Consolidated financial statements at 31/12/2017

MÉTROPOLE TÉLÉVISION (M6)

FRENCH PUBLIC LIMITED COMPANY (SOCIÉTÉ ANONYME)
WITH AN EXECUTIVE BOARD AND A SUPERVISORY BOARD
WITH SHARE CAPITAL OF €50,565,699.20

REGISTERED OFFICE: 89 AVENUE CHARLES DE GAULLE –
92200 NEUILLY-SUR-SEINE, FRANCE

339 012 452 RCS NANTERRE

Consolidated statement of financial position

ASSETS

(€ millions)	Note n°	31/12/2017	31/12/2016[1]
Goodwill	13 and 14	235.6	101.5
Audiovisual rights	13	56.0	76.1
Other intangible assets	13	145.8	62.1
INTANGIBLE ASSETS		**437.4**	**239.8**
Land	15	19.3	19.3
Buildings	15	68.2	72.7
Other property, facilities and equipment	15	39.8	23.2
PROPERTY, FACILITIES AND EQUIPMENT		**127.2**	**115.2**
Financial assets available for sale	18.1	13.9	0.4
Other non-current financial assets	18.1	5.4	4.3
Equity investments in joint ventures and associates	17	13.8	9.1
FINANCIAL ASSETS		**33.2**	**13.8**
Other non-current assets	18.1	17.6	18.2
Deferred tax assets	10	25.5	19.2
TOTAL NON-CURRENT ASSETS		**640.9**	**406.2**
Broadcasting rights inventory	16	251.3	237.6
Other inventories	16	14.1	12.7
Trade receivables	18.1	330.7	241.5
Current tax		33.9	1.2
Derivative financial instruments	19.3	-	0.4
Other current financial assets	18.1	0.2	0.4
Other current assets	18.1	191.6	186.7
Cash and cash equivalents	18.1	54.3	174.4
TOTAL CURRENT ASSETS		**876.2**	**855.1**
TOTAL ASSETS		**1,517.1**	**1,261.3**

(1) The difference compared with the financial statements published at 31 December 2016 represents the reclassification of co-productions and of advances and prepayments made on co-productions, which amounted to €33.0 million, as well as other intangible audiovisual rights assets.

EQUITY AND LIABILITIES

(€ millions)	Note n°	31/12/2017	31/12/2016
Share capital		50.6	50.6
Share premium		7.6	7.6
Treasury shares		(6.8)	(7.3)
Consolidated reserves		464.4	418.4
Other reserves		(11.9)	(5.8)
Net profit for the year (Group share)		158.4	152.7
GROUP EQUITY		**662.3**	**616.3**
Non-controlling interests		(0.1)	(0.1)
SHAREHOLDERS' EQUITY	**20**	**662.2**	**616.2**
Provisions	21 and 22	42.3	13.4
Financial debt	18.2	52.0	1.3
Other financial liabilities	18.2	43.2	32.7
Other liabilities	18.2	2.8	0.7
Deferred tax liabilities	10	5.6	4.3
TOTAL NON-CURRENT LIABILITIES		**146.0**	**52.4**
Provisions	22	77.6	77.9
Financial debt	18.2	36.3	0.6
Derivative financial instruments	19.3	0.1	-
Other financial liabilities	18.2	15.0	9.3
Trade payables	18.2	389.3	364.4
Other operating liabilities	18.2	29.0	23.5
Current tax		3.3	6.0
Tax and social security payable	18.2	120.5	93.5
Liabilities relating to non-current assets	18.2	37.9	17.4
TOTAL CURRENT LIABILITIES		**708.9**	**592.7**
TOTAL EQUITY AND LIABILITIES		**1,517.1**	**1,261.3**

Consolidated statement of comprehensive income

CONSOLIDATED INCOME STATEMENT

(€ millions)	Note n°	31/12/2017	31/12/2016
Revenue	6	1,387.3	1,278.7
Other operating revenues	7.1	28.0	77.1
Total operating revenues		**1,415.4**	**1,355.8**
Materials and other operating expenses	7.2	(708.5)	(647.8)
Personnel costs (including profit sharing plan contributions)	7.3	(277.6)	(261.7)
Taxes and duties		(46.1)	(60.2)
Net depreciation/amortisation/provision charges	7.4	(137.0)	(140.3)
Impairment of unamortised intangible assets	7.4 / 14	-	(1.5)
Total operating expenses		**(1,169.2)**	**(1,111.5)**
Operating profit		**246.1**	**244.3**
Income from cash and cash equivalents		0.5	0.8
Cost of debt		(0.4)	-
Revaluation of derivative financial instruments		(0.3)	(0.1)
Proceeds from the disposal of financial assets available for sale		-	-
Other financial expenses		(1.7)	0.1
Net financial income	**9**	**(2.0)**	**0.8**
Share of profit of joint ventures and associates	17	1.8	1.7
Profit before tax		**246.0**	**246.7**
Income tax	10	(87.5)	(94.0)
Net profit from continuing operations		**158.4**	**152.8**
Net profit/(loss) from operations held for sale / sold		-	-
NET PROFIT FOR THE YEAR		**158.4**	**152.8**
attributable to the Group	**11**	**158.4**	**152.7**
attributable to non-controlling interests		(0.0)	0.0
Earnings per share - basic (€) - Group share	11	1.257	1.210
Earnings per share from continuing operations - basic (€) - Group share	11	1.257	1.210
Earnings per share - diluted (€) - Group share	11	1.249	1.204
Earnings per share from continuing operations - diluted (€) - Group share	11	1.249	1.204

CONSOLIDATED COMPREHENSIVE INCOME

(€ millions)	Note n°	31/12/2017	31/12/2016
CONSOLIDATED NET PROFIT		**158.4**	**152.8**
Other items of comprehensive income transferable to the income statement:			
Change in value of derivative instruments		(8.7)	10.2
Change in value of translation adjustment		(0.2)	0.1
Tax on transferable items	10	2.8	(3.5)
Other items of comprehensive income non-transferable to the income statement:			
Actuarial gains and losses		(2.6)	(1.3)
Tax on non-transferable items	10	0.6	0.4
Other items of comprehensive income	**20.3**	**(8.0)**	**5.9**
COMPREHENSIVE INCOME FOR THE YEAR		**150.4**	**158.7**
attributable to the Group		**150.4**	**158.7**
attributable to non-controlling interests		(0.0)	0.0

Consolidated statement of cash flows

(€ millions)	Note n°	31/12/2017	31/12/2016
Operating profit from continuing operations		246.1	244.3
Non-current asset depreciation and amortisation		125.8	138.6
Capital gains (losses) on disposals		(17.3)	(18.5)
Other non-cash items		8.9	7.3
Operating profit after restatement for non-cash items		**363.5**	**371.6**
Income from cash and cash equivalents		0.5	1.7
Interest paid		(0.5)	(0.1)
SELF-FINANCING CAPACITY BEFORE TAX		**363.5**	**373.2**
Movements in inventories	16	(15.1)	(26.3)
Movements in trade receivables	18	(18.7)	5.1
Movements in operating liabilities	18	1.9	0.1
NET MOVEMENT IN WORKING CAPITAL REQUIREMENTS		**(31.9)**	**(21.0)**
Income tax paid		(111.4)	(83.7)
CASH FLOW FROM OPERATING ACTIVITIES		**220.2**	**268.5**
Investment activities			
Intangible assets acquisitions	13	(110.6)	(134.0)
Property, facilities and equipment acquisitions	15	(16.6)	(10.2)
Investments acquisitions	18	(4.5)	(2.9)
Cash and cash equivalents arising from subsidiary acquisitions		(195.9)	(12.8)
Cash and cash equivalents arising from subsidiary disposals		-	-
Disposals of intangible assets and property, facilities and equipment	13/15	18.8	12.5
Disposals of investments	18	0.1	0.2
Dividends received		1.6	1.3
CASH FLOW FROM INVESTMENT ACTIVITIES		**(307.1)**	**(145.8)**
Financing activities			
Share capital increases		-	-
Financial assets	18	(1.4)	0.0
Financial liabilities	18	84.6	(1.5)
Purchase and sale of treasury shares	20	(7.7)	(14.9)
Dividends paid	12	(108.6)	(107.7)
CASH FLOW FROM FINANCING ACTIVITIES		**(33.0)**	**(124.1)**
Translation effect on cash and cash equivalents		(0.2)	0.1
NET CHANGE IN CASH AND CASH EQUIVALENTS	**18**	**(120.2)**	**(1.4)**
Cash and cash equivalents - start of year	18	174.4	175.8
CASH AND CASH EQUIVALENTS - END OF YEAR		**54.3**	**174.4**

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 2016	*126,414.2*	**50.6**	**7.6**	**(2.2)**	**540.6**	**(12.6)**	**583.9**	**(0.3)**	**583.7**
Change in value of derivative instruments						6.7	6.7	-	6.7
Change in value of assets available for sale						-	-		-
Actuarial gains and losses					(0.9)		(0.9)		(0.9)
Foreign exchange difference						0.1	0.1		0.1
Other items of comprehensive income		-	-	-	*(0.9)*	*6.8*	*5.9*	-	*5.9*
Net profit for the year					152.7		152.7	0.0	152.8
Total comprehensive income for the year		-	-	-	**151.9**	**6.8**	**158.7**	**0.0**	**158.7**
Dividends paid					(107.7)		(107.7)		(107.7)
Changes in consolidating company's equity							-		-
Purchases/sales of treasury shares				(5.1)	(6.4)		(11.5)		(11.5)
Total shareholder transactions		-	-	**(5.1)**	**(114.2)**	-	**(119.2)**	-	**(119.2)**
Cost of stock options and free shares (IFRS 2)					7.2		7.2		7.2
Free shares allocation hedging instruments					0.2		0.2		0.2
Other movements (2)					(14.5)		(14.5)	0.2	(14.3)
BALANCE AT 31 DECEMBER 2016	*126,414.2*	**50.6**	**7.6**	**(7.3)**	**571.2**	**(5.8)**	**616.3**	**(0.1)**	**616.2**
BALANCE AT 1 JANUARY 2017	*126,414.2*	**50.6**	**7.6**	**(7.3)**	**571.2**	**(5.8)**	**616.3**	**(0.1)**	**616.2**
Change in value of derivative instruments						(5.9)	(5.9)		(5.9)
Change in value of assets available for sale						-	-		-
Actuarial gains and losses					(1.9)		(1.9)	(0.0)	(1.9)
Foreign exchange difference						(0.2)	(0.2)		(0.2)
Other items of comprehensive income		-	-	-	*(1.9)*	*(6.1)*	*(8.0)*	*(0.0)*	*(8.0)*
Net profit for the year					158.4		158.4	(0.0)	158.4
Total comprehensive income for the year		-	-	-	**156.5**	**(6.1)**	**150.4**	**(0.0)**	**150.4**
Dividends paid					(108.6)		(108.6)		(108.6)
Changes in consolidating company's equity							-		-
Purchases/sales of treasury shares				0.5	(5.3)		(4.9)		(4.9)
Total shareholder transactions		-	-	**0.5**	**(113.9)**	-	**(113.4)**	-	**(113.4)**
Cost of stock options and free shares (IFRS 2)					8.9		8.9		8.9
Free shares allocation hedging instruments					0.2		0.2		0.2
Other movements					(0.1)		(0.1)	0.0	(0.0)
BALANCE AT 31 DECEMBER 2017	*126,414.2*	**50.6**	**7.6**	**(6.8)**	**622.8**	**(11.9)**	**662.3**	**(0.1)**	**662.2**

(2) *Pursuant to IFRS 10 – Consolidated Financial Statements, the option on the outstanding 49% interest in iGraal has been recognised under equity at the fair value at the acquisition date, namely €15.0 million. Of the €15.0 million, €0.7 million has been allocated to non-controlling interests (to neutralise their share of iGraal's shareholders' equity at the acquisition date) and €14.3 million to the Group's consolidated reserves).*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. Financial year significant events

- On 28 March 2017, M6 Group, through its entertainment-dedicated subsidiary M6 Interactions, acquired a 49% interest in the company 6&7, a new music production and publishing company.

- On 20 July 2017, M6 Group, through its subsidiary Métropole Télévision, acquired 100% of the capital of the company Fidélité Films, which holds a catalogue of 42 feature films, including *Astérix and Obélix: God Save Britannia*, *Le petit Nicolas, Les Vacances du petit Nicolas* and *De l'autre côté du lit*.

- The renewal of the broadcasting licence for the M6 channel for a period of 5 years from 6 May 2018 was published in the *Journal Officiel* on 30 July 2017. A new agreement was also signed on 27 July 2017 between the CSA and Métropole Télévision, which will come into force on 1 January 2018.

  As part of this new agreement, the CSA has removed the upper limit of 34% of voting rights for any shareholder or group of shareholders acting in concert in the share capital of Métropole Télévision. In accordance with Article 35 of the Bylaws of Métropole Télévision, RTL Group will be able to fully exercise the entirety of its voting rights, namely 48.26% at 31 December 2017, at any general meeting that may take place as from 1 January 2018 without prior statutory amendment.

- On 1 September 2017, RTL Group and M6 Group signed the acquisition contract for RTL Group's French Radio Division (structured around the stations RTL, RTL2 and FUN, their advertising agencies IP France and IP Régions, RTL net and RTL Spécial Marketing), having secured both the approval of the CSA and the Luxembourg Government in relation to the terms and conditions for carrying out the transaction, and the favourable opinions of the employee representative bodies of the companies concerned.

  M6 Group finalised the acquisition of 100% of the capital of these companies on 1 October 2017. The Radio Division's financial performance has been consolidated in M6 Group's financial statements with effect from this date (see Note 5.1).

  This external growth transaction enables the Group to broaden its multi-media offering, and to consolidate its ties with the audiences of each of its television channels and radio stations, thereby strengthening its relationships and partnerships with its advertiser customers.

- On 15 December 2017, M6 Group took part in the creation of the Life TV channel in the Ivory Coast, via the purchase of a 33% interest in the Ivory Coast company of the same name. This company operates the DTT channel Life TV, which will be launched during 2018 in the context of deregulation of the television market in the Ivory Coast.

  The Group is using this equity investment to make its debut in Africa, in the Ivory Coast market, which has strong growth potential, and thus confirming its position as a major player in French-language television. This agreement is in keeping with M6 Group's proactive policy, which has been based on risk-taking and innovation since the Group's foundation.

- In a ruling dated 17 May 2017, the European Union Court of Justice ruled that the additional 3% corporate income tax payment on distributed income breached Directive 2011/96/EU issued by the Council on 30 November 2011 (the "Parent-Subsidiary Directive").

  On 6 October 2017, the French Constitutional Council also ruled that this payment breached the French constitution. This ruling of unconstitutionality applies to all contentious cases that had not been ruled upon at that date.

  Article 37 of the French 2018 Finance Act therefore cancelled this 3% payment on distributed income, for income paid out as from 1 January 2018.

  A tax receivable of €19.8 million was therefore recognised on 31 December 2017. This receivable corresponds to the expected reimbursement of all payments made in relation to the period between 2013 and 2017, which are disputed by the Group.

- To offset the additional charge that the reimbursement of the 3% payment represents for the French national budget, the first Amending 2017 Finance Act created an exceptional corporate income tax payment for companies that generate revenues of over €1 billion for the financial years ending between 31 December 2017 and 30 December 2018. This exceptional contribution is equivalent to 15% of the corporate income tax amount, as determined before the deduction of any allowances and tax credits, and tax receivables of any kind. It therefore resulted in an additional corporate income tax charge of €10.4 million at 31 December 2017.

2. Company information

The consolidated financial statements at 31 December 2017 of the Group of which Métropole Télévision is the parent company (the Group) were approved by the Executive Board on 19 February 2018 and reviewed by the Supervisory Board on 20 February 2018. They will be submitted for approval to the next Annual General Meeting on 19 April 2018.

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 (ISIN Code: FR0000053225). The Company is fully consolidated into 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 2017 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 2016 prepared under the same framework.

The IFRS standards adopted by the European Union at 31 December 2017 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 2017;
- 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 2017

The adoption of the following texts had no impact on the information disclosed by the Group:

- Amendments to IAS 7 – *Disclosure Initiative*, applicable to financial years starting on or after 1 January 2017;
- Amendments to IAS 12 – *Recognition of Deferred Tax Assets for Unrealised Losses*, applicable to financial years starting on or after 1 January 2017.

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 2017:

- IFRS 9 – *Financial Instruments*, applicable to financial years starting on or after 1 January 2018;
- IFRS 15 – *Revenue from Contracts with Customers*, applicable to financial years starting on or after 1 January 2018;
- Clarifications to IFRS 15 – *Revenue from Contracts with Customers*, applicable to financial years starting on or after 1 January 2018;
- IFRS 16 – *Leases*, applicable to financial years starting on or after 1 January 2019.

The consequences of the first-time application of these standards for the Group are currently being analysed.

- In the specific case of IFRS 15 – *Revenue from Contracts with Customers*, the new standard was approved by Commission Regulation (EU) 2016/1905 of 22 September 2016. This standard replaces IAS 11 - *Construction Contracts* and IAS 18 - *Revenue*, as well as the corresponding IFRIC 13 - *Customer Loyalty Programmes*, IFRIC 15 - *Agreements for the Construction of Real Estate,* IFRIC 18 - *Transfers of Assets from Customers*, and SIC 31 - *Barter Transactions Involving Advertising Services* interpretations.

  The aim of the standard is to establish the principles that an entity shall apply in order to present useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Accordingly, it establishes the core principle that an entity must recognise revenue in such a way as to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

  The new standard identifies five steps for the recognition of revenue:

  - identify the contract(s) with a customer;
  - identify the various separate performance obligations in the contract;
  - determine the transaction price;
  - allocate the transaction price to the various performance obligations in the contract;
  - recognise revenue when (or as) the entity satisfies a performance obligation.

  IFRS 15 also includes a consistent series of disclosure obligations, which represents a significant increase in the current disclosure obligations relating to the recognition of revenue.

  The main change introduced by the new standard in the case of the Group's businesses concerns the sale of content, and specifically the income relating to licences. The issue here is to determine whether this income consists in granting customers rights to access the intellectual property as it exists throughout the period covered by the licenses, or rather rights to use the intellectual property as it exists at the exact time when the licences are granted. In the first case, the revenues are spread over the term of the licences granted (recognition over time), whereas in the second case, the revenues are recognised in full at the date when the licences are granted (recognition at a point in time).

  However, the Group is not expecting the application of IFRS 15 to have any material impact on the measurement of its financial performance.

  It has furthermore chosen to apply the new standard retrospectively only to contracts that have not been completed at 1 January 2018, and to recognise the cumulative effect of the initial application at the first application date as an adjustment to the opening balance of retained reserves at 1 January 2018.

- With the exception if IFRS 16, the Group does not expect any material impact either from the initial application of other 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 IFRS 2 - *Classification and Measurement of Share-Based Payment Transactions,* applicable to financial years starting on or after 1 January 2018;
- Annual improvements to IFRS (cycle 2014-2016), applicable to financial years starting on or after 1 January 2018;
- Amendments to IFRS 9 – *Prepayment Features with Negative Compensation*, applicable to financial years starting on or after 1 January 2019;
- Amendments to IAS 28 – *Investments in Associates and Joint Ventures*, applicable as from financial years beginning on 1 January 2019 at the latest;
- Annual improvements to IFRS (cycle 2015-2017), applicable to financial years starting on or after 1 January 2019;
- IFRS 17 – *Insurance Contracts*, applicable to financial years starting on or after 1 January 2021;
- IFRIC 22 – *Foreign Currency Transactions*, applicable to financial years starting on or after 1 January 2018;
- IFRIC 23 – *Uncertainty over Income Tax Treatments*, applicable to financial years starting on or after 1 January 2019.

The consequences of the first-time application of these standards for the Group are also currently being analysed. The latter is not expected to 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.

3.2 Preparation principles

The consolidated financial statements have been prepared in accordance with the historical cost principle, except for derivative instruments, financial assets available for sale and assets measured at fair value through the income statement, which have been measured at fair value. Other financial assets have been measured at amortised cost.

Except for derivatives measured at fair value, financial liabilities have been valued in accordance with the amortised cost principle. The book value of assets and liabilities recognised in the balance sheet and subject to a fair value hedge has been restated to reflect the movements in the fair value of the risks hedged against.

3.3 Use of estimates and assumptions

In order to prepare the consolidated financial statements in compliance with IFRS, Group Management makes estimates and formulates assumptions which affect the amounts presented as assets and liabilities on the consolidated balance sheet, the information provided on contingent assets and liabilities at the time of preparing this financial information, as well as the income and expenditure recognised in the income statement.

Management continually reviews its estimates and assumptions of the book value of asset and liability items, taking into account past experience as well as various other factors that it deems reasonable (such as the prevailing economic climate of the year).

The estimates and assumptions established during the finalisation of the consolidated financial statements are liable to be substantially called into question over future financial years, both as a result of changes in the Group’s operations and performance and exogenous factors affecting the Group’s development.

The main estimates and assumptions relate to:

- the valuation and recoverable value of goodwill and intangible assets such as audiovisual rights and the acquisition cost of sports club players; the estimation of the recoverable value of these assets effectively rests on the determination of cash flows resulting from their use (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 change and differ from 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.

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;
- and are complete in all material aspects.

3.4 Preparation 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 - *Presentation of Financial Statements*, 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 - *Non-Current Assets Held for Sale and Discontinued Operations*, 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 prepayments made 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 Preparation principles

Subsidiaries

A subsidiary is an entity controlled by the Group. Control exists when the Group has the power to govern the entity’s financial and operating policies in order to derive benefits from its operations. Potential voting rights currently exercisable are taken into consideration to evidence the existence of control.

Companies exclusively controlled by Métropole Télévision are fully consolidated. Acquisitions or disposals of companies during an accounting period are taken into account in the consolidated financial statements from the date of taking control and until the date of effective loss of control. The full consolidation method implemented is that under which the assets, liabilities, income and expenses are entirely consolidated.

The proportion of net assets and net profit attributable to minority shareholders 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.

Pursuant to the provisions of IAS 39, the Group determines whether it is necessary to recognise any impairment loss with respect to its 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.

Discontinued operations

An operation is qualified as discontinued 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. Discontinued operations or operations held for sale are reported on a single line of the income statement for the periods reported, comprising the net profit of discontinued operations or operations 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 discontinued operations or operations held for sale. In addition, cash flows generated by discontinued operations or operations 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 adjustments resulting from this treatment and those resulting from the translation at the year-end rate of subsidiaries' opening equity are posted to "Other reserves" under consolidated equity and to "Change in value of translation adjustment" 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 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.

- In the case of business combinations under joint control, the Group has chosen the acquisition method in accordance with IFRS 3. This accounting method will be applied to all future business combinations under joint control in a consistent manner.

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, and

Over the net value of the identifiable assets acquired, and the liabilities assumed on the acquisition date.

- Commitments to repurchase non-controlling interests, granted by the Group to minority shareholders, are recognised at their fair value under other 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 commitment, with the balance being deducted from the Group share of equity, pursuant to the provisions of IFRS 10. Any subsequent change in fair value is recognised in the income statement.
- 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 – *Consolidated and Separate Financial Statements*, 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 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 Other intangible assets

Intangible assets principally comprise:

- advances and prepayments 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;
- licences;
- brands.

Advances and prepayments for non-current assets

Advances and prepayments 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 – *Clarification of Acceptable Methods of Depreciation and Amortisation.*

The amortisation method of an asset should reflect the pattern according to which the benefits generated by the asset are used. The presumption that an amortisation method which depends on the income generated by an asset is not appropriate is refuted in the case of audiovisual and co-production rights, given the very close correlation between revenue and the usage of the economic benefits of these rights.

That is why audiovisual rights:

- are amortised to match the net revenue generated as a percentage of total estimated net revenue, with the amortisation periods being consistent with industry practices and corresponding 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.

Co-production of feature films, drama and other

From now on, co-producers' shares will be recorded as audiovisual rights (see the consolidated statement of financial position), and amortised when payment is received. 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 du Cinéma et de l'Image Animée (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 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.

Licences

Licences are recognised at acquisition cost. With the exception of the licences contributed by RTL France Radio at the time of the acquisition of the RTL Group's Radio Division, the licences have a finite useful life, and are therefore amortised.

The licences contributed by RTL France Radio correspond to rights relating to authorisation to use the radio-electric frequencies for France that relate to RTL Radio, which are issued by the *Conseil Supérieur de l'Audiovisuel*. These licences have an indefinite useful life to the extent that there is no foreseeable limit to the period during which they will generate net cash inflows for the company that holds them. Accordingly, these licences are not amortised, and their book value will be measured every year in accordance with IAS 36 - *Impairment of Assets*. Their book value at 31 December 2017 was €55.6 million.

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	3 - 4 years
Office and technical equipment	3 - 6 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 CGU 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.
- 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 is 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

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.

Financial assets

- In accordance with the recommendations of IAS 39 - *Financial Instruments: Recognition and Measurement*, the shares of non-consolidated (either via full consolidation or using the equity method) 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 debt is measured at amortised cost in accordance with the effective interest rate method, and primarily consists of a bond issue and similar debt, including revolving credit facilities arranged with banks.

Financial liabilities valued at fair value through the income statement result in the realisation of profit due to short-term variations in price.

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.

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.

Since the 2010 financial year, pursuant to the provisions of IAS 12 - *Income Taxes*, the Group has reclassified the CVAE tax as income tax.

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.

As such, a deferred tax asset is recognised when the tax base value is greater than the book value (expected future tax saving); a deferred tax liability is recognised when the tax base value is lower than the book value (expected future tax charge).

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 Taxes*, 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 prepayments.

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

Since 2009, M6 Group has been implementing free share allocation plans for the benefit of its personnel (see Note 8). 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 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 plans.

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 and as part of individually-negotiated terms, 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 at the balance sheet date.

In the event 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

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 therefore 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 - *Financial Instruments, Recognition and Measurement,* 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 Other revenues

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 at the time of the broadcast of the advertisements and commercials that are the subject of the sale; revenue is recognised net of commercial rebates granted, in accordance with the general and special terms and conditions, which results in the issuance of current and year-end credit notes;
- 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. 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;
- telephony revenue related to managing both the subscriber base and the brand licence are recognised on a straight-line basis.

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, in the case of free shares, to the fair value of services still to be provided, and, in the case of subscription options, 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. Business combinations / Changes in the scope of consolidation

5.1 Acquisitions during the financial year

Fidélité Films

On 20 July 2017, the Group, through its subsidiary Métropole Télévision, acquired 100% of the capital of Fidélité Films, a company that owns a catalogue of 42 feature films.

This acquisition was treated as a business combination within the meaning of IFRS 3 (Revised), and generated provisional goodwill of €2.0 million after allocating the price to the catalogue (€3.8 million, net of tax) and to the support fund (€4.0 million, net of tax).

Over the 2017 financial year, Fidélité Films contribution to Group consolidated revenue was €0.3 million. Its contribution to Group profit from recurring operations (EBITA) was €0.1 million.

RTL's French Radio Division

On 1 October 2017, M6 Group finalised the acquisition via its Métropole Télévision subsidiary of 100% of the capital of the companies RTL France Radio, Ediradio, Information et Diffusion, SCP RTL, SERC, SODERA, IP France, IP Régions, RTL net and RTL Spécial Marketing, together with their subsidiaries, which make up the RTL Group's French Radio Division. As part of the transaction, Métropole Télévision also purchased the shares in Médiamétrie held by Bayard d'Antin (which represent a 2.7% interest).

The final acquisition price will be determined before the end of the first quarter of 2018, following a review performed by the independent expert appraiser appointed by the parties. The provisional acquisition price used to prepare the Group's consolidated financial statements for the year ended 31 December 2017 was €196.7 million. The acquisition costs amounted to €0.4 million for the 2017 financial year.

This jointly controlled acquisition has been treated as a business combination in accordance with IFRS 3 (Revised). It was financed via a €50.0 million bond issue and the arrangement of revolving credit facilities.

The revenues and profit from recurring operations generated by the Radio Division in 2017 amounted to €166.9 million and €19.4 million respectively.

The Radio Division’s contribution to consolidated net profit for the 2017 financial year is as follows:

	31/12/2017
Revenue	54.9
Other operating revenues	0.1
TOTAL OPERATING REVENUES	**55.0**
Materials and other operating expenses	(24.1)
Personnel costs (including profit sharing plan contributions)	(16.2)
Taxes and duties	(0.2)
Net depreciation/amortisation/provision charges	(1.6)
PROFIT FROM RECURRING OPERATIONS [EBITA]	**12.8**
Operating income and expenses related to business combinations	(0.0)
OPERATING PROFIT [EBIT]	**12.8**
NET FINANCIAL INCOME/(EXPENSE)	**(0.1)**
Share of profit of joint ventures and associates	-
PROFIT BEFORE TAX	**12.7**
Income tax	(4.8)
NET PROFIT FOR THE YEAR	**7.9**

The statement of financial position for the Radio Division acquired on 1 October 2017 is as follows:

	01/10/2017
Non-current assets	86.7
Current assets	55.9
Cash and cash equivalents	1.5
TOTAL ASSETS	**144.1**
Shareholders' equity	60.1
Non-current liabilities	33.0
Current liabilities	51.1
TOTAL EQUITY AND LIABILITIES	**144.1**

The provisional allocation of the acquisition cost of companies in the Radio division is analysed as follows:

Provisional acquisition cost	**196.7**
Of which financial assets available for sale	1.0
Restated net book value of assets acquired	**60.1**
Fair value adjustment of assets acquired and liabilities assumed	**3.0**
PROVISIONAL GOODWILL	**132.7**

The final allocation work on the acquisition price will be performed during the first half of 2018.

5.2 Other changes in the scope of consolidation

In addition, the Group’s consolidation scope changed over the 2017 financial year as follows:

- Merger of Oxygem into M6 Web on 1 January 2017;
- Acquisition on 28 March 2017 of a 49% interest in 6&7, a new music production and publishing company, by the entertainment-dedicated subsidiary M6 Interactions (see Note 17.2);
- acquisition of a 33% interest in Life TV by Métropole Télévision on 15 December 2017 (see Note 17.2).

The Group had acquired 100% of the capital of Mandarin Cinéma and a 51% interest in iGraal during the 2016 financial year. The final goodwill amounts were €2.4 million and €10.3 million respectively at 31 December 2017.

6. 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.

Furthermore, the acquisition of the RTL Group's French Radio Division during the 2017 financial year has led the Group to reorganise its operating structure, and to add a new operating segment to its segment reporting.

The operating segments presented are therefore 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, Téva, 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.

Radio

The segment includes the radio stations (RTL, RTL2 and Fun Radio), where the business model is entirely funded by advertising.

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 from the Group's websites, 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.

Furthermore, the Group made a few minor adjustments to the composition of its operating segments during the 2017 financial year:

- the development of GM6's Multi Channel Network business (the first digital studio dedicated entirely to the creation of content for Millennials) led the Group to reclassify this company (which was renamed "Golden Network") from the "Diversification" segment to the "Television" segment;
- M6 Editions was reclassified from the "Production and Audiovisual Rights" segment to the "Diversification" segment;

- M6 Créations’ Talent business (commercial exploitation of the images of the Group’s celebrities) is now presented in the “Diversification” segment, and no longer in the “Production and Audiovisual Rights” segment.

The activities for each segment in the 2016 financial year, as set out below, have not been restated, in view of the immaterial financial impact.

Income statement

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

In 2016:

	Television	Production & Audiovisual Rights	Diversification	Eliminations and unallocated items	Total 31/12/2016
External revenue	855.8	97.6	325.0	0.3	1,278.7
Inter-segment revenue	16.6	14.2	1.8	(32.6)	-
Revenue *	872.5	111.8	326.7	(32.3)	1,278.7
Profit from recurring operations (EBITA) of continuing operations	**159.3**	**8.4**	**89.3**	**(11.5)**	**245.5**
Operating income and expenses relating to business combinations		(0.2)	(1.1)		(1.2)
Income from disposal of subsidiaries and investments					-
Operating profit (EBIT) from continuing operations					**244.3**
Net financial income					0.8
Share of profit of joint ventures and associates					1.7
Profit before tax (EBT) from continuing operations					**246.7**
Income tax					(94.0)
Net profit from continuing operations					**152.8**
Net profit from operations held for sale / sold					**-**
Net profit for the year					**152.8**
attributable to the Group					152.7
attributable to non-controlling interests					0.0

* including advertising revenue of €853.3 million

In 2017:

	Television	Radio	Production and Audiovisual Rights	Diversification	Eliminations and unallocated items	Total 31/12/2017
External revenue	897.2	54.9	101.7	333.3	0.3	1,387.3
Inter-segment revenue	16.4	0.4	9.9	2.0	(28.7)	-
Revenue *	913.6	55.3	111.5	335.3	(28.4)	1,387.3
Profit from recurring operations (EBITA) of continuing operations	**189.2**	**12.8**	**8.0**	**44.4**	**(5.8)**	**248.7**
Operating income and expenses relating to business combinations			(1.6)	(1.1)		(2.6)
Income from disposal of subsidiaries and investments	(0.0)					(0.0)
Operating profit (EBIT) from continuing operations						**246.1**
Net financial income						(2.0)
Share of profit of joint ventures and associates						1.8
Profit before tax (EBT) from continuing operations						**246.0**
Income tax						(87.5)
Net profit from continuing operations						**158.4**
Net profit from operations held for sale / sold						**-**
Net profit for the year						**158.4**
attributable to the Group						158.4
attributable to non-controlling interests						(0.0)

* including advertising revenue of €948.0 million

Statement of financial position

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

In 2016:

	Television	Production & Audiovisual Rights	Diversification	Eliminations	Total 31/12/2016
Segment assets	605.1	119.0	294.7	(63.0)	955.8
Equity investments in joint ventures and associates	2.2	3.1	3.8		9.1
Unallocated assets					296.4
TOTAL ASSETS	**607.3**	**122.1**	**298.5**	**(63.0)**	**1,261.3**
Segment liabilities	410.7	80.5	194.1	(63.0)	622.4
Unallocated liabilities					22.7
TOTAL EQUITY AND LIABILITIES	**410.7**	**80.5**	**194.1**	**(63.0)**	**645.1**
NET ASSETS/(LIABILITIES)	**196.5**	**41.5**	**104.4**	**(0.0)**	**616.2**
Other segment information					
Non-current asset acquisitions	64.0	54.6	31.4		149.9
Depreciation and amortisation	(60.4)	(40.2)	(19.1)		(119.7)
Writedowns	(5.5)	(9.4)	(1.1)		(16.0)
Other unallocated segment reporting items					(2.6)

In 2017:

	Television	Radio	Production and Audiovisual Rights	Diversification	Eliminations	Total 31/12/2017
Segment assets	608.1	295.6	102.2	330.7	(46.2)	1,290.4
Equity investments in joint ventures and associates	2.0	-	4.2	7.6	-	13.8
Unallocated assets						212.9
TOTAL ASSETS	**610.1**	**295.6**	**106.4**	**338.3**	**(46.2)**	**1,517.1**
Segment liabilities	437.6	96.3	68.9	198.3	(46.2)	754.9
Unallocated liabilities						100.0
TOTAL EQUITY AND LIABILITIES	**437.6**	**96.3**	**68.9**	**198.3**	**(46.2)**	**854.9**
NET ASSETS/(LIABILITIES)	**172.5**	**199.3**	**37.5**	**140.0**	**-**	**662.2**
Other segment information						
Non-current asset acquisitions	56.9	5.4	22.0	62.6		146.9
Depreciation and amortisation	(53.4)	(0.7)	(57.4)	(25.0)		(136.5)
Writedowns	(2.2)	(0.5)	8.6	0.3		6.2
Other unallocated segment reporting items						(2.8)

Unallocated assets mainly correspond to assets of the property division, cash and cash equivalents, other financial assets and 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.

7. Other operating income and expenses

7.1 Other operating revenues

Other operating revenues totalled €28.0 million (compared with €77.1 million in 2016), and primarily comprised:

- Capital gains on the sale of football players of €19.0 million, compared with €15.6 million in 2016;
- Operating grants received of €3.4 million, compared with €4.1 million in 2016;
- CICE (tax credit aimed at encouraging business competitiveness and employment) and research tax credits of €3.7 million, compared with €2.1 million in 2016.

Other operating revenues at 31 December 2016 also included capital gains on the disposal of business goodwill amounting to €3.3 million, and a contractual compensation payment of €50.0 million paid by Orange in relation to the end of marketing of the 'M6 mobile by Orange' offering.

7.2 Materials and other operating expenses

	31/12/2017	31/12/2016
Broadcasting rights consumption and programme flows (including writedown of broadcasting rights inventory)	(263.2)	(229.2)
Cost of sales	(56.6)	(62.7)
Other external services	(386.3)	(355.1)
Operating foreign exchange losses	(0.2)	-
Other expenses	(2.2)	(0.9)
MATERIALS AND OTHER OPERATING EXPENSES	**(708.5)**	**(647.8)**

7.3 Employee and workforce expenses

	31/12/2017	31/12/2016
Wages and salaries	(165.7)	(154.4)
Social security charges	(68.9)	(65.1)
Profit sharing plan contributions	(13.3)	(18.0)
Other employee costs	(29.8)	(24.3)
EMPLOYEE COSTS	**(277.6)**	**(261.7)**

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

	31/12/2017	31/12/2016
Fully-consolidated companies	2,929	2,332
Joint ventures*	2	2

** relates to the interest in Panora Services. The corresponding staff costs are included in the income of the related joint ventures and associates (see Note 17).*

The "full time equivalent" (FTE) workforce by category can be analysed as follows:

	31/12/2017	31/12/2016
Employees	28%	30%
Managers	44%	45%
Senior executives	3%	3%
Journalists	9%	6%
Event contract workers	16%	16%
Total	100%	100%

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

7.4 Amortisation, depreciation and impairment charges

	31/12/2017	31/12/2016
Amortisation and net provisions - audiovisual rights	(76.7)	(99.7)
Amortisation and net provisions - production costs	(18.3)	(6.8)
Amortisation and net provisions - other intangible assets	(25.3)	(21.0)
Depreciation - property, facilities and equipment	(14.5)	(12.8)
Other	(2.2)	(0.1)
Impairment of unamortised intangible assets	-	(1.5)
TOTAL AMORTISATION AND DEPRECIATION (NET)	**(137.0)**	**(141.8)**

8. Share-based payments

Plans allocated in 2017

Pursuant to the authorisation granted by the Combined General Meeting of 26 April 2016, three allocations of free shares were decided by the Executive Board on 26 July 2017, following approval by the Supervisory Board on 25 July 2017:

- One plan involves 168 beneficiaries and covers 307,200 shares, subject to beneficiaries remaining employed by the Group at 27 July 2019 and the achievement of consolidated net profit objectives in 2017;
- Another plan involves 24 beneficiaries and covers 217,667 shares. It is allocated annually based on performance and employment conditions over the 2017-2018-2019 period;
- The last plan involves 4 beneficiaries and covers 8,917 shares, subject to beneficiaries remaining employed by the Group at 20 March 2020 and a cumulative performance requirement over a period of three years.

Valuation at fair value of benefits granted to employees

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 2017, 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:

	Reference price	Exercise price	Historic volatility	Risk-free rate (*)	Expected yield	Fair value
Plans granting free shares						
14/04/2014	16.05	N/A	N/A	0.53%	5.60%	12.53
13/10/2014	12.03	N/A	N/A	0.23%	7.60%	8.37
11/05/2015	18.62	N/A	N/A	0.16%	4.80%	13.89
28/07/2015	18.38	N/A	N/A	0.22%	4.90%	13.97
28/07/2016	16.24	N/A	N/A	-0.10%	5.50%	14.51
27/07/2017	20.59	N/A	N/A	-0.17%	4.31%	18.82
02/10/2017	20.59	N/A	N/A	-0.17%	4.31%	18.82

(*) 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, based on historical observations, that 10% of the shares will not be delivered due to the departure of beneficiaries during the vesting period.

During the financial year, the balance of shares granted changed as follows:

	Allocation at plan date	Maximum allocation	Balance at 31/12/2016	Change based on performance	Allocated	Delivered	Cancelled	Balance at 31/12/2017
Plans granting free shares	**1,848,284**	**1,848,284**	**1,284,000**	**-**	**533,784**	**(475,500)**	**(22,600)**	**1,319,684**
11/05/2015	32,500	32,500	32,500	-	-	(32,500)	-	-
28/07/2015	480,400	480,400	453,200	-	-	(443,000)	(10,200)	-
28/07/2016	440,600	440,600	437,300	-	-	-	(12,400)	424,900
28/07/2016	361,000	361,000	361,000	-	-	-	-	361,000
27/07/2017	217,667	217,667	-	-	217,667	-	-	217,667
27/07/2017	307,200	307,200	-	-	307,200	-	-	307,200
02/10/2017	8,917	8,917	-	-	8,917	-	-	8,917

The cancellations recorded during the financial year are due to beneficiaries leaving before the exercise period of their rights began. They may also be due to non-achievement of financial performance targets set on allocating the plans.

Data relating to the free share allocation plans are reference data corresponding to the achievement of performance objectives set within the context of the 2015, 2016 and 2017 plans.

Charges recognised in 2017

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	
Plans granting free shares	**31/12/2017**	**31/12/2016**
14/04/2014	-	(0.2)
13/10/2014	-	(1.5)
11/05/2015	(0.1)	(0.2)
28/07/2015	(1.9)	(3.0)
28/07/2016	(5.2)	(2.2)
27/07/2017	(1.7)	-
02/10/2017	(0.0)	-
TOTAL COST	**(8.9)**	**(7.2)**

9. Net financial income

	31/12/2017	31/12/2016
Investment income	0.4	0.7
Other interest income	0.1	0.1
Revaluation of derivative financial instruments	0.1	0.2
Other financial income	**0.5**	**1.0**
Interest on loans from banks and associates	(0.4)	(0.0)
Capitalised interest on pension	(0.3)	(0.2)
Revaluation of derivative financial instruments	(0.4)	(0.3)
Financial expense	**(1.1)**	**(0.6)**
Other financial expenses	(1.4)	0.3
NET FINANCIAL INCOME	**(2.0)**	**0.8**

- Investment income declined in the 2017 financial year due to lower average returns on deposits and a lower average amount invested (€121 million over 2017, versus €136 million over 2016). The EONIA benchmark rate remained negative throughout the year at an average -0.35% (compared with -0.32 % in 2016).

  The Group generated financial income of €0.4 million in 2017, compared with €0.7 million in 2016.

- The interest on loans from banks and associates amounted to -€0.4 million at 31 December 2017, and primarily corresponded to the interest on the bond issue arranged in order to finance the purchase of the RTL Group's Radio Division.

- The other financial expenses primarily comprised the revaluation of other financial assets and liabilities (minority interests, commitments to purchase securities held by the minority shareholders, forward purchases of treasury shares, pension commitments, and foreign currency accounts).

10. Income tax

The components of income tax are as follows:

	31/12/2017	31/12/2016
Current income tax:		
Tax charge for the year	(82.3)	(93.1)
Deferred tax:		
Creation and reversal of temporary differences	(5.2)	(0.9)
TOTAL	**(87.5)**	**(94.0)**

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

	31/12/2017	Change	31/12/2016
Fair value revaluation of foreign exchange contracts (cash flow hedges)	0.0	0.1	(0.1)
Actuarial gains and losses	2.0	1.6	0.4
Treasury shares forward purchase	5.1	2.7	2.5
TOTAL	**7.1**	**4.3**	**2.8**

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:

	31/12/2017	31/12/2016
Net profit - Group share	**158.4**	**152.7**
Non-controlling interests	0.0	0.0
Income tax	(87.5)	(94.0)
Share of profit of joint ventures and associates	1.8	1.7
Income and expenses related to business combinations	(0.4)	(0.4)
Goodwill impairment	-	(1.5)
Cost of free shares (IFRS 2)	(8.9)	(7.2)
Profit from continuing operations before restated income tax	**253.5**	**254.2**
Theoretical standard tax rate	34.43%	34.43%
2017 exceptional contribution	5.0%	-
Theoretical tax charge	**(100.0)**	**(87.5)**
Reconciling items:		
C.V.A.E. tax [(1)]	(7.4)	(6.1)
3% tax on dividends	16.6	(3.2)
Other differences	3.3	2.9
EFFECTIVE TAX CHARGE	**(87.5)**	**(94.0)**
Effective tax rate	34.53%	36.97%

[(1)] *In 2010, the Group decided to reclassify CVAE (value added business tax) as income tax. This amounted to €12.2 million (€7.4 million after tax) at 31 December 2017, compared with €9.4 million (€6.1 million after tax) at 31 December 2016.*

To offset the additional charge that the reimbursement of the 3% payment on distributed income represents for the French national budget, the first Amending 2017 Finance Act created an exceptional corporate income tax payment for companies that generate revenues of over €1 billion for the financial years ending between 31 December 2017 and 30 December 2018. This exceptional contribution is equivalent to 15% of the corporate income tax amount, as determined before the deduction of any allowances and tax credits and tax receivables of any kind. It therefore resulted in an increase in the corporate tax rate from 34.43% for the 2016 financial year to 39.43% for the 2017 financial year, thereby generating an additional corporate income tax charge of €10.4 million for the Group at 31 December 2017.

Since the 2013 financial year, the Group had been subject to an additional income tax contribution of 3% on dividends paid. This payment was ruled to be in breach of the French Constitution by the French Constitutional Council on 6 October 2017. A tax receivable of €19.8 million was therefore recognised on 31.12.2017. This receivable corresponds to the expected reimbursement of all of the payments made for the period between 2013 and 2017, which are disputed by the Group. After taking into account the €3.2 million payment made by the Group in respect of the dividends paid in May 2017, the net impact for the 2017 financial year, as set out in the table below, is €16.6 million.

The sources of deferred tax were as follows:

	31/12/2017	31/12/2016
Deferred tax assets		
Intangible assets	0.3	0.3
Other assets	5.2	5.8
Retirement provisions (non-deductible)	11.3	4.6
Non-deductible provisions	18.6	19.4
Expenses payable non-deductible	4.3	4.1
Financial instruments	5.2	2.4
Losses brought forward	3.3	3.4
Other	1.7	1.0
Impact of offsetting deferred tax assets and liabilities on the balance sheet	(24.4)	(21.7)
TOTAL	**25.5**	**19.2**
Deferred tax liabilities		
Catalogues	(8.9)	(7.3)
Brands	(1.9)	(2.3)
Accelerated depreciation and amortisation	(7.6)	(9.3)
Writedown of treasury shares	(3.0)	(2.7)
Other	(8.5)	(4.4)
Impact of offsetting deferred tax assets and liabilities on the balance sheet	24.4	21.7
TOTAL	**(5.6)**	**(4.3)**

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

The cumulative losses brought forward of Group companies were €49.6 million at 31 December 2017.

The losses that were capitalised as deferred tax assets amounted to €9.8 million at 31 December 2017.

At 31 December 2017, 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.

11. Earnings per share

	31/12/2017	31/12/2016
Net profit attributable to shareholders	158.4	152.7
Profit / (loss) from operations held for sale attributable to shareholders	-	-
Net profit from continuing operations attributable to shareholders	158.4	152.7
Average weighted number of shares (excluding treasury shares) for basic earnings per share	125,997,253	126,197,775
Potential dilutive effect of share-based payments	805,468	653,578
Average weighted number of shares (excluding treasury shares) adjusted for dilutive effect*	126,802,721	126,851,353
Net earnings per share (€)	1.257	1.210
Net earnings per share from continuing operations (€)	1.257	1.210
Diluted earnings per share (€)	1.249	1.204
Diluted earnings per share from continuing operations (€)	1.249	1.204

** 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 28 July 2016, 27 July 2017 and 2 October 2017.

The number of shares with a potential dilutive impact was 805,468 at December 31, 2017, with a dilutive effect on EPS of 0.8 euro cent per share.

12. Dividends

Métropole Télévision	**31/12/2017**	**31/12/2016**
Declared and paid during the year	**107.1**	**107.4**
Number of outstanding shares (thousands)	*126,020*	*126,345*
Dividend paid per ordinary share (€)	0.85	0.85
Proposed for approval at AGM	**119.7**	**107.1**
Number of outstanding *shares* (thousands)	*125,994*	*125,996*
Dividend paid per ordinary share (€)	0.95	0.85

13. Intangible assets

	Audiovisual rights *(distribution and trading)*	**Co-production**	**Advances and prepayments**	**Total audiovisual rights**[1]	**Other intangible assets**[1]	**Goodwill**	**Total 31/12/2016**
At 1 January 2016, net of amortisation and writedowns	**34.5**	**9.0**	**21.8**	**65.3**	**53.9**	**89.7**	**208.9**
Acquisitions	51.9	3.5	55.2	110.6	31.0	-	141.5
Change in Group structure (gross amounts)	7.0	-	-	7.0	0.4	13.3	20.7
Disposals	(44.6)	-	0.0	(44.6)	(17.1)	-	(61.8)
Other movements	0.0	0.0	-	0.0	-	-	0.0
Reclassifications	49.4	2.3	(52.0)	(0.2)	0.2	-	(0.0)
Writedowns	(13.3)	(1.7)	(0.1)	(15.1)	(1.0)	(1.5)	(17.6)
2016 amortisation charge	(86.4)	(5.0)	-	(91.4)	(20.0)	-	(111.3)
Change in Group structure - accumulated amortisation charge	0.0	(0.0)	-	0.0	(0.4)	-	(0.4)
Reversal of amortisation on disposals	44.6	-	-	44.6	15.1	-	59.7
At 31 December 2016, net of amortisation and writedowns	**43.2**	**8.1**	**24.9**	**76.1**	**62.1**	**101.5**	**239.8**
At 1 January 2016							
Gross value	865.6	601.1	22.5	1,489.2	170.2	122.9	1,782.4
Accumulated amortisation and writedowns	(831.1)	(592.1)	(0.7)	(1,424.0)	(116.3)	(33.2)	(1,573.5)
NET AMOUNT AT 1 JANUARY 2016	**34.5**	**9.0**	**21.8**	**65.3**	**53.9**	**89.7**	**208.9**
At 31 December 2016							
Gross value	930.0	627.0	25.7	1,582.7	184.7	136.2	1,903.6
Accumulated amortisation and writedowns	(886.8)	(618.9)	(0.8)	(1,506.5)	(122.6)	(34.7)	(1,663.8)
NET TOTAL AT 31 DECEMBER 2016	**43.2**	**8.1**	**24.9**	**76.1**	**62.1**	**101.5**	**239.8**

[1] The difference compared with the financial statements published at 31 December 2016 represents the reclassification of co-productions and of Advances and prepayments made on co-productions, which amount to €33.0 million, as well as other intangible audiovisual rights assets.

	Audiovisual rights (distribution and trading)	Co-production	Advances and prepayments	Total audiovisual rights	Other intangible assets	Goodwill	Total 31/12/2017
At 1 January 2017, net of amortisation and writedowns	**43.2**	**8.1**	**24.9**	**76.1**	**62.1**	**101.5**	**239.8**
Acquisitions	48.6	0.5	19.2	68.3	62.3	-	130.6
Change in Group structure (gross amounts)	5.7	-	-	5.7	65.9	134.1	205.7
Disposals	(73.3)	-	(1.4)	(74.6)	(27.8)	-	(102.4)
Other movements	(0.0)	-	-	(0.0)	(0.0)	-	(0.0)
Reclassifications	21.9	11.6	(30.9)	2.5	(2.5)	-	(0.0)
Writedowns	5.3	1.9	(0.9)	6.3	0.3	-	6.6
2017 amortisation charge	(82.0)	(19.3)	-	(101.4)	(25.5)	-	(126.9)
Change in Group structure - accumulated amortisation charge	0.0	-	-	0.0	(8.8)	-	(8.8)
Reversal of amortisation on disposals	73.1	-	-	73.1	19.9	-	92.9
At 31 December 2017, net of amortisation and writedowns	**42.4**	**2.8**	**10.8**	**56.0**	**145.8**	**235.6**	**437.4**
At 1 January 2017							
Gross value	930.0	627.0	25.7	1,582.7	184.7	136.2	1,903.6
Accumulated amortisation and writedowns	(886.8)	(618.9)	(0.8)	(1,506.5)	(122.6)	(34.7)	(1,663.7)
NET AMOUNT AT 1 JANUARY 2017	**43.2**	**8.1**	**24.9**	**76.1**	**62.1**	**101.5**	**239.8**
At 31 December 2017							
Gross value	930.7	660.3	13.8	1,604.7	281.9	267.9	2,154.6
Accumulated amortisation and writedowns	(888.3)	(657.4)	(3.0)	(1,548.7)	(136.1)	(32.3)	(1,717.1)
NET TOTAL AT 31 DECEMBER 2017	**42.4**	**2.8**	**10.8**	**56.0**	**145.8**	**235.6**	**437.4**

Audiovisual rights include cinematographic, television and videographic rights acquired within the framework of productions, as well as in application of distribution agreements for which a fixed amount (guaranteed minimum) was paid to the producer (see Note 4.5).

Producers and co-producers’ shares in feature films, television series, and other programmes are now presented under the “Co-production” heading.

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.

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.

Other intangible assets consist of licences, computer software, co-productions and assets related to the transfer fees of football players.

Excluding the licences contributed by RTL France Radio, which correspond to rights relating to authorisation to use the radio-electric frequencies for France that relate to RTL Radio, and are issued by the *Conseil Supérieur de l'Audiovisuel*, all of the other intangible assets are subject to amortisation.

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

Movements

Goodwill evolved as follows:

		31/12/2017	31/12/2016
Opening balance net of impairment		101.5	89.7
Acquisitions		134.1	13.3
Other movements		-	-
Impairment losses		-	(1.5)
Closing balance		235.6	101.5
Opening balance			
	Gross values	136.2	122.9
	Accumulated impairment	(34.7)	(33.2)
	NET AMOUNT	**101.5**	**89.7**
Closing balance			
	Gross values	267.9	136.2
	Accumulated impairment	(32.4)	(34.7)
	NET AMOUNT	**235.6**	**101.5**

The increase in goodwill during the 2017 financial year mainly reflects the acquisitions of RTL Group's French Radio division and Fidélité Films (see Note 5).

Movements during the 2016 financial year reflected the acquisitions of Mandarin Cinéma and iGraal.

No impairment was recognised during the 2017 financial year on goodwill from continuing operations (see impairment tests hereafter).

Analysis

Goodwill is analysed by Cash Generating Unit as follows:

Net value		31/12/2017	31/12/2016
Television		-	-
Radio		132.7	-
Production and Audiovisual Rights			
	Audiovisual rights	5.2	3.2
Diversification			
	Internet	64.7	65.4
	E-Commerce	20.5	20.5
	Teleshopping	12.5	12.5
TOTAL		**235.6**	**101.5**

- The Internet CGU includes M6 Web and iGraal as a result of the similarities in their business models;
- The E-Commerce CGU includes Mon Album Photo and Printic;
- The Home Shopping CGU includes the entities Home Shopping Services, Best of TV and Best of TV Benelux;
- The Audiovisual Rights CGU includes SND and the audiovisual rights catalogue companies;
- The Radio CGU includes RTL Group's entire French Radio Division acquired in 2017.

Impairment tests

During the last quarter of 2017, the Internet, Teleshopping and E-Commerce CGUs were subject to an impairment test, in accordance with IAS 36.

The Radio CGU was not tested, in view of the fact that the acquisition date for the French Radio Division was 1 October 2017.

The discounted cash flow method (DCF) used to measure the value in use is based on cash flow forecasts established at the end 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 Internet CGU:
  - The discount rate used stood at 10.4% representing the average WACC recorded at French brokers for companies with the same risk profile as the Internet CGU's operations;
  - The infinite growth rate was 2%.

- Assumptions specific to the Teleshopping CGU:
  - The discount rate used was the same as for M6 Group, which corresponds to the average WACC applied by French brokers, i.e. 8.1%;
  - A cautious approach to infinite growth was also selected (1.5%).

- Assumptions specific to the E-Commerce CGU:
  - The discount rate used was the same as for M6 Group, which corresponds to the average WACC applied by French brokers, increased by a risk premium, i.e. 9.1%;
  - The infinite growth rate was 1%.

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

		Discount rate				
Internet		**9.4%**	**9.9%**	**10.4%**	**10.9%**	**11.4%**
	1.0%	160.2	153.9	148.2	143.1	138.5
	1.5%	167.3	160.2	153.9	148.2	143.1
Growth rate	2.0%	175.4	167.3	**160.2**	153.9	148.2
	2.5%	184.7	175.4	167.3	160.2	153.9
	3.0%	195.4	184.7	175.4	167.3	160.2

Net book value of CGU recognised in Group financial statements = €59.4 million

		Discount rate				
Teleshopping		**7.1%**	**7.6%**	**8.1%**	**8.6%**	**9.1%**
	0.5%	142.2	132.1	123.4	115.8	109.0
	1.0%	151.0	139.5	129.7	121.2	113.7
Growth rate	1.5%	161.3	148.1	**136.9**	127.3	119.0
	2.0%	173.7	158.3	145.4	134.4	125.0
	2.5%	188.9	170.5	155.3	142.7	132.0

Net book value of CGU recognised in Group financial statements = €37.1 million

		Discount rate				
E-commerce		**8.1%**	**8.6%**	**9.1%**	**9.6%**	**10.1%**
	0.0%	25.8	24.4	23.1	22.0	21.0
	0.5%	26.9	25.4	24.0	22.8	21.6
Growth rate	1.0%	28.2	26.5	**24.9**	23.6	22.4
	1.5%	29.7	27.7	26.0	24.5	23.2
	2.0%	31.4	29.2	27.2	25.6	24.1

Net book value of CGU recognised in Group financial statements = €22.5 million

Following this analysis, the Group concluded that the recoverable values of the Internet, Teleshopping and E-Commerce CGUs exceeded their net book value in the Group's financial statements at 31 December 2017.

15. Property, facilities and equipment

	Land	Buildings	Technical facilities	Other intangible assets	Assets under construction	Total 31/12/2016
At 1 January 2016, net of depreciation and writedowns	**19.3**	**76.6**	**12.7**	**8.6**	**0.6**	**117.7**
Acquisitions	-	0.2	4.4	3.1	2.6	10.3
Change in Group structure (gross amounts)	-	-	0.1	0.2	-	0.3
Disposals	-	(0.0)	(0.8)	(1.0)	-	(1.8)
Other movements	-	-	1.5	0.0	-	1.5
Reclassifications	-	0.6	0.5	0.1	(1.2)	-
Writedowns	-	0.1	0.0	0.0	-	0.1
2016 depreciation charge	-	(4.8)	(4.7)	(3.3)	-	(12.8)
Change in Group structure - accumulated depreciation charge		-	(1.5)	(0.1)	-	(1.6)
Reversal of depreciation on disposals		0.0	0.7	0.9	-	1.6
At 31 December 2016, net of depreciation and writedowns	**19.3**	**72.7**	**12.8**	**8.4**	**2.0**	**115.2**
At 1 January 2016						
Gross value	19.3	130.7	63.0	31.7	0.6	245.3
Accumulated depreciation and writedowns	-	(54.1)	(50.3)	(23.1)	-	(127.5)
NET AMOUNT AT 1 JANUARY 2016	**19.3**	**76.6**	**12.7**	**8.6**	**0.6**	**117.7**
At 31 December 2016						
Gross value	19.3	131.6	67.2	34.0	2.0	254.0
Accumulated depreciation and writedowns	-	(58.9)	(54.4)	(25.6)	-	(138.8)
NET TOTAL AT 31 DECEMBER 2016	**19.3**	**72.7**	**12.8**	**8.4**	**2.0**	**115.2**

	Land	Buildings	Technical facilities	Other intangible assets	Assets under construction	Total 31/12/2017
At 1 January 2017, net of depreciation and writedowns	**19.3**	**72.7**	**12.8**	**8.4**	**2.0**	**115.2**
Acquisitions	-	0.1	6.5	4.6	6.8	18.0
Change in Group structure (gross amounts)	-	0.0	26.6	27.7	5.9	60.3
Disposals	-	(0.0)	(7.4)	(20.4)	-	(27.8)
Other movements	-	-	-	-	-	-
Reclassifications	-	0.0	0.5	0.3	(0.9)	-
Writedowns	-	0.1	(0.1)	(0.4)	-	(0.4)
2017 depreciation charge	-	(4.7)	(5.1)	(4.3)	-	(14.1)
Change in Group structure - accumulated depreciation charge		(0.0)	(25.7)	(26.0)	-	(51.6)
Reversal of depreciation on disposals		0.0	7.4	20.3	-	27.7
At 31 December 2017, net of depreciation and writedowns	**19.3**	**68.2**	**15.6**	**10.3**	**13.8**	**127.2**
At 1 January 2017						
Gross value	19.3	131.6	67.2	34.0	2.0	254.0
Accumulated depreciation and writedowns	-	(58.9)	(54.4)	(25.6)	-	(138.8)
NET AMOUNT AT 1 JANUARY 2017	**19.3**	**72.7**	**12.8**	**8.4**	**2.0**	**115.2**
At 31 December 2017						
Gross value	19.3	131.7	93.5	46.3	13.8	304.5
Accumulated depreciation and writedowns	-	(63.5)	(77.9)	(36.0)	-	(177.3)
NET TOTAL AT 31 DECEMBER 2017	**19.3**	**68.2**	**15.6**	**10.3**	**13.8**	**127.2**

16. Inventories

	Broadcasting rights inventory	Commercial inventory	Total 31/12/2016
At 1 January 2016, net of writedowns	**206.6**	**17.4**	**224.0**
Acquisitions	329.9	59.8	389.8
Acquisition of subsidiaries	-	-	-
Disposal of subsidiaries	-	-	-
Expensed	(292.0)	(65.6)	(357.6)
(Charge)/reversal 2016	(6.9)	1.1	(5.8)
At 31 December 2016, net of writedowns	**237.6**	**12.7**	**250.3**
At 1 January 2016			
Cost or fair value	318.2	22.1	340.3
Accumulated writedowns	(111.6)	(4.7)	(116.3)
NET AMOUNT AT 1 JANUARY 2016	**206.6**	**17.4**	**224.0**
At 31 December 2016			
Cost or fair value	356.1	16.4	372.4
Accumulated writedowns	(118.5)	(3.6)	(122.1)
NET TOTAL AT 31 DECEMBER 2016	**237.6**	**12.7**	**250.3**

	Broadcasting rights inventory	Commercial inventory	Total 31/12/2017
At 1 January 2017, net of writedowns	**237.6**	**12.7**	**250.3**
Acquisitions	335.2	60.2	395.5
Acquisition of subsidiaries	-	-	-
Disposal of subsidiaries	-	-	-
Expensed	(276.2)	(58.9)	(335.1)
(Charge)/reversal 2017	(45.2)	0.0	(45.2)
At 31 December 2017, net of writedowns	**251.3**	**14.1**	**265.4**
At 1 January 2017			
Cost or fair value	356.1	16.4	372.4
Accumulated writedowns	(118.5)	(3.6)	(122.1)
Net amount at 1 January 2017	**237.6**	**12.7**	**250.3**
At 31 December 2017			
Cost or fair value	415.0	17.7	432.8
Accumulated writedowns	(163.7)	(3.6)	(167.3)
NET TOTAL AT 31 DECEMBER 2017	**251.3**	**14.1**	**265.4**

17. Investments in joint ventures and associates

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

	% held	31/12/2017	31/12/2016
Investments in joint ventures		**2.7**	**3.0**
Série Club	50%	2.0	2.2
HSS Belgique	50%	0.3	0.4
Panora Services	50%	0.4	0.4
Investments in associates		**11.1**	**6.1**
Quicksign	24%	0.2	0.3
Stéphane Plaza France	49%	4.2	3.0
Société des agences parisiennes	-	-	0.1
Elephorm	34%	2.7	2.8
6&7	49%	0.5	-
Life TV	33%	3.5	-
EQUITY INVESTMENTS IN JOINT VENTURES AND ASSOCIATES		**13.8**	**9.1**

17.1 Joint ventures

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

	31/12/2017	31/12/2016
Revenue	**12.8**	**12.9**
Net profit	**1.3**	**1.6**
Contribution by company:		
Revenue		
Série Club	6.8	6.9
HSS Belgique	3.7	4.3
Panora Services	2.3	1.7
	12.8	**12.9**
Net profit		
Série Club	1.1	1.3
HSS Belgique	0.3	0.3
Panora Services	(0.0)	-
	1.3	**1.6**

17.2 Associates

On 28 March 2017, M6 Group, through its M6 Interactions subsidiary, acquired a 49% interest in the company 6&7, a new music production and publishing company.

This acquisition is treated as an interest in an associate and is therefore recognised in accordance with IAS 28 - *Investments in Associates and Joint Ventures*.

At 31 December 2017, the Group’s interest in 6&7 was valued at €0.5 million.

On 15 December 2017, M6 Group took part in the creation of the Life TV channel in the Ivory Coast, via the purchase of a 33% interest in the Ivory Coast company of the same name. This company operates the DTT channel Life TV, which will be launched during 2018 in the context of deregulation of the television market in the Ivory Coast.

This acquisition is treated as an interest in an associate and is therefore recognised in accordance with IAS 28 - *Investments in Associates and Joint Ventures*.

The Group's equity investment in Life TV amounted to €3.5 million at 31 December 2017. The Group sold its investment in Société des Agences Parisiennes, in which it held a 24.5% interest, on 31 December 2017.

The contribution of associates to the Group's consolidated net profit for the year to 31 December 2017 was €0.5 million.

At 31 December 2017, investments in joint ventures and associates did not give rise to the recognition of any impairment in the Group's consolidated financial statements.

18. Financial instruments

18.1 Financial assets

The various categories of financial assets at 31 December 2016 and 31 December 2017 are presented by balance sheet item in the table below:

	31/12/2016				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	0.4	-	0.4	0.4	-	0.4	-	-	-
Other non-current financial assets	4.3	-	4.3	4.3	-	-	0.9	3.4	-
Other non-current assets	18.2	-	18.2	18.2	-	-	-	18.2	-
Trade receivables	258.4	(16.9)	241.5	241.5	-	-	-	241.5	-
Derivative financial instruments	0.4	-	0.4	0.4	-	-	-	-	0.4
Other current financial assets	0.7	(0.3)	0.4	0.4	-	-	-	0.4	-
Other current assets	191.7	(4.9)	186.7	186.7	-	-	-	186.7	-
Cash and cash equivalents	174.4	-	174.4	174.4	151.8	-	-	22.6	-
ASSETS	**648.6**	**(22.1)**	**626.5**	**626.5**	**151.8**	**0.4**	**0.9**	**472.9**	**0.4**

	31/12/2017				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	13.9	-	13.9	13.9	-	13.9	-	-	-
Other non-current financial assets	5.4	-	5.4	5.4	-		1.3	4.1	-
Other non-current assets	17.6	-	17.6	17.6	-	-	-	17.6	-
Trade receivables	348.7	(18.0)	330.7	330.7	-	-	-	330.7	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Other current financial assets	0.5	(0.3)	0.2	0.2	-	-	-	0.2	-
Other current assets	199.5	(7.9)	191.6	191.6	-	-	-	191.6	-
Cash and cash equivalents	54.3	-	54.3	54.3	34.0	-	-	20.2	-
ASSETS	**639.9**	**(26.2)**	**613.8**	**613.8**	**34.0**	**13.9**	**1.3**	**564.5**	**-**

Other non-current assets comprise the advance made by the Girondins de Bordeaux Football Club to the city of Bordeaux under the 30-year occupancy agreement for the new stadium. This advance resumes each year under the terms of the operating lease.

Financial assets available 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.

The balance sheet position was as follows:

		31/12/2017				
	Reference currency	Fair value at 1 January	Acquisitions / Disposals	Gain / loss in value recognised through the income statement	Fair value at 31 December	% held
Canal Star	Euro (€)	-	4.5	-	4.5	100.0%
2CED	Euro (€)	-	1.8	-	1.8	18.0%
Job Digital Networks	Euro (€)	-	1.5	-	1.5	2.0%
SPRGB	Euro (€)	-	1.3	-	1.3	100.0%
Médiamétrie	Euro (€)	-	1.0	-	1.0	2.7%
Média Stratégie	Euro (€)	-	0.8	-	0.8	100.0%
FM Graffiti	Euro (€)	-	0.7	-	0.7	100.0%
Youmiam	Euro (€)	-	0.5	-	0.5	8.8%
GLHF	Euro (€)	-	0.5	-	0.5	17.5%
Alliance Gravity Data Média	Euro (€)	-	0.4	-	0.4	11.1%
Radio Golfe	Euro (€)	-	0.3	-	0.3	98.0%
A2B Communication	Euro (€)	-	0.1	-	0.1	100.0%
European News Exchange	Euro (€)	0.1	-	-	0.1	20.0%
Victor et Charles	Euro (€)	-	0.1	-	0.1	4.5%
Fun Radio Belgique	Euro (€)	-	0.1	-	0.1	25.0%
Audiance Square	Euro (€)	0.0	0.0	-	0.1	20.0%
Other	Euro (€)	0.2	0.0	(0.1)	0.1	-
TOTAL NON-CURRENT		**0.4**	**13.6**	**(0.1)**	**13.9**	

Other financial assets

The balance sheet position was as follows:

	31/12/2017	31/12/2016
Current accounts with joint ventures and associates	0.6	0.4
Security deposits	3.0	2.0
Other financial assets	1.8	2.0
OTHER NON-CURRENT FINANCIAL ASSETS	**5.4**	**4.3**
Other financial assets	0.2	0.4
OTHER CURRENT FINANCIAL ASSETS	**0.2**	**0.4**

Cash and cash equivalents

Cash and cash equivalents totalled €54.3 million at 31 December 2017, compared with €174.4 million at 31 December 2016. The sharp decrease reflects the cash and cash equivalents used for the acquisition of the RTL Group's Radio Division.

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 2017.

In application of the deposit policy described in Note 19.3, virtually all cash is invested, with an average term of less than 90 days, in interest-bearing current accounts, mutual funds and term deposits with investment grade counterparts.

18.2 Financial liabilities

The various categories of financial liabilities at 31 December 2016 and 31 December 2017 are presented in the table below by balance sheet item:

	31/12/2016		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	1.3	1.3	-	1.3	-
Other non-current financial liabilities	32.7	32.7	32.5	0.1	-
Other non-current debt	0.7	0.7	-	0.7	-
Current financial debt	0.6	0.6	-	0.6	-
Derivative financial instruments	-	-	-	-	-
Other current financial liabilities	9.3	9.3	-	9.3	-
Trade payables	364.4	364.4	-	364.4	-
Other operating liabilities	23.5	23.5	-	23.5	-
Tax and social security payable	93.5	93.5	-	93.5	-
Other current financial liabilities	17.4	17.4	-	17.4	-
LIABILITIES	**543.4**	**543.4**	**32.5**	**510.8**	**-**

	31/12/2017		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	52.0	52.0	-	52.0	-
Other non-current financial liabilities	43.2	43.2	33.0	10.2	-
Other non-current debt	2.8	2.8	-	2.8	-
Current financial debt	36.3	36.3	-	36.3	-
Derivative financial instruments	0.1	0.1	-	-	0.1
Other current financial liabilities	15.0	15.0		15.0	-
Trade payables	389.3	389.3	-	389.3	-
Other operating liabilities	29.0	29.0	-	29.0	-
Tax and social security payable	120.5	120.5	-	120.5	-
Other current financial liabilities	37.9	37.9	-	37.9	-
LIABILITIES	**726.1**	**726.1**	**33.0**	**693.0**	**0.1**

Financial debt

Financial debt positions were as follows:

	31/12/2017	31/12/2016
Bank loans	50.6	0.2
Leases	-	-
Other	1.4	1.1
TOTAL NON-CURRENT FINANCIAL DEBT	**52.0**	**1.3**
Bank debt and credit facilities	36.3	0.6
Leases	-	-
TOTAL CURRENT FINANCIAL DEBT	**36.3**	**0.6**

- On 28 July 2017, the Group carried out a €50.0 million bond issue, in order to finance the acquisition of the French Radio Division.

  These bonds bear interest at an annual rate of 1.5%, with bullet redemption at maturity after 7 years (1 August 2024).
- Furthermore, three revolving medium-term (5-year) bank credit facilities were arranged amounting to €120.0 million, in order to protect the Group against liquidity risk, as described in Note 19.2.

  The conditions for drawdown of the Group's credit facilities are primarily governed by a change of control clause.

  As at 31 December 2017, €10.0 million had been drawn down on these facilities, and the maximum drawdown amount of €100.0 million was used during the financial year.
- Lastly, the Group also set up a credit facility from its principal shareholder (Bayard d'Antin), under which a maximum of €50.0 million may be drawn down. €24.0 million had been drawn down on this facility at 31 December 2017.

Other financial liabilities

Other current financial liabilities of €15.0 million include:

- the liabilities relating to acquisitions and to the estimated earn-outs for the acquisition of the RTL Group's French Radio Division, Life TV, Fidélité Films (portion due within one year), and Mandarin Cinéma;
- the debt relating to the forward purchase agreement for 400,000 treasury shares, expiring on 26 July 2018 (see Note 20.1).

Other non-current financial liabilities of €43.2 million include:

- the debt relating to the earn-out for Fidélité Films (portion due in more than one year);
- the liabilities relating to commitments to buy shares held by minority shareholders in Best of TV and iGraal;
- the liability relating to the forward purchase agreements for 300,000 and 220,000 treasury shares, expiring on 25 July 2019 and 31 March 2020 respectively.

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).

18.3 Analysis of financial assets and liabilities under the fair value hierarchy

The disclosures required by IFRS 7 are classified in accordance with a fair value hierarchy which reflects the materiality of data used in valuations. This fair value hierarchy is as follows:

- Level 1: prices (unadjusted) quoted in active markets for identical assets or liabilities;
- Level 2: inputs, other than the quoted prices included under Level 1, that are observable for assets and liabilities, either directly (prices for example), or indirectly (for example, elements derived from prices);
- Level 3: inputs on assets or liabilities that are not based on observable market data (unobservable inputs).

31/12/2016	Level 1 Listed prices	Level 2 Observable inputs	Level 3 Unobservable inputs
Financial assets available for sale	-	-	0.4
Derivative financial instruments	-	0.4	-
Cash and cash equivalents:			
Mutual funds, money market funds	88.3	-	-
Term deposits	-	63.6	-
ASSETS	**88.3**	**63.9**	**0.4**
Other non-current financial liabilities	-	-	32.5
LIABILITIES	**-**	**-**	**32.5**

31/12/2017	Level 1 Listed prices	Level 2 Observable inputs	Level 3 Unobservable inputs
Financial assets available for sale	-	-	13.9
Cash and cash equivalents:			
Mutual funds, money market funds	-	-	-
Term deposits	-	34.0	-
ASSETS	**-**	**34.0**	**13.9**
Other non-current financial liabilities	-	-	33.0
Derivative financial instruments	-	0.1	-
LIABILITIES	**-**	**0.1**	**33.0**

18.4 Effect of financial instruments on the income statement

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

	31/12/2016	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	**1.0**						
Total interest income	0.8	-	-	-	0.8	-	-
Total interest expense	(0.0)	-	-	-	-	(0.0)	-
Revaluations	(0.5)	(0.4)	-	-	-	-	(0.1)
Net gains/(losses)	0.8	0.8	-	-	-	-	-
Income/(loss) on disposals	-	-	-	-	-	-	-
IMPACT ON EBIT	**(1.3)**						
Net gains/(losses)	(0.1)	-	-	-	(0.1)	-	-
Impairment	(1.2)	-	-	-	(1.2)	-	-
NET INCOME/(LOSS)	**(0.3)**	**0.3**	**-**	**-**	**(0.6)**	**(0.0)**	**(0.1)**

	31/12/2017	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	**(1.5)**						
Total interest income	0.5	-	-	-	0.5	-	-
Total interest expense	(0.4)	-	-	-	-	(0.4)	-
Revaluations	(0.7)	(0.4)	-	-	-	-	(0.3)
Net gains/(losses)	(0.3)	(0.3)	-	-	-	-	-
Income/(loss) on disposals	(0.4)	-	-	-	(0.4)	-	-
IMPACT ON EBIT	**(2.3)**						
Net gains/(losses)	0.0	-	-	-	0.0	-	-
Impairment	(2.4)	-	-	-	(2.4)	-	-
NET INCOME/(LOSS)	**(3.8)**	**(0.8)**	**-**	**-**	**(2.3)**	**(0.4)**	**(0.3)**

19. 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 risk assessment and management procedures.

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

19.1 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, IP France et IP Régions advertising agencies to secure their 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 revenue (equal to the year to 31 December 2016).

In order to further curtail this risk, the Group's advertising agencies impose late payment penalties on unpaid invoices and have internal teams 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.

Nonetheless, the team dedicated to collecting trade receivables guarantee throughout the year that everything is done to reduce bad debts. In addition to follow-up by this dedicated team, the Group may call upon the services of specialised debt collectors.

Banking counterparts

The Group neither securitises, nor assigns nor factors trade receivables.

The Group pays particular attention to the quality of its banking counterparties. The Group strives to diversify its mutual fund depositories, in which excess cash is invested in accordance with the cash management policy described in Note 19.3.

The Group works with leading European banks that benefit from an investment grade rating.

Maturity of financial assets

The maturity dates of financial assets were as follows at the balance sheet date:

	Year end		Neither written down nor due		<= 1 month		2 - 3 months	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Other financial assets	5.9	5.1	5.7	4.8	-	-	-	-
Trade receivables - gross	348.7	258.4	170.5	134.2	108.5	76.9	29.3	17.6
Other receivables - gross	217.1	210.3	211.5	205.2	0.5	1.7	-	0.0
TOTAL	**571.8**	**473.8**	**387.6**	**344.2**	**109.0**	**78.6**	**29.3**	**17.6**

	3 - 6 months		6 - 12 months		> 1 year		Gross writedowns*	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Other financial assets	-	-	-	-	-	-	0.3	0.3
Trade receivables - gross	14.2	7.7	5.4	3.2	1.9	2.3	18.9	16.6
Other receivables - gross	-	-	-	-	-	-	5.1	3.4
TOTAL	**14.2**	**7.7**	**5.4**	**3.2**	**1.9**	**2.3**	**24.2**	**20.3**

** "Gross writedowns" include trade receivables (inclusive of VAT) for which writedowns are established on an individual basis. Writedowns of receivables (inclusive of VAT) calculated based on a statistical model are broken down by age.*

Trade and other receivables comprise commercial receivables and other receivables linked to operations, such as advances and deposits.

19.2 Liquidity risk

The liquidity risk is the risk that the Group may find it difficult to meet its liabilities when they fall due. In order to manage the liquidity risk, the Group has implemented a policy of forecast cash position and financing needs monitoring, so that it always has sufficient cash to meet its current liabilities. Cash management is centralised in a cash pooling, in order to optimise financial resources.

The book value of financial liabilities posted to the balance sheet represents the maximum exposure to the credit risk at year-end.

Group debt may be analysed as follows by maturity date (excluding current tax liabilities):

	< 1 year		1 - -5 years		> 5 years		Total	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Financial debt	36.3	0.6	2.3	1.3	49.7	-	88.3	1.9
Derivative financial instruments	0.1	0.0	-	-	-	-	0.1	0.0
Other financial liabilities	15.0	9.3	43.2	32.7	-	-	58.2	42.0
Trade payables	389.3	364.4	-	-	-	-	389.3	364.4
Other liabilities	29.0	23.5	1.0	0.7	0.0	-	30.0	24.2
Tax and social security payable	120.5	93.5	1.8	-	-	-	122.3	93.5
Liabilities relating to non-current assets	37.9	17.4	-	-	-	-	37.9	17.4
TOTAL	**627.9**	**508.8**	**48.4**	**34.7**	**49.7**	**-**	**726.1**	**543.5**

19.3 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 a number of audiovisual rights purchase contracts, particularly through its cinema distribution activity, as well as through a fraction of purchases of goods by 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.

Purchases of goods are hedged on a statistical basis and adjusted regularly based on orders placed.

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 3.1% of 2017 total purchases, compared with 8.3% over 2016.

Foreign currency-denominated sales are not hedged as they are not significant (less than 0.4% of revenue).

Analysis of exposure to foreign exchange risk at 31 December 2017

	USD (€ millions) [1]	
	31/12/2017	31/12/2016
Assets	7.3	5.3
Liabilities	(1.9)	(0.3)
Off-balance sheet	(10.2)	(7.5)
Gross foreign exchange exposure	(4.8)	(2.5)
Forex hedges	7.2	7.3
NET FOREIGN EXCHANGE EXPOSURE	**2.4**	**4.8**
[1] at closing rate:	*1.1749*	*1.0414*

In order to hedge against market risks, the Group put into place 43 new foreign exchange hedges during the year in relation to its USD-denominated liabilities, for a total value of €22.1 million.

The Group's gross exposure in US dollars was €4.8 million, including €10.2 million relating to off-balance sheet commitments. At the same date, hedging totalled €7.2 million (*cash-flow hedges*). Accordingly, the €2.4 million excess hedge (long position) primarily reflects receivables invoiced in US dollars for which no consideration had been received at 31 December 2017.

The risk of loss on the overall net exposed position would yield a €0.2 million loss in the event of an unfavourable and consistent 10% movement of the Euro 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 2017, unchanged from 31 December 2016.

Fair value

Net balance sheet positions of derivatives were as follows:

	31/12/2017	31/12/2016
Forward call contracts	Fair value	Fair value
Métropole Télévision	(0.0)	0.0
SND	0.0	0.2
HSS	(0.0)	0.2
TOTAL	**(0.0)**	**0.4**

The fair value of derivative financial instruments was not material at 31 December 2016 and reflected the very small difference between the year-end rate used for the valuation (USD 1.1749) and the average rate of hedges in inventory (USD 1.1731) at the end of December 2017 (a 1.6% uplift).

The €0.4 million fair value of derivative financial instruments at 31 December 2016 reflected the favourable difference between year-end rate used for the valuation (USD 1.0414) and the average rate of hedges in inventory (USD 1.1041) at the end of December 2016 (a 6% uplift).

Maturities

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

	31/12/2017			31/12/2016		
	Total	< 1 year	1 to 5 years	Total	< 1 year	1 to 5 years
Métropole Télévision	0.8	0.8	-	0.5	0.2	0.2
SND	2.2	2.2	-	3.7	3.7	-
HSS	4.2	4.2	-	2.7	2.7	-
TOTAL	**7.2**	**7.2**	**-**	**6.8**	**6.6**	**0.2**

Interest rate risk

The Group has little exposure to risks pertaining to interest rate movements, mainly in relation to its returns on financial assets. 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 2017

(€ millions)	< 1 year	1 to 5 years	> 5 years	Total
Variable rate financial assets	54.5	3.6	-	58.1
Other fixed-rate financial assets	0	1.8	-	1.8
TOTAL FINANCIAL ASSETS	**54.5**	**5.4**	**-**	**59.9**
Variable rate financial debt	(36.0)	(1.4)	-	(37.4)
Other fixed-rate financial debt	(0.3)	(0.9)	(49.7)	(50.9)
TOTAL FINANCIAL DEBT	**(36.3)**	**(2.3)**	**(49.7)**	**(88.2)**

The Group had net financial debt of €28.3 million at 31 December 2017. This position was primarily comprised of interest-bearing accounts and term deposits, with bank borrowings and bonds on the liability side.

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 counterparts, 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.

20. Shareholders' equity

20.1 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.

Despite the loans taken out at the time of the acquisition of the RTL Group's Radio Division, the Group maintains a substantial borrowing capacity, in terms of borrowings from banks as well as from its majority shareholder, providing it with significant potential for investments.

As regards remuneration of the shareholders, the Group has for many years paid out a dividend of approximately 80% of net earnings (from continuing operations, Group share) per share, equating to an ordinary dividend of €0.85 per share for the 2017 financial year.

Furthermore, the Executive Board of Métropole Télévision was granted an authorisation to buy back its own shares by the Combined General Meeting of 26 April 2016, 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 2017 and pursuant to this authorisation:

- Daily market transactions were carried out by Métropole Télévision as part of the liquidity contract;
- Métropole Télévision bought and delivered shares to cover its free share allocation plans.

In addition, ahead of the next delivery of free shares in 2018, 2019 and 2020, Métropole Télévision has entered into three forward purchase contracts for 400,000, 300,000 and 220,000 treasury shares respectively, which will mature on 26 July 2018, 25 July 2019 and 31 March 2020.

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.

20.2 Shares comprising Métropole Télévision's capital

(thousands of shares)	Ordinary shares issued	Treasury shares held	Shares outstanding
NUMBER OF SHARES AT 1 JANUARY 2016	**126,414**	**140**	**126,274**
Exercised stock options			
Movement in treasury shares:			
- held for the purpose of allocating free shares		351	
- held as part of the liquidity contract		(74)	
Implementation of the share buyback programme for cancellation			
NUMBER OF SHARES AT 31 DECEMBER 2016	**126,414**	**418**	**125,996**
Exercised stock options			
Movement in treasury shares:			
- held for the purpose of allocating free shares		(6)	
- held as part of the liquidity contract		7	
Implementation of the share buyback programme for cancellation			
NUMBER OF SHARES AT 31 DECEMBER 2017	**126,414**	**420**	**125,994**

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

Five free share allocation plans for the benefit of certain members of management and senior executives of the Group were in place at 31 December 2017 (see Note 8).

20.3 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 2016	**(12.5)**
New hedges	0.2
Previous hedge variations	0.0
Maturity of hedges	6.5
Change in value of translation adjustment	0.1
Movement in pension commitments	(0.9)
Total movements of the year	**5.9**
BALANCE AT 31 DECEMBER 2016	**(6.5)**
New hedges	(10.4)
Previous hedge variations	(0.0)
Maturity of hedges	4.6
Change in value of translation adjustment	(0.2)
Movement in pension commitments	(4.4)
Total movements of the year	**(10.5)**
BALANCE AT 31 DECEMBER 2017	**(17.0)**

21. Retirement benefits

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

Main actuarial assumptions

	31/12/2017	31/12/2016
Discount rate	1.50	1.50
Future salary increases *	3.04	2.69
Inflation rate	2.00	2.00

** median measured on the basis of age and position*

The discount rate is determined at the year-end date based on market rates for high-quality corporate bonds that are rated AA, and depending on the term and characteristics of the scheme.

Income statement expenses

	31/12/2017	31/12/2016
Current service cost	(2.2)	(0.9)
Interest expense	(0.3)	(0.2)
Decreases	0.3	-
Amortisation of past service costs	(0.1)	-
NET EXPENSE	**(2.3)**	**(1.1)**

Provision and present value of obligation

	31/12/2017	31/12/2016
Value of obligation - opening balance	13.4	11.1
Current service cost, reductions/termination	2.2	0.9
Interest expense	0.3	0.2
Decreases	(0.3)	-
Benefits paid	(3.2)	(0.2)
Plan change	0.1	-
Actuarial gain or loss - Changes in financial assumptions	2.0	1.1
Actuarial gain or loss - Changes in demographic assumptions	0.6	-
Actuarial gain or loss - Experience effect	(0.1)	0.2
Change in Group structure	27.3	0.1
VALUE OF OBLIGATION - CLOSING BALANCE	**42.3**	**13.4**

The €27.3 million increase in the obligation in 2017 as the result of changes in the consolidation scope exclusively reflects the acquisition of the RTL Group's French Radio Division.

The cumulative actuarial losses recognised in other items of comprehensive income were €7.1 million at 31 December 2017.

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	39.8	45.1
to a change in the rate of salary increase	45.1	39.9

22. Provisions

Provision movements between 1 January 2016 and 31 December 2017 were as follows:

	Provisions for retirement benefits	Provisions for restructuring	Provisions for litigations	Provisions for off-balance sheet rights	Other provisions for charges	Total
At 1 January 2016	**11.1**	**-**	**17.0**	**41.0**	**20.6**	**89.7**
Acquisition of subsidiaries	0.1	-	0.2	-	2.9	3.2
Disposal of subsidiaries	-	-	-	-	-	-
Charge for the period	1.1	2.2	4.6	27.7	4.9	40.4
Use	(0.2)	-	(1.8)	(25.9)	(5.7)	(33.5)
Unused reversals	-	-	(4.8)	(0.6)	(4.5)	(9.9)
Other	1.3	-	(0.0)	-	0.0	1.3
At 31 December 2016	**13.4**	**2.2**	**15.2**	**42.2**	**18.2**	**91.2**
Acquisition of subsidiaries	27.3	-	5.8	-	0.3	33.4
Disposal of subsidiaries	-	-	-	-	-	-
Charge for the period	2.3	1.5	6.2	23.3	9.7	43.0
Use	(3.2)	(1.2)	(1.7)	(32.7)	(5.6)	(44.4)
Unused reversals	-	-	(4.2)	(0.1)	(1.5)	(5.8)
Other	2.6	-	-	-	-	2.6
At 31 December 2017	**42.3**	**2.6**	**21.2**	**32.7**	**21.2**	**120.0**
Current at 31 December 2016	-	2.2	15.2	42.2	18.2	77.9
Non-current at 31 December 2016	13.4	-	-	-	-	13.4
TOTAL	**13.4**	**2.2**	**15.2**	**42.2**	**18.2**	**91.2**
Current at 31 December 2017	-	2.6	21.2	32.7	21.2	77.6
Non-current at 31 December 2017	42.3	-	-	-	-	42.3
TOTAL	**42.3**	**2.6**	**21.2**	**32.7**	**21.2**	**120.0**

Provisions at 31 December 2017 and 2016 are analysed by business segment as follows:

	31/12/2017	31/12/2016
Television	62.3	67.0
Radio	32.5	-
Production and Audiovisual Rights	2.2	1.8
Diversification	22.8	22.3
Other	0.1	0.1
TOTAL	**120.0**	**91.2**

- 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 off-balance sheet rights 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.

23. Off balance sheet commitments / contingent assets and liabilities

Purchase of rights and co-production commitments (net)

These commitments mainly 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 prepayments made;

They are expressed net of advances and deposits paid in that respect for rights that are not yet recognised as inventories.

Image and signal transmission, satellite and transponders rental

These commitments relate to the supply of broadcasting services and the rental of satellite and transponder capabilities from private companies for digital broadcasting.

These commitments were measured using amounts remaining due up to the end date of each contract.

Non-cancellable leases

This item includes minimum future payments due in respect of non-cancellable operating leases on-going at the balance sheet date, which primarily comprise property leasing (leasing of the Bordeaux Stadium included).

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.

Sale of rights

These commitments comprise sales contracts of broadcasting rights that are not yet available at 31 December 2017.

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.

Off-balance sheet commitments are analysed as follows:

	< 1 year	1 - 5 years	> 5 years	Total 31/12/2017	Total 31/12/2016	Terms and conditions of implementation
Commitments given						
Purchase of audiovisual and radio rights and co-production commitments (gross) (1)	293.8	188.9	111.2	593.9	724.8	Contracts signed
Advances paid for the purchase of rights and co-production commitments	(17.8)	(15.3)	(35.0)	(68.0)	(80.5)	
Purchase of audiovisual and radio rights and co-production commitments (net)	*276.1*	*173.6*	*76.2*	*525.9*	*644.3*	
Image and signal transmission, satellite and transponders rental	31.0	65.0	-	96.0	65.0	Contracts signed
Non-cancellable leases	13.1	49.6	121.9	184.6	163.6	Leases
Liability for debts	-	0.3	0.3	0.5	-	
Other	9.3	17.3	-	26.7	10.7	
TOTAL COMMITMENTS GIVEN	**329.5**	**305.8**	**198.4**	**833.7**	**883.6**	
Commitments received						
Sale of rights	24.0	6.5	-	30.5	50.0	Annual maturities
Broadcasting contracts	18.7	9.4	-	28.1	89.8	Contracts signed
Other	4.1	0.0	-	4.1	2.4	
TOTAL COMMITMENTS RECEIVED	**46.8**	**15.8**	**-**	**62.7**	**142.2**	

(1) The amount of the commitments given on the channels' broadcasting rights was €466.4 million at 31 December 2017.

At 31 December 2017, commitments given by the Group totalled €833.7 million, compared with €883.6 million at 31 December 2016.

This €49.9 million fall in commitments given primarily originated from the following movements:

- Purchases of rights and co-production commitments net of advances paid fell €118.4 million in comparison with 31 December 2016; the total value of rights no longer recorded under commitments since they are now recorded in the balance sheet under inventories was greater than the value of new commitments concluded over the course of the financial year;
- Commitments linked to the image transmission and broadcast contracts of the TV channels and radio stations increased by €31.0 million compared with the year to 31 December 2016, to €96.0 million, including €47.4 million for the transmission of radio signals.
- A €21.0 million increase in non-cancellable lease commitments.

At 31 December 2017, commitments received by the Group totalled €62.7 million, compared with €142.2 million at 31 December 2016.

This €79.5 million fall in commitments received primarily resulted from the following movements:

- A €19.6 million fall in commitments to sell rights;
- An €18.7 million reduction in the commitment received from Orange in respect of managing the "M6 Mobile" subscriber base and brand licence;
- A €43.0 million decrease in commitments related to the distribution of Group channels as contracts are executed.

24. Related parties

24.1 Identification of related parties

Related parties to the Group comprise joint ventures and associates, RTL Group – 48.26% Group shareholder, Bertelsmann AG – RTL shareholder, corporate officers and members of the Supervisory Board.

24.2 Transactions with shareholders

Borrowings from shareholders

At 31 December 2017, €24.0 million was borrowed from Bayard d'Antin.

In fact, under the terms of a framework cash pooling agreement signed between Bayard d'Antin SA and Métropole Télévision, the first implementation of which dates back to 1 December 2005, Métropole Télévision has 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 Group still has the option of depositing 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.

The renewal of this agreement for a further period of 12 months was authorised by the Supervisory Board on 15 November 2017.

In order to adhere to the cash depositing policy of Métropole Télévision (described in Note 19.3), the deposit with Bayard d'Antin may not exceed a given ratio of the cash resources of the Métropole Télévision Group.

Current transactions

	31/12/2017		31/12/2016	
	RTL Group	BERTELSMANN (excl. RTL Group)	RTL Group	BERTELSMANN (excl. RTL Group)
Sales of goods and services	7.5	0.4	5.6	0.4
Purchases of goods and services	(27.4)	(1.1)	(16.8)	(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 owned by RTL Group.

The outstanding balances arising from these sales and purchases are the following:

	31/12/2017		31/12/2016	
	RTL Group	BERTELSMANN (excl. RTL Group)	RTL Group	BERTELSMANN (excl. RTL Group)
Receivables	3.8	0.3	6.1	0.1
Liabilities	15.2	0.1	8.0	0.1

Specific transactions

M6 Group purchased the French radio division (RTL, RTL2 and Fun Radio) of RTL Group, its leading shareholder.

Following this acquisition, two new contracts were concluded by the Group with its shareholders during the 2017 financial year. One contract relates to the royalty fee for the RTL brand, while the second relates to the use of the long-wave licence.

24.3 Transactions with shareholders

The following transactions have taken place between Group subsidiaries and joint ventures:

	31/12/2017	31/12/2016
Sales of goods and services	8.3	7.9
Purchases of goods and services	(0.1)	(0.1)

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

The net balance sheet positions were as follows:

	31/12/2017	31/12/2016
Receivables	2.2	2.6
relating to financing	*0.3*	*0.3*
Liabilities	4.3	7.6
relating to financing	*4.1*	*7.5*

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

Over the course of the 2017 financial year, dividends received from joint ventures totalled €1.6 million.

24.4 Transactions with associates

The following transactions have taken place between Group subsidiaries and associates:

At 100 %	31/12/2017	31/12/2016
Sales of goods and services	0.5	0.6
Purchases of goods and services	-	-

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

The net balance sheet positions were as follows:

	31/12/2017	31/12/2016
Receivables	0.4	0.1
relating to financing	*0.4*	*0.1*
Liabilities	0.6	0.9
relating to financing	-	-

24.5 Transactions with corporate officers

The remuneration paid in 2017 to the members of the Executive Board amounted to €4,417,004, of which €2,345,004 was fixed and €2,072,000 variable.

83,334 free shares were allocated to members of the Executive Board in July and October 2017.

46,500 free shares were transferred over the same period to Executive Board members as part of the plans of 11 May 2015 and 28 July 2015 (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 are entitled to a legally binding end of career payment (see Note 4.14).

Members of the Supervisory Board were paid attendance fees amounting to €235,500. Moreover, private individual members of the Supervisory Board or representing a legal entity member of the Supervisory Board held 101,530 Group shares at 31 December 2017.

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:

		31/12/2017	31/12/2016
Short-term benefits			
	Remuneration items	4.3	4.2
	Other short-term benefits	0.0	0.0
Share-based payments		1.5	2.4
Directors' fees		-	-
TOTAL		**5.8**	**6.6**

Furthermore, detailed disclosure of remuneration is provided in Note 2.3 of the Registration Document.

25. Statutory Auditors' fees

Statutory Auditors fees for the 2016 and 2017 financial years were as follows:

	EY				PWC				TOTAL			
	2017	2016	% 2017	% 2016	2017	2016	% 2017	% 2016	2017	2016	% 2017	% 2016
Audit												
Statutory Audit, Certification of parent company and consolidated financial statements	0.3	0.2	79%	97%	0.4	0.5	69%	98%	0.7	0.7	72%	98%
Métropole Télévision	*0.1*	*0.1*	*27%*	*41%*	*0.1*	*0.1*	*14%*	*21%*	*0.2*	*0.2*	*19%*	*28%*
Fully-consolidated subsidiaries	*0.2*	*0.2*	*52%*	*69%*	*0.4*	*0.4*	*55%*	*76%*	*0.5*	*0.5*	*54%*	*74%*
Other services	0.1	0.0	21%	3%	0.2	0.0	31%	2%	0.3	0.0	28%	2%
Métropole Télévision	*0.1*	*-*	*21%*	*-*	*0.2*	*-*	*-*	*-*	*0.2*	*0.0*	*23%*	*0%*
Fully-consolidated subsidiaries	*-*	*0*	*0%*	*3%*	*0.1*	*0.0*	*8%*	*2%*	*0.1*	*0.0*	*5%*	*2%*
TOTAL	**0.4**	**0.2**	**100%**	**100%**	**0.6**	**0.5**	**100%**	**100%**	**1.0**	**0.7**	**100%**	**100%**
TOTAL IN %	**36%**	**34%**			**64%**	**66%**						

In the case of EY, the other services relate to the IFRS 15 assessment, and in the case of PwC, they relate to opinions and agreed upon procedures on the opening balance sheets of companies acquired during the period and the internal control of a subsidiary.

26. Subsequent events

- In January 2018, which marked the expiry of all distribution agreements for M6 Group's channels and their related services, virtually all of these agreements were renewed.

  In this regard, M6 Group can take pride in having achieved its objectives: first, the remuneration levels for the digital channels were maintained, and second, M6 Group was able to obtain a value-share from distributors relating to the inclusion of M6, W9, and 6TER in their television offerings. This value had been entirely retained by the distributors up until now.

- Furthermore, on 24 January 2018 M6 Group announced that it would broadcast the France national football team's matches for the next four seasons. This new partnership with UEFA includes live and exclusive broadcasting by M6 of:
  - half of the France national football team's qualification matches for the UEFA Euro 2020 and the FIFA 2022 World Cup;
  - half of the France national football team's friendly and preparation matches during this period;
  - half of the France national football team's matches for the first two events of the new UEFA Nations League competition (2018 and 2020).

    As part of this agreement, M6 Group will also have exclusive live broadcasting rights to half of the 44 best fixtures that do not involve the France national football team during the various competitions listed above.

- No other event that occurred since 1 January 2018 is likely to have a significant impact on the Group's financial position, financial performance, activities and assets.

27. Consolidation scope

Company	Legal form	Nature of operations	31/12/2017 % share capital	31/12/2017 Consolidation method	31/12/2016 % share capital	31/12/2016 Consolidation method
TELEVISION						
Métropole Télévision - M6 89 avenue Charles de Gaulle - 92575 Neuilly-sur-Seine cedex	SA	Parent company	-	FC	-	FC
M6 Publicité	SAS	Advertising agency	100.00%	FC	100.00%	FC
M6 Bordeaux	SAS	Local TV station	100.00%	FC	100.00%	FC
M6 Thématique	SAS	Holding company of free-to-air and pay DTT channels	100.00%	FC	100.00%	FC
Edi TV - W9	SAS	W9 free-to-air channel	100.00%	FC	100.00%	FC
M6 Génération - 6Ter	SAS	6TER free-to-air channel	100.00%	FC	100.00%	FC
M6 Communication - M6 Music	SAS	M6 Music pay channel	100.00%	FC	100.00%	FC
Paris Première	SAS	Paris Première pay channel	100.00%	FC	100.00%	FC
Sedi TV - Téva	SAS	Téva pay channel	100.00%	FC	100.00%	FC
Extension TV - Série Club	SAS	Série Club pay channel	50.00%	EA	50.00%	EA
SNDA	SAS	Audiovisual rights distribution	100.00%	FC	100.00%	FC
C. Productions	SA	Programme production	100.00%	FC	100.00%	FC
Studio 89 Productions	SAS	Production of audiovisual programmes	100.00%	FC	100.00%	FC
GM6 - Golden Network	SAS	Digital production and publishing	100.00%	FC	100.00%	FC
RADIO DIVISION						
Ediradio	SA	Production company	100.00%	FC	-	-
ID (Information et Diffusion)	SARL	Production company	100.00%	FC	-	-
IP France	SA	Advertising agency	100.00%	FC	-	-
IP Régions	SA	Advertising agency	100.00%	FC	-	-
RTL Net	SAS	Internet company	100.00%	FC	-	-
RTL Special Marketing	SARL	Exploitation of merchandising rights and production of shows	100.00%	FC	-	-
SCP	SARL	Advertising agency	100.00%	FC	-	-
SERC	SA	Fun Radio music radio station	100.00%	FC	-	-
Sodera	SA	RTL2 music radio station	100.00%	FC	-	-
RTL France Radio	SAS	Radio RTL	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 France	SAS	Property development	49.00%	EA	49.00 %	EA
Société des Agences Parisiennes	SAS	Property development	-	-	24.50%	EA
M6 Studio	SAS	Production of animated feature films	100.00%	FC	100.00%	FC
TCM DA	SNC	Broadcasting rights portfolio	-	M	100.00%	FC
Société Nouvelle de Cinématographie (formerly Diem 2)	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
Mandarin Cinéma	SAS	Audiovisual rights production/distribution	100.00%	FC	100.00%	FC
Fidélité Films	SAS	Audiovisual rights production/distribution	100.00%	FC	-	-
DIVERSIFICATION						
M6 Foot	SAS	Holding company - Sports	100.00%	FC	100.00%	FC
FC Girondins de Bordeaux	SA	Football club	100.00%	FC	100.00%	FC
33 FM	SAS	Radio programmes editing and broadcasting	95.00%	FC	95.00%	FC
Girondins Expressions	SAS	24/7 channel dedicated to FCGB	100.00%	FC	100.00%	FC
Girondins Horizons	SAS	Travel agency	100.00%	FC	100.00%	FC
M6 Interactions	SAS	Entertainment and exploitation of merchandising rights	100.00%	FC	100.00%	FC
6&7	SAS	Music production and publishing company	49.00%	EA	-	-
M6 Evénements	SA	Event production	100.00%	FC	100.00%	FC
M6 Web	SAS	Internet content and access provider	100.00%	FC	100.00%	FC
Elephorm	SAS	Internet company	34.00%	EA	34.00%	EA
iGraal	SAS	Internet company	51.00%	FC	51.00%	FC
Oxygem sub-group:						
Oxygem	SAS	Internet company	-	M	100.00%	FC
QuickSign	SAS	Various specialised, scientific and technical activities	24.14%	EA	24.90%	EA
Panora Services	SAS	Online bank comparison engine	50.00%	EA	50.00%	EA
M6 Editions	SA	Print publications	100.00%	FC	100.00%	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%	EA
HSS Hongrie	SA	Teleshopping programmes	100.00%	FC	100.00%	FC
SETV Belgique	SCRL	Teleshopping management office	100.00%	FC	100.00%	FC
Unité 15 Belgique	SA	Customer service	100.00%	FC	100.00%	FC
MonAlbumPhoto	SAS	Distance selling with specialised catalogue	100.00%	FC	100.00%	FC
Printic	SAS	Photographic activities	100.00%	FC	86.67%	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	51.00%	FC
Best of TV Benelux	SPRL	Wholesale trade	100.00%	FC	100.00%	FC
PROPERTY - DORMANT COMPANIES						
Immobilière 46D	SAS	Neuilly building	100.00%	FC	100.00%	FC
Immobilière M6	SAS	Neuilly building	100.00%	FC	100.00%	FC
SCI du 107	SCI	Neuilly building	100.00%	FC	100.00%	FC
Life TV	SA	DTT channel	33.33%	EA	-	-
M6 Diffusions	SA	Holding company - digital operations	100.00%	FC	100.00%	FC
M6 Développement	SASU	Training organisation	100.00%	FC	100.00%	FC
M6 Talents	SAS	Dormant	100.00%	FC	100.00%	FC
SND SA	INC	Holding Company - audiovisual rights	100.00%	FC	100.00%	FC
SND Films	LLC	Development of cinematographic works	100.00%	FC	100.00%	FC

FC: Full consolidation
EA: Equity accounted
M: Merged

The Group is not a shareholder or participating stakeholder in any special purpose entities.