Half-Year Financial Report

2014

Contents

Results

Financial indicators

The results presented below comply with international financial reporting standards (IFRS). As a result of applying IFRS 5 and IFRS 11, the 2013 first-half and full-year financial statements have been restated as described below. Consequently, detailed contributions from the entities mentioned below are no longer included in the figures presented, and:

- *the net profit of Eurosport International is reported in "Net profit/loss from discontinued or held-for-sale operations" for the period until May 30, 2014, and the TF1 group's 49% share of that entity's net profit is reported in "Share of profits/losses from joint ventures and associates" from June 1, 2014;*
- *the TF1 group's 50% share of the net profits/losses of TF6 and Serieclub is reported in "Share of profits/losses from joint ventures and associates".*

For details of how IFRS 5 and IFRS 11 are applied, see the notes to the consolidated financial statements.

These key figures are extracted from TF1 consolidated financial data for continuing operations.

€m	H1 2014	H1 2013	FY 2013 (12 months)	H1 2013 reported
Revenue	**1,025.7**	**1,019.7**	**2,075.3**	**1,208.0**
Group advertising revenue	*769.9*	*782.5*	*1,594.3*	*820.2*
Revenue from other activities	*255.8*	*237.2*	*481.0*	*387.8*
Current operating profit/(loss)	**24.2**	**42.6**	**146.7**	**70.8**
Operating profit/(loss)	**24.2**	**42.6**	**146.7**	**70.8**
Net profit/(loss) attributable to the Group from continuing operations	**16.1**	**28.2**	**98.2**	**42.1**
Cash flow *	**53.3**	**67.6**	**178.8**	**98.8**
Basic earnings per share from continuing operations (€)	**0.08**	**0.13**	**0.47**	**0.20**
Diluted earnings per share from continuing operations (€)	**0.08**	**0.13**	**0.47**	**0.20**
Shareholders' equity attributable to the Group	**1,912.8**	**1,602.3**	**1,703.7**	**1,610.0**
Net surplus cash (+) / net debt (-) of continuing operations	**425.1**	**na**	**188.9**	**165.7**

** Before cost of net debt and income taxes*

	H1 2014	H1 2013	FY 2013 (12 months)	H1 2013 reported
Weighted average number of shares outstanding ('000)	211,323	210,352	210,645	210,325
Closing share price at end of period (€)	11.97	9.19	14.01	9.19
Market capitalisation at end of period (€bn)	2.5	1.9	3.0	1.9

Income statement contributions – continuing operations

The following contributions are presented in accordance with IFRS 5 and IFRS 11.

	Revenue				Current operating profit/(loss)			
€m	H1 2014	H1 2013	FY 2013	H1 2013 reported	H1 2014	H1 2013	FY 2013	H1 2013 reported
Broadcasting & Content	**866.1**	**846.3**	**1,729.0**	**844.2**	**11.5**	**28.6**	**101.6**	**28.6**
Broadcasting	802.4	814.7	1,656.0	814.1	0.6	25.9	92.8	25.9
Content	63.7	31.6	73.0	30.1	10.9	2.7	8.8	2.7
Consumer Products	**91.6**	**100.6**	**205.1**	**100.6**	**7.0**	**4.8**	**25.3**	**4.8**
TF1 Vidéo	20.5	29.9	58.0	29.9	0.8	2.7	0.8	2.7
Home Shopping	47.7	48.4	85.5	48.4	3.6	0.4	14.2	0.4
TF1 Entreprises	23.4	22.3	61.6	22.3	2.6	1.7	10.3	1.7
Pay-TV	**63.1**	**68.3**	**132.0**	**258.8**	**(3.1)**	**0.9**	**3.1**	**29.1**
Eurosport France	33.3	35.3	67.1	219.5	(1.5)	2.2	5.2	30.7
Theme Channels France	29.8	33.0	64.9	39.3	(1.6)	(1.3)	(2.1)	(1.6)
Holding company & other	**4.9**	**4.5**	**9.2**	**4.4**	**8.8**	**8.3**	**16.7**	**8.3**
TOTAL	**1,025.7**	**1,019.7**	**2,075.3**	**1,208.0**	**24.2**	**42.6**	**146.7**	**70.8**

Breakdown of Group advertising revenue (continuing operations)

€m	Contributions to Group advertising revenue			
	H1 2014	**H1 2013**	**FY 2013**	**H1 2013 reported**
Broadcasting & Content advertising	**762.3**	**770.6**	**1,572.1**	**770.1**
Television	721.0	728.5	1,488.0	728.4
Other media	41.3	42.1	84.1	41.7
Pay-TV advertising	**7.6**	**11.9**	**22.2**	**50.1**
Eurosport (1)	3.7	4.8	9.0	40.9
Theme Channels France	3.9	7.1	13.2	9.2
GROUP ADVERTISING REVENUE	**769.9**	**782.5**	**1,594.3**	**820.2**

(1) *Eurosport group (Eurosport International and Eurosport France) for the first half of 2013 as reported; Eurosport France for all other periods.*

Cost of programmes by type for the four free-to-air channels

€m	**H1 2014**	**H1 2013**	**FY 2013**
Total cost of programmes	**512.6**	**491.5**	**946.7**
Major sporting events	*55.7*	-	-
Total excluding major sporting events	**456.9**	**491.5**	**946.7**
Entertainment/Gameshows/Magazines	148.6	143.6	285.1
Drama/TV movies/Series/Plays	160.2	176.4	321.9
Sport (excluding major sporting events)	26.5	31.4	60.4
News	52.4	52.0	100.8
Films	60.9	79.3	161.8
Children’s programmes	8.3	8.8	16.7

Key events of the first half of 2014

January

January 15, 2014: Digital version of Metronews launched on the Apple kiosk.

January 21, 2014: Agreement signed between TF1 and Discovery Communications enabling Discovery to increase its 20% stake in Eurosport International to 51% ahead of schedule.

January 27, 2014: TF1 is the first company in the audiovisual sector to be awarded the “Responsible Supplier Relations” label celebrating French companies which have established long-lasting and fair relationships with their suppliers.

February

February 15, 2014: The *Star Wars Identities* exhibition is launched, produced by TF1 Musique’s Shows division. Held at the Cité du Cinéma and presented in Europe for the first time, the exhibition offers the French public an interactive journey to the heart of the *Star Wars* saga.

March

March 1, 2014: Téléshopping opens its fourth store, at the Evry 2 shopping mall in the Paris suburbs.

March 3, 2014: TF1 Licences becomes the agent for two iconic brands: Bécassine, the archetypal female Breton character, and Solex, revitalised by its recent makeover.

March 6, 2014: RSE Médias Forum, a corporate social responsibility group bringing together CSR managers working in the French media and headed up by TF1, publishes the first edition of its practical guide “Corporate Social Responsibility in the Media Sector”.

March 13, 2014: Following a call for expressions of interest in November 2013, the TF1 group, exclusive holder of the 2014 FIFA World Cup rights, sells broadcasting rights for all 64 matches in the competition to beIN SPORTS, including exclusive rights to 36 matches. TF1 retains exclusive free-to-air broadcasting rights for the 28 top fixtures, including French national team matches, the round of 16, the quarter finals, the two semi-finals and the final.

March 21, 2014: At the 21st *Anime & Manga Grand Prix* ceremony organised by *AnimeLand* magazine, *Les Mystérieuses Cités d'Or* won best international animation prize. Produced by Blue Spirit Productions in collaboration with TF1, this series of animations has been broadcast on TFOU since December 9, 2012. The series has achieved excellent audience figures among younger viewers. A third season of *Les Mystérieuses Cités d'Or* is currently under development.

April

April 1, 2014: The TF1 Licences subsidiary wins three awards at the *Trophées des Marques* ceremony: Best Sport Licence, Best Brand Licence, and Best Innovation.

April 13, 2014: TF1 unveils its new advertising campaign with the tagline *Partageons des ondes positives.*

April 16, 2014: MYTF1VOD moves up to the no.2 slot in user-declared VoD services.

April 16, 2014: The movie *Qu’est-ce qu’on a fait au Bon Dieu?*, co-produced by TF1 Films Production and TF1 Droits Audiovisuels, goes on general release.

May

May 7, 2014: Public hearing before the CSA (the French audiovisual regulator) on the application for the LCI channel to switch to freeview.

May 14, 2014: The selection of the movie *Grace of Monaco* for the official opening of the Cannes film festival gives the TF1 group high-profile exposure at this flagship event.

May 30, 2014: Discovery Communications completes the acquisition of a controlling interest in Eurosport International, raising its stake from 20% to 51%.

June

June 12, 2014: TF1 begins live coverage of the 20th FIFA World Cup in Brazil with an exceptional team assembled especially for the occasion.

June 24, 2014: The LCI channel celebrates its 20th anniversary.

June 24, 2014: TF1 is the favourite established channel for the second year running in the “TV Notes” popular vote organised by puremedias.com, 20 Minutes and RTL.

Management Review

Boulogne-Billancourt – July 24, 2014

Change in accounting policy

In the first half of 2014, the TF1 group applied IFRS 10, IFRS 11 and IFRS 12 for the first time. The main impact for the Group is a change in the consolidation method used for TF6 and Serieclub, which are now accounted for by the equity method (refer to Notes 2.2 and 2.3 to the consolidated financial statements).

TF1 has not made any other changes in accounting policy in 2014 to date other than those required to comply with new or amended IFRS requirements applicable on or after January 1, 2014 (see note 2.2.1 to the financial statements), which have no impact on the financial statements.

1. Financial performance

1.1. Revenue

Consolidated revenue for the first half of 2014 was €1,025.7 million, a rise of €6.0 million (+0.6%).

Group advertising revenue was down slightly at €769.9 million (-1.6%).

This comprises:

- €721.0 million of advertising revenue for the Group's free-to-air channels, slightly lower year-on-year (-1.0%), reflecting a broader supply of advertising airtime (largely due to the growing power of DTT channels) and the lack of any upturn in demand. Despite a much less favourable comparative base than the first quarter, slippage in advertising revenue for the Group's 4 free-to-air channels was held at 2.2% in the second quarter, cushioned by the positive effects of the early stages of the 2014 FIFA World Cup on the TF1 core channel.

- €41.3 million of revenue generated by advertising on other Broadcasting & Content media, down 1.9% year-on-year. Third-party airtime sales performed well, but failed to offset the drop in advertising revenue at Metro France.

- €7.6 million of advertising revenue from Pay-TV media, 36.1% lower than in the first half of 2013. This is against a backdrop of intense competition, with the six new DTT channels considerably increasing the advertising slots available. Pay Theme channels in France continued to see their advertising revenues slide.

Non-advertising revenue for the first half of 2014 was €255.8 million, a rise of €18.6 million (+7.8%) on the comparable period of 2013. The recognition of €30 million in revenue from the resale of rights to the 2014 FIFA World Cup more than offset lower revenue at TF1 Vidéo (in a market that remains under pressure) and a drop in interactivity revenue (reflecting changes in programming relative to the previous year).

1.2. Cost of programmes and other current operating income/expenses

The cost of programmes for the TF1 group's 4 free-to-air channels was €512.6 million in the first half of 2014, versus €491.5 million a year earlier, a rise of €21.1 million (including €55.7 million for the 21 matches from the 2014 FIFA World Cup shown on TF1 during the second quarter).

This means that excluding major sporting events, the cost of programmes for the first half of 2014 showed a significant year-on-year saving of €34.6 million, attributable to:

- timing differences in programming schedules in the first quarter (football matches involving the French national team, the *NRJ Music Awards*, and *Koh Lanta*);
- tight cost control in a sluggish advertising market;
- better sharing of programmes between the Group's 4 free-to-air channels;
- savings of €11.8 million on programmes replaced by World Cup matches in the June 2014 schedules.

The cost of programmes for the second quarter of 2014 was €282.2 million, up €48.9 million year-on-year, reflecting the screening of the early stages of the 2014 FIFA World Cup on TF1. Excluding major sporting events, the cost of programmes for the second quarter of 2014 showed a saving of €6.8 million.

Other expenses and depreciation, amortisation and provisions rose by €3.3 million in the first half of 2014. Savings made during the period on personnel costs and a gain from a SMS tax claim were offset by costs associated with the 2014 FIFA World Cup rights held for resale.

Under Phase II of the optimisation plan launched in 2012, TF1 generated recurring €10 million of recurring savings in the first half of 2014, comprising €3 million on the cost of programmes for the TF1 channel (all generated in the second quarter) and €7 million in productivity gains (of which €3 million came in the second quarter). Overall, €66 million of recurring savings have now been generated since mid-2012 out of the €85 million the Group is committed to achieving by end 2014.

1.3. Current operating profit

The Group made a current operating profit of €24.2 million in the first half of 2014, including costs of €55.7 million associated with the 2014 FIFA World Cup; this compares with €42.6 million in the first half of 2013.

Second-quarter current operating profit was €13.3 million, versus €63.3 million a year earlier.

1.4. Net profit

Cost of net debt was positive €0.4 million in the first half of 2014, as the Group ran a net cash surplus during the period.

Other financial income and expenses showed a net gain of €0.2 million for the first half of 2014, mainly on remeasurements of currency hedges.

Income tax expense for the first half of 2014 was €9.7 million, versus €11.4 million a year earlier.
The share of profits and losses of joint ventures and associates improved by €2,4 million to €2,0 million. It includes the share of profits of Eurosport International for the month of June, 2014, following the sale of a controlling stake in Eurosport International to Discovery on May 30, 2014. Following the first-time application of IFRS 11, this line also includes the share of profits and losses of TF6 and Serieclub, previously accounted for using the proportionate consolidation method. As with the Group's fully-owned pay-TV channels, results at TF6 and Serieclub have been hit by competition from DTT channels in the advertising market.

The Group made a net profit from continuing operations of €17.1 million, a fall of €14.1 million.
Net profit from discontinued and held-for-sale operations rose by €292.8 million year-on-year to €310.2 million. The 2014 first-half figure consists of the net profit of Eurosport International from January to May, plus the gain of €293.8 million on the sale of a controlling stake in Eurosport to Discovery Communications on May 30, 2014.
Overall, net profit for the first half of 2014 totalled €327.3 million.

Net profit attributable to non-controlling interests was €4.1 million in the first half of 2014, a decrease by €2.4 million year-on-year. This figure reflects the 20% equity interest held by Discovery Communications in four of the TF1 group's Pay-TV theme channels, and also Discovery Communications' share of the net profit of Eurosport International for the period from January to May.

Net profit attributable to the Group for the first half of 2014 was €323.2 million, versus €42.1 million a year earlier.

1.5. Financial position

The TF1 group was in robust financial health at end June 2014. Shareholders' equity attributable to the Group stood at €1,912.8 million, out of a balance sheet total of €3,745.6 million.

Net cash of continuing operations as of June 30, 2014 was €425.1 million, versus €188.9 million as of December 31, 2013. During the first half of 2014, the Group recorded cash inflows for:
- the balance of the proceeds from the capital reduction carried out by Groupe AB in 2013, amounting to €26.8 million;
- the sale of 31% of Eurosport International to Discovery Communications on May 30, 2014.

As of June 30, 2014, the Group had confirmed bilateral credit facilities totalling €825 million with various banks.
None of the facilities was drawn down at the end of the period. These facilities, which have maturities of between 1 and 5 years depending on the facility, are renewed regularly as they expire so that the Group always has sufficient liquidity.

1.6. Post balance sheet events

There are no post balance sheet events to report.

2. Analysis by segment

2.1. BROADCASTING AND CONTENT

Revenue (€m)	H1 2014	H1 2013	Chg %
Broadcasting	**802.4**	**814.7**	**-1.5%**
Advertising – TV	721.0	728.5	-1.0%
Advertising – other media	41.3	42.1	-1.9%
Other revenue	40.1	44.1	-9.1%
Content	**63.7**	**31.6**	**x 2,0**
Broadcasting & Content	**866.1**	**846.3**	**+2.3%**

Current operating profit/(loss) (€m)	H1 2014	H1 2013	Chg €m
Broadcasting	**0.6**	**25.9**	**(25.3)**
Content	**10.9**	**2.7**	**+8.2**
Broadcasting & Content	**11.5**	**28.6**	**-17.1**

Broadcasting & Content segment revenue for the first half of 2014 was €866.1 million, up 2.3% on the first half of 2013.

Current operating profit fell by €11.5 million, but includes the effect of the €55.7 million cost of screening 21 matches from the 2014 FIFA World Cup during the second quarter.

Broadcasting & Content segment revenue rose by 4.7% to €480.8 million in the second quarter, while current operating profit was €7.9 million (versus €54.5 million a year earlier).

2.1.1.Broadcasting

First-half revenue fell by 1.5% to €802.4 million, comprising €762.3 million of advertising revenue (-1.1%) and €40.1 million of non-advertising revenue (-9.1%).

Current operating profit fell by €25.3 million in the first half of 2014 to €0.6 million. This figure includes the €55.7 million cost of screening 21 matches from the 2014 FIFA World Cup during the second quarter.

Advertising revenue[1]

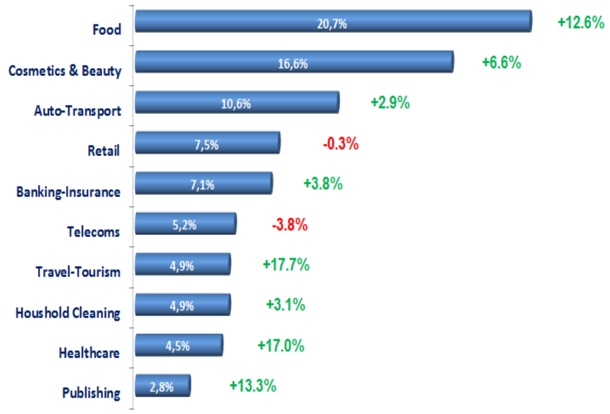
Gross plurimedia advertising spend to end June 2014 was €14.9 billion.
Please note that these advertising investments are calculated according to a new methodology for measuring investments made on the Internet. The comparison with investments measured on the same period last year is therefore not applicable.
Excluding Internet, plurimedia advertising spend are increasing by 3.3 % to €12.4 billion.

- Television remains the no.1 medium in terms of advertising spend, with gross advertising spend up 9.0% at €5.0 billion in the period (its market share reached 33.4%).
  Spend on free-to-air DTT continues to grow at a rapid pace (+19.6%), driven by the increasing level of penetration of the 6 new channels launched in December 2012. Gross revenues for the established channels rose by 4.1%.
- Print media still ranks second in France with gross revenue of €3.6 billion to end June 2014, down 1.4% year-on-year. Its market share was 24.4% over the period.
- Radio saw gross revenue rise by 1.9% to €2.2 billion.
- Outdoor advertising increased by 0.2% year-on-year to €1.3 billion, while cinema was fown 2.5% at €179.8 million.
- Spend on Internet reached €2.6 billion.

The TF1 group's free-to-air channels reported a 5.7% year-on-year increase in gross revenue in the first half of 2014.

Trends in gross advertising spend for these four channels during the first half of 2014 are shown below.

[1] 2014 plurimedia spend excluding sponsorship (6 media)



Source: Kantar Média, January-June 2014 vs. January-June 2013.

Over the first half of 2014, advertising revenue for the TF1 group's 4 free-to-air channels fell by a modest 1.0%. Advertising revenue for the segment's other media slipped by 1.9% on lower advertising spend at Metronews, which wiped out the effect of a fine performance from third-party advertising airtime sales.

Despite weak demand, broadening supply and a much less favourable comparative than in the first quarter, slippage in advertising revenue for the Group's 4 free-to-air channels was held at 2.2% in the second quarter. Advertising revenue generated by the screening of 21 matches from the 2014 FIFA World Cup on the TF1 channel limited the decline in revenue during the quarter, in a market that remains challenging.

- **Free-to-air channels**[1]

Market

Average daily TV viewing time remained high in the first half of 2014 among individuals aged 4 and over (3 hours 46 minutes), and among the target audience of "women aged under 50 purchasing decision-makers" (3 hours 45 minutes). These figures do not include time spent watching television on secondary devices (computers, tablets, smart-phones), or consumption of catch-up content. Changes to the way audience figures are measured are currently being considered.

Rollout of the 6 new HD DTT channels launched on December 12, 2012 is ongoing. These channels were potentially receivable in over 71.2% of French households as of June 30, 2014. During the first half of 2014, they had a combined audience share of 3.7% among individuals aged 4 and over, and 4.9% among "women aged under 50 purchasing decision-makers". This compares with 1.9% and 2.7% respectively at end June 2013.

Audiences

In a more competitive marketplace, the TF1 group is striving to provide its four channels with the most complementary and appropriate range of programmes possible.

With rival freeview channels still providing highly competitive schedules, the TF1 group's 4 free-to-air channels nonetheless turned in a very good performance, thanks largely to the screening of the 2014 FIFA World Cup on the TF1 channel. To end June 2014, they attracted a combined audience share of 28.9% among individuals aged 4 and over, versus 29.0% in the first half of 2013 (down 0.1 of a point) and 28.9% over 2013 as a whole. Among "women aged under 50 purchasing decision-makers", the combined audience share was 32.2%, versus 32.5% in the first half of 2013 and 32.6% over 2013 as a whole.

During the second quarter of 2014, the Group had an audience share of 29.1% among individuals aged 4 and over (+2.5% year-on-year), rising to 32.3% among "women aged under 50 purchasing decision-makers" (+0.9%).

TF1

TF1 is still the leading TV channel in France by far, with 22.9% audience share among individuals aged 4 and over (the same as in the first half of 2013, when programming was particularly strong). This performance was due partly to the screening of the 2014 FIFA World Cup on the TF1 channel. It is worth noting too that competition was more than usually intense during the first half of 2014, largely due to prestige events (like the Winter Olympics) being broadcast on public-service channels during the first quarter. The audience share among "women aged under 50 purchasing decision-makers" was 24.3%, versus 25.2% in the first half of 2013. The gap between TF1 and its nearest private-sector rival for this key target audience is 8.8 points, compared with 9.4 points in the first half of 2013.

In the second quarter of 2014, TF1's audience share among individuals aged 4 and over reached 23.1%, up 3.6% year-on-year, driven by the high audience ratings for the 2014 FIFA World Cup.

[1] Source: Médiamétrie – Médiamat.

Constant innovation has helped TF1 to confirm its unique position and its status as the must-see channel. In the first half of 2014, it was the only French channel to attract more than 8 million viewers, which it did on 61 occasions. Across all the channel's output, 14 programmes attracted more than 9 million viewers, and 8 attracted more than 10 million.

The average prime time audience for the TF1 channel in the first half was 6.0 million, and the channel was the most watched for 89% of programmes shown in prime time.

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

Entertainment: *Les Enfoirés* was watched by 13.0 million viewers on March 14, and attracted a record 62% share among "women aged under 50 purchasing decision-makers". The third season of *The Voice* attracted up to 10.1 million viewers, the highest for an entertainment programme since May 2007.

US series: *Person of Interest* attracted up to 7.1 million viewers.

French drama: The renaissance of this genre continues. *Ce soir, je vais tuer l'assassin de mon fils* attracted 8.3 million viewers, more than any other one-off drama since January 2011.

Movies: TF1 achieved the highest audience for a film since November 2010 with *Bienvenue chez les Ch'tis*, watched by up to 11.5 million viewers.

News: TF1's regular news bulletins are still the most watched in Europe. The evening bulletin drew up to 10.8 million viewers (the highest figure since September 2011), and in the first half of 2014 recorded the biggest lead over its nearest rival for 3 years.
Meanwhile, the lunchtime bulletin attracted up to 7.6 million viewers and an average audience share of 43% among individuals aged 4 and over.
The evening election specials in March and May were particularly popular, with viewing figures averaging 4.7 million for the two rounds of local elections (900,000 more than the rival shows on France 2) and 6.2 million for the European elections.
The special D-Day commemoration programme on June 6 was watched by 2.5 million viewers in an afternoon slot, an audience share of 27% among individuals aged 4 and over.

2014 FIFA World Cup

In June and July 2014, TF1 broadcast the 2014 FIFA World Cup from Brazil. This was a major event for the TF1 group, which achieved excellent performances across all of its media.

The 28 matches shown on the TF1 channel were watched by an average of 9 million viewers, giving audience share of 46% among individuals aged 4 and over. These are the second-best figures for any World Cup after the 2006 tournament (in which France reached the final). The biggest audience was for the France-Germany quarter-final, watched by 16.9 million people in access prime time, representing an audience share of 72% among individuals aged 4 and over. The final between Argentina and eventual winners Germany attracted 13.6 million viewers.

This global event also proved a great success in terms of the Group's innovative digital spin-offs. These included an unprecedented second screen offering web users live multi-cam coverage via 6 different cameras, plus streaming statistics and replays of highlights just a few minutes after they happened via the "Wall of Goals" (*Mur des Buts*).

Over the whole tournament, as many as 32 million videos were watched across the Group's media: 15 million live, and 17 million catch-up and bonus videos. The final alone generated 900,000 live views (the best rating for a match not involving France, apart from the opening match). Overall, the 360 strategy deployed around the World Cup was a resounding success.

In financial terms, the impact of the 2014 FIFA World Cup on the cost of programmes for the TF1 group, comprising rights and production costs for the matches shown up to and including June 30, 2014, was €55.7 million. Over 2014 as a whole, the tournament will have a €74.4 million impact on the cost of programmes(€69 million for rights, and €5.4 million for production costs) spread across the 28 matches broadcast. This gives an average cost per match of €2.7 million (versus €2.9 million in 2010).

TMC

With rival chains investing heavily in programmes, TMC posted an audience share of 3.2% among individuals aged 4 and over, versus 3.5% a year earlier. Among "women aged under 50 purchasing decision-makers", the channel's audience share proved more resilient, stabilising at 3.7% to end June 2014.

The channel is also the leading DTT prime time movie channel, with nearly 1 million viewers in the first half of 2014 (+4%). Series continue to post good ratings, especially previously unscreened episodes of *Hercule Poirot* (1.5 million viewers) and *CSI:NY* (French title: *Les Experts Manhattan*, 1.2 million viewers). TMC also has excellent ratings for magazines, drawing record audiences for *90' enquêtes* (up to 1.3 million viewers).

NT1

In the first half of 2014, NT1 attracted an average audience share of 1.9% among individuals aged 4 and over (-0.2 of a point). Like TMC, NT1 is bearing up well against the competition, and held its audience share among "women aged under 50 purchasing decision-makers" steady year-on-year at 2.9%.

NT1 is the 4th ranking DTT channel among "women aged under 50 purchasing decision-makers" and the 15-34 age bracket. The channel is a particularly big hitter in movies, with as many as 1.6 million viewers watching X-Men Origins: Wolverine, the best viewing figures posted by NT1 in 2014 to date.

NT1 also scores very well in entertainment: *Pascal le grand frère* and *Super Nanny* drew up to 8% of "women aged under 50 purchasing decision-makers", and the *Le Bachelor* was watched by 1.1 million people. American series also rated highly, especially *Client List* (up to 12% audience share among "women aged under 50 purchasing decision-makers") and *Walking Dead*.

HD1

Launched in December 2012, HD1 is the market leader among the 6 new HD channels, both for individuals aged 4 and over and "women aged under 50 purchasing decision-makers". Devoted to all forms of narrative, the channel has an audience share of 0.9% over the first half of 2014, and has topped the 1.0% mark since April among individuals aged 4 and over. In the first half of 2014, the audience share was 1.3% among "women aged under 50 purchasing decision-makers".
HD1 is the only HD DTT channel to have passed the 200,000 average prime-time viewer mark, thanks to movies like *Lethal Weapon 3* (French title: *L'arme fatale III*, 699,000 viewers) and *Back to the Future* (French title: *Retour vers le Futur*, 684,000 viewers), French drama (*Une famille formidable, R.I.S* and *Julie Lescaut*), and American series such as *House* (French title: *Dr House*).

HD1 is clearly building on its successful launch, and is set for further progress as its geographical rollout continues. . The channel was potentially receivable in over 71.2% of French households as of June 30, 2014

- **e-TF1**

The TF1 group continued its digital innovation strategy during the first half of 2014, forging ever closer links between the channel and digital, especially on flagship TF1 programmes in areas such as news and entertainment. Online video once again performed very well on MYTF1.fr, thanks largely to good audiences for the 2014 FIFA World Cup.

The TF1 group ranks 4th for time spent watching video alongside the major multinationals[1].

Revenue slipped by 4.5% over the period to €51.2 million. Higher interactivity revenue in the second quarter did not entirely offset the dip in revenue seen in the first quarter as a result of less favourable programming than in 2013. Current operating profit was €10.8 million, giving current operating margin of 20.1%.

- **Other media**

Metro France[2]

Metronews is the second most widely read daily newspaper in France, with nearly 2.6 million readers. The digital transformation of Metronews is ongoing, with the Metronews application now the 3rd most widely used app in the News category. A total of 10.5 million people use the various Metronews media each month.
Price pressure in the freesheet advertising market remains intense, and Metronews saw first-half revenue contract as a result. However, cost control helped limit the impact at operating level.

[1] Source: Médiamétrie NetRatings – April 2014
[2] Source: Etude One 2013

TF1 Publicité (third-party airtime sales)

Third-party airtime sales (for radio stations and non-Group TV channels) reported an increase in revenue in the first half of 2014.

2.1.2.Content

Revenue from the Content business for the first half of 2014 was €63.7 million, up €32.1 million year-on-year. This figure includes €30 million from the resale of rights to the 2014 FIFA World Cup.

Revenue (€m)	H1 2014	H1 2013	Chg %
TF1 Vidéo	20.5	29.9	-31.4%
Home Shopping	47.7	48.4	-1.4%
TF1 Entreprises	23.4	22.3	+4.9%
Consumer Products	**91.6**	**100.6**	**-8.9%**

Current operating profit was €10.9 million, versus €2.7 million a year earlier.

- **TF1 Droits Audiovisuels**

Total box office entries for French cinemas in the first half of 2014 reached 106.6 million, up 11.4% on the comparable period of 2013. French films accounted for an estimated 48.5% of the market over this period, an improvement of 11.1 points on the first half of 2013[1].

TF1 Droits Audiovisuels reported higher revenue in the first half of 2014, driven largely by healthy catalogue revenues and the general release of 4 films: *Dallas Buyers Club* (which won 3 Oscars), *Divin Enfant*, *How I Live Now* and *Qu'est-ce qu'on a fait au bon Dieu ?* (the last of which attracted more than 10 million in July). This fed through into an improvement in current operating profit over the period.

- **TF1 Production**

There was a significant increase in intragroup activity at TF1 Production during the first half, thanks mainly to the World Cup and the producing of new drama episodes. The subsidiary produced 298 hours of programming in the period (versus 122 in the first half of 2013), with the DTT channels accounting for a rising share of orders. However, third-party revenue fell year-on-year.

TF1 Production's contribution to Group operating profit improved, reflecting growth in revenue and a favourable product mix combined with a reduction the cost base following the closure of the subsidiary's post-production platform.

- **TF1 Films Production**

During the first half of 2014, 10 films co-produced by TF1 Films Production went on general release (versus 13 in the first half of 2013), attracting a combined total of 22.5 million box office entries (versus 13.4 million to end June 2013). Five of these films had topped one million box-office entries by end June, starting with the runaway success *Qu'est-ce qu'on a fait au bon Dieu ?* which drew close to 10 million cinema-goers in the first half. The other four films to top the one million mark were *Supercondriaque* (5.2 million), *La Belle et la Bête* (1.8 million), *Barbecue* (1.6 million) and *Non Stop* (1.2 million).

2.2. CONSUMER PRODUCTS

Current operating profit/(loss) (€m)	H1 2014	H1 2013	Chg €m
TF1 Vidéo	0.8	2.7	(1.9)
Home Shopping	3.6	0.4	+3.2
TF1 Entreprises	2.6	1.7	+0.9
Consumer Products	**7.0**	**4.8**	**+2.2**

Revenue for the Consumer Products segment fell by 8.9% to €91.6 million, although operating profit rose by €2.2 million to €7.0 million.

2.2.1. TF1 Vidéo

TF1 Vidéo posted a 31.4% decline in revenue to €20.5 million. But despite this revenue erosion and a drop of €1.9 million in operating profit. TF1 Vidéo remained in the black.

[1] Source: CNC – provisional data.

This decline reflects the contraction in the physical video market, which shrank by 15.5% year-on-year to end May 2014. However, two significant releases in June (*Sacrifice* and *Crocodile du Botswanga*) helped offset the sluggish trend at the end of the second quarter caused by fewer new releases.
VoD revenue advanced during the first half of 2014, outperforming the broader VoD market (which posted 0.6% growth to end April, after contracting in 2013). However, the rise in VoD revenue was not enough to offset the decline for traditional media.

2.2.2. Home Shopping

The Home shopping business generated revenue of €47.7 million in the first half of 2014, versus €48.4 million a year earlier, a fall of 1.4%. However, the 2013 first-half figure includes revenue from the Place des Tendances business, which was sold in the fourth quarter of 2013. Excluding the effect of this change in structure, Home Shopping posted a sharp rise in first-half revenue, as the number of orders rose following refreshment of the product mix in 2013 and new sales outlets opened.

Current operating profit for the first half of 2014 was €3.6 million, an increase of €3.2 million. Cost control remained tight across the whole of the business, despite the costs incurred on opening new sales outlets.

2.2.3. TF1 Entreprises

TF1 Entreprises posted revenue of €23.4 million for the first half of 2014, up 4.9% on the first six months of 2013.

The subsidiary's businesses are building on past successes, and are generally performing well:

- Licences, thanks largely to contracts tied into successful programmes like *The Voice* and *Masterchef*;
- Publishing, with further success for the *Tintin* and *Barbapapa* collections, and expansion in international activities;
- Music, thanks to in-house productions and co-productions (Les Stentors, Vincent Niclo, Gentlemen, etc.), partnerships with artists initiated in 2013 (Florent Pagny) and 2014 (Coldplay, Yannick Noah), and the *Star Wars Identities* exhibition (which has attracted 250,000 visitors since it opened on February 15 and will now run until October in Paris before transferring to Lyon);
- However, the Games business reported a fall in revenue during the first half of 2014, reflecting a contracting market for board and card games. Sales are still being driven by the *1000 Bornes* collection and the success of the *Money Drop* show, in line with the success of the programmes.

The growth in first-half revenue at TF1 Entreprises has fed through to current operating profit which reached €2.6 million, an improvement of €0.9 million on the first half of 2013.

2.3. PAY-TV

The results presented below comply with international financial reporting standards (IFRS). As a result of applying IFRS 5 and IFRS 11, the 2013 first-half and full-year financial statements have been restated as described below. Consequently, detailed contributions from the entities mentioned below are no longer included in the figures presented, and:

- *the net profit of Eurosport International is reported in "Net profit/loss from discontinued or held-for-sale operations" for the period until May 30, 2014, and the TF1 group's 49% share of that entity's net profit is reported in "Share of profits/losses from joint ventures and associates" from June 1, 2014;*
- *the TF1 group's 50% share of the net profits/losses of TF6 and Serieclub is reported in "Share of profits/losses from joint ventures and associates".*

For details of how IFRS 5 and IFRS 11 are applied, see the notes to the consolidated financial statements.

Revenue (€m)	H1 2014	H1 2013	Chg %
Eurosport France	**33.3**	**35.3**	**-5.7%**
Advertising	3.7	4.8	-22.9%
Other revenue	29.6	30.5	-3.0%
Theme Channels France	**29.8**	**33.0**	**-9.7%**
Advertising	3.9	7.1	-45.1%
Other revenue	25.9	25.9	0.0%
Pay-TV	**63.1**	**68.3**	**-7.6%**

Current operating profit/(loss) (€m)	H1 2014	H1 2013	Chg €m
Eurosport France	**(1.5)**	**2.2**	**(3.7)**
Theme Channels France	**(1.6)**	**(1.3)**	**(0.3)**
Pay-TV	**(3.1)**	**0.9**	**(4.0)**

Pay-TV segment revenue fell by 7.6% in the first half of 2014 to €63.1 million. Competition from an expanded freeview offer and a sluggish environment for advertising are hitting the segment's advertising revenue hard.

The result at current operating level deteriorated by €4.0 million to a loss of €3.1 million, largely as a result of slippage in Eurosport France operating profits.

2.3.1. Eurosport France

On May 30, 2014, the TF1 group announced that it had completed the sale of a controlling stake in Eurosport International to Discovery Communications. The TF1 group's equity interest in Eurosport International fell from 80% to 49% as a result, but the Group still retains an 80% equity interest in Eurosport France.

Eurosport France posted revenue of €33.3 million in the first half of 2014, 5.7% lower than in the comparable period of 2013. The main factor was a 22.9% slump in advertising revenue (combined with a more modest fall of 3.0% in subscription revenue), reflecting the tough competitive environment in Pay-TV.

This revenue erosion, plus the increased costs associated with screening the Winter Olympics, fed through into a €3.7 million deterioration in the result at operating level as the business posted a €1.5 million loss.

Operating performance

At end June 2014, Eurosport France was being received in 7.5 million paying households in France, slightly fewer (-1.3%) than in the first half of 2013. The HD version of the Eurosport channel has seen an increase in the subscriber base over the past year, as have the Eurosport 2 SD and HD channels.

Eurosport has an audience share of 0.8% among individuals aged 4 and over.
Average daily audiences on the EUROSPORT.fr site were up 8.3% on the first half of 2013, in line with the high-profile sporting events screened in the period (Winter Olympics and World Cup).

2.3.2. Theme Channels France[1]

Against a backdrop of an expansion in the free-to-air offer in France, pay-TV channels as a whole had an audience share of 10.8% in the first half of 2014, down 0.2 of a point year-on-year.

Theme channel revenue for the first half of 2014 was down 9.7% year-on-year at €29.8 million. This fall reflects a marked decline in advertising revenue (€3.2 million lower than in the first half of 2013), as pay-TV channels were hit hard during the period by competition from freeview DTT at a time of contracting advertising spend.

There was a deterioration of €0.3 million in the current operating loss, reflecting the decline in revenue, but tight control of the cost base helped limit the erosion in profitability during the period.

- **LCI**

LCI is maintaining its editorial stance focused on analysis and explanation of news stories. The channel also continues to offer strong brands like *Le Club LCI*, now being screened for the fourth successive year. Highlights of the first half of 2014 included coverage of the local and European elections, and of the football World Cup.

[1] Source: Médiamat'Thématik (wave 27, January-June 2014), Pay-TV universe, except for cumulative Pay-TV channel figures: Médiamat – cumulative January to June 2014.

The channel reported a heavier operating loss in the first half of 2014, largely due to a deterioration in advertising revenue. An application for the channel to switch to freeview was filed with the CSA (the French audiovisual regulator) in March 2014; the CSA hearing was held on May 7, 2014.

The channel's audience share held steady at 0.5% of individuals aged 4 and over.

- **TV Breizh**

TV Breizh confirmed its status as the no.1 cable/satellite pay-TV mini-channel, with audience share up 0.1 of a point to 1.3% among individuals aged 4 and over and stable at 1.4% among "women aged under 50 purchasing decision-makers".

In tough competitive and economic conditions, TV Breizh experienced a drop in revenue in the first half of 2014. Distribution revenues held steady, but advertising revenue fell. However, operating profit was higher than in the comparable period of 2013, thanks to cost reductions unlocked by the relocation of the channel from Lorient to Boulogne-Billancourt in March 2013 and to savings on programming.

- **Histoire, Ushuaïa, Stylía**

These channels had a combined audience share of 0.4% among individuals aged 4 and over.

Revenue from the three Découverte channels fell slightly in the first half of 2014 against a backdrop of intense competitive pressure. Profitability was unaffected because of reductions in the cost base thanks to the fact that like LCI, these channels have been transmitted from the TF1 Boulogne-Billancourt site since April 2013 rather than from their historical base in Lorient.
The channels are strengthening their programming schedules in advance of the renegotiation of their distribution contracts. Since the start of 2014, Histoire and Ushuaïa have been screening programmes from the Discovery catalogue and placing greater emphasis on event-driven shows.

Histoire is continuing to focus on its editorial policy and on building awareness of its brand as the gold standard history channel on cable, satellite and ADSL. In pursuit of this agenda, the channel is offering event-driven programmes like the D-Day landing commemorations shown in the first half of 2014.
Ushuaïa TV is maintaining its editorial policy, with the emphasis on adventure and discovery. The channel's audience share among individuals aged 4 and over was 0.2% in the first half of 2014.
Finally, Stylía continues to base its editorial policy on women's lifestyle issues.

2.4. Holding company and other

Revenue (€m)	H1 2014	H1 2013	Chg %
Holding company & other	4.9	4.5	8.9%

Current operating profit/(loss) (€m)	H1 2014	H1 2013	Chg €m
Holding company and other	8.8	8.3	+ 0.5

The "Holding company and other" segment, which includes the Group's property and transmission entities, posted revenue of €4.9 million (+8.9%). Current operating profit increased by €0.5 million to €8.8 million.

The bulk of this segment's revenue is generated by transmission activities, while most of its current operating profit derives from property entities.

2.5. TF6 and Serieclub[1]

As a result of the first-time application of IFRS 11, the TF6 and Serieclub theme channels, jointly held in equal shares by the TF1 and M6 groups, are no longer accounted for by the proportionate consolidation method within the Pay-TV segment; instead, they are accounted for using the equity method.

During the first half of 2014, Serieclub reported revenue growth but revenue at TF6 fell slightly, in a contracting theme channel advertising market. Operating results at Serieclub were worse than in the first half of 2013, while TF6 reported better operating results thanks to substantial savings in programming costs and overheads.

[1] Source: Médiamat'Thématik (Wave 27, January-June 2014), Pay-TV universe.

As announced in April 2014, TF6 will cease broadcasting on December 31, 2014. The channel has been making significant losses for several years, and competition from freeview DTT channels coupled with erosion in advertising revenue make a return to profit impossible.
TF1 and M6 will remain 50/50 shareholders in Serieclub, which will be operated by the M6 group from January 1, 2015.

In the first half of 2014, Sérieclub had an audience share of 0.4% among individuals aged 4 and over (0.5% among “women aged under 50 purchasing decision-makers”). TF6 had an audience share of 0.5% among individuals aged 4 and over (1.1% among “women aged under 50 purchasing decision-makers”).

3. Corporate social responsibility

3.1. Employment

Charter on job opportunities for disabled people in the audiovisual industry

On February 11, 2014, the TF1 group signed a charter intended to promote job opportunities and professional training for disabled people in the audiovisual industry. The charter has two main objectives:

- improving accessibility to audiovisual industry training establishments for students with disabilities;
- promoting job opportunities for people with disabilities in audiovisual sector companies.

New agreement on people with disabilities

As part of its ongoing policy of promoting job opportunities for people with disabilities, the TF1 group has signed a new 3-year agreement that carries on the initiatives begun in the two previous agreements, in three key areas:

- operating a proactive recruitment plan;
- protecting the jobs of existing employees who have disabilities;
- outsourcing activities to sheltered workplace organisations.

The main new feature of the 2014-2016 agreement is the introduction of specific paid leave entitlement for parents of children with disabilities.

Anti-discrimination hotline

As part of its commitment to fight discrimination, the TF1 group has set up an external hotline with Allodiscrim, a specialist law firm. The aim is to provide employees with better information and advice about what to do if they feel they are being discriminated against or treated unfairly.

3.2. Society

Publication of the Media CSR Guide

On March 6, 2014, RSE Médias forum, a corporate social responsibility group bringing together CSR managers working in the French media and headed up by TF1, published the first edition of its practical guide “Corporate Social Responsibility in the Media Sector”.

This guide, prepared with the support of the Corporate Social Responsibility Observatory (ORSE), covers the key CSR topics for media companies and gives an overview of the political, economic and regulatory context of the industry. Technical factsheets for each topic provide examples of appropriate indicators and industry best practice. The seven topics addressed in this first edition are: accessibility of programmes to people with impaired vision or hearing; media education; ethics and compliance; environmental impact; the safeguarding of children; representing and promoting diversity; and raising public awareness of sustainable development. Further factsheets on topics such as advertising and data protection are in the pipeline. This joint publication is intended to stimulate constructive dialogue with industry observers on the very specific challenges faced by media companies.

3.3. Responsible purchasing

The TF1 group is awarded the “Responsible Supplier Relations” label

On January 27, 2014, the TF1 group was awarded the “Responsible Supplier Relations” label celebrating French companies which have established long-lasting and fair relationships with their suppliers.
This is a first for the audiovisual sector. The label, awarded by *Médiation Nationale Interentreprises* (a government body mediating customer/supplier difficulties between companies) and the French national federation of buyers (CDAF), rewards the overall supplier relations policy adopted by TF1. The award follows an audit conduct by the specialist sustainable development firm Vigeo, and reflects the commitments made by the TF1 group purchasing department under the auspices of the Corporate Relations Charter. This charter, signed by the Group in 2012, sets out 10 responsible purchasing commitments, including:

- paying suppliers on time;
- encouraging long-lasting relationships with suppliers based on a partnering approach;
- professionalisation of the purchasing function and process;
- total cost principle in tendering;
- building environmental and social factors into purchasing processes.

3.4. Environment

Waste management for the audiovisual sector in the Île-de-France region and Ecoproduction Charter

Ecoprod, a collective of which TF1 is a founding member, launched its "Environmental Charter for Audiovisual Companies" on March 10, 2014. By signing up to the charter, SMEs working in the industry commit to reducing the ecological impact of their business and services. The charter covers areas such as energy efficiency, travel and waste management. Signatory companies embark on a self-assessment process before developing an eco-friendly approach and gradually integrating it into their activities, with support from Ecoprod.

4. Human Resources update

As of June 30, 2014 the TF1 group had 2,733 employees on permanent contracts, versus 2,921 a year earlier and 2,764 on December 31, 2013.

5. Governance

The Board of Directors has decided to set up an Ethics and CSR Committee to advise on ethical issues and on corporate social responsibility issues relating to employment, society and the environment. This new committee will be chaired by Janine Langlois-Glandier and will also include Catherine Dussart and Sophie Leveaux, the first two being independent directors and the third an employee representative. The Board's internal procedures have been updated to include procedures specific to the new Committee, setting out its role and competencies and how it operates.

The Board of Directors has also adopted a Code of Ethics for the TF1 group, addressing issues specific to the areas in which the Group operates: news, production, and broadcasting. Alongside this new Code, the Board has also approved four compliance programmes dedicated to anti-corruption measures, competition issues, conflicts of interest, and stock market activity. These programmes are a logical extension to the Group's Code of Ethics and internal control procedures.

6. Stock market performance

TF1 shares closed at €11.97 on June 30, 2014, up 30.2% compared with the price on June 30, 2013.
Over the same period, the CAC 40 and SBF 120 indices rose by 18.3% and 20.0% respectively.

During the first six months of the year, the share price fell by 14.6%, compared with growth of 3.0% for the CAC 40 and 3.8% for the SBF 120.

TF1 had a market capitalisation of €2.5 billion on June 30, 2014, versus €1.9 billion a year earlier.

7. Shareholding

	June 30, 2014		
	Number of shares	% of capital	% of voting rights
Bouygues	**91,946,297**	**43.5%**	**43.5%**
TF1 employees	**14,443,585**	**6.8%**	**6.8%**
via the FCPE TF1 fund	*14,278,988*	*6.8%*	*6.8%*
as registered shares	*164,597*	*0.1%*	*0,1 %*
Free float	**105,015,703**	**49.7%**	**49.7%**
Treasury shares	**0**	**0.0%**	**0.0%**
Total	**211,405,585**	**100.0%**	**100.0%**

	December 31, 2013		
	Number of shares	% of capital	% of voting rights
Bouygues	**91,946,297**	**43.5%**	**43.5%**
TF1 employees	**14,707,698**	**7.0%**	**7.0%**
via the FCPE TF1 fund	*14,543,101*	*6.9%*	*6.9%*
as registered shares	*164,597*	*0.1%*	*0.1%*
Free float	**104,606,018**	**49.5%**	**49.5%**
Treasury shares	**0**	**0.0%**	**0.0%**
Total	**211,260,013**	**100.0%**	**100.0%**

	June 30, 2013		
	Number of shares	% of capital	% of voting rights
Bouygues	**91,946,297**	**43.6%**	**43.6%**
TF1 employees	**16,117,143**	**7.7%**	**7.7%**
via the FCPE TF1 fund	*16,029,916*	*7.6%*	*7.6%*
as registered shares	*87,227*	*0.0%*	*0.0%*
Free float	**102,528,843**	**48.7%**	**48.7%**
Treasury shares	**30,000**	**0.0%**	**0.0%**
Total	**210,622,283**	**100.0%**	**100.0%**

Outlook

In the absence of any clear signs of economic recovery in France, advertisers remain wary and visibility on future advertising spend is still very limited. Market fragmentation and the growing volumes of advertising shown on DTT are also ratcheting up the competitive pressure.
In the second half of the year we will offer programming anchored on major brands, offering advertisers unrivalled exposure.

At the same time, we are driving ahead with our policy of innovation in all areas, while maintaining control over our cost base. Under Phase II of our optimisation plan, which calls for total recurring savings of €85m, we are reiterating our target of achieving the €19m of recurring savings scheduled for the second half of 2014.

Building on our solid market position and rigorous management approach, we will remain alert during the months ahead so that we can continue to adapt our business model to changing market conditions, help to drive regulatory change while keeping focused on growth opportunities.

Related Parties

There have been no significant developments in respect of related parties since publication of the TF1 Registration Document, the French version of which was filed with the AMF on March 11, 2014 (reference D. 14-0132), except for an increase in the treasury current account with Bouygues Relais following receipt of the proceeds from the sale of Eurosport SAS.

Risk Factors

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

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

- **operational risks:**
  - risk of loss of key programmes;
  - risks related to the economic crisis;
- **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 related to radio spectrum developments (frequency changes, 4G interference, second dividend);
- **legal risks:**
  - risks related to broadcasting licences and CSA enforcement powers;
  - risks related to public pressure on advertising and programmes;
  - risks related to additional taxes or legislative changes;
  - risks related to the rights of individuals (privacy and defamation);
  - risks related to intellectual property rights (copyright and related rights);
  - specific risks related to certain reality TV shows;
  - risks related to competition law;
  - specific risks related to the HD1 licence;
  - distribution of the LCI channel;
  - process of acquiring 100% of NT1 and of the 40% of TMC held by Groupe AB;
- **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 the TF1 group 2013 registration document (pages 70 to 77), further developments have occurred on the following issues:

Risks related to additional taxes or legislative changes:

Given the funding problems at France Télévisions, a resumption of advertising on public-service channels after 8 p.m. cannot be ruled out.

Risks related to competition law:

Description of the risk

On December 20, 2013, the CSA sent TF1 a questionnaire relating to the complaint filed by Canal+ with the French competition authority on June 12, 2013, alleging abuse of a dominant position in the advertising market by TF1. The questionnaire related to a request for an advisory opinion, made by the competition authority to the CSA. However, the competition authority has not to date issued a formal notification of grievance to TF1 in respect of the Canal+ complaint.

In addition:

- In April 2014, reports appeared in the press suggesting that the M6 group had filed a complaint against TF1 with the French competition authority, alleging "*abuse of a dominant position in the television advertising market*".
- In a press release dated July 2, 2014, the NextRadioTV group announced that it had filed a complaint with the French competition authority against the TF1 group, alleging "*anti-competitive collusion and abuse of dominant position*".

However, TF1 has to date received no information or requests relating to the claims made by the M6 and NextRadioTV groups, and the competition authority has not yet issued a formal notification of grievance to TF1 in respect of either complaint.

How the risk is being managed

More broadly, the risk of claims alleging breaches of competition law (collusion, 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. The General Counsel's department has already submitted an economic study to the French competition authority and the CSA, commissioned from the accountancy and consultancy firm RBB, that demonstrates the pro-competitive impact of TF1's position in the advertising market.

Specific risks related to the HD1 licence:

Description of the risk

The HD1 channel holds an HD DTT licence dated July 3, 2012. This licence was issued at the end of a tendering procedure initiated by the CSA on October 18, 2011.

On September 18, 2012 Fiducial TV, which submitted a rival bid in the same tendering procedure but was not selected by the CSA, appealed to the *Conseil d'Etat* to set aside the decision to grant a licence to HD1 and to the five other channels that were also granted licences.

On May 2, 2014, in an additional investigational measure, the *Conseil d'Etat* asked HD1 about the modulation over time of the effects of a potential setting aside of the decision to grant the licence.

How the risk is being managed

TF1 has responded to all the submissions made by Fiducial, and has provided the *Conseil d'Etat* with an assessment of the loss that would be incurred if the decision to grant the licence to HD1 were set aside. This loss would not be limited solely to the loss of the value of the business, but would also include irrecoverable losses and the as yet unquantified financial consequences in terms of the channel's commitments. If the decision to grant the licence were to be set aside, HD1 would be justified in reclaiming the entire amount of the loss from the French state on grounds of negligent illegality.

In addition, the TF1 group has made it clear that setting aside the decision to grant the licence would be against the public interest, specifically the interests not only of television viewers but also the audiovisual industry (especially commitments made by HD1 in terms of its contribution to creative audiovisual production).

Distribution of the LCI channel:

Description of the risk

The distribution contracts for the LCI channel expire on December 31, 2014. In addition, the channel's pay-TV model is no longer economically viable due to a decline in distribution fees and a slump in advertising revenues.

How the risk is being managed

The TF1 group has responded by applying to the CSA to switch LCI to freeview, citing the new article 42-3 of the "Freedom of Communication" Act. Given the fierce opposition from many media industry players, there is no guarantee that this application will be approved: the CSA response is expected on July 30, 2014. If approval for this change in LCI's business model is not obtained, there are question marks over whether LCI will survive after January 1, 2015.

Apart from the risks described above and those mentioned in the 2013 Registration Document, the TF1 group is unaware of any other major risks for the remaining six months of the year.

Consolidated financial statements for the six months ended June 30, 2014

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

Consolidated balance sheet

ASSETS (€ million)	Note	June 30, 2014	Dec. 31, 2013 [a]	June 30, 2013 [a]
Goodwill		**473.8**	**473.8**	**865.5**
Intangible assets		**105.5**	**108.4**	**125.8**
Audiovisual rights		44.9	48.0	50.6
Other intangible assets		60.6	60.4	75.2
Property, plant and equipment		**186.3**	**190.0**	**212.1**
Investments in joint ventures and associates	*6*	**566.3**	**83.5**	**162.9**
Non-current financial assets		**18.2**	**17.6**	**14.8**
Non-current tax assets		**-**	**-**	**10.1**
Total non-current assets		**1,350.1**	**873.3**	**1,391.2**
Inventories		**707.6**	**679.1**	**645.3**
Programmes and broadcasting rights		689.3	663.1	628.4
Other inventories		18.3	16.0	16.9
Trade and other debtors		**1,253.0**	**1,126.3**	**1,332.4**
Current tax assets		**6.4**	**31.7**	**18.7**
Other current financial assets		**0.4**	**-**	**2.1**
Cash and cash equivalents	*10*	**428.1**	**289.3**	**183.5**
Total current assets		**2,395.5**	**2,126.4**	**2,182.0**
Held-for-sale assets		**-**	**645.6**	**-**
TOTAL ASSETS		**3,745.6**	**3,645.3**	**3,573.2**
Net surplus cash (+) / Net debt (-)		**425.1**	**256.1**	**164.6**
Net surplus cash of continuing operations		***425.1***	***188.9***	
Net surplus cash of held-for-sale operations		***-***	***67.2***	

(a) Due to the retrospective application of IFRS 11 with effect from January 1, 2013 (see Note 2.2.1), the presentation of the balance sheet as of June 30, 2013 and December 31, 2013 has been changed.

Consolidated balance sheet (continued)

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	*Note*	June 30, 2014	Dec. 31, 2013 [(a)]	June 30, 2013 [(a)]
Share capital	*7*	42.3	42.2	42.1
Share premium and reserves		1,547.3	1,524.5	1,518.1
Net profit/(loss) for the period attributable to the Group		323.2	137.0	42.1
Shareholders' equity attributable to the Group		**1,912.8**	**1,703.7**	**1,602.3**
Non-controlling interests	*8*	34.3	130.5	122.5
Total shareholders' equity		**1,947.1**	**1,834.2**	**1,724.8**
Non-current debt	*10*	**-**	**1.2**	**10.9**
Non-current provisions		**44.4**	**40.8**	**41.2**
Non-current tax liabilities	*9*	**27.0**	**9.2**	**8.7**
Total non-current liabilities		**71.4**	**51.2**	**60.8**
Current debt	*10*	**3.0**	**99.2**	**8.0**
Trade and other creditors		**1,689.7**	**1,445.0**	**1,725.4**
Current provisions		**33.2**	**30.0**	**44.5**
Current tax liabilities		**-**	**16.2**	**9.3**
Other current financial liabilities		**1.2**	**3.8**	**0.4**
Total current liabilities		**1,727.1**	**1,594.2**	**1,787.6**
Liabilities related to held-for-sale operations		**-**	**165.7**	**-**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**3,745.6**	**3,645.3**	**3,573.2**

Consolidated income statement

(€ million)	Notes	First half 2014	First half 2013 (a) (b)	Second quarter 2014	Second quarter 2013(a)	Full year 2013(b)
Advertising revenue		769.9	782.5	415.8	426.8	1,594.3
Other revenue		255.8	237.2	140.2	115.7	481.0
Revenue		**1,025.7**	**1,019.7**	**556.0**	**542.5**	**2,075.3**
Other income from operations		-	-	-	-	0.2
Purchased consumed and changes in inventory		(601.6)	(503.6)	(351.8)	(238.8)	(976.4)
Staff costs		(163.0)	(172.8)	(83.2)	(84.5)	(352.2)
External expenses		(172.6)	(185.3)	(85.9)	(92.9)	(368.1)
Taxes other than income taxes		(61.0)	(64.5)	(32.4)	(34.3)	(131.5)
Depreciation and amortisation, net		(28.6)	(31.3)	(13.6)	(15.6)	(61.4)
Provisions and impairment, net		38.0	(0.3)	35.2	(2.6)	(32.2)
Other current operating income		37.3	34.2	13.6	19.4	97.4
Other current operating expenses		(50.0)	(53.5)	(24.6)	(29.9)	(104.4)
Current operating profit/(loss)		**24.2**	**42.6**	**13.3**	**63.3**	**146.7**
Other operating income		-	-	**-**	**-**	-
Other operating expenses		-	-	**-**	**-**	-
Operating profit/(loss)		**24.2**	**42.6**	**13.3**	**63.3**	**146.7**
Income associated with net debt		0.5	0.3	0.1	0.1	0.6
Expenses associated with net debt		(0.1)	(0.1)	-	-	(0.2)
Cost of net debt	*11*	**0.4**	**0.2**	**0.1**	**0.1**	**0.4**
Other financial income		0.3	2.2	0.3	2.1	2.9
Other financial expenses		(0.1)	(2.0)	0.1	(1.6)	(2.1)
Income tax expense		(9.7)	(11.4)	(7.7)	(24.0)	(45.2)
Share of profits/(losses) of joint ventures and associates	*6*	2.0	(0.4)	3.0	(0.7)	0.5
Net profit/(loss) from continuing operations		**17.1**	**31.2**	**9.1**	**39.2**	**103.2**
Net profit from discontinued/held-for-sale operations	*12*	**310.2**	**17.4**	**301.8**	**13.9**	**48.5**
Net profit/(loss)		**327.3**	**48.6**	**310.9**	**53.1**	**151.7**
attributable to the Group:		***323.2***	***42.1***	***308.6***	***48.4***	***137.0***
Net profit/(loss) from continuing operations		*16.1*	*28.2*	*8.2*	*37.3*	*98.2*
Net profit/(loss) from discontinued or held-for-sale operations		*307.1*	*13.9*	*300.4*	*11.1*	*38.8*
attributable to non-controlling interests:		**4.1**	**6.5**	***2.3***	***4.7***	***14.7***
Net profit/(loss) from continuing operations		*1.0*	*3.0*	*0.9*	*1.9*	*5.0*
Net profit/(loss) from discontinued or held-for-sale operations		*3.1*	*3.5*	*1.4*	*2.8*	*9.7*
Weighted average number of shares outstanding (in '000)		211,323	210,352	211,323	210,352	210,645
Basic earnings per share from continuing operations (€)		0.08	0.13	0.04	0.17	0.47
Diluted earnings per share from continuing operations (€)		0.08	0.13	0.04	0.17	0.47
Basic earnings per share from held-for-sale operations (€)		1.45	0.07	1.42	0.06	0.18
Diluted earnings per share from held-for-sale operations (€)		1.44	0.07	1.41	0.06	0.18

(a) *In accordance with IFRS 5 (see Note 4), the presentation of the 2013 first-half income statement as published in July 2013 has been changed in order to show results from discontinued or held-for-sale operations separately.*

(b) *Due to the retrospective application of IFRS 11 with effect from January 1, 2013 (see Note 2.2.1), the presentation of the income statement for the six months ended June 30, 2013 and the year ended December 31, 2013 has been changed.*

Statement of recognised income and expense

(€ million)	1st half 2014	1st half 2013	Full year 2013
Consolidated net profit/(loss) for the period	**327.3**	**48.6**	**151.7**
Items not reclassifiable to profit or loss			
Actuarial gains/losses on employee benefits	(2.3)	-	(3.0)
Net tax effect of equity items not reclassifiable to profit or loss	0.9	-	1.0
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 *	3.2	-	(5.7)
Remeasurement of available-for-sale financial assets	-	-	-
Change in cumulative translation adjustment of controlled entities	0.2	-	-
Net tax effect of equity items reclassifiable to profit or loss	(1.1)	-	2.1
Share of reclassifiable income and expense of associates recognised in equity	-	-	-
Income and expense recognised directly in equity	**0.9**	**-**	**(5.6)**
Total recognised income and expense	**328.2**	**48.6**	**146.1**
attributable to the Group	324.1	41.9	131.4
attributable to non-controlling interests	4.1	6.7	14.7

* *Includes +€2.1m relating to the reclassification of cash flow hedges to profit or loss*

Consolidated statement of changes in shareholders' equity

(€ million)	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, 2013	**42.2**	**5.8**	**-**	**1,661.5**	**(5.8)**	**1,703.7**	**130.5**	**1,834.2**
Capital increase (share options exercised)		0.8	-	-	-	**0.9**	-	**0.9**
Share-based payment	-	-	-	0.3	-	**0.3**	-	**0.3**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(116.2)	-	**(116.2)**	(8.7)	**(124.9)**
Other transactions with shareholders	-	-	-	-	-	**-**	-	**-**
Total transactions with shareholders	**0.1**	**0.8**	**-**	**(115.9)**	**-**	**(115.0)**	**(8.7)**	**(123.7)**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**323.2**	**-**	**323.2**	**4.1**	**327.3**
Income and expense recognised directly in equity		**-**	**-**	**-**	**0.9**	**0.9**	**-**	**0.9**
Other transactions (changes in accounting policy and scope of consolidation, other items)		-	-	**-**	-	**-**	**(91.6)**	**(91.6)**
BALANCE AT JUNE 30, 2014	**42.3**	**6.6**	**-**	**1,868.8**	**(4.9)**	**1,912.8**	**34.3**	**1,947.1**

(€ million)	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, 2012	**42.1**	**-**	**-**	**1,635.2**	**(0.2)**	**1,677.1**	**117.0**	**1,794.1**
Capital increase (share options exercised)		1.9	-	-	-	**1.9**	-	**1.9**
Share-based payment	-	-	-	0.3	-	**0.3**	-	**0.3**
Purchase of treasury shares	-	-	(3.3)	-	-	**(3.3)**	-	**(3.3)**
Cancellation of treasury shares	-	-	3.0	(3.0)	-	**-**	-	**-**
Dividends paid	-	-	-	(115.6)	-	**(115.6)**	**(1.2)**	**(116.8)**
Other transactions with shareholders	-	-	-	-	-	**-**	**-**	**-**
Total transactions with shareholders	**-**	**1.9**	**(0.3)**	**(118.3)**	**-**	**(116.7)**	**(1.2)**	**(117.9)**
Consolidated net profit/(loss) for period	**-**	**-**	**-**	**42.1**	**-**	**42.1**	**6.5**	**48.6**
Income and expense recognised directly in equity		**-**	**-**	**-**	**(0.2)**	**(0.2)**	**0.2**	**-**
Other transactions (changes in accounting policy and scope of consolidation, other items)		-	-	-	-	**-**	**-**	**-**
BALANCE AT JUNE 30, 2013	**42.1**	**1.9**	**(0.3)**	**1,559.0**	**(0.4)**	**1,602.3**	**122.5**	**1,724.8**

Consolidated cash flow statement

(€ million)	Notes	1st half 2014	1st half 2013 [a] [b]	Full year 2013 [b]
Net profit/(loss) from continuing operations (including non-controlling interests)		17.1	31.2	103.2
Depreciation, amortisation, provisions & impairment (excluding current assets)		25.8	30.1	64.9
Intangible assets and goodwill		*15.5*	*18.7*	*39.0*
Property, plant and equipment		*8.9*	*9.5*	*23.9*
Financial assets		-	-	-
Non-current provisions		*1.4*	*1.9*	*2.0*
Other non-cash income and expenses		(4.1)	(5.3)	(14.1)
Effect of fair value remeasurement		0.3	(0.5)	(0.8)
Share-based payment		0.3	0.3	0.6
Net (gain)/loss on asset disposals		-	0.5	(18.3)
Share of (profits)/losses and dividends of joint ventures and associates		4.7	0.4	(0.5)
Dividend income from non-consolidated companies		(0.1)	(0.3)	(1.0)
Sub-total		**44.0**	**56.4**	**134.0**
Cost of net debt		(0.4)	(0.2)	(0.4)
Income tax expense (including deferred taxes)		9.7	11.4	45.2
Operating cash flow		**53.3**	**67.6**	**178.8**
Income taxes (paid)/reimbursed		(10.1)	(23.1)	(48.8)
Change in operating working capital needs		2.1	10.0	(70.0)
Net cash generated by/(used in) operating activities		**45.3**	**54.5**	**60.0**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(10.7)	(26.4)	(51.4)
Cash inflows from disposals of property, plant & equipment and intangible assets		0.3	1.6	2.0
Cash outflows on acquisitions of financial assets		-	-	(3.4)
Cash inflows from disposals of financial assets		-	1.8	1.8
Effect of changes in scope of consolidation		262.0	-	6.0
Purchase price of investments in consolidated activities		-	-	-
Proceeds from disposals of consolidated activities	*14*	*262.4*	-	*6.0*
Net liabilities related to consolidated activities		-	-	-
Other cash effects of changes in scope of consolidation		*(0.4)*	-	-
Dividends received	*14*	30.4	0.3	1.0
Change in loans and advances receivable		26.1	(0.4)	53.3
Net cash generated by/(used in) investing activities		**308.1**	**(23.1)**	**9.3**
Cash received on exercise of share options		0.9	1.9	6.0
Purchases and sales of treasury shares		-	(3.3)	(3.3)
Other transactions between shareholders		-	-	-
Dividends paid during the period		(117.2)	(116.8)	(116.8)
Cash inflows from new debt contracted		0.3	0.1	0.2
Repayment of debt (including finance leases)		(1.3)	(3.2)	(4.6)
Net interest paid (including finance leases)		0.4	0.2	0.4
Net cash generated by/(used in) financing activities		**(116.9)**	**(121.1)**	**(118.1)**
CHANGE IN CASH POSITION – CONTINUING OPERATIONS		**236.5**	**(89.7)**	**(48.8)**
Cash position at beginning of period – continuing operations		**191.1**	**239.9**	**239.9**
Change in cash position during the period – continuing operations		236.5	(89.7)	(48.8)
Cash position at end of period – continuing operations	*13*	**427.6**	**150.2**	**191.1**

(a) In accordance with IFRS 5 (see Note 4), the presentation of the 2013 first-half cash flow statement as published in July 2013 has been changed in order to show results from discontinued or held-for-sale operations separately.

(b) Due to the retrospective application of IFRS 11 with effect from January 1, 2013 (see Note 2.2.1), the presentation of the cash flow statement for the six months ended June 30, 2013 and the year ended December 31, 2013 has been changed.

CHANGE IN CASH POSITION – DISCONTINUED/HELD-FOR-SALE OPERATIONS	1st half 2014	1st half 2013	Full year 2013
Cash position at start of period – Discontinued or held-for-sale operations	**69.6**	**13.9**	**13.9**
Change in cash position – Discontinued or held-for-sale operations [a]	(34.5)	14.8	55.7
Deconsolidation of held-for-sale operations	(35.1)		
Cash position at end of period – Discontinued or held-for-sale operations	**-**	**28.7**	**69.6**

(a) For a breakdown of these cash flows, see Note 4, "Held-for-sale operations"

Notes to the consolidated financial statements

1. SIGNIFICANT EVENTS

On May 30, 2014, the TF1 group and Discovery Communications completed the acquisition by Discovery of a controlling interest in Eurosport International, following clearance of the transaction by all the relevant competition authorities. This transaction raised Discovery's stake in Eurosport International from 20% to 51%. Eurosport France continues to be held 80% by the TF1 group and 20% by Discovery Communications.

The TF1 group has a put option to sell its remaining 49% interest in Eurosport SAS to Discovery Communications during specified periods between July 1, 2015 and September 30, 2016, at a price to be determined (depending on the date on which the option is exercised) on the basis of either a pre-determined enterprise value or an expert valuation.

In the consolidated income statement for the six months ended June 30, 2014, this sale led to the recognition of (i) a gain on the 31% interest sold and (ii) in accordance with the revised IFRS 3, a gain on the remeasurement of the retained 49% interest determined on the basis described above. The total provisional gain of €293.8 million (net of taxes), is reported in "Net profit/loss of discontinued or held-for-sale operations" (for details see Note 12, "Net profit from discontinued/held-for-sale operations").

In the consolidated balance sheet, the retained 49% interest in the Eurosport Group is measured at €486.2 million, on the basis of the final fair value used for the sale of the 31% interest.

2. ACCOUNTING POLICIES

2-1. Declaration of compliance and basis of preparation

The condensed consolidated financial statements for the six months ended June 30, 2014 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, 2013 as published in the 2013 Document de Référence filed with the Autorité des Marchés Financiers (AMF) on March 11, 2014 under reference number D.14-0132.

An English-language version of the audited consolidated financial statements for the year ended December 31, 2013 is included in the TF1 Registration Document, available on the TF1 corporate website at https://s.tf1.fr/mmdia/a/53/9/11119539ahpmv.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.

They are presented in millions of euros.

The consolidated financial statements were closed off by the Board of Directors on July 24, 2014, and have been subject to a review by the statutory auditors.

2-2. New and amended 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, 2014*

In preparing its condensed financial statements for the six months ended June 30, 2014, 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, 2013, plus any new standards, amendments and interpretations applicable from January 1, 2014.

The principal new standards, amendments and interpretations which are now effective within the European Union and are mandatorily applicable or permitted for early adoption with effect from January 1, 2014 are:

- **IFRS 10**, "Consolidated Financial Statements", **IFRS 11**, "Joint Arrangements", **IFRS 12**, "Disclosure of Interests in Other Entities", **IAS 27**, "Separate Financial Statements" (as amended in 2011), and **IAS 28**, "Investments in Associates and Joint Ventures": these standards were endorsed by the European Union on December 29, 2012 and are mandatorily applicable from January 1, 2014, with retrospective effect for the comparative period. The main changes and effects are described below.

  - ✓ **IFRS 10** replaces those parts of IAS 27, "Consolidated and Separate Financial Statements" that dealt with consolidated financial statements and SIC 12, "Consolidation – Special Purpose Entities", and redefines the concept of control over an entity.
  - ✓ **IFRS 11** replaces IAS 31, "Interests in Joint Ventures" and SIC 13, "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". This new standard establishes how to account for joint arrangements. Under IFRS 11, joint arrangements over which two or more parties exercise joint control are accounted for on the basis of the rights and obligations of each of the parties to the arrangement, taking account of factors such as structure and legal form of the arrangement, the rights of each party under the terms of the arrangement and, when relevant, other facts and circumstances:
    - joint ventures, which give the parties rights to the net assets, must be accounted for by the equity method, with the proportionate consolidation method no longer permitted;
    - for joint operations, which give each of the parties direct rights to the assets and obligations for the liabilities, the assets and liabilities (and income and expenses) must be recognised in proportion to the interests held in the joint operation.
  - ✓ **IFRS 12** introduces fuller requirements about disclosures of interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

The main effects arise from the application of IFRS 11 to joint arrangements, and more specifically the change to the equity method in accounting for the joint ventures in which the TF1 group has an interest; until now, these have been accounted for using the proportionate consolidation method.

For the TF1 group, this change applies to the three entities (TF6, Série Club and TF6 Gestion) managed under a joint arrangement with M6.

Based on the activities restated with effect from January 1, 2013, the comparative income statements for 2013 have been restated, the main impacts being as follows:

- ➢ a reduction in revenue of €10.0 million for 2013 as a whole (and of €4.6 million for the first half of 2013);
- ➢ an increase in operating profit of €0.3 million for 2013 as a whole (and of €0.2 million for the first half of 2013);
- ➢ a reduction of €0.3 million in the share of profits/losses from joint ventures and associates for 2013 as a whole (and of €0.3 million for the first half of 2013).

In addition, the change to the equity method in accounting for these entities means that it is no longer possible to include them in the overall impairment tests performed at the level of the cash generating unit (CGU) to which they belong. Consequently, impairment tests were performed at individual entity level as of the date of the change in consolidation method. Based on the business plans prepared at the end of 2012, the value in use of the entities to which this change in consolidation method applies is approximately €7.7 million less than their carrying amount.
This amount has therefore been recognised as an impairment loss against the equity-accounted entities, as a deduction in consolidated shareholders' equity as of January 1, 2013.

Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities: effective date January 1, 2014, no impact on the financial statements.

IFRIC 21 – Levies: effective date January 1, 2015. This interpretation, endorsed by the European Union on June 13, 2014, has not been early adopted by the TF1 group with effect from January 1, 2014. The main effects of IFRIC 21 will relate to the timing of the recognition of certain levies (such as C3S and land taxes) during interim accounting periods.

The TF1 group has decided not to early adopt any of the pronouncements issued by the IASB and endorsed by the European Union that are permitted for early adoption with effect from January 1, 2014.

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

Standard/Interpretation	IASB effective date	Expected impact on the TF1 group
IFRS 15: Revenue from Contracts with Customers	January 1, 2017	On May 28, 2014, the IASB issued a new standard on revenue recognition, intended to replace most of the current IAS 18. The new standard, which has not yet been endorsed by the European Union, is applicable from January 1, 2017 with early adoption permitted. The impact of this standard is currently under review.
IFRS 9: Financial Instruments: Classification and Measurement	January 1, 2015	Not quantifiable at present

2-3. Changes in accounting policy

TF1 has not made any changes in accounting policy during 2014 to date, other than those required to comply with IFRS requirements applicable on or after January 1, 2014 (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 those used in preparing the financial statements for the year ended December 31, 2013 and the 2013 interim financial statements. As of the date on which the financial statements for the six months ended June 30, 2014 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 during the summer than during the rest of the year.

3. CHANGES IN SCOPE OF CONSOLIDATION

Following the sale of a 31% interest in Eurosport SAS on May 30, 2014 (see "Significant Events"), the TF1 group no longer exercises exclusive control over Eurosport SAS and its international subsidiaries. Consequently, those entities have been deconsolidated with effect from that date.

The TF1 group retains a 49% interest in Eurosport SAS, giving it significant influence over that entity. Consequently, the Eurosport International group has been accounted for by the equity method with effect from that date (see Note 6, “Investments in joint ventures and associates”).

4. HELD-FOR-SALE OPERATIONS

In line with the accounting treatment applied from December 31, 2013 until May 30, 2014 – the date when the TF1 group sold an additional 31% interest in Eurosport International (Eurosport group excluding Eurosport France) to Discovery Communications – the activities of Eurosport International are presented as a held-for-sale operation.

- **Income statement of Eurosport International, treated as a held-for-sale operation until May 30, 2014:**

(€ million)	5 months 2014	6 months 2013
Advertising revenue	15.7	12.2
Other revenue	143.8	183.7
Revenue	**159.5**	**195.9**
Operating expenses	**(133.7)**	**(167.4)**
Operating profit	**25.8**	**28.5**
Cost of net debt	**-**	**-**
Other financial income and expenses	(0.1)	(0.1)
Income tax expense	(9.3)	(11.0)
Net profit	**16.4**	**17.4**

- **Cash flow statement of Eurosport International, treated as a held-for-sale operation until May 30, 2014:**

	5 months 2014	6 months 2013
Net cash generated by/(used in) operating activities – held-for-sale operations	5.0	17.3
Net cash generated by/(used in) investing activities – held-for-sale operations	(1.6)	(1.3)
Net cash generated by/(used in) financing activities – held-for-sale operations [(a)]	(37.9)	(1.2)
Total change in cash position of held-for-sale operations	**(34.5)**	**14.8**
CHANGE IN CASH POSITION OF DISCONTINUED OR HELD-FOR SALE OPERATIONS:		
Cash position at start of period - discontinued or held-for-sale operations	**69.6**	**13.9**
Change in cash position – discontinued or held-for-sale operations	(34.5)	14.8
Cash position at end of period - discontinued or held-for-sale operations	**35.1**	**28.7**

(a) Includes €37.8 million of dividends distributed in the second quarter of 2014

5. OPERATING SEGMENTS

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

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

The TF1 group reports the following operating segments:

Broadcasting and Content

The Broadcasting and Content segment includes all services that are accessible to consumers free of charge. These activities generate revenue primarily from the sale of advertising space on broadcast media, the internet, and print media.
This segment also includes activities that generate non-advertising revenue derived directly from programmes broadcast on the Group's free-to-air channels, such as interactivity between viewers and programmes.
Finally, this segment includes content subsidiaries whose activities are primarily intended to produce content for another subsidiary that belongs to the Broadcasting and Content segment, such as the acquisition and exploitation of audiovisual rights, in-house production of programmes, or advertising airtime sales.

Consumer Products

The Consumer Products segment includes all paid-for products and services sold by the Group to consumers, either directly or via an intermediary:

- ✓ distance selling via internet or telephone and in-store sales by the Home Shopping business (Téléshopping group);
- ✓ the activities of the TF1 Entreprises business, including sales of card/board games and exploitation of licences;
- ✓ the acquisition and distribution of video products on physical and digital media.

Pay-TV

This segment includes all paid-for services accessible via third-party operators. Revenues from these activities are generated mainly by the fees negotiated with and collected from cable, satellite and ADSL operators for access to the pay-TV channels produced by the TF1 group. The customer is an operator with whom the revenue is negotiated; the operator is responsible for relations with the end user, and in particular for collecting the price for the provision of the service to the end user.

Holding company and other

This segment contains entities with no operational activities and entities that carry the Group's property assets. It also includes entities whose activities do not match the business models of any of the other segments but which are insufficiently material to constitute a separate segment.

(€ million)	BROADCASTING & CONTENT		CONSUMER PRODUCTS		PAY-TV		HOLDING COMPANY & OTHER		TOTAL TF1 GROUP	
SEGMENTAL INCOME STATEMENT	**H1 2014**	**H1 2013**	**H1 2014**	**H1 2013**	**H1 2014**	**H1 2013**	**H1 2014**	**H1 2013**	**H1 2014**	**H1 2013**
Segment revenue	881.5	869.3	92.1	101.3	71.0	75.4	18.4	17.4	1,063.0	1,063.4
Eliminations of inter-segment transactions	(15.4)	(23.0)	(0.5)	(0.7)	(7.9)	(7.1)	(13.5)	(12.9)	(37.3)	(43.7)
CONTRIBUTION TO GROUP REVENUE	**866.1**	**846.3**	**91.6**	**100.6**	**63.1**	**68.3**	**4.9**	**4.5**	**1,025.7**	**1,019.7**
Advertising revenue	*762.3*	*770.6*	*0.0*	*0.0*	*7.6*	*11.9*	*0.0*	*0.0*	*769.9*	*782.5*
Other revenue	*103.8*	*75.7*	*91.6*	*100.6*	*55.5*	*56.4*	*4.9*	*4.5*	*255.8*	*237.2*
CURRENT OPERATING PROFIT/(LOSS)	**11.5**	**28.6**	**7.0**	**4.8**	**(3.1)**	**0.9**	**8.8**	**8.3**	***24.2***	***42.6***
OPERATING PROFIT/(LOSS)	**11.5**	**28.6**	**7.0**	**4.8**	**(3.1)**	**0.9**	**8.8**	**8.3**	***24.2***	***42.6***
% operating margin on Group contribution	*1.3%*	*3.4%*	*7.6%*	*4.8%*	*-4.9%*	*1.3%*	*N/S*	*N/S*	*2.4%*	*4.2%*
Share of profits/(losses) of joint ventures and associates (1)	0.1	-	-	(0.1)	2.2	(0.3)	(0.3)	-	2.0	(0.4)

(1) The breakdown of the share of profits and losses of joint ventures and associates (see Note 6) by segment is as follows:
- Broadcasting & Content: relates mainly to UGC Distribution and La Place Média;
- Consumer Products: relates mainly to Direct Optic Participations;
- Pay-TV: relates mainly to Eurosport SAS and its international subsidiaries;
- Holding Company & Other: relates mainly to Groupe AB.

6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

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

(€ million)	Eurosport group [(1)]	Groupe AB [(2)]	Other [(3)]	Total
Country	**France**	**France**	**France**	
December 31, 2012	**-**	159.5	**3.2**	**162.7**
Share of profit/(loss) for the period	-	-	(0.4)	**(0.4)**
Provision for impairment	-	-	-	**-**
Dividends paid	-	-	-	**-**
Changes in scope of consolidation	-	-	-	**-**
Other movements	-	-	0.6	**0.6**
June 30, 2013	**-**	159.5	**3.4**	**162.9**
December 31, 2013	**-**	80.2	**3.3**	**83.5**
Share of profit/(loss) for the period	3.3	(0.3)	(1.0)	**2.0**
Provision for impairment	-	-	0.7	**0.7**
Dividends paid	-	(6.7)	-	**(6.7)**
Changes in scope of consolidation	486.2	-	-	**486.2**
Other movements	-	-	0.6	**0.6**
June 30, 2014	**489.5**	**73.2**	**3.5**	**566.3**

(1) The Eurosport International group has been accounted for as an associate by the equity method with effect from May 30, 2014 (see "Significant events"). Goodwill is provisionally measured at €398.5 million.

(2) Given the timescale for finalisation of the financial statements of Groupe AB, the share of this entity's losses recognised as of June 30, 2014 was calculated on the basis of its results for the fourth quarter of 2013 and the first quarter of 2014.

(3) Other investments in joint ventures and associates mainly comprise TF6, Série Club, Direct Optic Participations and UGC Distribution.

With the exception of the Eurosport International group, there is no material difference between the Group's share of the net assets of joint ventures and associates and the carrying amount of the investments in those entities.
No other income and expense recognised directly in equity was reported by joint ventures and associates.

7. SHARE CAPITAL

During the period, 145,572 new shares were issued on exercise of stock options, giving rise to a capital increase of €0.9 million (see the consolidated statement of changes in shareholders' equity). As of June 30, 2014, the share capital of TF1 SA consisted of 211,405,585 shares.

8. NON-CONTROLLING INTERESTS

The movement reported on the "Other transactions (changes in accounting policy and scope of consolidation, other items)" line in the consolidated statement of changes in shareholders' equity relates to the deconsolidation, effective May 30, 2014, of the 20% interest held by Discovery Communications in the Eurosport International group. This deconsolidation reflects the fact that following the acquisition of an additional 31% interest (see Note 1, "Significant events"), Discovery Communications has exercised control over the Eurosport International group since that date.

9. NON-CURRENT TAX LIABILITIES

The movement in non-current tax liabilities during the six months ended June 30, 2014 is attributable mainly to the recognition of a deferred tax liability on the remeasurement of the retained 49% equity interest in the Eurosport International group (see Note 1, "Significant events").

10. NET SURPLUS CASH/NET DEBT

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

(€ million)	June 30, 2014	Dec. 31, 2013
Cash and cash equivalents	428.1	289.3
Financial assets held for treasury management purposes	-	-
Available cash	**428.1**	**289.3**
Fair value of interest rate derivative instruments	**-**	**-**
Non-current debt [(a)]	-	(1.2)
Current debt	(3.0)	(99.2)
Total debt	**(3.0)**	**(100.4)**
Net surplus cash/(net debt) – continuing operations	**425.1**	**188.9**
Net surplus cash/(net debt) – held-for-sale operations	**-**	**67.2**

(a) *As of December 31, 2013, this debt included €94.4 million for the surplus cash of Eurosport SAS (held-for-sale operation) deposited with TF1 SA, repaid during the first half of 2014.*

As of June 30, 2014, TF1 had the following financing arrangements in place:

- Confirmed bilateral bank credit facilities of €825 million, backed up by a cash pooling agreement with the Bouygues Group under which nothing was drawn down as of June 30, 2014.
- A residual finance lease obligation of €3 million relating to the financing of technical plant and equipment.

11. COST OF NET DEBT

Cost of net debt for the first half of 2014 is shown below:

(€ million)	First half: 2014	First half: 2013
Interest income	0.5	0.3
Change in fair value of interest rate derivatives	-	-
Income and revenues from financial assets	-	-
Income associated with net debt	**0.5**	**0.3**
Interest expense on debt	(0.1)	(0.1)
Change in fair value of interest rate derivatives	-	-
Expenses associated with debt	**(0.1)**	**(0.1)**
Cost of net debt	**0.4**	**0.2**

12. NET PROFIT FROM DISCONTINUED/HELD-FOR-SALE OPERATIONS

(€ million)	**2014 5 months**	**2013 6 months**
Net profit from the operations of Eurosport International, before taxes	25.9	28.4
Income taxes on the operations of Eurosport International	(9.5)	(11.0)
Net profit from the operations of Eurosport international	**16.4**	**17.4**
Gain on disposal and remeasurement, before taxes	323.0	-
Tax on gain on disposal and remeasurement	(29.2)	-
Net gain on disposal and remeasurement	**293.8**	**-**
Net profit from held-for-sale operations	**310.2**	**17.4**

Net profit from held-for-sale operations for the six months ended June 30, 2014 consists of the net profit from the operations of Eurosport International over the first five months of the year (€16.4 million), and gains arising on disposal and remeasurement (€293.8 million).

13. 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.

(€ million)	**First half: 2014**	**First half: 2013**
Cash and cash equivalents in the balance sheet	428.1	289.3
Cash of held-for-sale operations	-	-
Treasury current account credit balances [(1)]	(0.5)	(98.2)
Bank overdrafts	-	-
Total net cash position at end of period per the cash flow statement	**427.6**	**191.1**

(1) Due to the application of IFRS 5 (see Note 4), treasury current account credit balances as of December 31, 2013 include the €94.4 million balance on the account between TF1 SA and Eurosport SAS, given that the corresponding receivable is classified as a held-for-sale asset.

14. CASH FLOW STATEMENT

✓ Effect of changes in scope of consolidation:
In the cash flow statement for the six months ended June 30, 2014, the line “Proceeds from disposals of consolidated activities” includes a €256.6 million cash inflow for the proceeds from the sale of a 31% interest in Eurosport SAS, and a €5.8 million cash inflow representing two-thirds of the sale price for Place des Tendances.

✓ Dividends received:
Dividends received in the first half of 2014 include the dividends paid by Eurosport in the second quarter of 2014.

15. DIVIDENDS PAID

The table below shows the dividend per share paid by the TF1 Group on April 29, 2014 in respect of the 2013 financial year, and the amount paid in 2013 in respect of the 2012 financial year.

	Paid in 2014	Paid in 2013
Total dividend (€ million)	116.2	115.6
Dividend per ordinary share (€)	0.55	0.55

16. OFF BALANCE SHEET COMMITMENTS RELATING TO EQUITY INTERESTS

Following the acquisition by Discovery Communications of an additional 31% interest in Eurosport SAS, the parent company of the Eurosport group, the off balance sheet commitments between Discovery Communications and the TF1 group are now as follows:

- Eurosport group:

  a) In association with the sale of an additional 31% equity interest in Eurosport SAS (see Note 1, “Significant events”) and further to the repurchase on May 14, 2014 by the TF1 group of 80% of the shares of Eurosport France, the TF1 group granted Eurosport SAS a call option over all of those shares, exercisable between January 1, 2015 and December 31, 2017.
  b) During the same period, TF1 has a put option to sell its entire interest in Eurosport France to Eurosport SAS.
  c) Following the sale of the additional 31% equity interest in Eurosport SAS, TF1 has a put option to sell its remaining 49% equity interest in Eurosport SAS to Discovery Communications during specified periods between July 1, 2015 and September 30, 2016.

- Pay-TV theme channels:

  d) Discovery Communications has an option to acquire, during a 180-day period commencing May 30, 2014, an additional 29% equity interest in the pay-TV theme channels, thereby raising its interest to 49%.
  e) Following the acquisition by Discovery Communications of an additional 31% equity interest in Eurosport SAS (see Note 1, “Significant events”) and in the event that Discovery Communications does not exercise its option to acquire an additional 29% equity interest in the pay-TV theme channels, TF1 would be able to sell Discovery Communications an additional 15% equity interest in those channels during the following 12 months, raising the percentage interest held by Discovery Communications to 35%.
  f) If TF1 withdraws completely from the Eurosport group, Discovery Communications can sell TF1 its entire equity interest in the theme channels during a one-year period commencing December 21, 2018.

The amounts reported in the contractual commitments schedule below correspond to the commitments described in points a), b), c) and d) above, measured on the basis of the latest enterprise values. Because the commitments described in points e) and f) above are subject to conditions that have not yet been met, they have not been included in the schedule.

(€ million)	References	June 30, 2014	Dec. 31, 2013
Total call options granted by TF1	*a), d)*	*88.3*	*367.8*
Total put options granted by TF1	*a)*	*-*	*68.0*
Total commitments under options granted by TF1		**88.3**	**435.8**
Total call options granted to TF1		*-*	*-*
Total put options granted to TF1	*b), c)*	*533.5*	*68.0*
Total commitments under options granted to TF1		**533.5**	**68.0**
Total TF1/Discovery commitments relating to equity interests		**621.8**	**503.8**

17. POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

Diary dates

- **October 29, 2014:** 2014 nine-month revenue and financial statements
- **February 19, 2015**: 2014 full-year revenue and financial statements
- **April 16, 2015**: Shareholders' Annual General Meeting
- **April 29, 2015**: 2015 first-quarter revenue and financial statements

These dates may be subject to change.

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TELEVISION FRANCAISE 1 S.A.

Statutory auditors' review reports

on the half-yearly consolidated financial statements

This is a free translation into English of the statutory auditors' report issued in the French and is provided solely for the convenience of English speaking readers. The report must be read in conjunction and construed in accordance with French law and French auditing professional auditing standards applicable in France.

For the six-month period ended 30 June 2014
TELEVISION FRANCAISE 1 S.A.
1, quai du Point du Jour - 92656 Boulogne Cedex
This report contains 20 pages

ABCD

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TELEVISION FRANCAISE 1 S.A.

Registered office : 1, quai du Point du Jour - 92656 Boulogne Cedex
Share capital : €.42,252,003

Statutory Auditors' Review Report on the half-yearly consolidated financial statements

For the six-month period ended 30 June 2014

To the Shareholders,

Following our appointments statutory auditors reports by your General Meeting of Shareholders and in accordance with article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of TELEVISION FRANCAISE 1 S.A., for the six-month period ended 30 June 2014;
- the verification of information contained in the half-yearly management report.

These condensed half-yearly consolidated financial statements are prepared under the responsibility of your Board of Directors. Our role is to express a conclusion on these financial statements, based on our limited review.

I - Conclusion on the financial statements

We have conducted our limited review in accordance with professional standards applicable in France. A limited review mainly consists of interviewing management in charge of accounting and financial matters and applying analytical procedures. These procedures are less broad in scope that those required for an audit performed in accordance with French auditing standards. Accordingly, a limited review only provides moderate assurance, which is less assurance than that provided by an audit, that the financial statements taken as a whole are free of material misstatements.

Based on our limited review, we did not identify any material misstatements that would cause us to believe that the interim condensed consolidated financial statements did not comply with IAS 34 - the IFRS standard relating to interim financial reporting adopted by the European Union.

II – Specific verification

We have also verified the information presented in the half-yearly management report commenting on the condensed half-yearly consolidated financial statements that were the subject of our limited review. We have no matters to report with respect as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense and Courbevoie, on the 24th July 2014

KPMG Audit IS

Stéphanie Ortega
Partner

Mazars

Guillaume Potel
Partner

Olivier Thireau
Partner

Statement by the person responsible for the half-year financial report

Boulogne-Billancourt - July 24, 2014

2014 HALF-YEAR FINANCIAL REPORT STATEMENT

To the best of my knowledge, the condensed consolidated financial statements for the half-year ended June 30, 2014 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and of the undertakings included in the consolidation as a whole, and the interim management report appended hereto gives a fair presentation of important events that have occurred during the first six months of the financial year, of their impact on the financial statements, and of major related party transactions, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

Chairman and Chief Executive Officer

Nonce Paolini

Télévision Française 1

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