TF1 LE GROUPE

Financial Information

First half of 2016

Financial Information – First half of 2016

1. Half-Year Management Review

1.1. Consolidated results

Financial indicators

These key figures are extracted from TF1 consolidated financial data.

(€ million)	H1 2016	H1 2015	FY 2015
Revenue	**1,025.2**	**980.7**	**2,004.3**
Group advertising revenue	*770.1*	*774.7*	*1,554.2*
Revenue from other activities	*255.1*	*206.0*	*450.1*
Current operating profit/(loss)	**57.5**	**97.3***	**158.0***
Operating profit/(loss)	**2.8**	**85.4***	**141.2***
Net profit/(loss) attributable to the Group from continuing operations	**(0.6)**	**61.0***	**99.9***
Operating cash flow **	**121.2**	**87.2**	**164.0**
Basic earnings per share from continuing operations (€)	**0.0**	**0.29**	**0.47**
Diluted earnings per share from continuing operations (€)	**0.0**	**0.29**	**0.47**
Shareholders' equity attributable to the Group	**1,463.7**	**1,752.9**	**1,741.7**
Net surplus cash/(net debt) of continuing operations	**133.1**	**308.0**	**700.8**

** Includes the €33.7 million gain arising on the deconsolidation of Eurosport France*
*** Before cost of net debt and income taxes*

	H1 2016	H1 2015	FY 2015
Weighted average number of ordinary shares outstanding (in '000)	209,173	211,680	210,786
Closing share price at end of period (€)	9.56	15.47	10.25
Market capitalisation at end of period (€bn)	2.01	3.3	2.2

Income statement contributions – continuing operations

First-half revenue and current operating profit

The results shown below are presented using the new segmental reporting structure adopted by the TF1 group. For definitions of those segments, see Note 4 ("Operating segments") to the condensed consolidated financial statements. Historical revenue and operating profit data are available on our corporate website: www.groupe-tf1.fr/en.

Contribution to revenue

(€ million)	H1 2016	H1 2015	FY 2015
Broadcasting	**838.1**	**863.2**	**1,736.1**
Free platforms	762.2	780.4	1,569.0
Other platforms and related activities	75.9	82.8	167.1
Studios & Entertainment	**187.1**	**117.5**	**268.2**
REVENUE	**1,025.2**	**980.7**	**2,004.3**

Contribution to current operating profit

(€ million)	H1 2016	H1 2015	FY 2015
Broadcasting	**38.0**	**87.8**	**134.6**
Free platforms	18.1	38.6	71.1
Other platforms and related activities	19.9	49.2	63.5
Studios & Entertainment	**19.5**	**9.5**	**23.4**
CURRENT OPERATING PROFIT	**57.5**	**97.3**	**158.0**

Contribution to operating profit/(loss)

(€ million)	H1 2016	H1 2015	FY 2015
Broadcasting	**(3.9)**	**75.9**	**117.8**
Free platforms	(23.0)	26.7	54.3
Other platforms and related activities	19.1	49.2	63.5
Studios & Entertainment	**6.7**	**9.5**	**23.4**
OPERATING PROFIT/(LOSS)	**2.8**	**85.4**	**141.2**

Breakdown of Group advertising revenue (continuing operations)

Contribution to advertising revenue

(€ million)	H1 2016	H1 2015	FY 2015
Broadcasting	**766.0**	**774.7**	**1,554.2**
Free platforms	745.0	753.9	1,511.2
Other platforms and related activities	21.0	20.8	43.0
Studios & Entertainment	**4.1**	**-**	**-**
ADVERTISING REVENUE	**770.1**	**774.7**	**1,554.2**

Cost of programmes on free platforms, by type

(€ million)	H1 2016	H1 2015	FY 2015
Total cost of programmes	**517.5**	**460.2**	**956.2**
Major sporting events	37.9	-	26.8
Total excluding major sporting events	**479.6**	**460.2**	**929.4**
Variety/Gameshows/Magazines	142.9	143.0	285.5
Drama/TV movies/Series/Plays	170.5 *	164.0	316.7
Sport (excluding major sporting events)	21.7	22.3	45.0
News	66.8	54.4	107.3
Films	69.9	70.0	159.9
Children's programmes	7.8	6.5	15.0

** Includes €19.7 million of non-current expenses relating to the co-existence of two different accounting treatments for French drama depending on whether it was produced before or after the decree of April 27, 2015 allowing broadcasters to own co-production shares in respect of their investments in independent productions.*

The cost of programmes includes the cost of LCI programmes with effect from that channel's switchover to freeview in April 2016.

1.2. Significant events of the first half of 2016

January

January 14, 2016

The TF1 group announces that it has acquired from FIFA a package of media rights for the next four major world football competitions, enhancing the Group's line-up of major sporting events across all its media platforms (broadcast and digital).
The Group will offer exclusive, free-to-air broadcasts on TF1 of the top 28 matches from the 2018 FIFA World Cup™ in Russia and the 2022 FIFA World Cup™ in Qatar.
The TF1 group has also acquired full rights to the 2019 FIFA Women's World Cup™ in France and the 2017 FIFA Confederations Cup in Russia.

January 15, 2016

For the second year running, the Group's head office hosts the #TCDF 2015 awards, organised jointly by TF1 and Labcom to recognise initiatives taken by women active in various areas of the digital industry.

January 26, 2016

Having obtained the necessary clearances from the regulatory authorities, FLCP (the holding company of the Newen group) and TF1 have completed the acquisition by TF1 of a 70% equity interest in FLCP. At the same time, FLCP is renamed Newen Studios, bringing together Newen and Neweb. The existing shareholders, including the management team, retain a 30% interest.

February

The Group's Purchasing Department retains its "Responsible Supplier Relations" accreditation until January 2017.
The department (which handles all purchasing other than rights buying) has held this accreditation for three consecutive years since January 2014. Awarded by the French mediation agency *Médiation Nationale Interentreprises* and the French national federation of managers and buyers (CDAF), this accreditation rewards TF1's overall supplier relations policy and attests to the commitments made by the Group's purchasing managers in areas such as financial fair dealing, ethical standards, and the promotion of balanced long-term relationships with suppliers.
It is testimony to the proactive, professional approach to purchasing and corporate social responsibility adopted by all Group entities in their day-to-day dealings with suppliers.

February 17, 2016

Gilles Pélisson is appointed Chairman and Chief Executive Officer, taking office on February 19, 2016. Prior to that date, Gilles Pélisson had been preparing for his new role, with support from Nonce Paolini.
A 58-year-old graduate of ESSEC and Harvard business schools, Gilles Pélisson has run Eurodisney and Accor, both of which are major listed companies providing services to consumers. He has also run Noos and Bouygues Telecom, both of which operate in a regulated sector undergoing significant technological changes. Gilles Pélisson has extensive international experience and a track record of good staff relations. He knows TF1 well, having served on its Board of Directors since 2009.

February 24, 2016

The Newen Studios group acquires a 100% equity interest in Rendez-Vous Production Série. This subsidiary is fully consolidated in the TF1 group consolidated financial statements with effect from January 1, 2016.

March

The TF1 group's licensing agent is selected by IMPS to represent the iconic *Schtroumpfs* (Smurfs) brand in France. The arrangement covers the management of spin-off products and promotional licences, and TF1 Licences is planning a major licensing programme around this classic brand.

March 11, 2016

Les Enfoirés is watched by 11.6 million viewers, attracting an audience share of 57% share among "women aged under 50 purchasing decision-makers", a year-on-year increase of 3 percentage points.

March 22, 2016

e-TF1 announces that it has taken a 51% majority equity interest in the digital marketing company Bonzai Digital.

April

The TF1 group announces a three-year deal, in partnership with France Galop and LeTROT, to broadcast a daily horse-racing show on LCI. The deal includes the prestigious Qatar Prix de l'Arc de Triomphe and Prix d'Amérique Opodo races.

April 5, 2016
The LCI news channel switches to freeview on DTT channel 26.

May

May 12, 2016

The first two episodes of the brand new drama series *Marseille*, produced by Netflix, are shown on TF1. Fabrice Bailly, Head of Programming at TF1, commented: "At TF1 we are committed to offering our viewers must-see drama, thanks to an ambitious policy of investing in original home-grown productions. *Marseille*, with its starry cast of well-loved faces, is just such a drama. So we are delighted that our partnership with Netflix has enabled us to share the first two episodes with our viewers in prime time.

May 24, 2016

The TF1 group signs a new partnership deal with the professional bodies representing French programme producers and distributors (SATEV, SEDPA, SPECT, SPFA, SPI and USPA), designed to promote creativity in the French audiovisual industry. For the first time ever, the TF1 group and all the trade bodies representing producers and distributors reach agreement on the following points:

- The TF1 group renews its commitment to devote 12.5% of its net broadcasting advertising revenue over the next four years to original drama, documentaries, cartoons, live shows and music videos.

- The proportion of the TF1 group's total spend invested in content from "dependent" producers is raised to 36%, split into two tranches:

    - a tranche capped at 26% reserved for subsidiaries of the TF1 group;

    - a further 10% tranche, representing "room for manoeuvre" enabling TF1 to obtain – on terms specified in the agreement – broader rights (linear and non-linear) from production companies in which the TF1 group does not own an equity interest.

- The proportion of the TF1 group's total spend invested in content from "independent" producers is 64%. The agreement adjusts the duration of rights acquired from production companies regarded as independent, and optimises the terms for the exploitation of non-linear rights.

- The parties also agreed on the terms for awarding distribution mandates for all independent works.

- The TF1 group will also be entitled, subject to certain conditions, to more favourable access to coproduction shares and revenue rights in addition to those available under the 2015 agreements.

- The TF1 group's support for creativity is also demonstrated by the guarantee that 75% of its spend will be invested in original productions, and by the commitment to bear a greater share of writing and development costs.

May 24, 2016

The France Télévisions and TF1 groups sign an industry-wide agreement with the professional bodies representing French producers and distributors of audiovisual programmes (SATEV, SEDPA, SPECT, SPFA, SPI and USPA). The agreement relates to the negotiation of distribution mandates for audiovisual works co-produced by broadcasters that count towards their obligations to invest in independent production, as required by Article 6 of Decree no. 2015-483 of April 27, 2015.

This agreement arose from the reforms to the producer/broadcaster relationship on which the French government has been working since 2012, which also led to a new alliance agreement between France Télévisions and the independent producers to encourage creativity (signed on December 10, 2015) and a new partnership between the TF1 group and the producers of audiovisual content to promote creativity in the French broadcasting industry (signed on May 24, 2016).

At a time when the broadcasting sector is undergoing a radical transformation due to rapid changes in technology and in the ways in which the public use media, this agreement aims to create optimal conditions for the distribution of co-produced independent programmes by establishing a structure for the key mechanism of allocating mandates between producers, co-producer broadcasters and distributors of audiovisual programmes. This will benefit all those involved on the creative side of the broadcasting industry.

If an executive producer has no distribution capability or master distribution contract, or decides to opt out of distribution in a specific case, the new agreement specifies a “fair, transparent and non-discriminatory” competitive tendering mechanism for the awarding of distribution mandates to the broadcasters' distribution subsidiaries or to independent producers. It also specifies that this same “fair, transparent and non-discriminatory” mechanism be used for the assignment of secondary rights.

In addition, the agreement lays down the basis on which an executive producer may opt out of using its in-house distribution capacity or a distributor with whom it has a master distribution contract, and the control exercised by the CSA (the French broadcasting industry regulator) over the terms of such an opt-out.

Finally, the agreement establishes effective terms for the exercise of distribution mandates applicable to all distributors of audiovisual content, so as to guarantee the circulation of programmes.

This agreement reflects the signatories' shared commitment to establishing a fair framework for awarding distribution mandates and to promoting the circulation of programmes, to the mutual benefit of all players involved on the creative side of the French broadcasting industry.

June

June 9, 2016

TF1 partners Viva Technology, organiser of France's first world-scale event dedicated to innovation and the economy of tomorrow. The event gives TF1 an opportunity to showcase its digital strategy and collaborations with start-ups.

June 9, 2016

TF1 now owns 100% of the capital of TMC, France's benchmark free-to-air DTT channel, following the buyout of the 20% equity interest in TMC held by the Principality of Monaco. The transaction was carried out via a share exchange, enabling the Principality of Monaco – as a shareholder of TF1, with a 1.1% stake – to retain an interest in the success of TMC and of the TF1 group.

1.3. Analysis of consolidated results

Boulogne-Billancourt – July 21, 2016

New segments

The results shown below are presented using the new segmental reporting structure adopted by the TF1 group. For definitions of those segments, see Note 4 ("Operating segments") to the condensed consolidated financial statements. Historical revenue and operating profit data are available on our corporate website: www.groupe-tf1.fr/en. Details of how consolidated entities are allocated between the operating segments are also available on our corporate website, as well as in note 15 ("Detailed list of companies included in the consolidation") to the condensed consolidated financial statements.

Revenue

Consolidated revenue for the first half of 2016 was €1,025.2 million, up €44.5 million (4.5%) year-on-year.

This was mainly a result of the following changes in Group structure:

- the deconsolidation with effect from March 31, 2015 of Eurosport France, which contributed revenue of €17.8 million in the first quarter of 2015;
- the consolidation of Newen Studios with effect from January 1, 2016.

Advertising revenue

Group advertising revenue eased by 0.6% (or €4.6 million) to €770.1 million. This comprised:

- €736.2 million of net advertising revenue for the free-to-air channels, up 0.4% on the first half of 2015. With effect from January 1, 2016 this figure includes revenue from the LCI channel, which was immaterial in the first half of the year.

- The Group's DTT channels saw further growth thanks to strong audience ratings among women viewers and other target advertising groups. This partly compensated for a slight fall in revenue for the TF1 core channel, and the ending of airtime sales for the beINSPORTS and Discovery special-interest pay-TV channels in France.

  With demand on an uptrend, and despite slippage in audience share over the period, TF1 maintained its strategy of preserving the value of key advertising slots.

- €33.9 million of revenue from advertising on other Group media, €7.5 million lower than in the first half of 2015. This reflects a fall in advertising revenue from *Metronews*, the print edition of which was discontinued in 2015, and the non-renewal of airtime sales contracts for beIN SPORTS and Discovery.

Non-advertising revenue

Non-advertising revenue for the first half of 2016 was €255.1 million, up €49.1 million (23.8%) year-on-year, reflecting the effects of the following changes in Group structure:

- the inclusion in the first quarter of 2015 of Eurosport France, which was deconsolidated on March 31, 2015;
- the consolidation of Newen Studios with effect from January 1, 2016.

Cost of programmes and other current operating income/ expenses

Cost of programmes

Following publication of the decree of April 27, 2015 allowing broadcasters to own co-production shares in respect of their investments in independent productions, shares in co-productions financed subsequent to the decree are now recognised prior to broadcast, at the time of delivery of the production to the channel (see Note 9 to the condensed consolidated financial statements). The co-existence of two different accounting treatments for productions depending on whether they were financed before or after the decree has resulted in the recognition of an additional expense. Because the co-existence of these two accounting treatments arises for only a limited time, the expense is treated as non-current. This expense amounted to €19.7 million in the first half of 2016 (including €15.3 million in the first quarter, and is expected to reach €26 million over 2016 as a whole.

The cost of programmes for the TF1 group's free-to-air channels, after stripping out non-current expenses, amounted to €497.8 million for the first half of 2016, up €37.6 million year-on-year, due to the screening of 19 Euro 2016 matches in the period. The Group maintained a policy of tight control over programming during the first half, reflecting trends in the advertising market.

The biggest rises were in news (€12.4 million) due to longer screen-time for the weekend news magazines *Sept à Huit* and *Reportages and* due to integration of the cost of programmes for LCI since the 5th of April, and in children's programmes (€1.3 million).
Variety, Sport and TV movies all saw a slight fall in the cost of programmes during the first half.
The cost of Drama programmes decreased by €13.4 million (after stripping out non-current expenses), reflecting scheduling policy decisions.

Other expenses, depreciation, amortisation and provisions

Other expenses and depreciation, amortisation and provisions increased by €46.7 million in the first half of 2016, mainly as a result of the first-time consolidation of Newen Studios. After stripping out this effect, these charges were down year-on-year due to the deconsolidation of Eurosport France and cost reductions at Metronews before discontinuation of the newspaper's print edition.

Current operating profit

The TF1 group made a current operating profit of €57.5 million in the first half of 2016, down €39.8 million year-on-year. However, the 2015 first-half figure included the gain arising on the deconsolidation of Eurosport France on March 31, 2015.

After stripping out the effects of this change in structure, current operating profit fell slightly year-on-year, due mainly to an increase in the cost of programmes relating to Euro 2016 matches, and despite the first-time consolidation of the profit of Newen Studios.

Current operating margin was 5.6%, down 4.3 points year-on-year.

Operating profit

Non-current operating expenses of €54.7 million were recognised in the first half of 2016, including:
- the operating loss of the LCI channel, for which the first quarter of 2016 was a transitional period with no revenue generated from cable operators pending the freeview switchover on April 5, 2016;
- the one-off expense arising from the co-existence of two different accounting treatments for French dramas depending on whether or not they are subject to the decree enacted in 2015;
- non-current expenses arising from the implementation of a new ambition for the TF1 group;
- amortisation of intangible assets identified in the Newen Studios purchase price allocation.

Consequently, the TF1 group reported an operating profit of €2.8 million in the first half of 2016, down €82.6 million year-on-year. This fall is attributable to changes in structure (non-recurrence of the €33.7 million gain on deconsolidation of Eurosport France booked in the first half of 2015), to the increase in cost of programmes related to Euro 2016, and to the non-current expenses described above.

Net profit/(loss)

Cost of net debt was €0.6 million in the first half of 2016, following the first-time consolidation of Newen Studios.

There was a net tax saving of €0.2 million for the period, compared with a €23.5 million tax charge in the first half of 2015, reflecting a higher tax loss year-on-year.

Joint ventures and associates contributed a net profit of €0.1 million in the first half of 2016, €1.2 million lower than a year earlier, reflecting poorer results at Groupe AB.
Overall, the first half ended with a net loss attributable to the Group from continuing operations of €0.6 million, a negative year-on-year swing of €61.6 million.

Net profit attributable to non-controlling interests amounted to €1.6 million in the first half of 2016. This includes the share of profits attributable to the minority shareholders of Newen Studios.

Financial position

Shareholders' equity attributable to the Group stood at €1,463.7 million as of June 30, 2016, out of a balance sheet total of €3,302.9 million.

Net cash of continuing operations as of June 30, 2016 was €133.1 million, versus €572.0 million as of March 31, 2016 and €700.8 million as of December 31, 2015. These movements reflect the cash outflow on the acquisition of 70% of Newen Studios, and the €167.3 million dividend payout.

As indicated in February 2016, the Newen Studios acquisition had a net effect of €291 million on the Group's financial position as of March 31, 2016, comprising (i) the acquisition of a 70% equity interest on January 26, 2016, (ii) the inclusion of Newen's net debt in the consolidated financial statements, and (iii) recognition of the fair value of the commitment to buy out the minority shareholders.

As of June 30, 2016, the Group had confirmed bilateral credit facilities totalling €885 million with various banks.

None of the facilities was drawn down at the end of the reporting period.
These facilities are renewed regularly as they expire so that the Group always has sufficient liquidity.

1.4. Segment information

Broadcasting

Revenue (€m)	H1 2016	H1 2015	Chg. %
Free platforms	**762.2**	**780.4**	**-2.3%**
TV advertising	736.2	733.3	+0.4%
Other revenue	26.0	47.1	-44.8%
Other platforms and related activities	**75.9**	**82.8**	-8.3%
Broadcasting	**838.1**	**863.2**	**-2.9%**

Current operating profit/(loss) (€m)	H1 2016	H1 2015	Chg.%
Free platforms	**18.1**	**38.6**	**-53.1%**
Other platforms and related activities	**19.9**	**49.2**	**-59.6%**
Broadcasting	**38.0**	**87.8**	**-56.7%**

Broadcasting segment revenue for the first half of 2016 amounted to €838.1 million, down 2.9% or €25.1 million year-on-year. The 2015 first-half figure included €17.8 million of revenue generated by Eurosport France, 100% of which was sold to Eurosport SAS on March 31, 2015.

Current operating profit for the segment was €38.0 million, down €49.8 million year-on-year. After stripping out the effects of the sale and deconsolidation of Eurosport France, current operating profit was €16.0 million lower year-on-year, due mainly to a rise in the cost of programmes for the Group's free-to-air channels in the first half of 2016.

Free platforms

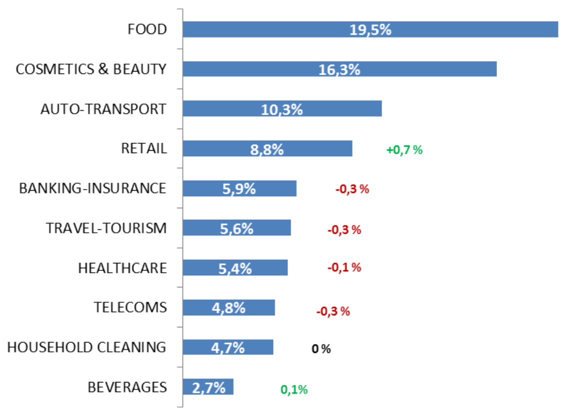
The Group's free platforms generated revenue of €762.2 million in the first half of 2016, down 2.3% year-on-year, and comprising:

- TV advertising revenue of €736.2 million, up 0.4% year-on-year. The figure for 2016 includes advertising revenue generated by the LCI channel, which was immaterial in the first quarter of 2016;
- revenue from other activities of €26.0 million, down €21.1 million year-on-year.

Advertising revenue[1]

The TF1 group's free-to-air channels reported a 3.3% year-on-year increase in gross revenue relative to the first half of 2015.

Trends in gross advertising spend for those channels by sector during 2016 to date are shown below.



Source: Kantar Media, H1 2016 vs. H1 2015.

Advertising revenue for the Group's free-to-air channels edged up by 0.4% to €736.2 million in the first half of 2016. Starting in 2016 these figures include advertising revenue from the LCI channel, though such revenue was only minimal during the first quarter as the channel was not available in freeview until April 5, 2016. By comparison, advertising revenue from the free-to-air channels rose by 1.7% year-on-year in the first half of 2015 versus the first half of 2014.

[1] *2015 plurimedia spend excluding sponsorship and internet (5 media)*

The Group's DTT channels saw further growth thanks to strong audience ratings among target women viewers. This partly compensated for the slight dip in revenue for the TF1 core channel. With demand on an uptrend, and despite slippage in audience share over the period, TF1 maintained its strategy of preserving the value of key advertising slots.

Other revenue

Other revenue from free platforms fell by €21.1 million year-on-year, reflecting:

- the discontinuation of the print version of the *Metronews* newspaper between the two periods;
- the absence of cable operator revenue for LCI from January 1, 2016;
- the ending of airtime sales contracts for the beINSPORTS channels;
- a tough comparative for TF1 Production, which in the first quarter of 2015 was running the *Les Prêtres* tour.

Current operating profit

Free platforms made a current operating profit of €18.1 million in the first half, down €20.5 million, mainly on lower revenue from the free platforms and the costs of screening the Euro 2016 tournament, the effects of which were only partly compensated by an improvement in the cost base at Metronews following discontinuation of the print edition.

• Free-to-air channels[1]

Market

Average daily TV viewing time is stabilising at a high level in 2016, and among individuals aged 4 and over now stands at 3 hours 48 minutes, one minute more than a year previously. Among "women aged under 50 purchasing decision-makers", average daily viewing time was 3 hours 46 minutes, up 4 minutes year-on-year. These figures include catch-up consumption on IPTV. However, they do not include time spent watching live or catch-up television on other devices (e.g. computers, tablets and smartphones), or outside the home on any device.

The six HD DTT channels launched in December 2012 have now achieved a 100% initialisation rate. In June 2016, these channels had a combined audience share of 8.1% among individuals aged 4 and over, rising to 8.9% among "women aged under 50 purchasing decision-makers". This compares with 5.7% and 7.3% respectively a year earlier.

Audiences

In this highly competitive marketplace, the TF1 group is striving to offer programming that:

- offers a perfect fit between the Group's four general-interest channels;
- is tailored to seasonal patterns in the advertising market;
- delivers high-impact content in slots with substantial monetisation potential;
- maintains a substantial audience share gap over rival broadcasters;
- is attractive to advertisers' target markets.

In the first half of 2016, the Group's average audience among individuals aged 4 and over fell by 0.7 of a point (or 3%) to 27.1%.
However, in the key target of "women aged under 50 purchasing decision-makers" the Group again outperformed its rivals, and remains the undisputed no.1. Audience share among this group fell less far (by 0.6 of a point, or 2%), to 31.4%.

The TF1 group led the market in prime time, with an average of 7.4 million viewers.

TF1

TF1 is still the clear leader among French television channels. The channel had an audience share of 20.8% among individuals aged 4 and over in the first half of 2016, compared with 21.6% in the first half of 2015.
Among "women aged under 50 purchasing decision-makers", the audience share was 22.5%, versus 23.6% a year earlier. The gap between TF1 and the nearest rival private-sector channel in this key target market was 6.7 points (versus 8.7 points in the first half of 2015).
This confirms TF1's unique position and its status as the must-see channel.
In the first half of 2016, 75 TF1 programmes attracted more than 7 million viewers (versus 23 for all rival channels combined), and 20 drew over 8 million (versus 2 for all rival channels combined, or zero if sports programmes are excluded).
In addition, 38 of the top 40 audience ratings in the first half of 2016 were for TF1 programmes.
The TF1 channel attracted an average prime-time audience of 5.7 million to end June 2016, over twice as many as its nearest private-sector rival.

[1] *Source: Médiamétrie – Médiamat. LCI: excludes pay-TV figures*

The channel retained its no.1 spot across all genres:

Entertainment: the channel's big-name entertainment shows again proved massively popular. *Les Enfoirés* was watched by 11.6 million viewers on March 11, and attracted a record 57% share among "women aged under 50 purchasing decision-makers", 3 percentage points more than the previous year.
The Voice drew up to 8.1 million viewers and an average of 6.9 million, an audience share of 32% among individuals aged 4 and over and 43% among "women aged under 50 purchasing decision-makers".
The audience for *Koh Lanta* peaked at 7.4 million and averaged 6.7 million, an audience share of 28% among individuals aged 4 and over and 40% among "women aged under 50 purchasing decision-makers".

American series: the first-run episodes in the new season of *Grey's Anatomy* attracted 5.1 million viewers, and a 42% share among "women aged under 50 purchasing decision-makers" (21% among individuals aged 4 and over).

French drama: This genre is hugely successful. *Le secret d'Elise* pulled in 8.3 million viewers, with a 37% audience share among "women aged under 50 purchasing decision-makers", while the series *Clem* attracted up to 6.3 million viewers, and a 32% share of the same target audience.

Movies: French movies turned in an excellent performance; in the first quarter, *Les Tuche* was watched by 8.8 million people and *Les Visiteurs* by 7.2 million.
In the second quarter, *Le Volcan* achieved the second highest audience rating for a movie in 2016 to date with 7.6 million viewers, representing 30% of individuals aged 4 and over and 37% of "women aged under 50 purchasing decision-makers".

News: The TF1 channel's regular news bulletins are still the most watched in Europe. Evening bulletins drew up to 5.7 million viewers, and had their best month so far this year in June with an average audience share of 26%, peaking at 7.1 million (31% of individuals aged 4 and over) on Monday June 27.
Lunchtime bulletins were watched by an average audience of 5.3 million during the first half of 2016.
The channel's news magazine programmes are also proving popular.
Reportages attracted up to 4.8 million viewers and very high audience shares (up to 36% among individuals aged 4 and over), while audiences for *Sept à Huit* peaked at 4.6 million.

Sport: TF1 was the lead broadcaster in France for the Euro 2016 football tournament, an unmissable sporting event. The channel enjoyed some excellent ratings, especially for the opening match between France and Romania, which averaged 14.5 million viewers and peaked at 16.5 million (53% of individuals aged 4 and over), a record for an opening match. There were also some impressive viewing figures for prime time matches not involving France, with up to 9.2 million watching Poland play Portugal.
The France/Ireland game set a new record for an afternoon match involving France with 11.8 million viewers, a 66% audience share among individuals aged 4 and over.
The *Mag de l'Euro* highlights show was also very popular, averaging 3.6 million viewers (26% of individuals aged 4 and over) and peaking at 6.2 million (35% of individuals aged 4 and over).

DTT channels

The Group's DTT activities, consisting of three channels (TMC, NT1 and HD1), achieved very strong audience growth year-on-year. In the first half of 2016, they attracted a 6.3% share among individuals aged 4 and over, up 0.1 of a point year-on-year. Among "women aged under 50 purchasing decision-makers", the audience share rose by 0.5 of a point year-on-year to 8.9%. The TF1 group is the French market leader in DTT. LCI has been available on free-to-air DTT since April 5, 2016.

TMC

TMC had an audience share of 2.8% among individuals aged 4 and over (down 0.3 of a point year-on-year), rising to 3.4% among "women aged under 50 purchasing decision-makers" (down 0.2 of a point).
TMC is the leading DTT channel for prime time viewing, thanks largely to a movie offering that attracts an average of over one million viewers.
Les Visiteurs 2 was watched by 2.3 million people, the biggest audience for a movie on DTT during the first half of 2016.
The Expendables 2 was seen by 1.9 million people, the biggest audience for a movie on DTT during the first quarter of 2016.

The Euro 2016 tournament enabled TMC to post its best-ever audience when 3.5 million people watched the Slovakia/England match, making the channel the second most-watched in France on the evening of June 20 and setting a record daytime audience share of 5.8% among individuals aged 4 and over.

Meanwhile, *90 Enquêtes* achieved the highest audience rating for a prime time magazine show on DTT in 2016 to date, with 1.1 million viewers.

NT1

NT1 continues to gain market share among target audiences. Among "women aged under 50 purchasing decision-makers", the channel gained 0.3 of a point, reaching 3.4%.

NT1 is a particularly strong performer in daytime series, with audience share of up to 9% among "women aged under 50 purchasing decision-makers" for shows such as *Grey's Anatomy* and *Friends*.

Movies are also pulling in viewers, with *Men in Black 3* attracting the third-highest audience in the channel's history with 1.7 million viewers.

Exclusive NT1 brands such as *On a échangé nos mamans* and *Bachelor* are proving very popular in evening slots, and *Super Nanny* attracted up to 900,000 viewers.

NT1 is also successfully establishing new daytime brands, including *La Villa des Cœurs Brisés*, a show targeted at the reality TV generation which proved to be a cult hit among young adults.

HD1

Launched in December 2012, HD1 continues to set new records, and in June achieved an audience share of 1.9% among individuals aged 4 and over and the 25-49 age bracket, rising to 2.4% among "women aged under 50 purchasing decision-makers".
In 2016 to date, HD1 – dedicated to all forms of narrative – has attracted audience share of 1.6% among individuals aged 4 and over (up 0.5 of a point year-on-year), rising to 2.1% among "women aged under 50 purchasing decision-makers" (up 0.4 of a point).
HD1 has been the fastest-growing channel over the last twelve months among individuals aged 4 and over.
During the first half, the channel set a new record for a movie audience as 975,000 people watched *Jurassic Park III* in April, and also a record audience for drama with *Section de Recherche* (867,000 viewers).

LCI

On December 17, 2015, the CSA (the French broadcasting regulator) approved the switchover of LCI to freeview, which took place on April 5, 2016.

The channel is due for an editorial makeover in September 2016.

However, LCI is maintaining its editorial stance, focused on analysis and explanation of news stories. The channel continues to offer strong brands like the first news programme for kids, *Le petit JT*.

LCI increased its audience share among individuals aged 4 and over from 0.1% in the first quarter to 0.2% in the second quarter.

- **Other activities**

Publications Metro France

Since July 2015, Metronews has been a 100% digital news platform, with the print edition discontinued in response to the crisis in the freesheet advertising market.
Metronews saw a sharp fall in revenue during the first half of 2016. However, the operating result progressed thanks to significant improvements in the cost base.

TF1 Publicité (third-party airtime sales)

Revenue from third-party advertising airtime sales (for radio stations, and TV channels from outside the Group) was lower year-on-year due to the ending of airtime sales for the pay-TV channels of beIN SPORTS and Discovery in France.

TF1 Films Production

Cinema footfall reached 107 million in the first half of 2016, up 5.4% year-on-year.
During 2016 to date, 12 movies co-produced by TF1 Films Production have gone on general release (versus 8 in the first half of 2015), attracting a combined 13.6 million box office entries in France (versus 5 million in the first half of 2015).

Movies co-produced by TF1 Films Production in the period include *Les Tuche 2, Le rêve américain* (4.6 million box office entries), *Les Visiteurs 3* (2.2 million) and *Retour chez ma mère* (1.9 million).
Consequently, TF1 Films Production increased its contribution to Group revenue and current operating profit during the period.

TF1 Production

TF1 Production's revenue contribution decreased in the first half of 2016, mainly because the prior-

year comparative was boosted by live shows, in particular the *Les Prêtres* tour.
During the first half of 2016, 280 hours of programmes were delivered to the Group's channels, 12 fewer than in the first half of 2015. TF1 Production delivered episodes of *L'addition s'il vous plaît* for the TF1 channel and the reality show *Le Bachelor* for NT1, and also contributed to the broadcasting of Euro 2016 matches and spin-off magazine programmes, all of which helped boost current operating profit.

Other platforms and related activities

Revenue from other platforms and related activities fell by 8.3% to €75.9 million. The 2015 first-half figure included €17.8 million of revenue generated by Eurosport France, 100% of which was sold to Eurosport SAS on March 31, 2015.
After stripping out the Eurosport France contribution, revenue rose by €10.9 million year-on-year.

Similarly, current operating profit was down year-on-year at €19.9 million, a fall of €29.3 million. After stripping out the effects of the deconsolidation of Eurosport France in the first half of 2015, current operating profit was up €4.4 million year-on-year.

• e-TF1

TF1 is pursuing its digital strategy, working closely with the Group's TV channels.
The extra audiences generated by the Group's digital platforms are continuing to grow substantially.

For example, the drama *Le secret d'Elise* was watched online by 1.1 million, taking the total viewing figures for this series to 8.3 million.

The Euro 2016 football tournament broke a number of digital records for e-TF1:

- 1.2 million views of the video of Dimitri Payet's spectacular goal in the opening match
- 6 million connections to the Football Live Center for matches shown on TF1 group channels
- 13 million visits to the MYTF1 Euro 2016 site
- 14 million videos of matches watched on catch-up (highlights, bonus videos, full matches)
- over 23 million interactions on social media

The TFOU MAX subscription-based kids' video offering continues to be operated by e-TF1, either as part of a pay-TV bundle or as a stand-alone service.
e-TF1 is also building a digital marketing consultancy business, including the acquisition of Bonzai Digital during the first quarter of 2016.

Overall, e-TF1 posted a strong improvement in both revenue and operating profit in the first half.

• Theme Channels France

French pay-TV channels as a whole attracted an audience share of 10.2% during the first half of 2016, versus 10.3% a year earlier[1]. Pay-TV offerings are facing competition from the continuing growth of free-to-air DTT channels.

Revenue for the Group's theme channels (TV Breizh, Ushuaïa, Histoire) fell during the first half of 2016 due to a drop in advertising revenue. However, tight cost control helped the three channels to maintain their profitability.

TV Breizh

TV Breizh further consolidated its position as the benchmark pay-TV channel. With an audience share of 0.4% among individuals aged 4 and over[2], it is the leading player in the French pay-TV market thanks to a programming policy built around series and drama. Among the new dramas added to schedules in the first half of 2016 were *Profilage* and *Walker, Texas Ranger*.

Histoire and Ushuaïa

Ushuaïa's programming policy is based on adventure and discovery, with a year-round focus on environmental issues.
Ushuaïa Le Mag was relaunched in a new format in January. In April, the show featured a month-long season dedicated to bird life, launched with a special programme featuring the leading French conservationist Allain Bougrain Dubourg.

Histoire is continuing with its programming policy, focusing on building awareness of its brand as the gold standard history channel on cable, satellite and ADSL.

1 *Médiamétrie - Mediamat*
2 *Source: Médiamétrie/Médiamat'Thématik (wave 31, extended competition universe)*

Both channels posted lower revenue but improved profitability during the first half of 2016.

Studios & Entertainment

Revenue (€m)	H1 2016	H1 2015	Chg. %
Studios & Entertainment	**187.1**	**117.5**	+59.2%

Current operating profit/(loss) (€m)	H1 2016	H1 2015	Chg. €m
Studios & Entertainment	**19.5**	**9.5**	+10.0

Revenue for the Studios & Entertainment segment rose by €69.6 million to €187.1 million. Current operating profit reached €19.5 million, up €10.0 million year-on-year. These figures include the contribution from Newen Studios, consolidated with effect from January 1, 2016.

- **Newen Studios**

Following the acquisition of Newen Studios on January 26, 2016, the contribution from this entity is included in the consolidated financial statements retrospectively from January 1, 2016.

Founded in 2008, Newen Studios is a major player in audiovisual production and distribution in France.

During the first half, Newen Studios continued shooting on episodes of *Candice Renoir*, *Nina* (season 2), *Cassandre* (episodes 1 and 2), *Plus Belle la Vie*, and the drama series *Versailles.*

A number of dramas produced by Newen Studios proved to be ratings hits during the period:

- Versailles attracted good audiences on BBC2 in the United Kingdom.
- The fourth season of *Candice Renoir* saw the best launch yet for this series, with an average TV audience of 5.2 million and a 20.8% share among individuals aged 4 and over.
- *Plus belle La Vie*, also shown on France 3, set a new record in the last week of the first half with audience share of 18.4% among individuals aged 4 and over.
- *Osmosis* received an array of awards: Best Production at the Marble Awards, Best Web Drama Series at the Luchon Festival, Best Direction at LA Web Fest, Best Sci-Fi series at Austin Web Fest, Best Editing at the Cinema Jove Festival.

Newen Studios is also continuing to work on projects with France Télévisions.

Capa Presse has created two new labels, Capa Sport (production of sports documentaries) and Capa Culture (production of cultural and historical documentaries).

During the first quarter of 2016, Newen Studios acquired a majority interest in Beauté-test.com, a website that offers users the opportunity to test cosmetics, and also bought out the minority shareholders in Rendez-Vous Production Série.

- **TF1 Droits Audiovisuels – TF1 International**

During the first half of 2016, the cinema distribution arm of TF1 Droits Audiovisuels saw a drop in revenue, reflecting the fact that the 2015 first-quarter performance was boosted by the international distribution of *Qu'est-ce qu'on a fait au bon Dieu?*. Four films went on general release in the first half of 2016 (one more than in the first half of 2015): *Dalton Trumbo, Tout pour être heureux 2, Le fantôme de Canterville* and *Joyeuse fête des mères*.
The Catalogue business achieved growth during the period, boosted by the success of *Qu'est-ce qu'on a fait au bon Dieu?*.

In the first half of 2016, TF1 Droits Audiovisuels increased its contribution to revenue and current operating profit, while the contribution at revenue and current operating level from TF1 International was down year-on-year.

- **TF1 Vidéo**

The physical video market contracted by 12.7% in value terms to end May 2016 relative to the same period in 2015[1].

The digital market grew by 26.6% in value terms to end May 2016.

In the first half of 2016, TF1 Vidéo recorded a drop in both revenue and current operating profit. During the first quarter of 2015 TF1 Vidéo was exploiting two movies (*Maya the Bee*, French title: *La grande aventure de Maya l'abeille* and *Joker*) on an all-rights basis, but that was not the case in the first quarter of 2016.

However, digital revenue increased year-on-year thanks largely to the e-cinema exploitation of the movie *Made in France*.

[1] *Source: GFK, end May 2016 for physical and digital.*

- **Home Shopping**

Both revenue and current operating profit fell year-on-year for the Home Shopping business, reflecting a 17% drop in the number of orders placed during the period.

- **TF1 Entertainment**

TF1 Entreprises, now renamed TF1 Entertainment, experienced revenue growth in the first half but reported a fall in current operating profit.

During the period, TF1 Licences became the agent for the *Les Schtroumpfs* (Smurfs) brand. Exploitation of the *Chrono Bomb* game in international markets continued. Finally, TF1 Entertainment is still promoting collections themed around the R8 Gordini classic car and the Eiffel Tower.

1.5. Corporate social responsibility

Promoting diversity

- **TF1 commits to "Living Together" with the MYFRANCE project**

In March 2016, in partnership with Shine France, the CSA and the Ministry of National Education, TF1 launched the MYFRANCE video competition for high school students on the theme of "living together".
National Education Minister Najat Vallaud-Belkacem handed out the MYFRANCE* prizes at the Ministry on Tuesday July 5, 2016. Six schools from the Paris region took part in the competition, which has its origins in the CSA Diversity Monitoring Unit's commitment to promoting diversity and broadening the social mix in the media industry. The initiative was supported by the Ministry of National Education, Higher Education and Research, the TF1 Foundation and Shine France.
From February to April 2016, a group of volunteer students aged between 10 to 15 from each participating school devised and made a one-and-a-half minute film on the theme "Living together and building society", to be posted on the myTF1.fr website. They received training from audiovisual industry professionals, and cameras and other equipment provided by Shine France and the TF1 Foundation.
The winning film was shown on TF1 and other group channels on July 14 during coverage of the Bastille Day celebrations.

*1st prize: Collège Simone-Veil, Aulnay-sous-Bois; 2nd prize: Collège Colette Besson, Paris; 3rd prize: Collège Henri Matisse, Garges-lès-Gonesse

- **TF1 signs the "Entreprises et Quartiers" charter**

On Wednesday May 11, represented by Arnaud Bosom (Executive Vice President, Human Resources and CSR) and Samira Djouadi (chair of the TF1 Foundation), TF1 signed the "Entreprises et quartiers" charter for the Greater Paris region.
Companies who sign up to this charter pledge their support for promoting job opportunities for people from troubled neighbourhoods and other priority zones within the Greater Paris region, during the period from 2015 to 2020.

This public/private initiative addresses urban policy issues in areas like training, employment and economic development through innovative collective projects. The TF1 group has signed up to similar charters covering three administrative districts in the Greater Paris region: Seine-Saint-Denis (2009), Val d'Oise (2014) and Hauts-de-Seine (June 2016).

Gender parity

- **TFOU 2016/2017 cartoon competition: "Filles et garçons, tous à fond"**

After covering environmental issues in 2015, TFOU (the TF1 kids' channel) is running its latest cartoon competition under the slogan "Filles et garçons, tous à fond!" (Girls and boys, go for it!").
The aim is to raise kids' awareness of diversity and of equality between girls and boys in every aspect of life such as sport, learning, careers, games, culture and leisure, whether at school or at home.
Organised jointly with SACD (the French society of authors and composers) for the third consecutive year, the competition is this year supported by two partners: SNE (the French publishers' trade association) and the Enfance Majuscule child protection charity.
The winning scenario will be selected by a jury of professionals from TFOU, SACD, SNE and Enfance Majuscule.
The winner will receive a cash prize of €1,000 courtesy of SACD. Production of the film will begin in January 2017, with the TF1 group providing €15,000 of funding. The film will be premiered at a special event in Annecy in June 2017.

- **First event for the Fifty/Fifty network on "Women in the Media"**

Fifty/Fifty, the TF1 group's internal diversity network, has organised its first event on the topic of gender parity in the media, in collaboration with the Professional Women's Network (PWN). The TF1 auditorium hosted the event, which was attended by 150 staff members and guests.

In his introductory remarks, Gilles Pélisson said "TF1 is a standard-bearer for respect, best practice and diversity. We have a genuine role to play in society and must lead by example. Our mission and our raison d'être is to share a positive vibe, but with the ambition of representing French society as it is today. But women can often be undervalued in the media, and TF1 also has a role to play in changing attitudes. Diversity, dignity and professionalism must be our watchwords. I will be delighted to help us advance on all these fronts within the Group."
The two-hour event included two round-table discussions, each moderated by a journalist (Isabelle Gounin-Lévy and Nicolas Rossignol), and involved dozens of media professionals. Topics discussed included on-screen gender parity, the media image of women, and the avoidance of stereotyping and sexism. Catherine Nayl, the patron of Fifty/Fifty, gave the closing address.

1.6. Human resources update

As of June 30, 2016 the TF1 group had 2,529 employees on permanent contracts, versus 2,595 a year earlier and 2,567 as of December 31, 2015.

1.7. Corporate governance

On the advice of the Director Selection Committee, and having concluded that it was in the interests of the Group not to separate the role of Chairman from that of Chief Executive Officer, the Board of Directors chose Gilles Pélisson to serve as Chairman and Chief Executive Officer.
In accordance with the Board's decision, Gilles Pélisson took up office as Chairman and Chief Executive Officer on February 19, 2016.

1.8. Stock market performance

TF1 shares closed at €9.56 per share on June 30, 2016, 38.2% lower than the closing price on June 30, 2015. Over the same period, the CAC 40 and SBF 120 fell by 11.54% and 11.14% respectively.
During the first six months of 2016, the TF1 share price fell by 3.63%, while the CAC 40 fell by 6.30% and the SBF 120 by 6.67%.
The total market capitalisation of the TF1 group stood at €2.01 billion as of June 30, 2016, compared with €3.3 billion a year earlier.

1.9. Share ownership

	June 30, 2016		
	Number of shares	**% of share capital**	**% of voting rights**
Bouygues	**91,946,297**	**43.6%**	**43.7%**
TF1 employees	**13,966,316**	6.7%	**6.6%**
via the FCPE TF1 fund	13,830,394	6.6%	6.57%
as registered shareholders	135,922	0.1%	0.03%
Free float	**104,561,415**	**49.6%**	**49.7%**
Treasury shares	**284,232**	**0.1%**	**-**
Total	210,758,260	100%	100%

	December 31, 2015		
	Number of shares	**% of share capital**	**% of voting rights**
Bouygues	**91,946,297**	**43.7%**	**44.0%**
TF1 employees	**13,664,440**	**6.5%**	**6.5%**
via the FCPE TF1 fund	14,490,890	6.4%	6.5%
as registered shareholders	173,550	0.1%	0.0%
Free float	**103,423,248**	**49.1%**	**49.5%**
Treasury shares	**1,487,582**	**0.7%**	**0.0%**
Total	210,521,567	100%	100%

	June 30, 2015		
	Number of shares	**% of share capital**	**% of voting rights**
Bouygues	**91,946,297**	**43.4%**	**43.4%**
TF1 employees	**14,110,360**	**6.7%**	**6.7%**
via the FCPE TF1 fund	*13,935,080*	*6.6%*	*6.6%*
as registered shareholders	*175,280*	*0.1%*	*0.1%*
Free float	**105,774,240**	**49.9%**	**49.9%**
Treasury shares	**0**	**0.0%**	**0.0%**
Total	211,830,897	100.0%	100.0%

1.10. Outlook

The TV advertising market could show slight growth over 2016 as a whole.

In terms of schedules, the start of the autumn season will see the return of strong programme brands to the TF1 core channel. These will include entertainment shows like Koh Lanta, a new season of Danse avec les stars, The Voice Kids and Miss France, alongside French drama (La vengeance aux yeux clairs and La main du mal) and American series like Blindspot. The DTT channels will not only strengthen their distinctive brand identities, but also provide a perfect fit with the TF1 core channel. They will be boosted by the arrival of star presenters (Yann Barthès on TMC and TF1, Yves Calvi on LCI). New programmes like the web series developed with Norman and Cyprien will open up new audience segments, especially among younger viewers. The TF1 group will also benefit from the launch of a revamped news offering, spearheaded by LCI in freeview.
With a combination of flagship and revamped programmes, there will be ample opportunities for advertisers to invest in high-powered slots.

In the intensely competitive French media market, the TF1 group continues to pursue its ambition for the years ahead:

- strengthen its market leadership in freeview TV in France, maintaining the pulling power of the TF1 core channel by delivering must-see content and developing the DTT channels;
- in airtime sales, deliver the powerful combination of an unrivalled offer and extremely precise targeting
- create the gold standard digital offering;
- become a byword for creative television, in France and abroad.

We are reiterating our 2016 full-year estimate for the cost of programmes on our five free-to-air channels (at around €980 million, excluding non-current expenses and major sporting events) and for non-current expenses of €86 million. This latter figure includes the effects of the LCI freeview switchover, the acceleration of the transformation of the Group in line with its new ambition, non-current expenses arising from the new accounting treatment of French drama productions after the decree of April 27, 2015 (€26 million), and the accounting effects of the first-time consolidation of Newen Studios.

1.11. Related parties

There have been no significant changes in respect of related parties since publication of the 2015 TF1 *Document de Référence* (Registration Document) filed with the *Autorité des Marchés Financiers* (AMF) on March 9, 2016 under reference number D.16-0124 (an English-language version of which is available on the TF1 corporate website), other than a reduction in the treasury current account with Bouygues Relais following payment of the dividend in respect of the 2015 financial year.

1.12. Risk factors

Risk factors

In a constantly changing competitive, technological and regulatory environment, the TF1 group is exposed to risks that could, if they materialise, have negative effects on its business, financial position and assets.

The principal risk factors identified by the Group are as follows:

- **operational risks:**
  - risk of loss of key programmes;
  - risk that bought-in programmes will become unsuitable for broadcast;
  - risks associated with the economic environment;
- **industrial and environmental risks:**
  - broadcasting of TF1 programmes: risk of signal transmission interruption and execution risk;
  - risks related to the growth of digital terrestrial television and to the development of the internet and new media;
  - risks associated with changes to spectrum allocation (frequency changes, 4G interference);
- **legal risks related to:**
  - broadcasting licences and CSA enforcement powers;
  - societal pressure on advertising and programmes;
  - additional taxes or legislative changes;
  - the rights of individuals (privacy and defamation);
  - competition law;
  - the acquisition of Newen;
  - litigation and claims;
- **corporate social responsibility risks (labour, social and environmental);**
- **credit and/or counterparty risks;**
- **financial risks:**
  - liquidity risk;
  - market risk.

The TF1 group operates general and specific risk management policies to address these risks. In addition, the Group's internal control system plays a role in monitoring the conduct and effectiveness of operations, and in ensuring that the Group makes efficient use of its resources. However, such policies and systems cannot provide absolute assurance that objectives will be met, or that the risks to which the Group may be exposed will be fully addressed.

Since publication of the principal risk factors in pages 105 to 111 of the 2015 TF1 *Document de Référence* (Registration Document) filed with the *Autorité des Marchés Financiers* (AMF) under reference number D.16-0124 (an English-language version of which is available on the TF1 corporate website), further developments have occurred on the following issues:

Risks associated with maintaining the TF1 signal:

Description of the risk

The cyber-attacks targeting Sony Pictures and TV5 Monde in recent months have led TF1 to reassess external threats that might disrupt transmission.

How the risk is being managed

An independent security audit was conducted during the first half of 2015, and action plans have been implemented to enhance the protection of the Group's transmission infrastructures.

Risks related to competition law:

Description of the risk

Canal+, M6 and NextRadioTV have each filed a complaint with the French Competition Authority against the TF1 group alleging abuse of dominant position in the French television advertising market.

The Competition Authority appointed a rapporteur to investigate the complaints, and TF1 Publicité presented its case in January 2015.

The TF1 General Counsel's department has submitted an economic study to the French Competition Authority and the CSA (the French audiovisual regulator), commissioned from the accountancy and consultancy firm RBB, that demonstrates the pro-competitive impact of TF1's position in the advertising market.

The Canal+ group has filed a parallel complaint with the French Competition Authority against the TF1 group alleging restraint of trade as regards the rights of first and last refusal and pre-emptive rights enjoyed by TF1 Films Production in respect of the films that it finances.
The Competition Authority appointed a rapporteur to investigate the complaints, and TF1 Publicité presented its case in March 2015.

However, no notice of complaint has been issued to TF1 by the Competition Authority to date.

How the risk is being managed

More broadly, to protect against the risk of claims alleging breaches of competition law (such as restraint of trade or abuse of dominant position), the General Counsel's department of the TF1 group has a dedicated regulatory and competition unit, backed by legal specialists with competition law expertise within each entity. Staff receive training on these issues; if they are in any doubt as to the legality of a situation or proposed course of action, they must consult their line manager and the legal department in advance.

Risks associated with the acquisition of Newen

Description of the risk

On January 26, 2016, as part of its diversification strategy, TF1 acquired a 70% equity interest in FLCP (the Newen group). Under the terms of the shareholder agreement, the existing management will continue to run the company's day-to-day operations with no change in the current commercial policy, especially as regards relationships with broadcasting clients. The agreements connected with the acquisition have deliberately been framed to take account of the close and long-standing relationship between Newen and the public-service broadcaster France Télévisions, which is Newen's principal client. The intention is to avoid interfering in productions currently in progress or in future projects. Because Newen generates a very high proportion of its revenue from France Télévisions, there is a risk that decisions taken by France Télévisions may have an adverse effect on the continuation of productions currently in progress or, more generally, on the long-standing relationship between Newen and France Télévisions.

How the risk is being managed

To address any potential concerns on the part of France Télévisions, the TF1 group sent a letter to the French Competition Authority on January 20, 2016, in which TF1 reiterated its intention of expanding the operations of Newen and placed on record that it will not seek to alter or amend the contractual terms agreed with France Télévisions by Newen. That letter was appended to the clearance issued by the Competition Authority on January 21, 2016.

2.Condensed consolidated financial statements – Six months ended June 30, 2016

The statutory auditors have conducted a review of the financial statements, on which they have issued an unqualified report.

Consolidated income statement

(€m)	Note	1st half 2016	1st half 2015	Full year 2015	2nd quarter 2016	2nd quarter 2015
Advertising revenue		770.1	774.7	1,554.2	414.0	411.6
Other revenue		255.1	206.0	450.1	129.3	94.0
Revenue		**1,025.2**	**980.7**	**2,004.3**	**543.3**	**505.6**
Other income from operations		5.4	-	-	2.1	-
Purchases consumed and changes in inventory		(470.0)	(491.9)	(1,017.6)	(238.4)	(226.9)
Staff costs		(207.3)	(167.9)	(327.4)	(102.9)	(79.3)
External expenses		(186.9)	(170.1)	(341.0)	(85.4)	(80.9)
Taxes other than income taxes		(60.7)	(63.6)	(124.0)	(27.6)	(30.9)
Depreciation and amortisation, net		(91.3)	(27.5)	(56.5)	(41.4)	(13.4)
Provisions and impairment, net		(18.9)	18.6	11.7	(25.7)	5.8
Other current operating income		115.6	68.9	106.3	45.6	7.3
Other current operating expenses		(53.6)	(49.9)	(97.8)	(26.9)	(18.1)
Current operating profit/(loss)		**57.5**	**97.3**	**158.0**	**42.7**	**69.2**
Non-current operating income		-	-	-	**-**	**-**
Non-current operating expenses	*10*	(54.7)	(11.9)	(16.8)	**(20.7)**	**(11.9)**
Operating profit/(loss)		**2.8**	**85.4**	**141.2**	**22.0**	**57.3**
Income associated with net debt		0.5	0.7	1.2	0.2	0.2
Expenses associated with net debt		(1.1)	-	(0.1)	(0.6)	-
Cost of net debt		**(0.6)**	**0.7**	**1.1**	**(0.4)**	**0.2**
Other financial income		0.5	0.4	0.8	0.3	-
Other financial expenses		(1.6)	(0.6)	(4.0)	(1.4)	(0.1)
Income tax expense		(0.2)	(23.5)	(42.3)	(9.4)	(28.0)
Share of profits/(losses) of joint ventures and associates		0.1	1.3	6.5	2.2	0.6
Net profit/(loss) from continuing operations		**1.0**	**63.7**	**103.3**	**13.3**	**30.0**
Net profit/(loss)		**1.0**	**63.7**	**103.3**	**13.3**	**30.0**
attributable to the Group:		***(0.6)***	***61.0***	***99.9***	***12.4***	***28.3***
Net profit/(loss) from continuing operations		*(0.6)*	*61.0*	*99.9*	*(0.6)*	*28.3*
attributable to non-controlling interests:		***1.6***	***2.7***	***3.4***	***0.9***	***1.7***
Net profit/(loss) from continuing operations		*1.6*	*2.7*	*3.4*	*1.6*	*1.7*
Weighted average number of shares outstanding (in ‘000)		209,173	211,680	210,786	209,262	211,747
Basic earnings per share from continuing operations (€)		0.00	0.29	0.47	0.06	0.14
Diluted earnings per share from continuing operations (€)		0.00	0.29	0.47	0.06	0.14

Statement of recognised income and expense

(€m)	1st half 2016	1st half 2015	Full year 2015
Consolidated net profit/(loss) for period	**1.0**	**63.7**	**103.3**
Items not reclassifiable to profit or loss			
Actuarial gains and losses on employee benefits	-	-	(3.5)
Net tax effect of equity items not reclassifiable to profit or loss	-	-	1.2
Share of non-reclassifiable income and expense of joint ventures and associates recognised in equity	-	-	-
Items reclassifiable to profit or loss			
Remeasurement of hedging instruments [(1)]	(2.0)	(0.8)	(2.2)
Remeasurement of available-for-sale financial assets	-	-	-
Change in cumulative translation adjustment of controlled entities	-	0.5	-
Net tax effect of equity items reclassifiable to profit or loss	0.7	0.3	0.8
Share of reclassifiable income and expense of joint ventures and associates recognised in equity	-		0.6
Income and expense recognised directly in equity	**(1.3)**	**-**	**(3.1)**
Total recognised income and expense	**(0.3)**	**63.7**	**100.2**
attributable to the Group	(1.9)	61.0	96.8
attributable to non-controlling interests	1.6	2.7	3.4

(1) *Includes €1 million relating to the reclassification of cash flow hedges to profit or loss during the first half of 2016.*

Consolidated cash flow statement

(€m)	Note	1st half 2016	1st half 2015	Full year 2015
Net profit/(loss) from continuing operations (including non-controlling interests)		1.0	63.7	103.3
Depreciation, amortisation, provisions & impairment (excluding current assets)		121.1	25.1	54.1
Net (gain)/loss on asset disposals		0.4	(33.4)	(32.4)
Share of (profits)/losses and dividends of joint ventures and associates		(0.1)	13.0	7.9
Other non-cash income and expenses		(2.0)	-	(10.1)
Sub-total		**120.4**	**64.4**	**122.8**
Cost of net debt		0.6	(0.7)	(1.1)
Income tax expense (including deferred taxes)		0.2	23.5	42.3
Operating cash flow		**121.2**	**87.2**	**164.0**
Income taxes (paid)/reimbursed		(44.5)	(13.0)	(35.1)
Change in operating working capital needs		(37.8)	63.1	8.4
Net cash generated by/(used in) operating activities		**38.9**	**137.3**	**137.3**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(101.4)	(15.9)	(57.6)
Cash inflows from disposals of property, plant & equipment and intangible assets		0.3	-	0.2
Cash outflows on acquisitions of financial assets		(2.3)	(0.6)	(6.2)
Cash inflows from disposals of financial assets		-	-	-
Effect of changes in scope of consolidation	11	(105.6)	3.6	494.5
Purchase price of investments in consolidated activities		*(178.7)*	-	-
Proceeds from disposals of consolidated activities		*2.1*	*36.3*	*526.9*
Net liabilities related to consolidated activities		-	-	-
Other cash effects of changes in scope of consolidation		*71.0*	*(32.7)*	*(32.4)*
Dividends received		-	-	0.2
Other cash flows from investing activities		(3.5)	0.6	1.7
Net cash generated by/(used in) investing activities		**(212.5)**	**(12.3)**	**432.8**
Cash received on exercise of stock options		1.4	2.6	4.5
Purchases and sales of treasury shares		(11.4)	-	(40.0)
Other transactions between shareholders		(1.8)	-	(14.6)
Dividends paid during the period	13	(167.3)	(317.3)	(317.3)
Cash inflows from new debt contracted		7.8	-	0.1
Repayment of debt (including finance leases)		-	(1.2)	(1.3)
Net interest paid (including finance leases)		(0.6)	0.7	1.1
Net cash generated by/(used in) financing activities		**(171.9)**	**(315.2)**	**(367.5)**
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		**(345.5)**	**(190.2)**	**202.6**
Cash position at start of period – continuing operations		**700.8**	**498.2**	**498.2**
Change in cash position during the period – continuing operations		(345.5)	(190.2)	202.6
Cash position at end of period – continuing operations		**355.3**	**308.0**	**700.8**

Consolidated balance sheet

ASSETS (€m)	Note	June 30, 2016	Dec. 31, 2015	June 30, 2015
Goodwill	5	**563.3**	**431.6**	**431.6**
Intangible assets		**236.6**	**125.2**	**108.0**
Audiovisual rights		175.8	65.0	48.0
Other intangible assets		60.8	60.2	60.0
Property, plant and equipment		**173.8**	**170.1**	**172.0**
Investments in joint ventures and associates	6	**86.0**	**84.8**	**78.6**
Non-current financial assets		**34.7**	**30.1**	**29.1**
Non-current tax assets		**-**	**-**	**-**
Total non-current assets		**1,094.4**	**841.8**	**819.3**
Inventories		**714.2**	**726.9**	**675.3**
Programmes and broadcasting rights		696.2	713.4	656.4
Other inventories		18.0	13.5	18.9
Trade and other debtors		**1,107.4**	**937.4**	**1,161.6**
Current tax assets		**28.6**	**-**	**1.9**
Other current financial assets		**-**	**4.5**	**7.0**
Cash and cash equivalents		**358.3**	**703.1**	**312.8**
Total current assets		**2,208.5**	**2,371.9**	**2,158.6**
Assets of held-for-sale operations		**-**	**-**	**491.0**
TOTAL ASSETS		**3,302.9**	**3,213.7**	**3,468.9**
Net surplus cash (+) / Net debt (-)	9	**133.1**	**700.8**	**308.0**

Consolidated balance sheet (continued)

SHAREHOLDERS' EQUITY AND LIABILITIES (€m)	*Note*	**June 30, 2016**	**Dec. 31, 2015**	**June 30, 2015**
Share capital		42.2	42.1	42.4
Share premium and reserves		1,422.1	1,599.7	1,649.5
Net profit/(loss) for the period attributable to the Group		(0.6)	99.9	61.0
Shareholders' equity attributable to the Group		**1,463.7**	**1,741.7**	**1,752.9**
Non-controlling interests		12.4	20.1	24.4
Total shareholders' equity		**1,476.1**	**1,761.8**	**1,777.3**
Non-current debt		**203.5**	**-**	**-**
Non-current provisions		**52.2**	**51.3**	**49.5**
Non-current tax liabilities		**42.6**	**11.8**	**29.8**
Total non-current liabilities		**298.3**	**63.1**	**79.3**
Current debt		**21.7**	**2.3**	**4.8**
Trade and other creditors		**1,468.4**	**1,339.7**	**1,572.5**
Current provisions		**37.0**	**36.6**	**34.8**
Current tax liabilities		**-**	**10.2**	**-**
Other current financial liabilities		**1.4**	**-**	**0.2**
Total current liabilities		**1,528.5**	**1,388.8**	**1,612.3**
Liabilities of held-for-sale operations		**-**	**-**	**-**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**3,302.9**	**3,213.7**	**3,468.9**

Consolidated statement of changes in shareholders' equity

(€m)	Share capital	Share premium	Treasury shares	Reserves	Income & expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Non-controlling interests	**Consolidated shareholders' equity**
BALANCE AT DECEMBER 31, 2015	**42.1**	**11.7**	**(20.0)**	**1,715.8**	**(7.9)**	**1,741.7**	**20.1**	**1,761.8**
Capital increase (stock options exercised)	0.1	1.3	-	-	-	**1.4**	-	**1.4**
Share-based payment	-	-	-	0.8	-	**0.8**	-	**0.8**
Purchase of treasury shares	-	-	(11.4)	-	-	**(11.4)**	-	**(11.4)**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(167.2)	-	**(167.2)**	(0.1)	**(167.3)**
Other transactions with shareholders	-	-	28.2	(2.5)	-	**25.7**	(24.3)	**1.4**
Total transactions with shareholders	**0.1**	**1.3**	**16.8**	**(168.9)**	**-**	**(150.7)**	**(24.4)**	**(175.1)**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**(0.6)**	**-**	**(0.6)**	**1.6**	**1.0**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**(1.3)**	**(1.3)**	**-**	**(1.3)**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	**(125.4)**	-	**(125.4)**	**15.1**	**(110.3)**
BALANCE AT JUNE 30, 2016	**42.2**	**13.0**	**(3.2)**	**1,420.9**	**(9.2)**	**1,463.7**	**12.4**	**1,476.1**

(€m)	Share capital	Share premium	Treasury shares	Reserves	Income & expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Non-controlling interests	**Consolidated shareholders' equity**
BALANCE AT DECEMBER 31, 2014	**42.3**	**7.3**	**-**	**1,958.6**	**(4.8)**	**2,003.4**	**36.5**	**2,039.9**
Capital increase (stock options exercised)	0.1	2.5	-	-	-	**2.6**	-	**2.6**
Share-based payment	-	-	-	0.3	-	**0.3**	-	**0.3**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(317.3)	-	**(317.3)**	**-**	**(317.3)**
Other transactions with shareholders	-	-	-	-	-	**-**	**-**	**-**
Total transactions with shareholders	**0.1**	**2.5**	**-**	**(317.0)**	**-**	**(314.4)**	**-**	**(314.4)**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**61.0**	**-**	**61.0**	**2.7**	**63.7**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other movements (changes in accounting policy and scope of consolidation, other items)	-	-	-	2.9	-	**2.9**	**(14.8)**	**(11.9)**
BALANCE AT JUNE 30, 2015	**42.4**	**9.8**	**-**	**1,705.5**	**(4.8)**	**1,752.9**	**24.4**	**1,777.3**

Notes to the condensed consolidated financial statements

1. Significant events

1-1. Acquisition of the Newen Studios group

On January 26, 2016, having obtained the necessary clearances from the regulatory authorities, TF1 completed the acquisition of a 70% equity interest in Newen Studios, the parent company of the Newen group. The Newen group is fully consolidated in the TF1 group consolidated financial statements with effect from January 1, 2016.

This acquisition had an impact of €293 million on the TF1 group's net debt, including (i) the acquisition cost of the 70% equity interest, (ii) the fair value of the commitment to buy out the 30% interest held by the minority shareholders, and (iii) 100% of the net debt carried by the Newen group.

On February 24, 2016, the Newen Studios group acquired 100% of the equity capital of Rendez-Vous Production Série. This subsidiary is fully consolidated in the TF1 group consolidated financial statements with effect from January 1, 2016.

As a result of asset and liability valuations carried out as part of the purchase price allocation process, production and distribution rights have been provisionally remeasured at a gross fair value of €67.7 million. These rights are being amortised on a straight line basis from January 1, 2016 over an average period of three years (depending on the programme). The resulting amortisation expense is included in "Non-current operating expenses" in the consolidated income statement (the expense for the second quarter of 2016 includes six months of amortisation, given that the effective date was January 1).

After taking account of all these factors and of the associated deferred tax effects, total provisional goodwill of €121 million was recognised as of June 30, 2016.

1-2. Buyout of the minority shareholding in TMC

On June 9, 2016, the TF1 group bought out the Principality of Monaco's 20% stake in the TMC channel, raising the Group's stake in the channel to 100%. The transaction was carried out via a share exchange, enabling the Principality of Monaco – which became a shareholder of TF1, with a 1.1% stake – to retain an interest in the success of TMC and of the TF1 group. This change in ownership has no effect on the agreements between the Principality of Monaco and the TF1 group, or on the way the channel (whose head office and operations remain in Monaco) is currently run.

This transaction between shareholders is accounted for in accordance with the revised IFRS 3 (Business Combinations). It has no impact in the consolidated financial statements either on profit or loss for the period or on the consolidation method used for TMC's operations (full consolidation); the net impact of €5 million is recognised in shareholders' equity attributable to the Group.

1-3. New segmental reporting structure

To reflect the new strategic orientation of the TF1 group, the group's activities will with effect from January 1, 2016 be allocated to one of two operating segments:

- ✓ Broadcasting
- ✓ Studios & Entertainment

For definitions of those segments, see Note 4 ("Operating segments"). Historical revenue and operating profit data are available on our corporate website: http://www.groupe-tf1.fr/en/investors/results-and-publications/financial-results-and-publications. For details of how consolidated entities are allocated between the operating segments, refer to Note 15 ("List of companies included in the consolidation").

2. Accounting principles and policies

2-1. Declaration of compliance and basis of preparation

The condensed consolidated financial statements for the six months ended June 30, 2016 were prepared in accordance with IAS 34, “Interim Financial Reporting”. They include the minimum content and disclosures defined in IAS 34 and consequently should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015 as published in the 2015 Document de Référence filed with the Autorité des Marchés Financiers (AMF) on March 9, 2016 under reference number D.16-0124. An English-language version of the audited consolidated financial statements for the year ended December 31, 2015 is included in the TF1 Registration Document, available on the TF1 corporate website at: http://www.groupe-tf1.fr/sites/default/files/pdf-financiers/tf1_2015_uk.pdf.

The consolidated financial statements of the TF1 group include the financial statements of TF1 SA and its subsidiaries and joint ventures, and the TF1 group’s interests in associated undertakings. They comply with recommendation no. 2009-R-03 on the presentation of financial statements, as issued by the CNC (the French national accounting standard-setter, now known as the ANC) on July 2, 2009.

The consolidated financial statements are presented in millions of euros.

The consolidated financial statements were closed off by the Board of Directors on July 21, 2016, and have been subject to a review by the statutory auditors.

2-2. New and amended IFRS accounting standards and interpretations

2-2-1. New standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption in periods beginning on or after January 1, 2016

In preparing its condensed consolidated financial statements for the six months ended June 30, 2016, 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, 2015.

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

Standard	IASB effective date	Expected impact on the TF1 group
IFRS 15: Revenue from Contracts with Customers	January 1, 2018	On May 28, 2014, the IASB issued a new standard on revenue recognition intended to replace most of the current IAS 18 and IAS 11. The new standard, which has not been endorsed by the European Union, is applicable from January 1, 2018 with early adoption permitted. The impact of this standard is currently under review.
IFRS 9: Financial Instruments: Classification and Measurement	January 1, 2018	On July 24, 2014, the IASB issued a new standard on financial instruments intended to replace most of the current pronouncements on this subject, especially IAS 39. The new standard, which has not been endorsed by the European Union, is applicable from January 1, 2018. The impact of this standard is currently under review.
IFRS 16: Leases	January 1, 2019	On January 16, 2016, the IASB issued IFRS 16, "Leases". IFRS 16 will replace IAS 17, along with the associated IFRIC and SIC interpretations, and will end the distinction currently made between operating leases and finance leases. Lessees will be required to account for all leases with a term of more than one year in a manner similar to that currently specified for finance leases under IAS 17, involving the recognition of an asset for the rights, and a liability for the obligations, arising under the lease. IFRS 16, which has not been endorsed by the European Union, is applicable from January 1, 2019. The impact of this standard is currently under review.

2-3. Changes in accounting policy

TF1 has not made any changes in accounting policy during 2016 to date, other than those required to comply with IFRS requirements applicable on or after January 1, 2016 (see Note 2-2-1), which have no material impact on the financial statements.

2-4. Use of estimates

Preparation of the condensed consolidated financial statements requires the TF1 group to make various estimates and use various assumptions regarded as realistic or 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 audiovisual rights (whether recognised as intangible assets or carried as inventory);
- impairment of goodwill (where there is evidence of impairment);
- impairment of programmes and broadcasting rights;
- measurement of provisions.

These estimates were made using the same valuation approaches as used in preparing the financial statements for the year ended December 31, 2015 and the 2015 interim financial statements. As of the date on which the financial statements were closed off by the Board of Directors, management believes that as far as possible, these estimates incorporate all information available to it.

2-5. Seasonal trends

Advertising revenues are traditionally lower in January/February and July/August than during the rest of the year.

3. Changes in scope of consolidation

3-1. Acquisition of Newen Studios and Rendez-Vous Production Série

Following the acquisition of a 70% equity interest in Newen Studios that gave TF1 exclusive control over that company, Newen Studios and its subsidiaries are fully consolidated in the TF1 group consolidated financial statements with effect from January 1, 2016 (see Note 1, "Significant Events"). They are included in the Studios & Entertainment operating segment for financial reporting purposes.

The vendors and TF1 entered into a shareholder agreement which specifies the terms of exercise of the reciprocal undertakings whereby the vendors have an option to sell to TF1, and TF1 has an option to acquire, the residual 30% equity interest during a five-year period from 2018 to 2023 in accordance with the terms of each undertaking. In the consolidated financial statements for the six months ended June 30, 2016 the commitment entered into by TF1 to buy out the minority shareholders' 30% interest was measured at fair value on the basis of discounted cash flow projections. The resulting amount was recognised as a non-current financial liability in accordance with IAS 32, with the corresponding entry recorded as a deduction from consolidated shareholders' equity.

The commitment to buy out the minority shareholders has been accounted for as an advance purchase under IFRS 3. This means that the TF1 group's percentage interest in the Newen group has been increased to 100%, and that the entire net profit or loss of the Newen group is treated as attributable to the shareholders of TF1 with no non-controlling interests recognised.

On February 24, 2016, the Newen Studios group acquired a 100% equity interest in Rendez-Vous Production Série, which is fully consolidated in the TF1 group consolidated financial statements with effect from January 1, 2016.

3-2. Bonzai Digital

On February 19, 2016, e-TF1 acquired a 51% equity interest in Bonzai Digital, a company specialising primarily in targeted advertising solutions. Bonzai Digital is fully consolidated with effect from January 1, 2016. It is included in the Broadcasting operating segment for financial reporting purposes.

The acquisition was accompanied by a shareholder agreement that includes a put option whereby the minority shareholders can sell their 49% interest to e-TF1 between 2017 and 2019. The fair value of the resulting commitment has been recognised as a non-current financial liability, with the corresponding entry recorded as a deduction from consolidated shareholders' equity.

3-3. Beauté Test

On April 6, 2016, the Newen group acquired a 75% equity interest in Devtribu, the company behind Beauté-test.com, a cosmetics testing and comparison website. Devtribu is fully consolidated with effect from April 1, 2016 and is included in the Studios & Entertainment segment for financial reporting purposes.

4. Operating segments

In the first quarter of 2016, the TF1 group changed the presentation of the internal reports used to manage and monitor the performance of its operating activities. This change is intended to better reflect the new orientation of the Group following recent transactions, in particular the divestment of the Eurosport group and the acquisition of the Newen group, as well as the implementation of new organisational structures at executive management level and across the Group more generally.
The segment information presented below has been updated to take account of this change in the Group's internal performance measurement and management reporting structures. For details of how Group entities are allocated to these segments, refer to Note 15, "Detailed list of companies included in the consolidation".

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold. 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 segmental 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

The Broadcasting segment includes all of the Group's TV channels and websites. Revenues from these activities are generated by selling advertising airtime fees and by fees collected from cable, satellite and ADSL operators.
This segment also includes activities that generate non-advertising revenue derived directly from programmes broadcast on the Group's platforms (such as interactivity between viewers and programmes), and subsidiaries involved in production and rights acquisition on behalf of the Group's TV channels and websites.

Studios & Entertainment

This segment includes:
- ✓ Content subsidiaries whose activities are primarily focused on producing and acquiring content for exploitation independently of the Group's broadcasting operations. Revenue is derived from fees for the sale of broadcasting rights and other exploitation rights in France or internationally, and from physical and online video sales.
- ✓ Entertainment activities in the broadest sense including music publishing, card and board games, licensing and live show venues.
- ✓ The Home Shopping business, including online and in-store sales.

(€m)	BROADCASTING		STUDIOS & ENTERTAINMENT		TOTAL TF1 GROUP	
SEGMENTAL INCOME STATEMENT	**H1 2016**	**H1 2015**	**H1 2016**	**H1 2015**	**H1 2016**	**H1 2015**
Segment revenue	849.5	871.3	182.1	119.1	1,031.6	990.4
Elimination of inter-segment transactions	(11.4)	(8.1)	5.0	(1.6)	(6.4)	(9.7)
GROUP REVENUE CONTRIBUTION	**838.1**	**863.2**	**187.1**	**117.5**	**1,025.2**	**980.7**
of which Advertising revenue	*766.0*	*774.7*	*4.1*	*0.0*	*770.1*	*774.7*
of which Other revenue	*72.1*	*88.5*	*183.0*	*117.5*	*255.1*	*206.0*
OPERATING PROFIT/(LOSS) (1)	**(3.9)**	**75.9**	**6.7**	**9.5**	**2.8**	**85.4**
% operating margin on Group contribution	*-0.5%*	*8.8%*	*3.6%*	*8.1%*	*0.3%*	*8.7%*
Share of profits/(losses) of joint ventures and associates (2)	0.4	1.3	(0.3)	-	0.1	1.3

1) *In 2015, operating profit for the Broadcasting segment included the gain arising on the deconsolidation of Eurosport France.*
2) *The share of profits/(losses) of joint ventures and associates by segment breaks down as follows:*
- Broadcasting segment: mainly relates to Groupe AB and SérieClub.
- Studios & Entertainment segment: mainly relates to Direct Optic Participations.

5. Goodwill

With effect from January 1, 2016, goodwill has been reallocated to cash generating units (CGUs) as shown in the table below; comparative information has been restated on the same basis. This reallocation was performed using an approach based on the relative values of each component of the CGU, in accordance with IAS 36.

(€m)	Broadcasting	Studios & Entertainment	TOTAL
Goodwill at January 1, 2015	**448.7**	**25.1**	**473.8**
Acquisitions	-	-	-
Disposals	(42.2)	-	(42.2)
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at June 30, 2015	**406.5**	**25.1**	**431.6**
Goodwill at January 1, 2016	**406.5**	**25.1**	**431.6**
Acquisitions	2.8	128.9	131.7
Disposals	-	-	-
Reclassifications	-	-	-
Impairment	-	-	-
Goodwill at June 30, 2016	**409.3**	**154.0**	**563.3**
Gross value	*409.2*	*154.0*	*563.2*
Accumulated impairment	-	-	-

Goodwill recognised during the period relates to the acquisitions described in Note 3, "Changes in scope of consolidation"; the amounts involved are provisional. In accordance with the revised IFRS 3 the TF1 group has for these acquisitions elected not to remeasure the non-controlling interests at fair value, as a result of which only the share of goodwill attributable to the Group is reported in the balance sheet.

6. Investments in joint ventures and associates

The table below gives details of investments in joint ventures and associates:

(€m)	Eurosport group	Groupe AB [(1)]	Other [(2)]	Total
Country	**France**	**France**	**France**	
January 1, 2015	**504.5**	**74.1**	**3.2**	**581.8**
Share of profit/(loss) for the period	0.2	0.8	0.3	**1.3**
Provision for impairment	-	-	-	**-**
Dividends paid	(14.2)	-	0.2	**(14.0)**
Changes in scope of consolidation and reclassifications	(490.5)	-	-	**(490.5)**
Provision for risks	-	-	-	**-**
June 30, 2015	**-**	**74.9**	**3.7**	**78.6**
January 1, 2016	**-**	**72.3**	**12.5**	**84.8**
Share of profit/(loss) for the period	-	(0.4)	0.5	**0.1**
Provision for impairment	-	-	-	**-**
Dividends paid	-	-	-	**-**
Changes in scope of consolidation and reclassifications	-	-	1.1	**1.1**
Provision for risks	-	-	-	**-**
June 30, 2016	**-**	**71.9**	**14.1**	**86.0**

(1) Given the timescale for finalisation of the financial statements of Groupe AB, the share of this entity's losses recognised as of June 30, 2016 was calculated on the basis of its results for the fourth quarter of 2015 and the first quarter of 2016.

(2) Other investments in joint ventures and associates mainly comprise TF6, SérieClub, Direct Optic Participations and UGC Distribution.

No other income and expense recognised directly in equity was reported by joint ventures or associates.

7. Other movements in shareholders' equity (changes in accounting policy and scope of consolidation, other items)

This line item in the consolidated statement of changes in shareholders' equity mainly relates to the recognition of liabilities for commitments to buy out minority shareholders, in particular those of Newen Studios.

The movement in the "Non-controlling interests" column relates to the inclusion in the consolidated financial statements of the non-controlling interests arising from the acquisition of the Newen group.

The amounts shown on the line "Other transactions between shareholders" relate mainly to the buyout by TF1 of the Principality of Monaco's 20% equity interest in the TMC subsidiary, in exchange for TF1 shares (see Note 1, "Significant events").

8. Stock option plan no. 15 and free share allotment plan

On June 8, 2016, the TF1 group issued:

- ✓ A stock option plan (plan no. 15), comprising 641,700 options exercisable on or after June 8, 2020 at an exercise price of €10.99. The fair value of this plan is measured at €1.4 million; this amount is being charged to profit or loss (in "Staff costs") over the three-year vesting period of the options.
- ✓ A free share allotment plan comprising 169,900 shares, with a three-year vesting period. The fair value of this plan is measured at €1.9 million; this amount is being charged to profit or loss (in "Staff costs") over the three-year vesting period of the shares.

Vesting of the options and shares awarded under these two plans is contingent on the attainment of performance objectives based on the Group's consolidated revenue, operating profit and net profit during the three-year vesting period.

The impact of these plans on the consolidated financial statements as of June 30, 2016 is immaterial.

9. Net surplus cash

✓ Net surplus cash (or net debt) as reported by the TF1 group comprises the following items:

(€m)	Dec. 31, 2015	Cash flows	Changes in scope of consolidation	Other movements	June 30, 2016
Cash and cash equivalents	703.1	(415.8)	71.0		358.3
Financial assets used for treasury management purposes	-				-
Available cash	**703.1**	**(415.8)**	**71.0**	**-**	**358.3**
Interest rate derivatives – assets	-				-
Interest rate derivatives – liabilities	-				-
Fair value of interest rate derivatives	-				-
Non-current debt	-	(7.8)	(195.7)		(203.5)
Current debt	(2.3)	-	(23.4)	4.0	(21.7)
Total debt	**(2.3)**	**(7.8)**	**(219.1)**	**4.0**	**(225.2)**
Net surplus cash (+) / Net debt (-)	**700.8**	**(423.6)**	**(148.1)**	**4.0**	**133.1**

As of June 30, 2016, non-current debt and current debt include the fair value of the commitments made by TF1 to buy out majority shareholders, primarily those with an equity interest in Newen Studios and its subsidiaries (see Note 1, "Significant events").

As of June 30, 2016, TF1 had access to confirmed bilateral credit facilities with banks totalling €885 million, backed up by a cash pooling agreement with the Bouygues group. As of June 30, 2016, nothing was drawn down under this cash pooling agreement.

✓ Definition of cash position:

The cash flow statement analyses movements in the net cash position, which equals cash and cash equivalents less bank overdrafts and treasury current account credit balances.

(€m)	June 30, 2016	Dec. 31, 2015
Cash and cash equivalents in the balance sheet	358.3	703.1
Cash of held-for-sale operations	-	-
Treasury current account credit balances	(2.2)	(2.3)
Bank overdrafts	(0.8)	-
Total net cash position at end of period per the cash flow statement	**355.3**	**700.8**

10. Non-recurring expenses

The non-current operating expenses of €54.7 million reported in the income statement represent (i) costs incurred on the reorganisation of the Group and on the freeview switchover of the LCI channel and (ii) amortisation charged against rights remeasured at fair value as part of the Newen Studios purchase price allocation (see Note 1, "Significant events").

They also include the effect of changes in French regulations relating to the production of French drama:

With effect from the decree of April 27, 2015, the Group is entitled to co-production shares in respect of its investments in French drama productions. Consequently, as indicated in the description of the Group's accounting policies, some of the acquisition costs for these rights are capitalised as intangible assets and are subject to amortisation and impairment charges on the basis of expected future receipts, while the remainder continues (as was previously the case for all such investments) to be recognised in inventory and charged to profit or loss as and when the programme is broadcast.

Because impairment is charged against the capitalised component earlier than the date on which the inventory is consumed, the fact that the workdown of existing contracts is being taken into account simultaneously with the recognition of the new contracts generated an additional expense of €19.7 million in the first half of 2016, reported in "Non-current operating expenses". Amortisation and impairment charged against capitalised co-production are included in the cost of programmes (see Note 9.11.2 to the 2015 consolidated financial statements as included in the 2015 Registration Document).

11. Cash flow statement - effect of changes in scope of consolidation

The figures shown in this section of the cash flow statement relate to the impact of the acquisitions of Newen Studios, Rendez-Vous Production Série, Bonzai Digital and Beauté Test.

12. Provisions for retirement benefit obligations

The discount rate used to measure provisions for retirement benefit obligations (iBoxx A10+) was 1.44% as of June 30, 2016, 69 basis points lower than the rate applied in the financial statements for the year ended December 31, 2015. The impact of this change is immaterial, and has not been recognised in the consolidated financial statements for the six months ended June 30, 2016.
For information, a reduction of 70 basis points in the discount rate would increase the obligation by €3.5 million.

13. Dividends paid

The table below shows the dividend per share paid by the TF1 Group on April 26, 2016 in respect of the 2015 financial year, and the amount paid in 2015 in respect of the 2014 financial year.

	Paid in 2016	**Paid in 2015**
Total dividend (€m)	167.2	317.3
Dividend per ordinary share (€)	0.80	1.50

14. Events after the reporting period

No significant event after the reporting period had occurred as of the date when the financial statements were closed off by the Board of Directors.

15. Detailed list of companies included in the consolidation

Following the change to the segmental reporting structure, the allocation of consolidated entities to the various operating segments is as indicated below:

			June 30, 2016		December 31, 2015	
COMPANY	COUNTRY	ACTIVITY	% CONTROL	METHOD	% CONTROL	METHOD
Broadcasting						
TF1 SA	*France*	*Broadcasting*	*Parent company*		*Parent company*	
TELE MONTE CARLO	Monaco	Theme channel	100.00%	Full	80.00%	Full
NT1	France	Theme channel	100.00%	Full	100.00%	Full
HD1	France	Theme channel	100.00%	Full	100.00%	Full
LA CHAINE INFO	France	Theme channel	100.00%	Full	100.00%	Full
METRO FRANCE PUBLICATIONS	France	Digital news platform	100.00%	Full	100.00%	Full
TMC REGIE	France	TMC advertising airtime sales	100.00%	Full	100.00%	Full
TF1 PUBLICITE	France	TF1 advertising airtime sales	100.00%	Full	100.00%	Full
LA PLACE MEDIA	France	Advertising airtime sales	24.70%	Equity	24.70%	Equity
OUEST INFO	France	TV news images agency	100.00%	Full	100.00%	Full
TF1 FILMS PRODUCTION	France	Movie co-production	100.00%	Full	100.00%	Full
TF1 PRODUCTION	France	Programme production	100.00%	Full	100.00%	Full
APHELIE	France	Real estate company	100.00%	Full	100.00%	Full
FIRELIE	France	Real estate company	100.00%	Full	100.00%	Full
PERELIE	France	Real estate company	100.00%	Full	100.00%	Full
UGC DISTRIBUTION	France	Exploitation of audiovisual rights	34.00%	Equity	34.00%	Equity
e-TF1	France	Content/broadcasting: internet and TV services	100.00%	Full	100.00%	Full
WAT	France	Internet content & services	-	-	-	-
BONZAI DIGITAL		Digital marketing consultancy	100.00%	Full	-	-
GIE TF1 Acquisitions de droits	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
TF1 DS	France	Acquisition/sale of audiovisual rights	100.00%	Full	100.00%	Full
EUROSPORT France SA	France	Theme channel	-	-	-	-
EUROSPORT GROUP	France	Audiovisual production, scheduling & broadcasting	-	-	-	-
TV BREIZH	France	Theme channel	100.00%	Full	100.00%	Full
TF6	France	Theme channel	50.00%	Equity	50.00%	Equity
TF6 GESTION	France	TF6 management company	50.00%	Equity	50.00%	Equity
SERIE CLUB	France	Theme channel	50.00%	Equity	50.01%	Equity
STYLIA	France	Theme channel	-	-	-	-
HISTOIRE	France	Theme channel	100.00%	Full	100.00%	Full
USHUAIA TV	France	Theme channel	100.00%	Full	100.00%	Full
TF1 DISTRIBUTION	France	Distribution of TV channels	100.00%	Full	100.00%	Full
TF1 THEMATIQUES	France	Theme channels holding company	100.00%	Full	100.00%	Full
MONTE CARLO PARTICIPATIONS	France	TMC holding company	100.00%	Full	100.00%	Full
PREFAS 18	France	Holding company	100.00%	Full	100.00%	Full
TF1 EXPANSION	France	Holding company	100.00%	Full	100.00%	Full
GROUPE AB	France	Audiovisual production, scheduling & broadcasting	33.50%	Equity	33.50%	Equity

			June 30, 2016		December 31, 2015	
COMPANY	COUNTRY	ACTIVITY	% CONTROL	METHOD	% CONTROL	METHOD
Studios & Entertainment						
Newen Studios group (*sub-consolidation)*	France	Programme production	100.00%	Full	-	-
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 DROITS AUDIOVISUELS	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
TELESHOPPING	France	Home shopping	100.00%	Full	100.00%	Full
TOP SHOPPING	France	Retail distribution	100.00%	Full	100.00%	Full
DIRECT OPTIC PARTICIPATIONS	France	e-commerce	47.85%	Equity	47.85%	Equity
TF1 VIDEO	France	Exploitation of video rights	100.00%	Full	100.00%	Full
TF1 ENTREPRISES	France	Telematics, spin-off rights	100.00%	Full	100.00%	Full
DUJARDIN	France	Producer of board/card games	100.00%	Full	100.00%	Full
UNE MUSIQUE	France	Publisher of music & sound recordings	100.00%	Full	100.00%	Full
STS EVENEMENTS	France	Commercial operation of live show venues	55.00%	Full	55.00%	Full
TF1 EVENTS	France	Event management	100.00%	Full	100.00%	Full

Télévision Française 1

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