



MÉTROPOLE TÉLÉVISION

Public limited company governed by an Executive Board and a Supervisory Board
with share capital of €50,386,179.60

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Consolidated financial statements at 31/12/2014

1. Consolidated statement of financial position

ASSETS			
(€ millions)	Note n°	31/12/2014 (1) (2)	31/12/2013 (1) (2)
Goodwill	15 and 16	72.7	63.4
Audiovisual rights	15	38.7	38.4
Other intangible assets	15	74.1	78.5
INTANGIBLE ASSETS		185.5	180.3
Land	17	19.3	19.3
Buildings	17	81.2	85.7
Other property, facilities and equipment	17	20.8	23.2
PROPERTY, FACILITIES AND EQUIPMENT		121.2	128.1
Financial assets available for sale	20.1	0.2	0.2
Other non-current financial assets	20.1	4.7	22.9
Equity investments in joint ventures and associates	19	5.6	2.4
FINANCIAL ASSETS		10.5	25.4
Deferred tax assets	11	19.9	22.6
TOTAL NON-CURRENT ASSETS		337.1	366.4
Broadcasting rights inventory	18	203.3	168.5
Other inventories	18	13.5	11.6
Trade receivables	20.1	264.9	244.2
Current tax		7.4	0.5
Derivative financial instruments	21.3	1.8	-
Other current financial assets	20.1	20.0	-
Cash and cash equivalents	20.1	260.9	285.4
Other current assets	20.1	155.1	149.9
TOTAL CURRENT ASSETS		926.9	860.1
Assets of operations held for sale / sold	12	-	31.9
TOTAL ASSETS		1,264.0	1,248.4
EQUITY AND LIABILITIES			
(€ millions)	Note n°	31/12/2014 (1) (2)	31/12/2013 (1) (2)
Share capital		50.5	50.4
Share premium		5.4	1.2
Treasury shares		(1.2)	(6.9)
Consolidated reserves		408.6	417.4
Other reserves		(5.4)	(2.3)
Net profit for the year (Group share)		123.4	112.0
GROUP EQUITY		581.4	571.7
Non-controlling interests		(0.3)	0.3
SHAREHOLDERS' EQUITY	22	581.1	572.0
Provisions	23 and 24	10.3	8.2
Financial debt	20.2	2.2	1.6
Other financial liabilities	20.2	18.9	-
Liabilities relating to non-current assets		-	0.2
Other liabilities	20.2	0.9	0.2
Deferred tax liabilities	11	-	-
TOTAL NON-CURRENT LIABILITIES		32.4	10.2
Provisions	24	86.2	85.9
Financial debt	20.2	0.5	0.8
Derivative financial instruments	21.3	-	1.0
Other financial liabilities	20.2	13.8	-
Trade payables	20.2	393.0	383.0
Other operating liabilities	20.2	53.5	50.5
Current tax		1.3	5.2
Tax and social security payable	20.2	85.4	89.1
Liabilities relating to non-current assets	20.2	16.9	23.3
TOTAL CURRENT LIABILITIES		650.5	638.7
Liabilities of operations held for sale / sold	12	-	27.5
TOTAL EQUITY AND LIABILITIES		1,264.0	1,248.4

⁽¹⁾ Pursuant to IFRS 5 – *Non-current assets held for sale and discontinued operations*, Mistergooddeal was presented as an operation held for sale in the consolidated statement of comprehensive income for the 2013 financial years (see Note 12).

⁽²⁾ Due to the retrospective application of IFRS 11 – *Joint arrangements* at 1 January 2013 (see Notes 5 and 19), the presentation of the consolidated statement of financial position for the 2013 financial year has been modified, since joint ventures are no longer proportionally consolidated but accounted for using the equity method.

2. Consolidated statement of comprehensive income

<i>(€ millions)</i>	Note n°	31/12/2014 (1) (2)	31/12/2013 (1) (2)
CONSOLIDATED INCOME STATEMENT			
Revenue	7	1,257.9	1,253.2
Other operating revenues	8.1	12.9	14.9
Total operating revenues		1,270.8	1,268.1
Materials and other operating expenses	8.2	(647.9)	(636.3)
Personnel costs (including profit sharing plan contributions)	8.4	(238.4)	(248.7)
Taxes and duties		(56.8)	(58.9)
Net depreciation/amortisation/provision charges	8.3	(120.6)	(113.7)
Impairment of unamortised intangible assets	8.3 / 16	-	-
Total operating expenses		(1,063.7)	(1,057.6)
Capital gains on disposals of non-current assets		-	-
Operating profit		207.1	210.5
Income generated by cash balances		4.8	4.6
Cost of debt		(0.2)	(0.1)
Revaluation of derivative financial instruments		(0.2)	(0.1)
Proceeds from the disposal of financial assets available for sale	20.1	-	13.6
Other financial expenses		(0.7)	(0.4)
Net financial income	10	3.7	17.7
Share of profit of joint ventures and associates		(0.2)	0.1
Profit before tax		210.6	228.3
Income tax	11	(87.4)	(97.5)
Net profit from continuing operations		123.2	130.8
Net profit/(loss) from operations held for sale / sold	12	-	(18.7)
Net profit for the year		123.2	112.1
attributable to the Group		123.4	112.0
attributable to non-controlling interests		(0.2)	0.1
Earnings per share - basic (€ - Group share)	13	0.983	0.894
Earnings per share from continuing operations - basic (€ - Group share)	13	0.982	1.043
Earnings per share - diluted (€ - Group share)	13	0.976	0.889
Earnings per share from continuing operations - diluted (€ - Group share)	13	0.976	1.038
CONSOLIDATED COMPREHENSIVE INCOME			
Consolidated net profit		123.2	112.1
<i>Other items of comprehensive income transferable to the income statement:</i>			
Change in value of derivative instruments		(4.8)	2.6
Change in value of assets available for sale	20.1	-	(3.2)
Change in value of translation adjustment		0.1	(0.4)
Tax on transferable items	11	1.6	0.2
<i>Other items of comprehensive income non-transferable to the income statement:</i>			
Actuarial gains and losses		(1.7)	(0.0)
Tax on non-transferable items	11	0.6	0.0
Other items of comprehensive income		(4.1)	(0.8)
Other items of comprehensive income of operations held for sale / sold		-	0.0
Comprehensive income for the year		119.1	111.4
attributable to the Group		119.1	111.4
attributable to non-controlling interests		-	-

⁽¹⁾ Pursuant to IFRS 5 – *Non-current assets held for sale and discontinued operations*, Mistergooddeal is presented as an operation held for sale / sold in the consolidated statement of comprehensive income for the 2014 and 2013 financial years (see Note 12).

⁽²⁾ Due to the retrospective application of IFRS 11 – *Joint arrangements* at 1 January 2013 (see Notes 5 and 19), the presentation of the consolidated statement of comprehensive income for the 2013 financial year has been modified, since joint ventures are no longer proportionally consolidated but accounted for using the equity method.

3. Consolidated statement of cash flows

<i>(€ millions)</i>	Note n°	31/12/2014 (1) (2)	31/12/2013 (1) (2)
Operating profit from continuing operations		207.1	210.5
Non-current asset depreciation and amortisation		120.8	116.9
Capital gains (losses) on disposals		(5.5)	(8.5)
Other non-cash items		5.4	4.8
Operating profit after restatement for non-cash items		327.9	323.8
Income generated by cash balances	10	4.8	4.4
Interest paid	10	(0.1)	(0.2)
SELF-FINANCING CAPACITY BEFORE TAX		332.7	327.9
Movements in inventories	18	(34.1)	(2.6)
Movements in trade receivables	20	(13.3)	19.5
Movements in operating liabilities	20	3.6	32.8
NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS		(43.8)	49.8
Income tax paid	11	(87.1)	(81.5)
CASH FLOW FROM OPERATING ACTIVITIES		201.8	296.2
Investment activities			
Intangible assets acquisitions	15	(107.1)	(97.3)
Property, facilities and equipment acquisitions	17	(7.7)	(9.6)
Investments acquisitions	20	(2.8)	(0.5)
Cash and cash equivalents arising from subsidiary acquisitions		(7.6)	(0.1)
Cash and cash equivalents arising from subsidiary disposals		1.9	-
Disposals of intangible assets and property, facilities and equipment	15 /17	5.2	18.1
Disposals of investments	20	(0.1)	11.4
Dividends received		0.6	0.5
CASH FLOW FROM INVESTMENT ACTIVITIES		(117.6)	(77.4)
Financing activities			
Share capital increases	22	-	-
Financial assets	20	(0.8)	(0.3)
Financial liabilities		(1.3)	(0.0)
Income from the exercise of stock options	22	0.3	1.2
Purchase and sale of treasury shares	22	0.0	(2.6)
Dividends paid to shareholders of the parent company	14	(107.1)	(231.9)
NET CASH FROM FINANCING ACTIVITIES		(108.8)	(233.6)
Cash flow linked to operations held for sale / sold	12	0.0	(7.5)
Translation effect on cash and cash equivalents		0.1	(0.4)
NET CHANGE IN CASH AND CASH EQUIVALENTS	20	(24.5)	(22.7)
Reclassification of cash and cash equivalents of operations held for sale / sold	12	-	(5.2)
Cash and cash equivalents - start of year	20	285.4	313.3
CASH AND CASH EQUIVALENTS - END OF YEAR		260.9	285.4

⁽¹⁾ Pursuant to IFRS 5 – *Non-current assets held for sale and discontinued operations*, Mistergooddeal is presented as an operation held for sale / sold in the consolidated statement of cash flows for the 2014 and 2013 financial years (see Note 12).

⁽²⁾ Due to the retrospective application of IFRS 11 – *Joint arrangements* at 1 January 2013 (see Notes 5 and 19), the presentation of the consolidated statement of cash flows for the 2013 financial year has been modified, since joint ventures are no longer proportionally consolidated but accounted for using the equity method.

4. Consolidated statement of changes in equity

(€ millions)	Number of shares (thousands)	Share capital	Share premium	Treasury shares	Consolidated reserves Group net profit	Fair value movements Foreign exchange difference	Equity Group share	Non- controlling interests	Shareholders' equity
BALANCE AT 1 JANUARY 2013	125,884.0	50.4	-	(8.8)	647.7	(1.6)	687.6	0.2	687.8
Change in value of derivative instruments						1.7	1.7	-	1.7
Change in value of assets available for sale						(2.1)	(2.1)	-	(2.1)
Actuarial gains and losses					0.0	0.0	0.0	-	0.0
Foreign exchange difference						(0.4)	(0.4)	-	(0.4)
Other items of comprehensive income					0.0	(0.8)	(0.7)	-	(0.7)
Net profit for the year					112.0		112.0	0.1	112.1
Total comprehensive income for the year					112.1	(0.8)	111.3	0.1	111.4
Dividends paid					(231.9)		(231.9)		(231.9)
Changes in consolidating company's equity	81.5	0.0	1.2				1.2		1.2
Purchases/sales of treasury shares				1.9	(2.9)		(1.0)		(1.0)
Total transactions with shareholders		0.0	1.2	1.9	(234.9)		(231.8)		(231.8)
Cost of stock options and free shares (IFRS 2)					4.4		4.4		4.4
Free shares allocation hedging instruments					0.1		0.1		0.1
Other movements							-		-
BALANCE AT 31 DECEMBER 2013	125,965.4	50.4	1.2	(6.9)	529.4	(2.3)	571.7	0.3	572.0
BALANCE AT 1 JANUARY 2014	125,965.4	50.4	1.2	(6.9)	529.4	(2.3)	571.7	0.3	572.0
Change in value of derivative instruments						(3.0)	(3.0)	-	(3.0)
Change in value of assets available for sale						-	-	-	-
Actuarial gains and losses					(1.1)	-	(1.1)	-	(1.1)
Foreign exchange difference						-	-	-	-
Other items of comprehensive income					(1.1)	(3.0)	(4.1)	-	(4.1)
Net profit for the year					123.4		123.4	(0.2)	123.2
Total comprehensive income for the year					122.4	(3.0)	119.3	(0.2)	119.1
Dividends paid					(107.0)		(107.0)	(0.0)	(107.1)
Changes in consolidating company's equity	297.0	0.1	4.3				4.4		4.4
Purchases/sales of treasury shares				5.7	(3.7)		2.0		2.0
Total transactions with shareholders		0.1	4.3	5.7	(110.7)		(100.7)	(0.0)	(100.7)
Cost of stock options and free shares (IFRS 2)					5.2		5.2		5.2
Free shares allocation hedging instruments							-		-
Other movements ⁽⁹⁾					(14.2)		(14.2)	(0.3)	(14.5)
BALANCE AT 31 DECEMBER 2014	126,262.4	50.5	5.4	(1.2)	532.0	(5.4)	581.4	(0.3)	581.1

⁽⁹⁾ Pursuant to IFRS 10 – Consolidated financial statements, the option on the outstanding 49% stake in Best of TV has been recognised under equity at the fair value used at the acquisition date, namely €16.3 million. Of the €16.3 million, €4.0 million has been allocated to non-controlling interests (to neutralise the share of Best of TV's shareholders' equity at the acquisition date) and €12.3 million to the Group's consolidated reserves). Likewise, the call option on the outstanding 20% stake in Printric has been recognised under equity at its fair value, namely €2.2 million at 31 December 2014.

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Unless otherwise stated, all amounts presented in the notes are expressed in millions of Euros.

1. Financial year significant events

On 7 January 2014, through its subsidiary Home Shopping Service (Ventadis division), the Group finalised the acquisition of 51% of the share capital of Best of TV, a French importer and distributor to points of sales of products whose sales was initiated via teleshopping (see Note 6).

On 31 March 2014, the Group sold the entire share capital of Mistergooddeal to Darty Group. Pursuant to IFRS 5 – *Non-current assets held for sale and discontinued operations*, Mistergooddeal's Q1 2014 activities are presented as “operations sold” (see Note 12).

On 25 April 2014, the General Management of TF6 announced that the channel would stop being broadcast on 31 December 2014, the decline in advertising revenues being unable to be offset by a significant rise in the fees of pay TV distributors.

On 2 June 2014, the Group, which through its subsidiary Home Shopping Service held 95% of the share capital of MonAlbumPhoto, increased its stake to 100% of the share capital.

On 16 September 2014, the Group, through its subsidiary MonAlbumPhoto, concluded the acquisition of 80% of the share capital of Printic, a company that develops mobile applications enabling the printing of photos, albums, calendars and posters from a mobile phone (see Note 6).

On 9 October 2014, the Group and Disney renewed their multi-year agreement for the acquisition and broadcast of programmes produced by the Disney and Disney Pixar labels.

On 26 November 2014, the Group released its animated film “Astérix - Le Domaine des Dieux” which had achieved ticket sales of 2.6 million at 31 December 2014.

2. Company information

The consolidated financial statements at 31 December 2014 of the Group of which Métropole Télévision is the parent company (the Group) were approved by the Executive Board and reviewed by the Supervisory Board on 17 February 2015. They will be submitted for approval to the next Annual General Meeting on 28 April 2015.

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, Luxembourg and Frankfurt stock exchanges.

3. Preparation and presentation of the consolidated financial statements

3.1. Accounting framework

The consolidated financial statements at 31 December 2014 have been prepared in accordance with the IFRS (International Financial Reporting Standards) in force within the European Union at that date. They are presented with comparative figures for 2013 prepared under the same framework.

The IFRS standards adopted by the European Union at 31 December 2014 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 2013;
- options retained and exemptions used.

NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS IN FORCE IN THE EUROPEAN UNION, THE APPLICATION OF WHICH IS MANDATORY FOR FINANCIAL YEARS STARTING ON OR AFTER 1 JANUARY 2014

The adoption of IFRS 10 – *Consolidated financial statements*, IFRS 11 – *Joint arrangements*, IFRS 12 – *Disclosure of interests in other entities*, as well as revised IAS 27 – *Separate financial statements* and revised IAS 28 – *Investments in associates and joint ventures*, applicable to financial years starting on or after 1 January 2014, affects the Group's accounting rules and methods.

The main impact for the Group is the change of consolidation method of joint ventures, which are no longer proportionally consolidated but accounted for using the equity method.

These changes are presented in greater detail in Note 5 *Changes in methods*.

Other standards and IFRS amendments applicable to the 2014 financial year had no material impact on the Group's consolidated financial statements at 31 December 2014:

- Amendments to IAS 19 – *Defined benefit plans: employee contributions*;
- Amendments to IAS 32 – *Offsetting financial assets and financial liabilities*;
- Amendments to IAS 36 – *Recoverable amount disclosures for non-financial assets*;
- Amendments to IAS 39 and IFRS 9: *Novation of derivatives and continuation of hedge accounting*;
- Annual improvements to IFRS (cycles 2010-2012 and 2011-2013).

APPLICATION OF NEW STANDARDS PRIOR TO THE DATE ON WHICH THEIR APPLICATION BECOMES MANDATORY



The Group has chosen not to apply in advance the following texts, the application of which is not mandatory until after 1 January 2014:

- IFRIC 21 – *Levies charged by public authorities*, applicable to financial years starting on or after 1 January 2015;

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:

- Amendments to IAS 1 – *Presentation of financial statements – Disclosure initiative*, applicable to financial years starting on or after 1 January 2016;
- Amendments to IAS 16 and IAS 38 – *Clarification of acceptable methods of depreciation and amortisation*, applicable to financial years starting on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 – *Sale or contribution of assets between an investor and its associate or joint venture*, applicable to financial years starting on or after 1 January 2016;
- Amendments to IAS 10 and IAS 28 – *Investment entities: applying the consolidation exception*, applicable to financial years starting on or after 1 January 2016;
- Amendments to IFRS 11 – *Accounting for acquisitions of interests in joint operations*, applicable to financial years starting on or after 1 January 2016;
- IFRS 9 – *Financial instruments (phase 1: classification and measurement of assets and liabilities)*, applicable to financial years starting on or after 1 January 2015;
- IFRS 15 – *Revenue from contracts with customers*, applicable to financial years starting on or after 1 January 2017 ;
- Annual improvements to IFRS (cycle 2012-2014), applicable to financial years starting on or after 1 January 2016.

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 hedge 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 (goodwill and audiovisual rights) or the known market value of the assets (notably the transfer fees of football players). 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.
- the valuation of the IFRS 2 charge, the measurement methods of which are detailed in Note 4.12;

Lastly, in the absence of standards or interpretations 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 presents 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 joint ventures and associates;
- net profit of operations held for sale.

PRESENTATION OF THE STATEMENT OF FINANCIAL POSITION

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 (12 months) or less than one year, and "non-current" if longer.

Pursuant to IFRS 5, assets and liabilities of operations held for sale are presented separately in the balance sheet.

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 allow options relating to the valuation and accounting treatment of assets and liabilities.

Within this framework, the Group has opted for the valuation at historical cost of property, facilities and equipment and intangible assets, without revaluation at each balance sheet date;

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. 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 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 AND ASSOCIATES

Joint ventures are jointly controlled entities (joint control is the shared control of a single entity operated jointly by a limited number of associates or shareholders, from whose agreement financial and operational decisions are made). They are accounted for under the equity method, in compliance with IFRS 11 - *Joint arrangements*.

Associates 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. They are accounted for under the equity method.

Joint ventures and associates 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 joint venture or associate in the balance sheet and records in the consolidated income statement, under a specific line item entitled "Share of profit/(loss) of joint ventures and 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 joint control or significant influence is exercised and until joint control or 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 a joint venture or an associate. Where 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.

OPERATIONS HELD FOR SALE

An operation is qualified as sold or held for sale when it represents a separate major line of business for the Group and the criteria for classification as an asset held for sale have been met, or when the Group has sold the asset. Operations sold or held for sale are reported on a single line of the income statement for the periods reported, comprising the net profit of operations sold or held for sale until disposal and the gain or loss after tax on disposal or fair value measurement less the selling costs of the assets and liabilities of the operations sold or held for sale. In addition, cash flows generated by operations sold or held for sale are reported on a separate line of the consolidated statement of cash flows for the relevant periods.

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 entities 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 staged business combination, 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.
- Put options on securities held by minority interests are recognised at their fair value under financial liabilities and offset under equity. Under equity, these are deducted from non-controlling interests at the book value of the securities subject to the put option, with the balance being deducted from the Group share of equity, pursuant to the provisions of IFRS 10.
 - 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.
 - 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.

ADVANCES AND PAYMENTS ON ACCOUNT FOR NON-CURRENT ASSETS;

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 cinema 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 amortisation method of an asset should reflect the pattern according to which the benefits generated by the asset are used. 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 on a straight-line basis over the following periods:
 - 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 OF FEATURE FILMS, DRAMA AND OTHER

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 full shortfall 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 COSTS 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 at the end of its useful life, after deducting the estimated costs of disposal.

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 at least once a year.

The recoverable value is determined on an asset by asset basis, unless the asset in question does not generate cash flows that are 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 an impairment test.

For sports club players more particularly, the recoverable value of these intangible assets is tested separately, player by player.

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-term business plan (5 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). Where the book value of goodwill and other non-current assets of the cash generating unit are insufficient, a provision may be recognised for the amount of unallocated loss.

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 items of other comprehensive income 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 capital 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 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.

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 methods.

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



Other 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.

4.14. Retirement benefits and other employee benefits

RETIREMENT BENEFITS

The Group 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 hedged 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

Certain 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*, 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”). Where 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 (cinema, 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 for 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 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 - *Statement of cash flows*.

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".

OPERATIONS HELD FOR SALE

The effects on the Group's cash of operations held for sale are shown on a separate line in the cash flow statement, "Cash flow linked to operations held for sale".

5. Changes in methods

During the 2014 financial year, the Group applied IFRS 10, 11, 12, revised IAS 27 and revised IAS 28 for the first time, the main impact for the Group being the change of consolidation method for joint ventures, which are no longer proportionally consolidated but are accounted for under the equity method (see Note 19).

The main impact resulting from the implementation of IFRS 11 – *Joint arrangements*, particularly related to the change in recognition method of joint ventures (joint arrangements whereby the parties that have joint control of the operation have rights to the net assets of the operation): the latter must be accounted for using the equity method, as the proportional consolidation method is no longer permitted.

As regards the Group, the scope of operations concerned includes the following entities: Série Club, TF6 and TF6 Gestion (managed in partnership with TF1 Group), HSS Belgique (managed in partnership with RTL Group) and Panora Services.

In accordance with IAS 8 – *Accounting policies, changes in accounting estimates and errors*, the 2013 financial year is presented taking account of the application of this standard as at 1 January 2013.

To ensure the comparability of the 2013 and 2014 financial years, the following adjustments have been made to the 2013 income statement:

	FY 2013
Revenue ⁽¹⁾	(11.7)
Profit from recurring operations (EBITA)	(0.4)
Share of profit of joint ventures	0.1

⁽¹⁾ Adjustments incorporate both the cancellation of the revenue of joint ventures and the recognition of external revenue generated by other Group entities with these joint ventures.

There was no material impact on the consolidated statement of financial position at 1 January 2013. Furthermore, since it is no longer permitted under the equity method to test joint ventures collectively at CGU level to which they used to belong, an impairment test has been carried out on these entities at the date of the change of consolidation method (namely at 1 January 2013). Based on business plans prepared at that date, the value in use of entities subject to the change of consolidation method was not less than their book value.

As a result, no writedown of equity-accounted securities was recognised in Group consolidated equity at 1 January 2013.

6. Business combinations

6.1. Acquisitions during the financial year

BEST OF TV AND BEST OF TV BENELUX

On 7 January 2014, Home Shopping Service acquired 51% of Best of TV and Best of TV Benelux.

This acquisition was recognised as a business combination within the meaning of revised IFRS 3 and led to the recognition of final goodwill of €8.5 million.

The remaining 49% stake is subject to put and call options based on the fair value of the companies at the exercise date (between 2017 and 2025). The Group's commitment has been recorded under other non-current financial liabilities as consideration for the Group share of shareholders' equity and non-controlling interests in accordance with IFRS 10 – *Consolidated financial statements*, for €16.3 million, corresponding to the fair value of the put option on the date of acquisition of the majority stake.

PRINTIC

On 16 September 2014, MonAlbumPhoto acquired 80% of Printic.

This acquisition was recognised as a business combination within the meaning of revised IFRS 3 and led to the recognition of final goodwill of €0.9 million.

The remaining 20% stake is subject to put and call options based on the fair value of the company. The Group's commitment has been recorded under other non-current financial liabilities for €2.2 million at 31 December 2014.

6.2. Follow-up on acquisitions carried out in 2013

LUXVIEW AND OPTILENS

The difference between the acquisition price and net assets acquired was €1.7 million, of which €0.2 million has been allocated.

The allocation used for the consolidated financial statements at 31 December 2014 is final.



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.

Over recent years, M6 Group has adapted its operational structure according to the markets in which it carries out its different activities:

- TV broadcasting, through increased cooperation between the Group's various channels (acquisitions, technical, broadcast, etc.);
- The production and distribution of audiovisual rights, to strengthen the Group's access to content;
- Diversification, through which the Group innovates and develops complementary activities that make use of the TV media.

Accordingly, segment reporting has been modified and the three new operating segments are as follows:

TELEVISION

The sector includes free-to-air channels (M6, W9 and 6TER) whose business model is entirely financed by advertising and pay channels (Paris Première, Teva, etc.) whose business model is based on mixed funding (advertising and payments from platforms that distribute these channels as part of packages broadcast via broadband, cable or satellite).

This sector also includes all primarily related activities, such as the advertising agency.

PRODUCTION AND AUDIOVISUAL RIGHTS

Apart from production and co-production activities, this operational sector includes operations relating to the distribution of audiovisual film rights throughout their consumer-based (cinema, sale of physical and digital videos), and subsequently their professional-based (distribution of the rights portfolio to national free-to-air and pay-TV channels and international distribution) operating cycles.

DIVERSIFICATION

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 admissions. 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.

In application of IFRS 5 – *Non-current assets held for sale and discontinued operations*, and taking account of the disposal of Mistergooddeal at 31 March 2014, this entity is presented under segment reporting as an operation sold.

In the income statement below, data related to this business has been restated for the profit from recurring operations and in the statement of financial position at 31 December 2013, the assets and liabilities of Mistergooddeal are presented in a separate column.

The impact of the disposal of Mistergooddeal is presented in Note 12.

INCOME STATEMENT

The contribution of each business segment to the income statement is detailed below:

	Television	Production & Audiovisual Rights	Diversification	Eliminations and unallocated items	Total 31/12/2013
External revenue	829.6	107.3	315.9	0.4	1,253.2
Inter-segment revenue	19.4	8.5	2.8	(30.7)	-
Revenue	849.0	115.8	318.7	(30.3)	1,253.2
Profit from recurring operations (EBITA) of continuing operations	149.1	11.5	53.0	(2.5)	211.1
Operating income and expenses relating to business combinations			(0.6)		(0.6)
Income from disposal of subsidiaries and investments					-
Operating profit (EBIT) from continuing operations					210.5
Net financial income					17.7
Share of profit of joint ventures and associates					0.1
Profit before tax (EBT) from continuing operations					228.3
Income tax					(97.5)
Net profit from continuing operations					130.8
Net profit from operations held for sale / sold					(18.7)
Net profit for the year					112.1
attributable to the Group					112.0
attributable to non-controlling interests					0.1

	Television	Production & Audiovisual Rights	Diversification	Eliminations and unallocated items	Total 31/12/2014
External revenue	813.2	111.4	333.0	0.4	1,257.9
Inter-segment revenue	20.2	13.6	2.2	(36.1)	-
Revenue	833.4	125.0	335.2	(35.7)	1,257.9
Profit from recurring operations (EBITA) of continuing operations	144.0	10.3	55.6	(2.4)	207.5
Operating income and expenses relating to business combinations			(0.3)		(0.3)
Income from disposal of subsidiaries and investments					-
Operating profit (EBIT) from continuing operations					207.1
Net financial income					3.7
Share of profit of joint ventures and associates					(0.2)
Profit before tax (EBT) from continuing operations					210.6
Income tax					(87.4)
Net profit from continuing operations					123.2
Net profit from operations held for sale / sold					0.0
Net profit for the year					123.2
attributable to the Group					123.4
attributable to non-controlling interests					(0.2)

STATEMENT OF FINANCIAL POSITION

The contribution of each business segment to the financial position is detailed below:



	Television	Production & Audiovisual Rights	Diversification	Eliminations	Total continuing operations 31/12/2013	Operations held for sale 31/12/2013	Total of all operations 31/12/2013
Segment assets	519.5	121.5	199.5	(65.2)	775.4	31.9	807.3
Equity investments in joint ventures and associates	0.9		1.4		2.4		2.4
Unallocated assets					438.6		438.6
Total Assets	520.4	121.5	201.0	(65.2)	1,216.5	31.9	1,248.4
Segment liabilities	440.4	101.2	162.7	(65.2)	639.0	27.5	666.5
Unallocated liabilities					9.9		9.9
Total liabilities	440.4	101.2	162.7	(65.2)	648.9	27.5	676.4
Net Assets/(Liabilities)	80.1	20.3	38.3	-	567.6	4.5	572.0
Other segment information							
Non-current asset acquisitions	57.5	42.7	18.3		118.4		118.4
Depreciation and amortisation	(49.8)	(41.6)	(13.1)		(104.5)		(104.5)
Impairment	(4.7)	(0.0)	(9.6)		(14.4)		(14.4)
Other unallocated segment reporting items					(2.4)		(2.4)

	Television	Production & Audiovisual Rights	Diversification	Eliminations	Total continuing operations 31/12/2014
Segment assets	578.9	118.6	226.4	(84.2)	839.8
Equity investments in joint ventures and associates	0.7	3.6	1.3		5.6
Unallocated assets					418.6
Total Assets	579.6	122.2	227.7	(84.2)	1,264.0
Segment liabilities	453.9	108.4	196.9	(84.2)	675.0
Unallocated liabilities					7.9
Total liabilities	453.9	108.4	196.9	(84.2)	682.9
Net Assets/(Liabilities)	125.7	13.9	30.8	-	581.1
Other segment information					
Non-current asset acquisitions	61.8	34.0	15.3		111.1
Depreciation and amortisation	(54.4)	(43.8)	(12.3)		(110.4)
Impairment	(2.1)	(2.9)	(0.5)		(5.5)
Other unallocated segment reporting items					(3.8)

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 mainland France.

8. Other operating income and expenses

8.1. Other operating income

Other operating income totalled €12.9 million (compared with €14.9 million in 2013), and primarily comprised:

- proceeds from the sale of football players (€5.4 million, compared with €8.6 million in 2013);
- operating grants received (€3.1 million, compared with €3.4 million in 2013);
- income tax related to the CICE (tax credit aimed at encouraging business competitiveness and employment) of €1.9 million, compared with €1.3 million in 2013;
- operating foreign exchange gains of €0.3 million in 2014.

8.2. Materials and other operating expenses

	31/12/2014	31/12/2013
Broadcasting rights consumption and programme flows (including writedown of broadcasting rights inventory)	(217.8)	(224.0)
Cost of sales	(66.5)	(50.9)
Other external services	(363.2)	(360.9)
Operating foreign exchange losses	(0.0)	(0.1)
Other expenses	(0.4)	(0.4)
Materials and other operating expenses	(647.9)	(636.3)

8.3. Amortisation, depreciation and impairment charges

	31/12/2014	31/12/2013
Amortisation and net provisions - audiovisual rights	(79.4)	(78.0)
Amortisation and net provisions - production costs	(13.4)	(6.9)
Amortisation and net provisions - other intangible assets	(13.3)	(13.1)
Depreciation - property, facilities and equipment	(14.2)	(14.8)
Other	(0.3)	(1.0)
Impairment of unamortised intangible assets	-	-
Total amortisation and depreciation (net)	(120.6)	(113.7)

8.4. Employee and workforce expenses

	31/12/2014	31/12/2013
Wages and salaries	(144.6)	(152.7)
Social security charges	(62.5)	(66.1)
Profit sharing plan contributions	(9.6)	(13.7)
Other employee costs	(21.6)	(16.3)
Employee costs	(238.4)	(248.7)

"Full Time Equivalent" (FTE) workforce is broken down as follows:

	31/12/2014	31/12/2013
Fully-consolidated companies	2,101	2,095
Joint ventures*	9	20

* Primarily concerns the share of TF6, Série Club and Panora Services. The corresponding staff costs are included in the income of the related joint ventures and associates (see Note 19).

Other employee costs include provision charges and reversals for retirement, provisions for employee litigations, as well as the cost of the IFRS 2 charge.

9. Share-based payments

PLANS ALLOCATED IN 2014

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 14 April 2014, following approval by the Supervisory Board on 25 March 2014, to a total of 22 beneficiaries and subject to cumulative performance conditions over three years. This plan covered 149,553 shares, subject to beneficiaries remaining employed by the Group at 14 April 2016.

In addition, pursuant to the authorisation granted by the Combined General Meeting of 5 May 2014, an allocation of free shares was decided by the Executive Board on 13 October 2014, following approval by the Supervisory Board on 29 July 2014. This plan involved 177 beneficiaries and covered 513,150 shares, subject to beneficiaries remaining employed by the Group at 15 October 2016 and the achievement of consolidated net profit objectives in 2014.

No allocations of share subscription options were decided in 2014.

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 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.

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 2014, 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
Plans granting free shares							
		11.51	N/A	N/A	0.24%	9.50%	8.10
		14.79	N/A	N/A	0.58%	6.10%	11.41
		16.05	N/A	N/A	0.53%	5.60%	12.53
		12.03	N/A	N/A	0.23%	7.60%	8.37

(*) Risk-free rate: specified term after 2 years

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 31/12/2013	Change based on performance	Allocated	Exercised	Cancelled	Balance at 31/12/2014
Share subscription plans	1,711,325	1,711,325	1,029,274	-	-	(296,988)	(499,225)	233,061
02/05/2007	827,500	827,500	488,000	-	-	-	(488,000)	-
06/05/2008	883,825	883,825	541,274	-	-	(296,988)	(11,225)	233,061
Plans granting free shares	1,792,953	1,792,953	1,083,545	-	662,703	(463,450)	(47,990)	1,234,808
27/07/2012	487,750	487,750	467,650	-	-	(463,450)	(4,200)	-
26/07/2013	642,500	642,500	615,895	-	-	-	(36,914)	578,981
14/04/2014	149,553	149,553	-	-	149,553	-	(6,876)	142,677
13/10/2014	513,150	513,150	-	-	513,150	-	-	513,150

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 allocation of 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 2012, 2013 and 2014 plans.

CHARGES RECOGNISED IN 2014

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 likely to be granted, this resulted in the following impact to the line "Personnel costs" in the income statement:

	Employee costs	
	31/12/2014	31/12/2013
Plans granting free shares		
26/07/2011	-	1.2
22/12/2011	-	0.0
27/07/2012	1.0	1.8
26/07/2013	3.1	1.4
14/04/2014	0.6	-
13/10/2014	0.4	-
Total cost	5.2	4.4

10. Net financial income

	31/12/2014	31/12/2013
Investment income	4.7	4.3
Other interest income	0.0	0.3
Revaluation of derivative financial instruments	0.0	0.0
Proceeds from the disposal of financial assets available for sale	-	13.6
Other financial expenses	-	0.0
Other financial income	4.7	18.3
	31/12/2014	31/12/2013
Interest on loans from banks and associates	(0.1)	(0.1)
Capitalised interest on pension	(0.2)	(0.2)
Revaluation of derivative financial instruments	(0.2)	(0.1)
Other financial expenses	(0.5)	(0.1)
Financial expense	(1.1)	(0.6)
NET FINANCIAL INCOME	3.7	17.7

Investment income increased by 10% over the 2014 financial year, despite a slight decline in the average amount of deposits, which fell from €265 million in 2013 to €248 million in 2014. The Group generated financial income of €4.7 million in 2014, compared with €4.3 million in 2013.

Conversely, the 2014 financial year does not include any non-recurring items, unlike 2013, during which a €13.6 million income related to the unwinding of the Lions Gate and Summit Entertainment transactions was recorded (see Note 20.1).

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 components of income tax are as follows:

	31/12/2014	31/12/2013
Current income tax:		
Tax charge for the year	(80.1)	(98.1)
Deferred tax:		
Creation and reversal of temporary differences	(7.3)	0.6
Total	(87.4)	(97.5)

With the increase in the extraordinary corporate income tax contribution from 5.0% to 10.7% (2014 Finance Act), the deferred tax rate used for 2014 was 38.0% for temporary differences that will be reversed until 30 December 2016. After that date, temporary differences will revert to the rate of 34.43%.

Deferred tax directly taken to items of other comprehensive income was as follows:

	31/12/2014	Movement of continuing operations	Movement of operations sold	31/12/2013
Fair value revaluation of foreign exchange contracts (cash flow hedges)	2.0	1.6		0.3
Fair value revaluation of assets available for sale	-	-		-
Actuarial gains and losses	0.1	0.6	0.1	(0.6)
Treasury shares forward purchase	-	-		-
Total	2.1	2.2	0.1	(0.3)

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:

	31/12/2014	31/12/2013
Net profit - Group share	123.4	112.0
Non-controlling interests	(0.2)	0.1
Net profit/(loss) from operations held for sale / sold	0.0	(18.7)
Income tax	(87.4)	(97.5)
Share of profit of joint ventures and associates	(0.2)	0.1
Operating income and expenses related to business combinations	(0.6)	(0.1)
Cost of stock options and free shares (IFRS 2)	(5.2)	(4.4)
Profit of continuing operations before restated income tax	216.6	232.7
Theoretical tax rate	38.00%	38.00%
Theoretical tax charge	(82.3)	(88.4)
Reconciling items:		
C.V.A.E. tax ⁽¹⁾	(4.8)	(5.6)
3% tax on dividends ⁽²⁾	(3.2)	(7.0)
Impact relating to the change in income tax rate	0.3	0.1
Impact relating to foreign tax rates ⁽³⁾	-	2.8
Other differences ⁽⁴⁾	2.6	0.5
Effective tax charge	(87.4)	(97.5)
Effective tax rate	40.36%	41.89%

⁽¹⁾ In 2010, the Group decided to reclassify CVAE (value added business tax) as income tax. This amounted to €7.7 million (€4.8 million net of income tax) at 31 December 2014, compared with €9.0 million (€5.6 million after tax) at 31 December 2013.

⁽²⁾ The Group is now subject to an additional income tax contribution of 3% on dividends paid.

⁽³⁾ At 31 December 2013, the €2.8 million figure corresponded to the difference in the rate applicable to the capital gain on the disposal of the Group's equity investment in Lions Gate.

⁽⁴⁾ Other differences primarily relate to tax credits (€1.5 million).

The income tax rate applicable to the companies included in the French tax consolidation was 38.0% for the 2014 financial year, unchanged from the 2013 financial year.

The sources of deferred tax at 31 December were as follows:

	31/12/2014	31/12/2013
Deferred tax assets		
Intangible assets	1.3	0.3
Other assets	9.2	9.3
Retirement provisions (non-deductible)	3.2	2.3
Non-deductible provisions	15.9	20.6
Expenses payable non-deductible	5.5	6.2
Financial instruments	2.0	0.3
Losses brought forward	3.2	2.7
Other	0.9	0.9
Impact of offsetting deferred tax assets and liabilities on the balance sheet	(21.3)	(20.2)
Total	19.9	22.6
Deferred tax liabilities		
Catalogues	(4.5)	(6.1)
Brands	(0.2)	(0.2)
Accelerated depreciation and amortisation	(8.7)	(5.3)
Writedown of treasury shares	(2.7)	(2.7)
Other	(5.2)	(6.0)
Impact of offsetting deferred tax assets and liabilities on the balance sheet	21.3	20.2
Total	-	-

The deferred tax assets and liabilities of companies included in the tax consolidation were offset.

The cumulative losses brought forward of group companies were €25.9 million at 31 December 2014.

The losses that were capitalised as deferred tax assets amounted to €9.4 million at 31 December 2014.

At 31 December 2014, net deferred tax assets due within one year and in more than one year amounted to €4.6 million and €15.3 million respectively.

At 31 December 2014, no deferred tax liability was recognised for taxes which may be due on the undistributed profits of certain Group subsidiaries, associated companies or joint ventures.

12. Operations held for sale / sold

In application of IFRS 5 – *Non-current assets held for sale and discontinued operations*, and taking account of the disposal of Mistergooddeal at 31 March 2014, this entity is presented in the consolidated income statement, statement of cash flows and statement of financial position as an operation sold. In practice, Mistergooddeal has been recognised as follows:

- its contribution to each line of the consolidated income statement is shown under “Net profit/(loss) from operations held for sale / sold”. In accordance with IFRS 5, these restatements have been applied to all periods presented in the consolidated financial statements (at 31 December 2014 and 2013) to ensure consistency of information;
- its contribution to each item of the consolidated financial position at 31 December 2013 is shown under “Assets of operations held for sale / sold” and “Liabilities of operations held for sale / sold”;
- its contribution to each line of the consolidated statement of cash flows is shown under “Cash flow related to operations held for sale / sold”. In accordance with IFRS 5, these restatements have been applied to all periods presented in the consolidated financial statements (at 31 December 2014 and 2013) to ensure consistency of information;

The components of the income statement reported in a specific item are as follows:

	31/12/2014	31/12/2013
Revenue	32.0	121.2
Other operating revenues	0.0	0.1
Operating expenses	(33.0)	(127.5)
Income tax	-	2.3
Net operating loss	(1.0)	(4.0)
Fair value revaluation loss, after tax		(14.7)
Capital gains on disposals of non-current assets	0.8	
Deferred tax	0.2	
Net profit/(loss) from operations held for sale / sold	0.0	(18.7)

The components reported in the specific asset and liability items in the consolidated statement of financial position are analysed as follows:

	31/12/2013
Assets	
Intangible assets *	-
Property, facilities and equipment *	-
Other non-current assets	0.2
Other current assets	26.6
Cash and cash equivalents	5.2
Total assets of operations held for sale	31.9
Liabilities	
Non-current liabilities	0.3
Current liabilities	27.2
Total liabilities of operations held for sale	27.5
Net assets of operations held for sale	4.5

* At 31 December 2013, the Group wrote off all of Mistergooddeal's intangible assets and property, facilities and equipment, for a corresponding writedown of €13.4 million.

Net cash flows related to the Mistergooddeal business were as follows:

	31/12/2014	31/12/2013
Operating profit from operations held for sale	(1.0)	(21.6)
<i>Operating profit from operations held for sale - Non-Group</i>	<i>(0.3)</i>	<i>(18.6)</i>
<i>Operating profit from operations held for sale - Intra-Group</i>	<i>(0.7)</i>	<i>(3.0)</i>
Non cash items - Non-Group	0.0	16.2
Group cash items	-	(0.0)
SELF-FINANCING CAPACITY BEFORE TAX	(1.0)	(5.5)
Movement in working capital requirements - Non-Group	0.8	1.4
Movement in working capital requirements - Intra-Group	0.6	(0.9)
NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS	1.4	0.5
Income tax paid	-	(0.1)
Cash flow from non-Group operating activities	0.5	(1.2)
Cash flow from intra-Group operating activities	(0.1)	(4.0)
CASH FLOW FROM OPERATING ACTIVITIES	0.4	(5.1)
Cash flow from non-Group investment activities	(0.2)	(2.4)
Cash flow from intra-Group investment activities	-	18.0
CASH FLOW FROM INVESTMENT ACTIVITIES	(0.2)	15.6
Cash flow from non-Group financing activities	0.0	0.1
Cash flow from intra-Group financing activities	-	3.6
CASH FLOW FROM FINANCING ACTIVITIES	0.0	3.7
Net change in non-Group cash and cash equivalents	0.3	(3.5)
Net change in intra-Group cash and cash equivalents	(0.1)	17.6
NET CHANGE IN CASH AND CASH EQUIVALENTS	0.2	14.1
Cash and cash equivalents - start of year	5.2	(9.0)
Divested cash	(5.4)	-
CASH AND CASH EQUIVALENTS - END OF YEAR	0.0	5.2

13. Earnings per share

	31/12/2014	31/12/2013
Net profit attributable to shareholders	123.4	112.0
Profit / (loss) from operations held for sale attributable to shareholders	-	(18.7)
Net profit from continuing operations attributable to shareholders	123.4	130.7
Average weighted number of shares (excluding treasury shares) for basic earnings per share	125,616,965	125,317,974
Potential dilutive effect of share-based payments	808,498	654,266
Average weighted number of shares (excluding treasury shares) adjusted for dilutive effect*	126,425,463	125,972,240
Net earnings per share (€)	0.983	0.894
Net earnings per share from continuing operations (€)	0.982	1.043
Diluted earnings per share (€)	0.976	0.889
Diluted earnings per share from continuing operations (€)	0.976	1.038

* Only includes dilutive shares (with regard to prevailing market conditions at year-end).

The calculation of diluted earnings per ordinary share takes into account the free shares granted by the plans of 27 July 2012, 26 July 2013, 14 April 2014 and 15 October 2014.

Shares with a dilutive impact totalled 808,498, with a dilutive effect on EPS of 0.63 euro cent per share.

14. Dividends

Métropole Télévision	31/12/2014	31/12/2013
Declared and paid during the year	106.5	231.9
<i>Number of outstanding shares (thousands)</i>	<i>125,352</i>	<i>125,343</i>
Dividend paid per ordinary share (€)	0.85	0.85
Exceptional dividend paid per ordinary share (€)	-	1.00
Proposed for approval at AGM	107.2	106.6
<i>Number of outstanding shares (thousands)</i>	<i>126,163</i>	<i>125,402</i>
Dividend paid per ordinary share (€)	0.85	0.85

15. Intangible assets

	Audiovisual rights	Other intangible assets	Advances and prepayments	Goodwill	Total 31/12/2013
At 1 January 2013, net of amortisation and writedowns	47.9	35.9	31.5	66.8	182.1
Acquisitions	38.2	10.2	60.1	-	108.5
Assets of operations held for sale (gross)	-	(12.1)	(0.4)	(32.8)	(45.3)
Change in Group structure (gross amounts)	-	0.3	-	1.7	2.0
Disposals	(1.2)	(11.1)	(0.9)	-	(13.2)
Other movements	-	-	-	16.5	16.5
Reclassifications	30.2	21.5	(63.6)	-	(1.9)
Impairment	(5.9)	(0.3)	0.4	-	(5.9)
2013 amortisation charge	(72.1)	(20.0)	-	-	(92.1)
Amortisation charge of operations held for sale	-	8.1	-	11.2	19.2
Change in Group structure - accumulated amortisation charge	-	(0.2)	-	-	(0.2)
Reversal of amortisation on disposals	1.2	9.4	-	-	10.5
At 31 December 2013, net of amortisation and writedowns	38.4	41.5	37.0	63.4	180.3
At 1 January 2013					
Gross value	659.6	606.7	32.7	111.1	1,410.0
Accumulated amortisation and writedowns	(611.7)	(570.7)	(1.1)	(44.3)	(1,227.8)
Net Total at 1 January 2013	47.9	35.9	31.5	66.8	182.1
At 31 December 2013					
Gross value	726.9	651.0	37.8	96.6	1,512.1
Accumulated amortisation and writedowns	(688.5)	(609.4)	(0.7)	(33.2)	(1,331.8)
Net Total at 31 December 2013	38.4	41.5	37.0	63.4	180.3
	Audiovisual rights	Other intangible assets	Advances and prepayments	Goodwill	Total 31/12/2014
At 1 January 2014, net of amortisation and writedowns	38.4	41.5	37.0	63.4	180.3
Acquisitions	46.7	12.5	45.1	-	104.4
Assets included in operations sold (gross)	-	-	-	-	-
Change in Group structure (gross amounts)	-	0.2	-	9.4	9.5
Disposals	(1.2)	(16.4)	(0.1)	-	(17.6)
Other movements	-	-	-	-	-
Reclassifications	33.1	31.3	(64.4)	-	0.0
Impairment	(5.1)	0.1	-	-	(5.0)
2014 amortisation charge	(74.2)	(26.8)	-	-	(101.0)
Amortisation included in operations sold	-	-	-	-	-
Change in Group structure - accumulated amortisation charge	-	(0.1)	-	-	(0.1)
Reversal of amortisation on disposals	1.1	14.0	-	-	15.0
At 31 December 2014, net of amortisation and writedowns	38.7	56.5	17.7	72.7	185.5
At 1 January 2014					
Gross value	726.9	651.0	37.8	96.6	1,512.1
Accumulated amortisation and writedowns	(688.5)	(609.4)	(0.7)	(33.2)	(1,331.8)
Net amount at 1 January 2014	38.4	41.5	37.0	63.4	180.3
At 31 December 2014					
Gross value	805.5	711.7	18.4	105.9	1,641.5
Accumulated amortisation and writedowns	(766.8)	(655.2)	(0.7)	(33.2)	(1,455.9)
Net Total at 31 December 2014	38.7	56.5	17.7	72.7	185.5

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.

The main items recognised as advances and prepayments include advances paid on unopened audiovisual rights held for marketing. Amounts paid are reclassified as audiovisual rights when rights are opened.

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.

16. Goodwill impairment tests and intangible assets with an indeterminable life

MOVEMENTS

Goodwill evolved as follows:

	31/12/2014	31/12/2013
Opening balance net of impairment	63.4	66.8
Acquisitions	9.4	1.5
Goodwill from operations held for sale / sold	-	(21.6)
Other movements	-	16.7
Impairment	-	-
Closing balance	72.7	63.4
Opening balance		
Gross values	96.6	111.9
Accumulated impairment	(33.2)	(45.1)
Net amount	63.4	66.8
Closing balance		
Gross values	105.9	96.6
Accumulated impairment	(33.2)	(33.2)
Net amount	72.7	63.4

2014 financial year goodwill increases resulted from the acquisition of Best of TV, Best of TV Benelux and Printic (see Note 6).

2013 financial year goodwill movements resulted from the acquisition of Luxview and Optilens.

No impairment was recognised during the 2014 financial year on goodwill from continuing operations (see Impairment test hereafter).

GOODWILL OF OPERATIONS HELD FOR SALE.

At 31 December 2013, the goodwill of Mistergooddeal after partial reallocation to Mon Album Photo amounted to €4.9 million and was fully written down.

This goodwill was included in the statement of consolidated financial position under "Assets of operations held for sale".

ANALYSIS

Net goodwill is analysed by Cash Generating Unit as follows:

Net value		31/12/2014	31/12/2013
Television		-	-
Production & Audiovisual Rights			
	SND SA	0.8	0.8
Diversification			
	Cyréalès	37.4	37.4
	E-Commerce	22.0	21.1
	Teleshopping	12.5	4.0
Total		72.7	63.4

The Cyréalès CGU, which was merged into M6 Web on its acquisition, remains identifiable through the editorial websites it operates (clubic.com, jeuxvideo.fr, achetezfacile.com, tomgames.fr). The Tom's Games business is included in the Cyréalès CGU.

The Teleshopping CGU includes Best of TV and Best of TV Benelux due to similarities between their business models and that of HSS. The acquisition price allocation of the 51% stake was finalised during the 2014 financial year.

The E-Commerce CGU includes Luxview, Optilens and Printic due to similarities between their business models and that of Mon Album Photo (single online sales channel, significant business and marketing similarities).

IMPAIRMENT TESTS

During the last quarter of 2014, the Cyréalès, Teleshopping and E-Commerce 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 Cyréalès 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 Cyréalès' business. Full funding through equity was assumed. The discount rate before tax was 9.68%;
 - The infinite growth rate used was also based on the average noted on the valuation of comparables and was 2%.
- 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. 9.9%;
 - A cautious approach to infinite growth was also selected (1.5%);
 - Revenue growth of 0% for HSS and 5% for Best of TV in 2018 and 2019;
 - Capital expenditure of €3.4 million in 2018 and 2019;
 - Unchanged WCR for HSS and slight increase for Best of TV in 2018 and 2019.
- Assumptions specific to the E-Commerce 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. 9.9%;
 - The infinite growth rate was 2%;

- Sales growth of 13.7% in 2018 and 2019;
- Capital expenditure maintained at €1.5 million in 2018 and 2019;

An analysis of the sensitivity of the value in use to testing factors has been conducted, as shown by the tables below:

Cyréalís		Discount rate			
		8.68	9.18	9.68	10.18
g r o a w t h	1	46.9	44.0	41.4	39.0
	1.5	49.4	46.1	43.2	40.6
	2	52.2	48.5	45.2	42.4
	2.5	55.4	51.2	47.6	44.4

net book value of CGU in Group financial statements = €38.5 million

Teleshopping		Discount rate			
		8.90	9.40	9.90	10.40
g r o a w t h	0.5	220.4	208.4	197.6	188.0
	1	229.8	216.6	204.8	194.3
	1.5	240.5	225.8	212.9	201.3
	2	252.8	236.3	221.9	209.2

net book value of CGU in Group financial statements = €14.8 million

E-Commerce		Discount rate			
		8.90	9.40	9.90	10.40
g r o a w t h	1	35.6	33.1	30.9	29.0
	1.5	37.7	34.9	32.5	30.3
	2	40.0	36.9	34.2	31.8
	2.5	42.8	39.2	36.2	33.5

net book value of CGU in Group financial statements = €25.1 million

Following this analysis, the Group concluded that the recoverable values of the Cyréalís, Teleshopping and E-Commerce CGUs exceeded their net book value in the Group's financial statements at 31 December 2014.

17. Property, facilities and equipment

	Land	Buildings	Technical facilities	Other property, facilities and equipment	Assets under construction	Total 31/12/2013
At 1 January 2013, net of depreciation and writedowns	19.3	91.5	17.0	6.6	0.9	135.2
Acquisitions	-	0.1	7.0	2.3	(0.2)	9.3
Assets of operations held for sale (gross)	-	(2.5)	(0.3)	(0.9)	(0.0)	(3.7)
Change in Group structure (gross amounts)	-	-	0.0	0.0	-	0.0
Disposals	-	-	(1.4)	(0.3)	-	(1.7)
Depreciation (charges) / reversals 2013	-	(4.7)	(7.5)	(2.6)	-	(14.8)
Depreciation charge of operations held for sale	-	1.3	0.2	0.8	-	2.2
Change in Group structure - accumulated depreciation charge	-	-	(0.0)	(0.0)	-	(0.0)
Reversal of depreciation on disposals	-	-	1.2	0.3	-	1.5
At 31 December 2013, net of depreciation and writedowns	19.3	85.7	16.3	6.2	0.7	128.1
At 1 January 2013						
Cost or fair value	19.3	132.7	54.9	23.4	0.9	231.2
Accumulated depreciation and writedowns	-	(41.2)	(37.9)	(16.8)	-	(96.0)
Net Total at 1 January 2013	19.3	91.5	17.0	6.6	0.9	135.2
At 31 December 2013						
Cost or fair value	19.3	130.3	60.3	24.1	0.7	234.7
Accumulated depreciation and writedowns	-	(44.6)	(44.1)	(17.9)	-	(106.6)
Net Total at 31 December 2013	19.3	85.7	16.3	6.2	0.7	128.1

	Land	Buildings	Technical facilities	Other property, facilities and equipment	Assets under construction	Total 31/12/2014
At 1 January 2014, net of depreciation and writedowns	19.3	85.7	16.3	6.2	0.7	128.1
Acquisitions	-	0.5	4.4	2.0	0.3	7.1
Assets included in operations sold (gross)	-	-	-	-	-	-
Change in Group structure (gross amounts)	-	-	0.9	0.1	-	1.1
Disposals	-	(0.0)	(0.7)	(0.8)	-	(1.5)
Depreciation (charges) / reversals 2014	-	(4.9)	(6.6)	(2.7)	-	(14.2)
Amortisation included in operations sold	-	-	-	-	-	-
Change in Group structure - accumulated depreciation charge	-	-	(0.6)	(0.1)	-	(0.7)
Reversal of depreciation on disposals	-	0.0	0.6	0.8	-	1.4
At 31 December 2014, net of depreciation and writedowns	19.3	81.2	14.1	5.5	1.2	121.2
At 1 January 2014						
Cost or fair value	19.3	130.3	60.3	24.1	0.7	234.7
Accumulated depreciation and writedowns	-	(44.6)	(44.1)	(17.9)	-	(106.6)
Net amount at 1 January 2014	19.3	85.7	16.3	6.2	0.7	128.1
At 31 December 2014						
Cost or fair value	19.3	130.7	64.8	25.3	1.2	241.3
Accumulated depreciation and writedowns	-	(49.6)	(50.7)	(19.9)	-	(120.1)
Net Total at 31 December 2014	19.3	81.2	14.1	5.5	1.2	121.2

18. Inventories

	Broadcasting rights inventory	Commercial inventory	Total 31/12/2013
At 1 January 2013, net of writedowns	166.0	23.9	189.9
Acquisitions	282.4	49.7	332.1
Assets of operations held for sale	-	(13.0)	(13.0)
Acquisition of subsidiaries	-	0.3	0.3
Disposal of subsidiaries	-	-	-
Expensed	(286.6)	(50.9)	(337.5)
Writedown of operations held for sale	-	0.3	0.3
Depreciation (charges) / reversals 2013	6.6	1.4	8.0
At 31 December 2013, net of writedowns	168.5	11.6	180.1
At 1 January 2013			
Cost or fair value	268.5	29.2	297.7
Accumulated writedowns	(100.5)	(5.3)	(105.8)
Net Total at 1 January 2013	166.0	23.9	189.9
At 31 December 2013			
Cost or fair value	262.4	15.2	277.6
Accumulated writedowns	(93.9)	(3.6)	(97.6)
Net Total at 31 December 2013	168.5	11.6	180.1

	Broadcasting rights inventory	Commercial inventory	Total 31/12/2014
At 1 January 2014, net of writedowns	168.5	11.6	180.1
Acquisitions	314.8	69.4	384.3
Assets included in operations sold	-	-	-
Acquisition of subsidiaries	-	2.7	2.7
Disposal of subsidiaries	-	-	-
Expensed	(274.3)	(69.9)	(344.2)
Writedowns included in operations sold	-	-	-
Depreciation (charges) / reversals 2014	(5.7)	(0.3)	(6.0)
At 31 December 2014, net of writedowns	203.3	13.5	216.8
At 1 January 2014			
Cost or fair value	262.4	15.2	277.6
Accumulated writedowns	(93.9)	(3.6)	(97.6)
Net amount at 1 January 2014	168.5	11.6	180.1
At 31 December 2014			
Cost or fair value	302.9	18.0	321.0
Accumulated writedowns	(99.6)	(4.5)	(104.1)
Net Total at 31 December 2014	203.3	13.5	216.8

19. Investments in joint ventures and associates

Pursuant to IFRS 11 – *Joint arrangements*, the Group changed the consolidation method of its joint ventures, which are no longer proportionally consolidated but accounted for using the equity method.

The contributions of joint ventures and associates to the Group's consolidated statement of financial position were as follows:

	% held	31/12/2014	31/12/2013
Investments in associates		3.9	0.2
<i>Quicksign</i>	25%	0.3	0.2
<i>Stéphane Plaza Franchise</i>	49%	3.6	-
Equity investments in joint ventures		1.7	2.2
<i>Série Club</i>	50%	0.6	0.8
<i>HSS Belgique</i>	50%	0.6	0.7
<i>Panora Services</i>	50%	0.4	0.6
<i>TF6</i>	50%	-	-
<i>TF6 Gestion</i>	50%	0.1	0.1
Equity investments in joint ventures and associates		5.6	2.4

19.1. Joint ventures

The contributions of joint ventures to Group consolidated revenue and net profit would have been as follows:

	31/12/2014	31/12/2013
Revenue	15.6	17.6
Net profit	(0.2)	0.1
Contribution by company:		
Revenue		
TF6 - Série Club	9.9	10.8
HSS Belgique	5.3	6.6
Other	0.4	0.2
	15.6	17.6
Net profit		
TF6 - Série Club	(0.6)	(0.3)
HSS Belgique	0.5	0.6
Other	(0.1)	(0.2)
	(0.2)	0.1

19.2. Associates

STÉPHANE PLAZA FRANCHISE

On 28 November 2014, the Group, through its subsidiary M6 Créations, acquired a 49% interest in the company Stéphane Plaza Franchise.

This acquisition is treated as a stake in an associate and is therefore recognised in accordance with IAS 28 – *Investments in associates and joint ventures*.

At 31 December 2014, the Group's stake in Stéphane Plaza Franchise totalled €3.6 million (including a derivative financial instrument for €1 million).

QUICKSIGN

The Group reduced its holding in QuickSign from 34% to 24.9% during the financial year.

The impact of this transaction on the Group's consolidated financial statements in QuickSign is not material.

20. Financial instruments

20.1. Financial assets

The various categories of financial assets at 31 December 2013 and 31 December 2014 are presented by balance sheet item in the table below:

	31/12/2013				Analysis by category of instruments				
	Gross value	Writedowns	Book value	Fair value	Fair value through profit and loss	Assets held for sale	Investments held until maturity	Loans and receivables	Derivative instruments
Financial assets available for sale	0.2	-	0.2	0.2	-	0.2	-	-	-
Other non-current financial assets	22.9	-	22.9	22.9	-	-	-	22.9	-
Trade receivables	271.6	(27.4)	244.2	244.2	-	-	-	244.2	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Other current financial assets	0.7	(0.7)	-	-	-	-	-	-	-
Cash and cash equivalents	285.4	-	285.4	285.4	285.4	-	-	-	-
Other current assets	155.7	(5.9)	149.9	149.9	-	-	-	149.9	-
Assets	736.5	(33.9)	702.6	702.6	285.4	0.2	-	417.0	-

	31/12/2014				Analysis by category of instruments				
	Gross value	Writedowns	Book value	Fair value	Fair value through profit and loss	Assets held for sale	Investments held until maturity	Loans and receivables	Derivative instruments
Financial assets available for sale	0.2	-	0.2	0.2	-	0.2	-	-	-
Other non-current financial assets	4.7	-	4.7	4.7	-	-	0.5	4.2	-
Trade receivables	286.2	(21.3)	264.9	264.9	-	-	-	264.9	-
Derivative financial instruments	1.8	-	1.8	1.8	-	-	-	-	1.8
Other current financial assets	20.7	(0.7)	20.0	20.0	-	-	-	20.0	-
Cash and cash equivalents	260.9	-	260.9	260.9	260.9	-	-	-	-
Other current assets	161.0	(5.9)	155.1	155.1	-	-	-	155.1	-
Assets	735.4	(27.9)	707.5	707.5	260.9	0.2	0.5	444.1	1.8

FINANCIAL ASSETS HELD FOR SALE

Financial assets held for sale comprise equity securities held by the Group in non-consolidated companies and receivables which are directly related to them.

31/12/2013							
(€ millions)							
	Reference currency	Fair value at 1 January	Acquisitions / Disposals	Gain / loss in value recognised through the income statement	Fair value movements through equity	Fair value at 31 December	% held
Lions Gate	Dollar (USD)	4.3	(3.4)	2.3	(3.2)	-	-
European News Exchange	Euro (€)	0.1		-	-	0.1	20.0%
Other		0.1				0.1	-
TOTAL NON-CURRENT LIABILITIES		4.5	(3.4)	2.3	(3.2)	0.2	

31/12/2014							
(€ millions)							
	Reference currency	Fair value at 1 January	Acquisitions / Disposals	Gain / loss in value recognised through the income statement	Fair value movements through equity	Fair value at 31 December	% held
Lions Gate	Dollar (USD)	-				-	-
European News Exchange	Euro (€)	0.1		-	-	0.1	20.0%
Other		0.1				0.1	-
TOTAL NON-CURRENT LIABILITIES		0.2	-	-	-	0.2	

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.

During the 2013 financial year, the Group sold its entire equity investment in Lions Gate.

OTHER FINANCIAL ASSETS

Other current financial assets correspond to an amount of €20 million 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 the spring of 2015. This amount will be transferred to the City of Bordeaux on that date in exchange of a reduction in future rent charged to F.C.G.B.

	31/12/2014	31/12/2013
Current accounts with joint ventures and associates	1.4	1.3
Security deposits	1.8	1.6
Other financial assets	1.5	20.0
Other non-current financial assets	4.7	22.9
Other financial assets	20.0	-
Other current financial assets	20.0	-

CASH AND CASH EQUIVALENTS

Cash and cash equivalents totalled €260.9 million at 31 December 2014, compared with €285.4 million at 31 December 2013.

Cash, bank accounts, term deposits and marketable securities are financial assets held for trading and as such are measured at fair value (fair value through income statement).

The FCP and SICAV mutual funds do not contain any unrealised capital gains, as these were realised at 31 December 2014.

In application of the deposit policy described in Note 21.3, virtually all cash is invested, with an average term of less than 90 days, in mutual funds and in term deposits with investment grade counterparts.

At 31 December 2014, a sum of €15 million was deposited with Bayard d'Antin, a related party, as part of the treasury management agreement renewed on 15 November 2014 (see Note 26.2).

20.2. Financial liabilities

The various categories of financial liabilities at 31 December 2013 and 31 December 2014 are presented in the table below by balance sheet item:

	31/12/2013		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	1.6	1.6	-	1.6	-
Non-current liabilities relating to non-current assets	0.2	0.2	-	0.2	-
Other non-current financial liabilities	0.2	0.2	-	0.2	-
Current financial debt	0.8	0.8	-	0.8	-
Derivative financial instruments	1.0	1.0	-	-	1.0
Other current financial liabilities	-	-	-	-	-
Trade payables	383.0	383.0	-	383.0	-
Other operating liabilities	50.5	50.5	-	50.5	-
Tax and social security payable	89.1	89.1	-	89.1	-
Other current financial liabilities	23.3	23.3	-	23.3	-
Total liabilities	549.6	549.6	-	548.6	1.0

	31/12/2014		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	2.2	2.2	-	2.2	-
Other non-current financial liabilities	18.9	18.9	18.9	-	-
Non-current liabilities relating to non-current assets	-	-	-	-	-
Other non-current financial liabilities	0.9	0.9	-	0.9	-
Current financial debt	0.5	0.5	-	0.5	-
Derivative financial instruments	-	-	-	-	-
Other current financial liabilities	13.8	13.8	-	13.8	-
Trade payables	393.0	393.0	-	393.0	-
Other operating liabilities	53.5	53.5	-	53.5	-
Tax and social security payable	85.4	85.4	-	85.4	-
Other current financial liabilities	16.9	16.9	-	16.9	-
Total liabilities	585.0	585.0	18.9	566.1	-

FINANCIAL DEBT

Financial debt positions were as follows:

	31/12/2014	31/12/2013
Bank loans	1.1	-
Leases	0.1	0.6
Other	1.1	1.0
Total non-current financial debt	2.2	1.6
Bank loans	-	-
Leases	0.5	0.8
Other	-	-
Total current financial debt	0.5	0.8

The balance of financial debt primarily includes the following:

- Métropole Production's long-term lease, for €0.6 million;
- Best of TV's bank debt, for €1.1 million;
- Associates' current accounts, for €0.8 million;
- advances subject to conditions received by SNC for a total of €0.3 million.

The Group currently does not avail of medium-term banking facilities.

The Group avails of a €50 million credit facility from its principal shareholder (Bayard d'Antin). This facility was not drawn down at 31 December 2014 and was not used during the financial year.

OTHER FINANCIAL LIABILITIES

Other current financial liabilities of €13.8 million include:

- Debts of €6.1 million relating to earnouts on the acquisitions of Optilens (2013) and Best of TV (2014);
- €7.6 million debt relating to the forward purchase agreement for 500,000 treasury shares, expiring on 25 July 2015 (see Note 22.1).

Other non-current financial liabilities of €18.9 million correspond to debts relating to commitments to buy shares held by minority shareholders in Best of TV and Printric.

These financial debts are measured at fair value through profit and loss (level 3 in the hierarchy for determining fair value pursuant to IFRS 7).

20.3. Effect of financial instruments on the income statement

The effects of financial instruments on the income statement were as follows:

	31/12/2013	Analysis by category of instruments					
	Effect on income statement	Fair value through profit and loss	Assets held for sale	Investments held until maturity	Loans and receivables	Debt at amortised cost	Derivative instruments
Impact on net financial income	18.1						
Total interest income	4.6	-	-	-	4.6	-	-
Total interest expense	(0.1)	-	-	-	-	(0.1)	-
Revaluations	(0.1)	-	-	-	-	-	(0.1)
Net gains/(losses)	-	-	-	-	-	-	-
Income/(loss) on disposals	13.6	-	13.6	-	-	-	-
Impact on EBIT	(2.4)						
Net gains/(losses)	(0.0)	-	-	-	(0.0)	-	-
Impairment	(2.4)	-	-	-	(2.4)	-	-
Net income/(loss)	15.6	-	13.6	-	2.2	(0.1)	(0.1)

	31/12/2014	Analysis by category of instruments					
	Effect on income statement	Fair value through profit and loss	Assets held for sale	Investments held until maturity	Loans and receivables	Debt at amortised cost	Derivative instruments
Impact on net financial income	3.9						
Total interest income	4.8	-	-	-	4.8	-	-
Total interest expense	(0.1)	-	-	-	-	(0.1)	-
Revaluations	(0.6)	-	-	-	-	-	(0.6)
Net gains/(losses)	(0.0)	(0.0)	-	-	-	-	-
Income/(loss) on disposals	(0.1)	-	(0.1)	-	-	-	-
Impact on EBIT	(0.4)						
Net gains/(losses)	(0.0)	-	-	-	(0.0)	-	-
Impairment	(0.3)	-	-	-	(0.3)	-	-
Net income/(loss)	3.6	(0.0)	(0.1)	-	4.4	(0.1)	(0.6)

21. Risks associated with 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.

The net book value of financial assets represents the maximum exposure to the credit risk.

21.1. 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 commitments.

TRADE RECEIVABLES

Risk assessment differs across Group operations.

Advertising revenues

The main step taken by the M6 Publicité advertising agency to secure its advertising revenues is to conduct 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 (0.5% for the year to 31 December 2013).

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 revenues

As regards non-advertising revenue, no single customer risk is material enough to significantly impair the Group's profitability.

Group debt may be analysed as follows by maturity date:

	< 1 year		1 - 5 years		> 5 years		Total	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Financial debt	0.5	0.8	2.2	1.6	-	-	2.7	2.3
Derivative financial instruments	0.0	1.0	-	-	-	-	0.0	1.0
Other financial liabilities	13.8	0.00	18.9	-	-	-	32.7	0.00
Trade payables	393.0	383.0	-	-	-	-	393.0	383.0
Other liabilities	53.5	50.5	0.9	0.2	-	(0.0)	54.4	50.7
Tax and social security payable	85.4	89.1	-	-	-	-	85.4	89.1
Liabilities relating to non-current assets	16.9	23.3	-	0.2	-	-	16.9	23.5
TOTAL	563.1	547.6	22.0	2.0	-	(0.0)	585.2	549.6

21.3. 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 RISK

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.

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.

Foreign currency purchase flows represented approximately 4.1% of 2013 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 2014

	<i>USD</i> <i>(€ millions) (1)</i>
Assets	5.2
Total liabilities	(0.3)
Off-balance sheet	(48.0)
Unhedged position	(43.1)
Forex hedges	34.6
Net exposed position	(8.5)
<i>(1) at closing rate:</i>	<i>1.2438</i>

The Group's exposure is 80% hedged.

In order to hedge against market risks, the Group put into place 36 new foreign exchange hedges during the year in relation to its USD-denominated liabilities, for a total value of €47.0 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 €8.5 million in US dollars, The insufficient hedging noted at the end of December was due to commitments of

€13.4 million signed early in 2015 which could not be hedged against before the end of the financial year.

The risk of loss on the overall net exposed position would yield a €0.9 million loss in the event of an unfavourable and consistent foreign exchange movement of €0.10 against the US dollar.

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.

IFRS 13 – *Fair value measurement*, which was applied for the first time to assets and liabilities in 2013, had no significant impact on the fair value of derivative financial instruments at 31 December 2014, unchanged from 31 December 2013.

FAIR VALUE

Net balance sheet positions of derivatives were as follows:

Forward call contracts	31/12/2014	31/12/2013
	Fair value	Fair value
SND	1.8	(0.9)
HSS	(0.0)	(0.1)
TOTAL	1.7	(1.0)

The €1.7 million fair value of derivative financial instruments at 31 December 2014 reflects the favourable difference between year-end rate used for the valuation (USD 1.2438 for EUR 1) and the average rate of hedges in inventory (USD 1.3119 for EUR 1) at the end of December 2014 (a 5.5% uplift).

MATURITIES

The maturity of hedge instruments (measured in euro at the year-end forward hedge rate) was as follows:

	31/12/2014			31/12/2013		
	Total	< 1 year	1 to 5 years	Total	< 1 year	1 to 5 years
SND	27.9	27.9	-	17.6	17.6	-
HSS	4.8	4.8	-	5.2	5.2	-
TOTAL	32.8	32.8	-	22.8	22.8	-

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 2014

(€ millions)	< 1 year	1 to 5 years	> 5 years	Total
Variable rate financial assets	260.9	3.7	-	264.6
Other fixed-rate financial assets	20.0	-	1.0	21.0
Total financial assets	280.9	3.7	1.0	285.6
Variable rate financial debt	-	(1.1)	-	(1.1)
Other fixed-rate financial debt	(0.5)	(1.2)	-	(1.7)
Total financial debt	(0.5)	(2.2)	-	(2.8)

The Group's variable rate position was positive by €263.5 million at 31 December 2014. This net cash position was primarily comprised of monetary cash instruments and term deposits. The financing provided by the Group to its jointly controlled subsidiaries is treated as a financial asset.

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 - *Statement of cash flows*.

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 remains topical and the Group pays particular attention to the selection process of instruments and to diversifying counterparties, depositaries and management companies.

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 daily. On this basis, the Group arbitrates in favour of both the most regular and the most profitable funds.

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.

22. Equity

22.1. 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.

The Group avails of a maximum €50 million credit facility from its principal shareholder (Bayard d'Antin). At 31 December 2014, this credit facility was not drawn down.

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. During the 2014 financial year, the Group thus paid out an ordinary dividend of €0.85 per share.

Furthermore, the Executive Board of Métropole Télévision was granted an authorisation to buy back its own shares by the Combined General Meeting of 5 May 2014, with 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 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,;
- to provide adequate coverage for share option plans and other forms of share allocations to Group employees and/or corporate 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,;
- to allocate shares upon the exercise of rights attached to marketable securities in accordance with applicable regulations;
- to potentially cancel the purchased shares.

During the financial year ended 31 December 2014 and pursuant to this authorisation:

- Transactions were carried out by M6 as part of the liquidity contract;
- M6 bought and delivered shares to cover its free share allocation plans.

In addition, ahead of the next deliveries of free shares in 2015, Métropole Télévision entered into a forward purchase contract for 500,000 treasury shares, which will mature on 25 July 2015.

Furthermore, even though it has been granted authorisations by the Annual 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.

Furthermore, the Company 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.

22.2. Shares comprising Métropole Télévision's capital

<i>(thousands of shares)</i>	Ordinary shares issued	Treasury shares held	Shares outstanding
Number of shares at 1 January 2013	125,884	653	125,231
Exercised stock options	81		
Movement in treasury shares:			
- held for the purpose of allocating free shares		(4)	
- held as part of the liquidity contract		(86)	
Implementation of the share buyback programme for cancellation	-	-	
Number of shares at 31 December 2013	125,965	563	125,402
Exercised stock options	297		
Movement in treasury shares:			
- held for the purpose of allocating free shares		(463)	
- held as part of the liquidity contract		(1)	
Implementation of the share buyback programme for cancellation	-	-	
Number of shares at 31 December 2014	126,262	99	126,163

The shares making up the capital of Métropole Télévision are all ordinary shares with one vote each. All shares are fully paid up.

The exercise of options to subscribe for 296,988 shares by the beneficiaries resulted in a share capital increase of €0.1 million and an issue premium of €4.3 million.

Two share subscription plans and four free share allocation plans for the benefit of certain members of management and senior executives of the Group were in place at 31 December 2014 (see Note 9).

22.3. 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 reserves" caption.

The net impact on equity, under other reserves and consolidated reserves, was as follows:

Balance at 1 January 2013	(0.6)
New hedges	(0.6)
Previous hedge variations	-
Maturity of hedges	2.3
Movement in assets held for sale	(2.1)
Change in value of translation adjustment	(0.4)
Movement in pension commitments	0.0
Other movements	-
Total movements of the year	(0.7)
Balance at 31 December 2013	(1.3)
New hedges	(3.9)
Previous hedge variations	0.1
Maturity of hedges	0.6
Movement in assets held for sale	-
Change in value of translation adjustment	0.1
Change of retirement benefits of continuing operations	(1.1)
Change of retirement benefits of operations sold	(0.1)
Other movements	-
Total movements of the year	(4.2)
Balance at 31 December 2014	(5.5)

23. Retirement benefits severance pay

Commitments undertaken in respect of retirement benefits severance pay are not covered by any dedicated insurance contract or assets.

MAIN ACTUARIAL ASSUMPTIONS

%	31/12/2014	31/12/2013
Discount rate	2.00	3.00
Future salary increases *	2.65	2.72
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

	31/12/2014	31/12/2013
Current service cost	(0.6)	(0.6)
Interest expense	(0.2)	(0.2)
Net expense	(0.9)	(0.8)

PROVISION AND PRESENT VALUE OF OBLIGATION

	31/12/2014	31/12/2013
Value of obligation - opening balance	7.8	7.4
Current service cost, reductions/termination	0.6	0.6
Interest expense	0.2	0.2
Benefits paid	(0.0)	(0.1)
Actuarial gain or loss - Changes in financial assumptions	1.4	(0.2)
Actuarial gain or loss - Changes in demographic assumptions	0.0	0.1
Actuarial gain or loss - Experience effect	0.3	0.2
Change in Group structure	-	-
Value of obligation of operations held for sale	-	(0.3)
Value of obligation - closing balance	10.3	7.8

The cumulative actuarial differences recognised in other items of comprehensive income totalled €0.2 million at 31 December 2014.

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	9.6	11.1
to a change in the rate of salary increase	11.1	9.6

24. Provisions

Provision movements between 1 January 2013 and 31 December 2014 were as follows:

	Provisions for retirement benefits	Provisions for losses of associates	Provisions for restructuring	Provisions for litigations	Provisions for off-balance sheet rights	Other provisions for charges	Total
At 1 January 2013	7.4	-	0.7	24.3	37.9	24.6	94.9
Acquisition of subsidiaries	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-
Provisions of operations held for sale	(0.3)	-	(0.7)	(0.7)	-	(0.2)	(1.9)
Charge	0.8	-	-	9.1	32.5	3.9	46.3
Use	(0.1)	-	-	(5.2)	(20.2)	(2.3)	(27.9)
Unused reversals	(0.0)	-	-	(8.1)	(1.2)	(7.6)	(16.8)
Other	0.0	0.4	-	0.5	-	(1.4)	(0.5)
At 31 December 2013	7.8	0.4	-	19.9	49.0	17.0	94.1
Acquisition of subsidiaries	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-
Provisions of operations sold	(0.0)	-	-	-	-	-	(0.0)
Charge for the period	0.9	-	-	9.3	24.1	6.5	40.8
Use	(0.0)	-	-	(1.8)	(28.6)	(1.8)	(32.3)
Unused reversals	-	-	-	(4.2)	(1.8)	(1.5)	(7.5)
Other	1.7	(0.3)	-	(0.1)	-	0.1	1.4
At 31 December 2014	10.3	0.1	-	23.0	42.8	20.3	96.6
Current 2013	-	-	-	19.9	49.0	17.0	85.9
Non-current 2013	7.8	0.4	-	-	-	-	8.2
Total	7.8	0.4	-	19.9	49.0	17.0	94.1
Current 2014	-	0.1	-	23.0	42.8	20.3	86.2
Non-current 2014	10.3	-	-	-	-	-	10.3
Total	10.3	0.1	-	23.0	42.8	20.3	96.6

Provisions at 31 December 2013 and 2014 are analysed by business segment as follows:

	31/12/2014	31/12/2013
Television	73.4	73.7
Production & Audiovisual Rights	1.6	1.7
Diversification	21.0	18.2
Other	0.5	0.5
Total	96.6	94.1

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 during the anticipated programming slot 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:

- 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 channel.

“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.

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.

25. Off balance sheet commitments / contingent assets and liabilities

A. 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.

B. 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.

C. 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.

D. 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 partners' share of these liabilities as an off-balance sheet commitment received.

E. SALE OF RIGHTS

These commitments comprise sales contracts of broadcasting rights that are not yet available at 31 December 2014.

F. 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 - 5 years	> 5 years	Total 31/12/2014	Total 31/12/2013	Terms and conditions of implementation
Commitments given						
Rights purchase and co-productions commitments (gross)	277.3	586.8	122.2	986.4	903.6	Contracts signed
Advances paid for the purchase of rights and co-production commitments	(21.8)	(12.2)	(26.3)	(60.3)	(54.5)	
<i>Rights purchase and co-productions commitments (net)</i>	<i>255.5</i>	<i>574.6</i>	<i>95.9</i>	<i>926.1</i>	<i>849.1</i>	
Image transmission, satellite and transponder rental	34.7	48.1	2.1	84.9	99.7	Contracts signed
Non-cancellable leases	4.4	10.9	6.7	22.0	22.4	Leases
Responsibility for partnership liabilities	4.1	-	-	4.1	6.3	SNC liquidation
Other	5.3	4.8	-	10.1	11.0	
Commitments given in relation to operations held for sale	-	-	-	-	6.1	
Total commitments given	304.0	638.4	104.7	1,047.1	994.7	
Commitments received						
Responsibility for partnership liabilities	4.1	-	-	4.1	6.3	SNC liquidation
Sales of rights	18.4	48.0	-	66.4	54.9	Annual maturities
Broadcasting contracts	-	-	-	-	24.4	Contracts signed
Other	2.6	-	-	2.6	2.8	
Total commitments received	25.0	48.0	-	73.0	88.4	

At 31 December 2014, commitments given by the Group totalled €1,047.1 million, compared with €988.5 million at 31 December 2013 (excluding commitments given in relation to operations held for sale).

This €58.6 million increase in commitments given primarily originated from the following movements:

- rights purchase commitments and co-production commitments net of advance payments made, which increased by €76.9 million, mainly due to the multi-year agreement signed with major US studios;
- commitments linked to the image transmission and broadcast contracts of the channels fell by €14.8 million compared with the year to 31 December 2013.

At 31 December 2014, commitments received by the Group totalled €73.0 million, compared with €88.4 million at 31 December 2013.

The change resulted from an €11.6 million increase in commitments received on sales of broadcasting rights and a €24.4 million decrease in commitments related to the distribution of Group channels as contracts are executed.

26. Related parties

26.1. Identification of related parties

Related parties to the Group comprise joint ventures and associates, RTL Group – 48.42% Group shareholder, Bertelsmann AG – RTL shareholder, corporate officers and members of the Supervisory Board.

26.2. 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 28 October 2014.

In order to adhere to the cash depositing policy of Métropole Télévision (described in Note 21.3), the deposit with Bayard d'Antin may not exceed a given ratio of the cash resources of the Métropole Télévision Group.

At 31 December 2013, €15 million was deposited with Bayard d'Antin.

CURRENT TRANSACTIONS

	31/12/2014		31/12/2013	
	RTL Group	BERTELSMANN (excl. RTL Group)	RTL Group	BERTELSMANN (excl. RTL Group)
Sales of goods and services	6.3	-	5.6	-
Purchases of goods and services	(20.1)	(0.8)	(20.1)	(0.8)

Day-to-day transactions with shareholders have been conducted at arms' length, it being specified that 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:

	31/12/2014		31/12/2013	
	RTL Group	BERTELSMANN (excl. RTL Group)	RTL Group	BERTELSMANN (excl. RTL Group)
Receivables	8.4	-	7.8	0.0
Liabilities	11.2	0.3	9.9	0.2

SPECIFIC TRANSACTIONS



No specific transactions were concluded by the Group with its shareholders during the 2014 financial year.

26.3. Transactions with joint ventures

The following transactions have taken place between Group subsidiaries and joint ventures (TF6, Série-Club, Panora Services and HSS Belgium):

At 100%	31/12/2014	31/12/2013
Sales of goods and services	9.4	11.7
Net financial income	0.0	0.0
Purchases of goods and services	(0.7)	-

Sales and purchase transactions with joint ventures have been conducted at arms' length.

The net balance sheet positions were as follows:

At 100%	31/12/2014	31/12/2013
Receivables	9.8	6.5
<i>relating to financing</i>	<i>6.6</i>	<i>2.6</i>
Liabilities	0.6	0.8
<i>relating to financing</i>	<i>0.1</i>	<i>0.2</i>

Receivables relating to financing comprise profit of partnerships due to be transferred to the parent company.

Over the course of the 2014 financial year, dividends received from joint ventures totalled €0.6 million.

26.4. Transactions with associates

No significant transactions with QuickSign and Stéphane Plaza Franchise occurred in the 2014 financial year.

26.5. Transactions with corporate officers

The remuneration paid in 2014 to the members of the Executive Board amounted to €4,087,607, of which €2,291,237 was fixed and €1,796,370 variable.

No further share subscription options were allocated during 2014. However, 88,804 free shares were allocated to members of the Executive Board in April and October 2014.

44,000 free shares were transferred over the same period to Executive Board members as part of the plan of 26 July 2012 (members at 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 (see Note 4.14).

Members of the Supervisory Board were paid attendance fees amounting to €226,605. Moreover, private individual members of the Supervisory Board or representing a legal entity member of the Supervisory Board held 122,017 Group shares in a personal capacity at 31 December 2014.

Total remuneration paid to the main corporate officers in respect of their duties within the Group, as referred to by IAS 24.17, was as follows:

<i>(€ millions)</i>	31/12/2014	31/12/2013
Short-term benefits		
Remuneration items	2.9	4.0
Other short-term benefits	0.0	0.0
Long-term benefits	-	-
Severance pay	-	-
Share-based payments	0.9	0.8
Total	3.8	4.8

Furthermore, detailed disclosure of remuneration is provided in Note 2.3 of the Management Report.

27. Subsequent events

On 9 January 2015, M6 Group, via its subsidiary M6 Web, entered into exclusive negotiations for the full acquisition of OXYGEM, the French website publishing and e-marketing services company.

On 13 January 2015, the M6 and Canal+ Groups renewed their multi-year agreement concerning the distribution of all M6 Group's channels and services by Canalsat, namely M6, W9, 6TER, TEVA, PARIS PREMIERE, M6 MUSIC, GIRONDINS TV, their catch-up TV service, and M6 BOUTIQUE AND CO.

In addition, in order to cover the current free share allocation plans, on 7 and 17 January 2015 Métropole Télévision entered into forward purchase contracts for 50,000 and 150,000 treasury shares, to be delivered in July 2015 and April 2016 respectively.

No other significant event that occurred since 1 January 2015 is likely to have a significant impact on the Group's financial position, results, activities and assets.

28. Consolidation scope

Company	Legal form	Nature of operations	31/12/2014		31/12/2013	
			% share capital	Consolidation method	% share capital	Consolidation method
TELEVISION						
Métropole Télévision - M6	SA	Parent company	-	FC	-	FC
M6 Publicité	SASU	Advertising agency	100.00%	FC	100.00%	FC
M6 Bordeaux	SAS	Local TV station	100.00%	FC	100.00%	FC
M6 Toulouse	SAS	Local TV station	-	M	100.00%	FC
M6 Thématique	SA	Holding company - digital operations	100.00%	FC	100.00%	FC
Ecl 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 %	EA	50.00 %	PC
TF6	SCS	TF6 digital channel	50.00 %	EA	50.00 %	PC
SNDA	SAS	Audiovisual rights distribution	100.00%	FC	100.00%	FC
C. Productions	SA	Programme production	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 works	100.00%	FC	100.00%	FC
PRODUCTION AND AUDIOVISUAL RIGHTS						
M6 Films	SA	Co-production of films	100.00%	FC	100.00%	FC
M6 Créations	SAS	Production of audiovisual works	100.00%	FC	100.00%	FC
Stéphane Plaza Franchise	SAS	Property development	49.00%	EA	-	-
Société des agences parisiennes	SAS	Property development	24.50%	EA	-	-
M6 Editions	SA	Print publications	100.00%	FC	100.00%	FC
M6 Studio	SAS	Production of animated feature films	100.00%	FC	100.00%	FC
TCM DA	SNC	Broadcasting rights portfolio	100.00%	FC	100.00%	FC
Société Nouvelle de Cinématographie (formerly Die SA	SA	Audiovisual rights production/distribution	100.00%	FC	100.00%	FC
Société Nouvelle de Distribution	SA	Distribution of films to movie theatres	100.00%	FC	100.00%	FC
Les Films de la Suane	SARL	Audiovisual rights production/distribution	100.00%	FC	100.00%	FC
DIVERSIFICATION						
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 FCGB	100.00%	FC	100.00%	FC
Girondins Horizons	SASU	Travel agency	100.00%	FC	100.00%	FC
M6 Interactions	SAS	Exploitation of merchandising rights	100.00%	FC	100.00%	FC
M6 Evénements	SA	Event production	100.00%	FC	100.00%	FC
Live Stage	SAS	Event production	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	24.90%	EA	34.00%	EA
Panora Services	SAS	Online bank comparison engine	50.00%	EA	50.00%	PC
GM6	SAS	Development of an internet platform	75.00%	FC	75.00%	FC
HSS sub-group						
Home Shopping Service	SA	Teleshopping programmes	100.00%	FC	100.00%	FC
HSS Belgique	SA	Teleshopping programmes	50.00%	EA	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
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
MonAlbumPhoto	SAS	Distance selling with specialised catalogue	100.00%	FC	95.00%	FC
Printic	SAS	Photographic activities	80.00%	FC	-	-
M6 Divertissement	SAS	Dormant	100.00%	FC	100.00%	FC
M6 Shop	SAS	Dormant	100.00%	FC	100.00%	FC
Luxview	SAS	E-commerce	95.56%	FC	95.56%	FC
Optilens	SPRL	E-commerce	100.00%	FC	100.00%	FC
Best of TV	SAS	Wholesale trade	51.00%	FC	-	-
Best of TV Benelux	SPRL	Wholesale trade	100.00%	FC	-	-
PROPERTY - DORMANT COMPANIES						
Immobilière 46D	SAS	Neully building	100.00%	FC	100.00%	FC
Immobilière M6	SA	Neully building	100.00%	FC	100.00%	FC
SCI du 107	SCI	Neully building	100.00%	FC	100.00%	FC
OPERATIONS HELD FOR SALE / SOLD						
Mistergooddeal	SA	E-commerce	-	-	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.