rights	Other intangible assets	Advances and prepayments	Goodwill	Total
					2011
At 1 January 2011, net of amortisation and writedowns	58.1	36.4	23.4	76.2	194.1
Acquisitions	28.8	7.1	42.6	-	78.6
Change in Group structure (gross amounts)	24.0	28.4	0.1	2.5	55.0
Disposals	(6.7)	(27.1)	-	-	(33.8)
Other movements	0.0	(0.0)	-	(1.4)	(1.4)
Reclassifications	29.7	10.8	(40.5)	-	0.0
Writedowns	(3.3)	(5.5)	(0.0)	(2.5)	(11.2)
2011 amortisation charge	(48.5)	(17.3)	-	-	(65.8)
Change in Group structure - accumulated amortisation charge	(23.2)	(27.2)	(0.1)	-	(50.6)
Reversal of amortisation on disposals	6.7	23.8	-	-	30.5
At 31 December 2011, net of depreciation and writedowns	65.7	29.5	25.5	74.8	195.5
At 1 January 2011					
Gross value	573.8	485.3	24.0	107.6	1,190.8
Accumulated amortisation and writedowns	(515.7)	(448.9)	(0.6)	(31.5)	(996.7)
Net total	58.1	36.4	23.4	76.2	194.1
At 31 December 2011					
Gross value	649.6	544.6	26.2	108.7	1,329.2
Accumulated amortisation and writedowns	(583.9)	(515.2)	(0.7)	(33.9)	(1,133.6)
Net total	65.7	29.5	25.5	74.8	195.5
	Audiovisual rights	Other intangible assets	Advances and prepayments	Goodwill	Total
					2012
At 1 January 2012, net of amortisation and writedowns	65.7	29.5	25.5	74.8	195.5
Acquisitions	20.7	11.9	56.4	3.1	92.0
Change in Group structure (gross amounts)	-	-	-	-	-
Disposals	(55.7)	(5.4)	(0.0)	-	(61.0)
Other movements	-	-	-	-	-
Reclassifications	34.2	15.7	(50.0)	-	0.0
Writedowns	(7.5)	0.1	(0.4)	(11.2)	(18.9)
2012 amortisation charge	(65.2)	(20.7)	-	-	(85.8)
Change in Group structure - accumulated amortisation charge	-	-	-	-	-
Reversal of amortisation on disposals	55.7	4.9	-	-	60.6
At 31 December 2012, net of depreciation and writedown	47.9	36.1	31.6	66.8	182.3
At 1 January 2012					
Gross value	649.6	544.6	26.2	108.7	1,329.2
Accumulated amortisation and writedowns	(583.9)	(515.2)	(0.7)	(33.9)	(1,133.6)
Net total	65.7	29.5	25.5	74.8	195.5
At 31 December 2012					
Gross value	659.6	606.8	32.7	111.9	1,400.1
Accumulated amortisation and writedowns	(611.7)	(570.8)	(1.1)	(45.1)	(1,217.9)
Net total	47.9	36.0	31.6	66.8	182.3

Audiovisual rights include cinematographic and television rights acquired within the framework of productions or co-productions, as well as in application of distribution agreements for which a fixed amount (guaranteed minimum) was paid to the producer.

Other intangible assets consist of computer software, co-productions and assets related to the transfer fees of football players.

In application of IAS 20 – *Accounting for government grants and disclosure of government assistance*, grants received from the CNC are recognised as a reduction in the value of the co-production assets.

All other intangible assets are amortisable assets.

15. Goodwill impairment tests and intangible assets with an indeterminable life

15.1. Movements

Goodwill evolved as follows:

	2012	2011
Opening balance net of impairment	74.8	76.2
Acquisitions	3.1	2.5
Other	-	(1.4)
Impairment	(11.2)	(2.5)
Closing balance	66.8	74.8
Opening balance		
Gross value	108.7	107.7
Accumulated impairment	(33.9)	(31.5)
Net	74.8	76.2
Closing balance		
Gross value	111.9	108.7
Accumulated impairment	(45.1)	(33.9)
Net	66.8	74.8

2012 financial year goodwill movements resulted from the acquisition of Tom's Games (see Note 6).
2011 financial year goodwill movements resulted from the adjustment of the liability relating to the Cyréalís earn-out, the acquisition of Les Films de la Suane and the acquisition of the remaining 50% in TCM.

The impairment recognised relates to:

- TCM (€1.7 million) and Panorabanque (€0.8 million) for 2011;
- Mistergooddeal for 2012 (*see hereafter Impairment tests*).

15.2. Analysis

Net goodwill is analysed by Cash Generating Unit (CGU) as follows:

Net value	2012	2011
M6 TV Network	-	-
Digital channels	-	-
Diversification and audiovisual rights		
Cyréalís	37.4	34.3
Mistergooddeal SA	21.6	32.8
MonAlbumPhoto SAS	2.9	2.9
E-Commerce	24.5	35.7
HSS Group	4.0	4.0
SND SA	0.8	0.8
Total	66.8	74.8

The Cyréalís CGU, which was merged into M6 Web on acquisition, remains identifiable through the editorial websites it operates (clubic.com, jeuxvideo.fr, achetezfacile.com, tomsgames.fr). The Tom's Games business (acquired on 31 October 2012) therefore was included in the Cyréalís CGU.

On closing the consolidated financial statements at 31 December 2011, the Group considered Ventadis as a Cash Generating Unit ("CGU") due to strong synergies derived from the operating merger between HSS and Mistergooddeal: pooling of all support functions, including order taking and delivery, development of HSS Group online sales, etc. This CGU also included Mon Album Photo (a direct subsidiary of Mistergooddeal since its acquisition on 1 October 2010) due to the similar features of its business model with that of Mistergooddeal. Furthermore, there were increasing synergies between Ventadis and Mon Album Photo, due to the Ventadis teams gradually taking over support functions. At 31 December 2012, M6 Group elected to split the Ventadis CGU into two new CGUs: the Teleshopping CGU (which includes HSS and HSS Belgium) and the E-Commerce CGU (which includes Mistergooddeal and Mon Album Photo). These two new CGUs are now independently tested.

This decision was justified by an overhaul of the strategic objectives of the Teleshopping and E-Commerce activities, which highlighted the necessary split of the two businesses. As a result:

- on 1 January 2012, Ventadis management was restructured, resulting in the appointment of two new Deputy CEOs, one dedicated to the Teleshopping business and one to E-Commerce;
- in September 2012, the Mistergooddeal teams relocated to the building housing the entity's logistic platform in Chilly Mazarin;
- the teams in charge of the supply chain, until then shared by Mistergooddeal and HSS, have been split.

Lastly, Mon Album Photo (a direct subsidiary of Mistergooddeal since its acquisition on 1 October 2010) was transferred to the E-Commerce CGU, due to the similarities of its business model with that of Mistergooddeal (strictly web-based distribution, significant sales and marketing similarities, etc.) and shared administrative functions.

15.3. Impairment tests

During the last quarter of 2012, the Teleshopping, E-Commerce and Cyréalís CGUs were subject to an impairment test, in accordance with IAS 36.

The discounted cash flow method (DCF) used to measure the value in use is based on cash flow forecasts established at the beginning of the year based on the following key assumptions: EBITA, capital expenditure, WCR, competitive environment, upgrade of IT systems and level of marketing expenditure.

- Assumptions specific to the Cyréalís CGU
 - The discount rate used was determined by calculating an average of WACC (Weighted Average Cost of Capital) used to assess the main quoted comparables of Cyréalís' business. Full funding through equity was assumed. The discount rate before tax was 11.8%;
 - The infinite growth rate used was also based on the average noted on the valuation of comparables and was 2% for 2012, the same as in previous financial years.
- Assumptions specific to the Teleshopping CGU:
 - The discount rate used was the same as for the M6 Group, which corresponds to the average WACC applied by French brokers, i.e. 11%;
 - A cautious approach to infinite growth was also selected (1.5%);
 - Sales and EBITA growth of 2% in 2016 and 2017;
 - Capital expenditure of €2 million in 2016 and 2017;
 - Unchanged WCR in 2016 and 2017.
- Assumptions specific to the E-Commerce CGU:
 - The discount rate used was determined by calculating an average of WACC used to assess the main quoted comparables of the E-Commerce business. Full funding through equity was assumed. The discount rate before tax was 11.2% in 2012;

- The infinite growth rate used was also based on the average noted on the valuation of comparables and was 1.5% for 2012, the same as in 2011.

An analysis of the sensitivity of the value in use to testing factors has been conducted, as shown by the tables below:

Cyréal		Discount rate			
		10.8	11.3	11.8	12.3
G r o w t h	0.5	49.3	46.9	44.7	42.7
	1	51	48.4	46	43.9
	1.5	52.9	50.1	47.5	45.2
	2	55	51.9	49.1	46.7
	2.5	57.3	53.9	50.9	48.3

net book value measured = €39.0 million

E-Commerce		Discount rate			
		10.7	11.2	11.7	12.2
G r o w t h	0	24.7	23.1	21.5	20.1
	0.5	25.5	23.7	22.1	20.6
	1	26.4	24.5	22.8	21.2
	1.5	27.4	25.4	23.5	21.9
	2	28.5	26.3	24.3	22.6

net book value measured = €36.6 million

Teleshopping		Discount rate			
		10.5	11	11.5	12
G r o w t h	0	86.1	82.1	78.5	75.2
	0.5	88.9	84.6	80.7	77.2
	1	91.9	87.3	83.1	79.3
	1.5	95.3	90.3	85.8	81.7
	2	99.1	93.6	88.7	84.3

net book value measured = €2.5 million

Following this analysis, the Group concluded that:

- the recoverable values of the Cyréal and Teleshopping CGUs exceeded their net book value at 31 December 2012;
- The recoverable value of the E-Commerce business was less than its book value.

At 31 December 2012, the Group therefore recorded impairment of €11.2 million on the E-Commerce CGU, fully recognised as goodwill impairment. This division's goodwill now has a net book value of €24.5 million). This was primarily due to a significant increase in competition in the E-Commerce market, resulting in a contraction in profit margins.

16. Property, facilities and equipment

	Land	Buildings	Technical facilities	Other PFE	Assets under construction	Total 2011
At 1 January 2011, net of depreciation and writedowns	18.6	80.7	19.0	6.2	0.2	124.8
Acquisitions	-	7.4	4.7	2.6	1.3	15.9
Change in Group structure (gross amounts)	-	-	-	-	-	-
Disposals	-	(0.4)	(1.0)	(0.1)	-	(1.6)
Depreciation (charges) / reversals 2011	-	(3.5)	(6.5)	(2.4)	-	(12.5)
Changes in Group structure - accumulated depreciation charges	-	-	-	-	-	-
Reversal of depreciation on disposal	-	0.2	1.0	0.1	-	1.3
At 31 December 2011, net of depreciation and writedowns	18.6	84.3	17.2	6.3	1.4	127.9
At 1 January 2011						
Cost or fair value	18.6	114.8	46.7	18.5	0.2	198.9
Accumulated depreciation charges and writedowns	-	(34.1)	(27.7)	(12.3)	-	(74.2)
Net value	18.6	80.7	19.0	6.2	0.2	124.8
At 31 December 2011						
Cost or fair value	18.6	121.8	50.4	20.9	1.4	213.3
Accumulated depreciation charges and writedowns	-	(37.5)	(33.2)	(14.6)	-	(85.4)
Net value	18.6	84.3	17.2	6.3	1.4	127.9

Property, facilities and equipment relating to capital expenditure incurred for the construction of a new building were presented in the “buildings” column in 2011. This building was delivered in July 2012.

	Land	Buildings	Technical facilities	Other PFE	Assets under construction	Total 2012
At 1 January 2012, net of depreciation and writedowns	18.6	84.3	17.2	6.3	1.4	127.9
Acquisitions	0.6	14.2	7.4	2.9	(0.5)	24.5
Change in Group structure (gross amounts)	-	-	-	-	-	-
Disposals	-	(3.3)	(0.6)	(0.4)	-	(4.3)
Depreciation (charges) / reversals 2012	-	(3.9)	(7.2)	(2.4)	-	(13.5)
Changes in Group structure - accumulated depreciation charges	-	-	-	-	-	-
Reversal of depreciation on disposal	-	0.2	0.5	0.3	-	1.0
At 31 December 2012, net of depreciation and writedowns	19.3	91.5	17.3	6.7	0.9	135.7
At 1 January 2012						
Cost or fair value	18.6	121.8	50.4	20.9	1.4	213.3
Accumulated depreciation charges and writedowns	-	(37.5)	(33.2)	(14.6)	-	(85.4)
Net value	18.6	84.3	17.2	6.3	1.4	127.9
At 31 December 2012						
Cost or fair value	19.3	132.7	57.2	23.4	0.9	233.5
Accumulated depreciation charges and writedowns	-	(41.2)	(39.9)	(16.8)	-	(97.9)
Net value	19.3	91.5	17.3	6.6	0.9	135.6

17. Financial assets held for sale

Financial assets held for sale constitute equity securities held by the Group in non-consolidated companies and receivables which are directly related to them.

		2012						2011					
('€ millions)													
Reference currency		Fair value at 1 January	Acquisitions / disposals	Loss in value recognised through the income statement	Fair value movements through equity	Fair value at 31 December	% held	Fair value at 1 January	Loss in value recognised through the income statement	Fair value movements through equity	Fair value at 31 December	% held	
Summit Entertainment	Dollar (\$)	23.5	(23.5)	-	-	-	9.1%	11.4	(7.5)	19.6	23.5	9.1%	
Lions Gate	Dollar (\$)	-	1.1	-	3.2	4.3	0.4%	-	-	-	-	-	
European News Exchange	Euro (€)	0.1	-	-	-	0.1	20.0%	0.1	-	-	0.1	20.0%	
Other		-	0.1	-	-	0.1	0.0%	-	-	-	-	-	
TOTAL		23.6	(22.3)	-	3.2	4.5		11.5	(7.5)	19.6	23.6		

Financial assets held for sale primarily include listed securities and equity investments in unlisted companies. They are measured at fair value and temporary movements are recorded in comprehensive income/(loss) under equity.

The analysis of potential loss in value of financial assets held for sale is based on an analysis of all financial information at the Group's disposal as minority shareholder: financial statements and notes, auditors' reports, excerpts of minutes of board meetings if available, potential transactions in the securities of these companies, expert reports, business plans, etc.

On 13 January 2012, the Group sold its equity investment in Summit Entertainment, within the framework of the acquisition of the latter's entire share capital by Lions Gate.

The 2011 revaluation of unconsolidated equity securities was recorded under “other items of comprehensive income” and transferred to the income statement during the 2012 financial year. Therefore, the Group recorded a financial income of €20.2 million and acquired an equity investment in Lions Gate valued at €1.1 million on the transaction date.

This investment was revalued at fair value through equity to €4.3 million at 31 December 2012, an increase of €3.2 million.

18. Other financial assets

This mainly includes the part not eliminated of current accounts with joint ventures. The debt arising from financing a co-shareholder is classified as non-current financial debt in accordance with the principle of not offsetting financial assets and liabilities.

The current accounts are loans at variable interest rates based on Eonia.

Income arising from these assets is recorded in the period as finance income.

Such loans are initially recognized at fair value, then subsequently at amortised cost.

At 31 December 2012, an amount of €20 million also appears under non-current financial assets, which has been deposited by Football Club des Girondins de Bordeaux on an escrow account in the name of the City of Bordeaux. This deposit bears an interest rate of 1.6% per annum until delivery of the future Bordeaux stadium, scheduled for 2015. This amount will be transferred to the City of Bordeaux on that date.

	2012	2011
Associates' current accounts	2.4	2.7
Impairment of associates' current accounts	-	-
Financial assets at fair value through profit and loss	-	-
Other financial assets	20.0	-
Other non-current financial assets	22.4	2.7
Associates' current accounts	0.9	0.1
Impairment of associates' current accounts	-	-
Financial assets at fair value through profit and loss	-	-
Other financial assets	0.8	0.8
Other current financial assets	1.7	0.9

19. Investments in joint ventures

Entities in which M6 or one of its subsidiaries has a joint-venture interest are as follows:

% held	% held		Business sector
	2012	2011	
Série Club	50%	50%	Série Club digital channel
TF6	50%	50%	TF6 digital channel
TF6 Gestion	50%	50%	TF6 management company
HSS Belgique	50%	50%	Teleshopping programmes
Panorabanque	50%	50%	Online bank comparison engine

The contributions of joint ventures to the Group consolidated balance sheet were as follows:

	2012	2011
Non-current assets	1.4	1.1
Current assets	5.1	5.7
Non-current liabilities	(0.6)	(0.0)
Current liabilities	(9.1)	(9.2)
Net assets	(3.1)	(2.4)
Contribution by company:		
	2012	2011
Assets		
TF6 - Série Club	6.0	6.0
Other	0.6	0.8
	6.6	6.8
Liabilities		
TF6 - Série Club	(8.3)	(8.1)
Other	(1.4)	(1.1)
	(9.7)	(9.2)
Net assets	(3.1)	(2.4)

The contributions of joint ventures to Group revenue and net profit were as follows:

	2012	2011
Revenue	18.0	18.8
Net profit	0.0	(1.3)
Contribution by company:		
	2012	2011
Revenue		
TF6 - Série Club	12.1	12.6
HSS Belgique	5.7	6.2
Other	0.1	-
	18.0	18.8
Net profit		
TF6 - Série Club	(0.1)	(1.0)
HSS Belgique	0.5	0.6
Other	(0.4)	(0.9)
	0.0	(1.3)

20. Investments in associates

On 28 April 2011, the Group made a 34% equity investment in QuickSign, a company that has developed a secure client affiliation technology and platform for service companies (banks, consumer credit, etc.).

	2012	2011
Share held in associates' net assets	0.2	0.2
Goodwill	-	-
Deferred taxation	-	-
Contribution to the Group's net assets	0.2	0.2

QuickSign's contribution to the Group's net profit was nil.

21. Inventories

	Broadcasting rights	Commercial inventory	Total 2011
Net book value at 1 January 2011	160.8	29.1	190.0
Acquisitions	257.0	160.1	417.1
Expensed	(255.1)	(159.6)	(414.7)
Writedown (charge)/reversal 2011	2.8	(0.4)	2.4
Net book value at 31 December 2011	165.5	29.3	194.8
At 31 December 2010			
Cost or fair value	237.7	35.7	273.4
Accumulated writedown	(76.9)	(6.5)	(83.4)
Net book value at 31 December 2010	160.8	29.1	190.0
At 31 December 2011			
Cost or fair value	239.6	36.2	275.8
Accumulated writedown	(74.1)	(6.9)	(81.0)
Net book value at 31 December 2011	165.5	29.3	194.8

	Broadcasting rights	Commercial inventory	Total 2012
Net book value at 1 January 2012	165.5	29.3	194.8
Acquisitions	270.1	148.4	418.5
Expensed	(239.7)	(155.4)	(395.2)
Writedown (charge)/reversal 2012	(27.7)	1.6	(26.1)
Net book value at 31 December 2012	168.2	23.9	192.1
At 31 December 2011			
Cost or fair value	239.6	36.2	275.8
Accumulated writedown	(74.1)	(6.9)	(81.0)
Net book value at 31 December 2011	165.5	29.3	194.8
At 31 December 2012			
Cost or fair value	269.9	29.2	299.1
Accumulated writedown	(101.7)	(5.3)	(107.1)
Net book value at 31 December 2012	168.2	23.9	192.1

22. Financial instruments

This note presents information on the Group's exposure to each of the following risks, as well as its objectives, policy and assessment procedures and risk management.

22.1. Credit risk

The credit risk represents the risk of financial loss for the Group in the event a customer was to fail to meet its contractual duties.

TRADE RECEIVABLES

Risk assessment differs across Group operations.

Advertising revenue

In order to secure its advertising revenues, the main step taken by the M6 Publicité advertising agency is to carry out credit inquiries. These are systematically carried out with the support of specialised external companies on new customers and on an on-going basis on recurring customers.

The latter represent the large majority of advertisers. The advertiser base thus appears relatively stable, with more than 90% of revenue being generated from the same customers from one year to the next. Furthermore, it comprises a majority of quoted French companies and French subsidiaries of major international corporations.

Based on the results of credit enquiries and the amounts incurred in relation to the campaign, different payment terms are granted to customers. In particular, M6 demands that advertisers who do not meet its solvency criteria pay their campaigns in advance. These provisions are included in the terms and conditions of sale of the M6 Publicité advertising agency.

Due to this prudent policy, the risk of non-payment of advertising campaigns remained less than 0.5% of advertising revenue (0.4% in 2011).

In order to further curtail this risk, the M6 Publicité advertising agency imposes late payment penalties on unpaid invoices and has an internal team dedicated to recovering trade receivables.

Non-advertising revenue

As regards non-advertising revenue, no single customer risk is material enough to significantly impair the Group's profitability.

Nonetheless, personnel dedicated to collecting trade receivables guarantee throughout the year that everything is done to reduce bad debts. In addition to follow-up by this dedicated team, the Group may call upon the services of specialised debt collectors.

BANKING COUNTERPARTIES

The Group neither securitises, nor assigns nor factors trade receivables.

The Group pays particular attention to the quality of its banking counterparties, especially after the November 2011 and June 2012 waves of downgrades of Euro Zone banks by rating agencies. The Group strives to diversify its mutual fund depositories, in which excess cash is invested in accordance with the cash management policy described in Note 22.3.

The Group works with leading European banks that benefit from an investment grade rating.

ASSET FINANCIAL INSTRUMENTS POSTED TO THE BALANCE SHEET

The book value of financial assets represents the maximum exposure to the credit risk at year-end, as follows:

2011					Analysis by category of instruments					
	Gross	Writedowns	Book value	Fair value	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Debt at amortised cost	Derivative instruments
Available-for-sale financial assets	31.8	(8.2)	23.6	23.6	-	23.6	-	-	-	-
Other non-current financial assets	2.7	-	2.7	2.7	-	-	-	2.7	-	-
Trade receivables	322.8	(30.1)	292.7	292.7	-	-	-	292.7	-	-
Derivative financial instruments	0.9	-	0.9	0.9	-	-	-	-	-	0.9
Other current financial assets	0.9	-	0.9	0.9	-	-	-	0.9	-	-
Cash and cash equivalents	328.6	-	328.6	328.6	328.6	-	-	-	-	-
Other current assets	173.7	(3.9)	169.8	169.8	-	-	-	169.8	-	-
Assets	861.4	(42.3)	819.2	819.2	328.6	23.6	-	466.1	-	0.9

2012					Analysis by category of instruments					
	Gross	Writedowns	Book value	Fair value	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Debt at amortised cost	Derivative instruments
Available-for-sale financial assets	6.8	(2.4)	4.5	4.5	-	4.5	-	-	-	-
Other non-current financial assets	22.4	-	22.4	22.4	-	-	-	22.4	-	-
Trade receivables	301.9	(30.9)	271.0	271.0	-	-	-	271.0	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Other current financial assets	1.7	-	1.7	1.7	-	-	-	1.7	-	-
Cash and cash equivalents	315.6	-	315.6	315.6	315.6	-	-	-	-	-
Other current assets	172.2	(6.1)	166.1	166.1	-	-	-	166.1	-	-
Assets	820.7	(39.4)	781.3	781.3	315.6	4.5	-	461.2	-	-

MATURITY OF FINANCIAL ASSETS

The maturity dates of financial assets were as follows at the balance sheet date:

	Year end		Neither written down nor due		<= 1 month		2 - 3 months	
	2012	2011	2012	2011	2012	2011	2012	2011
Other financial assets	24.1	3.7	24.1	2.8	-	-	-	-
Trade receivables - gross	301.9	322.8	177.4	195.6	62.2	36.0	11.1	23.2
Other receivables - gross	172.2	174.6	164.4	169.9	4.4	2.2	-	-
Total	498.2	501.1	365.9	368.4	66.6	38.2	11.1	23.2

	3 - 6 months		6 - 12 months		> 1 year		Gross writedowns *	
	2012	2011	2012	2011	2012	2011	2012	2011
Other financial assets	-	-	-	0.8	-	-	-	-
Trade receivables - gross	11.4	6.6	4.8	6.4	5.4	25.0	29.6	30.0
Other receivables - gross	-	-	-	-	-	-	3.4	2.5
Total	11.4	6.6	4.8	7.2	5.4	25.0	33.0	32.5

* "Gross writedowns" include trade receivables (inclusive of VAT) for which writedowns are established on an individual basis. Writedowns of receivables (inclusive of VAT) calculated based on a statistical model are broken down by age.

Trade and other receivables comprise commercial receivables and other receivables linked to operations, such as advances and deposits.

22.2. Liquidity risk

The liquidity risk is the risk that the Group may find it difficult to meet its liabilities when they fall due. In order to manage the liquidity risk, the Group has implemented a policy of forecast cash position and financing needs monitoring, so that it always has sufficient cash to meet its current liabilities. Cash management is centralised in a cash pooling, in order to optimise financial resources.

To that end, as a precautionary measure, the Group avails of financing facilities but does not use credit derivatives.

At 31 December 2012, as in 2011, no credit facility was drawn down.

LIABILITY FINANCIAL INSTRUMENTS POSTED TO THE BALANCE SHEET

The Group's maximum exposure to the liquidity risk at year-end was as follows:

2011			Analysis by category of instruments		
	Book value	Fair value	Fair value through profit and loss	Debt at amortised cost	Derivative instruments
Non-current financial debt	1.4	1.4	-	1.4	-
Other non-current financial liabilities	3.4	3.4	3.4	-	-
Non-current liabilities relating to non-current assets	1.4	1.4	-	1.4	-
Current financial debt	1.5	1.5	-	1.5	-
Other current financial liabilities	6.3	6.3	6.3	-	-
Trade payables	341.1	341.1	-	341.1	-
Other operating liabilities	95.7	95.7	-	95.7	-
Tax and social security payable	101.0	101.0	-	101.0	-
Current liabilities relating to non-current assets	16.2	16.2	-	16.2	-
Total liabilities	568.0	568.0	9.7	558.3	-

2012			Analysis by category of instruments		
	Book value	Fair value	Fair value through profit and loss	Debt at amortised cost	Derivative instruments
Non-current financial debt	1.7	1.7	-	1.7	-
Non-current liabilities relating to non-current assets	1.8	1.8	-	1.8	-
Other non-current liabilities	0.7	0.7	-	0.7	-
Current financial debt	0.5	0.5	-	0.5	-
Derivative instruments	0.2	0.2	-	-	0.2
Other current financial liabilities	3.6	3.6	3.6	-	-
Trade payables	373.8	373.8	-	373.8	-
Other operating liabilities	59.5	59.5	-	59.5	-
Tax and social security payable	89.4	89.4	-	89.4	-
Current liabilities relating to non-current assets	10.4	10.4	-	10.4	-
Total liabilities	541.6	541.6	3.6	537.9	0.2

DEBT SCHEDULE

Group debt may be analysed as follows by maturity date:

	< 1 year		1 - 5 years		> 5 years		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Financial debt	0.5	1.5	1.7	1.4	-	-	2.2	2.9
Derivative instruments	0.2	0.0	-	-	-	-	0.2	0.0
Other financial liabilities	3.6	6.3	-	3.4	-	-	3.6	9.7
Trade payables	373.8	341.1	-	-	-	-	373.8	341.1
Other liabilities	59.5	95.7	0.7	-	-	-	60.3	95.7
Tax and social contribution payable	89.4	101.0	-	-	-	-	89.4	101.0
Liabilities relating to non-current assets	10.4	16.2	1.8	1.4	-	-	12.2	17.6
TOTAL	537.4	561.7	4.2	6.3	-	-	541.6	568.0

22.3. Market risk

Market risk is the risk that movements in market prices, such as foreign exchange rates, interest rates and equity instrument prices may adversely affect the Group's financial performance or the value of its financial instruments. The objective of market risk management is to define a strategy that limits the Group's exposure to the market risk, while at the same time ensuring that this strategy does not come at a significant cost.

FOREIGN EXCHANGE RISKS

The Group is exposed to foreign exchange risk through audiovisual rights purchase contracts, particularly through its cinema distribution activity and purchases of the distance-selling division.

These purchases are primarily denominated in US dollars, and to a lesser extent in Canadian dollars.

In order to protect itself from random currency market movements that could adversely impact its financial income and the value of its assets, the Group decided to hedge all its purchases. The coverage is undertaken at the signing of supplier contracts and is weighted as a function of the underlying due date. Commitments to purchase rights are fully hedged.

The Group only uses simple financial products that guarantee the amount covered and a set rate of coverage. These are forward purchases, for the most part.

As in 2011, foreign currency purchase flows represented approximately 6.7% of 2012 total purchases.

Foreign currency-denominated sales are not hedged as they are not significant (less than 0.1% of revenue).

Analysis of exposure to foreign exchange risk at 31 December 2012

	USD (€ millions) (1)	CAD (€ millions) (1)	Total
Assets	5.0	0.9	5.9
Liabilities	(3.2)	(0.0)	(3.2)
Off-balance sheet	(26.4)	-	(26.4)
Unhedged position	(24.7)	0.9	(23.8)
Forex hedges	21.8	(0.7)	21.1
Net exposed position	(2.9)	0.2	(2.7)
(1) at closing rate:	1.3163	1.2974	

90% of the Group's exposure is hedged.

In order to hedge against market risks, the Group put into place 34 new foreign exchange hedges during the year in relation to its USD-denominated liabilities, for a total value of €40.9 million, corresponding to the full value of commitments undertaken over the period.

The Group's net exposed foreign currency position for all its activities is a call position of €2.9 million in US dollars, and a put position of €0.2 million in CAD dollars, which would yield a €0.3 million loss in the event of an unfavourable and consistent foreign exchange movement of €0.10 against the US and CAD dollars.

In 2011, via its subsidiary SND, the Group also granted a loan of CAD 1.2 million to a producer over a term of 21 months. Repayment is due to take place in the first half of 2013. 75% of the value of this loan has been hedged.

INTEREST RATE RISK

The Group is exposed to risks pertaining to interest rate movements. Interest rate risk management relating to the Group's net cash position is established based on the consolidated position and market conditions.

The main objective of the interest risk management policy is to optimise the cost of Group financing and maximise cash management income.

The main features of financial assets and financial liabilities are as follows:

Maturity schedule of financial debt and financial assets at 31 December 2012

(€ millions)	< 1 year	1 to 5 years	> 5 years	Total
Variable rate financial assets	317.3	2.4	-	319.7
Other fixed-rate financial assets	-	20.0	-	20.0
Total financial assets	317.3	22.4	-	339.7
Variable rate financial debt		(0.8)	-	(0.8)
Other fixed-rate financial debt	(0.5)	(0.9)	-	(1.4)
Total financial debt	(0.5)	(1.7)	-	(2.2)

The Group's variable rate position was positive by €318.9 million at 31 December 2012. This net cash position is primarily comprised of monetary cash instruments and commercial paper.

The financing provided by the Group to its jointly controlled subsidiaries is treated as a financial asset up to the share of ownership held by the joint shareholder. Conversely, the financing provided by the joint shareholder in such jointly controlled companies is recognised as a financial debt in the same proportion.

The full-year impact of a 1% interest rate increase (100 basis points) is estimated at €3.2 million on net financial income. Conversely, a 1% decrease in interest rates (100 basis points) would cause a €3.2 million decline in full-year net financial income.

CASH MANAGEMENT POLICY

The Group's cash management policy is designed to ensure that cash resources can be mobilised rapidly while limiting capital risk. The Group's approach is absolutely prudent and non-speculative.

All investments made by the Group meet the criteria of IAS 7 – *Cash flow statement*.

The corresponding deposits are thus considered as cash equivalents, since they are liquid, can easily be converted into a known amount of cash and are subject to a negligible risk of change in value.

The matter of counterparty risk was particularly topical in both 2012 and 2011 after the rating of many first-rate European institutions was downgraded. Against this backdrop, the Group paid particular

attention to the selection process of instruments and to diversifying counterparts, depositaries and management companies.

Certain prudent rules have also been enacted as part of the Group's cash management:

- not to invest more than 20% in a single management company (or in a single company issuing commercial paper);
- select banks holding deposits rated as investment grade (minimum BBB-);
- not to hold more than 5% of the assets of a fund (control ratio);
- invest in funds having the following features:
 - in the case of a management company with which the Group has had business relations for at least two years, the invested fund must have existed for at least two years;
 - the asset managed by the master fund must be valued at more than €500 million;
 - the year-on-year volatility of the fund is less than 0.25%;
 - concerning the correlation of fund volatility with the fund's benchmark index, the volatility variance must be less than 5 basis points;
 - virtually all securities held by the fund (97%) must be rated as investment grade (minimum A2);
 - the percentage of unrated securities must represent less than 5% of the fund.

Nonetheless, due to the Group's current cash position and the yield curve, the Group reserves the right to stimulate income from its cash holdings:

- on the one hand, by departing on a one-off basis and to a limited extent from one of the rules listed above, providing other prudential rules are strictly complied with, and more particularly by increasing the investment of its cash holdings in the same management company to 30% or by investing in funds rated at least B+;
- on the other hand, by investing, in compliance with the prudential rules listed above, in funds that cannot be classified as cash equivalents.

In 2012, the Group increased its equity investment in an A⁺-rated counterpart to 35%, in order to take advantage of highly attractive interest rates.

All securities in which the Group's cash holdings are invested, as well as a list of securities in which the Group would consider investing is monitored on a daily basis. On this basis, the Group arbitrates in favour of both the most regular and the most profitable funds, within the framework of the constraints listed above.

Investment yields are regularly measured and reported to management every month. A detailed analysis of the various risks of these deposits is also produced quarterly.

DERIVATIVE FINANCIAL INSTRUMENTS

They are classified as other current financial assets when the market value of the instruments is positive and classified as current financial liabilities when their market value is negative.

FAIR VALUE

Net balance sheet positions of derivatives were as follows:

	2012	2011
Forward call contracts	Fair value	Fair value
Métropole Télévision	-	-
SND	(0.2)	0.7
HSS	(0.0)	0.2
TOTAL	(0.2)	0.9

MATURITIES

The maturity of hedge instruments (measured in euro at the year-end forward hedge rate) was as follows:

	2012			2011		
	Total	< 1 year	1 to 5 years	Total	< 1 year	1 to 5 years
Métropole Télévision	-	-	-	0.3	0.3	-
SND	18.0	18.0	-	23.6	23.1	0.5
HSS	4.6	4.6	-	4.5	4.5	-
TOTAL	22.6	22.6	-	28.4	27.9	0.5

22.4. Financial instrument effect on Income Statement

Effects on profit and loss of financial instruments were as follows:

2011		Analysis by category of instruments					
	Effect on income statement	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Debt at amortised cost	Derivative instruments
Impact on net financial income/(expense)	10.5						
Total interest income	5.1	0.0	-	-	5.1	-	-
Total interest expense	(0.1)	-	-	-	-	(0.1)	-
Revaluations	(0.5)	0.0	-	-	-	-	(0.6)
Net income/(expenses)	6.0	(1.5)	7.5	-	-	-	-
Income/(loss) on disposals	-	-	-	-	-	-	-
Impact on EBIT	(10.9)						
Net capital gains/(losses)	-	-	-	-	-	-	-
Impairment	(10.9)	-	(7.5)	-	(3.4)	-	-
Net income/(loss)	(0.5)	(1.4)	(0.0)	-	1.6	(0.1)	(0.6)

2012		Analysis by category of instruments					
	Effect on income statement	Fair value through profit and loss	Available for sale financial assets	Investments held until maturity	Loans and receivables	Debt at amortised cost	Derivative instruments
Impact on net financial income/(expense)	24.9						
Total interest income	5.7	-	-	-	5.7	-	-
Total interest expense	(0.1)	-	-	-	-	(0.1)	-
Revaluations	(0.2)	(0.1)	-	-	-	-	(0.2)
Net income/(expenses)	(0.8)	(0.8)	-	-	-	-	-
Income/(loss) on disposals	20.2	-	20.2	-	-	-	-
Impact on EBIT	(6.6)						
Net capital gains/(losses)	0.1	-	-	-	0.1	-	-
Impairment	(6.7)	-	-	-	(6.7)	-	-
Net income/(loss)	18.2	(0.8)	20.2	-	(0.9)	(0.1)	(0.2)

23. Cash and cash equivalents

	2012	2011
Deposit with Bayard d'Antin	-	35.0
FCP and SICAV mutual funds	302.8	280.8
Cash at bank	12.8	12.8
Total cash and cash equivalents	315.6	328.6

Cash and marketable securities are financial assets held for trading and as such are measured at fair value (fair value through income statement) in accordance with IAS 7.

The FCP and SICAV mutual funds do not contain any unrealised capital gains, as these were realised at 31 December 2012.

In application of the deposit policy described above, virtually all cash is invested in cash mutual funds with an average term of less than 90 days, in commercial papers and in term deposits with investment grade counterparts.

At 31 December 2012, no cash was deposited with Bayard d'Antin, a related party, as part of the treasury management agreement renewed on 15 November 2012.

24. Equity

24.1. Share capital management policy

Management of the Group's shareholders' equity primarily refers to the dividend distribution policy and more generally to the remuneration of Métropole Télévision shareholders. As part of this policy, the Group strives to retain sufficient cash holdings to meet its day to day financing needs and fund acquisitions. Since the disposal of the Canal+ France shares, the Group avails of substantial surplus cash, well in excess of the above-mentioned requirements, giving rise to a significant investment potential.

To that end, and to exercise caution in light of the liquidity risk, during 2008 M6 put into place two banking credit facilities totalling €85 million; one of these facilities of €35 million matured during 2011 and has not been renewed to date. In addition, the Group also implemented a credit line of a maximum of €50 million with its main shareholder (Bayard d'Antin).

None of these credit lines were drawn down in 2012.

As regards remuneration of the shareholders, the Group has set itself the objective of distributing a dividend of approximately 80% of net earnings per share (from continuing operations, Group share). However, an exceptional dividend distribution may be considered when the Group generates profits of a non-recurring nature, in particular due to the disposal of discontinued assets or operations.

Furthermore, the Executive Board of Métropole Télévision was granted an authorisation to buy back its own shares by the Ordinary General Meeting of 4 May 2011, with a view to:

- stimulate the secondary market or the liquidity of the Métropole Télévision share through an intermediary investment service provider, through a liquidity contract in compliance with the AMAFI's ethical code approved by the AMF,
- retain the shares purchased and ultimately use them via exchange or payment within the framework of potential acquisitions, provided that the shares acquired for this purpose do not exceed 5% of the Company's share capital,
- provide adequate coverage for share option plans and other forms of share allocations to Group employees and/or executive officers within the conditions and according to the methods permitted by law, notably in order to share the profits of the Company, through a company savings plan or by the granting of free shares,
- provide adequate coverage of marketable securities giving right to Company shares within the framework of current regulations,

- cancel shares, in accordance with the authorisation granted by the Extraordinary General Meeting of shareholders of 4 May 2011.

During the financial year ended 31 December 2012 and pursuant to this authorisation:

- M6 bought back for future cancellation 500,000 of its own shares, representing 0.4% of the share capital, at a total cost of €4.9 million. All these shares were cancelled to reduce the number of shares making up the share capital from 126,383,964 to 125,883,964 shares;
- Transactions were carried out by M6 as part of the liquidity contract;
- M6 bought and delivered shares to cover free share allocation plans.

Within the scope of the next free share plans in 2013, Métropole Télévision entered into a forward treasury share purchase contracts in relation to 330,000 shares, maturing on 26 July 2013.

Furthermore, even though it has been granted authorisations by the Shareholders' General Meeting to proceed in specified cases with share capital increases (through the issue of ordinary shares and / or marketable securities providing access to the share capital), the Company currently has no plans to issue new shares, aside from the exercise of share subscription options.

The Company also comes within the scope of Article 39 of the Law no 86-1067 of 30 September 1986 as amended, as well as Law no 2001-624 of 17 July 2001, which state that an individual or entity, acting alone or in concert, shall not hold, directly or indirectly, more than 49% of the capital or voting rights of a company licensed to operate a nationwide television service by terrestrial transmission. Therefore, any decision liable to have a dilutive or enhancing effect on existing shareholders must be assessed in the light of this specific legal requirement.

24.2. Shares comprising Métropole Télévision's capital

<i>(thousands of shares)</i>	Ordinary shares issued	Treasury shares held	Shares outstanding
At 1 January 2011	128,958	460	128,498
Exercised stock options	4	-	
Movement in treasury shares:			
- held for the purpose of allocating free shares		(352)	
- held as part of the liquidity contract		39	
Implementation of the share buyback programme (before cancellation of shares)	(2,578)	-	
At 31 December 2011	126,384	147	126,237
Exercised stock options	-	-	
Movement in treasury shares:			
- held for the purpose of allocating free shares		518	
- held as part of the liquidity contract		(12)	
Implementation of the share buyback programme (before cancellation of shares)	(500)	-	
At 31 December 2012	125,884	653	125,231

The shares making up the capital of Métropole Télévision are all ordinary shares with one vote each. All shares are fully paid up.

Three share subscription plans and five free share allocation plans for the benefit of management and senior executives were in place at 31 December 2012 (see Note 9).

24.3. Movements in equity not recorded in the Income Statement

Movements in the fair value of derivative financial instruments, actuarial gains and losses and foreign exchange differences are recorded in other items of comprehensive income and added to the “other reserves” caption of equity.

Movements in actuarial gains and losses are accounted for as other items of comprehensive income and are added to the “consolidated reserve” caption.

The net impact on equity, under other reserves and consolidated reserves, was as follows:

Balance of other reserves at 1 January 2011	(4.6)
New hedges	(2.0)
Former hedge variations	(0.1)
Maturity of hedges	(0.3)
Movement in assets held for sale	15.6
Movement in pension commitments	0.2
Total movements of the year	13.3
Balance of other reserves at 31 December 2011	8.7
New hedges	(0.1)
Former hedge variations	-
Maturity of hedges	3.3
Movement in assets held for sale	(14.7)
Movement in pension commitments	1.3
Other movements	0.9
Total movements of the year	(9.4)
Balance of other reserves at 31 December 2012	(0.6)

The €14.7 million negative movement in assets available for sale relates to the disposal of the Summit Entertainment securities and the revaluation of the Lions Gate securities.

25. Financial debt

Movement in net debt is analysed as follows:

	2012	2011
Bank loans	-	-
Leases	0.8	-
Other	0.9	1.4
Total non-current financial debt	1.7	1.4
Bank loans	-	-
Leases	0.5	-
Other	-	1.5
Total current financial debt	0.5	1.5

The breakdown of financial debt by maturity is provided in Note 22.2.

The balance of financial debt primarily includes the following:

- Métropole Production's long-term lease, for €1.3 million;
- the share of liabilities of jointly-held companies (€0.6 million) (see Note 19);
- advances subject to conditions received by SNC for a total of €0.2 million.

The finance lease liability is analysed as follows:

	< 1 year	1 to 5 years	> 5 years	Total
At 31 December 2012				
Lease payments	0.5	0.9	-	1.4
financial expenses	(0.0)	(0.1)	-	(0.1)
Net present value of finance lease liability	0.5	0.8	-	1.3

The Group currently avails of a medium-term bank facility for a total of €50 million, in order to cover the liquidity risk described in Note 22.2.

Terms and conditions applicable to the drawdown of the Group's credit facility primarily include:

- a clause of change of ownership;
- financial ratio covenants, as follows:
 - net debt / equity < 1;
 - net debt / Ebitda < 2;
 - Ebitda / financial expenses > 8,

which were all complied with at 31 December 2012.

However, this facility was not drawn down at 31 December 2012 and was not used during the financial year.

In addition, the Group put into place a €50 million credit facility with its main shareholder (Bayard d'Antin). This facility had not been drawn down at 31 December 2012 and was not used during the financial year.

26. Other financial liabilities

Within the scope of the next free share plans, in 2011 Métropole Télévision entered into one forward treasury share purchase contracts in relation to 330,000 shares, maturing on 26 July 2013 (see Notes 9 and 24.1).

At 31 December 2012, the present value of this financial liability totalled €3.6 million.

At 31 December 2011, the forward purchase contract related to 737,000 shares, with a present value of €9.7 million (of which €3.4 million non-current). 407,000 shares were delivered during the 2012 financial year.

In application of IAS 32 – *Financial instruments: disclosures and presentation*, this commitment was recognised at its present value as a financial liability and was offset under equity (other reserves).

27. Retirement benefits severance pay

The Group opted for the early application of amended IAS 19. The impact on the consolidated financial statements was insignificant (€14 thousand) and related to the balance of changes to the plans that still had to be amortised at 31 December 2011.

Commitments undertaken in respect of retirement benefits severance pay are not covered by any dedicated insurance contract or assets.

MAIN ACTUARIAL ASSUMPTIONS

%	2012	2011
Discount rate	2.80	4.75
Future salary increases*	2.69	3.60
Inflation rate	2.00	2.00

* median measured on the basis of age and position

The discount rate is established for an average period of 10 years by reference to the Iboxx € corporate bonds AA 10+ index.

INCOME STATEMENT EXPENSES

	2012	2011
Current service cost	(0.9)	(0.7)
Interest expense	(0.4)	(0.4)
Net expense	(1.3)	(1.0)

PROVISION AND PRESENT VALUE OF OBLIGATION

	2012	2011
Value of obligation - opening balance	8.5	7.7
Current service cost, reductions/termination	0.9	0.7
Interest expense	0.4	0.4
Benefits paid	(0.4)	(0.0)
Actuarial gain or loss - Changes in financial assumpti	1.8	(0.3)
Actuarial gain or loss - Changes in demographic assi	(2.7)	
Actuarial gains and losses - Experience effect	(1.1)	-
Change in Group structure	(0.0)	0.1
Value obligation - closing balance	7.4	8.5

The cumulative actuarial differences recognised in other items of comprehensive income totalled €1.5 million at 31 December 2012.

SENSITIVITY TO ASSUMPTIONS

Sensitivity analyses carried out on pension commitments gave the following results:

	+ 0.5%	- 0.5%
Sensitivity of obligation at year end:		
to a change in the discount rate	6.9	8.0
to a change in the rate of salary increase	8.0	6.9

28. Provisions

Provision movements between 1 January 2011 and 31 December 2012 were as follows:

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	Provisions for retirement benefits (1)	Provisions for loss from associates	Provisions for restructuring	Provisions for litigations (2)	Provisions for unlikely broadcasting (3)	Other provisions for charges (4)	Total
At 1 January 2011	7.7	-	0.2	20.1	47.1	30.1	105.1
Subsidiary acquisitions				0.6			0.6
Subsidiary disposals							-
Charge	1.1			13.0	32.9	8.5	55.4
Use			(0.0)	(2.3)	(23.3)	(4.9)	(30.5)
Reversals				(5.7)	(4.4)	(11.1)	(21.2)
Other	(0.3)						(0.3)
At 31 December 2011	8.5	-	0.1	25.6	52.4	22.5	109.1
Subsidiary acquisitions							
Subsidiary disposals							
Charge	1.4		0.4	10.7	20.3	9.6	42.3
Use	(0.4)		(1.3)	(5.4)	(26.7)	(5.3)	(39.2)
Reversals	(0.0)		(0.1)	(4.3)	(9.0)	(2.1)	(14.5)
Other	(2.0)		1.6	(1.8)		0.1	(2.1)
At 31 December 2012	7.4	-	0.7	24.8	37.9	24.7	95.6
2011 current	-	-	0.1	25.6	52.4	22.5	100.6
2011 non-current	8.5	-	-	-	-	-	8.5
Total	8.5	-	0.1	25.6	52.4	22.5	109.1
2012 current	-	-	0.7	24.8	37.9	24.7	88.2
2012 non-current	7.4	-	-	-	-	-	7.4
Total	7.4	-	0.7	24.8	37.9	24.7	95.6

Provisions at 31 December 2011 and 2012 are analysed as follows

	2012	2011
(1) Provisions for retirement benefits:		
- M6 TV Network	5.2	6.0
- Diversification	1.9	2.1
- Digital channels	0.3	0.4
	7.4	8.5
(2) Provisions for litigations:		
- M6 TV Network	10.1	9.5
- Diversification	9.6	13.2
- Digital channels	5.2	3.0
	24.8	25.6
(3) Provisions for unlikely broadcasting:		
- M6 TV Network	29.8	37.8
- Diversification		1.5
- Digital channels	8.1	13.1
	37.9	52.4
(4) Other provisions for charges:		
- M6 TV Network	10.4	11.2
- Diversification	9.6	9.3
- Digital channels	1.2	1.5
- Unallocated charges	3.6	0.6
	24.7	22.5

Litigations included in the “provisions for litigations” caption relate to all legal proceedings instituted against one or several Group companies, for which it is probable that the outcome will be unfavourable for the Group. In the large majority of cases, such litigations have gone beyond the pre-litigation stage and are currently being considered or are undergoing judgement or appeal by competent courts (Commercial Court, Industrial Court, Court of First Instance, Criminal Court or Supreme Court of Appeal).

Additional information in respect of litigations in progress has not been included individually as disclosure of such information could be prejudicial to the Group.

“Provisions for unlikely broadcasting” relate to the loss in value of broadcasting rights the Group is committed to purchase but are not yet included in balance sheet inventories.

The charge resulting from the likelihood that an unopened right (and as such classified in off-balance sheet commitments) will not be broadcast may not be accounted for by writing down a balance sheet asset, and therefore was recognised through a provision for liabilities and charges.

The writedown of an unopened right is consistent with the operation of the audiovisual rights market, since TV channels have generally entered into sourcing agreements with producers in relation to future productions, without having the certainty that the quality of the latter will be consistent and may be broadcast given their editorial policy and target audiences.

Furthermore, the channels may be committed to broadcasting a flow programme or an event whose audience or image potential will not generate sufficient advertising revenue to offset the total cost of the programme.

A writedown of the value of a right may reflect:

- a case where broadcasting is unlikely: the programme will not be broadcast for lack of audience potential;
- a case where net revenue generated during the window rights of the programme will be insufficient.

In all cases, writedowns are assessed as part of an individual review of all portfolio items, in light of the ratings and revenue targets of each programme, as defined by the management of programming of each Group channels.

“Other provisions for charges” relate to costs the Group would have to incur to implement a contract or settle its regulatory or tax obligations, without the amounts in question being due or having been due, in particular within the framework of dispute settlement or legal proceedings.

The amounts reported for these three types of provisions are the best possible estimate of the future outflow of Group resources, taking account of plaintiffs’ claims, judgments already passed if applicable or the management’s appraisal of similar instances and/or calculations made by the finance department.

The Group considers that the disbursement terms attached to these provisions come within the framework of its normal operating cycle, which justifies the classification of these provisions as current provisions.

29. Contingent assets and liabilities

PURCHASE OF RIGHTS AND CO-PRODUCTION COMMITMENTS (NET)

These commitments comprise:

- purchase commitments relating to rights not yet produced or completed;
- contractual commitments relating to co-productions awaiting receipt of technical acceptance or exploitation visa, net of payments on account made.

They are expressed net of advances and deposits paid in that respect for rights that are not yet recognised as inventories.

IMAGE TRANSMISSION, SATELLITE AND TRANSPONDERS RENTAL

These commitments relate to the supply of broadcasting services and the rental of satellite and transponder capabilities from private companies for digital broadcasting.

These commitments were measured using amounts remaining due up to the end date of each contract.

NON-CANCELLABLE LEASES

This item includes minimum future payments due in respect of non-cancellable operating leases on-going at the balance sheet date, which primarily comprise property leasing.

RESPONSIBILITY FOR PARTNERSHIP LIABILITIES

To the extent that the partners in a Partnership (Société en Nom Collectif - SNC) are liable in full and indefinitely for the liabilities of the partnership, the Group presents in full the liabilities of partnerships in which it is a partner, net of accruals and partners' current account balances, as an off-balance sheet commitment given, and presents the other partner's share of these liabilities as an off-balance sheet commitment received.

SALES OF RIGHTS

These commitments comprise sales contracts of broadcasting rights that are not yet available at 31 December 2012.

BROADCASTING CONTRACTS

These commitments relate to Group channel broadcasting contracts with Canal+ France and other distributors.

They were measured using amounts remaining due for each contract, up to the certain or probable contract end date.

None of the Group's non-current assets have been pledged or mortgaged.

	< 1 year	> 1 year	Total 2012	Total 2011	Terms and conditions of implementation
Commitments given					
Rights purchase and co-productions commitments (gross)	241.3	425.2	666.5	741.4	Contracts signed
Advances paid for the purchase of rights and co-production commitments	(13.5)	(52.9)	(66.4)	(76.2)	
<i>Purchase of rights and co-productions commitments (net)</i>	<i>227.8</i>	<i>372.3</i>	<i>600.1</i>	<i>665.2</i>	
Image transmission, satellite and transponder rental	32.2	72.0	104.2	100.3	Contracts signed
Non-cancellable leases	6.8	17.6	24.4	30.3	Leases
Responsibility for partnership liabilities	-	6.6	6.6	6.6	SNC liquidation
Other	5.1	6.9	12.0	53.6	
Total commitments given	271.8	475.4	747.2	856.0	
Commitments received					
Responsibility for partnership liabilities	-	6.6	6.6	6.6	SNC liquidation
Sales of rights	8.9	4.8	13.7	6.8	Annual maturities
Broadcasting contracts	24.4	24.4	48.8	72.5	Contracts signed
Others	2.9	-	2.9	5.9	
Total commitments received	36.3	35.7	72.0	91.8	

At 31 December 2012, commitments given by the Group totalled €747.2 million, compared to €856.0 million at 31 December 2011.

This reduction in commitments given (down €108.8 million) primarily resulted from:

- a €65.1 million decline in commitments to purchase broadcasting and co-production rights, net of advances paid, as the total value of rights struck off from commitments due to their being posted to the balance sheet as inventories exceeded that of new commitments concluded during the 2012 financial year;
- a €3.9 million increase compared to 31 December 2011 in commitments relating to contracts for the transmission and broadcasting of TV channels, to €104.2 million;
- the €20 million guarantee provided by the Group in 2011 for the new Bordeaux Stadium, which gave rise to the transfer of this amount to an escrow account in the name of the city of Bordeaux in February 2012.

At 31 December 2012, commitments received by the Group totalled €72.0 million, compared to €91.8 million at 31 December 2011.

This movement was primarily due to the decline of €23.7 million in commitments relating to the distribution of Group channels as contracts are executed.

30. Related parties

30.1. Identification of related parties

Related parties to the Group comprise unconsolidated companies, jointly controlled companies and associates, RTL Group – 48.46% Group shareholder, Bertelsmann AG - RTL shareholder, executive officers and members of the Supervisory Board.

30.2. Transactions with shareholders

LOANS TO SHAREHOLDERS

According to a treasury management agreement concluded between Bayard d'Antin SA and Métropole Télévision, first implemented on 1 December 2005, Métropole Télévision may deposit surplus cash with Bayard d'Antin either on a day to day basis, or by depositing part of it for a period not exceeding 3 months. The remuneration provided by this agreement is in line with the market. M6 also retains the option of borrowing funds from Bayard d'Antin, as long as the amount borrowed does not exceed 48% of that borrowed from banking institutions for periods ranging from 1 week to 3 months; the terms and conditions being consistent with those of the market.

The renewal of this agreement for a further period of 12 months was authorised by the Supervisory Board on 6 November 2012.

In order to adhere to the cash depositing policy of Métropole Télévision (described in Note 22.3), the deposit with Bayard d'Antin may not exceed a given ratio of the cash resources of the Métropole Télévision Group.

At 31 December 2012, the current account between M6 and Bayard d'Antin was nil.

CURRENT TRANSACTIONS

	2012		2011	
	RTL Group	BERTELSMANN (excl. RTL Group)	RTL Group	BERTELSMANN (excl. RTL Group)
Sales of goods and services	6.1	-	4.4	0.1
Purchases of goods and services	(19.9)	(0.9)	(24.0)	(0.7)

Sales and purchase transactions with shareholders have been conducted at arms' length. Purchases primarily include the purchase of programmes from production companies of the RTL Group.

The outstanding balances arising from these sales and purchases are the following:

	2012		2011	
	RTL Group	BERTELSMANN (excl. RTL Group)	RTL Group	BERTELSMANN (excl. RTL Group)
Receivables	7.3	-	8.1	0.1
Liabilities	7.5	0.2	7.3	0.4

SPECIFIC TRANSACTIONS

No specific transactions were concluded by the Group with its shareholders during the 2012 financial year.

30.3. Transactions with joint ventures

The following transactions have taken place between Group subsidiaries and joint ventures (TF6, Série-Club, Panorabanque and HSS Belgium):

	2012	2011
At 100%		
Sales of goods and services	11.5	9.5
Net financial income	-	-
Purchases of goods and services	-	-

Sales and purchase transactions with joint ventures have been conducted at arms' length.

The outstanding balances arising from these sales and purchases are the following:

	2012	2011
At 100%		
Receivables	4.6	3.1
<i>relating to financing</i>	<i>1.2</i>	<i>1.0</i>
Liabilities	2.9	4.6
<i>relating to financing</i>	<i>2.0</i>	<i>3.1</i>

Receivables relating to financing comprise profit of partnerships due to be transferred to the parent company.

30.4. Transactions with associates

No significant transactions with QuickSign occurred in the 2012 financial year.

30.5. Transactions with executive officers and directors

The remuneration paid in 2012 to the members of the Executive Board amounted to €3,957,050, of which €2,146,398 was fixed, €1,410,652 variable and €400,000 exceptional.

No further share subscription options were allocated during 2012. However, 44,000 free shares were allocated to members of the Executive Board in July 2012.

22,000 free shares were transferred during the 2012 financial year to Executive Board members as part of the plan of 25 March 2010. As part of the free share allocation plan of 27 July 2010, 27,830 free shares have been transferred to Executive Board members (members present on the allocation date).

In addition, in this respect and in accordance with the same conditions as Group employees, the members of the Executive Board may benefit from a legally binding end of career payment. The overall cost and terms and conditions of determination are described in Note 4.14. of the 2012 Registration Document.

Members of the Supervisory Board were paid attendance fees amounting to €226,000. Moreover, private individual members of the Supervisory Board or representing a legal entity member of the Supervisory Board held 122,657 Group shares at 31 December 2012.

Total remuneration paid to the main executive officers in respect of their duties within the Group, as referred to by IAS 24.17 was as follows:

<i>(€ millions)</i>	2012	2011
Short-term benefits		
Remuneration items	3.7	3.4
Other short-term benefits	0.0	0.0
Long-term benefits	-	-
Severance pay	-	-
Share-based payments	0.4	0.4
Total	4.0	3.8

Furthermore, detailed disclosure of remuneration is provided in Note 2.3 of the Management Report.

31. Subsequent events

At its meeting held on 8 January 2013, the Conseil Supérieur de l'Audiovisuel extended the standard definition broadcasting licences of the TF1, M6 and Canal+ channels. Each of these three channels avails of a five-year licence.

No other significant event that occurred since 1 January 2013 is likely to have a significant impact on the Group's financial position, results, activities and assets.

32. Consolidation scope

			2012		2011	
Company	Legal form	Nature of operations	% share capital	Consolidation method	% share capital	Consolidation method
M6 TV NETWORK						
Métropole Télévision - M6	SA	Parent company	-	FC	-	FC
M6 Publicité	SASU	Advertising agency	100.00%	FC	100.00%	FC
M6 Créations	SAS	Production of audiovisual works	100.00%	FC	100.00%	FC
M6 Bordeaux	SAS	Local TV station	100.00%	FC	100.00%	FC
M6 Toulouse	SAS	Local TV station	100.00%	FC	100.00%	FC
C. Productions	SA	Programme production	100.00%	FC	100.00%	FC
M6 Films	SA	Co-production of films	100.00%	FC	100.00%	FC
Métropole Production	SA	Production of audiovisual works	100.00%	FC	100.00%	FC
Studio 89 Productions	SAS	Production of audiovisual rights	100.00%	FC	100.00%	FC
DIGITAL CHANNELS						
M6 Thématique	SA	Holding company - digital operations	100.00%	FC	100.00%	FC
Edi TV - W9	SAS	W9 music channel	100.00%	FC	100.00%	FC
M6 Génération - 6Ter	SAS	6TER digital channel	100.00%	FC	100.00%	FC
M6 Communication	SAS	M6 Black - Rock - Hit music channels	100.00%	FC	100.00%	FC
Paris Première	SAS	Paris Première digital channel	100.00%	FC	100.00%	FC
Sedi TV - Téva	SAS	Téva digital channel	100.00%	FC	100.00%	FC
Série Club	SA	Série Club digital channel	50.00%	PP	50.00%	PC
TF6	SCS	TF6 digital channel	50.00%	PP	50.00%	PC
SNDA	SAS	Audiovisual rights distribution	100.00%	FC	-	
DIVERSIFICATION AND AUDIOVISUAL RIGHTS						
M6 Foot	SAS	Holding company - Sports	100.00%	FC	100.00%	FC
FC Girondins de Bordeaux	SASP	Football club	100.00%	FC	100.00%	FC
33 FM	SAS	Radio programmes editing and broadcasting	95.00%	FC	95.00%	FC
Girondins Expressions	SASU	24/7 channel dedicated to Girondins	100.00%	FC	100.00%	FC
Girondins Horizons	SASU	Travel agency	100.00%	FC	100.00%	FC
M6 Interactions	SAS	By-product rights exploitation	100.00%	FC	100.00%	FC
M6 Editions	SA	Print publications	100.00%	FC	100.00%	FC
M6 Evénements	SA	Staging of shows and events	100.00%	FC	100.00%	FC
Live Stage	SAS	Staging of shows and events	100.00%	FC	100.00%	FC
M6 Web	SAS	Internet content and access provider	100.00%	FC	100.00%	FC
QuickSign	SAS	Various specialised, scientific and technical activities	34.00%	EA	34.00%	EA
Panorabanque	SAS	Online bank comparison engine	50.00%	PP	50.00%	PC
GM6	SAS	Development of an internet platform	75.00%	FC	-	
Sous-groupe HSS :						
Home Shopping Service	SA	Teleshopping programmes	100.00%	FC	100.00%	FC
M6 Boutique la Chaîne	SNC	24/7 channel	-	M	100.00%	FC
HSS Belgique	SA	Teleshopping programmes	50.00%	PP	50.00%	PC
HSS Hongrie	SA	Teleshopping programmes	100.00%	FC	100.00%	FC
SETV Belgique	GIE	Teleshopping management office	100.00%	FC	100.00%	FC
Télévente promotion	SA	Teleshopping programmes	-	M	100.00%	FC
Unité 15 Belgique	SA	Customer service	100.00%	FC	100.00%	FC
Unité 15 France	SA	Management and promotion of teleshopping	100.00%	FC	100.00%	FC
Mistergooddeal	SA	E-commerce	100.00%	FC	100.00%	FC
MonAlbumPhoto	SAS	Distance selling with specialised catalogue	95.00%	FC	95.00%	FC
M6 Divertissement	SAS	Dormant	100.00%	FC	100.00%	FC
M6 Shop	SAS	Dormant	100.00%	FC	-	
Société Nouvelle de Cinématographie (ex SA)	SA	Audiovisual rights production/distribution	100.00%	FC	100.00%	FC
Les Films de la Suane	SARL	Audiovisual rights production/distribution	100.00%	FC	100.00%	FC
M6 Studio	SAS	Production of animated feature films	100.00%	FC	100.00%	FC
Société Nouvelle de Distribution	SA	Distribution of films to movie theatres	100.00%	FC	100.00%	FC
Société Nouvelle de Cinématographie	SAS	Audiovisual rights portfolio	-	M	100.00%	FC
TCM DA	SNC	Broadcasting rights portfolio	100.00%	FC	100.00%	FC
PROPERTY - DORMANT COMPANIES						
Immobilière 46D	SAS	Neuilly building	100.00%	FC	100.00%	FC
Immobilière M6	SA	Neuilly building	100.00%	FC	100.00%	FC
SCI du 107	SCI	Neuilly building	100.00%	FC	100.00%	FC
M6 Diffusions	SA	Holding company - digital operations	100.00%	FC	100.00%	FC
M6 Développement	SASU	Training organisation	100.00%	FC	100.00%	FC
M6 Récréative	SAS	Dormant company	100.00%	FC	100.00%	FC
TF6 Gestion	SA	TF6 Management company	50.00%	PP	50.00%	PC
SND USA	INC	Holding Company - audiovisual rights	100.00%	FC	100.00%	FC
SND Films	LLC	Development of cinematographic works	100.00%	FC	-	

FC: Full consolidation
PC: Proportional consolidation
EA: Equity accounted
M: Merged

The Group is not a shareholder or participating stakeholder in any special purpose entities.

6.3. Statutory Auditors' report on the consolidated financial statements

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
France

Ernst & Young et Autres
Tour First, 1, place des Saisons
92400 Courbevoie
France

Métropole Télévision S.A.

Registered Office: 89, avenue Charles de Gaulle - 92575 Neuilly-sur-Seine Cedex

Share capital: € 50,353,585.60

Financial year ended 31 December 2012

Statutory Auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you for the financial year ended 31 December 2012, on:

- the audit of the accompanying consolidated financial statements of Métropole Télévision;
- the justification of our assessments;
- the specific verifications provided by law.

The consolidated financial statements have been prepared by the Executive Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with accepted professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining evidence supporting the amounts and disclosures in the financial statements on a test basis or other means of selection. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements for the financial year, prepared in accordance with IFRS as adopted in the European Union, give a true and fair view of the consolidated financial position, assets and liabilities, and net profit of the individuals and entities included in the consolidation.

Without qualifying our opinion above, we draw your attention to Note 5 which specifies the advanced application by the Company of the amendments to IAS 1 - Presentation of items of other comprehensive income (OCI) and IAS 19 - Defined benefit plans.

2. Justification of assessments

Pursuant to the application of the provisions of Article L. 823-9 of the Commercial Code relative to the justification of our assessments, we bring to your attention the following matters:

- At least once a year the company performs an impairment test on goodwill and intangible assets with indefinite useful lives as described in Note 4.7. We examined the manner for the implementation of this impairment test as well as the cash flow forecasts and assumptions used. We also verified that Note 15 provides the appropriate information.
- Note 3.3 describes the situations in which the management of your company has used estimates and put forward assumptions within the scope of preparing the financial statements. Our work involved assessing the data and assumptions on which these estimates are based, reviewing the calculations made by your company, and ensuring that the notes to the consolidated financial statements provide suitable information, in particular Notes 4.5, 4.10 and 4.15 relating to audiovisual and broadcasting rights and provisions.

These assessments were made within the framework of our audit, which focuses on the consolidated financial statements as a whole, and accordingly contributed to the issuance of our opinion in the first part of this report.

3. Specific verifications

In accordance with accepted professional standards in France, we have also performed the specific verifications required by law regarding the information in respect of the Group disclosed in the management report.

We have no comments to make concerning the fairness of the information and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, 20 February 2013

The Statutory Auditors

PricewaterhouseCoopers Audit
Marc Ghiliotti
Partner

Ernst & Young et Autres
Bruno Perrin
Partner

6.4. Parent company financial statements at 31 December 2012

Balance Sheet - Assets

(€ millions)	NOTE N°	31/12/2012			31/12/2011
		Gross	Amo & Dep	Net	
Concessions, patents and similar rights		-	-	-	-
Business goodwill		-	-	-	-
Other intangible assets	3.1	118.9	112.9	6.0	6.3
Advances on intangible assets	3.1	1.7	-	1.7	1.4
Technical facilities, equipment & tools	3.2	26.4	19.6	6.8	8.2
Other property, facilities & equipment	3.2	11.8	8.2	3.6	3.5
Assets under construction	3.2	0.6	-	0.6	0.4
Investments	3.3	237.8	22.2	215.6	225.5
Loans	3.3/3.5	0.4	-	0.4	0.4
Other investments	3.3/3.5	1.5	-	1.5	1.7
TOTAL NON-CURRENT ASSETS		399.0	163.0	236.1	247.3
Broadcasting rights inventory	3.4	228.0	78.2	149.8	150.7
Advances & payments on account		70.5	-	70.5	78.2
Trade receivables	3.5	305.5	4.9	300.5	309.3
Other receivables	3.5	228.4	18.0	210.5	177.1
Marketable securities	3.6	300.3	-	300.3	282.2
Bank and cash	3.6	4.4	-	4.4	19.7
Prepaid expenses	3.7	13.1	-	13.1	11.6
TOTAL CURRENT ASSETS		1,150.1	101.1	1,049.1	1,028.7
TOTAL ASSETS		1,549.2	264.0	236.1	1,276.0

Balance Sheet – Equity and Liabilities

(€ millions)	NOTE N°	31/12/2012	31/12/2011
Share capital	3.8	50.4	50.6
Share premium	3.8	-	-
Legal reserves	3.8	5.3	5.3
Other reserves	3.8	-	-
Retained earnings	3.8	387.7	346.7
Financial year net profit	3.8	116.3	171.9
Regulated provisions	3.8	4.9	3.3
TOTAL EQUITY		564.5	577.7
OTHER EQUITY			
Provisions for liabilities		9.3	9.9
Provisions for charges		43.0	51.4
PROVISIONS FOR LIABILITIES AND CHARGES	3.9	52.3	61.3
Bank overdrafts	3.10	4.3	4.9
Trade payables	3.10	256.1	229.7
Advances and prepayments on order	3.10	0.3	0.4
Income tax and social security liabilities	3.10	55.8	63.5
Liabilities on non-current assets	3.10	0.1	0.1
Other liabilities	3.10	351.7	338.1
Deferred revenues		0.1	0.2
TOTAL LIABILITIES		668.3	636.9
Deferred translation loss		-	-
TOTAL EQUITY AND LIABILITIES		1,285.2	1,276.0

Income Statement

(€ millions)	NOTE N°	31/12/2012	31/12/2011
Revenue	4.1	658.7	687.2
Amortisation, depreciation & provision reversals		74.1	77.8
Other operating revenues		52.0	44.6
OPERATING REVENUES		784.8	809.6
Merchandise purchases and movements in inventories	4.2	310.2	308.8
Other purchases and external charges	4.3	135.2	142.2
Tax, duties	4.4	52.4	54.9
Payroll & employment benefits		71.9	71.6
Non-current asset depreciation and amortisation	3.1/3.2	9.0	8.2
Non-current asset investment writedowns	3.1	1.7	1.5
Current asset provisions charges	3.4/3.5	58.6	36.3
Provisions for liabilities and charges		21.5	32.4
Other expenses	4.5	33.6	35.8
OPERATING EXPENSES		694.2	691.9
OPERATING PROFIT		90.6	117.7
Investments financial income (excluding current account interests)		58.0	232.6
Interest and other financial income		5.4	6.4
Financial provision reversals		3.1	3.9
Foreign exchange gains		0.1	0.9
Net income from disposal of marketable securities		0.1	-
FINANCIAL INCOME		66.6	243.8
Interest and financial expenses		3.7	156.9
Financial depreciation, amortisation and provision charges		2.9	-
Foreign exchange losses		-	0.8
Net expenses of disposal of marketable securities		-	0.8
FINANCIAL EXPENSES		6.6	158.6
NET FINANCIAL INCOME	4.6	60.0	85.2
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX		150.6	202.9
Exceptional income - investment & financing activities		5.4	18.4
Exceptional depreciation, amortisation and provision reversals		6.6	11.1
EXCEPTIONAL INCOME		11.9	29.5
Exceptional expenses - investment & financing activities		18.1	18.2
Exceptional depreciation, amortisation and provision charges		5.9	5.7
EXCEPTIONAL EXPENSES		24.0	23.9
NET EXCEPTIONAL INCOME/(EXPENSE)	4.7	(12.1)	5.6
Employee profit sharing plan contributions		3.1	3.0
Income tax	4.8/4.9	19.0	33.5
NET PROFIT		116.3	171.9

6.5. Notes to the parent company financial statements

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Métropole Télévision reported a net profit of €116.3 million with total assets of €1,285.2 million for the financial year ending 31 December 2012.

These annual financial statements were approved by the Executive Board on 18 February 2013 and reviewed by the Supervisory Board on 19 February 2013.

Unless otherwise stated, the amounts presented in the notes are expressed in millions of Euros.

1. 2012 financial year significant events

In December 2012, Métropole Télévision transferred all the shares in its subsidiary Société Nouvelle de Cinématographie (SNC) to its subsidiary Diem 2 for €3.6 million, thus realising a capital loss of €9.3 million on the disposal of these securities.

SNC was subsequently merged into Diem 2 on 31 December 2012.

2. Accounting rules and methods

The financial statements for the financial year are presented in accordance with the French Chart of Accounts and applicable legal and regulatory provisions.

Generally-accepted accounting practices were applied in compliance with the principles of prudence, true and fair presentation and consistency, in accordance with the following basic assumptions:

- going concern,
- consistency of accounting policies,
- independence of the accounting periods,

and according to the general rules regarding the preparation and the presentation of annual financial statements.

2.1. Intangible assets

Intangible assets principally comprise computer software and co-production rights.

COMPUTER SOFTWARE

Computer software is amortised on a straight-line basis over a period of between 1 to 5 years, supplemented by accelerated amortisation.

COPRODUCTION OF DRAMA, DOCUMENTARIES, CONCERTS, PROGRAMMES AND MUSIC VIDEOS

Once contracts have been signed, co-productions are disclosed as off-balance sheet commitments with regard to outstanding net payments.

The payments made for co-productions awaiting technical approval or whose broadcasting licence is pending are recorded as advances and payments on account upon receipt of corresponding invoices.

Co-productions are recognised as intangible assets upon receipt and technical acceptance. Co-production costs are amortised on a straight-line basis over 3 years and may be written-off, based on future revenue forecasts.

2.2. Property, facilities and equipment

Property, facilities and equipment are recorded at their acquisition cost. This cost includes expenses directly attributable to the transfer of the assets to their operational location and the commissioning costs incurred to enable assets to be operated in the manner intended by Management.

They are depreciated on a straight-line or reducing balance basis. The key periods of depreciation are as follows:

Mobile technical equipment	3 years
Other mobile equipment	4 years
Technical equipment	3 or 4 years
Computer hardware - PCs	3 or 4 years
Office equipment	5 years
Video equipment	6 years
General facilities	10 years
Office furniture	10 years

2.3. Investments

Assets defined as investments are:

- equity securities,
- deposits and guarantees,
- loans granted to Group companies.

Investments are recorded at their acquisition cost and written down when their value in use is lower than their book value.

In the case that the equity of the company whose securities are being written down is negative, a provision for writedown of the current accounts potentially owed by this subsidiary is recognised, for an amount not exceeding the negative equity. In the case that the negative equity of this subsidiary exceeds the value of the current accounts, an additional provision for liabilities and charges is recognised.

The acquisition cost of investments acquired with effect from 2007 comprises the purchase cost and the acquisition costs (transfer taxes, fees, commissions and legal costs). These acquisition costs are subject to an accelerated amortisation over 5 years.

2.4. Broadcasting rights inventory

Broadcasting rights are classified as inventory with effect from their opening, which is when the channel is contractually authorised to broadcast the corresponding programmes.

Broadcasting rights not open are disclosed in off-balance sheet commitments at their contract but uninvoiced value. Rights invoiced but not open are recorded as payments on account to suppliers. Purchases are recorded at their purchase cost, net of any discounts and rebates earned but excluding the effect of any possible settlement discounts.

Broadcasting rights are charged to cost of sales according to the number of broadcasts, in the following manner:

Rights acquired for a single broadcast: 100% of the contract value.

Rights acquired for multi-broadcasts:

- ▶ 1st broadcast: 66% of the contract value;
- ▶ 2nd broadcast: 34% of the contract value.

Different amortisation schedules may be considered in the highly specific cases of rights acquired for 4 to 5 broadcasts, the audience potential of which is deemed particularly high for each broadcast.

Conversely, a writedown provision is recorded when:

- the value in use of a right, assessed in the light of the revenue expected to be generated during the broadcast window of the programme, is lower than its acquisition cost;
- its broadcast is considered unlikely.

2.5. Receivables and liabilities

Receivables and liabilities are recorded at their nominal value.

A provision for writedowns is established where their recoverable value is lower than their book value.

Foreign currency denominated receivables and liabilities which are not the subject of a financial hedge are translated at the balance sheet date exchange rate. Only unrealised exchange losses are recognised in the income statement.

2.6. Marketable securities

Marketable securities are recorded at their gross value.

A provision for writedown is established whenever the market value is less than the acquisition cost.

2.7. Treasury shares

Pursuant to the authorisation granted by the General Meeting of 3 May 2012, Métropole Télévision holds treasury shares:

- as part of a liquidity contract,
- to cover the exercise of plans to allocate free shares granted to employee beneficiaries.

These treasury shares are recorded at their gross value as marketable securities.

As regards treasury shares held as part of a liquidity contract, a provision for writedown is established when the book value of these treasury shares, corresponding to the average price of the last month of the financial year, is lower than their acquisition cost.

For treasury shares to be used to service plans to allocate free shares, a provision for liabilities and charges equal to the gross value of these shares is recognised (see Note 2.11).

2.8. Regulated provisions

Regulated provisions comprise accelerated amortisation in respect of computer software and acquisition costs of investments.

2.9. Provisions for liabilities and charges

Métropole Télévision recognises a provision when, at the balance sheet date, it has an obligation (legal or constructive) towards a third party resulting from a past event, for which it is probable that an outflow of resources embodying economic benefits will be required, and where a reliable estimate can be made of the amount of the loss or liability.

The amount recognised as a provision is the best estimate of the cash outflow necessary to settle the present obligation on the balance sheet date.

In the case this liability is not probable and cannot be reliably measured, but remains possible, the Group recognises a contingent liability in its commitments.

2.10. Provisions for retirement benefits

The provision for retirement benefits was calculated in accordance with IAS 19 – Employee benefits, using an actuarial method that takes into account the vested rights of all Group employees, their most recent salary and the average probable residual service of the employees.

2.11. Provision for plans granting free shares

In application of CNC opinion n° 2008-17 of 6 November 2008, a provision for liability and charges corresponding to the outflow of resources liable to be caused by the obligation to transfer shares to employees is recognised in the financial statements.

This provision was measured based on the number of shares that should be allocated due to the terms and conditions of the allocation plans, valued at the year-end date and at cost, i.e.:

- for shares held by the company, their net book value;
- for shares acquired as part of a forward purchase transaction, their future price;
- for shares that had not been acquired at year end, their year-end share price.

The final vesting of the shares is subject to the beneficiary remaining employed by the Company for the entire acquisition period. The provision is spread out over the entire rights acquisition period.

2.12. Advertising revenues

Advertising revenues are recorded net of commercial discounts, at the time of broadcast of the relevant advertising.

2.13. Off-balance sheet commitments

Off-balance sheet commitments essentially comprise:

- acquisitions of broadcasting rights that are not open and invoiced;
- co-production costs for which technical approval has not yet been granted;
- technical broadcasting costs invoiced (image transmission) on the basis of contracts with technical broadcasters.

2.14. Financial instruments

The only financial instruments implemented by Métropole Télévision concern foreign exchange and share risk hedging.

Métropole Télévision hedges against the main foreign currency-denominated transactions, using simple financial instruments, primarily forward purchases. Hedged transactions are accounted for at their agreed exchange rate.

3. Notes on the parent company balance sheet

3.1. Intangible assets

Intangible assets essentially comprise shares of co-production programmes.

The movements in intangible assets were as follows:

	Business goodwill	Other intangible assets	Advances and payments on account	Total
Amount net of writedowns and amortisation at 31/12/2011	0.0	6.3	1.4	7.7
Acquisitions during the year	-	3.9	4.1	7.9
Disposals during the year	-	(0.2)	(3.7)	(3.9)
Amortisation charge for the year	-	(4.0)	-	(4.0)
Reversal of amortisation on disposals	-	0.1	-	0.1
Provisions for writedowns	-	(1.7)	-	(1.7)
Reversal of provisions for writedowns	-	1.5	-	1.5
Amount net of writedowns and amortisation at 31/12/2012	0.0	6.0	1.7	7.7
Gross value at 31/12/2011	-	115.2	1.4	116.6
Accumulated amortisation and writedowns	-	(108.9)	-	(108.9)
Net value at 31/12/2011	0.0	6.3	1.4	7.6
Gross value at 31/12/2012	-	118.9	1.7	120.6
Accumulated amortisation and writedowns	-	(112.9)	-	(112.9)
Net value at 31/12/2012	0.0	6.0	1.7	7.7

Increases in the gross value of intangible assets were primarily due to the acquisition of co-production shares.

3.2. Property, facilities and equipment

The movements in property, facilities and equipment were as follows:

	Technical facilities	Other	In progress	Total
Amount net of depreciation at 31/12/2011	8.1	3.5	0.4	12.0
Acquisitions during the year	2.5	1.2	3.3	7.1
Disposals during the year	(0.3)	(0.1)	(3.1)	(3.5)
Depreciation charges	(3.9)	(1.2)	-	(5.1)
Release of depreciation on disposals	0.3	0.1	-	0.4
Provisions for writedowns	-	-	-	-
Reversal of provisions for writedowns	-	-	-	-
Amount net of depreciation at 31/12/2012	6.8	3.6	0.6	10.9
Gross value at 31/12/2011	24.2	10.6	0.4	35.2
Accumulated depreciation and writedowns	(16.1)	(7.1)	-	(23.2)
Net value at 31/12/2011	8.1	3.5	0.4	12.0
Gross value at 31/12/2012	26.4	11.8	0.6	38.8
Accumulated depreciation and writedowns	(19.6)	(8.2)	-	(27.9)
Net value at 31/12/2012	6.8	3.6	0.6	10.9

3.3. Investments

The movements in the various investments were as follows:

	Equity investments	Loans	Other	Total
Amount net of writedowns at 31/12/2011	225.5	0.4	1.7	227.6
Acquisitions during the year	-	-	-	-
Disposals during the year	(13.0)	-	(0.3)	(13.3)
Depreciation charge	-	-	-	-
Release of writedowns on disposals	3.1	-	-	3.1
Amount net of writedowns at 31/12/2012	215.6	0.4	1.5	217.4
Gross value at 31/12/2011	250.8	0.4	1.8	252.9
Accumulated writedowns	(25.3)	-	-	(25.3)
Net value at 31/12/2011	225.5	0.4	1.8	227.6
Gross value at 31/12/2012	237.8	0.4	1.5	239.6
Accumulated writedowns	(22.2)	-	-	(22.2)
Net value at 31/12/2012	215.6	0.4	1.5	217.4

The significant movements noted in equity investments were primarily due to the disposal of the investment in SNC. These securities, which were valued at €12.9 million, had been subject to a €3.1 million provision for writedown; this provision was reversed in 2012.

3.4. Inventory and work in progress

This comprises broadcasting rights that are open and not consumed.

The movements in the year were as follows:

	01-Jan-12	Acquisitions	Decreases/ transfers	Invalid rights	31-Dec-12
Inventories	207.7	212.7	(185.5)	(10.7)	224.2
Work-in-progress	4.0	66.7	(66.9)	-	3.8
Total	211.7	279.4	(252.4)	(10.7)	228.0

Rights for which there is a risk of no broadcast and rights, where the value in use is lower than their book value, were the subject of a provision of €78.1 million at 31 December 2012.

This provision can be analysed as follows:

	01-Jan-12	Increases	Reversals	31-Dec-12
Provisions to writedown inventories	58.1	54.8	(37.1)	75.8
Provisions to writedown work-in-progress	2.9	0.1	(0.6)	2.4
Total	61.0	54.9	(37.7)	78.2

3.5. Receivables

The change in other receivables primarily reflects the day-to-day financing transactions of the Group's subsidiaries.

The maturity of all receivables is as follows:

	Gross value	Due within 1 year	Due after 1 year
Non-current assets			
Intercompany receivables	-	-	-
Loans	0.4	-	0.4
Other investment receivables	1.5	-	1.5
Total	1.9	-	1.9
Current assets			
Trade receivables	305.5	300.6	4.9
Other receivables	228.4	228.4	-
Total	533.9	529.0	4.9
Total receivables	535.8	529.0	6.8

Accrued income relating to trade receivables was €144.0 million.

Trade and other receivables in current assets were the subject of writedown provisions as follows:

	1 Jan. 2012	Increases	Reversals (used)	Reversals (unused)	31 Dec. 2012
Provisions to writedown trade receivables	4.6	3.6	-	(3.3)	4.9
Provisions to writedown other receivables	15.1	2.9	-	-	18.0
Total	19.7	6.5	-	(3.3)	22.9

The provision to writedown other receivables relates to a writedown of current accounts with the following companies:

- M6 Films for €6.9 million;
- Métropole Production for €11.1 million.

The equity securities of these companies were also written down in full.

3.6. Cash and marketable securities

	31/12/2012	31/12/2011
Treasury shares	7.4	0.1
Liquidity contracts (treasury shares and other marketable securities)	2.7	2.6
Investment funds, SICAV	290.2	279.5
Cash	4.4	19.7
Cash and marketable securities	304.7	301.9
Provision for treasury shares writedown	-	-
Net cash and marketable securities	304.7	301.9

390,822 shares were granted in 2012 as part of the free share plan set up in 2010, 184,649 of which were granted to individuals employed by subsidiaries

At 31 December 2012, Métropole Télévision still directly held 524,506 treasury shares acquired for €7.4 million. These shares will be granted when the subsequent plans granting free shares mature.

Marketable securities do not include any unrealised gains, as these were realised at 31 December 2012.

3.7. Prepaid expenses

Prepaid expenses primarily include sports programmes and rights billed in 2012 to be broadcast at a later stage.

3.8. Equity

The movements in the year were as follows:

	31/12/2011	Dividends paid	Other movements		31/12/2012
			Additions	Reductions	
Share capital	50.6	-	-	(0.2)	50.4
Legal reserve	5.3	-	-	-	5.3
Long-term capital gain	-	-	-	-	-
Other reserves	-	-	-	-	-
Retained earnings	346.7	-	45.6	(4.7)	387.7
Profit for the year	171.9	(126.3)	116.3	(45.6)	116.3
Equity excluding regulated provisions	574.5	(126.3)	161.9	(50.5)	559.7
Regulated provisions	3.3	-	2.6	(1.0)	4.9
Total equity	577.8	(126.3)	164.5	(51.5)	564.5

During the 2012 financial year, 500,000 shares were cancelled under the share buyback programme. This resulted in a reduction of €0.2 million in share capital and €4.7 million in retained earnings.

At 31 December 2012, the share capital comprised 125,883,964 ordinary shares of €0.40 each.

Regulated provisions relate to accelerated amortisation of licences and acquisition costs of investments.

3.9. Provisions for liabilities and charges

The movements in provisions during 2012 were:

	1 Jan. 2012	Increases	Reversals (used)	Reversals (unused)	31 Dec. 2012
Provisions for litigation	4.6	2.6	(0.8)	(1.8)	4.7
Provisions for plans granting free shares	5.3	3.3	(3.9)		4.6
Provisions for retirement benefits	3.5	0.5			4.0
Other provisions for charges	47.9	18.4	(27.3)		39.0
Total provisions for liabilities and charges	61.3	24.7	(31.9)	(1.8)	52.3

Litigations included in the “provisions for litigation” caption relate to all legal proceedings instituted against Métropole Télévision, for which it is probable that the outcome will be unfavourable for the Company. In the vast majority of cases, such litigations have gone beyond the pre-litigation stage and are currently being considered or are undergoing judgement or appeal by competent courts (Commercial Court, Industrial Court, Court of First Instance, Criminal Court or Supreme Court of Appeal).

Additional information in respect of litigations in progress has not been included individually as disclosure of such information could be prejudicial to the Group.

The “provisions for plans granting free shares” are intended to cover the probable outflow of resources corresponding to the obligation to transfer shares to employees. In accordance with CNC opinion n°2008-17, they are spread over the vesting period of the entitlements and total €3.4 million for the plans maturing in 2013 and €1.2 million for the plans maturing in 2014.

“Other provisions for charges” primarily relate to the writedown of audiovisual rights that Métropole Télévision is committed to buy but which have not yet been posted to inventories.

The charge resulting from the likelihood that an unopened right (and as such classified in off-balance sheet commitments) will not be broadcast may not be accounted for by writing down a balance sheet asset, and is therefore recognised through a provision for liabilities and charges.

The writedown of an unopened right is consistent with the operation of the audiovisual rights market, since TV channels have generally entered into sourcing agreements with producers in relation to future productions, without having the certainty that the quality of the latter will be consistent and may be broadcast given their editorial policy and target audiences.

Furthermore, the channels may be committed to broadcasting a flow programme or an event whose audience or image potential will not generate sufficient advertising revenue to offset the total cost of the programme.

A writedown of the value of a right may reflect:

- the case where a broadcast is unlikely: the programme will not be broadcast for lack of audience potential;
- the case where net revenue generated during the window rights of the programme will be insufficient.

In all cases, writedowns are assessed as part of an individual review of all portfolio items, in light of the ratings and revenue targets of each programme, as defined by the management of programming of each Group channels.

“Other provisions for charges” relate to costs Métropole Télévision would have to incur to implement a contract or settle its regulatory or tax obligations, without the amounts in question being due or having been due, in particular within the framework of dispute settlement or legal proceedings.

The amounts reported for all these types of provisions are the best possible estimate of the future outflow of Company resources, taking account of plaintiffs’ claims, judgments already passed, if applicable, or the management’s appraisal of similar instances and/or calculations made by the finance department.

3.10. Liabilities

The change in other liabilities reflects the day-to-day financing of the Group’s subsidiaries.

Liabilities may be analysed as follows, by maturity date:

	Gross value	Due within 1 year	Due within 1 to 5 years	Due after 5 years
Bank overdrafts	4.3	4.3	-	-
Trade payables	256.1	256.1	-	-
Income tax and social security liabilities	55.8	55.8	-	-
Liabilities on non-current assets	0.1	0.1	-	-
Other liabilities	351.7	351.7	-	-
Total	667.9	667.9	-	-
Accrued expenses included within the above:				
- trade payables	44.4			
- income tax and social security	15.8			
- liabilities on non-current assets	-			

4. Notes on the parent company income statement

4.1. Revenue

Advertising revenues are recorded net of commercial discounts and are analysed thus:

	2012	2011
TV advertising and sponsorship revenues	651.3	681.4
Other revenues	7.4	5.7
Total revenue	658.7	687.2

Analysis by geographic region (*)

France	88.44%
Europe	7.34%
Other countries	4.22%

(*on the basis of invoicing)

4.2. Purchases of merchandise and inventory

Purchases of merchandise relate to the acquisition of broadcasting rights of a specific nature. These rights relate to so-called “flow” programmes, primarily comprising sports programmes and events, the value of which is derived from a single broadcast.

The inventory movement corresponds to the use of broadcasting rights that are recorded as inventory, as disclosed in Note 3.4.

4.3. Other purchases and external costs

This mainly comprises services of digital broadcast of the channel as well as remuneration of the advertising service.

4.4. Tax and duties

Business taxes paid by the channel are recorded under this heading of the income statement. Of €52.4 million in 2012, €35.4 million related to the contribution to the support account for the Centre National de Cinématographie (National Cinematographic Centre), compared to €36.9 million in 2011.

4.5. Other expenses

This comprises payments to various copyright companies for a total of €33.1 million, compared to €33.9 million in 2011.

4.6. Financial income

Financial income can be analysed as follows:

	2012	2011
Dividends from equity investments	58.0	232.6
Share of loss on partnership	(3.2)	
Merger loss	-	(152.2)
Net expense on cash pooling	0.2	(2.8)
Income from marketable securities	4.7	3.7
Provisions for writedown of investments	3.1	3.9
Provisions for writedown of current accounts	(2.9)	-
Exchange differences	-	-
Total financial income	60.0	85.2

Under the liquidity contract, the difference in valuation of the treasury shares held generated a gain of €0.1 million, due to the increase in the Métropole Télévision share price. This is included in net interest and investment income of €4.7 million.

2011 was marked by the collection of a dividend of €190.1 million and the recognition of a merger loss of €152.2 million following the transfer of all assets and liabilities of M6 Numérique to Métropole Télévision.

4.7. Net exceptional income/(expense)

Net exceptional income/(expense) may be analysed as follows:

	2012	2011
Net provision charges (including accelerated depreciation and amortisation) and transfer of charges	0.7	5.4
Capital gains and losses on disposal of non-current assets	(9.4)	(6.5)
Writedown of treasury shares	(4.1)	(7.6)
Exceptional penalties	(1.0)	-
Reinvoicing to subsidiaries of cost of shares allocated to their employees in 2012	1.7	2.4
Reinvoicing to subsidiaries of cost of shares allocated to their employees in previous financial years	-	11.9
Total net exceptional (income/expense)	(12.1)	5.6

4.8. Income tax

Since 1 January 1988, Métropole Télévision has declared itself as the parent company of a tax consolidation scheme pursuant to the provisions of Articles 223A of the General Tax Code. Métropole Télévision is solely liable for income tax due by its subsidiaries in order to determine the Group's overall performance, in accordance with the provisions of Article 223A of the General Tax Code.

SNDA, T-Commerce, M6 SHOP, TCM Droits Audiovisuels and Les Films de la Suane elected to enter the Group's consolidation scope as from 1 January 2012. Following their respective mergers into other

Group companies, Société Nouvelle de Cinématographie and Télévente Promotion exited the tax consolidation during the financial year.

The tax consolidation arrangement adopted by the Group is based on non-discriminatory tax treatment. Each subsidiary therefore pays its own tax charge as if it was independent for tax purposes.

In the 2012 financial statements, the theoretical income tax charge was €31.1 million decreased by a tax consolidation gain of €8.3 million, adjustments to previous financial years of €2.9 million and a sponsorship tax credit of €0.8 million.

Furthermore, the Company is liable for a Group tax payment of €69.0 million for 2012.

Income tax can be analysed as follows:

	Profit before tax	Income tax
Profit from ordinary activities	150.6	19.6
Net exceptional income/(expense)	(12.1)	(0.6)
Profit before tax and employee profit-sharing	138.5	-
Company income tax	-	19.0

4.9. Future tax liability at the end of the year

	Deferred tax assets	Future tax liability	Deferred tax liability at 31/12/2012
Description of temporary differences			
Regulated provisions	-	(1.6)	(1.6)
Tax on non-deductible provisions	17.1	-	17.1
Tax on long-term capital losses	-	-	-

The deferred tax rate used for 2012 was 36.1% (unchanged from 2011) for temporary differences that will be reversed until 31 December 2015. After that date, temporary differences will revert to the rate of 34.43%.

5. Other notes

5.1. Balance sheet items arising from transactions with related and associated companies

	Related companies	Associated companies
Investments	237.7	0.1
Loans	-	-
Advances and prepayments	-	-
Trade receivables	78.0	0.8
Other receivables (1)	190.4	-
Trade payables	86.7	-
Liabilities relating to non-current assets	-	-
Other debts (2)	210.8	1.0
Finance expenses	0.5	-
Finance income	0.6	0.2
(1) including subsidiaries' current accounts	189.1	-
(2) including subsidiaries' current accounts	204.4	1.0

Related companies are entities in which the Company owns an equity holding in excess of 50%. Associated companies are entities in which the Company owns an equity holding of between 10% and 50%.

5.2. Related-party disclosures

All transactions carried out between related parties are intra-group transactions and were carried out at arm's length.

5.3. Off-balance sheet commitments

At 31 December 2012, off-balance sheet commitments, by description and maturity, were as follows:

	Commitments at 31/12/2012	Due within 1 year	Due in more than 1 year	Commitments at 31/12/2011	Terms and conditions of implementation
Commitments given	625.4	230.5	395.0	744.9	
Purchase of broadcast rights	486.1	136.1	350.0	562.8	Contracts signed
Co-production commitments	70.6	70.6	-	85.3	Contracts signed
Contracts for broadcast (1)	56.4	17.6	38.7	56.1	Contracts signed
Contracts for future purchases of shares (3)	3.6	3.6	-	10.1	Contract term
Commercial commitments (2)	8.3	2.3	6.0	6.1	Contracts signed
Donations to the corporate foundation	0.4	0.2	0.2	0.7	Bylaws signed
Joint and several guarantee (4)	-	-	-	23.8	Contracts signed
Commitments received	-	-	-	2.4	
Sales commitments	-	-	-	-	Annual due dates
Joint and several bank guarantee (4)	-	-	-	2.4	Contracts signed

(1) These contracts relate to image transfer and broadcasting services. The commitments have been measured by taking account of the balance remaining due until the maturity of each contract.

(2) Commercial commitments relate mainly to contracts for the rental of premises.

(3) See Note 5.6

(4) Within the framework of the construction of a building by SCL du 107, a wholly-owned subsidiary of Métropole Télévision, the latter provided a joint and several guarantee for SCL du 107's commitments to the contractor and received a bank guarantee.

5.4. Directors' remuneration

	Amount in €
Directors' remuneration	3,008,102

In addition, in this respect and under the same conditions as Company employees, members of the Executive Board may benefit from legal compensation at the end of their career. No loans or advances were granted to any Director.

5.5. Average workforce

The average workforce of Métropole Télévision was made up as follows:

	2012 salaried employees	2011 salaried employees
Permanent workforce	605	575
Employees	58	50
Supervisors	136	133
Managers	312	297
Reporters	99	95
Temporary workforce (full time equivalent)	111	125
Total	716	700

At 31 December 2012, the cumulative hours relating to individual training rights amounted to 54,437 hours.

1,064 ITR hours were used during the financial year

5.6. Share subscription plans and plans granting free shares

The share subscription plans are serviced through the issue of new shares.

Plans granting free shares are serviced using outstanding shares.

The main features of stock option plans, plans granting free shares and share subscription plans in force at 31 December 2012 or which lapsed during the year are as follows:

	Number of shares granted at plan date	Maximum allocation	Balance at 31/12/2011	Performance- based allocation	Granted	Exercised	Cancelled	Balance at 31/12/2012
Share subscription plan	3,083,575	3,083,575	2,092,734	-	-	-	(538,625)	1,554,109
02/06/05	635,500	635,500	368,500	-	-	-	(368,500)	-
06/06/06	736,750	736,750	445,750	-	-	-	(50,500)	395,250
02/05/07	827,500	827,500	576,000	-	-	-	(56,500)	519,500
06/05/08	883,825	883,825	702,484	-	-	-	(63,125)	639,359
Plans granting free shares	1,244,850	1,340,845	824,295	(16,322)	487,750	(390,822)	(64,669)	840,232
25/03/10	22,000	22,000	22,000	-	-	(22,000)	-	-
27/07/10	328,500	377,775	372,025	-	-	(339,021)	(33,004)	-
22/12/10	35,650	48,000	33,050	2,468	-	(29,801)	(5,717)	-
26/07/11	342,700	367,820	359,720	(18,790)	-	-	(21,948)	318,982
22/12/11	28,250	37,500	37,500	-	-	-	(4,000)	33,500
27/07/12	487,750	487,750	-	-	487,750	-	-	487,750

The exercise price of share subscription options all exceeded the share price at 31 December 2012.

Cancellations recorded during the year resulted either from beneficiaries leaving the Group before the end of the vesting period or from plans expiring due to market conditions preventing all rights from being exercised. They may also be due to non-achievement of financial performance targets set on allocating the plans.

Data relating to the free share allocation plans are reference data corresponding to the achievement of performance objectives set within the context of the 2010, 2011 and 2012 plans.

The number of shares to be permanently vested within the framework of the plan of 25 March 2010, 27 July 2010 and of 22 December 2010 is 22,000, 339,021 and 29,801 shares, respectively, due to the financial targets associated with the plan being exceeded.

The granting of 390,822 free shares generated a charge of €4.1 million, compared to €7.6 million in 2011. After rebilling of the shares delivered to employees of subsidiaries, Métropole Télévision incurred a charge of €2.2 million in 2012 and €3.5 million in 2011.

Due to the likelihood that financial objectives will be achieved and taking account of the employee departures already noted and projected, the number of shares to be permanently vested within the framework of the various outstanding plans has been estimated to date as follows:

- Plan of 26 July 2011: 318,962 shares;
- Plan of 22 December 2011: 33,500 shares;
- Plan of 27 July 2012: 487,750 shares .

In order to serve the current free share plans, Métropole Télévision entered into forward treasury share purchase contracts in relation to 330,000 shares, maturing on 26 July 2013. More detail regarding the valuation of these contracts is provided in Note 5.3.

5.7. Attendance fees

The amount of attendance fees paid during the year was €226,000.

5.8. Earnings per share (€)

	31/12/2012	31/12/2011
Profit after tax, employee profit sharing, before amortisation, depreciation and provisions charges	1.08	1.35
Profit after tax, employee profit sharing, amortisation, depreciation and provisions charges	0.92	1.36
Ordinary dividend per share	0.85	1.00
Exceptional dividend per share	1.00	-

6. Consolidation of accounts

Métropole Télévision is the parent company of a consolidated group. Furthermore, its financial statements are fully consolidated into the financial statements of the RTL Group.

7. Statutory Auditors' fees

The fees paid in respect of the 2012 Statutory Auditors' assignments totalled €192,000, equally split between Pricewaterhouse Coopers Audit and Ernst and Young. A complementary assignment to audit was carried out during the financial year, at a cost of €60,000, in relation to the setting up of a new accounting package.

8. Subsequent events

At its meeting held on 8 January 2013, the Conseil Supérieur de l'Audiovisuel extended the standard definition broadcasting licences of the TF1, M6 and Canal+ channels.

9. Subsidiaries and associates

(€ thousands)	Siren no	Share capital	Reserves Retained earnings	Share capital % ownership	Gross	Book value of share owned Net	Loans and advances granted and outstanding	Guarantees and sureties given by the company	Revenue 2011	Revenue 2012	Net profit 2011	Net profit 2012	Dividends received
Subsidiaries													
M6 PUBLICITE sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	340949031	50	4,032	99.99	38	38	13,083	-	81,153	79,330	29,717	28,226	29,000
M6 FILMS sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	380727404	60	(6,188)	99.98	166	-	9,193	-	1,086	1,404	475	(737)	-
METROPOLE PRODUCTION sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	382477131	50	(10,628)	99.98	1,150	-	18,539	-	24,825	19,985	(1,101)	(508)	-
C. PRODUCTIONS sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	407908656	50	(40)	99.97	38	38	17,921	-	33,039	29,394	(534)	752	-
M6 INTERACTIONS sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	388909459	34,050	38,703	100.00	34,007	34,007	-	-	27,821	14,167	14,125	18,172	14,115
M6 THEMATIQUE sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	403105109	57,615	6,429	100.00	113,988	113,988	-	-	3,115	1,971	13,968	27,508	13,828
IMMOBILIERE M6 sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	399476357	9,600	11,533	100.00	9,147	9,147	-	-	7,283	7,417	1,528	1,793	-
M6 FOOT sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	423133784	38,360	(18,182)	100.00	39,128	20,042	21,681	-	-	-	45	239	-
SCI 107 sci 89, Avenue Charles de Gaulle - 92200 NEUILLY	421699133	5,002	(2,361)	99.90	5,002	5,002	39,272	-	52	923	(265)	(302)	-
M6 DEVELOPPEMENT sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	428115224	40	(76)	99.99	40	40	339	-	932	898	4	3	-
M6 STUDIO sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	428115299	45	(7,500)	99.99	45	45	18,689	-	1,879	5,676	(1,697)	1,773	-
IMMOBILIERE 46 D sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	493897516	26,040	(4,180)	100.00	26,040	26,040	12,331	-	2,532	2,323	(179)	(369)	-
M6 BORDEAUX sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	433503364	40	8	100	40	40	472	-	303	338	3	16	-
M6 TOULOUSE sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	433503414	40	9	100	40	40	597	-	404	480	18	17	-
M6 RECREATIVE sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	493869002	40	(43)	100.00	40	40	-	-	93	47	(15)	3	-
SNC sa (ex-DIEM2) 89, Avenue Charles de Gaulle - 92200 NEUILLY	400372512	3,330	525	100.00	3,383	3,383	4,444	-	3,215	1,935	2,180	186	-
TCM DROITS AUDIOVISUELS anc 89, Avenue Charles de Gaulle - 92200 NEUILLY	409528924	240	-	100.00	775	775	-	-	400	3,071	(3,175)	(81)	-
STUDIO 89 sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	428895122	1,040	(924)	100.00	2,926	1,139	10,014	-	38,895	38,873	(791)	573	-
Equity investments													
SOCIETE NOUVELLE DE DISTRIBUTION sa 89, Avenue Charles de Gaulle - 92200 NEUILLY	414857227	18,271	20,530	7.12	1,650	1,650	-	-	103,810	85,923	6,900	9,474	-
M6 WEB sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	414549469	740	19,659	6.75	50	50	-	-	105,122	104,167	21,495	25,324	1,025
EUROPEAN NEWS EXCHANGE sa 45 bd Pierre Frieden 1343 LUXEMBOURG-KIRCHBERG		496	NC	20.00	100	100	-	-	NC	NC	NC	NC	-
MULTIPLEX R4 (MULTI 4) sas 89, Avenue Charles de Gaulle - 92200 NEUILLY	449753979	62	6	16.75	10	10	-	-	50	NC	9	NC	-
MULTIPLEX R5 sas 1, quai Point du Jour - 92100 BOULOGNE	505128777	38	NC	33.33	13	13	-	-	NC	NC	NC	NC	-

6.6. Statutory Auditors' report on the parent company financial statements

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
France

Ernst & Young et Autres
Tour First, 1, place des Saisons
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Métropole Télévision S.A.

Registered office: 89, avenue Charles de Gaulle - 92575 Neuilly-sur-Seine Cedex

Share capital: €50,353,585.60

Financial year ended 31 December 2012

Statutory Auditors' report on the parent company financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meetings, we hereby report to you for the financial year ended 31 December 2012, on:

- the audit of the accompanying financial statements of the Métropole Télévision – M6 company;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements have been prepared by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the annual financial statements

We conducted our audit in accordance with accepted professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining evidence supporting the amounts and disclosures in the financial statements on a test basis or other means of selection. An audit also involves assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, in light of French accounting principles and methods, the annual financial statements give a true and fair view of the financial position, assets and liabilities, and net profit of the company from the transactions for the financial year then ended.

2. Justification of assessments

Pursuant to the application of the provisions of Article L. 823-9 of the Commercial Code relative to the justification of our assessments, we bring to your attention the following matters:

- Notes 2.1.2 and 2.4 disclose the Company's principles and methods for accounting for its co-productions and broadcasting rights,

- Note 2.3 relating to accounting rules and methods discloses the Company's methods for accounting for its financial assets at the end of the financial year,
- Note 2.9 discloses the Company's method for the assessment and recognition of provisions for liabilities and charges.

Our work consisted in assessing the data and assumptions relating to these elements on which the estimates are based and to verify the appropriateness of the accounting policies and disclosures in the notes to the financial statements.

These assessments were made within the framework of our audit, which focuses on the financial statements as a whole, and accordingly contributed to the issuance of a clean opinion in the first part of our report.

3. Specific verifications and information

We have also performed the specific verifications required by law, in accordance with professional standards applicable in France.

We have no comments to make concerning the fairness and consistency with the annual financial statements of the information given in the management report and in the documents sent to the shareholders concerning the financial situation and the annual financial statements.

Concerning the information provided in accordance with provisions of Article L. 225-102-1 of the Commercial Code on remuneration and benefits paid to Directors as well as commitments given in their favour, we have verified their consistency with the financial statements or with the data used in the preparation of these financial statements and if necessary, with data collected by your company from its parent company or subsidiaries. On the basis of this work, we confirm the accuracy and the fairness of this information.

As required by law, we ensured that the information concerning equity investments, controlling interests and the identity of shareholders was provided to you in the management report.

Neuilly-sur-Seine and Paris La Défense, 20 February 2013

The Statutory Auditors

PricewaterhouseCoopers Audit
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6.7. Five-year financial results summary

Five-year financial results summary

FINANCIAL YEAR END NUMBER OF MONTHS	31/12/2012 12 months	31/12/2011 12 months	31/12/2010 12 months	31/12/2009 12 months	31/12/2008 12 months
Closing financial year capital (€)					
Share capital	50,353,586	50,553,586	51,583,176	51,581,876	51,581,876
Number of ordinary shares outstanding	125,883,964	126,383,964	128,957,839	128,954,690	128,954,690
Financial results (€ millions)					
Revenue (ex-VAT)	658.7	687.2	679.6	615.7	668.6
Profit before tax, employee profit sharing and amortisation, depreciation and provisions charges	157.5	207.5	139.8	170.9	276.7
Income tax	19.0	33.5	36.8	39.5	18.2
Employee profit sharing plan	3.1	3.0	3.8	3.5	1.9
Net profit	116.3	171.9	103.5	78.5	234.7
Dividends paid	231.9	126.2	128.6	302.1	109.3
Earnings and dividends per share (€)					
Basic earnings per share – profit after tax, employee profit sharing, before amortisation, depreciation and provision charges	1.08	1.35	0.77	0.99	1.99
Basic earnings per share – net profit	0.92	1.36	0.80	0.61	1.82
Ordinary dividend per share	0.85	1.00	1.00	0.85	0.85
Exceptional dividend per share	1.00	-	-	1.50	-
Workforce					
Average workforce size	716	700	697	692	714
Total amount of payroll*	44.9	44.5	44.4	40.7	41.9
Total employment benefits costs (social security, social welfare, etc)*	24.9	24.4	20.5	19.4	20.1

* (€ millions).

6.8. Parent company cash flow statement

Cash flow statement		
(€ millions)	31/12/2012	31/12/2011
. Financial year net profit	116.3	171.9
. Depreciation, amortisation & provision charges	19.0	(1.0)
. Gains & losses from non-current assets disposal	9.4	158.7
CASH FLOW FROM OPERATIONS	144.7	329.6
Movements in working capital requirements		
. Inventories	(16.2)	1.4
. Trade receivables	(22.2)	(123.7)
. Operating liabilities	32.1	(64.3)
NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS	(6.4)	(186.6)
NET CASH FROM OPERATING ACTIVITIES	138.3	143.0
INVESTMENT ACTIVITIES		
. Intangible assets acquisitions	(3.9)	(5.8)
. Property, facilities & equipment acquisitions	(3.8)	(3.0)
. Investment acquisitions	-	(21.1)
. Intangible assets and property, facilities & equipment disposals	-	-
. Investments disposals/writedowns	3.9	8.5
NET CASH USED IN INVESTMENT ACTIVITIES	(3.7)	(21.4)
FINANCING ACTIVITIES		
. Share capital increase	-	0.1
. Other equity reductions	(4.9)	(31.9)
. Costs to be amortised over several financial years	-	-
. Proceeds from new borrowings	-	-
. Financial debt repayments	-	-
. Dividends paid	(126.3)	(128.6)
NET CASH USED IN FINANCING ACTIVITIES	(131.2)	(160.4)
Net change in cash and cash equivalents	3.4	(38.7)
Cash and cash equivalents - start of year	297.0	335.7
CASH AND CASH EQUIVALENTS - END OF YEAR	300.4	297.0

6.9. Statutory Auditors' special report on regulated agreements and commitments

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Métropole Télévision S.A.

Registered office 89, avenue Charles de Gaulle - 92575 Neuilly-sur-Seine Cedex

Share capital: €50,353,585.60

Financial year ended 31 December 2012

Statutory Auditors special report on regulated agreements and commitments

To the Shareholders,

As Statutory Auditors of your Company, we hereby present our report on the regulated agreements and commitments.

Our role is to provide you, on the basis of the information given to us, with the characteristics and essential terms and conditions of the agreements and commitments brought to our attention, without having to issue an opinion on whether or not these agreements or commitments are useful or warranted. Pursuant to the provisions of Article R. 225-58 of the Commercial Code, it is your role to assess the interest in concluding these agreements and commitments, with a view to approving them.

It is also our role, if applicable, to inform you of disclosures required by Article R. 225-58 of the Commercial Code relative to the implementation during the year just ended of agreements and commitments approved by the General Meeting in prior years.

We carried out the due diligence we deemed necessary in the light of the professional standards of Compagnie Nationale des Commissaires aux Comptes relative to this assignment. Such due diligence consisted in verifying that the information we were given was consistent with the information disclosed in their source documents.

Agreements and commitments submitted for approval by the Annual General Meeting

Agreements and commitments authorised during the financial year

In application of Article L. 225-88 of the French Commercial Code, we have been notified of the following agreements and commitments that received prior approval from your Supervisory Board.

1. Agreement with the company RTL Group

Persons concerned, members of the Supervisory Board of Métropole Télévision and representatives of RTL Group

Guillaume de Posch, Joint Chief Executive Officer of the company RTL Group, S.A.; Rémy Sautter, Chairman and Chief Executive Officer of the company Immobilière Bayard d'Antin S.A.; Elmar Heggen, Director of RTL Group, S.A.; Catherine Lenoble, representative of Immobilière Bayard d'Antin S.A.; Philippe Delusinne, Vincent de Dorlodot and Christopher Baldelli.

Agreement with the company RTL Group, a shareholder of your company, to buy back shares to a maximum of 48.46%, acting on behalf of the company Immobilière Bayard d'Antin S.A.

Nature and purpose

Your Company concluded an agreement with the RTL Group, acting on behalf of Immobilière Bayard d'Antin S.A., in respect of the acquisition of blocks of shares in your Company, up to 5% of the share capital, in particular with a view to cancelling them.

Terms and conditions

This agreement, which was signed on 15 May 2012, following authorisation by the Supervisory Board on 3 May 2012, is part of the share repurchase programme pursuant to Article L. 225-209 of the Commercial Code of up to 5% of its share capital, authorised by the Combined General Meeting of 3 May 2012, and according to which the Executive Board may proceed with the acquisition of blocks of shares in your Company using an investment services provider, on and off the market, from RTL Group.

In 2012, 480,000 shares were bought back under this agreement.

This agreement expires on 15 May 2013.

2 With Bayard d'Antin S.A.

Persons concerned, members of the Supervisory Board of Métropole Télévision and representatives of RTL Group

Guillaume de Posch, Joint Chief Executive Officer of RTL Group, S.A.; Rémy Sautter, Chairman and Chief Executive Officer of Immobilière Bayard d'Antin S.A.; Elmar Heggen, Director of RTL Group, S.A.; Catherine Lenoble, representative of Immobilière Bayard d'Antin S.A.; Philippe Delusinne, Vincent de Dorlodot and Christopher Baldelli.

Cash management agreement between Bayard d'Antin S.A. and your Company, renewed on 15 November 2012

Nature and purpose

Your Company entered into a cash management agreement on 1 December 2005, which was renewed on 12 December 2006, 14 December 2007, 15 December 2008, 19 February 2010, 15 November 2010, 15 November 2011 and 15 November 2012.

Terms and conditions

Your Company may loan its surplus cash to Bayard d'Antin S.A. and borrow a maximum of €50,000,000 from Bayard d'Antin, providing this amount does not exceed 48% of amounts borrowed from banking institutions. In order to comply with your Company's cash management policy, the aggregate amount that may be invested by your Company with Bayard d'Antin S.A. shall never exceed more than 20% of the cash resources of Métropole Télévision Group.

Your Company may make deposits or borrow funds for periods of 1, 2 or 3 weeks or of 1, 2 or 3 months. The amount deposited or borrowed shall be a multiple of €1,000,000, with a minimum of €5,000,000 for each loan. The remuneration provided by this agreement is in line with the conditions in force with the RTL Group which are based on EURIBOR plus a margin, depending on the period of the deposit or the loan.

During the year ended 31 December 2012, no amount was deposited under this agreement.

The renewal of the agreement dated 15 November 2012 and relative to the 2013 financial year was authorised by the Supervisory Board on 6 November 2012.

Unless it is renewed, this agreement will expire on 15 December 2013.

Agreements and commitments already approved by the Annual General Meeting**Agreements and commitments approved during the previous financial years that were not executed during the financial year just ended**

In addition, we were informed of the following agreements and commitments already approved by the General Meeting in previous years, which were not implemented during the financial year.

With Nicolas de Tavernost, Thomas Valentin and Jérôme Lefébure, members of the Executive Board.

Commitments made for the benefit of members of the Executive Board in the event of cessation of their duties**Nature and purpose**

Following the renewal of the term of office of Nicolas de Tavernost and Thomas Valentin and the appointment of Jérôme Lefébure as members of the Executive Board in 2010, your General Meeting of 4 May 2010 renewed its delegation relative to severance pay commitments made in 2008 pursuant to the Code of Corporate Governance AFEP/MEDEF of December 2008, for the benefit of the said members of the Executive Board.

Terms and conditions

The compensation for the termination of Nicolas de Tavernost's duties as Chairman of the Executive Board is equal to the difference between twenty four months of gross monthly remuneration, calculated on the basis of his total remuneration, including fixed and variable items, received over the last twelve months preceding the termination of his position as Chairman of the Executive Board and the legal and statutory compensation potentially due to him in respect of the termination of his employment contract. The payment of severance pay is now limited to cases in which his term of office as Chairman of the Executive Board is not terminated due to his resignation or failure to perform his duties satisfactorily.

The compensation for the termination of Thomas Valentin and Jérôme Lefébure's employment contract is now equal to the difference between twenty four months of gross monthly remuneration calculated on the basis of the total of their individual remuneration, including fixed and variable items, received over the last twelve months preceding the termination of their employment contract and the cumulative legal and statutory compensation potentially due to them in respect of the termination of their employment contract and, if applicable, the amount due as consideration for their non-competition commitment.

Directors' fees are excluded from the calculation base to the extent that the contractual compensation they benefit from is attached to their employment contract. The payment of severance pay is now limited to cases in which they are not dismissed due to a serious fault or gross negligence, their tendering their resignation or failure to perform their duties satisfactorily. The changes thus introduced to the compensation packages were formalised by the signing of an addendum to their respective employment contracts.

These agreements were authorised by the Supervisory Board meeting of 25 March 2010 and approved by the Ordinary General Meeting of 4 May 2010.

Agreements and commitments authorised during the financial year

We were also made aware of the following agreements and commitments, previously approved by the General Meeting on 3 May 2012 upon submission of a supplementary special report of the Statutory Auditors dated 29 March 2012, which were not executed during the financial year just ended:

With Robin Leproux, member of the Executive Board.

Nature and purpose

Following the appointment of Robin Leproux as member of the Executive Board, by the Supervisory Board on 14 February 2012, your Company made the same commitments as those made for the benefit of the other members of the Executive Board, in compliance with the consolidated Code of Corporate Governance AFEP /MEDEF.

Terms and conditions

The compensation for the termination of Robin Leproux's employment contract as a member of the Executive Board is equal to the difference between twenty four months of gross monthly remuneration calculated on the basis of the total remuneration, including fixed and variable items, received over the last twelve months preceding the termination of his employment contract and the cumulative legal and statutory compensation potentially due to him in respect of the termination of his employment contract. The entitlement to severance pay is to be acquired progressively over the first twenty four months of employment, and may not subsequently exceed the amount thus established.

Directors' fees are excluded from the calculation base to the extent that the contractual compensation Robin Leproux benefits from is attached to his employment contract. The payment of severance pay is limited to cases in which he is not dismissed due to a serious fault or gross negligence, and subject to strict compliance with a performance condition to be achieved by the Group over the last 36 months preceding the termination of his duties. The changes thus introduced to the compensation packages of Robin Leproux were formalised by the signing of an addendum to his employment contract.

This agreement was authorised by the Supervisory Board meeting of 14 February 2012.

Neuilly-sur-Seine and Paris La Défense, 20 February 2013

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SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

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7. Sustainable development and corporate responsibility

7.1. Human resources

7.1.1. Group workforce

7.1.1.1. Workforce

Breakdown of M6 Group workforce by type of contract

	2010	2011	2012
Permanent contracts	1,594	1,609	1,614
Fixed term contracts	212	234	242
Total workforce	1,806	1,843	1,856

At 31 December 2012, the total workforce was 1,856 people, compared with 1,843 at 31 December 2011. In total, the net increase in the workforce was 5 permanent contracts in 2012, broken down as follows:

Workforce at end December 2011 1,609

New hires	138
Event contract workers made permanent	19
Service providers made permanent	3
Fixed-term contracts made permanent	9
Departures:	
- resignation	(79)
- redundancy	(42)
- termination by mutual agreement	(34)
- retirement	(3)
- other (end of trial period, death, etc.)	(6)

Workforce at end December 2012 1,614

In order to ensure gender equality, M6 Group pays particular attention to balancing its workforce. At 31 December 2012, the Group's workforce was made up of 49.90% of women and 50.10% of men, distributed as follows:

Breakdown of M6 Group workforce by category and by gender

	2012	Male	Female
Employees	774	389	385
Managers	845	380	465
Journalists	158	107	51
Senior executives	79	54	25
TOTAL	1,856	930	926

In addition, the average age of employees was 36 in 2012 (compared to 37 in 2011), 35 for women and 37 for men.

At 31 December 2012, the total permanent workforce of 1,856 can be broken down as follows:

Breakdown of total workforce by division

	2010	2011	2012
Television	847	891	931
Diversification	959	952	925
TOTAL	1,806	1,843	1,856

The increase in the number of permanent staff in the Television Division (+40 permanent contracts/fixed term contracts) is primarily due to the transfer of the M6 Web Advertising Agency from the Diversification Division to the Television Division (M6 Publicité).

The reduction in permanent staff in the Diversification Division is limited by the increase in business of the Ventadis division and in particular that of Mon Album Photo (+20 permanent contracts/fixed term contracts). Positions in the Mon Album Photo subsidiary were created in Nanteuil-le-Haudouin in the Oise district, where a production site opened in 2012.

Breakdown of fixed-term contracts

	2011	2012
Fixed-term contracts	195	202
Work experience contract	23	22
Apprenticeships	16	18
Total fixed-term contracts	234	242

M6 remains committed to work/study programmes and catered for and trained 40 young people under work experience contracts or apprenticeships in 2012.

Event contract worker

	2011	2012
FTE event contract workers and freelancers	503	427

The use of event contract workers decreased by 15%, in a continuation of its policy of integrating contract employees into permanent contracts which was initiated in 2011.

External labour

The M6 Group uses external service providers for the following:

- General services: reception, post and messages, security, facilities cleaning and maintenance and collective catering;
- IT: IT maintenance.

The subcontractors concerned employed 241 people in 2012, compared to 198 in 2011 on the Neuilly and Rungis sites. The change was primarily due to external IT service providers (bringing in-house Exchange messaging and structures hosted by Stéria, developing iPhone applications, modernising Datawarehouse tools, etc.).

7.1.1.2. Organisation of working time

Since the conclusion of a company agreement in 2000, Group employees (excluding Ventadis and Girondins) benefit from an organisation of their working time calculated in hours or days according to their categories.

Working time by category (excluding specific cases and F.C.G.B.)

	Average annual working time	35 hour week overtime
Employees	1,575 to 1,589 hours	22 or 23 days
Managers	215 days	13 days
Journalists	205 days	11 days
Senior executives	Not applicable	Not applicable

The M6 Group firmly believes that providing its employees with a good work/life balance contributes to the Company's performance, and does not hesitate to offer part-time work:

Part-time work At 31 December 2012, 97 employees were on a part-time permanent contract, of which 83.50% were women and 16.50% were men. They represented 76.77 FTEs.

Total absenteeism, excluding paid holidays, represented 5.91% of theoretical hours worked in 2012, a decrease compared to 2011 (7.12%):

Reasons for absence (excl. F.C.G.B.)		
Types of absence (in working days)	2011	2012
No of sick days	9,766	9,358
No of days absent for maternity/paternity leave	10,160	10,533
No of days absent due to work related accidents	606	304
No of unpaid days absent	2,274	1,789
No of days absent due to exceptional holidays	2,964	2,705
TOTAL	25,770	24,689
Absenteeism rate	7.12%	5.91%

During 2011, 9,248 supplementary or complementary hours were worked by the employees of the M6 Group, compared to 8,571 in 2011.

7.1.2. Group remuneration policy

The pay packages of M6 Group employees are reviewed on an annual basis as part of their individual assessment. Employees may benefit from individual performance-based pay rises. An across-the-board pay rise is granted to employees whose salary is less than the Social Security cap and who have been employed for more than one year.

In addition to their basic salary, all employees receive a 13th month salary.

In addition to their basic salary, 206 employees benefit from variable remuneration, which is primarily based on financial performance indicators (194 beneficiaries in 2011).

7.1.2.1. Change in average remuneration

The average remuneration of Group employees (excluding F.C.G.B.) in 2012 amounted to €54,344, compared to €53,967 in 2011.

7.1.2.2. Employee savings

a) Profit-sharing

Three profit-sharing agreements have been signed within M6 Group encompassing the following segments:

- M6 Group excluding the Ventadis division and FCGB
- The Ventadis division
- FCGB (no payment in 2012 in respect of 2011).

The special reserve for profit-sharing for 2011, and paid in 2012, was €7,911 thousand compared to €8,889 thousand paid in 2011 for 2010.

2,391 employees benefited, compared to 2,678 employees the previous year. The decrease in the number of beneficiaries was primarily due to the absence of contributions to employee savings schemes paid this year for F.C.G.B. employees.

b) Bonus scheme

A Group-wide bonus scheme was concluded on 20 June 2011 with the various representative groups for the next three financial years, i.e. until 31 December 2013. This agreement implemented a new calculation of the bonus, based on EBITA, which should prove more advantageous to eligible employees. The basis of the calculation provides that a bonus can be granted to employees if the EBITA for the current year reaches at least 90% of the EBITA for the previous year.

The bonus paid in 2012 for the year 2011 and respecting the new above-mentioned agreement (excluding Ventadis and FCGB) totalled €1,885 thousand and applied to 1,877 employees.

c) Group savings plan (excluding Ventadis and FCGB)

In 2012, the M6 Group set up a Group savings plan where the Group makes individual contributions in respect of every employee. In 2012, the amount paid in respect of this contribution was €836 thousand.

In addition, for M6 Group's 25th anniversary, a special employee savings scheme enabled eligible employees to benefit from a lump sum calculated in proportion to their length of service, therefore proving more beneficial to longer serving employees. A total amount of €974 thousand was paid to 1,209 employees.

In total, the amounts paid by the Group in respect of employee savings amounted to €11,606 thousand in 2012 compared to €11,787 thousand in 2011.

Lastly, the management of employee savings was entrusted to an external organisation, which proposes the following five separate funds, varying in terms of yield and risks:

- FCPE Diversifié Actions (70% shares, 30% bonds), high yield but high risk;
- FCPE Diversifié Taux (20% shares, 80% bonds) modest yield but lower risk;
- FCPE Monétaire (100% money market), low yield and risk free;
- FCPE "M6 Group", 100% Métropole Télévision shares;
- FCPE Impact ISR rendement solidaire, a diversified FCPE (French company savings plan), invested in European markets, of which between 5 and 10% in socially responsible shares.

7.1.2.3. Supplementary defined contribution retirement scheme

Marking its desire to improve loyalty among executive staff and to meet their expectation in enhancing their pension coverage, a supplementary and compulsory defined contribution retirement scheme was put in place in 2007 for this category of personnel.

At the end of December 2012, 86 senior executives of the Group benefited from this scheme.

This scheme enables the creation of an individual retirement account whose objective is the payment of a life annuity.

7.1.2.4. Total remuneration of 10 highest paid employees

In 2012, a total amount of €5,211 thousand was paid to the 10 highest paid employees (excluding senior executives and FCGB), of which €1,379 thousand was variable remuneration, compared to €5,125 thousands in 2011, of which €1,823 thousand was variable remuneration.

7.1.3. Development of talents

7.1.3.1. Promotion and career development

a) Integration of new hires

From the time of their arrival, new employees follow a period of integration comprising, in particular, an induction seminar of one and a half days. On this occasion, the Chairman and a number of Operating or Functional Directors explain the fundamentals of their area, thereby enabling the new recruits to understand the diversity and complementary nature of the Group's businesses. This seminar is also an opportunity for employees to develop their internal network and understand the opportunities of working in synergy. 130 new employees thus discovered the Group's work opportunities in 2012.

b) Annual review

Every year, all employees have an annual review with their manager. Assessment criteria go beyond results achieved during the year just ended, and focus on know-how specific to each position. This also provides the opportunity to assess the efficiency of training programmes and occupational balance (work load and organisation, work/life balance). Employees also share their desire for promotion and additional training.

The summary of the annual meeting is accessible on the intranet for every employee and is archived since 2008.

The desires expressed during interviews are systematically analysed and acted upon by the Human Resources Department. These include training programmes, promotion, request for a mid-career interview.

c) Mid-career interview

All employees aged 45 or more are offered a mid-career interview every 5 years with their Human Resources Officer. The purpose of this interview is to define their mid-term career path and establish the necessary steps to support it.

d) In-house mobility and promotion

All vacancies are posted on the Group's intranet in order to give priority to internal candidates.

e) Training

M6 develops the skills of its employees with a policy of continuous training, which is based on training in its businesses, processes, management and Group culture.

The use of the Individual Right to Training (IRT) is encouraged by the Group. Every full time employee is entitled to an IRT of 20 to 21 hours per year (depending on their occupation), which can be accumulated for a period of 6 years and managed on a calendar year basis. In 2012, 155 Group employees used 3,901 IRT hours, an increase of 15% compared to 2011.

In 2012, the training budget, F.C.G.B. and IRT included, was €1,165 thousand (compared to €898 thousand in 2011), for a total of 1,452 individual training sessions. This training was evenly split between men and women.

In addition, M6 Campus, the Group's own training organisation, which provides in-house training in management, Group culture, new media and technical skills, provided training programmes to 293 employees in 2012, compared to 327 in 2011.

In total, 20,351 hours of training were provided to Group employees during 2012.

	2011	2012	Change
Number of employees who were promoted during the period	67	52	(33%)
% of employees who were promoted during the period	5%	3.5%	
Number of employees who benefitted from in-house talent mobility during the period	37	72	95%
% of employees who benefitted from in-house talent mobility during the period	2.5%	5%	
Number of employees who received training during the period	716*	896*	25%
% of employees who received training during the period	44%	55%	

(*) Group excluding FCGB

7.1.3.2. Trainee policy

In accordance with the French national trainee charter, the Group conducted a number of shares for the benefit of student trainees:

- **Develop partnerships with schools** through the Group's participation in student forums, hosting student promotional activities within the Group's facilities, the participation in examination panels and the organisation of "job dating" (short job interviews).

- **Ensure work experience is successful**

In 2012, all trainees who joined the Group for a work experience were covered by contract and paid for periods ranging from 3 to 6 months for the most part.

In addition, M6 received 150 pupils from 3rd or 2nd class for periods of one week for observational work experience.

- **Prepare future recruits for the Group and encourage loyalty among trainees**

Before the end of their training period, the young people have an evaluation meeting with their supervisor, which enables the validation of their choice of professional direction as well as their potential and motivation for the Group. Their job applications have priority for filling junior vacancies immediately at the end of their training period or subsequently.

In 2012, 137 trainees were recruited on a contract, permanent, freelance or occasional basis.

	2011	2012	Change
Number of trainees received during the period	334	280	(19%)
% of trainees hired at the end of their training period	26%	49%	

7.1.4. Employment and integration of the disabled

The M6 Group is committed to integrating the disabled. Thus in 2012 and for the 6th consecutive year, the Group participated in the "Semaine pour l'emploi des travailleurs handicapés" (Disabled workers' week) by, on the one hand, welcoming 15 disabled employees as part of the "one day, one job in action" programme, and on the other hand, through W9 which, for the 3rd consecutive year, used airtime to promote a short programme entitled "j'en crois pas mes yeux" (I can't believe my own eyes) as well as a sign-language advertisement filmed by the channel's presenters and a spot with Grégory Cuilleron (winner of "Un dîner Presque Parfait: Le Combat des régions" in 2009 and a "Top Chef" participant) encouraging us to abandon our preconceived ideas.

In addition, the Group fostered numerous partnerships with disabled-friendly businesses. Thus in 2012, more than 400 TV dinners and breakfasts, a wide variety of goodies, printing services, cassette recycling, etc. were provided by disabled workers.

The Group renewed all its partnerships with organisations that work to help integrate people with disabilities (Tremplin, Jaris Tv) and agreed a new partnership with Arpejeh (Accompagner la Réalisation des Projets d'Etudes de Jeunes Elèves et Etudiants Handicapés), an organisation that helps young and disabled students achieve their goals.

	2011	2012	Change
Number of disabled workers	7	10	42%

7.1.5. Commitments to gender equality

A plan of action relating to gender equality at work was also implemented from 1 January 2012 for the Group as a whole (excluding Ventadis and FCGB). This three-year action plan has two objectives:

- to increase action in certain areas such as training, recruitment, work/life balance, remuneration,
- to reiterate an equality policy, which is already in practise at M6 Group.

The plan particularly focuses on several areas:

- **Work/life balance:** Management has decided to implement a protection process for pregnant women by organising interviews with HR and the employee's manager, subject to the employee consenting to it, in the month before the period of maternity leave is due to begin and in the month before the employee is due to return to work. It has been decided to facilitate the relationship with the employee during the period of maternity leave by providing her with a connection to the intranet. More generally, management has made a commitment to the structure of working of hours, to promote respect for personal life, for example with meetings to be set for times during working hours, working week matching school time, etc. An innovative step has also been taken to extend the partial parental leave period to a maximum of 80% of working hours until the child is six years old.
- **Remuneration:** in order to ensure an objective comparison between men and women, management have implemented a classification structure of 5 levels of responsibility. The aim is to allow for the comparison of situations and to close the gap between employees according to gender and level within the range of + or – 5%.

At the end of this first year of implementation, the first performance indicators were presented to the elected representatives of the companies. The commitments undertaken as part of this action plan, notably in relation to remuneration, have been complied with.

Indicators (excluding F.C.G.B. and Ventadis)

	2011	2012	Change
% of women in total workforce	52%	53%	2%
% of female managers/executives	55%	55%	-
% of female Executive Committee members	38%	38%	-
% of women who received training	27%	31%	13%
% of women recruited	55%	59%	7%

7.1.6. Social dialogue

In 2012, M6 Group had 26 employee representation committees and 133 elected representatives:

- 3 committees of employee representatives, 25 elected members,
- 2 works councils, 21 elected members,
- 9 single employee delegations, 54 elected members,

- 11 health, safety and working condition committees, 27 elected members,
- 1 Group works council, 6 elected members.

These various employee representative institutions promote regular and active corporate dialogue. In 2012, on average 17 ordinary and extraordinary meetings took place every month with employee representatives (across the various committees).

Within the ESU, works council committee meetings (housing committee, catering, gender equality, training, etc. were held regularly in order to have a close understanding of employee issues.

7.1.7. Health and safety at work

Employee safety and working conditions are the main priority for the 27 elected individuals of the Group's 11 health, safety and working condition committees.

Health and safety conditions are monitored on a regular basis, in particular through regular meetings (40 meetings in 2012).

In 2012, this body successfully played its part in the relocation of almost 1,200 people, including 360 into the new building at 107 avenue Charles De Gaulle in Neuilly.

Within the ESU, the committee in charge of quality of working life and the prevention of psychosocial risks met in 2012. As part of its preventative efforts, twice a year the committee identified warning indicators to be examined and the relevant procedure to be followed.

As part of the policy relating to prevention of psychosocial risks, the Group also introduced specific training to raise awareness among various company stakeholders: staff representatives, managers, human resources managers to ensure they all speak the same language, to identify risks and to respond accordingly. In 2012, 80 employees (including 51 managers) attended full or half-day training sessions to raise awareness of psychosocial risks.

In addition, as part of their annual appraisal, each employee is encouraged to consider their work-life balance. These indicators are then considered along with the employee's manager and human resources management in order to implement, where necessary, an action plan to ensure this balance.

▶ Safety, hygiene and health training

In 2012, 245 people underwent safety standards training (evacuation, use of fire fighting equipment, first aid at work, etc.). The training of 39 first aid workers was provided by the Group nurse, who was herself trained to that end.

▶ Occupational health

The daily presence of the qualified nurse in the medical room, in conjunction with internal communication, enabled the renewal of the two annual blood donation campaigns, which represented nearly 165 blood donations and 8 platelet donations in 2012.

The nurse can offer preventative advice to employees on various subjects via the intranet such as the how best to position yourself if your role involves mainly sedentary work, a reminder of which vaccinations to get before going abroad and sleeping disorders.

She also provides full information on safety on the premises to new employees on the Neuilly sites.

▶ Work related accidents

The number of work or travel related accidents to permanent and contract employees that led to a cessation of work was 11 in 2012, compared to 32 in 2011, with a frequency rate of 2.696 (7.661 in 2011) and a severity rate of 0.003 compared to 0.25 in 2011.

7.1.8. Professional ethics

Each new recruit is provided with M6 Group's professional ethics code, which goes beyond compliance with laws and contractual commitments and sets a number of professional principles with which each employee must comply in their personal behaviour and to guide their professional decisions.

One of these principles is striving to act professionally, loyally and diligently, with neutrality and discretion, both in relation to the Group and the general public, customers and suppliers. Also mentioned is the attitude to adopt in the case of a personal conflict of interest, or when dealing with sensitive information, receiving gifts and invitations and during periods where trading in company shares is forbidden.

In 2012, a social network charter was written and distributed to Group employees to remind them of the correct use of these new tools and to warn them of possible dangers. The Métropole Télévision Group wished to warn employees exercising their right to freedom of expression inside or outside the company, of the public or semi-public character of open personal accounts and profiles on social networks.

7.1.9. Work environment

7.1.9.1. Benefits and services of the Works Council

The Works Council offers a number of benefits to employees: gift-vouchers for births, contribution towards costs incurred by employees in sporting or cultural activities, organisation of holidays, sporting or tourist weekends in France or abroad, etc.

The Group budget for social activities (excluding Ventadis and FCGB) is:

- for the ESU, 0.95% of total payroll of the previous year, being €476,273 (compared to €458,420 in 2011);
- for the subsidiaries, 0.76% of total payroll, being €325,274 (compared to €310,986 in 2011).

7.1.9.2. In-house communication

► Associate employees with the Group's major projects and advertise work opportunities

Advertising the Group's work opportunities in order to develop synergies among the various operations, the feeling of belonging to the M6 Group and internal mobility is one of the common objectives of in-house media dedicated to employees:

- an intranet portal, which is updated daily, providing news about the Group and its subsidiaries, audience ratings, TV channel programmes, internal activities and company life, industry trends and legal framework, interviews with employees, games promoting the Group's operations, etc. and for every employee, the possibility of managing their holidays, their annual interview and their Group Savings Plan. The monthly average number of unique visitors is 1,900.
- a web-based monthly newsletter, which presents news on all Group entities: new programmes, audience ratings, product launches (publishing, CD/DVDs, derivative products, etc.) partnerships, events, film coproduction's, new websites and distance-selling events. The newsletter is sent to nearly 2,000 employees;

► Ask for each employee's opinion and promote each individual's work

With an aim to improve communication and dialogue, an employee Opinion Survey was carried out for the first time in 2011 within the Group by the Great Place to Work Institute. 78% of employees gave their opinion on various themes such as management, strategy, information, working conditions, etc., and therefore expressed their expectations and the positive aspects of their daily work life.

2012 was the year in which actions recommended following this survey were implemented: actions promoting mobility, the simplification of training, the introduction of an Individual Account Statement enabling the clarification of remuneration items for each employee, the modernisation of the display system, the clearing of inboxes, etc.

7.2. Corporate responsibility

The responsibilities and commitments of M6 Métropole Télévision come from the general principles set out in the Law of 30 September 1986 as amended. Pursuant to the provisions of Article 28-1 of the Law of 30 September 1986 as amended, and following the decision n° 2001-107 of 27 February 2001 in favour of the renewal of the authorisation held by Métropole Télévision without launching a call for candidates, additional requirements were included in the agreement concluded with the Conseil Supérieur de l'Audiovisuel (CSA).

7.2.1. A framework that guarantees a high level of commitment to French society

7.2.1.1. Excerpts of the agreement between the Conseil Supérieur de l'Audiovisuel and M6 Métropole Télévision in terms of general and professional ethics obligations

These obligations, mentioned in the Agreement concluded with the CSA, notably include general and professional ethics obligations that guarantee a major commitment to French society, in relation to the following (please find below excerpts of the M6 Channel's agreement with the CSA, available in full on www.csa.fr):

- The Company is responsible for the content of the programmes that it broadcasts. Pursuant to the constitutional freedom of speech and communication, as well as the company's editorial freedom, the latter watches over compliance with the principles enacted in the following articles.
- The Company ensures that the programmes it broadcasts are selected, designed and produced under conditions that guarantee its editorial independence, in particular in relation to the business interests of its shareholders (...)
- The Company commits to refrain from establishing any business or financial relationship between companies of the Métropole Télévision Group and that of the principal shareholder or controlling shareholders that would diverge from usual business conditions noted in the market (...).

In relation to the plurality of expression of ways of thinking and opinions

- The Company guarantees the plurality of expression of ways of thinking and opinions.

In relation to public life

- Pursuant to the right to information, the Company ensures compliance with the presumption of innocence, respect for privacy and the anonymity of juvenile delinquents.
- Programme content must not encourage delinquent or uncivil behaviour, it must respect the general public's various political, cultural and religious sensitivities, it must not encourage discriminatory behaviours based on race, gender, religion or nationality, it must promote the French Republic's values of integration and solidarity and take into consideration, in on-air representation, the diversity of origin and the cultures of the French community.
- Every year, the channel informs the CSA of its commitments to encourage the representation of the diversity of French society in its programmes for the coming year.

In relation to individual rights

- The Company must guarantee personal dignity and individual rights relating to privacy, image, honour and reputation, and ensure restraint is shown in the broadcast of images or testimonials liable to humiliate people, avoid complacency in reporting human suffering, and ensure that individuals' testimonies on facts regarding their private life are only collected with their informed consent.

In relation to child and teenager protection

- The family-friendly nature of the Company's programming should be reflected at times where a younger audience is most likely to be watching TV, i.e. between 6am and 10pm. Within these time slots, and all the more so in the portion devoted to youth programmes, violence, even psychological,

should not be perceived as continuous, omnipresent or presented as the sole solution to conflicts. The Company complies with the classification of programmes in accordance with five degrees of appreciation of their acceptability in light of child and teenage protection and applies the signalling code accordingly.

In relation to the honesty of information and programmes

- The honesty requirement applies to all programmes. The Company verifies the validity and sources of information. Its origin must be specified as often as possible. Uncertain information must be qualified. It should be impossible to identify people and places, except where the individuals involved have given their consent before the programme is broadcast.
- When the Company presents on air, outside advertising slots, audiovisual communication service editing or distribution activities developed by a legal entity with which it has a significant capital relationship, it should strive to give a strictly informative character to the presentation, in particular by moderating the tone and restraining the significance attached to the topic. It should point out the nature of this relationship to the audience on this occasion.

In relation to defending and illustrating the French language

- The Company ensures the correct use of the French language in its programmes, as well as in adaptation, dubbing and subtitling of foreign programmes. The Company must strive to use French in the titles of its programmes. A French language consultant must be appointed by the channel.

Other Group channels must also abide by a number of regulatory and conventional obligations, both of a quantitative and qualitative nature.

7.2.1.2. Compliance of advertisements

The Group's advertising agency, M6 Publicité, has entrusted ARPP (Autorité de régulation professionnelle de la publicité), by way of an interprofessional agreement, with a consulting role in guaranteeing the compliance of advertisements with general audiovisual advertising and communication rules. The current procedure, at the expense of agencies and/or advertisers, provides for prior disclosure to the ARPP before the first broadcast. This disclosure is given an order number that must imperatively be communicated to M6 Publicité before the broadcast.

As mentioned in its General Terms and Conditions of Sales, M6 Publicité reserves the right to refuse to broadcast or interrupt the broadcast of any advertisement, if it considers that it fails to comply with the laws, regulations and practices governing audiovisual advertising and communication, or if it is contrary to the channels interests or those of its subsidiaries, or if the CSA subsequently deems that an advertisement is non-compliant and forbids any further broadcast and/or demands that the film is withdrawn from air. The editorial quality and legal control aspects are managed by the agency's advertisement broadcast department.

7.2.1.3. Sound level compliance of TV programmes

The M6 Group pays particular care to the comfort of viewers and complies with the provisions of Decree No. 92-280 of 27 March 1992, which notably made it compulsory for TV channels make the sound level of programmes consistent with that of advertising breaks. The M6 Group participated in the consultation, on which the CSA based its ruling No. 2011-29 of 19 July 2011 that enabled editors to comply with these provisions by defining technical parameters relating to the sound intensity of advertising breaks.

7.2.2. Information programmes accessible to all

7.2.2.1. Encourage a better understanding of the world

The M6 Group seeks to deliver the most complete and most diverse information possible and, as stated in Article 33 of its agreement, expand its programming of magazines, documentaries and information to provide a deeper knowledge and understanding of the contemporary world, by dealing with diverse subjects such as employment, integration, the economy, science, ecology, consumption, etc.

Capital, Zone Interdite, 66 Minutes, E=M6, Enquête exclusive, le 12.45 and le 19.45 are programmes that illustrate, via the subjects dealt with, M6's commitment to inform and increase awareness of the current social issues and its expertise in deciphering major challenges.

7.2.2.2. Programmes accessible to the widest audience

Above all, for M6 accessibility means, in accordance with the Law of 11 February 2005 on equal rights and opportunities, the participation and citizenship of people with disabilities, taking into account disabilities, first and foremost by subtitling its programmes for the benefit of the deaf and hard-of-hearing.

Since 2010, M6 makes all of its programmes accessible to people with hearing difficulties (excluding commercial breaks, self-promotion, trailers, songs interpreted live and instrumental music, teleshopping and live broadcasts of sporting events between 12pm and 6am).

Since 2011, W9 is also obliged to subtitle all its programmes, the same as for M6.

In addition, since 2009, the new broadcasting control room will enable all Group channels to broadcast specific subtitles and thus provide access to the greatest number of broadcasts by Paris Première, Téva and the 3 music channels.

Lastly, M6 and W9 signed addendums to their agreements in 2011 to provide for accessibility of certain of their programmes to blind or visually impaired people.

6ter, launched on 12 December 2012 on DTT, is also striving to make its programmes available to the largest number of viewers possible.

7.2.3. Public awareness of great causes

7.2.3.1. A civil channel with a sense of responsibility and solidarity

M6 is highly committed to promoting a more socially responsible television service and broadcasts messages and short films with a social content free of charge.

M6 intends to assist and to encourage charitable shares and to increase the general public's awareness of them. In 2012, many humanitarian campaigns, non-governmental and charitable organisations thus broadcast free of charge on M6 and on the Group's digital channels, representing international solidarity causes (Action Contre la Faim, Croix Rouge Française (French Red Cross), Fondation de France, Banques Alimentaires, Secours Catholique, etc.), health issues (the fight against AIDS, the fight against cancer, research on rare diseases, Fondation pour la recherche sur le cerveau, Médecins du Monde, the fight against cystic fibrosis, etc.) and educational/cultural issues (Unicef, Fondation pour l'enfance, etc.), as well as Reporters Sans Frontières.

Since 2006, M6 has been the official TV sponsor of the Handicap International NGO, airing the organisation's communication on its TV networks and websites.

This support relates to the organisation's two major annual events, the Fir-Tree Bag and the Kit Plio (back-to-school book-covers) which allow people, through ethical and responsible consumption, to participate in the funding of the NGO's missions.

W9, for the fourth year and with other free DTT channels, continued to support "Pasteurdon", an event aimed at increasing awareness of the Institut Pasteur's research and its need for donations. Fundraising short films and a video featuring scientists, artists and DTT hosts and supporting the Institut Pasteur were broadcast between 12 and 14 October 2012.

The broadcasts by the Group channels are an opportunity to create awareness of opinions on certain difficult situations and to bring the support of teams to improve the daily lives of those concerned.

Thus Valérie Damidot (D&CO) and her team contribute each year to improving the living environment of families. In 2012, they more specifically helped sick children in the Kremlin Bicêtre hospital in with the Cédedubonheur charity, which seeks to improve the quality of life of hospitalised children and teenagers.

7.2.3.2. Prevent, act and increase awareness of public health challenges

For many years, a Group mechanism, set up both on Group channels and on the Internet, has been put in place to support the Sidaction campaign against AIDS, which ran from 30 March to 1 April 2012. The Group's channels, supported by presenters, has made the Sidaction the keynote of a number of programmes, featuring announcements of the event, calls for donations, special shows, awareness building programmes, broadcasting of fundraising advertisements, etc.

M6 strives to warn viewers of risks associated with alcohol and drugs in its many magazines and reports.

In accordance with the Food Charter signed on 18 February 2009, in 2012 M6 broadcast more than 26 hours of programming inviting viewers to visit the www.mangerbouger.fr website that promotes healthy food and exercise.

7.2.4. M6 Group, a player with a sense of solidarity

7.2.4.1. The M6 corporate foundation

In 2010, the M6 Group created its own corporate foundation, having decided to get involved in the sensitive topic of prison life.

The Group exercised its responsibility for a social cause that is consistent with its operations and unites its employees around a project financed by all Group companies. This foundation was granted a budget of €2.5 million over 5 years and is intended to improve the living conditions of prisoners and to help in their reintegration, in particular by supporting the audiovisual activities offered to them.

a) Helping and improving the quality of life of inmates: a social necessity

The Group is the first company to decide to dedicate its foundation to issues concerning the prison environment. Even though life in prison and professional reintegration attract little media attention, M6 Group's project echoes a strong demand from public authorities, charities and the inmates themselves, and the Foundation developed in partnership with these stakeholders. M6 Group elected to serve this original yet natural project due to the fact that:

- Television, only authorised in prison since 1985, is, for most inmates, their only window to the outside world. The channel and the M6 Group by extension are legitimate stakeholders due to their role as content editors and use their expertise in an often forsaken environment,
- Prison is a true social issue that deserves dedicated human and financial resources so that beyond its punishing dimension, inmates are allowed to think things through and rebuild their lives to integrate into society once again,
- It is a difficult issue that can only be carried by a Foundation instigated by a channel which intends to stand out from the rest and distinguish itself by its ambition and audacity.

b) Activities implemented by the Foundation

The foundation's activities aim to enable inmates to become stakeholders in their rehabilitation. Throughout its 3 years of prison based intervention, the M6 Foundation has been able to highlight the different needs of inmates and to develop appropriate projects. It has chosen to concentrate on three main themes: help with reintegration, improvement in the quality of life of prisoners and the support of specialised organisations.

The Foundation has, in fact, undertaken several projects aimed at promoting the **future reintegration of inmates**. It has led several programmes aimed at combatting illiteracy, which affects 20% of the prison population, and audiovisual skills training, and it employs eight prisoners at the prison in Bourg-en-Bresse in subtitling for the deaf and hard of hearing for M6 programming.

M6 Group's Foundation also invests a part of its resources **improving the quality of life of prisoners**. Indeed, the Foundation has set itself the objective of lending its cultural assistance to the Ministry of Justice's reintegration initiatives, through film screenings (Patrick Bruel and the entire team that worked on the film "Le Prénom" were present to lead a debate with inmates following the film screening), shows, sports activities (a rugby match, football referee training) and the creation of induction films to reduce the shock of prison life.

The M6 Foundation also provides **financial support to six charities**:

- a) The **Relais Enfants Parents** charity. The Foundation helped 1,350 children to visit their parents in hospital, 180 children to spend Christmas with their parents who are in prison and 150 inmates to make presents for their children.
- b) **Mouvement de Réinsertion Sociale** (MRS), a charity that provides individual support and access to self-governing housing to people leaving prison. This follow-up is initiated in prison and continued on release through the offer of temporary housing until the individual is able to support him/herself.
- c) The **Yeux de l'Ouïe** charity, which encourages the broadcast, production and promotion of sound and visual work to establish networks to exchange various artistic practices.
- d) **L'Oustal**, a charity that helps people released from prison find accommodation and work and facilitate their integration by helping them with administrative formalities (social security, tax, etc.). This is the equivalent of Mouvement de Réinsertion Sociale for South-Western France.
- e) **Association Nationale des Visiteurs de Prisons**, with the introduction of training programmes and talking groups for prison visitors.
- f) **Les Prisons du Cœur**, a charity that strives to improve conditions of detention and combat reoffending. The M6 Foundation supports this organisation in its halfway house project.

c) A uniting project for employees

The foundation motivates Group employees and brings them together around a rewarding and uniting project, which testifies to our Company's growing awareness of its role in society as a corporate citizen.

15 Group employees thus contribute on a regular basis, through an organisation committee that meets periodically. They give time and share their expertise and experience in their respective fields to develop, put into place and support the 2 employees who work full time for the M6 Foundation.

Furthermore, for the second consecutive year, 25 M6 Group employees have agreed to take children to visit their parents who are in several prisons in the Paris region (Nanterre, Fresnes, Bois d'Arcy, etc.) for Christmas parties organised by the charity Relais Enfants Parents.

7.2.4.2. Numerous other initiatives

Group employees are also committed to many other causes, such as breast cancer, by taking part once again this year in La Parisienne race, the "dons de vie" (gifts of life), with the presentation in the Group's premises of actions undertaken by the Laurette Fugain charity, semi-annual blood donations, etc.

In addition, M6 Group is a member of the organisation Neuilly Nouveaux Médias, a "1901 association" created in September 2010 by Jean-Christophe Fromantin, Mayor of Neuilly and Departmental Councillor for Hauts de Seine, and consisting of the town of Neuilly-sur-Seine and the large companies located there. The organisation's aim is to promote the development of innovative new media start-ups (selected via competitive selection) by providing them with premises made available by large companies.

7.2.5. Child and youth protection and well-being

This cause is the mainstay of the social commitment of M6 Group, which is involved in a number of initiatives in this area to support sick children, provide remedial courses and prevent hazards.

7.2.5.1. Television, a powerful media

The M6 network is a powerful contributor to the Amber Alert system, implemented in 2005 by all main and radio television channels who signed a memorandum of understanding concerning the Amber Alert mechanism, which had been successful in the United States for a number of years. This requires the mobilisation of maximum media power during the first 24 hours after a child has been kidnapped, and to broadcast over as wide an area as possible information that could lead to retrieving the child. This commitment by the Group consists in communicating essential information to as many people as possible, such as a description of the child or the abductor, as well as the circumstances of the kidnap, using tickers passing at the bottom of TV screens, interrupting programmes, or repeatedly showing photographs to help identification.

7.2.5.2. Protecting our young audience

a) Signalling system

Concerning programming, the protection of children has been promoted since 1989, when M6 took the initiative to create a signalling system stating the target audience of films. It was finally imposed on other channels by the Conseil Supérieur de l'Audiovisuel in 1996. However, the commitment of M6 in this area has not weakened and the Group also ensures that programmes do not contain violence, vulgarity, or anything likely to shock the sensitivity of young viewers. To this end, the Group follows with vigilance the preparation of co-produced series, from concept to delivery of the final episode. Dubbing of foreign films is also done with the greatest care. Thus, all the youth programmes, films, series, made-for-TV films, or musical clips are viewed and validated by a viewing Committee that gives its recommendations to the signalling Committee, the final arbitrator of the allocation of the 4 categories (everyone, less than 10 years old, less than 12 years old and less than 16 years old).

Once again this year, the M6 network sustained and broadcast the signalling campaign proposed by the CSA.

In addition, pursuant to the terms of the CSA deliberation dated 17 April 2007, M6 has drafted a charter governing the participation of minors to its TV shows, with a view to protecting them and establishing specific reception conditions.

b) Food charter and fight against juvenile obesity

Under the auspices of the Health Minister and the Minister for Culture and Communication, on 18 February 2009, TV channels, producers and advertisers signed a charter devoted to fighting juvenile obesity in France. This charter, intended for the next 5 years and controlled by the CSA, grants preferential prices to the "Institut national de prévention et d'éducation pour la santé" to broadcast its health prevention messages aimed at encouraging a balanced diet and physical activity. It includes editorial commitments by channels to promote and educate young audiences, in particular by promoting balanced food behaviours.

In 2012, M6 broadcast numerous programmes, corresponding to more than 26 hours of hourly volume and airing all or part of the PNNS' messages (Programme national nutrition santé). Programmes that promote balanced nutritional behaviour were broadcast throughout the year and addressed both parents and children, including the *E=M6* and *100% Mag* magazines, short programmes such as *En Grande Forme* and *Tous ensemble à table* and the cartoon *Chico Chica Bimba Pepper School*, as well as topics such as "*What dance to choose for your activity*", "*How does the canteen work*" in *Kid et toi*.

c) Control

The M6 Group is responsible for the information broadcast on its websites. Concerning its community sites, a service provider is responsible for moderation and, once the messages have become public, verifies those which are insulting, defamatory, racist or that represent an incitement to violence or hatred and, where appropriate, removes them from the websites.

Via the community site for teenagers, Habbo.fr, a virtual bus of the Fil Santé Jeunes organisation is made available to members. Teenagers can thus freely get information or explain a problem to health professionals. Habbo has also set up a team of professionals responsible for containing the site and prevent any abuse or attempt to fraud linked to the use of a payment method proposed by the site.

Over the last five years, the M6 Group has also been a partner of *Action innocence*, a charity that militates for the prevention of risks posed on children by the internet. This support involves the broadcasting free of charge of their campaign on TV, online and on mobile phones.

Lastly, M6 mobile proposes fixed price offers with unlimited calls at night and weekends with its offer targeting 15/25 year olds. Since November 2007, members of AFOM (French Association of Mobile Phone Operators), of which M6 mobile is a member, due to its M6 Mobile by Orange offer, signed an agreement according to which they commit to automatically propose parental control from the time the phone line is open.

7.2.6. Representing French diversity

In 2012, and in keeping with commitments made in previous years, M6 channel continued its efforts to represent diversity in French society as accurately as possible in its programmes.

The four themes upheld by the Conseil Supérieur de l'Audiovisuel on its diversity scale are as follows:

- socio-professional categories,
- visible minorities,
- disabilities,
- gender equality.

In the majority of items tackling these topics, the channel attempted to provide solutions to improve the daily life of those persons represented and promote all public and private initiatives created with this same objective. Its commitment to representing the diversity of French society is henceforth included in its agreement, but on top of its contractual obligation, M6 channel has been aware of its responsibility to education and respecting diversity for a long time. As a broadcaster, it must consider what it broadcasts about the image of multi-cultural France through promotion of integration values and solidarity but also through the presence of minorities. This mindframe also applies to W9 and 6ter. The CSA sees that commitments made by the channels each year are honoured, basing themselves on the results of diversity scales, of which the first results for M6 and W9 were satisfactory.

7.2.6.1. Integration and diversity

All socio-professional categories are represented at M6 Group in its programming. The *Zone interdite* magazine broadcast on 1 January 2012 included a report on fifteen women from Sarcelles, aged between 23 and 42, from underprivileged backgrounds and all having lived through difficult times; these women, who were able to pursue an apprenticeship under the direction of a leading chef thanks to an initiative of the Val d'Oise district council, will have the opportunity to have a qualified job and to make a fresh start in life.

In addition, the *Patron Incognito* programme enables social barriers to be broken down by making a company boss trade places with employees.

Lastly, various *100 % Mag* and *C'est ma vie* took a close look at various acts of solidarity introduced to help the most in need to find a place to live or a job or to take their driving test.

The promotion of visible minorities is also a real priority for M6 Group. Represented in all aspects, diversity can also be seen in the teams of presenters on the channel, as well as amongst the actors, the artists or simply in the choice of subjects reported on. M6 Group coproduced and broadcast dramas (*Scènes de ménages*, *Chez Victoire*), films (*Tout ce qui brille*, *De l'autre côté du périph*), entertainment (*Marrakech du rire*, partnership with Jamel Debbouze) and cartoons and children's programmes (*Baskup*, *Kid&to*) in which the cast, as much as the subjects covered, demonstrate the Group's attachment to the values of integration and representing diversity on the screen.

In general, all M6 programming are at pain to represent diversity through its participants. This is particularly the case in the prime time and early evening programmes *D&Co*, *Nouveau look pour une nouvelle vie*, *Pékin Express*, *Un dîner presque parfait*, *Incroyable Talent* and even *Zéro de conduite* and *Ne dites rien à la mariée*.

Finally, the emancipation of women and balance and equality between genders are more than ever central to the campaigns and commitments of M6 and W9, both in the structure of the Group and (see section 7.1.5 of this document on the Group's commitments to gender equality) and programming. Thus, in its new on-screen formula launched in May 2012, the news bulletin *Le 12.45* is pursuing its aim of significantly increasing the airtime of female experts. All the juries in talent shows are mixed (*Incroyable talents*, *Top Chef*, *Le meilleur pâtissier de France*). Mention may also be made of the short programme *Des femmes pour la planète*, broadcast on M6, which gives complimentary portraits of women who are committed to protect the environment.

7.2.6.2. A strong commitment to disabled people

Here again, M6 Group's mission is not just to tackle the daily life of disabled people in its reports, but also to allow them to participate in the programmes and games, just like the other contestants (*Un dîner presque parfait*, *La France a un incroyable talent*, etc.).

In addition, M6 highlights the work and the actions of disabled assistance charities in most of the topics dedicated to this theme. In 2012, the "employing disabled people" week took place in November 2012, during which, for the 6th year running, M6 Group took on 15 disabled workers during a day of discovery of a business sector or an occupation, working in tandem with an employee. This week led to a special programming schedule on W9, including sponsorship, a comedy mini-series, messages from presenters in sign-language, videos, and TV films against prejudice. Finally, in magazines broadcast at peak viewing times, our writers devoted several reports to the disabled, such as *C'est ma vie*, *100 % Mag*, *66 Minutes*, and *Zone interdite*.

This year, SND, an M6 Group distribution subsidiary, worked to provide better accessibility to the cinema for the deaf and hard of hearing. All films distributed by SND now have subtitles enabling the organisation of screenings dedicated to this target audience. The first film to have offered such accessibility was "*Arrête de pleurer Pénélope*", which recorded approximately one hundred subtitled screenings.

7.3. Environmental responsibility

The Métropole Télévision Group does not carry out activities that structurally present a significant impact on the environment. However, on its own scale, M6 is attentive to its own consumption and seeks to take initiatives in this area, both in terms of recycling and making the public at large aware of the challenges of sustainable development.

To demonstrate its commitment, the M6 Group has adopted an approach in line with the charter proposed in 2007 by the Minister for Ecology, Jean-Louis Borloo, and addresses many of the issues raised by the charter. In fact, the Group has already made a summary of its CO₂ emissions and broadcast more environmental information.

In addition to equipment installed several years ago to reduce the impact on the environment (water consumption, CO₂ emissions, electricity consumption, waste production), new commitments in favour of Sustainable Development were taken on in 2012, such as the implementation of an action plan to limit the use of paper within the Company:

- Introduction of multifunction copiers to replace the Group's individual printers: by systemising doubled sided printing and by requiring swiping to print, paper consumption fell by almost a quarter between 2011 and 2012.
- In 2012, a further 10% of employees opted for the electronic payslip introduced in 2011 in place of paper slips. To date, 42% of permanent Group employees receive their digitalised monthly payslip in a secure personal inbox.
- Since September 2012, M6 Publicité has given its customers and media agencies the option of receiving their invoices in electronic format. Fourteen, or one in three, agencies have already subscribed to the service, which represents 3,800 digitalised invoices out of a total of 23,000.

In each of the Group's businesses, thought is being given on how to reduce the impact of business activities on the environment: the IT Department thus opted for the virtualisation of 549 servers that are more energy efficient than the more traditional physical servers; teams are working on both the digital storage of contracts and the digital validation of invoices in internal processes, etc.

The M6 Group strives to inform employees of the challenges of sustainable development and the relevant initiatives implemented within the Company. The internal communication department thus organises awareness-building activities regarding issues such as reducing paper printing, etc., via various communication media (emails, intranet, screen displays, monthly newsletters, etc.).

In addition, construction on the office building at 107 Avenue Charles de Gaulle is the object of a HQE (High Environmental Quality) process aimed at user comfort and quality of life as well as respecting the environment. The operation has already obtained HQE certification for the Design and Programme phase. Validation of the implementation phase is pending.

Equipment and materials have therefore been chosen for promoting the comfort of people and reduce the environmental footprint of the building, including:

- a high-performance and energy efficient air-conditioning system, through the use of heat pumps and a heat recovery ventilation system.
- an acoustic atmosphere tailored to the various premises,
- optimal use of natural light for offices and common spaces,
- optimal use of ventilation outflows and state-of-the-art research on interior finishing materials to ensure good air quality,
- terraces and patios partially covered in trees to conserve biodiversity.

7.3.1. Environmental indicators

For several years the Group has continued its efforts to reduce its impact on the environment in each area of the company: travel, mail sorting, vehicle fleet, paper, press subscriptions etc. Instead of a clear target, the Group preferred a pragmatic approach with an adjustment in requirements every year relating

to key environmental indicators.

The consumption of water resources, raw materials and energy is monitored and controlled by the Group's General Services, as part of an approach aimed at reducing consumption and using equipment to improve energy efficiency.

A complete modern management system has been installed to deal with energy consumption. This regulates the temperature and lighting of premises depending on a number of criteria, such as for example their occupancy rate. This centralised management of energy is intended to provide better control by the Group of its consumption.

The latter is very regularly monitored in all areas. Water and energy consumption and CO₂ emissions of the Neuilly buildings were the following in 2012:

	2010	2011	2012
Water consumption (in thousands m ³)	22.2	19.9	21.0
Electric energy consumption (kWh)	9,069,870	8,728,981	9,236,454
CO ₂ emissions (in millions of kg)	0.342	0.275	0.31
Waste produced (in tonnes) including paper and cardboard sorting.	324	298	498
Paper and cardboard sorting (tonnes collected in bins)	189	148	203

The increase in electrical energy consumption and waste production in 2012 is mainly due to the demolition followed by construction of an office building in Neuilly.

This document refers to the environmental indicators to which particular attention was paid and which are relevant to the Group. The other following indicators are less or not relevant to our business:

- resources dedicated to the prevention of environmental risks and pollution (see Section 4.7 of this document),
- the amount of provisions and guarantees for environmental risks,
- adaptation to the consequences of climate change,
- measures taken to maintain or foster biodiversity;
- land use;
- the prevention, reduction or remediation of air, water or soil emissions having a major adverse impact on the environment.

7.3.2. New developments in recycling

In parallel with this desire to control consumption (water, energy, etc.), M6 also has an active policy of recycling waste arising from its operations (batteries, neon lights, IT hardware, toner cartridges, fluorescent bulbs, refrigerating machine oil, etc.). This approach meant that 44% fewer cassettes were used for programmes in 2012 compared with 2011.

In addition, as part of the recycling of Electrical and Electronic Waste (WEEE or W3E), the Ventadis (distance selling) division collected from its customers a contribution over and above the price of devices with electrical or electronic components. This eco-contribution, which is passed on in full to suppliers, must finance the recycling of old appliances by specialised bodies. In 2012, the amount collected rose to €1.7 million as against €1.5 million in 2011.

Lastly, a process is in place at MonAlbumPhoto.fr, confirmed by the French standard "Imprim' vert", recognised by all the operators in the graphic industry, certifying that all waste is recycled and that no toxic materials are used.

7.3.3. Community awareness

The responsibility of a group producing and broadcasting content lies also with a desire to make the general public aware of the challenges of sustainable development.

M6 decided to play an educational role via quality documentaries presenting the current ecological difficulties. These magazines have become flagships for the channel and thus represent a major audience attraction for these subjects among an increasingly generalist audience.

The channel thus continued to broadcast the “**Capital Terre**” programme. The programme looked closely at new eating habits and consumption patterns and their sometimes devastating effects on the planet. During the show, the presenter looked at many initiatives that may soon help preserve the planet (“How to house everyone without polluting the planet?”).

Environmental challenges and news were also covered many times in newscasts (**Le 12.45** and **Le 19.45**), such as the Doha Climate Change Conference, the 25th anniversary of Chernobyl, shale gas, bio-fuels, the ecological challenges of the French presidential election, etc.

Newscasts also regularly bring to the fore the unusual, or innovations relating to ecology: “Eco trend in shoes and watches”, “The Boom in straw houses”, “The trend for eco coffins”, “Renewable energy: sauerkraut juice can provide electrical power for 1,500 households”, etc.

In addition, the in-house magazine and news documentary production company C Production produced several topics on behalf of M6 on ecology and sustainable development, including “Log houses”, “Their car runs on duck fat”, “Anti-waste restaurants”, “Cooking weeds”, “Living without a car”, etc. within the framework of **100% Mag**. For the Group’s other channels, various other items linked to sustainable development have been broadcast, such as “Mobile, Wifi: dangerous waves”, “The boom in green holidays”, “Organic skincare, in search of the Holy Grail” for **Les Dossiers de Téva...**

7.4. Economic responsibility

7.4.1. Sustainable model of profitable growth

The economic responsibility of the M6 Group is to ensure its long term development by tapping into the growth potential of the various markets where it operates.

The Group strives to deliver a continuously improved financial performance year on year and seeks to broaden and consolidate the bases of its future growth in a competitive and technological environment undergoing rapid change.

Thus, in 2012, the M6 Group again successfully continued its growth strategy in all its operations as demonstrated by:

- the bolstered strength of the M6 channel compared to its main competitors: M6 was the only historic nationwide channel to report an increase in audience ratings in 2012, and even showed the best audience growth of all channels,
- the leading ranking of W9, the Group’s second free-to-air channel, in the free-to-air DTT market, on the commercial target,
- the launch of a new free-to-air channel, 6ter,
- the consolidated position of its family of pay channels, with the confirmed success of Paris Première and Téva in particular,
- and an aggressive approach in the area of diversification and audiovisual rights, designed to enhance the Group’s presence in activities that meet the following objectives: complementarity and synergies with TV operations, reduced dependence on the advertising market, asset and brand creation and presence of content on all distribution and viewing networks.

7.4.2. A group actively seeking new growth opportunities within an environment that needs to be preserved

Today, the first challenge for a media group is to encourage innovation in order to adapt to technological changes and changes in viewing patterns and the use of its services. According to a Médiamétrie study (L'année TV 2012), "the ecosystem that develops around the television strengthens the impact of programmes". 8 million people thus consumed catch-up TV in December 2012 to watch a programme they have missed or wish to watch again. At the end of 2012, 35.4% of the over 15s had already watched television programmes live or through catch-up services on a computer, a smartphone or a tablet, representing an increase of 2.8 percentage points compared with 2011.

This development has led the Group, over the past few years, to make its content and products available on more distribution channels, necessitating investment in networks and digitalisation, as well as ascertaining the existence and the development of a viable business model for these new viewing patterns.

The second challenge consists in preserving the environment in which the Group operates, while at the same time making sure that this preservation does not slow down the necessary adaptation of the business models within a rapidly changing competitive and technological environment. Within this framework, the Group will continue to encourage cultural diversity, support artistic creation and uphold respect for intellectual property, in order to increasingly participate in the content value chain.

7.4.2.1. Innovate and anticipate new usage

a) Social television

A pioneer in catch-up television since 2008, in July 2012 M6 Group launched a new version of its m6replay.fr and w9replay.fr services as well as M6 and W9 applications.

With the explosion of social networks, mobility and the use of a second screen in preference to a TV set, the needs and uses of viewers have evolved. The M6 Group thus developed a new interface offering a unique and continuous experience: multi-channel (M6, W9, 6ter), on all screens and with a single entry point for all videos.

Thanks to the high level integration of social networks within these new services, viewers have access to original social TV functionalities such as community sharing, social recommendation and community enrichment.

b) Enhanced television

In November 2012, M6 launched "Devant ma TV" (In front of my TV), the first second-screen service synchronised in real time with programmes.

On the basis that one out of three viewers uses a second screen directly linked to the programme they are watching, M6 is offering an interactive television experience to the 4 million users of the M6 application. Thanks to sound recognition technology, the smartphone or tablet application recognises the programme being broadcast on the TV set and enables the user to sync in real time to the programme.

Viewers can therefore give their opinion on the performances in "La France a un incroyable talent", rate the dinner like the guests in "Dîner presque parfait" or find the details of the recipe prepared on the set of "Top Chef" in real time.

c) VOD

Since 2009, the M6 Group has offered the "Pass M6", a subscription based video service (SVOD) giving unlimited access to hundreds of series, including episodes of American series the day after their broadcast in the United States.

d) Rollout of catch-up services

All of the Group's catch-up services are being rolled out across all screens. In 2012, W9 Replay became available on SFR, Bouygues Télécom and Numéricable TV screens. This was also the case for the catch-up services of the Paris Première and Téva channels, which are also available via Orange.

e) 3G telephony

With the advent of the third generation telephony (3G) and the possibility of downloading editorial content, the mobile phone has become a strategic distribution network for media businesses. The M6 Group, via its subsidiary M6 Web, has carved itself a place of choice in this area as it produces programmes specific to mobile telephony.

7.4.2.2. Upholding intellectual property

At a time where increased digitalisation of media necessitates new measures to protect works, the M6 Group, a producer and broadcaster of content, seeks to develop an effective policy to combat piracy and to uphold intellectual property.

This policy is based in these two principal areas:

- reduction in the timeframe for broadcasting works, an issue that should be addressed with the forthcoming adoption of the Creation and Internet law and the signing of the interprofessional agreement;
- the development of catch-up television and Video on Demand, that gives viewers access to a varied programme offering.

7.4.2.3. Supporting creation and new talents

As part of its production and broadcasting obligations, M6 is committed to developing artistic creation and to value its diversity by focusing on young talent in cinema, audiovisual works and music.

The Group thus shares its cinematic investment carried out by its subsidiary M6 Films between established producers and young talent waiting to be discovered. In 2012, M6 Films took part in the financing of many first films directed by Martin Bourboulon (*Papa ou Maman ?*), Jean-Marc Rudnicki (*Les Reines du ring*) and Eric Summer & Eric Warin (*Ballerina*), as well as second films by Nicolas Charlet & Bruno Lavaine (*Le Grand Méchant Loup*), Pascal Bourdiaux (*Fiston*) and Fabrice Eboue (*Papa Maréchal*).

On air, the Group is strongly attached to revealing new talent, including young actors in its audiovisual coproductions (*Soda*, *Scènes de ménages*), presenters and hosts (Kareen Guiock, Alex Goude, Sandrine Corman, etc.) and programme participants (Thomas Boissy in music, Norbert Tarayre and Jean Imbert in cooking). This is the Group's trademark, which is accompanied by loyalty to the talent revealed, as shown by the Group's support for their shows, disc productions, recipe books, new films, etc.

7.4.2.4. Derive value from assets and work for the preservation of cultural heritage

The audiovisual rights subsidiaries of the Group contribute to the preservation of leading European films through the restoration of classic films.

This restoration work was initiated in 2005 with the purchase of SNC's catalogue of over 400 classic films by the M6 Group. This was continued in 2012, enabling the restoration of 4 additional films, including "*La Belle & la Bête*", "*Sylvie et le Fantôme*", "*Ces messieurs de la gâchette*" and "*Rocambole*". A total of 132 films have been fully restored by the end of 2012.

7.4.3. Fit-for-purpose governance structures

M6 corporate governance principles comply with standards and laws applicable in France. Since 2000, Métropole Télévision has been a limited liability company with an Executive Board and a Supervisory Board, which offers a clear separation between Group operational management and the supervision of that management.

In addition, contributing to preventing any excessive control and thus preserving a balance between shareholders, the cap on the number of voting rights and the organisation of corporate governance is repeated in the bylaws, pursuant to Article 2 of the agreement concluded with the CSA, which states that:

- Within the framework of the provisions of Article 28 and paragraph 1 of Article 39 of the Law of 30 September 1986, no shareholder or group of shareholders acting in concert may hold more than 34% of the total number of voting rights. No bylaw provision may call into question this cap, either directly or indirectly. This is a provision of the authorisation granted pursuant to Article 42-3 of the Law of 30 September 1986, as amended.
- At least a third of Supervisory Board members must be independent. A member of the Supervisory Board is deemed independent when he/she has no relationship of any kind with the Company, its Group or its management likely to compromise the exercise of his/her free judgement.

Lastly, within the M6 Group, there is an internal control mechanism with the objective of providing the means to achieve the objectives, both operational and financial, set by the Executive Board. The various procedures established enable the control of management action as well as the proper conduct of transactions, while preventing risks. This system guarantees reliable and accurate accounting information.

7.4.4. Balanced and transparent relations with partners

The role of the M6 Group with everyone it deals with such as shareholders, advertisers, viewers, customers or suppliers, is to maintain balanced and transparent relations with them.

In that respect, the Ethics Code to which all employees must adhere sets a number of principles referred to in section 7.1.8 of this management report.

7.4.4.1. Shareholders

The M6 Group places a strong emphasis on financial communication in order to deliver exact, precise and fair information to all shareholders, in accordance with applicable French standards and regulations. Seeking to be attentive to the financial community and its shareholders in this matter, the Group set up new information supports for individual and institutional shareholders, via a website dedicated to current finances in French and English: [www.groupem6.fr/rubrique Finances](http://www.groupem6.fr/rubrique_Finances)

Shareholders may contact the Company using the dedicated e-mail address: actionnaires@m6.fr.

In addition M6 regularly responds to questionnaires from non-financial rating agencies and maintains direct relations with socially responsible investors (SRIs) who can therefore underpin their assessments on the basis of in-depth discussions held in full transparency.

7.4.4.2. Advertisers

Relations with presenters and advertising agencies are governed by the Law of 1 April 1993, the so-called "Loi Sapin", which guarantees a perfectly transparent advertising market.

7.4.4.3. Suppliers

Relations with suppliers, particularly programme producers are governed by multi-year contracts as regards US studios (films series), that ensures smooth exchange of content. In addition, M6 Group plays a major role in creating French and European audiovisual and cinematic works, by dedicating a significant

part of its advertising revenue to numerous co-productions and by reserving part of its investments for independent producers.

More generally, M6 Group is pursuing a policy that aims to develop sustainable and balanced relations with its suppliers and sub-contractors: for all of its purchases, M6 follows an approach that aims to take into account not only economic factors but also social, corporate and environmental factors too. This policy is adhered to by the purchasing divisions of the various entities and subsidiaries of the Group.

7.4.4.4. Viewers

In order to strengthen dialogue with viewers and to reply to their queries as soon as possible, the M6 Group has set up a fully dedicated service for each channel. Building on this success, M6 Group also offered its viewers “6ter et vous”, which has been available since 12 December 2012, the day of the launch of 6ter, its third free-to-air channel.

In 2012, the 3 websites “M6 et vous.fr”, “W9 et vous.fr” and “6ter et vous”, devoted to viewers, recorded almost 3 million hits.

This procedure is used by the Group to improve its programming service and each day a summary of the various comments is created and distributed to the teams, who are dedicated to reviewing these expectations and viewer feedback.

In addition, more than 20,000 viewer queries were processed by e-mail (80%), by phone (18%) and by post (2%). The number of queries thus dropped by about 30% between 2011 and 2012, clearly demonstrating the change in viewer behaviour since the dedicated sites were created.

7.4.4.5. At the service of consumers

The M6 Group, with the development of its Ventadis business (Distance Selling) acquired real expertise in customer relationship management, from the original order to customer service, to deal with all calls and requests in the best timeframes and conditions. MisterGoodDeal was thus voted “best customer service of 2012” (Inférence Opérations - Viséo Conseil survey carried out between May and July 2011).

In 2010, Ventadis also achieved the AFAQ ISO 9001 Quality Certification for its “supply chain activities”, including customer relations, logistics and the Chilly-Mazarin distribution centre. This certificate was renewed by AFAQ in July 2011, with the extension of its scope to stores and collection points, then maintained at the end of the follow-up audit which took place in June 2012. With more than 400 customer service operators and 50,000 m² of dedicated warehousing, Ventadis thus does everything in its power to provide the best possible service for each of the 3 million parcels shipped every year.

8.1

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8. Combined Annual General Meeting of 13 May 2013

8.1. Proceedings and Agenda of the Combined Annual General Meeting of 13 May 2013

The Combined Annual General Meeting of the Company has been convened for 13 May 2013 and the agenda will be as follows:

Reports of the Executive Board:

- on the Group's activities during 2012;
- on the resolutions to be presented at the General Meeting;
- on the allocation of free shares to certain employees and/or executive officers during the year;
- on the allocation of share purchase options to certain employees and/or executive officers currently entitled.

Report of the Supervisory Board to the General Meeting

Report of the Chairman of the Supervisory Board on corporate governance and on internal control and risk management procedures

Statutory Auditors' reports:

- report on the consolidated financial statements for the year ended 31 December 2012;
- report on the parent company financial statements for the year ended 31 December 2012;
- report prepared in accordance with Article L. 225-235 of the Commercial Code on the report of the Chairman of the Supervisory Board regarding corporate governance and internal control and risk management procedures;
- special report on the regulated agreements and commitments covered by Articles L. 225-86 and subsequent of the Commercial Code;
- special report on the share capital reduction, as provided for by resolution 6;

Vote on resolutions:

The following resolutions will be submitted for approval by the General Meeting:

Resolutions for the Ordinary General Meeting:

- 1st resolution: Approval of the parent company financial statements for the year ended 31 December 2012, approval of non-tax deductible expenses and charges
- 2nd resolution: Approval of the consolidated financial statements for the year ended 31 December 2012
- 3rd resolution: Allocation of profits and setting of dividend
- 4th resolution: Approval of regulated agreements and commitments
- 5th resolution: Authorisation to be given to the Executive Board to enable the company to buy back its own shares under Article L. 225-209 of the Commercial Code; duration of the authorisation objectives, terms and conditions of the authorisation and maximum number of shares

Resolutions for the Extraordinary General Meeting:

- 6th resolution: Authorisation to be given to the Executive Board to cancel shares bought back under Article L. 225-209 of the Commercial Code; duration of the authorisation and maximum number of shares,
- 7th resolution: Powers to execute formalities.

8.2. Report of the Executive Board to the Combined General Meeting of 13 May 2013

Ladies and Gentlemen,

We have convened this Combined General Meeting to submit the following resolutions for your approval:

In ordinary session:

The **1st resolution** submits for shareholder approval the financial statements of the Company for the year ended 31 December 2012, which show a profit of €116,345,431.

This resolution also concerns the approval of the expenses and charges stipulated in Article 39-4 of the General Tax Code, totalling €35,709 and the corresponding tax charge of €12,810.

The **2nd resolution** submits for shareholder approval the consolidated financial statements for the year ended 31 December 2012, which show a profit attributable to the Group of €140,159,160.

The **3rd resolution** concerns the allocation of Métropole Télévision SA profits of €116,345,431 for the year ended 31 December 2012. This profit, together with the retained earnings of €387,673,698, thus brings the total distributable profit to €504,019,129. It is proposed to distribute €232,885,333.40 in dividends, leaving a balance of €271,133,795.60.

Therefore, the dividend shall be €1.85 gross per share.

If this proposal is adopted, the ex-dividend date will be 20 May 2013 and the dividend will be paid on 23 May 2013 in two separate lines showing an ordinary dividend of €0.85 per share and an extraordinary dividend of €1 per share.

The **4th resolution** submits for shareholder approval the regulated agreements and commitments covered by Articles L. 225-86 and subsequent of the Commercial Code and concluded during 2012, as mentioned in the conclusions of the Statutory Auditors' Special Report.

The **5th resolution** submitted for shareholder approval concerns the authorisation to be given to the Executive Board to enable the Company to buy back its own shares, within the limits set by the shareholders and pursuant to the provisions of Article L. 225-209 and subsequent of the Commercial Code.

This authorisation would permit the purchase of up to 5% of the share capital at a maximum price of €18 per share during a period of 18 months. The maximum amount of this transaction would be set at €113,295,567.60. The report of the Executive Board includes the features of the buyback programme proposed this year and provides information on the use of the previous programme.

In extraordinary session:

The **6th resolution** submits for shareholder approval the authorisation to be given to the Executive Board to reduce the share capital by cancellation of treasury shares within the limit of 5% of the share capital of the Company, as calculated on the day of the cancellation, after deducting cancellations carried out within the last 24 months.

The delegations and authorisations to be granted by resolutions 5 and 6 will supersede previous authorisations of the same nature granted to the Executive Board by the General Meeting of 3 May 2012.

The **7th resolution** submitted for shareholder approval concerns the delegation of powers to complete formalities.

We trust that these proposals will receive your support.

Neuilly sur Seine, 29 March 2013.

The Executive Board

8.3. Report of the Supervisory Board to the Combined General Meeting

Ladies and Gentlemen,

At this Combined General Meeting called in accordance with the law and the bylaws, you have just received the reports of the Executive Board and the Statutory Auditors for the year ended 31 December 2012.

In accordance with Article L.225-68 of the Commercial Code, we bring to your attention our observations regarding the Report of the Executive Board and the financial statements for the year ended 31 December 2012.

In addition we bring to your attention the work of the Supervisory Board.

1. Observations on the work of the Supervisory Board

The Report of the Executive Board to the General Meeting does not call for any specific comments by the Supervisory Board.

The financial statements for the year ended 31 December 2012, as presented to you, after review by the Audit Committee and certification by the Statutory Auditors, do not call for any comment by the Supervisory Board.

The Board has reviewed the proposed resolutions submitted to the General Meeting and invites you to approve them in order to give the Executive Board the necessary means by which to fulfil its role.

Independence of Board members

Having duly noted that no member of the Board needs to be appointed or re-appointed at the next Annual General Meeting, the Board has reviewed the independence of each of its members, as provided by its Internal Regulations and the AFEP-MEDEF Corporate Governance Code.

Following this review, and in light of the independence criteria defined within the Supervisory Board's internal regulations, the Board confirmed the independence of Albert Frère, Gérard Worms, Guy de Panafieu, Gilles Samyn and Delphine Arnault and Mouna Sepehri, and that Rémy Sautter, Guillaume de Posch, Philippe Delusinne, Vincent de Dorlodot, Elmar Heggen, Christopher Baldelli and Catherine Lenoble (representative of Immobilière Bayard d'Antin) were not independent members.

2. Work of the Supervisory Board

In accordance with legal regulations and in addition to the review of the parent company financial statements and the Report of the Executive Board, on which the Supervisory Board has just informed you of its observations, the Supervisory Board will periodically hear reports from the Executive Board on the Company's operations. The Supervisory Board authorises major investments, the granting of security and partial or total disposals of shareholdings and property assets and rights.

Aside from these duties, the key deliberations of the Supervisory Board since the last Annual General Meeting of shareholders concerned:

- the half-year and full-year financial statements;
- the budget for 2013;
- the quarterly financial position at 31 March 2012 and 30 September 2012;
- the main investment projects, particularly in programming;
- the allocation of free shares to a number of Group employees and senior executives;
- the renewal of the share buyback agreement with a view to cancelling the said shares and the master

cash management agreement with RTL;
- the renewal of the authorisation granted to the Executive Board to grant deposits, guarantees and sureties;

We have no further comments to make.

Neuilly-sur-Seine, 2 April 2013.

The Supervisory Board

8.4. Resolutions presented to the Combined Annual General Meeting

In ordinary session:

First resolution

Approval of the parent company financial statements for the year ended 31 December 2012, approval of non-tax deductible expenses and charges

After reviewing the report of the Executive Board and the observations of the Supervisory Board, the report of the Chairman of the Supervisory Board and the Statutory Auditors' reports on the parent company financial statements for the year ended 31 December 2012, the Ordinary General Meeting hereby:

- approves the parent company financial statements for the year ended 31 December 2012 as presented, which show a net profit of €116,345,431,
- accordingly, approves the transactions reflected in the financial statements and/or summarised in the reports,
- specifically approves the overall total of €35,709, being the expenses and charges set forth in Article 39-4 of the General Tax Code and the corresponding tax charge of €12,810.

Second resolution

Approval of the consolidated financial statements for the year ended 31 December 2012

After reviewing the report of the Executive Board, the Statutory Auditors' reports on the consolidated financial statements, the observations of the Supervisory Board and the report of the Chairman of the Supervisory Board, the Ordinary General Meeting hereby approves the consolidated financial statements for the year ended 31 December 2012, prepared in accordance with Articles L. 233-16 and subsequent of the Commercial Code as presented, which show a net profit of €140,159,160.

Third resolution

Allocation of profits and setting of dividend

The Ordinary General Meeting approves the allocation of the profit of Métropole Télévision SA as proposed by the Executive Board as follows:

Origin

- Net profit for the year	€116,345,431
- Retained earnings brought forward from prior years	€387,673,698

Allocation

- Dividends	€232,885,333.40
- Retained earnings carried forward	€271,133,795.60

Retained earnings therefore decreased from €387,673,698 to €271,133,795.60.

As a result, an overall gross dividend of €1.85 will be payable to shares eligible for a dividend, it being noted that in the event of a change in the number of shares eligible for dividend compared to the 125,883,964 shares comprising the share capital at 31 December 2012, the total amount of dividends will be adjusted accordingly and the retained earnings carried forward will be determined on the basis of dividends effectively paid.

It should be noted that the full amount thus distributed is eligible for the 40% tax relief referred to in Article 158-3-2 of the General Tax Code.

The ex-dividend date will be 20 May 2013.

The payment of the €1.85 gross dividend per share shall be made on 23 May 2013 in two separate lines showing an ordinary dividend of €0.85 per share and an extraordinary dividend of €1 per share.

Pursuant to Article 243 (ii) of the General Tax Code, the General Meeting notes that the dividends paid and the distributions made over the past three financial years were as follows:

Financial year	<i>ELIGIBLE FOR TAX RELIEF</i>		DISTRIBUTION NOT ELIGIBLE FOR TAX RELIEF
	DIVIDENDS	OTHER DISTRIBUTIONS	
2009	€303,043,521 being €2.35 per share	–	–
2010	€128,957,939 being €1 per share	–	–
2011	€126,383,964 being €1 per share	–	–

* Not taking into account undistributed dividends attributable to treasury shares.

Fourth resolution

Approval of regulated agreements and commitments

After reviewing the Statutory Auditors' Special Report, the Ordinary General Meeting hereby approves the new agreements and commitments mentioned in that Report.

Fifth resolution

Authorisation to be given to the Executive Board to enable the company to buy back its own shares under Article L. 225-209 of the Commercial Code, duration of the authorisation, objectives, terms and conditions and maximum number of shares

After reviewing the report of the Executive Board's, and in accordance with Article L. 225-209 and subsequent of the Commercial Code, the Ordinary General Meeting authorises the Executive Board, for a period of eighteen months, to buy back Company shares, on one or more occasions, at the discretion of the Executive Board, up to a limit of 5% of the share capital, based either on current share capital, or as adjusted to take account of any capital increase or reduction during the period.

This authorisation supersedes the prior authorisation granted to the Executive Board by the Ordinary General Meeting on 3 May 2012 in its eighteenth resolution in ordinary session.

The acquisition of shares may be made in order to:

- stimulate the active secondary market or liquidity of the Métropole Télévision share through a liquidity contract managed by an intermediary investment service provider, in compliance with the AMAFI's ethical code approved by the AMF,
- retain shares purchased and ultimately use them via exchange or payment within the framework of acquisitions,
- ensure adequate coverage for share option plans and other forms of share allocations to Group employees and/or executive officers within the conditions and according to the methods permitted by law, notably by sharing in the profits of the entity, through a group savings plan or by granting free shares,

- ensure adequate coverage of marketable securities giving right to Company shares within the framework of current regulations,
- cancel shares subject to approval of the 6th resolution by this Extraordinary General Meeting of shareholders.

Shares may be bought back by any means, including through the acquisition of blocks of shares, and at the times the Executive Board will deem fit.

The acquisition of these shares may be carried out specifically during a period of a public offering in accordance with Article 231-40 of the AMF General Regulations, if on the one hand, the offer is fully paid in cash, and on the other hand, if the buyback transactions are carried out as part of the continuing implementation of the current plan and are not likely to jeopardise the offer.

The Company retains the right to use options or derivative products within the framework of applicable regulations.

The maximum purchase price is set at €18 per share. In the event of a change in capital through the allocation of free shares or a division or consolidation of shares, the price indicated above will be adjusted by a factor equal to the ratio between the number of shares comprising the share capital before and after the transaction.

The maximum amount of the transaction is therefore set at €113,295,567.60.

The General Meeting confers full powers on the Executive Board to proceed with these transactions, set the terms and conditions, conclude all agreements and perform all formalities.

In extraordinary session:

Sixth resolution

Authorisation to be given to the Executive Board to cancel shares bought back under Article L. 225-209 of the Commercial Code

After reviewing the report of the Executive Board and the Statutory Auditors' Report, the Extraordinary General Meeting:

- 1) Authorises the Executive Board to cancel, at its own discretion, on one or more occasions and within the limit of 5% of the share capital, as calculated on the day of the decision to cancel them and excluding any shares cancelled during the preceding 24-month period, shares that the Company holds or may come to hold following buybacks carried out pursuant to Article L. 225-209 of the Commercial Code, as well as reducing the share capital accordingly, in accordance with legal provisions and regulations in force,
- 2) Sets the validity of this authorisation to a period of twenty-four months from the date of this General Meeting, being until 12 May 2015,
- 3) Confers full powers to the Executive Board to carry out the necessary transactions for the cancellation and reduction of the share capital, amend the Company's bylaws accordingly and carry out all necessary formalities.

Seventh resolution

Powers to complete formalities

The General Meeting confers full powers on a bearer of copies or certified extracts of the minutes of this meeting to make all filings and advertising and to carry out any other legal and administrative formalities as required, in accordance with the law.

8.5. Special report on the share capital reduction provided for by the 6th resolution to the Combined General Meeting of 13 May 2013

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
France

Ernst & Young et Autres
Tour First, 1, place des Saisons
92400 Courbevoie
France

Métropole Télévision S.A.

Registered office: 89, avenue Charles de Gaulle - 92575 Neuilly-sur-Seine Cedex

Share capital social: €50,353,585.60

Financial year ended 31 December 2012

Statutory Auditors' report on the share capital reduction

(Combined General Meeting of 13 May 2013 – sixth resolution)

To the Shareholders,

As Statutory Auditors of your Company and in execution of our assignment under Article L. 225-209 of the Commercial Code in the event of a reduction in capital arising from shares bought back, we present our report with a view to providing you with our opinion on the reasons for and the terms and conditions of the proposed capital reduction.

Your Executive Board proposes that you delegate to it, for a period of 24 months starting on the date of this General meeting, all powers to cancel the shares thus purchased in respect of the implementation of the authorisation for your Company to purchase its own shares in accordance with the provisions of the above-mentioned article, up to the limit of 5% of its share capital and by twenty four-month periods.

We have performed the due diligence procedures that we deemed necessary in the light of the professional standards of the Compagnie Nationale des Commissaires aux Comptes applicable to this assignment, in order to verify whether the reasons for and the terms and conditions of the proposed share capital reduction, which is not liable to affect the equality of shareholders, are reasonable.

We have no comments to make on the reasons for and the terms and conditions of the proposed capital reduction.

Neuilly-sur-Seine and Paris La Défense, 4 April 2013

The Statutory Auditors

PricewaterhouseCoopers Audit
Marc Ghiliotti
Partner

Ernst & Young et Autres
Bruno Perrin
Partner

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9. Other information

9.1. Statutory Auditors fees

Statutory Auditors fees for 2012 and other fees billed in 2012 (amounts excl. taxes):

(€ thousands)	Ernst & Young				PWC				TOTAL			
	2012	2011	% 2012	% 2011	2012	2011	% 2012	% 2011	2012	2011	% 2012	% 2011
Audit												
Statutory Audit, Certification of parent company and consolidated financial statements	318	304	100%	91%	462	438	99%	98%	780	742	99%	95%
<i>Métropole Télévision</i>	126	123	40%	37%	126	123	27%	28%	252	246	32%	32%
<i>Fully-consolidated subsidiaries</i>	192	181	60%	54%	336	315	72%	71%	528	496	67%	64%
Other related assignments and other audit assignments	-	29	-	-	7	8	2%	2%	7	37	1%	5%
<i>Métropole Télévision</i>	-	-	-	-	-	-	-	-	0	0	-	-
<i>Fully-consolidated subsidiaries</i>	-	29	-	-	7	8	2%	2%	7	37	1%	5%
Sub-total	318	333	100%	100%	469	446	100%	100%	787	779	100%	100%
Other services												
Legal, fiscal, corporate	-	-	-	-	-	-	-	-	-	-	-	-
Other services	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	318	333	100%	100%	469	446	100%	100%	787	779	100%	100%
TOTAL in %	40.4%	42.7%			59.6%	57.3%						

The Group may need to call in other Statutory Auditors for recently-acquired subsidiaries or whose operations are not significant. Such fees totalled €11.3 thousand in 2012, representing 1% of services provided by the Statutory Auditors.

9.2. Changes in accounting principles

The consolidated financial statements at 31 December 2012 have been prepared in accordance with the IAS/IFRS (International Financial Reporting Standards) in force within the European Union at that date. Changes in standards in force at 31 December 2012 are set out in detail in Note 3 to the consolidated financial statements of this document.

Furthermore, the parent company financial statements at 31 December 2012 have been prepared in accordance with the French Chart of Accounts. Changes in standards in force at 31 December 2012 are set out in detail in Note 2 to the parent company financial statements of this document.

9.3. Other information in respect of the parent company financial statements

9.3.1. Tax information

FINANCIAL STATEMENTS AT 31 DECEMBER 2012	Amount (€ thousands)
Total of expenses and charges excluded from deductible expenses (Article 39-4 of the Income Tax Code)	35.7
Total amount of attendance fees excluded from deductible expenses (Article 210 (vi) of the Income Tax Code)	0
Remunerations and other charges relating to the 10 highest paid persons	5,805.9
Gifts and reception costs	406.4
Expenses reported on the special summary of General Expenses (Article 223 (v) of the Income Tax Code)	
Expenses added back to taxable profit	35.7

9.3.2. Corporate information

The Company will provide any shareholder who requests it with a copy of the corporate report provided by Articles L.2323-68 and subsequent of the Labour Code.

9.4. Person responsible for the Registration Document

I certify that, after taking all reasonable measures to this effect and to the best of my knowledge, the information set out in this Registration Document is accurate and contains no omission which could impair its meaning.

I certify that, to my knowledge, the financial statements have been prepared in accordance with professional accounting standards applicable in France and give a fair view of the assets, financial situation and performance of the Company and of all companies included in the consolidation scope, and that the enclosed Management Report, indexed in the cross-reference table filed page 284 of this document, gives a true view of the business situation, performance and financial situation of the Group and of all companies included in the consolidation, as well as a description of main risks and uncertainties encountered.

I have obtained from the Auditors a letter issued upon completion of their assignment, stating that they have verified the information concerning the financial position and financial statements presented in this Registration Document and that they have read the entire Registration Document.

The consolidated financial statements for the year ended 31 December 2012 have been subject to a report issued by the Auditors, as shown on pages 211-212, which contains one observation.

The consolidated financial statements for the year ended 31 December 2010 have been subject to a report issued by the Auditors, as shown on pages 225-226 of the Registration Document filed with the AMF on 12 April 2011 under D.11-0282, which contains one observation.

Neuilly-sur-Seine, 15 April 2013

Nicolas de Tavernost

Chairman of the Executive Board

9.5. Information included by reference

Pursuant to Article 28 of Regulation (EC) N° 809/2004 of the Commission, the following information is included by reference in this Registration Document:

- The consolidated financial statements for the year ended 31 December 2011 and the relevant report of the Statutory Auditors included in pages 170 to 228 of the 2011 registration document, registered with the AMF on 11 April 2012 with number D.12-0325, as well as financial information on pages 5 to 166 of the same registration document for 2011.
- The consolidated financial statements for the year ended 31 December 2010 and the relevant report of the Statutory Auditors included in pages 166 to 226 of the 2010 registration document, registered with the AMF on 12 April 2011 with number D.11-0282, as well as financial information on pages 11 to 163 of the same registration document for 2010.

9.6. Persons responsible for financial information

Jérôme Lefébure

Chief Financial Officer

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Deputy Chief Financial Officer

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- i. **Statement of the previous buyback programme**
This information is available on pages 103 and 104 of this Registration Document.
- ii. **Breakdown by objective of shares held by the Company at present**
This information is available on pages 103 to 107 of this Registration Document.
- iii. **New buyback programme**
This information is available on pages 105 and 106 of this Registration Document.

2. ANNUAL FINANCIAL REPORT

- i. **Parent company financial statements**
The parent company financial statements for the year ended 31 December 2012 are available on pages 213 to 233 of this Registration Document.
- ii. **Consolidated financial statements**
The consolidated financial statements for the year ended 2012 are on pages 152 to 210 of this Registration Document.
- iii. **" Management Report" according to Article 222-3-3 of the AMF General Regulations**
 - a. True and fair view of the business, sales and financial position of the Group and the companies included in the consolidation scope and a description of major risks and uncertainties
This information is available on pages 13 to 37, 78 to 93, 118 to 132, and 134 to 149 of this Registration Document.
 - b. Information that could have an influence in a public offering context
N/A
 - c. Information on the buyback programme situation at year-end
This information is available on pages 103 to 104 of this Registration Document.
 - d. Statement of the persons responsible for the Annual Financial Report
This information is available on pages 281 of this Registration Document.
 - e. Social and environmental information
This information is available on pages 244 to 268 of this Registration Document.
 - f. Statement of reasons for the resolutions proposed by the Executive Board
This information is available on pages 271 to 274 of this Registration Document.
 - g. Resolutions proposed by the Executive Board to the General Meeting
This information is available on pages 275 à 277 of this Registration Document.
 - h. Summary of financial results of the last 5 years
This information is available on page 236 of this Registration Document.
 - i. Chairman's report on corporate governance and internal control
This information is available on pages 78 to 93 of this Registration Document.

iv. **Reports of the Statutory Auditors on parent company and consolidated financial statements**

This information is available on pages 211 to 212, and 234 to 235 of this Registration Document.

4. **FEES OF STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORK**

This information is available on page 280 of this Registration Document.

MÉTROPOLE TÉLÉVISION

Public limited company governed by an Executive Board and a Supervisory Board
with share capital of €50,353,585.60

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