TF1 GROUP

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

The consolidated financial statements of the TF1 group for the year ended December 31, 2012 should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011 and the year ended December 31, 2010, prepared in accordance with international financial reporting standards, as presented in the 2011 French-language *Document de référence* filed with the *Autorité des marchés financiers* (AMF) on March 15, 2012 as number D.12-0163, an English-language version of which (the 2011 Registration Document) is available on the TF1 corporate website via the link http://www.groupe-tf1.fr/en/finance/financial-results-publications/financial-reports/2011-6451274-843.html.

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

CONSOLIDATED BALANCE SHEET

ASSETS (€m)	*Note*	**Dec. 31, 2012**	**Dec. 31, 2011**
Goodwill	*7*	**874.3**	**874.3**
Intangible assets		**129.8**	**142.0**
Audiovisual rights	*8.1*	55.2	70.8
Other intangible assets	*8.2*	74.6	71.2
Property, plant and equipment	*9*	**216.8**	**230.8**
Investments in associates	*10*	**161.1**	**1.3**
Non-current financial assets	*12.1*	**15.8**	**167.6**
Non-current tax assets	*28.2.2*	**10.6**	**5.8**
Total non-current assets		**1,408.4**	**1,421.8**
Inventories		**632.1**	**648.5**
Programmes and broadcasting rights	*11*	615.2	635.6
Other inventories		16.9	12.9
Trade and other debtors	*12.4*	**1,302.0**	**1,241.8**
Current tax assets		**14.5**	**0.5**
Other current financial assets	*12*	**2.1**	**5.9**
Cash and cash equivalents	*12.5*	**258.7**	**35.9**
Total current assets		**2,209.4**	**1,932.6**
Held-for-sale assets		**-**	**-**
TOTAL ASSETS		**3,617.8**	**3,354.4**
Net surplus cash/(Net debt)	*15*	**236.3**	**(40.6)**

CONSOLIDATED BALANCE SHEET (continued)

SHAREHOLDERS' EQUITY AND LIABILITIES (€m)	*Note*	**Dec. 31, 2012**	**Dec. 31, 2011**
Share capital	*13.1*	42.1	42.2
Share premium and reserves		1,506.7	1,350.2
Net profit for the period attributable to the Group		136.0	182.7
Shareholders' equity attributable to the Group		**1,684.8**	**1,575.1**
Minority interests		117.0	12.1
Total shareholders' equity		**1,801.8**	**1,587.2**
Non-current debt	*14 & 15*	**13.6**	**18.0**
Non-current provisions	*16.1*	**39.3**	**40.0**
Non-current tax liabilities	*28.2.2*	**9.8**	**9.9**
Total non-current liabilities		**62.7**	**67.9**
Current debt	*15*	**8.8**	**58.5**
Trade and other creditors	*14*	**1,687.2**	**1,563.7**
Current provisions	*16.2*	**53.5**	**56.6**
Current tax liabilities		**2.9**	**20.2**
Other current financial liabilities	*14*	**0.9**	**0.3**
Total current liabilities		**1,753.3**	**1,699.3**
Liabilities relating to held-for-sale assets		**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,617.8**	**3,354.4**

CONSOLIDATED INCOME STATEMENT

(€m)	Note	2012	2011
Net advertising revenue		1,775.5	1,821.5
- TF1 channel		*1,402.8*	*1,504.1*
- Other media		*372.7*	*317.4*
Diversification revenue excluding advertising		845.1	798.2
Revenue	*17*	**2,620.6**	**2,619.7**
Other operating revenue		0.4	0.8
External production costs	*18*	(772.5)	(702.9)
Other purchases and changes in inventory	*19*	(442.2)	(432.3)
Staff costs	*20*	(423.9)	(432.8)
External expenses	*21*	(488.2)	(469.7)
Taxes other than income taxes	*22*	(147.0)	(145.2)
Depreciation and amortisation, net		(71.8)	(78.4)
Provisions and impairment, net		(12.6)	(29.9)
Other operating income	*23*	126.0	87.5
Other operating expenses	*23*	(130.7)	(133.9)
Current operating profit		**258.1**	**282.9**
Non-current operating income	*24*	-	-
Non-current operating expenses	*24*	(47.7)	-
Operating profit		**210.4**	**282.9**
Income associated with net debt	*25*	0.6	1.4
Expenses associated with net debt	*25*	(0.6)	(0.9)
Cost of net debt		**-**	**0.5**
Other financial income	*26*	7.6	5.9
Other financial expenses	*26*	(1.8)	(0.8)
Income tax expense	*28*	(70.5)	(88.7)
Share of profits/(losses) of associates	*10*	(6.4)	(13.7)
Net profit from continuing operations		**139.3**	**186.1**
Net profit from discontinued or held-for-sale operations		**-**	**-**
Net profit		**139.3**	**186.1**
attributable to the Group		**136.0**	***182.7***
attributable to minority interests		*3.3*	*3.4*
Weighted average number of shares outstanding ('000)	*29*	210,716	212,436
Basic earnings per share from continuing operations (€)	*29*	0.65	0.86
Diluted earnings per share from continuing operations (€)	*29*	0.64	0.86

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	2012	2011
Consolidated net profit for the period	**139.3**	**186.1**
Items not reclassifiable to profit or loss		
Actuarial gains/losses on employee benefits	(7.2)	2.4
Net tax effect of equity items not reclassifiable to profit or loss	2.5	(0.8)
Share of non-reclassifiable income and expense of associates recognised in equity	-	-
Items reclassifiable to profit or loss		
Remeasurement of hedging instruments	(3.8)	2.3
Remeasurement of available-for-sale financial assets	-	-
Change in cumulative translation adjustment of controlled entities	0.1	0.2
Net tax effect of equity items reclassifiable to profit or loss	1.4	(0.8)
Share of reclassifiable income and expense of associates recognised in equity	-	-
Income and expense recognised directly in equity	**(7.0)**	**3.3**
Total recognised income and expense	**132.3**	**189.4**
attributable to the Group	129.0	186.0
attributable to minority interests	3.3	3.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€m)	Note	Share capital	Share premium	Treasury shares	Reserves	Income and expense recognised directly in equity	**Share-holders' equity attributable to the Group**	Minority interests	**Total share-holders' equity**
BALANCE AT DECEMBER 31, 2010		**42.7**	**3.7**	**(0.4)**	**1,489.4**	**3.5**	**1,538.9**	**8.7**	**1,547.6**
Capital increase (share options exercised)		-	0.1	-	-	-	**0.1**	-	**0.1**
Share-based payment		-	-	-	1.0	-	**1.0**	-	**1.0**
Purchase of treasury shares		-	-	(26.5)	-	-	**(26.5)**	-	**(26.5)**
Cancellation of treasury shares		(0.5)	(3.8)	26.2	(21.9)	-	**-**	-	**-**
Dividends paid		-	-	-	(117.2)	-	**(117.2)**	**-**	**(117.2)**
Other transactions with shareholders		-	-	-	(7.2)	-	**(7.2)**	**-**	**(7.2)**
Total transactions with shareholders		**(0.5)**	**(3.7)**	**(0.3)**	**(145.3)**	**-**	**(149.8)**	**-**	**(149.8)**
Consolidated net profit for the period		**-**	**-**	**-**	**182.7**	**-**	**182.7**	**3.4**	**186.1**
Income & expense recognised directly in equity		**-**	**-**	**-**	**-**	**3.3**	**3.3**	**-**	**3.3**
Other movements (changes in accounting policy, changes in scope of consolidation, other changes)		-	-	-	-	-	**-**	**-**	**-**
BALANCE AT DECEMBER 31, 2011		**42.2**	**-**	**(0.7)**	**1,526.8**	**6.8**	**1,575.1**	**12.1**	**1,587.2**
Capital increase (share options exercised)		-	-	-	-	-	**-**	-	**-**
Share-based payment		-	-	-	0.7		**0.7**	-	**0.7**
Purchase of treasury shares		-	-	(2.3)	-	-	**(2.3)**	-	**(2.3)**
Cancellation of treasury shares		(0.1)	-	3.0	(3.0)	-	**(0.1)**	-	**(0.1)**
Dividends paid		-	-	-	(116.0)	-	**(116.0)**	(1.0)	**(117.0)**
Other transactions with shareholders		-	-	-	93.0	-	**93.0**	102.6	**195.6**
Total transactions with shareholders		**(0.1)**	**-**	**0.7**	**(25.3)**	**-**	**(24.7)**	**101.6**	**76.9**
Consolidated net profit for the period		**-**	**-**	**-**	**136.0**	**-**	**136.0**	**3.3**	**139.3**
Income & expense recognised directly in equity		**-**	**-**	**-**	**-**	**(7.0)**	**(7.0)**	**-**	**(7.0)**
Other movements (changes in accounting policy, changes in scope of consolidation, other changes)		-	-	-	5.4	-	**5.4**	**-**	**5.4**
BALANCE AT DECEMBER 31, 2012		**42.1**	**-**	**-**	**1,642.9**	**(0.2)**	**1,684.8**	**117.0**	**1,801.8**

See note 13, "Consolidated shareholders' equity", for a breakdown of these changes.

CONSOLIDATED CASH FLOW STATEMENT

(€m)	Note	2012	2011
Consolidated net profit (including minority interests)		139.3	186.1
Depreciation, amortisation, provisions and impairment (excluding current assets)		75.3	79.7
Intangible assets and goodwill		*44.7*	*48.2*
Property, plant and equipment		*30.4*	*29.7*
Financial assets		*(0.2)*	*0.2*
Non-current provisions		*0.4*	*1.6*
Other non-cash income and expenses		(9.2)	(14.6)
Effect of fair value remeasurement		(5.2)	(2.5)
Share-based payment		0.7	1.0
Net (gain)/loss on asset disposals		0.4	(3.5)
Share of (profits)/losses and dividends of associates		6.4	13.7
Dividend income from non-consolidated companies		(1.2)	(1.7)
Sub-total		**206.5**	**258.2**
Cost of net debt		-	(0.5)
Income tax expense (including deferred taxes)		70.5	88.7
Operating cash flow		**277.0**	**346.4**
Income taxes (paid)/reimbursed		(102.1)	(73.2)
Change in operating working capital needs		87.6	(82.1)
Net cash generated by/(used in) operating activities		**262.5**	**191.1**
Cash outflows on acquisitions of property, plant and equipment and intangible assets		(51,4)	(100.9)
Cash inflows from disposals of property, plant and equipment and intangible assets		1.1	1.9
Cash outflows on acquisitions of financial assets		(3.4)	(5.4)
Cash inflows from disposals of financial assets		0.1	-
Effect of changes in scope of consolidation		(6.4)	8.8
Purchase price of investments in consolidated activities		*(6.4)*	*(4.8)*
Proceeds from disposals of investments in consolidated activities		-	*16.8*
Net liabilities related to consolidated activities		-	-
Other cash effects of changes in scope of consolidation		-	*(3.2)*
Dividends received		1.2	1.7
Change in loans and advances receivable		0.2	(0.8)
Net cash generated by/(used in) investing activities		**(58.6)**	**(94.7)**
Cash received on exercise of share options		-	0.1
Purchases and sales of treasury shares		(2.3)	(26.5)
Other transactions between shareholders	*30.3*	192.3	-
Dividends paid during the year		(117.0)	(117.2)
Cash inflows from new debt contracted		0.4	0.2
Repayment of debt (including finance leases)		(4.7)	(8.7)
Net interest paid (including finance leases)		-	0.5
Net cash generated by/(used in) financing activities		**68.7**	**(151.6)**
CHANGE IN CASH POSITION OF CONTINUING OPERATIONS		**272.6**	**(55.2)**
Cash position of continuing operations at start of period		**(18.2)**	**37.0**
Change in cash position of continuing operations during the period		272.6	(55.2)
Cash position of continuing operations at end of period	*30.1*	**254.4**	**(18.2)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1	Significant events of 2012	9
2	Accounting policies	10
3	Significant changes in scope of consolidation	27
4	Operations held for sale	29
5	Interests in jointly controlled entities	29
6	Segment information	**Erreur ! Signet non défini.**
7	Goodwill	**Erreur ! Signet non défini.**
8	Intangible assets	33
9	Property, plant and equipment	35
10	Investments in associates	36
11	Programmes and broadcasting rights	36
12	Financial assets	37
13	Consolidated shareholders' equity	41
14	Financial liabilities	42
15	Net debt	44
16	Provisions	44
17	Operating revenues	47
18	External production costs	47
19	Other purchases and changes in inventory	47
20	Staff costs	48
21	External expenses	49
22	Taxes other than income taxes	49
23	Other operating income and expenses	49
24	Non-current operating income and expenses	50
25	Cost of net debt	50
26	Other financial income and expenses	50
27	Net income and expenses on financial assets and liabilities	51
28	Income taxes	51
29	Earnings per share	53
30	Notes to the consolidated cash flow statement	54
31	Risk management	56
32	Share options	66
33	Off balance sheet commitments	65
34	Related-party information	67
35	Auditors' fees	68
36	Dependence on licences	69
37	Post balance sheet events	69
38	Detailed list of companies included in the consolidation	70

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Significant events of 2012

1-1. Strategic partnership with the Discovery Communications group

Under the terms of the partnership agreement signed on December 21, 2012 relating to the activities of Eurosport, the pay-TV channels and production activities, the TF1 group sold a 20% equity interest in the Eurosport group and in the TV Breizh, Ushuaïa TV, Stylía and Histoire pay-TV theme channels to the Discovery Communications group.

The sale of the 20% interest in the Eurosport group was completed on the basis of an enterprise value of €850 million, plus the net cash held by Eurosport on December 31, 2012. This transaction generated a gain of €84.3 million net of taxes.
The terms of the agreement give the Discovery Communications group the option to increase its equity interest in the Eurosport group to 51% in two years' time, which if exercised would give the TF1 group the option to sell the remaining 49% to the Discovery Communications group (see note 33, "Off balance sheet commitments").

The sale of the 20% interest in the theme channels was completed on the basis of an enterprise value of €70 million, plus the net cash held by the theme channels. This transaction generated a gain of €8.7 million net of taxes. The terms of the agreement give the Discovery Communications group the option to increase its equity interest in the theme channels to 49% in two years' time (see note 33, "Off balance sheet commitments").

In accordance with the revised IAS 27, the gains arising on these transactions (amounting to €93 million, net of tax) were treated as arising from transactions between shareholders and recognised in consolidated shareholders' equity attributable to the Group, with no impact on profit or loss for the period.

1-2. Phase II of the optimisation plan

Phase II of the optimisation plan is described in the "Outlook" section of the Management Review. The costs incurred have been reported in "Non-current operating expenses", as described in note 24 below.

1-3. Groupe AB

The call option over TF1's 33.5% equity interest in Groupe AB, held by Claude Berda since June 10, 2010, expired on June 11, 2012 without having been exercised. Because the call option no longer exists, the significant influence that TF1 used to exercise over Groupe AB has been re-established, as a result of which (i) the equity interest in Groupe AB has been accounted for as an associate by the equity method since June 11, 2012, and (ii) the fair value remeasurement of the equity interest, amounting to €5.9 million, has been recognised in "Other financial income". See note 3, "Significant changes in scope of consolidation", and note 10, "Investments in associates".

2 Accounting policies

2-1. Declaration of compliance and basis of preparation

The consolidated financial statements of the TF1 group for the year ended December 31, 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, as required under EC Regulation 1606/2002 of July 19, 2002.
They include the financial statements of TF1 SA and its subsidiaries and jointly controlled entities, and the TF1 group's interests in associated undertakings. They also reflect the recommendations issued by the CNC (the French national accounting standard-setter) on the presentation of financial statements (recommendation no. 2009-R-03 of July 2, 2009).

The consolidated financial statements are presented in millions of euros.

They were adopted by the Board of Directors on February 19, 2013, and will be submitted for approval by the shareholders at the forthcoming Ordinary General Meeting to be held on April 18, 2013.

2-2. New and amended accounting standards and interpretations

2-2-1. New standards, amendments and interpretations endorsed by the European Union and mandatorily applicable or eligible for early adoption in periods beginning on or after January 1, 2012

In preparing its consolidated financial statements for the year ended December 31, 2012, the TF1 group applied the same standards, interpretations and accounting policies as those used in the preparation of its consolidated financial statements for the year ended December 31, 2011, plus any new standards, amendments and interpretations applicable from January 1, 2012.

The principal new standards, amendments and interpretations endorsed by the European Union or eligible for early adoption are:

- Amendment to IFRS 7, "Disclosures – Transfers of Financial Assets": mandatorily applicable from January 1, 2012, no impact on the financial statements.

- Amendment to IAS 1, "Presentation of items of Other Comprehensive Income (OCI)": early adopted with effect from January 1, 2011, impact on the presentation of the statement of recognised income and expense.

- Amendment to IAS 19, "Employee Benefits": mandatorily applicable from January 1, 2013, with early adoption permitted with effect from January 1, 2012. The TF1 group has early adopted this amendment in the consolidated financial statements for the year ended December 31, 2012; the impact is not material, as the TF1 group already recognised actuarial gains and losses on defined-benefit employee benefit plans directly in equity.

The TF1 Group has decided not to early adopt any of the other standards issued by the IASB and endorsed by the European Union that companies may elect to early adopt with effect from January 1, 2012.

2-2-2. New standards, amendments and interpretations endorsed by the European Union and applicable subsequent to December 31, 2012

Standard/Interpretation	IASB effective date	Expected impact on TF1
Revised IAS 27: Separate Financial Statements	January 1, 2014	No impact on the financial statements
Revised IAS 28: Investments in Associates and Joint Ventures	January 1, 2014	Under review
IFRS 10: Consolidated Financial Statements	January 1, 2014	Under review
IFRS 11: Joint Arrangements	January 1, 2014	Under review
IFRS 12: Disclosure of Interests in Other Entities	January 1, 2014	Under review
IFRS 13: Fair Value Measurement	January 1, 2013	Under review
Amendment to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters	July 1, 2013	No impact on the financial statements
Amendment to IAS 12: Deferred Tax – Recovery of Underlying Assets	January 1, 2013	No impact on the financial statements

2-2-3. New standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union

Standard/Interpretation	IASB effective date	Expected impact on TF1
IFRS 9: Financial Instruments (classification and measurement of financial assets)	January 1, 2015	Not quantifiable at present (endorsement process suspended by the European Union)
Amendment to IAS 32: Offsetting Financial Assets and Financial Liabilities	January 1, 2014	Under review

2-3. Changes in accounting policy

TF1 did not make any changes in accounting policy during 2012 other than those required to comply with new or amended IFRS requirements applicable on or after January 1, 2012 (as shown in note 2-2-1), which have no material effect on the financial statements.

2-4. Selection of accounting treatments, exercise of judgment and use of estimates

Preparation of the consolidated financial statements requires TF1 management to exercise judgement in the selection of accounting treatments and to use estimates for the measurement of assets, liabilities, income and expenses, which may have a material impact on the amounts reported in the financial statements.

2-4-1. Accounting policies

The principal accounting treatments involving the exercise of judgment are listed below, along with a reference to the note that describes the main analytical methods used in applying each treatment:

- Goodwill and impairment testing (notes 2-8 and 2-11)
- Recognition and measurement of audiovisual rights (note 2-8-1)
- Recognition and measurement of programmes, broadcasting rights and sports transmission rights (note 2-12)
- Classification of financial instruments (notes 2-11 and 2-17)
- Revenue recognition (note 2-20)

2-4-2. Use of estimates

Preparation of the consolidated financial statements requires the TF1 group to make various estimates and use various assumptions regarded as realistic and reasonable. Subsequent events or circumstances may result in changes to these estimates or assumptions, which could affect the value of the Group's assets, liabilities, equity or net profit.

The principal accounting policies requiring the use of estimates are:

- Impairment of goodwill (note 7): the carrying amount of goodwill in the TF1 consolidated financial statements is reviewed annually using the method described in note 2-10-1. These impairment tests are sensitive to medium-term financial forecasts and to the discount rates used to estimate the value in use of cash-generating units (CGUs).
- Impairment of audiovisual rights (note 8-1): impairment testing of audiovisual rights is based on an analysis of projected future revenues.
- Impairment of programmes and broadcasting rights (note 11): impairment testing of programmes and broadcasting rights is based on the probability of transmission, assessed mainly on the basis of future programming schedules.
- Measurement of provisions for retirement benefit obligations (note 16-1-2): these provisions are calculated by the TF1 group itself using the projected unit credit method, as described in note 2-19-1. This calculation is sensitive to assumptions regarding the discount rate, the salary inflation rate and the staff turnover rate.
- Provisions (note 16): provisions are established to cover probable outflows of resources to third parties with no corresponding inflow of resources for the Group. They include provisions for all kinds of litigation and claims, the amount of which is estimated based on assumptions regarding the most likely outcomes. In determining these assumptions, TF1 management may rely on the assessments of external advisors.
- Fair value of financial instruments (notes 12 and 14): the fair value of financial instruments is determined by reference to market prices. In the case of derivatives, market prices are determined and supplied to the TF1 group by its bankers. Where no quoted market price is available, fair value is estimated using other valuation methods such as the discounted cash flow method.

2-5. Consolidation methods

Subsidiaries

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

TF1 accounts for investees over which it exercises exclusive control using the full consolidation method. Under this method, all assets, liabilities, equity, income and expenses of each subsidiary are combined on a line-by-line basis in the consolidated financial statements. Minority interests in equity and in net profit are identified separately under "Minority interests" in the consolidated balance sheet and the consolidated income statement.

Jointly controlled entities

A jointly controlled entity is one in which the power to govern the financial and operating policies of the entity is contractually shared by TF1 with one or more other parties, none of which exercises control. TF1 accounts for interests in such entities using the proportionate consolidation method. Under this method, TF1 includes its own share of the subsidiary's assets, liabilities, equity, income and expenses in the relevant lines of its own consolidated financial statements.

Associates

An associate is an enterprise in which TF1 exercises significant influence, which means that TF1 has the power to participate in the financial and operating policy decisions of the investee without exercising control. Significant influence is presumed to exist if the parent company holds, directly or indirectly, 20% or more of the voting power of the investee. This presumption is reviewed in light of the way in which the investee is effectively governed and managed.

TF1 accounts for investments in associates using the equity method. Under this method, the investment in the associate is initially recorded in the balance sheet at acquisition cost. The carrying amount is then increased or decreased by the Group's share of the associate's profits or losses and of other changes in the equity of the associate subsequent to the acquisition date.

2-6. Foreign currency translation

2-6-1. Translation of the financial statements of foreign entities

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

- **Specific treatment on transition to IFRS**

The TF1 group applied the option allowed under IFRS 1, under which existing cumulative translation differences arising from the translation of the financial statements of foreign subsidiaries into euros were deemed to be zero. The balance as of January 1, 2004 under French generally accepted accounting principles ("French GAAP") was reclassified to reserves, with no impact on shareholders' equity attributable to the Group. Consequently, the gain or loss on a subsequent disposal of any consolidated entity or associate will exclude translation differences that arose before the date of transition to IFRS.

2-6-2. Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies carried out by subsidiaries and jointly controlled entities are initially translated into the functional currency of the subsidiary or entity using the exchange rate at the transaction date. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate. Any resulting translation differences are taken to profit or loss. Non-monetary assets and liabilities denominated in a foreign currency are recognised at historical cost and translated using the exchange rate at the transaction date.

2-7. Business combinations and goodwill

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

The treatment applied by TF1 to business combinations with effect from January 1, 2010 is as follows:

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

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

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

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

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

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

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

If the share of the fair value of the identifiable assets and liabilities acquired exceeds the cost of the combination, the excess is recognised immediately in the income statement as negative goodwill.

Subsequent to initial recognition, goodwill is measured at cost less any impairment losses, determined using the method described in note 2-10. Any impairment losses are charged as an operating item in the income statement, and may not be subsequently reversed.

✓ **Specific treatment on transition to IFRS**

In accordance with the option allowed under IFRS 1, the TF1 group elected not to remeasure goodwill arising on business combinations effected prior to January 1, 2004.

✓ **Accounting treatment of business combinations predating January 1, 2010:**

Because the revised IFRS 3 (Business Combinations) was not retrospectively applied, goodwill arising on business combinations predating January 1, 2010 has been maintained at its December 31, 2009 carrying amount. Goodwill on these transactions was determined using the accounting treatments applicable as of the date of the transactions. The main divergences in accounting treatment are as follows:

- In a step acquisition, the previously-held equity interest was not remeasured.
- Costs directly incurred to effect a business combination were included in the cost of the combination, and hence were included in the amount of goodwill recognised prior to January 1, 2010.
- The election to measure minority interests at fair value was not available, which meant that the full goodwill method was not permitted.
- Changes in percentage interest with no change in control over the acquiree generated additional goodwill in the case of an acquisition, and a gain or loss in the event of a disposal.

2-8. Intangible assets

Separately acquired intangible assets are initially recognised at acquisition cost or (if acquired in a business combination) at fair value as of the acquisition date.

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

Intangible assets with finite useful lives are amortised over their expected useful lives.

Intangible assets with indefinite useful lives are not amortised.

2-8-1. Audiovisual rights

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

Audiovisual rights are recognised as an asset in the balance sheet at historical cost under “Audiovisual rights” on the following dates:

- date of end of shooting or censor's certificate for film co-productions;
- date of signature of contract for acquired audiovisual distribution and/or trading rights and music rights.

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

- shares in film co-productions: amortised in line with revenues over 8 years;
- audiovisual distribution rights: amortised in line with revenues, with a minimum of 3 years straight-line;
- audiovisual trading rights: straight-line basis over 5 years;
- music rights: amortised over 2 years, 75% in the first year and the remaining 25% in the second year.
- Films co-produced by TF1 Films Production are amortised in line with revenues over a limited time-frame, taking account of the timing of revenue sources; this policy is consistent with industry practice.

A provision for impairment is recorded individually if estimated future revenues do not cover the net carrying amount.

2-8-2. Other intangible assets

Other acquired intangible assets are carried at acquisition cost less accumulated amortisation and impairment losses. These mainly comprise operating licences (other than broadcasting licences and audiovisual rights), trademarks and similar rights, and software.

These assets are amortised on a straight-line basis over their expected useful lives, except for certain commercial trademarks owned by the TF1 group and regarded as having an indefinite useful life, which are not amortised. These trademarks are tested for impairment (see note 2-10-1).

2-9. Property, plant and equipment

2-9-1. Property, plant and equipment owned outright

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

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

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

Land is not depreciated.

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

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

2-9-2. Property, plant and equipment acquired under finance leases

Property, plant and equipment held under leases which transfer substantially all the risks and rewards of ownership of the asset to the TF1 group is recognised as an asset in the balance sheet at the inception date of the lease, at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability; the finance charge is recognised in the income statement under “Expenses associated with net debt”, a component of “Cost of net debt”.
Assets held under finance leases are depreciated over the same periods as assets of the same type owned outright.

2-10. Impairment of non-current assets

At each balance sheet date, TF1 assesses whether there are internal or external events or circumstances which indicate that a non-current asset may have been impaired. If there is such an indication, or if the asset is required to be tested for impairment annually (goodwill, and intangible assets with indefinite useful lives), the recoverable amount of the asset is estimated.

2-10-1. Goodwill and indefinite-lived intangible assets

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

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

The value in use of an asset or a CGU is measured using the discounted cash flow (DCF) method, based on 3-year cash flow projections approved by TF1 management and the Board of Directors plus a standard annual cash flow figure for the time horizon beyond the 3-year business plan. The cash flows used are determined on an after-tax basis.
These cash flow projections are discounted using an after-tax discount rate, determined on the basis of the weighted average cost of capital (calculated on the basis of market parameters, such as beta and capitalisation) of a sample of companies representative of the business sector to which the asset being tested belongs.

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

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

2-10-2. Investments in associates

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

2-10-3. Other non-current assets

The methods used to test other non-current assets (in particular, audiovisual rights) for impairment are described in the relevant sections.

2-11. Financial assets

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

2-11-1. Available-for-sale financial assets

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

The TF1 group classifies in this category equity interests in companies over which the Group exercises neither control nor significant influence. The fair value of listed securities is determined using the fair value measurement principles described in note 12. Unlisted securities whose fair value cannot be measured reliably are carried at cost.

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

2-11-2. Loans and receivables

These financial assets are initially recognised at fair value plus directly attributable transaction costs. At each subsequent balance sheet date, they are measured at amortised cost using the effective interest method.
This category includes trade debtors, other debtors, loans receivable, deposits and caution money, loans and advances to non-consolidated equity investments, cash, and current account advances to associates and non-consolidated entities.

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

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

2-11-3. Held-to-maturity investments

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

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

2-11-4. Financial assets at fair value through profit or loss

These assets are measured at fair value, with changes in fair value recognised in profit or loss.

This category includes:

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

2-12. Programmes and broadcasting rights

In order to secure programming schedules for future years, the TF1 group enters into binding contracts, sometimes for a period of several years, under which the Group acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

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

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

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

The line "Programmes and broadcasting rights" in the balance sheet includes:

- in-house productions, made by TF1 group companies for TF1 channels;
- external productions, comprising broadcasting rights acquired by the TF1 group's channels and co-production shares of broadcasts made for the TF1 group's channels.

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

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

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

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

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

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. If rights are resold, a provision is recorded once the sale is probable to cover any excess of the value at which the rights were initially recognised in inventory (or the amount of advance payments) over the actual or estimated selling price.

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

Rights ordered under irrevocable contracts but not yet available for transmission (see above) are disclosed in note 11, in the section relating to contracts entered into by TF1 to secure future programming schedules, and are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made.

2-13. Financial assets used for treasury management purposes

Financial assets used for treasury management purposes are securities held for trading purposes which although they are monetary investments do not qualify as cash equivalents. They are classified as financial assets at fair value through profit or loss held for trading.

2-14. Cash and cash equivalents

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

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

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

2-15. Held-for-sale assets

A non-current asset or a group of assets and liabilities is classified as "held-for-sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is highly probable. If material, such assets and asset groups are reported separately from other assets or asset groups, and are measured at the lower of their carrying amount or fair value less costs to sell.

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

Discontinued and held-for-sale operations are presented on a separate line in the income statement for each of the periods reported, showing the post-tax profit or loss of discontinued or held-for-sale operations until the date of sale and the post-tax gain or loss arising from the sale of such operations or from remeasuring the assets and liabilities of such operations at fair value less costs to sell.

If material, cash flows relating to discontinued and held-for-sale operations are shown in a separate section at the foot of the consolidated cash flow statement for all the periods reported.

2-16. Treasury shares

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

2-17. Financial liabilities

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

Financial liabilities at fair value through profit or loss comprise:

- liabilities regarded as held for trading, comprising liabilities incurred principally with a view to repurchasing them in the near term;
- liabilities designated by the Group on initial recognition as financial instruments at fair value through profit or loss.

The TF1 group's non-derivative financial liabilities mainly comprise bond issues, borrowings (including credit facilities contracted with banks or with the Group), treasury current accounts with credit balances, bank overdrafts, and finance lease obligations.

These liabilities are measured at amortised cost.

Where a financial liability is wholly or partially hedged by an interest rate instrument, the hedged portion is accounted for under hedge accounting rules (see note 2-18-1).

2-17-1. Bond issues

Bond issues are initially recognised at the amount of the issue proceeds net of issue costs.
Subsequently, bond issues are measured at amortised cost using the effective interest method. The effective interest rate takes account of issue costs and redemption premium, which are recognised in the balance sheet as a deduction from the nominal value of the bond issue and amortised using the effective interest method over the term of the bond issue. Amortisation and interest charges are recognised in the income statement under "Expenses associated with net debt". The portion of accrued interest falling due within less than one year is recorded in "Current debt".

2-17-2. Other financial liabilities

Other current and non-current financial liabilities comprise borrowings, treasury current accounts with credit balances, bank overdrafts and finance lease obligations, and are measured at amortised cost.

✓ **Commitments to buy out minority shareholders:**

Commitments to buy out minority shareholders are recognised as a financial liability, in accordance with IAS 32.

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

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

2-18. Derivative financial instruments

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

The TF1 group uses derivative financial instruments such as swaps, interest rate options, forward currency purchases and currency options to hedge its exposure to fluctuations in interest rates and exchange rates. Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

2-18-1. Derivative financial instruments designated as hedges

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

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

At the inception of a hedge, TF1 formally designates the financial instrument to which hedge accounting will apply, and documents:

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

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

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

2-18-2. Derivative financial instruments not designated as hedges

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

2-19. Provisions and contingent liabilities

A provision is recorded when a legal or constructive obligation to a third party arising from a past event will certainly or probably result in an outflow of resources that can be measured reliably. Provisions are reviewed at each balance sheet date, and adjusted where necessary to reflect the best estimate of the obligation as of that date.
Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

2-19-1. Non-current provisions

The main types of non-current provisions are:

- **Provisions for retirement benefits**

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

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

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

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

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

Actuarial gains and losses arise on defined-benefit post-employment benefit plans as a result of changes in the actuarial assumptions used to measure the obligation and plan assets from one period to the next, and of differences between actual market conditions and the expected market conditions used in the assumptions. With effect from January 1, 2007, the TF1 group has recognised actuarial gains and losses directly in equity (net of deferred taxes) in the period in which they occur, in accordance with the option offered by the amendment to IAS 19.

- **Provisions for litigation, claims and risks**

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

  They are measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the balance sheet date. Provisions for litigation and claims include the estimated amount payable to third parties in respect of litigation and claims. They also include provisions for charges relating to disputes with tax and social security authorities; in such cases, the amount shown on reassessment notices issued by the authorities is provided for unless the company concerned regards it as highly probable that it will successfully defend its position against the authorities.

2-19-2. Current provisions

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

2-20. Revenue recognition

The TF1 group recognises revenue when:

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

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

- Sales of advertising airtime are recognised on transmission of the advertisement or commercial.
  - For sales of advertising airtime on media not owned by the Group, TF1 recognises the agency commission as revenue unless it has offered the media owner a recovery guarantee for selling the airtime, in which case TF1 recognises as revenue the gross amount of airtime sales invoiced to the advertisers.

- The TF1 group makes marginal use of barter transactions involving advertising with media other than television, such as radio or print media. These transactions, which are exchanges of dissimilar services within the meaning of SIC 31, are reported on a non-netted basis, with matching amounts recognised as income in “Revenue” and as expenses in “External expenses”.

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

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

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

2-21. Grants

Grants received by the TF1 group mainly comprise grants received by the Group’s production companies from funds set up to support the audiovisual industry (in particular grants awarded by the French National Centre for Cinematography)

Grants awarded by audiovisual industry support funds are initially recorded as deferred income in “Trade and other creditors” on the liabilities side of the balance sheet once the grant has been definitively awarded. They are taken to the income statement under “Other operating income” in line with the amortisation of the productions to which they relate, starting from the date on which the production is completed or licensed for distribution.

2-22. Non-current operating income and expenses

These lines comprise a very limited number of income and expense items, which are unusual and occur infrequently but are material to the consolidated financial statements. TF1 reports these items separately in its income statement in order to give users of the financial statements a better understanding of the Group’s ongoing operational performance.

2-23. Cost of net debt

“Cost of net debt” represents “Expenses associated with net debt”, net of “Income associated with net debt”.

"Expenses associated with net debt" comprise:

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

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

"Income associated with net debt" comprises:

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

2-24. Deferred taxation

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

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

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

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

Deferred taxes are reported as non-current assets or non-current liabilities in the balance sheet, after offset within each tax group.

2-25. Earnings per share

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

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

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

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

2-26. Share-based payment

TF1 has awarded share subscription option plans and consideration-free share allotment plans to its employees (see note 32).
In accordance with IFRS 2, the cost of these equity-settled share-based payment plans is recognised as an expense in "Staff costs", with the credit entry recognised in equity.
The total expense relating to share subscription option plans is measured at the grant date of the options using the Black-Scholes-Merton model, and is recognised over the vesting period.
The total expense relating to consideration-free shares is measured at the allotment date (taking into account any specific terms and conditions liable to affect fair value), and recognised over the vesting period on a straight line basis.

2-27. Operating segments

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold and the specific economic environment. This segmentation serves as the basis for the presentation of internal management data, and is also used by the Group's operational decision-makers to monitor performance. The operating segments reported by the Group are those reviewed by the chief operational decision-maker; they are not aggregated for segment reporting purposes.

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

The TF1 group reports the following operating segments:

Broadcasting France
This segment includes the TF1 channel, associated and spin-off activities regarded as inseparable from this channel, other free-to-air or pay-TV channels broadcasting primarily to France, and Metro France. Activities inseparable from TF1 include the in-house advertising airtime sales agency and companies involved in the production or co-production of programmes intended primarily for the TF1 channel (such as TF1 Production).

Audiovisual Rights
Subsidiaries whose principal activity is the production, publishing or distribution of audiovisual rights not exclusively intended for TF1 group channels are included in this segment. Production activities include delegated productions or co-productions of films. Publishing and distribution activities include all media (CD, DVD, etc) and all channels (cinemas, TV channels and all retail distribution channels).

Broadcasting International
This segment comprises subsidiaries involved in the development and broadcasting of pay-TV programmes primarily broadcast outside France.

Miscellaneous activities
This segment comprises all activities not included in any of the segments described above and (as of December 31, 2011) the subsidiary SPS.

3 Significant changes in scope of consolidation

The consolidated financial statements of the TF1 group for the year ended December 31, 2012 include the financial statements of the companies listed in note 38.

3-1. Significant changes in scope of consolidation in 2012

3-1-1. Change in percentage interest in the Eurosport group entities and theme channels

As a result of the agreement with the Discovery Communications group (see note 1, “Significant events of 2012”), the percentage control held by the TF1 group in the Eurosport group entities, and in the Ushuaïa TV, Stylía, Histoire and TV Breizh pay-TV theme channels, has been 80% since December 21, 2012. The 20% share of the net assets of these entities acquired by the Discovery Communications group, amounting to €102.6 million, is presented in consolidated shareholders’ equity attributable to minority interests. The share of profits for the period from December 22 to December 31, 2012, has not been allocated to minority interests on grounds of immateriality.

3-1-2. Inclusion of Groupe AB in the scope of consolidation as an associate by the equity method

TF1 has held a 33.5% equity interest in Groupe AB since April 2, 2007, the other principal investor being Claude Berda.
On June 10, 2010, in connection with the acquisition by TF1 of the TMC and NT1 channels from Groupe AB, TF1 granted Claude Berda a call option entitling him to buy out TF1’s 33.5% interest in Groupe AB for its estimated market value of €155 million. In accordance with IAS 27, TF1 therefore ceased to account for its equity interest in Groupe AB as an associate by the equity method, instead recognising the equity interest in the balance sheet as a non-current financial asset at a value of €155 million. TF1 elected to recognise subsequent changes in the fair value of the equity interest in profit or loss, so that they would offset subsequent changes in the fair value of the option (recognised in financial income or expense, and in financial liabilities in the balance sheet).

The equity interest and the associated call option were valued on the basis of (i) the consolidated net assets of Groupe AB as remeasured at fair value in 2010, plus the profits of Groupe AB recognised since that date (including depreciation and amortisation charged against remeasured assets) and (ii) a multiple-based approach applicable to Groupe AB.
Because no material change in the fair value of the equity interest occurred during the life of the option, both the equity interest and the option were maintained at their initial values, i.e. €155 million and zero respectively.

As of the expiry date of the option (June 10, 2012), TF1’s equity interest in Groupe AB was valued at €160.9 million. The fair value of the equity interest was adjusted accordingly, and a symmetrical financial liability (of €5.9 million) representing the fair value of the option was also recognised. Because the option was not exercised, the financial liability was extinguished, generating a gain (recognised in “Other financial income”) in the financial statements for the six months ended June 30, 2012.
The option having expired, the TF1 group has regained the significant influence that it used to exercise over Groupe AB. Consequently, this equity interest is now once again accounted for as an associate by the equity method, with effect from June 11, 2012.

3-1-3. Direct Optic Participations

In accordance with the terms of the agreements signed on March 1, 2011, Téléshopping converted into share capital a €2.5 million current account balance owed to it by Direct Optic Participations. This transaction took place on December 28, 2012, and increased Téléshopping’s equity interest in Direct Optic from 25.4% to 47.8%. This increased percentage has no impact on the role or power of TF1 vis-à-vis Direct Optic Participations.
The investment continues to be accounted for as an associate by the equity method in the consolidated financial statements.

3-2. Significant changes in scope of consolidation in 2011

3-2-1. Acquisition of Metro France Publications

The acquisition of an additional 65.7% equity interest in Metro France Publications from Metro International on July 28, 2011 gave the TF1 group exclusive control over Metro France Publications. In the consolidated financial statements for the year ended December 31, 2011, the interest in Metro France Publications – previously accounted for as an associate by the equity method – was fully consolidated with effect from July 28, 2011.

3-2-2. Divestment of the SPS group

Following the sale on May 2, 2011 of the TF1 group's entire interest in the SPS Group, the companies of the SPS Group ceased to be included in the scope of consolidation with effect from that date.

3-2-3. Divestment of TCM Gestion and TCM DA

The 50% equity interests held in TCM DA and TCM Gestion were sold on April 19, 2011. These entities, previously accounted for by the proportionate consolidation method, were deconsolidated as of that date.

3-2-4. Divestment of the 1001 Listes companies

Following completion of the sale of 1001 Listes and 1001 Listes Belgique on February 4, 2011, these two entities were deconsolidated with effect from January 1, 2011.

4 Operations held for sale

Where the Group is in the process of selling an operation or significant assets, these operations or assets are reported separately in accordance with IFRS 5. The cash impact of material changes during the period is disclosed in note 30-2.

There were no operations or significant assets held for sale that required to be reported separately under IFRS 5 either at December 31, 2012 or at December 31, 2011.

5 Interests in jointly controlled entities

The TF1 group owns interests in jointly controlled entities, a list of which is provided in note 38.

The table below shows the share of the assets, liabilities, revenue and operating profit of these entities as included in the consolidated financial statements.

TF1 share	TF6 / Série Club		TCM [a]	
(€m)	2012	2011	2012	2011
Non-current assets	23.1	22.6	-	-
Current assets	8.0	7.0	-	-
TOTAL ASSETS	**31.1**	**29.6**	**-**	**-**
Shareholders' equity	22.4	21.4	-	-
Non-current liabilities	-	1.4	-	-
Current liabilities	8.7	6.8	-	-
TOTAL LIABILITIES & EQUITY	**31.1**	**29.6**	**-**	**-**
Revenue	**14.4**	**12.8**	**-**	**-**
Current operating profit/(loss)	**-**	**(1.0)**	**-**	**(2.5)**

(a) TCM DA was divested on April 19 ; 2011.

6 Segment information

6-1. Information by operating segment

The contribution of each operating segment to the consolidated financial statements was as follows:

(€m)	Broadcasting France 2012	Broadcasting France 2011	Audiovisual Rights 2012	Audiovisual Rights 2011	Broadcasting International 2012	Broadcasting International 2011	Miscellaneous Activities[6] 2012	Miscellaneous Activities[6] 2011	Total TF1 2012	Total TF1 2011
INCOME STATEMENT (extract)										
Revenue	**2,084.8**	**2,134.8**	**129.8**	**115.5**	**406.0**	**367.9**	**-**	**1.5**	**2,620.6**	**2,619.7**
Current operating profit/(loss)	**155.1**	**266.5**	**(1.3)**	**(40.1)**	**56.6**	**65.2**	**-**	**(8.7)**	**210.4**	**282.9**
Depreciation and amortisation, net	*(35.4)*	*(35.2)*	*(30.2)*	*(35.2)*	*(6.2)*	*(7.5)*	*-*	*(0.5)*	*(71.8)*	*(78.4)*
Provisions and impairment, net	*2.0*	*(15.6)*	*(12.0)*	*(13.1)*	*(2.6)*	*(1.2)*	*-*	*-*	*(12.6)*	*(29.9)*
Non-current operating income and expenses [1]	(41.9)	-	(4.5)	-	(1.3)	**-**	-	-	(47.7)	-
Share of profits/(losses) of associates [2]	(6.4)	(4.1)	-	(0.2)	-	-	-	(9.4)	(6.4)	(13.7)
Net profit from discontinued/held-for-sale operations	-	-	-	-	-	-	-	-	**-**	-
BALANCE SHEET										
Segmental assets [3]	825.5	835.5	28.4	44.2	367.0	367.4	-	-	**1,220.9**	1,247.1
Segmental liabilities [4]	62.5	72.5	23.2	17.1	7.1	7.0	-	-	**92.8**	96.6
Investments in associates [7]	161.1	1.3	-	-	-	-	-	-	**161.1**	1.3
Capital expenditure [5]	29.2	90.9	22.4	27.1	5.0	4.2	-	0.2	**56.6**	122.4

(1) In 2012, non-current operating income and expenses consisted of the non-recurring exceptional costs generated by phase II of the optimisation plan.

(2) The share of profits/losses from associates reported by each segment is as follows:

- Broadcasting France: the €6.4 million share of losses for 2012 relates primarily to the interests in Groupe AB, WBTV and Direct Optic Participations (for details see note 10, "Investments in associates"); the €4.1 million share of losses for 2011 relates primarily to the interest in WBTV.

- Miscellaneous Activities: for 2011, the share of losses relates to Metro France Publications, in which the TF1 group held an interest of 34.3% until July 28, 2011.

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

(4) Segmental liabilities include current and non-current provisions.

(5) See the "Capital Expenditure" table below for a reconciliation of capital expenditure with the consolidated cash flow statement.

(6) In 2011, this segment consisted of the SPS group, which was divested in the second quarter of 2011

(7) Investments in associates include Groupe AB with effect from June 11, 2012.

Capital expenditure

Reconciliation with the consolidated cash flow statement:

(€m)	2012	2011
Capital expenditure	56.6	122.4
Investment grants received	(11.2)	(12.7)
Change in creditors related to acquisitions of intangible assets	9.0	(9.2)
Change in creditors related to acquisitions of property, plant & equipment	(3.0)	0.4
Cash outflows on acquisitions of property, plant & equipment and intangible assets	**51.4**	**100.9**

Income statement by function

	Broadcasting France		Audiovisual Rights		Broadcasting International		Miscellaneous Activities		Total TF1	
(€m)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011[(1)]
Revenue	2,084.8	2,134.8	129.8	115.5	406.0	367.9	-	1.5	2,620.6	2,619.7
Cost of sales	(1,473.3)	(1,453.7)	(99.4)	(119.0)	(221.3)	(192.5)	-	(10.2)	(1,794.0)	(1,775.4)
Research and development expenses	(5.3)	(7.3)	-	-	-	-	-	-	(5.4)	(7.3)
Selling expenses	(126.5)	(136.6)	(8.1)	(15.1)	(73.7)	(62.9)	-	-	(208.2)	(214.5)
Administrative expenses	(282.6)	(270.7)	(19.1)	(21.5)	(53.2)	(47.3)	-	-	(354.9)	(339.5)
Current operating profit/ (loss)	**197.1**	**266.5**	**3.2**	**(40.1)**	**57.8**	**65.2**	**-**	**(8.7)**	**258.1**	**283.0**

(1) Following the introduction of new accounting and financial information systems in 2011 and 2012, the allocation of costs by function has been altered; the new allocation has been applied retrospectively to the 2011 figures.

6-2. Information by geographical segment

For geographical segment reporting purposes, segmental revenue is allocated according to the location of the customer, while segmental assets and capital expenditure are allocated according to the location of the asset.

	France		Continental Europe		Other Countries		Total TF1	
(€m)	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	2,171.0	2,226.7	388.2	344.4	61.4	48.6	2,620.6	2,619.7
Segmental assets	1,217.8	1,243.5	3.0	3.5	0.1	0.1	1,220.9	1,247.1
Capital expenditure	56.0	120.4	0.6	2.0	-	-	56.6	122.4

The TF1 group was not dependent on any one customer for more than 10% of its consolidated revenue in either the year ended December 31, 2012 or the year ended December 31, 2011.

7 Goodwill

Goodwill is allocated to cash generating units (CGUs) as follows:

(€m)	Broadcasting France	Audiovisual Rights	Broadcasting International	Total
Goodwill at January 1, 2012	**538.0**	**-**	**336.3**	**874.3**
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Impairment	-	-	-	-
Other	-	-	-	-
Goodwill at December 31, 2012	**538.0**	**-**	**336.3**	**874.3**
Gross value	*548.3*	*-*	*336.3*	*884.6*
Accumulated impairment	*(10.3)*	*-*	*-*	*(10.3)*

During the third quarter of 2012, the TF1 group finalised the purchase price allocation of Metro France (consolidated since July 28, 2011); the final amount of goodwill recognised on this acquisition was €9.1 million.

Based on impairment tests conducted using the method described in note 2-10, no impairment of goodwill was identified at December 31, 2012.

(€m)	Broadcasting France	Audiovisual Rights	Broadcasting International	Miscellaneous Activities	Total
				1001 Listes	
Goodwill at January 1, 2011	**528.9**	**-**	**336.3**	**18.3**	**883.5**
Acquisitions	9.1	-	-	-	9.1
Disposals	-	-	-	(18.3)	(18.3)
Reclassifications	-	-	-	-	-
Impairment	-	-	-	-	-
Other	-	-	-	-	-
Goodwill at December 31, 2011	**538.0**	**-**	**336.3**	**-**	**874.3**
Gross value	*548.3*	*-*	*336.3*	*-*	*884.6*
Accumulated impairment	*(10.3)*	*-*	*-*	*-*	*(10.3)*

In 2011, the “Acquisitions” line includes goodwill arising from the acquisition of control over Metro France on July 28, 2011, amounting to €9.1 million (based on a 100% interest, including goodwill on the previously-held equity interest).

Impairment testing of goodwill

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

The business plans used in impairment testing are prepared on the basis of revenue growth rates and operating margins consistent with actual data for the last 5 years, and build in a number of factors including:

- the impact of the economic situation on advertising spend in the particularly unsettled current environment;
- the ongoing adaptation of the TF1 channel business model, including the implementation of phase II of the optimisation plan, which aims to achieve €85 million of new recurring savings by end 2014 on top of the €155 million of recurring savings already generated between 2007 and 2011;
- the effect of future major sporting events;
- the development of the free-to-view offering across all free media, including the free-to-view DTT channels and digital activities (MYyTF1) driven by new technologies;
- the improvement in available funds that allows the Group to envisage potential new developments.

However, these business plans do not build in the expected synergies from the partnership with the Discovery Communications group.

The perpetual growth rates used for impairment testing at end 2012 were 2% for the Broadcasting France CGU and 3% for the Broadcasting International CGU. The after-tax discount rate applied at end 2012 was 8.21%, and was determined by reference to external data sources using the method described in note 2-10-1.

For each CGU, an analysis was performed of the sensitivity of these calculations to changes in the discount rate, the perpetual revenue growth rate and the normative current operating margin (taken individually or in combination). The scenarios used in this analysis include the impact on perpetual cash flows of a reduction of up to 1 point in the revenue growth rate, a reduction of up to 2 points in current operating margin, and an increase of up to 1 point in the discount rate.

These analyses identified no probable scenario in which the recoverable amount of any CGU would fall below the carrying amount of the corresponding assets.

8 Intangible assets

8-1. Audiovisual rights

Movements during the year ended December 31, 2012 were as follows:

2012 *(€m)*	**January 1**	**Increases**	**Decreases**	**Changes in scope of consolidation, reclassifications**	**December 31**
Gross value	1,112.9	31.1	(0.8)	(5.5)	1,137.7
Amortisation	(1,000.8)	(40.1)	0.5	(0.3)	(1,040.7)
Impairment	(41.3)	(14.2)	13.7	-	(41.8)
Audiovisual rights	**70.8**	**(23.2)**	**13.4**	**(5.8)**	**55.2**

Movements during the year ended December 31, 2011 were as follows:

2011 *(€m)*	**January 1**	**Increases**	**Decreases**	**Changes in scope of consolidation, reclassifications**	**December 31**
Gross value	1,090.6	40.5	(1.5)	(16.7)	1,112.9
Amortisation	(974.3)	(45.4)	1.1	17.8	(1,000.8)
Impairment	(38.8)	(15.8)	17.9	(4.6)	(41.3)
Audiovisual rights	**77.5**	**(20.7)**	**17.5**	**(3.5)**	**70.8**

The movements reported in "Changes in scope of consolidation, reclassifications" mainly comprise the deconsolidation of TCM DA following the divestment of this business on April 19, 2011, and the first-time consolidation of Sofica Valor 6 in the year ended December 31, 2011.

The table below shows the maturities of audiovisual rights acquisition contracts entered into by TF1 to secure future programming schedules:

Audiovisual rights *(€m)*	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
2012	**19.6**	**0.2**	**-**	**19.8**
2011	13.7	0.3	-	14.0

8-2. Other intangible assets

2012 *(€m)*	**January 1**	**Increases**	**Decreases**	**Changes in scope of consolidation, reclassifications**	**December 31**
Indefinite-lived trademarks	52.0	-	-	-	52.0
Concessions, patents & similar rights	40.4	2.5	(1.0)	2.9	44.8
Other	14.6	6.1 (a)	(0.7)	(2.7)	17.3
Gross value	**107.0**	**8.6**	**(1.7)**	**0.2**	**114.1**
Impairment of indefinite-lived trademarks	-	(0.6)	-	-	(0.6)
Amortisation	(34.3)	(3.6)	0.4	-	(37.5)
Impairment	(1.5)	-	0.1	-	(1.4)
Amortisation and impairment	**(35.8)**	**(4.2)**	**0.5**	**-**	**(39.5)**
Other intangible assets	**71.2**	**4.4**	**(1.2)**	**0.2**	**74.6**

(a) The increase in the gross value of other intangible assets was mainly due to expenditure on internal IT projects (SAP).

The €0.6 million carrying amount of the Excessif trademark was written down in full as of December 31, 2012.

Apart from the Excessif trademark, impairment tests performed on the Group's other indefinite-lived trademarks (using the method described in note 2-10) did not indicate any evidence of impairment as of December 31, 2012.

2011 *(€m)*	**January 1**	**Increases**	**Decreases**	**Changes in scope of consolidation, reclassifications (c)**	**December 31**
Indefinite-lived trademarks	52.0	-	-	-	52.0
Astra satellite user rights (b)	18.9	-	(18.9)	-	-
Concessions, patents & similar rights	40.3	1.2	(0.5)	(0.6)	40.4
Other	14.3	5.9 (a)	(0.6)	(5.0)	14.6
Gross value	**125.5**	**7.1**	**(20.0)**	**(5.6)**	**107.0**
Impairment of indefinite-lived trademarks	-	-	-	-	-
Astra satellite user rights	(17.8)	(1.1)	18.9	-	-
Amortisation	(33.0)	(3.6)	0.4	1.9	(34.3)
Impairment	(4.8)	-	-	3.3	(1.5)
Amortisation and impairment	**(55.6)**	**(4.7)**	**19.3**	**5.2**	**(35.8)**
Other intangible assets	**69.9**	**2.4**	**(0.7)**	**(0.4)**	**71.2**

(a) The increase in the gross value of other intangible assets was mainly due to expenditure on internal IT projects (SAP).

(b) The Astra contract expired in 2011 and was replaced by an operating lease.

(c) Mainly comprising the effect of the deconsolidation of SPS.

The impairment tests performed on indefinite-lived trademarks as of December 31, 2011 indicated no evidence of impairment.

9 Property, plant and equipment

The table below shows movements in property, plant and equipment, and in depreciation and impairment, during the year ended December 31, 2012.

2012 *(€m)*	**January 1**	**Increases**	**Decreases**	**Changes in scope of consolidation, reclassifications**	**December 31**
Land	60.9	-	-	-	60.9
Buildings	101.3	-	-	-	101.3
Technical facilities	192.0	9.5	(4.5)	(7.5)	189.5
Technical facilities held under finance leases	20.0	-	(0.2)	10.6	30.4
Other property, plant and equipment	112.2	6.2	(2.5)	(1.2)	114.7
Property, plant & equipment under construction	2.0	1.2	-	(2.0)	1.2
Gross value	**488.4**	**16.9**	**(7.2)**	**(0.1)**	**498.0**
Buildings	(15.2)	(2.4)	0.1	-	(17.5)
Technical facilities	(155.2)	(14.0)	4.6	6.5	(158.1)
Technical facilities held under finance leases	(10.9)	(5.8)	0.1	(7.1)	(23.7)
Other property, plant and equipment	(76.3)	(10.0)	3.8	0.6	(81.9)
Depreciation and impairment	**(257.6)**	**(32.2)**	**8.6**	**-**	**(281.2)**
Property, plant and equipment	**230.8**	**(15.3)**	**1.4**	**(0.1)**	**216.8**

The table below shows movements in property, plant and equipment, and in depreciation and impairment, during the year ended December 31, 2011.

2011 *(€m)*	**January 1**	**Increases**	**Decreases**	**Changes in scope of consolidation, reclassifications**	**December 31**
Land [(1)]	45.7	15.2	-	-	60.9
Buildings [(1)]	58.0	43.3	-	-	101.3
Technical facilities	201.6	7.9	(15.5)	(2.0)	192.0
Technical facilities held under finance leases	15.4	-	(0.3)	4.9	20.0
Other property, plant and equipment	119.5	7.7	(11.9)	(3.1)	112.2
Property, plant & equipment under construction	1.9	0.6	-	(0.5)	2.0
Gross value	**442.1**	**74.7**	**(27.7)**	**(0.7)**	**488.4**
Buildings	(13.0)	(2.2)	-	-	(15.2)
Technical facilities	(156.6)	(15.0)	15.6	0.8	(155.2)
Technical facilities held under finance leases	(6.5)	(3.1)	0.3	(1.6)	(10.9)
Other property, plant and equipment	(79.9)	(9.7)	11.8	1.5	(76.3)
Depreciation and impairment	**(256.0)**	**(30.0)**	**27.7**	**0.7**	**(257.6)**
Property, plant and equipment	**186.1**	**44.7**	**-**	**-**	**230.8**

[(a)] On December 21, 2011, the TF1 group paid €58.5 million to acquire a property (previously 100% rented) occupied by staff from TF1 SA and LCI.

10 Investments in associates

The table below gives a breakdown of investments in associates:

(€m)	Groupe AB[4]	WBTV[1]	Metro France Publications[2]	Other[3]	Total
Country	**France**	**Belgium**	**France**	**France**	
January 1, 2011	-	2.8	11.1	-	**13.9**
Share of profit/(loss), net of dividends received	-	(3.8)	(1.5)	(0.5)	**(5.8)**
Impairment losses	-	-	(7.9)	-	**(7.9)**
Changes in scope of consolidation and reclassifications	-	-	(1.7)	1.5	**(0.2)**
Provision for risks	-	1.0	-	0.3	**1.3**
December 31, 2011	**-**	**-**	**(0.0)**	**1.3**	**1.3**
Share of profit/(loss), net of dividends received	(1.4)	(0.7)	-	(0.7)	**(2.8)**
Impairment losses	-	(2.0)	-	(1.6)	**(3.6)**
Changes in scope of consolidation and reclassifications	160.9	3.7	-	2.6	**167.2**
Provision for risks	-	(1.0)	-	-	**(1.0)**
December 31, 2012	**159.5**	**-**	**(0.0)**	**1.6**	**161.1**

(1) *Under the terms of an agreement with Claude Berda and Groupe AB signed in November 2012, the TF1 group subscribed €3.7 million for its share of a capital increase carried out by WBTV. On completion of this transaction, the TF1 group also agreed to sell its 49% equity interest in WBTV to Claude Berda before March 31, 2013 for €1, thereby generating an additional impairment loss of €2 million as of December 31, 2012.*

(2) *Metro France Publications has been fully consolidated since July 28, 2011. In 2011, the impact of remeasuring Metro France Publications at fair value on acquisition of control was recognised by an impairment loss taken against the carrying amount of the equity-accounted investment.*

(3) *Primarily Direct Optic Participations: €1.6 million in 2012 (47.8% equity interest held), €1.5 million in 2011 (25.4% equity interest held). This interest was covered by an impairment provision of €1.6 million as of December 31, 2012.*

(4) *This entity has been included in the consolidation since June 11, 2012 (see note 1-3, "Groupe AB").*

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

TF1 group share	Groupe AB[1] [2]		WBTV[2]	
(€m)	**2012**	**2011**	**2012**	**2011**
Non-current assets	126.2	138.9	1.1	6.1
Current assets	86.0	75.3	0.9	1.4
TOTAL ASSETS	**212.2**	**214.2**	**2.0**	**7.5**
Shareholders' equity	159.9	161.2	(11.7)	(6.7)
Non-current liabilities	20.3	24.4	6.2	6.2
Current liabilities	32.0	28.6	7.5	8.0
TOTAL LIABILITIES AND EQUITY	**212.2**	**214.2**	**2.0**	**7.5**
Revenue	**41.7**	**45.8**	**2.2**	**2.8**
Current operating profit/(loss)	**12.8**	**18.8**	**(0.9)**	**(1.9)**

(1) *Included in the consolidation with effect from June 11, 2012*

(2) *2011 and 2012 figures are based on accounts to end September (the most recent accounts available), and equity interests of 33.5% for Groupe AB and 49% for WBTV*

Figures relating to other associates are not material for the years ended December 31, 2012 and 2011.

11 Programmes and broadcasting rights

The table below shows the movement in programme and broadcasting rights inventory, valued in accordance with the accounting policy described in note 2-12.

(€m)	Jan. 1, 2011	Net movements	Change in scope of consolidation, reclassifications	Dec. 31, 2011	Net movements	Change in scope of consolidation, reclassifications	Dec. 31, 2012
Gross value	**770.5**	8.4	(1.4)	**777.5**	(30.0)	(1.0)	**746.5**
Impairment	**(152.8)**	8.1 [(2)]	2.8	**(141.9)**	10.1 [(1)]	0.5	**(131.3)**
Inventories	**617.7**	16.5	1.4	**635.6**	(19.9)	(0.5)	**615.2**

[(1)] €56.5 million of impairment losses charged, €66.6 million of impairment losses reversed

[(2)] €49.4 million of impairment losses charged, €57.5 million of impairment losses reversed

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

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

2012 *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total
Programmes and broadcasting rights [(1)]	589.3	640.9	38.1	**1,268.3**
Sports transmission rights	188.5	349.0	-	**537.5**
TOTAL	**777.8**	**989.9**	**38.1**	**1,805.8**

(1) Some of these contracts were expressed in foreign currencies: €14.3 million in Swiss francs, €1.4 million in pounds sterling, and €360.9 million in U.S. dollars.

2011 *(€m)*	Less than 1 year	1 to 5 years	More than 5 years	Total
Programmes and broadcasting rights [(1)]	582.4	851.9	76.8	**1,511.1**
Sports transmission rights	185.3	401.7	3.9	**590.9**
TOTAL	**767.7**	**1,253.6**	**80.7**	**2,102.0**

(1) Some of these contracts were expressed in foreign currencies: €18.9 million in Swiss francs, €3.1 million in pounds sterling, and €282.7 million in U.S. dollars.

Programmes and broadcasting rights relate mainly to TF1 SA (€468.0 million in 2012, vs. €623.6 million in 2011) and to the Acquisition de Droits economic interest grouping (€728.2 million in 2012, vs. €809.3 million in 2011).

Sports transmission rights commitments relate mainly to TF1 SA and TF1 DS (€187.4 million in 2012, vs. €260.3 million in 2011) and to Eurosport (€350.1 million in 2012, vs. €330.6 million in 2011).

12 Financial assets

12-1. Categories of financial assets

The table below shows financial assets by category:

2012 (€m)	Financial assets at fair value through profit or loss			Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
	Designated at fair value on initial recognition	Held for trading	Level (a)				
Other non-current financial assets	-	-		13.2	2.7	-	15.9
Trade and other debtors	-	-		-	1,302.0	-	1,302.0
Other current financial assets	-	2.1		-	-	-	2.1
Currency derivatives	-	*2.1*	II	-	-	-	*2.1*
Interest rate derivatives	-	-		-	-	-	-
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	-		-	258.7	-	258.7

(a) See the section on "Fair value measurement methods for financial assets" below.

2011 (€m)	Financial assets at fair value through profit or loss			Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
	Designated at fair value on initial recognition	Held for trading	Level (a)				
Other non-current financial assets	155.0	-	III	9.8	2.8	-	167.6
Trade and other debtors	-	-		-	1,241.8	-	1,241.8
Other current financial assets	-	5.9		-	-	-	5.9
Currency derivatives	-	*5.9*	II	-	-	-	*5.9*
Interest rate derivatives	-	-		-	-	-	-
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	-		-	35.9	-	35.9

(a) See the section on "Fair value measurement methods for financial assets" below.

12-2. Fair value measurement methods for financial assets

The amended IFRS 7 establishes a three-level hierarchy of fair value measurement methods for financial instruments:

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

No transfers between these levels were made in either 2012 or 2011.

The fair value of financial instruments is where possible measured by reference to the market price derived from trading on a national stock exchange or over-the-counter market. Where no listed market price is available, fair value is estimated using alternative measurement methods, such as the discounted cash flow method, based on either observable (level II) or non-observable (level III) parameters.

The methods used by the TF1 group are as follows:

- Equity investments in non-consolidated companies:

  - Groupe AB: From July 1, 2010 to June 11, 2012,, the 33.5% equity interest held by the TF1 group was measured at fair value through profit or loss at a carrying amount of €155 million, since a call option over this interest (exercisable on or before June 11, 2012) had been granted to the Groupe AB management team. As of December 31, 2011, there was no material change in the fair value of this asset (level III). On June 11, 2012, the option expired without having been exercised, and consequently the significant influence that TF1 previously exercised over Groupe AB was re-established; since that date, the equity interest has been accounted for as an associate by the equity method. The fair value of the interest as of June 11, 2012 was measured at €160.9 million (see note 3-1-2, “Inclusion of Groupe AB in the scope of consolidation as an associate by the equity method”).

  - Other equity investments in non-consolidated companies are classified as available-for-sale financial assets and measured at acquisition cost, since their fair value cannot be measured reliably.

- Derivatives: the fair value of interest rate derivatives and currency derivatives is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets, on the basis of market data as of the balance sheet date (level II method).
- Because of their short maturities, the carrying amount of trade and other debtors, cash, and treasury current accounts is regarded as the best approximation of their fair value.

12-3. Other non-current financial assets

Other non-current financial assets comprise:

(€m)	2012	2011
Equity investments in non-consolidated companies	13.2	164.8
Loans and advances to non-consolidated companies	0.7	0.7
Loans	-	-
Deposits and caution money	1.9	2.1
Other non-current financial assets	**15.8**	**167.6**

12-3-1. Equity investments in non-consolidated companies

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

(€m)	% interest at year-end	Gross value 2012	Gross value 2011	Impairment 2012	Impairment 2011	Carrying amount 2012	Carrying amount 2011
Groupe AB[a]	33.5%	**-**	155.0	**-**	-	**-**	155.0
A1 International	50.0%	**12.8**	12.8	**(12.8)**	(12.8)	**-**	-
En Direct Avec	13.3%	**4.0**	4.0	**(4.0)**	(4.0)	**-**	-
Wikio	9.1%	**3.5**	3.5	**-**	-	**3.5**	3.5
Prima TV	5.0%	**1.4**	1.4	**-**	-	**1.4**	1.4
SHIP	27.4%	**0.8**	0.8	**(0.8)**	(0.8)	**-**	-
Sofica Valor 7	20.1%	**3.4**	-	**-**	-	**3.4**	-
Soread	11.6%	**1.6**	1.6	**(1.6)**	(1.6)	**-**	-
Sylver	49.0%	**3.7**	3.7	**-**	-	**3.7**	3.7
TF1 Publications	99.9%	**0.5**	0.5	**(0.5)**	(0.5)	**-**	-
Other		**3.3**	3.3	**(2.1)**	(2.1)	**1.2**	1.2
Equity investments in non-consolidated companies		**35.0**	**186.6**	**(21.8)**	**(21.8)**	**13.2**	**164.8**

(A) The TF1 group regained significant influence over Groupe AB on June 11, 2012 (see note 1-3, “Groupe AB”).

Impairment tests were performed on all these investments, and indicated no evidence of impairment in 2012 or 2011.

12-4. Trade and other debtors

(€m)	Gross value 2012	Impairment 2012	Carrying amount 2012	Carrying amount 2011
Trade debtors	800.2	(18.0)	782.2	750.5
Supplier prepayments [1]	220.7	(8.8)	211.9	189.4
Other operating debtors [2]	239.6	-	239.6	232.1
Other debtors	156.8	(103.9)	52.9	42.8
Prepayments	15.4	-	15.4	27.0
Trade and other debtors	**1,432.7**	**(130.7)**	**1,302.0**	**1,241.8**

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

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

(€m)	2012	2011
Impairment as of January 1	**(126.8)**	**(117.5)**
Additional provisions booked during the year	(24.4)	(34.2)
Reversals for debtors written off during the year	13.2	21.4
Recovered during the year	7.3	4.8
Changes in scope of consolidation and reclassifications	-	(1.2)
Impairment as of December 31	**(130.7)**	**(126.7)**

12-5. Cash and cash equivalents

Cash and cash equivalents comprise the following items:

(€m)	2012	2011
Cash	35.6	21.3
Money-market mutual funds [1]	-	12.2
Treasury current accounts [2]	223.1	2.4
Cash and cash equivalents	**258.7**	**35.9**

(1) In 2011, investments held by Sofica Valor 6.

(2) These accounts are with associates, jointly controlled entities, non-consolidated companies, and Bouygues group companies (including €222 million with Bouygues Relais).

13 Consolidated shareholders' equity

13-1. TF1 share capital

As of December 31, 2012, the share capital of TF1 SA consisted of 210,624,321 fully paid ordinary shares. Movements in share capital during 2012 were as follows:

Number of shares	Number of shares outstanding	Number of treasury shares	Total number of shares
January 1, 2011	**213,395,867**	**14,625**	**213,410,492**
Capital increases	11,111	-	11,111
Purchases of treasury shares	(2,473,975)	2,473,975	-
Cancellation of treasury shares	-	(2,388,600)	(2,388,600)
January 1, 2012	**210,933,003**	**100,000**	**211,033,003**
Capital increases	3,000	-	3,000
Purchases of treasury shares [1]	(311,682)	311,682	-
Cancellation of treasury shares		(411,682)	(411,682)
December 31, 2012	**210,624,321**	**-**	**210,624,321**
Par value	*€0.20*	*€0.20*	*€0.20*

(1) Treasury shares: see note 13-2-3 on share buybacks below.

13-2. Changes in equity not affecting the income statement

13-2-1. Dividends

The table below shows the amount of dividend paid by the TF1 group in respect of previous years, and the amount of dividend in respect of the year ended December 31, 2012 that will be submitted by the Board of Directors for approval by the Ordinary General Meeting of shareholders to be held on April 18, 2013.

	To be paid in 2013*	Paid in 2012	Paid in 2011	Paid in 2010
Total dividend (€m)	115.7	116.0	117.4	91.8
Dividend per ordinary share (€)	0.55	0.55	0.55	0.43

** proposed dividend.*

Because the 2012 dividend is subject to approval by the shareholders, it has not been recognised as a liability in the consolidated financial statements as at December 31, 2012.

13-2-2. Share-based payment

The matching entry for the movement in this reserve during the period is charged to "Staff costs" in the income statement (see note 20).

13-2-3. Share buybacks

Under the authorisations granted by the shareholders at the Annual General Meeting of April 15, 2010 and renewed on April 14, 2011 and April 19, 2012, the TF1 group repurchased 311,682 of its own shares for €2.3 million in 2012, with a view to their cancellation. In addition, the Group cancelled 100,000 treasury shares during 2012 that were already held at the start of the year.

13-2-4. Change in minority interests

The €102.6 million recorded for "other transactions with shareholders" represents the 20% interest in the net assets of the Eurosport group entities, and in the Histoire, Stylía, TV Breizh and Ushuaïa TV theme channels, acquired by the Discovery Communications group (see note 3-1-1, "Change in percentage interest in the Eurosport group entities and theme channels").

13-2-5. Put options granted to minority interests

As part of the renegotiation during 2011 of the shareholders' agreement between the TF1 group and the founders of Place des Tendances, the founders were granted a put option over their 20% interest in the company.
In 2011, this option was valued at €7.2 million on the basis of the terms of the agreement and the business plan, and recognised in the TF1 consolidated balance sheet (see note 14-2, "Fair value of financial liabilities"). There was no material change in the fair value of this option during 2012.

13-3. Cash flow hedge reserve

(€m)	2012	2011
Reserve at January 1	**5.9**	**3.6**
Cash flow hedges reclassified to profit or loss during the period (1)	(2.6)	(3.0)
Change in fair value of new cash flow hedges contracted during the period	(0.6)	3.1
Change in fair value of existing portfolio of cash flow hedges during the period	(0.6)	2.2
Pre-hedging balancing payment reclassified to profit or loss for the period	-	-
Reserve at December 31	**2.1**	**5.9**

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

14 Financial liabilities

14-1. Categories of financial liabilities

The table below shows financial liabilities by category:

2012 *(€m)*	Financial liabilities at fair value through profit or loss				
	Designated at fair value on initial recognition	Held for trading	Level (a)	Financial liabilities at amortised cost	Total
Non-current debt	-	-		(13.6)	**(13.6)**
Current debt	-	-		(8.8)	**(8.8)**
Trade and other creditors	-			1,687.2	**1,687.2**
Other current financial liabilities	-	0.9		-	**0.9**
Currency derivatives	-	*0.9*	**II**	-	*0.9*
Interest rate derivatives	-	-		-	-

(a) See note 12-2, "Fair value measurement methods for financial assets"

2011 *(€m)*	Financial liabilities at fair value through profit or loss				
	Designated at fair value on initial recognition	Designated at fair value on initial recognition	Level (a)	Financial liabilities at amortised cost	Total
Non-current debt	-	-		(18.0)	**(18.0)**
Current debt	-	-		(58.5)	**(58.5)**
Trade and other creditors	-			1,563.7	**1,563.7**
Other current financial liabilities	-	0.3		-	**0.3**
Currency derivatives	-	*0.3*	**II**	-	*0.3*
Interest rate derivatives	-	-		-	-

(a) See note 12-2, "Fair value measurement methods for financial assets"

14-2. Fair value of financial liabilities

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

The fair value of derivatives is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets, on the basis of market data as of the balance sheet date (level II method), except for the transactions described below whose fair value was determined by reference to level III parameters (as described in note 12-2, "Fair value measurement methods for financial assets").

- Call option over the equity interest in Groupe AB:

  A call option over the equity interest in Groupe AB had been granted to Groupe AB management; this option was exercisable at any time up to and including June 11, 2012 at a price of €155 million.

  This option represented a financial liability, changes in the fair value of which were recognised in profit or loss.

  As of December 31, 2011, this item was maintained at its original amount of zero, since there had been no material change in its fair value. As of June 11, 2012, the fair value of the option was determined to be €5.9 million; because it had not been exercised, its expiry generated a gain of this amount, recognised in "Other financial income".

- Liabilities relating to commitments to buy out minority interests:

  In 2011, TF1 group recognised as a non-current financial liability the put option granted to the founders of Place des Tendances in respect of their 20% equity interest in that entity. The fair value of this option was measured at €7.2 million. As of December 31, 2012 there had been no material change in the fair value of this option, which is due to expire in 2016 at the latest.

14-3. Breakdown of trade and other creditors

(€m)	**2012**	**2011**
Trade creditors	827.6	780.9
Advance payments received	5.6	7.9
Tax and employee-related liabilities [1]	390.9	369.4
Creditors related to acquisitions of non-current assets	30.1	43.4
Other creditors	408.3	303.8
Audiovisual industry support fund grants [2]	9.2	7.1
Current accounts with credit balances	-	-
Deferred and prepaid income and similar items [3]	15.5	51.2
Trade and other creditors	**1,687.2**	**1,563.7**

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

(2) *Audiovisual industry support fund grants included in creditors mainly comprise grants awarded by the French National Centre for Cinematography (CNC) to TF1 Films Production, TF1 Production, and TF1 Droits Audiovisuels.*

(3) *Mainly comprises prepaid income. As at December 31, 2011, this line item included a €27.1 million cash payment received in connection with a claim for reimbursement of CNC taxes; this claim was accepted by the court of first instance, but was appealed by the tax authorities. In 2012, all avenues for appeal having been exhausted, this payment was recognised in profit or loss (see note 23, "Other operating income and expenses").*

15 Net debt

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

(€m)	**2012**	**2011**
Cash and cash equivalents	258.7	35.9
Financial assets used for treasury management purposes	-	-
Total cash and cash equivalents	**258.7**	**35.9**
Interest rate derivatives – assets	-	-
Interest rate derivatives – liabilities	-	-
Fair value of interest rate derivatives	**-**	**-**
Non-current debt [1]	(13.6)	(18.0)
Current debt *(2)*	(8.8)	(58.5)
Total debt	**(22.4)**	**(76.5)**
Net cash/(Net debt)	**236.3**	**(40.6)**

(4) *Includes €7.4 million arising from the recognition since 2011 of the commitment to buy out the minority interests in Place des Tendances.*

(5) *For 2011, includes a drawdown of €47.1 million on a Bouygues Relais credit facility.*

16 Provisions

16-1. Non-current provisions

16-1-1. Breakdown of non-current provisions

The tables below show movements in non-current provisions during 2012 and 2011:

2012 *(€m)*	**January 1**	**Charges**	**Reversals: used**	**Reversals: unused**	**Changes in scope of consolidation, reclassifications**	**December 31**
Provisions for:						
Retirement benefit obligations	20.9	3.7	(0.2)	(4.3)	7.2	27.3
Long service leave	8.3	-	-	-	(8.3)	-
Commitments	10.4	2.0	(0.9)	-	-	11.5
Other	0.4	0.1	-	-	-	0.5
TOTAL NON-CURRENT PROVISIONS	**40.0**	**5.8**	**(1.1)**	**(4.3)**	**(1.1)**	**39.3**

Following a review of the impact of the amendments to IAS 19, "Employee Benefits", the TF1 group has changed the accounting classification of long service leave entitlement, which from January 1, 2012 will be accounted for as a short-term benefit and hence will no longer require a non-current provision. The existing provision as of January 1, 2012 (amounting to €8.3 million) and the related deferred tax asset (amounting to €2.1 million) have been reversed via equity.

2011 *(€m)*	**January 1**	**Charges**	**Reversals: used**	**Reversals: unused**	**Changes in scope of consolidation, reclassifications**	**December 31**
Provisions for:						
Retirement benefit obligations	22.7	4.4	(0.9)	(2.3)	(3.0)	20.9
Long service leave	8.0	1.1	(0.7)	(0.5)	0.4	8.3
Commitments	13.6	0.5	-	-	(3.7)	10.4
Other	0.1	-	-	(0.1)	0.4	0.4
TOTAL NON-CURRENT PROVISIONS	**44.4**	**6.0**	**(1.6)**	**(2.9)**	**(5.9)**	**40.0**

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

Other movements in provisions for retirement benefit obligations include actuarial gains and losses on these obligations, which are recognised directly in equity: the amounts involved were a net loss of €7.2 million in 2012, and a net gain of €2.4 million in 2011.

16-1-2. Provisions for retirement benefit obligations

Main actuarial assumptions

	2012	**2011**	**2010**	**2009**	**2008**
Discount rate (Iboxx A10)	3.3%	5.5%	4.6%	4.9%	3.7%
Expected rate of return on plan assets	3.1%	3.4%	3.7%	4.0%	4.0%
Expected salary inflation rate	2.0%	2.0%	2.0%	2.0%	2.0%
Life table	INSEE	INSEE	INSEE	INSEE	INSEE

The staff turnover rate used in calculating the provision at December 31, 2012 was 6.6%, unchanged from 2011.

A reduction of 50 basis points in the discount rate applied would increase the obligation by €1.5 million. Under the accounting policies applied by the TF1 group, the resulting actuarial losses would be recognised directly in equity.

Expense recognised in the income statement for retirement benefit obligations

(€m)	2012	2011
Current service cost	(2.7)	(1.4)
Interest expense on the obligation	(1.1)	(1.3)
Expected return on plan assets	0.2	0.3
Past service cost	-	-
Expense recognised	**(3.6)**	**(2.4)**
comprising: net change in provisions	*0.8*	*(1.2)*
amount recognised in "Staff costs"	*(4.4)*	*(1.2)*
Actual return on plan assets	**0.2**	**0.2**

Amounts recognised in the balance sheet for retirement benefit obligations

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

(€m)	2012	2011	2010	2009	2008
Present value of obligation	33.0	26.4	27.9	27.5	30.4
Fair value of plan assets	(5.7)	(5.5)	(5.2)	(5.0)	(4.9)
Unfunded obligation provided for	**27.3**	**20.9**	**22.7**	**22.5**	**25.5**

Changes in the present value of the retirement benefit obligation

(€m)	2012	2011
Defined-benefit plan obligation at start of period	**26.4**	**27.9**
Current service cost for the period	2.7	1.4
Interest cost (unwinding of discount)	1.1	1.3
Benefits paid	(4.4)	(1.2)
Actuarial (gains)/losses	7.2	(2.4)
Changes in scope of consolidation	-	(0.6)
Defined-benefit plan obligation at end of period	**33.0**	**26.4**

Changes in the present value of plan assets

(€m)	2012	2011
Fair value of insurance policy assets at start of period	**5.5**	**5.2**
Employer's contributions	-	-
Benefits paid	-	-
Expected return on plan assets	0.2	0.3
Actuarial gains/(losses)	-	-
Fair value of insurance policy assets at end of period	**5.7**	**5.5**

Plan assets are in the form of contributions paid into the "Fonds Club no.1", a mutual fund denominated in euros and managed by an independent financial institution. Based on financial information supplied by the fund manager, the gross return was 3.1% in 2012. As of December 31, 2012, the fund had an estimated fair value of €5.7 million.

16-2. Current provisions

Movements in current provisions during 2012 were as follows:

2012 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	December 31
Provisions for:						
Litigation and claims: governmental & public bodies	10.1	1.0	(2.5)	(0.3)	-	8.3
Litigation and claims: employees	9.3	8.7	(4.1)	(1.2)	-	12.7
Litigation and claims: commercial	15.2	5.0	(2.7)	(2.3)	1.7	16.9
Contractual litigation, claims, and risks	11.7	-	-	-	-	11.7
Restructuring	-	-	-	-	-	-
Other	10.3	2.2	(0.4)	(7.2)	(1.0)	3.9
TOTAL CURRENT PROVISIONS	**56.6**	**16.9**	**(9.7)**	**(11.0)**	**0.7**	**53.5**

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

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

Following a tax inspection covering 2006, 2007 and 2008, TF1 SA received a draft reassessment notice from the French tax authorities in November 2011. The company contested the main points raised in the notice and exercised its right of appeal. Following discussions with the tax authorities, an assessment notice was received at the start of January 2013, the effects of which have been fully recognised in the financial statements for the year ended December 31, 2012.

Competition law risks:
On January 12, 2009, the investigative department of the French Competition Authority notified TF1 of complaints relating to practices in the pay-TV sector. One complaint against TF1 was retained, alleging anti-competitive practices in respect of the exclusive distribution of some of its pay-TV theme channels.
In a ruling of November 16, 2010 the authority rejected the complaint of anti-competitive practices on the grounds that the decision to authorise the CERES deal, under which TF1 had granted these exclusivity clauses, gave the parties rights which could not be challenged retrospectively.
However, the authority decided to refer some issues back to its investigative department:

- the definition of the relevant fibre optic and catch-up TV markets;
- whether or not the cumulative effect of these exclusive arrangements was to block access to the pay-TV market.

In a ruling of September 20, 2011, the French competition authority withdrew its authorisation for the 2006 takeover of TPS by Vivendi and the Canal Plus group due to failure of the Canal Plus group to fulfil a number of the commitments made at the time of the takeover. Following renotification of this transaction, the authority authorised the merger of CanalSat and TPS on July 23, 2012, subject to compliance with various injunctions.
The Canal Plus group has appealed this decision to the *Conseil d'Etat*. Reversal of this decision, and of the obligations that it imposes on the Canal Plus group (especially as regards broadcasters of independent theme channels, such as the TF1 group, could pose a risk to the business model of these channels when their distribution contracts are renewed).

There is currently no provision for these risks in the consolidated financial statements of the TF1 group.

17 Operating revenues

Operating revenues comprise:

(€m)	2012	2011
Advertising revenue	1,775.5	1,821.5
Distribution of consumer products	240.2	228.1
Cable and satellite revenue	405.5	381.2
Production/distribution of audiovisual rights	71.6	63.4
Revenue from other activities	127.8	125.5
Revenue	**2,620.6**	**2,619.7**
Royalty income	0.4	0.8
Operating revenues	**2,621.0**	**2,620.5**

18 External production costs

External production costs, which amounted to €772.5 million in 2012 and €702.9 million in 2011, comprise costs incurred on programmes acquired from third parties and broadcast by TF1 and by the theme channels, TMC, NT1, HD1, TV Breizh, TF6, Série Club, Stylía, Histoire and Ushuaïa TV.

19 Other purchases and changes in inventory

This line consists of the following items:

(€m)	2012	2011
Purchases of services	(237.9)	(261.8)
Purchases of broadcasting rights	(142.4)	(104.4)
Purchases of goods	(38.2)	(41.4)
Other items	(23.7)	(24.7)
Other purchases and changes in inventory	**(442.2)**	**(432.3)**

20 Staff costs

Staff costs break down as follows:

(€m)	2012	2011
Staff remuneration	(292.3)	(296.6)
Social security charges	(120.1)	(119.6)
Other staff costs	(1.8)	(3.7)
Statutory employee profit-sharing	(9.0)	(11.9)
Share-based payment expense	(0.7)	(1.0)
Staff costs	**(423.9)**	**(432.8)**

Defined-contribution plan expenses are included in “Social security charges”, and totalled €34 million in 2012 and €33.2 million in 2011.

Expenses relating to lump-sum retirement benefits and long-service leave under the collective agreements applicable to TF1 group companies are recognised as part of the net change in non-current provisions (see note 16-1). Lump-sum retirement benefits paid during the period are recorded in "Staff remuneration".

Share-based payment expense includes the cost of share option plans and consideration-free share allotment plans, calculated in accordance with IFRS 2.

20-1. Cost of share option plans granted by TF1

The cost of share option plans recognised in "Staff costs" breaks down as follows:

(€m)	Date of grant	Lock-up period	*Total fair value*	Staff costs	
				2012	2011
Plan no. 10	March 20, 2008	3 years	2.8	-	0.3
Plan no. 11	March 20, 2009	3 years	1.6	0.1	0.5
Plan no. 12	June 10, 2011	4 years	1.8	0.5	0.2
Plan no. 13	June 12, 2012	4 years	1.0	0.1	-
Total				**0.7**	**1.0**

The cost of share option plans was computed using the Black-Scholes model and the following assumptions:

	Reference share price	Exercise price	*Expected volatility*	Average maturity	Risk-free rate	*Payout ratio*	Liquidity discount	Fair value per option
Plan no. 10	€13.60	€15.35	31%	5.0 years	3.67%	6.25%	-15%	€1.49
Plan no. 11	€5.71	€5.98	49%	5.2 years	2.75%	8.98%	-15%	€0.86
Plan no. 12	€12.40	€12.47	31%	5.25 years	2.61%	4.64%	-15%	€1.18
Plan no. 13	€5.72	€6.17	40%	5.18 years	1.63%	7.65%	-15%	€0.70

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

20-2. Cost of employee benefit plans awarded by the Bouygues group

The cost of plans awarded by the Bouygues group to TF1 employees was not material for 2012.

21 External expenses

External expenses break down as follows:

(€m)	2012	2011
Subcontracting	(159.4)	(163.1)
Rent and associated charges	(44.5)	(42.0)
Agents' fees and professional fees	(115.0)	(110.6)
Advertising, promotion and public relations	(81.1)	(75.9)
Other external expenses	(88.2)	(78.1)
External expenses	**(488.2)**	**(469.7)**

22 Taxes other than income taxes

This line comprises the following items:

(rounded to the nearest €m)	2012	2011
Audiovisual taxes	(92.4)	(92.4)
- CNC (French National Centre for Cinematography) taxes	*(84.2)*	*(84.1)*
- Other	*(8.2)*	*(8.3)*
Other taxes	(54.6)	(52.8)
- Local business taxes	*(14.9)*	*(15.0)*
- Payroll-based taxes	*(15.0)*	*(14.8)*
- Other taxes	*(24.7)*	*(23.0)*
Taxes other than income taxes	**(147.0)**	**(145.2)**

23 Other operating income and expenses

Other operating income and expenses consist of the following items:

(€m)	2012	2011
Reversals of unused provisions	25.4	19.6
In-house production capitalised, and cost transfers	19.1	22.0
Operating grants	0.1	0.9
Investment grants	9.2	14.6
Foreign exchange gains	38.5	21.8
Other income	33.7	8.6
Other operating income	**126.0**	**87.5**
Royalties and paybacks to rights-holders	(81.5)	(81.4)
Bad debts written off	(5.0)	(8.6)
Foreign exchange losses	(38.8)	(26.0)
Other expenses	(5.4)	(17.9)
Other operating expenses	**(130.7)**	**(133.9)**

Other operating income for 2012 includes a €27.1 million reimbursement of taxes on television services, all avenues for appeal against this reimbursement having been exhausted in February 2012.

24 Non-current operating income and expenses

Non-current operating expenses amounted to €47.7 million in 2012, comprising the non-recurring exceptional costs generated by phase II of the optimisation plan.

25 Cost of net debt

Cost of net debt breaks down as follows:

(€m)	2012	2011
Interest income	0.5	1.4
Change in fair value of the hedged portion of the bond issue	-	-
Change in fair value of interest rate derivatives	-	-
Income and revenues from financial assets	0.1	-
Income associated with net debt	**0.6**	**1.4**
Interest expense on debt	(0.6)	(0.8)
Change in fair value of interest rate derivatives	-	(0.1)
Expenses associated with net debt	**(0.6)**	**(0.9)**
Cost of net debt	**-**	**0.5**

26 Other financial income and expenses

Other financial income and expenses break down as follows:

(€m)	2012	2011
Dividend income	1.2	1.7
Gains on financial assets	0.2	0.4
Gains arising from changes in value of forward currency purchase contracts	0.1	3.8
Other income	6.1	-
Other financial income	**7.6**	**5.9**
Losses on financial assets	(0.1)	(0.4)
Losses arising from changes in value of forward currency purchase contracts	(1.3)	-
Other expenses	(0.4)	(0.4)
Other financial expenses	**(1.8)**	**(0.8)**

"Other financial income" includes €5.9 million for the effect of the fair value remeasurement of the equity interest in Groupe AB (see note 3-1-2, "Inclusion of Groupe AB in the scope of consolidation as an associate by the equity method").

27 Net income and expense on financial assets and financial liabilities

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

(€m)	Financial 2012	Financial 2011	Operating 2012	Operating 2011
Net income/(expense) on loans and receivables at amortised cost	0.7	1.5	(16.2)	(25.9)
Net income/(expense) on financial assets at fair value	6.0	0.1	-	-
financial assets designated at fair value through profit or loss	*5.9*	-	-	-
financial assets held for trading	*0.1*	*0.1*	-	-
Net income/(expense) on available-for-sale financial assets	1.2	1.6	-	0.1
Net income/(expense) on financial liabilities at amortised cost	(0.9)	(1.2)	-	-
Net income/(expense) on derivatives	(1.2)	3.6	0.5	(1.2)
Net income/(expense) on financial assets and financial liabilities	**5.8**	**5.6**	**(15.7)**	**(27.0)**

28 Income taxes

28-1. Current and deferred taxes

28-1-1. Income statement

(€m)	2012	2011
Current taxes	(73.6)	(94.8)
Deferred taxes	3.1	6.1
Income tax expense	**(70.5)**	**(88.7)**

The tax rate used in the deferred tax calculation was 36.10% for the years ended December 31, 2012 and 2011.

The tax rate used to measure deferred tax assets and liabilities was 36.10% in the case of temporary differences that are expected to reverse before December 31, 2014, and 34.43% for temporary differences expected to reverse subsequently.

28-1-2. Tax proof

(€m)	2012	2011
Net profit attributable to the Group	**136.0**	**182.7**
Income tax expense	70.5	88.7
Net profit from discontinued operations	-	-
Minority interests	3.3	3.4
Net profit from continuing operations before tax and minority interests	**209.8**	**274.8**
Standard tax rate in France	**36.1%**	**36.1%**
Impact of fair value adjustments not recognised for tax purposes *(1)*	(1.0%)	0.0%
Impairment of goodwill	0.0%	0.0%
Impact of tax losses	(0.5%)	(0.4%)
Offset of tax credits	(0.6%)	(0.3%)
Share of profits and losses of associates	1.1%	1.8%
Reduced-rate taxes on securities transactions	(0.3%)	(3.9%)
Tax rate differential (change in tax rate, and rates applicable to foreign subsidiaries)	(0.9%)	(1.0%)
Other differences, net	(0.3%)	(0.1%)
Effective tax rate	**33.6%**	**32.2%**

[1] *Mainly the effect of the fair value remeasurement of the equity interest in Groupe AB (see note 3-1-2, "Inclusion of Groupe AB in the scope of consolidation as an associate by the equity method")*

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

28-2. Deferred tax assets and liabilities

28-2-1. Change in net deferred tax position

(€m)	2012	2011
Net deferred tax asset/(liability) at January 1	**(4.1)**	**(8.4)**
Recognised in equity	3.9	(1.6)
Recognised in profit or loss	3.1	6.1
Changes in scope of consolidation and other items (1)	(2.1)	(0.2)
Net deferred tax asset/(liability) at December 31	**0.8**	**(4.1)**

[1] *Includes the reversal of €2.1 million in deferred tax assets on long-service leave entitlement, reclassified to equity (see note 16-1, "Non-current provisions").*

28-2-2. Main sources of deferred taxation

The main sources of deferred taxation are as follows:

(€m)	2012	2011
Provisions:		
Provisions for programmes	3.0	4.0
Provisions for retirement benefit obligations	8.7	6.6
Provisions for impairment of audiovisual rights	0.3	0.3
Provisions for trade debtors	2.7	3.0
Other provisions	19.6	18.0
Statutory employee profit-sharing scheme	3.9	4.2
Tax losses available for carry-forward	3.7	6.4
Other deferred tax assets	4.3	8.6
Offset of deferred tax assets and liabilities	(35.6)	(45.3)
Deferred tax assets	**10.6**	**5.8**
Accelerated tax depreciation	(18.5)	(19.2)
Depreciation of head office building	(8.5)	(8.5)
Remeasurement of assets	(13.5)	(13.6)
Other deferred tax liabilities	(4.9)	(13.9)
Offset of deferred tax assets and liabilities	35.6	45.3
Deferred tax liabilities	**(9.8)**	**(9.9)**
Net deferred tax asset/(liability) at December 31	**0.8**	**(4.1)**

Unrecognised deferred tax assets totalled €23.3 million (versus €24 million as of December 31, 2011), and comprised tax losses and deferred tax depreciation available for indefinite carry-forward, the recovery of which is not sufficiently probable to justify recognition.

28-2-3. Period to recovery of deferred tax assets

(€m)	Less than 2 years	2 to 5 years	More than 5 years	Offset of deferred tax assets and liabilities	Total
Deferred tax assets	**36.4**	**0**	**9.8**	**-35.6**	**10.6**

29 Earnings per share

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

Because potentially dilutive ordinary shares have no adjusting effect on net profit for the year, diluted earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year adjusted for the effects of all potentially dilutive ordinary shares. Diluted earnings per share takes account of the dilutive effect of consideration-free share allotment plans and of share subscription option plans that are in the money at the balance sheet date (i.e. the exercise price is less than the quoted market price of TF1 shares).

(€m)	2012	2011
Net profit for the year (€m)		
Net profit from continuing operations (attributable to the Group)	136.0	182.7
Net profit from discontinued/held-for-sale operations	-	-
Net profit attributable to the Group	136.0	182.7
Weighted average number of ordinary shares	**210,715,775**	**212,435,958**
Basic earnings per share (in euros)		
Basic earnings per share from continuing operations	0.65	0.86
Basic earnings per share from discontinued/held-for-sale operations	-	-
Basic earnings per share	0.65	0.86
Average number of ordinary shares after dilution	**211,199,188**	**213,274,329**
Diluted earnings per share (in euros)		
Diluted earnings per share from continuing operations	0.64	0.86
Diluted earnings per share	0.64	0.86

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

(number of shares)	2012	2011
Weighted average number of ordinary shares for the period	210,715,775	212,435,958
Dilutive effect of share subscription option plans	483,413	838,371
Dilutive effect of consideration-free share allotment plan	-	-
Average number of ordinary shares after dilution	211,199,188	213,274,329

In 2012, only share subscription option plans no. 11 (awarded March 20, 2009) and no. 13 (awarded June 12, 2012) were in the money (i.e. the adjusted exercise price was lower than the average TF1 share price during the period).

In 2011, only share subscription option plan no. 11 (awarded March 20, 2009) was in the money.

30 Notes to the consolidated cash flow statement

30-1. Definition of cash position

The cash flow statement analyses changes in the cash position of continuing operations only. Changes in the cash position of discontinued and held-for-sale operations are presented separately at the foot of the cash flow statement.

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

(€m)	2012	2011
Cash and cash equivalents in the balance sheet	258.7	35.9
Cash relating to held-for-sale assets	-	-
Treasury current account credit balances	(2.5)	(2.9)
Bank overdrafts	(1.8)	(51.2)
Closing cash position per the cash flow statement	**254.4**	**(18.2)**

30-2. Effect of changes in scope of consolidation

The effect of acquisitions of subsidiaries on the cash flow statement is shown below:

(€m)	2012	2011
Cash and cash equivalents acquired	-	1.2
Financial assets acquired	6.4	-
Other assets acquired	-	11.7
Minority interests acquired	-	-
Other liabilities acquired	-	(15.1)
Net assets acquired (A)	6.4	(2.3)
Goodwill (B)	-	7.1
Cash outflow (A) + (B)	**6.4**	**4.8**
Cash acquired	-	(1.2)
Cash of companies joining the scope of consolidation during the period without being acquired	-	(12.3)
Net cash outflow	**6.4**	**(8.7)**

Movements during 2012 relate mainly to the investments made in WBTV and Direct Optic Participations.

Movements during 2011 were mainly attributable to the acquisition of Metro France and the first-time consolidation of Sofica Valor 6.

The cash flow effect of divestments of subsidiaries breaks down as follows:

(€m)	2012	2011
Cash received	-	16.8
Cash divested	-	(16.7)
Subscriptions to capital increases carried out by subsidiaries	-	-
Net cash inflow/(outflow)	**-**	**0.1**

The net cash inflow in 2011 related mainly to the divestment of 1001 Listes (see note 3-2, "Significant changes in scope of consolidation in 2011").

The cash flow statement line "Effect of changes in scope of consolidation" for 2012 and 2011 breaks down as follows:

(€m)	2012	2011
Net cash inflow/(outflow) on acquisitions of subsidiaries	(6.4)	8.7
Net cash inflow/(outflow) on divestments of subsidiaries	-	0.1
Effect of changes in scope of consolidation	**(6.4)**	**8.8**

30-3. Other transactions between shareholders

The net cash inflow of €192.6 million in 2012 relates to the transaction with the Discovery Communications group (see note 1, "Significant Events of 2012").

30-4. Change in debt

The impact of changes in debt on the TF1 group's cash position is shown below.

(€m)	2012	2011
Finance lease payments made during the period (1)	(4.7)	(4.7)
Net change in borrowings	-	(4.0)
Loans received from associates		-
Other movements	0.4	0.2
Net change in the period	**(4.3)**	**(8.5)**

31 Risk management

31-1. Capital management strategy

The TF1 group has a policy of maintaining a stable capital base and has no plans for any specific corporate actions, other than share buybacks (see the Annual Financial Report in the Registration Document).

In terms of equity capital, TF1 uses various indicators, including gearing (defined as the ratio of net debt to equity). Gearing provides investors with an indication of the Group's level of indebtedness relative to the level of equity capital. It is calculated on the basis of net debt as defined in note 15 and of shareholders' equity as shown in the balance sheet, including reserves used to recognise changes in the fair value of cash flow hedges and of available-for-sale financial assets. At end 2012, the TF1 group had a positive net cash position (of €236.3 million), so gearing was zero. At end 2011, gearing was 2.5%.

31-2. Financial risk management strategy

Liquidity risk and market risks (interest rate risk, foreign exchange risk and own equity risk) are managed centrally by the TF1 group's Financing, Treasury and Investor Relations department. The Group also has policies in place to limit the risk of dependence on counterparties.

31-2-1. Liquidity risk

The Financing, Treasury and Investor Relations Department is responsible for ensuring that the TF1 group has access to adequate and sustainable sources of funding commensurate with its needs. This involves:

- daily multi-currency pooling of surplus cash held by all Group entities, to minimise the need for external funding;
- analysis and periodic updating of cash flow projections for all Group entities;
- negotiating and permanently maintaining an adequate cushion of credit facilities, with phased maturities.

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

The net cash/debt position in the balance sheet at year-end is shown below:

(€m)	2012	2011
Cash and cash equivalents	258.7	35.9
Financial liabilities	(22.4)	(76.5)
Net cash/(net debt)	**236.3**	**(40.6)**
Borrowing capacity	1,050.6	1,030.2

The global drawdown rate on the Group's borrowing capacity at December 31, 2012 was zero (versus 3.9.% at December 31, 2011).

Financing risk

Given the accelerated timetable for the implementation of the Basel III capital adequacy rules by European banks and the difficult economic climate, French companies are having to adapt their long-term financing strategies in light of the reduced accessibility of bank credit on reasonable terms.

The TF1 group's financing strategy is based on its ability to cope with market fluctuations and a deteriorating economy while retaining its financial autonomy vis-à-vis the financial and banking markets. The strategy is devised so as to retain the possibility of seizing opportunities for organic growth or acquisitions. However, the Group manages and renews its portfolio of credit facilities so as to optimise the cost of such financing. The Group's credit facilities are spread among a significant number of French and international banks. They are bilateral facilities and are not subject to covenants regarding financial ratios. At end 2012, the global drawdown rate was zero.

As of December 31, 2012, TF1 had:

- Bilateral bank facilities of €1,040.0 million. These confirmed bank facilities are supplemented by a cash pooling agreement with the Bouygues group. As of December 31, 2012, nothing was drawn down under this cash pooling agreement.
- A finance lease obligation of €10.6 million relating to technical installations.

2012	Authorised facilities			Drawdowns			Available facilities
(€m)	< 1 year	1-5 years	Total	< 1 year	1-5 years	Total	
Confirmed bilateral facilities	205.0	835.0	**1,040.0**	-	-	**-**	**1,040.0**
Finance leases	4.4	6.2	**10.6**	4.4	6.2	**10.6**	**-**
Bouygues cash pooling agreement	-	-	**-**	-	-	**-**	**-**
TOTAL	**209.4**	**841.2**	**1,050.6**	**4.4**	**6.2**	**10.6**	**1,040.0**

2011	Authorised facilities			Drawdowns			Available facilities
(€m)	< 1 year	1-5 years	Total	< 1 year	1-5 years	Total	
Confirmed bilateral facilities	150.0	865.0	**1,015.0**	-	-	**-**	**1,015.0**
Finance leases	4.4	10.8	**15.2**	4.4	10.8	**15.2**	**-**
Bouygues cash pooling agreement			**-**	47.1		**47.1**	**(47.1)**
Sub-total	**154.4**	**875.8**	**1,030.2**	**51.5**	**10.8**	**62.3**	**967.9**
TOTAL	**154.4**	**875.8**	**1,030.2**	**51.5**	**10.8**	**62.3**	**967.9**

Credit rating

The TF1 group has a credit rating from Standard and Poors, which currently stands at BBB+/stable outlook/A-2.

Maturity of non-derivative financial liabilities

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

2012 (€m)	Carrying amount	Residual contractual amount		
		< 1 year	1-5 years	Total
Finance leases	10.6	4.4	6.2	10.6
Trade and other creditors	1,687.2	1,687.2		1,687.2
Other financial liabilities	11.8	4.4	7.4	11.8
TOTAL	**1,709.6**	**1,696.0**	**13.6**	**1,709.6**

2011 (€m)	Carrying amount	Residual contractual amount		
		< 1 year	1-5 years	Total
Finance leases	15.2	4.4	10.8	15.2
Trade and other creditors	1,563.7	1,563.7	-	1,563.7
Other financial liabilities	61.3	54.1	7.2	61.3
TOTAL	**1,640.2**	**1,622.2**	**18.0**	**1,640.2**

Investment of surplus cash

The TF1 group exercises great care in choosing the vehicles in which it invests temporary or structural cash surpluses. Group policy requires such investment vehicles to be:

- liquid, i.e. immediately accessible (current accounts, interest-bearing sight deposit accounts, etc), with a maturity of no more than 3 months;
- paid interest on the basis of money-market indices, with no capital risk other than counterparty risk;
- contracted with high-grade counterparties.

The table below shows how surplus cash was invested at December 31, 2012:

(€m)	2012	2011
Interest-bearing bank account	0.3	0.2
Bouygues Relais cash pooling agreement	222.0	-
Money-market mutual funds	-	12.2
Negotiable certificates of deposit	-	-
Other treasury current accounts	36.3	23.5
TOTAL	**258.7**	**35.9**

31-2-2. Market risks

The TF1 group manages its exposure to interest rate and exchange rate risk by using hedging instruments such as swap contracts, forward purchases and sales, and interest rate and currency options. Derivatives are used solely for hedging purposes and are never used for speculative purposes.

The Financing, Treasury and Investor Relations Department manages interest rate and currency hedges centrally for the Group. It tracks the financial markets on a daily basis, and periodically updates the positions to be hedged after netting similar types of exposures between Group entities. It submits hedging scenarios to the Purchasing/Finance directorate for approval; once they have been approved, it executes and administers the relevant market transactions.

31-2-2-1. Interest rate risk

The TF1 group is exposed to interest rate risk as a result of its financing needs. The objective of the interest rate risk management strategy is to lock in a fixed rate, or to a guarantee a maximum rate for cost of net debt over the short and medium term.

Exposure and sensitivity to interest rate risk:

No interest rate hedges were in place as of December 31, 2011 or 2012. The fixed/floating split of financial assets and liabilities, and associated hedges, is shown, below:

	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
2012 *(€m)*	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**
Less than 1 year	0.3	258.4	(4.4)	(4.4)	(4.1)	254.0	-	-	(4.1)	254.0
1 to 5 years	-	-	(13.6)	-	(13.6)	-	-	-	(13.6)	-
TOTAL	**0.3**	**258.4**	**(18.0)**	**(4.4)**	**(17.7)**	**254.0**	**-**	**-**	**(17.7)**	**254.0**

As of December 31, 2012, the net post-hedging exposure was a €17.7 million fixed-rate financial liability, and a €254.0 million floating-rate financial asset.

	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
2011 *(€m)*	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**
Less than 1 year	0.2	35.7	(4.4)	(54.1)	(4.2)	(18.4)	-		(4.2)	(18.4)
1 to 5 years	-	-	(18.0)	-	(18.0)	-	-		(18.0)	-
TOTAL	**0.2**	**35.7**	**(22.4)**	**(54.1)**	**(22.2)**	**(18.4)**	**-**	**-**	**(22.2)**	**(18.4)**

As of December 31, 2012 the net post-hedging exposure was a €22.2 million debt position at fixed rate, and an €18.4 million debt position at floating rate.

The sensitivity analysis shown below measures the theoretical impact on cost of net debt of an immediate and constant movement of 1% (100 basis points) across the entire yield curve for 2011 and 2012.

It represents the impact of applying this 1% movement to the net floating-rate position, assumed to be constant over 1 year.

	2012		**2011**	
(€m)	**Pre-tax impact on profit or loss**	**Pre-tax impact on equity**	**Pre-tax impact on profit or loss**	**Pre-tax impact on equity**
Impact of a movement of +1% in interest rates	2.5	-	(0.2)	-
Impact of a movement of -1% in interest rates	N/S (1)	-	0.2	-

(1) As of December 31, 2012, the level of short-term interest rates is such that TF1 has no material exposure given that it has a positive net cash position.

Interest rate derivatives

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

31-2-2-2. Foreign exchange risk

The TF1 group's exposure to foreign exchange risk is of an operational nature, and derives from (i) recurring cash flows under multi-year broadcasting and sports transmission rights acquisition contracts (primarily in the U.S. dollar and pound sterling) and (ii) foreign-currency cash flows from sales of subscriptions to the Eurosport channel from countries outside the euro zone.

During 2012, nearly 95% of the Group's cash inflows were in euros; 2% were in U.S. dollars. Over 90% of cash outflows (including acquisitions of audiovisual rights) were in euros, 5% in U.S. dollars, and 1% in sterling.

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

Exposure and sensitivity to foreign exchange risk:

The table below shows the Group's exposure to foreign exchange risk at December 31, 2012:

At 2012 closing exchange rates ***(€m)***	**USD (1)**	**GBP (2)**	**Other currencies (3)**	**Total**
Assets	25.4	6.5	21.9	53.8
Liabilities	(43.7)	(11.0)	(14.2)	(68.9)
Off balance sheet commitments	(299.3)	(1.4)	(14.0)	(314.7)
Pre-hedging position	**(317.6)**	**(5.9)**	**(6.3)**	**(329.8)**
Forwards and futures	70.0	-	(22.9)	47.1
Currency swaps	-	3.1	8.5	11.6
Net post-hedging position	**(247.6)**	**(2.8)**	**(20.7)**	**(271.1)**

(1) Net exposure in USD: Some Group entities (TF1, Eurosport, TF1 Droits Audiovisuels) enter into multi-year rights acquisition contracts in the course of their ordinary activities that give rise to off balance sheet commitments, which are partially matched against future recurring USD revenue streams.

(2) Net exposure in GBP: This mainly relates to the ordinary activities of Eurosport in the United Kingdom.

(3) The main currencies involved are the Norwegian krone (NOK), the Swedish krona (SEK), the Danish krone (DKK), the Australian dollar (AUD), and the Swiss franc (CHF). The net post-hedging position is matched by future revenue streams in the currency.

The consolidated net post-hedging negative currency exposure (translated into euros at the closing exchange rate) as of December 31, 2012 was €271 million, compared with €288 million as of December 31, 2011.

At 2011 closing exchange rates ***(€m)***	**USD (1)**	**GBP (2)**	**Other currencies (3)**	**Total**
Assets	30.6	8.3	21.5	60.4
Liabilities	(60.8)	(8.7)	(13.9)	(83.4)
Off balance sheet commitments	(355.3)	12.4	(18.6)	(361.5)
Pre-hedging position	**(385.5)**	**12.0**	**(11.0)**	**(384.5)**
Forwards and futures	99.6	-	16.9	116.5
Currency swaps	(17.9)	(0.5)	(2.0)	(20.4)
Net post-hedging position	**(303.8)**	**11.5**	**3.9**	**(288.4)**

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

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

	2012				2011			
	Pre-tax impact on profit or loss		Pre-tax impact on equity		Pre-tax impact on profit or loss		Pre-tax impact on equity	
(€m)	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%
USD	2.5	(2.5)	(0.7)	0.7	3.9	(3.9)	(0.8)	0.9
GBP	-	-	-	-	(0.1)	0.1	-	-
Other currencies	0.2	(0.2)	0.2	(0.3)	0.5	(0.6)	(0.1)	0.2
TOTAL	**2.7**	**(2.7)**	**(0.5)**	**0.4**	**4.3**	**(4.4)**	**(0.9)**	**1.1**

At end 2012, the sensitivity of the TF1 group's equity (including net profit for the period) to changes in the net accounting position in currencies other than the euro arising from a uniform unfavourable movement of 1% in the euro against all the currencies would be -€2.3 million, before taking account of the effects of such a movement on the Group's future foreign-currency cash flows. The comparable figure at end 2011 was -€3.3 million.

Change in the value of foreign exchange instruments

The change in the value of instruments not eligible for hedge accounting was -€1.2 million.

The change in the value of instruments eligible for hedge accounting was -€3.2 million. This comprises a change of -€3.8 million in the value of effective hedges (i.e. highly correlated to changes in the value of hedged items), recognised as a component of equity in the cash flow hedge reserve, and a change of +€0.6 million in the value of ineffective hedges, recognised in profit or loss under "Other financial income and expenses".

Currency derivatives by currency

The tables below give a breakdown of currency hedging derivatives by currency:

		Notional amount of hedge				Fair value (in euros)	
			In euros				
Dec. 31, 2012 ***(in millions)***	**Currency**	**In foreign currency**	**Total**	**< 1 year**	**1-5 years**	**Total**	**Of which designated as cash flow hedges**
Currency swaps	USD	-	-	-	-	-	-
	GBP	2.6	3.1	3.1	-	0.0	-
	Other currencies (1)		8.5	8.5	-	0.0	-
Forward purchases	USD	92.3	70.0	47.4	22.6	1.1	1.1
Forward sales	Other currencies (2)		22.9	22.9	-	0.1	0.1
TOTAL HEDGES			**104.5**	**81.9**	**22.6**	**1.2**	**1.2**

(1) NOK, SEK, DKK, CHF, AUD (2) NOK, SEK, DKK, AUD

Dec. 31, 2011 *(in millions)*	Currency	In foreign currency	Notional amount of hedge – In euros – Total	< 1 year	1-5 years	Fair value (in euros) – Total	Of which designated as cash flow hedges
Currency swaps	USD	23.2	17.9	17.9	-	0.1	-
	GBP	0.4	0.5	0.5	-	0.0	-
	Other currencies (1)		2.0	2.0	-	(0.0)	-
Forward purchases	USD	128.9	99.6	68.0	31.6	5.8	4.7
Forward sales	Other currencies (2)		16.9	16.9	-	(0.3)	(0.1)
TOTAL HEDGES			**136.9**	**105.3**	**31.6**	**5.6**	**4.6**

(1) NOK, SEK, DKK, CHF, AUD (2) NOK, SEK, DKK, AUD

The notional amount represents the amount sold or purchased forward in the currency. The fair value is the difference between the amount sold or purchased in that currency (measured at the closing forward exchange rate) and the nominal value measured at the closing spot exchange rate.

Accounting classification and treatment

All foreign exchange instruments used by the TF1 group are contracted to hedge its exposure to financial risks. In accordance with IAS 39, these derivatives are classified as fair value hedges or cash flow hedges depending on the strategy applied. However, some instruments are ineligible for hedge accounting because they do not meet the IAS 39 criteria, in particular where there has been a reversal of the initial strategy.

(€m)	Ineligible for hedge accounting	Designated as fair value hedges	Designated as cash flow hedges	Fair value
2012				
Currency derivatives – assets	0.0	-	2.1	**2.1**
Currency derivatives – liabilities	(0.0)	-	(0.9)	**(0.9)**
TOTAL	**0.0**	**-**	**1.2**	**1.2**
2011				
Currency derivatives – assets	1.2	-	4.7	**5.9**
Currency derivatives – liabilities	0.0	-	(0.3)	**(0.3)**
TOTAL	**1.2**	**-**	**4.4**	**5.6**

Transactions designated as cash flow hedges are used by TF1 SA to hedge sport transmission rights and audiovisual rights acquisition contracts, on which the amount and timing of payments are precisely agreed on a contractual basis; and by Eurosport to hedge future foreign-currency revenue streams. Other transactions are allocated to other audiovisual rights acquisition contracts, but do not meet all the criteria required to establish the existence of a hedging relationship under IAS 39.

Credit risk and counterparty risk

The TF1 group applies policies designed to limit its exposure to counterparty risk, and in particular (i) the risk of non-recovery of trade debtors in connection with its ordinary activities, (ii) the risk of being unable to recover assets held by financial counterparties and (iii) the risk that financial counterparties will default on their commitments to the Group.

The TF1 group believes that its exposure is limited, given that the cost of such risks has historically been immaterial both in overall terms and for each business segment.

In 2012, no client of the Group alone represents more than 5% of the consolidated revenues. The five largest clients do not represent more than 12% of the consolidated revenues. The ten largest clients represent no more than 18% of consolidated revenues.

In 2012, no supplier of the Group alone represents more than 5% of the consolidated revenues. The five largest suppliers do not represent more than 15% of the consolidated revenues. The ten largest suppliers do not account for more than 25% of the consolidated revenues, given the characteristics of certain providers such as authors' societies or production studios.

Risk of non-recovery of debtors

2012	Carrying amount	Not past due	Past due			
(€m)			Total	< 6 months	6-12 months	> 12 months
Trade debtors	800.1	657.4	142.7	106.4	17.9	18.4
Provision for impairment of trade debtors	(18.0)	(1.3)	(16.7)	(3.4)	(4.7)	(8.6)
TRADE DEBTORS, NET	**782.1**	**656.1**	**126.0**	**103.0**	**13.2**	**9.8**

2011	Carrying amount	Not past due	Past due			
(€m)			Total	< 6 months	6-12 months	> 12 months
Trade debtors	768.2	597.4	170.8	132.9	15.1	22.8
Provision for impairment of trade debtors	(17.7)	(2.9)	(14.8)	(2.5)	(2.6)	(9.7)
TRADE DEBTORS, NET	**750.5**	**594.5**	**156.0**	**130.4**	**12.5**	**13.1**

Advertising airtime

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

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

- Upfront payment in full, in advance of broadcast, for airtime orders placed by a new advertiser.
- Upfront payment for new advertising campaigns from any advertiser with a track record of payment incidents. If these payment terms are rejected, TF1 Publicité may refuse to sell airtime to the defaulting buyer.
- Payment of annual rebates in the form of "end-of-order" credit notes issued at the start of the following year, the final amount of which is contingent on the buyer paying its invoices on time.

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

These procedures have helped TF1 Publicité keep the risk of non-payment by advertisers to less than 0.15% of total annual billings (inclusive of VAT).

Theme channel subscriptions

There is no significant risk of non-recovery as regards revenues payable by cable operators present in France. As regards sales outside France, Eurosport has effective cash collection procedures for debts owed by cable and satellite operators. The risk of non-payment by these operators is historically low thanks to the use of financial health-checks on customers and the fragmentation of these markets, which gives an inherently very high level of risk diversification.

Other diversification activities

TF1 Vidéo and TF1 Entreprises use credit insurance to protect against the risk of non-payment by customers.

The home shopping business, carried on via the Téléshopping division, is not exposed to major non-payment risks, given that payment is usually required prior to the delivery of goods or services.

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

Financial counterparties

In investing surplus cash, the TF1 group applies a policy of selecting only high-grade banks and financial institutions that meet minimum rating criteria and with which the Group has well-established relationships, including the provision of credit facilities to the Group (see note 31-2-1 on liquidity risk).

32 Share options

32-1. Details of share option plans

	Plan no. 10	Plan no. 11	Plan no. 12	Plan no. 13
Date of Shareholders' Meeting	April 17, 2007	April 17, 2007	April 14, 2011	April 14, 2011
Date of Board meeting	February 20, 2008	February 18, 2009	May 12, 2011 and July 25, 2011	May 14, 2012 and July 25, 2012
Date of grant	March 20, 2008	March 20, 2009	June 10, 2011	June 12, 2012
Type of plan	subscription	subscription	subscription	subscription
Total number of options granted	2,000,000	2,000,000	1,500,000	1,437,200
- to corporate officers	*56,000*	*56,000*	*7,200*	*7,200*
- to the 10 employees granted the most options	*340,000*	*340,000*	*272,000*	*302,000*
Total number of options granted subject to performance conditions	0	50,000	1,500,000	1,437,200
Start date of exercise period	March 20, 2011	March 20, 2012	June 10, 2015	June 12, 2016
Expiration date	March 20, 2015	March 20, 2016	June 10, 2018	June 12, 2019
Subscription price	€15.35	€5.98	€12.47	€6.17
Terms of exercise	May be exercised from 3rd anniversary of date of grant and sold from 4th anniversary of date of grant		May be exercised and sold from 4th anniversary of date of grant	
Number of shares subscribed at December 31, 2012	-	14,111	-	-
Cumulative number of options cancelled, not awarded, or forfeited	241,000	257,000	63,200	12,800
Number of options outstanding at the end of the period	1,759,000	1,728,889	1,436,800	1,424,400

32-2. Movement in number of options outstanding

	2012		2011	
	Number of options	**Weighted average subscription/ purchase price (in euros)**	**Number of options**	**Weighted average subscription/ purchase price (in euros)**
Options outstanding at January 1	**5,042,986**	**11.22**	**4,558,897**	**13.18**
Options granted	1,437,200	6.17	1,500,000	12.47
Options cancelled, not awarded, or forfeited	(128,097)	10.89	(124,300)	11.74
Options exercised	(3,000)	5.98	(11,111)	5.98
Options expired	-	-	(880,500)	23.46
Options outstanding at December 31	**6,349,089**	**10.09**	**5,042,986**	**11.22**
Options exercisable at December 31	*3,487,889*	*10.71*	*1,802,000*	*15.35*

During the year ended December 31, 2012, 3,000 options were exercised. The weighted average quoted market price of TF1 shares on the exercise date was €8.64. The average residual life of options outstanding at December 31, 2012 was 51 months, compared with 66 months at December 31, 2011.

33 Off balance sheet commitments

The off balance sheet commitments reported below comprise guarantee commitments given and received by the Group; reciprocal commitments not associated with the Group's operating cycles; and operating and finance lease commitments.
A commitment is reciprocal if the future commitment given by the TF1 group is inseparable from the commitment given by the other party or parties to the contract. Reciprocal commitments given and received in connection with the Group's operating cycles are reported in the note relating to the relevant balance sheet item: note 11 ("Programmes and broadcasting rights") for purchase contracts designed to secure future programming schedules, and note 31-2-1 ("Liquidity risk") for confirmed bank credit facilities.

Off balance sheet commitments are stated at the amount of the outflow or inflow of resources specified in the contract. In the case of renewable contracts, the commitment is measured on the basis of the period until the next renewal date.
In the case of reciprocal commitments, the commitment given and the commitment received are measured on the basis of the net cash outflow or inflow for the TF1 group.

The various types of commitments given and received by the TF1 group are described below:

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

- Reciprocal contractual commitments:

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

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

- ❖ As of December 31, 2011, this item included €155 million relating to the agreement with Groupe AB.

- ❖ As of December 31, 2012, pursuant to the partnership agreement under which the Discovery Communications group acquired a 20% equity interest in the Eurosport group and the pay-TV theme channels (see note 1, "Significant events of 2012"), the following commitments were entered into:

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

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

❖ WBTV: TF1 has committed to selling its entire equity interest in WBTV no later than March 31, 2013, for a symbolic €1 (see note 10, "Investments in associates").

Other reciprocal contractual commitments:

This comprises commitments given or received under various contracts associated with the non-recurring operations of Group companies.

Operating leases:

This item shows (in both commitments given and commitments received) the minimum future lease payments under non-cancellable operating leases in place at the balance sheet date. Only leases that are material to the consolidated financial statements are included. Most of the leases included relate to property, in particular the premises occupied by TF1 subsidiaries and by the French companies of the Eurosport group.

Finance leases:

This item shows the minimum future lease payments under finance leases in progress at the balance sheet date.

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

33-1. Guarantee commitments

(€m)	< 1 year	1-5 years	> 5 years	Total 2012	Total 2011
Guarantee commitments					
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements given	2.3	4.8	-	7.1	3.9
Guarantee commitments given	**2.3**	**4.8**	**-**	**7.1**	**3.9**
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements received	-	1.9	-	1.9	1.9
Guarantee commitments received	**-**	**1.9**	**-**	**1.9**	**1.9**
Guarantee commitments, net	**2.3**	**2.9**	**-**	**5.2**	**2.0**

33-2. Reciprocal contractual commitments

(€m)	< 1 year	1-5 years	> 5 years	Total 2012	Total 2011
Miscellaneous contractual commitments					
Image transmission	54.3	104.0	6.8	165.1	153.7
Commitments relating to equity interests[(1)]	3.4	295.7	-	299.1	173.7
Other commitments	7.5	6.2	-	13.7	22.8
Miscellaneous contractual commitments given	**65.2**	**405.9**	**6.8**	**477.9**	**350.2**
Image transmission	54.3	104.0	6.8	165.1	153.7
Commitments relating to equity interests[(1)]	3.4	295.7	-	299.1	173.7
Other commitments	7.5	6.2	-	13.7	22.8
Miscellaneous contractual commitments received	**65.2**	**405.9**	**6.8**	**477.9**	**350.2**
Miscellaneous contractual commitments, net	**-**	**-**	**-**	**-**	**-**

(1) The commitments reported at end 2012 include two commitments made by TF1 to sell 31% of Eurosport and 29% of the pay-TV channels to the Discovery Communications group, measured on the basis of enterprise values as of December 31, 2012; the other commitments vis-à-vis the Discovery Communications group are subject to conditions that have not yet been fulfilled.

33-3. Operating leases

(€m)	< 1 year	1-5 years	> 5 years	Total 2012	Total 2011
Operating leases					
Operating lease commitments given	21.7	72.2	1.0	94.9	114.9
Operating lease commitments received	21.7	72.2	1.0	94.9	114.9
Operating lease commitments, net	**-**	**-**	**-**	**-**	**-**

33-4. Finance leases

(€m)	< 1 year	1-5 years	> 5 years	Total 2012	Total 2011
Finance leases (already recognised in the balance sheet)	**4.4**	**6.2**	**-**	**10.6**	**15.2**

34 Related-party information

34-1. Executive compensation

Total compensation paid during 2012 to key executives of the Group (i.e. the 17 members of the TF1 Management Committee mentioned in the Registration Document) was €9.8 million, comprising:

(€m)	2012	2011
Fixed compensation	7.1	6.6
Variable compensation	2.7	2.6
Benefits in kind	N/S	N/S

Additional information:

- The portion of total share option expense and consideration-free share expense for the year relating to these key executives was €0.3 million.
- The portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €3.3 million.

The Bouygues Group offers the members of its Executive Committee, who include Nonce Paolini, a top-up pension of 0.92% of the reference salary for each year of service in the scheme, which represents a post-employment benefit. The expense (invoiced to TF1 by Bouygues) relating to the contribution paid in 2012 to the investment fund of the insurance company which manages the scheme was €0.5 million.

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

34-2. Transactions with other related parties

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

	Income		Expenses		Debtors		Creditors	
(€m)	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Parties with an ownership interest	45.6	26.0	(14.7)	(15.4)	252.2	12.4	37.7	56.8
Jointly controlled entities	1.2	0.7	(2.9)	(2.2)	1.9	1.8	1.8	1.6
Associates	12.0	6.3	(20.3)	(8.8)	7.3	3.7	7.1	9.5
Other related parties	1.2	1.7	-	-	-	-	-	-
TOTAL	**60.0**	**34.7**	**(37.9)**	**(26.4)**	**261.4**	**17.9**	**46.6**	**67.9**

* *Primarily the Bouygues Relais cash pooling agreement (see note 31-2-1).*

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

Agreements executed with other related parties relate mainly to transactions with fellow-subsidiaries of Bouygues SA under agreements entered into in the course of ordinary business of a commercial nature, with the exception of transactions with Bouygues Relais under a short-term cash pooling agreement.

The off balance sheet commitments reported in note 33 do not include any material commitments to related parties.

35 Auditors' fees

The table below shows fees paid by the TF1 group to its auditors:

(€ '000)	Mazars				KPMG				Other firms			
	Amount		%		Amount		%		Amount		%	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Audit of consolidated and individual company financial statements	**(845)**	**(800)**	**96%**	**97%**	**(885)**	**(875)**	**91%**	**95%**	**(81)**	**(90)**	**77%**	**88%**
- TF1 SA	*(216)*	*(216)*			*(216)*	*(216)*			-	-		
- Subsidiaries	*(629)*	*(584)*			*(669)*	*(659)*			*(81)*	*(90)*		
Other procedures and services directly related to the audit engagement	**(31)**	**(27)**	**4%**	**3%**	**(68)**	**(25)**	**7%**	**3%**	**-**	**-**	**-**	**-**
- TF1 SA	*(25)*	*(27)*			*(68)*	*(25)*			-	-		
- Subsidiaries	*(6)*	-			-	-			-	-		
Audit-related fees	**(876)**	**(827)**	**100%**	**100%**	**(953)**	**(900)**	**98%**	**98%**	**(81)**	**(90)**	**77%**	**88%**
Other services provided by audit firms to fully consolidated subsidiaries												
Company law, tax and employment law	-	-	-	-	(17)	(16)	2%	2%	(24)	(12)	23%	12%
Other (if > 10% audit-related fees)	-	-	-	-	-	-	-	-	-	-	-	-
Other fees	**-**	**-**	**-**	**-**	**(17)**	**(16)**	**2%**	**2%**	**(24)**	**(12)**	**23%**	**12%**
TOTAL AUDITORS' FEES	**(876)**	**(827)**	**100%**	**100%**	**(970)**	**(916)**	**100%**	**100%**	**(105)**	**(102)**	**100%**	**100%**

36 Dependence on licences

TF1 requires a licence to carry on its activities as a broadcaster.

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

The following subsidiaries or jointly-controlled entities hold digital terrestrial television licences, awarded on June 10, 2003 for a ten-year period: LCI, Eurosport France, TMC, NT1 and TF6.

37 Post balance sheet events

There are no material post balance sheet events to report.

38 Detailed list of companies included in the consolidation

COMPANY	COUNTRY	ACTIVITY	2012 % CONTROL[1]	2012 CONSOLIDATION METHOD	2011 % CONTROL[1]	2011 CONSOLIDATION METHOD
TF1 SA	**France**	**Broadcasting**	**Parent company**		**Parent company**	
BROADCASTING FRANCE						
TF1 PUBLICITE	France	TF1 advertising airtime sales	100.00%	Full	100.00%	Full
TF1 FILMS PRODUCTION	France	Co-production of films	100.00%	Full	100.00%	Full
TELESHOPPING	France	Home shopping	100.00%	Full	100.00%	Full
TV BREIZH	France	Theme channel	80.00%	Full	100.00%	Full
UNE MUSIQUE	France	Music publishing	100.00%	Full	100.00%	Full
TF6	France	Theme channel	50.00%	Proportionate	50.00%	Proportionate
TF1 ENTREPRISES	France	Merchandising, spin-offs	100.00%	Full	100.00%	Full
EUROSPORT France SA	France	Theme channel	80.00%	Full	100.00%	Full
TF1 THEMATIQUES	France	Holding company – Theme Channel division	100.00%	Full	100.00%	Full
e-TF1	France	Internet/TV content & broadcasting	100.00%	Full	100.00%	Full
LA CHAINE INFO	France	Theme channel	100.00%	Full	100.00%	Full
TF1 PRODUCTION	France	Programme production	100.00%	Full	100.00%	Full
TF6 GESTION	France	TF6 management company	50.00%	Proportionate	50.00%	Proportionate
SERIE CLUB	France	Theme channel	50.00%	Proportionate	50.00%	Proportionate
MONTE CARLO PARTICIPATIONS	France	TMC holding company	100.00%	Full	100.00%	Full
TOP SHOPPING	France	Retail distribution	100.00%	Full	100.00%	Full
STYLIA	France	Theme channel	80.00%	Full	100.00%	Full
APHELIE	France	Property company	100.00%	Full	100.00%	Full
HISTOIRE	France	Theme channel	80.00%	Full	100.00%	Full
USHUAIA TV	France	Theme channel	80.00%	Full	100.00%	Full
HD1	France	Theme channel	100.00%	Full	-	-
TELE MONTE CARLO	Monaco	Theme channel	80.00%	Full	80.00%	Full
WAT	France	Internet content and services	100.00%	Full	100.00%	Full
TMC REGIE	France	TMC advertising airtime sales	80.00%	Full	80.00%	Full
SKY ART MEDIA	USA	Print media publishing	27.54%	Equity	27.54%	Equity
OUEST INFO	France	TV news images agency	100.00%	Full	100.00%	Full
ONE CAST	France	Audiovisual broadcasting/ transmission service	100.00%	Full	100.00%	Full
FIRELIE	France	Property company	100.00%	Full	100.00%	-
TF1 DISTRIBUTION	France	Distribution of TV channels	100.00%	Full	100.00%	-
SF2J	France	Producer of card & board games	100.00%	Full	100.00%	Full
DUJARDIN	France	Producer of card & board games	100.00%	Full	100.00%	Full
WB TELEVISION	Belgium	Broadcasting	49.00%	Equity	49.00%	Equity
HOLDING OMEGA PARTICIPATIONS	France	Holding company	100.00%	Full	100.00%	Full
GROUPE AB	France	Audiovisual production, scheduling & broadcasting	33.50%	Equity	-	-
GIE TF1 Acquisitions de droits	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
NT1	France	Theme channel	100.00%	Full	100.00%	Full
TF1 DS	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
PREFAS 18	France	Holding company	80.00%	Full	-	-
PERELIE	France	Property company	100.00%	Full	100.00%	-
LA PLACE MEDIA	France	Advertising airtime sales	26.00%	Equity	-	-
PLACE DES TENDANCES	France	e-commerce	80.00%	Full	80.00%	Full
TF1 EXPANSION	France	Holding company	100.00%	Full	100.00%	Full
METRO FRANCE PUBLICATIONS	France	Print media publishing	100.00%	Full	100.00%	Full

			2012		2011	
COMPANY	COUNTRY	ACTIVITY	% CONTROL(1)	CONSOLIDATION METHOD	% CONTROL(1)	CONSOLIDATION METHOD
AUDIOVISUAL RIGHTS						
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 VIDEO	France	Exploitation of video rights	100.00%	Full	100.00%	Full
GIE SONY TF1 VIDEO	France	Exploitation of video rights	50.00%	Proportionate	50.00%	Proportionate
TF1 DROITS AUDIOVISUELS	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
SOFICA VALOR 6	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 INTERNATIONAL	France	Exploitation of audiovisual rights	66.00%	Full	66.00%	Full
UGC DISTRIBUTION	France	Exploitation of audiovisual rights	34.00%	Equity	34.00%	Equity
BROADCASTING INTERNATIONAL						
EUROSPORT SAS	France	Marketing of Eurosport channel outside France	80.00%	Full	100.00%	Full
EUROSPORT BV	Netherlands	Marketing of Eurosport channel in the Netherlands	80.00%	Full	100.00%	Full
EUROSPORT TELEVISION LTD	UK	Marketing of Eurosport channel in the United Kingdom	80.00%	Full	100.00%	Full
EUROSPORT TV AB	Sweden	Marketing of Eurosport channel in Sweden	80.00%	Full	100.00%	Full
EUROSPORT MEDIA GMBH	Germany	Marketing of Eurosport channel in Germany	80.00%	Full	100.00%	Full
EUROSPORT EVENT LTD	UK	Motor race organiser	80.00%	Full	100.00%	Full
EUROSPORT ITALIA	Italy	Marketing of Eurosport channel in Italy	80.00%	Full	100.00%	Full
EUROSPORT ASIA-PACIFIC	Hong Kong	Marketing of Eurosport channel in Asia	80.00%	Full	100.00%	Full
EUROSPORT MEDIA SA	Switzerland	Marketing of Eurosport channel in Switzerland	80.00%	Full	100.00%	Full
EUROSPORT SA SPAIN	Spain	Marketing of Eurosport channel in Spain	80.00%	Full	100.00%	Full
EUROSPORT FINLAND	Finland	Marketing of Eurosport channel in Finland	80.00%	Full	100.00%	Full
EUROSPORTNEWS DISTRIBUTION LTD	Hong Kong	Marketing of Eurosport channel in Asia	80.00%	Full	98.00%	Full
EUROSPORT NORVEGE AS	Norway	Marketing of Eurosport channel in Norway	80.00%	Full	100.00%	Full
EUROSPORT POLSKA	Poland	Marketing of Eurosport channel in Poland	80.00%	Full	100.00%	Full
EUROSPORT DANMARK APS	Denmark	Marketing of Eurosport channel in Denmark	80.00%	Full	100.00%	Full
EUROSPORT ARABIA FZ LLC	UAE	Marketing of Eurosport channel in the Middle East	80.00%	Full	100.00%	Full
EUROSPORT MEDIA DISTRIBUTION Portugal	Portugal	Marketing of Eurosport channel in Portugal	80.00%	Full	100.00%	Full
MISCELLANEOUS ACTIVITIES						
DIRECT OPTIC PARTICIPATIONS	France	e-commerce	47.85%	Equity	25.40%	Equity

(1) There is no difference between percentage control and percentage interest held in any consolidated entity.