FINEXSI Audit

ERNST & YOUNG Audit

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English- speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

TDF Infrastructure

Year ended December 31, 2017

Statutory auditors' report on the consolidated financial statements

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Membre de la compagnie
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TDF Infrastructure

Year ended December 31, 2017

Statutory auditors' report on the consolidated financial statements

To the Sole Shareholder of TDF Infrastructure,

Opinion

In compliance with the engagement entrusted to us by your Sole Shareholder's Decisions, we have audited the accompanying consolidated financial statements of TDF Infrastructure for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

- Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

¢ Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics *(Code de déontologie)* for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

¢ Evaluation of fixed assets

Risk identified	Our response
As at December 31, 2017, the net value of the consolidated fixed assets amounts to € 3.3bn for a total balance sheet of € 3.7bn. These fixed assets are mainly composed of goodwill, recognized in the framework of external growth transactions, tangible assets, mostly consisting of lands and transmission networks, and to a lesser extent of intangible assets corresponding to customer relationships. Impairment tests are carried out on goodwill, as mentioned in Note 9.1 to the consolidated financial statements. These impairment tests are based on the present value of the future cash flows expected to be derived from an asset or a group of assets under their current operating conditions, as disclosed in Note 4.11 to the consolidated financial statements. They are based on assumptions (especially regarding long-term growth rate and discounting rate), judgments and estimates made by the Group's Management. We have considered that the evaluation of fixed assets is a key audit matter due to the significant impact of fixed assets on the consolidated financial statements and since their evaluation is based on judgments and estimates made by the Group's Management.	We have analyzed the methods applied to carry out these impairment tests and the procedures implemented by the Group to determine the recoverable amount of an asset or group of assets. Our audit work consisted in: ► reconciling the cash flows used in the impairment tests with those included in the five to ten-year plans established by the Group's Management, notably by analyzing the consistency of these cash flows projections with the Group past performance and the growth prospects of the Group; ► assessing the appropriateness of the discounting rate and the long-term growth rate used; ► assessing the appropriateness of the underlying assumptions for the growth of the Television, Telecom and Radio activities; ► corroborating, by inquiries of the Group's Management, the appropriateness of the main data and assumptions used, and on which the operational estimates underlying the cash flows used in the impairment tests plans are based; ► performing sensitivity analyses on the weighted average cost of capital ("WACC") and on the long-term growth rate used in the impairment tests.

	Finally, we have verified that Note 4.11 to the consolidated financial statements provide appropriate disclosure, in particular on key assumptions and sensitivity analysis.

¢ Revenue recognition and estimates related to accrued discounts or rebates

Risk identified	Our response
TDF Infrastructure Group's revenue is composed of three main activities (Television, Telecom and Radio). As disclosed in Note 4.4 to the consolidated financial statements, the Group recognizes the revenue from the sale of goods when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the Group, and when the criteria regarding the transfer of ownership and control are met. The revenue is recognized net of trade discounts or rebates. These contracts notably imply that the revenue is recognized based on the infrastructures provided in order to broadcast or receive data. The revenue recognition is thereby based on the number of sites provided to each client for its own activities. These contracts also include performance conditions, which, if they are not satisfied, can lead to trade discounts or rebates to be issued. Trade discounts and rebates may also be issued in certain cases in the context of negotiations with clients, and based on judgments made by the Group's Management. We have considered that the revenue recognition and the estimates related to accrued discounts or rebates are a key audit matter due to their significant impact on the consolidated financial statements and the volume of the related flows, and since the evaluation of the amount of non-contractual accrued discounts or rebates is based on judgments and estimates made by the Group's Management.	We have tested the controls implemented relating to revenue recognition and revenue accounting, e.g.: ► controls related to the cut-off on revenue recognition; ► controls related to the revenue recognition performed by the Group's financial control department; ► controls related to the recognition of accrued trade discounts and rebates, based on contractual requirements and/or on judgements and estimates made by the Group's Management. We have included in our team some people who have a particular expertise in information systems in order to assist us in the completion of these tests, when these tests were related to IT application controls. Our substantive controls related to revenues have notably consisted in testing the most significant transactions of the financial year as well as the transactions with the new significant clients, notably by obtaining the related contracts and invoices. Our substantive controls related to accrued discounts and rebates have notably consisted in: ► testing the most significant accrued discounts and rebates of the financial year, by obtaining the related supportive calculation, contracts and written exchanges with the clients and assessing the consistency of the calculation based on these supportive documentation; ► verifying that the accrued discounts and rebates paid after December 31, 2017 are consistent with the accrued amounts accounted for as at December 31, 2017.

We have also performed extensive analytical procedures based on the analysis of the significant revenue streams of the Group in order to assess the consistency of the revenue recognition and presentation in the consolidated financial statements.

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

- Appointment of the Statutory Auditors

We were appointed as statutory auditors of TDF Infrastructure by the Sole Shareholder's Decisions on December 18, 2015 for Finexsi Audit and on March 31, 2017 for ERNST & YOUNG Audit.

As at December 31, 2017, Finexsi Audit was in its 3rd year of total uninterrupted engagement and ERNST & YOUNG Audit was in its 1st year.

Previously, ERNST & YOUNG et Autres had been statutory auditor since 2006.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the President.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

¢ Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

¢ Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Paris-La Défense, March 14, 2018

The Statutory Auditors
French original signed by

FINEXSI Audit	ERNST & YOUNG Audit
Olivier Péronnet	Pierre Jouanne

TDF INFRASTRUCTURE SAS GROUP

CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2017

Consolidated statement of comprehensive income,
Year ended December 31, 2017

In thousands euros	*Notes*	Dec 2017 (12 months)	Dec 2016 (12 months)
Revenue	*8.1*	**676 785**	**673 893**
Other income	*8.2*	22 150	13 871
Consumed purchases	*8.3*	(52 172)	(52 837)
Personnel costs	*8.4*	(135 747)	(135 514)
External expenses	*8.5*	(153 678)	(133 889)
Profit/loss on disposal of non-current operating assets	*8.6*	7 260	(63)
Other expenses	*8.2*	(14 443)	(13 179)
EBITDA		**350 155**	**352 282**
Depreciation, amortisation and impairment losses	*8.7*	(184 582)	(164 159)
Current Operating Income		**165 573**	**188 123**
Impairment of goodwill & intangible assets identified in business combinations	*8.7/9.1/9.2*	(6 552)	(776)
Other operating income	*8.8*	4 620	111 823
Other operating charges	*8.8*	(5 946)	(34 036)
Operating Income		**157 695**	**265 134**
Income from cash and cash equivalents		19	136
Gross finance costs		(134 241)	(127 248)
Net finance costs	*8.9*	**(134 222)**	**(127 112)**
Other financial income / charges	*8.9*	(280)	1 388
Share of net profits of associates	*16*	696	535
Income tax	*8.10*	(38 956)	(32 327)
Net loss from continuing operations		**(15 067)**	**107 618**
Net income / loss from discontinued operations	*7*	-	-
NET LOSS FOR THE YEAR		**(15 067)**	**107 618**
Other comprehensive income			
Currency translation differences		558	(162)
Cash flow hedge			
Actuarial losses		(804)	954
Fair value of available for sale assets		5	
Income tax on other comprehensive income		275	(327)
Income and expenses recognized directly in equity	*8.9/8.10*	**34**	**465**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(15 033)**	**108 083**
Net income (loss) for the year attributable to			
Owners of the company		(16 236)	106 173
Non controlling interests		1 169	1 443
Total comprehensive income (loss) for the year attributable to			
Owners of the company		(16 198)	106 628
Non controlling interests		1 165	1 453
Earnings per share			
Basic (in euros)		(2)	11
Earnings per share - continuing operations			
Basic (in euros)		(2)	11

Consolidated balance sheet as of December 31, 2017

In thousands euros	*Notes*	Dec 2017	Dec 2016
Non-current assets			
Goodwill	*9.1*	1 700 119	1 751 783
Intangible assets	*9.2*	214 856	153 156
Property, plant and equipment	*9.3*	1 361 978	1 323 395
Shares in associates	*16*	6 865	6 777
Financial assets available for sale	*9.4*	4 218	4 427
Other non-current assets	*9.6*	10 048	3 743
Deferred tax assets	*10.7*	260	452
TOTAL NON-CURRENT ASSETS		**3 298 344**	**3 243 733**
Current assets			
Inventories	*9.5*	9 597	9 894
Trade receivables	*9.6*	143 469	124 202
Other current assets	*9.6*	88 856	80 633
Cash and cash equivalents	*9.7*	122 937	73 507
Assets held for sale	*7*		
TOTAL CURRENT ASSETS		**364 859**	**288 236**
TOTAL ASSETS		**3 663 203**	**3 531 969**

In thousands euros	*Notes*	Dec 2017	Dec 2016
Share capital		300 000	300 000
Additional paid-in capital		1 010 375	1 010 375
Currency translation reserve		(490)	(1 045)
Other reserves and Retained earnings		(1 178 896)	(1 286 075)
Net income (loss) of the year - attributable to owners of the company		(16 236)	106 173
Non-controlling interests		14 993	15 104
TOTAL EQUITY	*10.1*	**129 746**	**144 532**
Non-current liabilities			
Bond	*10.2 - 5.4*	1 384 570	1 382 472
Bank debt	*10.2 - 5.4*	(994)	(1 530)
Shareholders' debt	*10.2*	1 063 599	1 063 599
Other financial debts	*10.2*	6 358	20 471
Provisions	*10.4 - 10.5*	80 745	78 587
Deferred tax liabilities	*10.7*	249 661	257 533
Other non-current liabilities	*10.7*	24 644	30 178
Accrued interest		-	-
TOTAL NON-CURRENT LIABILITIES		**2 808 583**	**2 831 310**
Current liabilities			
Other financial debts	*10.2*	122 311	66 384
Provisions	*10.4 - 10.5*	32 160	48 639
Trade payables	*10.7*	164 586	140 429
Tax and social liabilities	*10.7*	110 713	98 821
Other current liabilities	*10.7*	77 005	76 278
Bank overdrafts	*9.7*	6	3
Accrued interest		218 093	125 573
Lliabilities related to assets held for sale	*7*		
TOTAL CURRENT LIABILITIES		**724 874**	**556 127**
TOTAL EQUITY AND LIABILITIES		**3 663 203**	**3 531 969**

Consolidated statement of cash flows,
Year ended December 31, 2017

In thousands euros	*Notes*	Dec 2017 (12 months)	Dec 2016 (12 months)
Net loss from continuing operations		**(15 067)**	**107 618**
Non-cash items and other adjustments			
Depreciation, amortisation and impairment		191 134	164 935
Change in provisions and non-cash expenses		(15 506)	(117 178)
Loss on disposal of non-current assets		(6 983)	3 319
Total income tax		38 956	32 327
Finance income and expenses		129 819	131 803
Cash generated from operating activities before changes in working capital	*12.1*	**322 353**	**322 824**
Income tax paid		(70 814)	(76 189)
Change in Working Capital	*12.2*	(4 141)	(3 318)
Net cash from operating activities		**247 398**	**243 317**
Acquisitions of non-current operating assets		(205 207)	(145 463)
Proceeds from disposal of non-current operating assets		5 414	276
Dividends from non consolidated companies		937	765
Acquisition of controlling interests, net of cash & cash equivalents acquired		(5 082)	(75 203)
Net proceeds from disposals of subsidiaries formely controlled		-	1 685
Change in other financial assets		3 716	(86 283)
Net cash used in investing activities	*12.3*	**(200 222)**	**(304 223)**
Dividends paid to non-controlling interests		(1 275)	(1 009)
Proceeds from bond		-	800 000
Bank debt repayments		-	(807 000)
Proceeds from other financial debts		47 136	37 402
Other financial debts repayments		(4 030)	(5 948)
Fees related to the refinancing		(1 020)	(13 126)
Revenue from cash and cash equivalents		19	136
Financial interests (including financial lease)		(38 474)	(21 265)
Net cash used in financing activities	*12.4*	**2 356**	**(10 810)**
Effect of exchange rate changes on cash		(105)	147
NET CASH FROM CONTINUING ACTIVITIES		**49 427**	**(71 569)**
Net cash from discontinued activities	*12.5*	**-**	**-**
Net change in cash and cash equivalents		**49 427**	**(71 569)**
Opening cash & cash equivalents		**73 504**	**145 073**
Closing cash & cash equivalents		**122 931**	**73 504**

Consolidated statement of changes in equity

In thousands euros	Number of outstanding shares	Attributable to owners of the company						Non-controlling interests	Total Equity
		Share capital	Additional paid-in capital	*Currency translation reserve*	*Cash flow hedging reserves*	Other reserves and retained earnings	Total		
At December 31st, 2015	10 000 000	**300 000**	**1 116 703**	**351**	**-**	**(1 287 895)**	**129 159**	**15 219**	**144 378**
Consolidated net income		-	-		-	106 173	106 173	1 443	**107 616**
Other comprehensive income		-	-	(162)		617	455	10	**465**
Total comprehensive income		**300 000**	**1 116 703**	**189**	**-**	**(1 181 105)**	**235 787**	**16 672**	**252 459**
Dividends paid			(106 328)				(106 328)	(478)	**(106 806)**
Capital change							-	-	**-**
Stock options valuation							-	-	**-**
Changes of interest in controlled entities and changes in consolidation scope				(1 234)		1 203	(31)	(1 090)	**(1 121)**
At December 31st, 2016	10 000 000	**300 000**	**1 010 375**	**(1 045)**	**-**	**(1 179 902)**	**129 428**	**15 104**	**144 532**
Consolidated net income		-	-		-	(16 114)	(16 114)	1 169	**(14 945)**
Other comprehensive income		-	-	558		(520)	38	(4)	**34**
Total comprehensive income		**300 000**	**1 010 375**	**(487)**	**-**	**(1 196 536)**	**113 352**	**16 269**	**129 621**
Dividends paid							-	(1 275)	**(1 275)**
Capital change							-	-	**-**
Stock options valuation						1 420	1 420	-	**1 420**
Changes of interest in controlled entities and changes in consolidation scope				(3)		(16)	(19)	(1)	**(20)**
At December 31st, 2017	10 000 000	**300 000**	**1 010 375**	**(490)**	**-**	**(1 195 132)**	**114 753**	**14 993**	**129 746**

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1. Highlights of the year

Fiber – Public Initiative Network (“PIN”) and Public Call for Investment (Appel à Manifestation d’Engagement d’Investissement, “AMEI”)

Val d’Oise (PIN)

Following a public tender launched in 2016 attracting a number of bids, the Val d’Oise Open Mixed Digital Syndicate announced it had selected TDF to install, operate and market a Very High Speed optical fiber network.
The project involves producing about 85,000 fiber outlets over the next three years in 116 communities, providing inhabitants with VHS Internet facilities in homes and business premises. Network access will be installed progressively.

Yvelines (AMEI)

Also, end of June 2017, following a competitive tender, the local authority opted for TDF’s bid to supply optical fiber in sparsely populated rural areas in *Les Yvelines (78)*. The local authority and *Yvelines Numériques* viewed TDF as a reliable operator with strong financial backing capable of rapid optical fiber roll-out across the county’s rural areas.
All told, the project is planned to provide over 100,000 connections in four years spread over 158 communities while providing ultra-high speed connections to the county’s rural population.

Val de Loire (RIP)

Following a tender lasting several months, TDF has won the contract to roll out, operate and market the fiber network of French counties Indre-et-Loire and Loir-et-Cher under a 25-year public service concession. The project runs over a five-year period, entails installing 306,000 connections serving 513 communities (excluding 'AMII' areas) and will provide ultra-high-speed broadband for local inhabitants and businesses alike.

The Loire Valley Digital Open Joint Syndicate's digital development project is challenging: by 2022 TDF is due to have installed an ultra-high-speed fiber-to-the-home (FTTH) network throughout the territory of the two counties involved.

See also note 18 - Subsequent events.

These are three initial successes for TDF, which confirm its ambition of extending its facility operator business to optical fiber. The Group will invest in this market to speed up digital network facilities deployment in France.
As of December 31, 2017, the main impacts of the development of this business in the Group's Consolidated Financial Statements are as follows:

- 6.9 million of EBITDA expenses (no revenue yet),
- 32.1 million euros of investments already made,
- 36.2 million euros of cash out impacting operating free cash flows.

The Group has sufficient cash flows and liquidity to enable and finance these investments, which are spread over several years. If appropriate, the Group will also consider the use of external financing solutions.

See also note 15.3 on commitments received and given.

Second digital dividend

Following the « second digital dividend » and the CSA final decisions (French TV and radio regulatory body), the two multiplex R5 and R8 shutdown early April 2016 brought forth a revenue decrease of 11.3 million euros between June 2017 and June 2016 (see note 8.1). The Finance Act of December 29, 2015 attests that compensation will be given to broadcasters, and an agreement to this effect was signed on February 9, 2016 between TDF SAS and the Government.

Purchase price allocation of the ITAS group acquired on October 12, 2016 (IFRS 3)

Pursuant to IFRS3, work has been performed concerning the purchase price allocation, following the acquisition of the ITAS group. Studies have been led on assets and liabilities of the entities acquired, and they mainly ended in the following impacts:

- recognition of intangible assets, which fair values determined at October 12, 2016 represent a global amount of 67 million euros (see below). These assets value the commercial strength of the broadcast activity of the entities ITAS Tim and Onecast,
- €19m of deferred tax liabilities related to the recognition of these intangible assets (deferred tax basis resorbing between October 12, 2016 and December 31, 2018 being evaluated at 34.43%, those resorbing after December 31, 2018 being valued with rate progressively decreasing to 25.83% in 2022),
- A provision for sites dismantling obligations of € 3.8 million.

In millions euros	Fair value determined at October 12, 2016	Useful lives	Evaluation method	Observation	WACC sensibility	
					WACC -0,5 pt	WACC +0,5 pt
Backlog	14,2	5 years	Excess profit	- backlog as of October 12, 2016 - WACC of 8%	14,4	14,0
Customer relationship	52,8	20 years	Excess profit	- projection of acquisition businesss plans as of October 12, 2016 - regular long term revenue - attrition rates historically consistent - WACC of 9%	55,7	50,1
Total intangible assets	**67,0**					

Evaluation studies rely on the acquisition business plans of the ITAS group. They include revenue, EBITDA and Capex forecasts for a 10 years period.
The remaining goodwill, equal to the difference between the acquisition price and the value of assets and liabilities of the ITAS Group acquired on October 12, 2016, as valuated after the purchase price allocation process, amounts to €82.1m at December 31, 2017, and is recognized among the TDF CGU. Allocation work is completed.

Legal income tax rate used for evaluation of deferred taxes basis in French entities

The new French tax law of December 30, 2017 decided of a gradual decrease of the income tax rate. As notably concerns the main French entities of the Group, a gradual decrease between January 1, 2019 and January 1, 2022 will be applied, changing the rate from 34.43% to a rate of 25.83%. Deferred taxes basis reversing after January 1, 2019 have been evaluated with this gradual decrease of rate, which is a revaluation impact of €70.7m (profit) compared to a valuation with a rate of 34.43%. As a reminder, as of December 31, 2016, deferred tax basis reversing after January 1, 2019 had already been revalued, in order to consider a rate of 28.92% as of that date, which was a revaluation impact of €45.7m (profit). The impact of the additional revaluation in 2017 is therefore €25.0m. See also notes 8.10 and 10.6.

Change of head office

The Group head company and some subsidiaries have changed their head office since early February 2017, which is now located at 155 bis Avenue Pierre Brossolette - Montrouge.

2. General presentation

The Group's consolidation head company, TDF Infrastructure SAS (formerly Tyrol Acquisition 2 SAS), is a "société par actions simplifies" (simplified joint stock company) with registered office at 92 120 Montrouge - 155 bis Avenue Pierre Brossolette.

As a partner to television, radio, telecommunication operators and local governments, the Group provides know-how in the following activities:

- audiovisual services (TV and radio digital broadcasting, radio FM broadcasting),
- telecommunications (design, deployment, maintenance and management of 2G, 3G and 4G telecommunication networks infrastructures, ultra-high speed connection, hosting on roof tops, datacenters and hosting of broadcasting and reception equipment on proprietary sites),
- design, building, implementation and operation of sites in the infrastructure activity for Broadcast, Transmission and Detection,
- management and broadcast of multimedia contents to all fixed and mobile devices.

To these ends, the Group draws upon its recognized expertise and over 13 900 terrestrial sites mainly in France. The Group focuses on developing new digital solutions: connected Digital TV, catch-up TV, ultra-high definition television etc.

In addition, given the first tenders won to deploy, operate and market Very High Speed optical fiber network (see note 1), the Group aims to extend its facility operator business to optical fiber, and will invest in this market to speed up digital network facilities deployment in France.

The Group operates in markets characterized by sweeping changes in both technology and regulations (for example, some businesses are subject to pricing constraints imposed by local regulatory authorities).

2.1 Presentation of the financial statements

The main performance indicators used by the Group are:

EBITDA (earnings before interest, taxes, depreciation and amortization), which is equivalent to current operating income before depreciation, amortization and impairment of assets.

Current operating income, which is equivalent to operating income before:

- Any impairment of goodwill,
- "Other operating income" and "other operating expenses", which may include,
    - Material and unusual gains or losses on sale and/or impairment of non-current tangible and intangible assets;
    - Certain restructuring charges: this concerns only restructuring costs that would be likely, due to their unusual nature and their significance, to misstate current operating income;
    - Gains or losses on sale of subsidiaries net of selling costs, liquidation costs and acquisition costs of subsidiaries;
    - Other operating income and expenses, such as a provision for material litigation, changes in provisions for dismantling affecting income and related to changes in calculation assumptions.

3. Basis of preparation

3.1 Statement of compliance

The TDF Infrastructure Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable at the reporting date, namely December 31, 2017.

IFRS can be downloaded from the following website:
http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The TDF Infrastructure Group's financial statements were approved by the Chairman of TDF Infrastructure on March 14, 2018.

3.2 Functional and presentation currency

The consolidated financial statements are stated in thousands of euros, which is the presentation and functional currency of the Group's consolidation head company.

3.3 Basis of measurement

Financial statements have been drawn up on the historical cost basis, except for the following items that are recognized at fair value: financial instruments held for trading, available-for-sale financial instruments and liabilities arising from cash-settled share-based transactions. Methods applied to estimate the fair value are explained in note 4.12.

3.4 Judgments and estimates

In the process of drawing up the consolidated financial statements, the measurement of certain balance sheet items requires the use of assumptions, estimates or assessments. This is notably the case with goodwills (notes 9.1 and 4.11), tangible and intangible assets (notes 4.9 to 4.11, 9.2 and 9.3), amounts of provisions (notes 10.4 and 10.5), deferred tax valuation (notes 4.8 and 10.6), recognition of revenue (note 4.4). These assumptions, estimates and assessments are made based on information available or situations existing at the time the financial statements are drawn up, and may subsequently turn out different from future conditions.

At each closing date, the Group identifies the assets for which a disposal has been initiated and assesses if the sale is highly probable as required by IFRS 5.
IFRS 5 states that an entity shall classify a non-current asset (or disposal Group) as held for sale if its book value will be recovered principally through a sale transaction rather than through continuing use. For the sale to be highly probable the asset (or disposal Group held for sale) must be available for immediate sale in its present condition and management must be committed to the sale.
In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification. In this case the non-current asset (or disposal Group) is valued at the lower of its carrying value and fair value less costs to sell.

Most Group entities have multi-year agreements with large customers. During the term of the agreements and upon expiry and/or renewal, discussions take place between those entities and their customers over the conditions, particularly financial, that have applied to these agreements. In view of this, where applicable, the entities record in their books the expected benefits and obligations under the agreements, including their best estimate of the effect of consequences deriving from the terms thereof. These estimates are uncertain by nature, and the final results may prove significantly different from estimates made at the date of preparation of the financial statements.

The Group is not subject to significant seasonal fluctuations.

3.5 Error corrections

No error correction has been accounted for during the year.

4. Significant accounting policies

The accounting policies described hereunder have been applied by all Group entities throughout all the periods presented in the consolidated financial statements.

The accounting policies are unchanged compared to those used in the preparation of the consolidated financial statements for the year ended December 31, 2016.

4.1 Standards and interpretations in force

The Group has applied the standards, amendments to standards and interpretations as adopted by the European Union that are required to be applied from December 31, 2017.

In addition, the Group has decided not to adopt the new standards, amendments to standards and interpretations early, whether there already adopted by the European Union or not, for which the mandatory application date is after this financial year.

IFRS 15 - "Revenue from Contracts with Customers"
This new standard deals with the recognition of revenue, and will apply from January 1, 2018. It will replace IAS 18 and IAS 11.
The basic principle of IFRS 15 is an income recognition based on the transfer of goods or services promised to a customer, for an amount that reflects the payment that the entity expects to receive in return for these goods or services. It specifies the manner with which an entity must recognize its revenue based on the services it provides, without necessarily concluding to a change compared with IAS 18 and IAS 11 accounting methods.

Work completed
The Group conducted impact analyzes of this new standard, notably on the following activities:
- Digital Television
- Radio,
- Telecom: site hosting
- Telecom: other services

See note 8.1 showing the amounts of revenue achieved for these activities.
At this stage, the Group has not carried out analyses on the "Media Services" and "Other" activities, given the absence of any significant potential impact at Group level.
For each activity analyzed, the Group tested significant contracts and / or a representative sample of contracts. Each contract tested was subjected to the 5-step methodology recommended by IFRS 15 to determine when to recognize income and how much:
1. Identify the contract (s) concluded with the client
2. Identify the different service obligations (PO) provided for in the contract
3. Determine the transaction price (TP)
4. Distribute the TP between the different POs provided for in the contract
5. Post the CA when a PO is completed (or as it is)

The IFRS 15 analysis was conducted by involving the operational teams when necessary.

Conclusion
At this stage, no significant change is expected in the recognition rhythm of the Group's revenue. No financing component was identified through the analysis of contracts and different categories of income. Regarding the question of agent vs principal, the analyzes carried out on the various contracts all conclude to a qualification of the Group as principal.

Transition method
In the absence of any significant impact detected, the Group is moving towards the choice of the transition method without retrospective application on the 2017 figures.

IFRS 16 – Leases
This standard significantly changes the accounting and presentation in the tenants' accounts of lease agreements. It is applicable from 1 January 2019.

Principle
According to this new standard, tenants will recognize most of their leases as an asset (tangible or intangible asset) in consideration for a financial debt. The lease is thus presented as a purchase of fixed assets on credit. The restatement of presentation of financial lease contracts according to IAS 17, see note 4.6, is in some ways extended to most leases (see in particular note 15.2).

Significant change of presentation
Without challenging the economic balance of leases contracts, this new standard implies significant changes of presentation:
- On the income statement: rental expenses presented in EBITDA (note 8.5) will be restated, but depreciations and interest expenses will be booked,
- On the balance sheet: tangible and intangible assets (notes 9.2 and 9.3) will be increased, and also financial debt (note 10.2),
- Regarding cash flows: cash-out of rents will no longer appear in net cash from operating activity, but in financial activities, as repayment of financial debt and interest payments.

Without questioning the business and economic balance of the Group's contracts, the change of presentation related to IFRS 16 mechanically and potentially significantly impacts some financial indicators and related ratios (margin rates, debt ratios for example).

Evaluation of the impact
The evaluation of the impact is in progress, the significance of the change presentation being mostly dependent of:
- the identification of contracts which in substance are or include leases within the meaning of IFRS 16, in distinction with service contracts,
- the choice to recognize as an intangible asset some connection and capacity contracts,
- the economic duration of the contracts in question, and in particular the consideration or not of renewal or early termination assumptions,
- the interest rate considered to calculate the restatements.

Transition method
The Group will not apply this standard in advance. The choice of the transition method (with or without presentation of retrospective information) remains to be defined by the Group.

IFRS 9 - Financial Instruments
IFRS-9 changes the conditions for recognizing hedging transactions and the broad accounting categories of financial assets and liabilities. As the Group doesn't hold any financial hedging instruments, no impact is expected.
IFRS 9 also changes the recognition of credit risk for financial assets based on the expected loss approach versus exposed loss one: no significant impact expected related to the lack of history of significant write-downs on the customer's receivables of the Group.

4.2 Consolidation

The consolidated financial statements include the financial statements of TDF Infrastructure SAS and its subsidiaries, as well as the financial statements of associates and joint ventures. All those entities make up the Group, for which the consolidation scope is described in note 19.
Entities are included in the consolidation scope at the date when control is transferred to the Group. They are excluded from the consolidation scope at the date they cease to be controlled by the Group.

Subsidiaries

In compliance with IFRS 10, subsidiaries are all entities on which the Group exercises control, that is to say:
- power over the entity;
- exposure, or rights, to variable return from its involvement with the subsidiary;
- ability to use its power over the subsidiary in order to affect the expected returns.

Subsidiaries' financial statements are consolidated, and non-controlling interests are measured based on percentage equity interest.

Investments in associates

An associate is an entity over which the Group has significant influence, meaning the power to participate in the financial and operating decisions but not to exercise control over these policies. Significant influence is presumed when the Group holds directly or indirectly through its subsidiaries 20% or more of the voting rights. Investments in associates are accounted for under the equity method.
Under this method, investments in associates are reported as a separate item on the balance sheet and the net income of associates is reported as a separate item in the statement of comprehensive income.
If the Group's share of the losses of an associate exceeds the carrying value of the investment, the investment is written off. The Group continues to recognize its share of the losses of the associate only to the extent it has a binding obligation to make additional investments to cover the losses.

Non-controlling interests

Non-controlling interests are identified separately within equity. The share of non-controlling interests in consolidated net income is reported as a separate item in the statement of comprehensive income.

4.3 Foreign currency translation

Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rate prevailing at the reporting date. Non-monetary items measured at historical cost are translated using the historical exchange rate as at the date of the transaction, while those measured at fair value are translated using the exchange rate as at the date on which fair value is determined.

Translation of foreign entities' financial statements

The functional currency of foreign companies is their local currency, which they use for most of their transactions. The financial statements of foreign subsidiaries whose functional currency is not the euro are translated into euro as follows:

- Assets and liabilities, including related goodwill, are translated at the rate prevailing on the reporting date,
- Income and expense items are translated at the average exchange rate over the period (the average exchange rate is an approximate value of the transaction date rate when there is no significant fluctuations),
- The cash flow statement is translated at the average exchange rate over the period.

Exchange differences arising on translation are shown in the currency translation reserve included in equity. In case of a loss of control of a foreign entity, the cumulative amount in the currency translation reserve related to this foreign entity is taken to profit or loss. In the case of a partial disposal without loss of control, a proportional part of the cumulative amount of exchange differences related to this entity held in the currency translation reserve is reclassified from equity attributable to owners of the company to non-controlling interests.

Exchange rates used for the period

The following were the functional currencies used in the Group:

	December 2017		December 2016	
	Moyen	Clôture	Moyen	Clôture
Polish zloty	0,234920	0,238135	0,229108	0,226783
US dollar	0,885691	0,845809	0,903347	0,964878
Danish krone	n.a	n.a	0,134230	0,134485
Norwegian krone	n.a	n.a	0,106148	0,106703
Swedisk krone	n.a	n.a	0,107571	0,107250
Congolese franc	0,001524	0,001524	0,001524	0,001524

** Nordic countries currencies (Danish, Norwegian and Swedish crones) were only used for Arkena Nordics entities, sold on July 7th, 2016. Average and closing rates above are those applied until disposal date.*

4.4 Revenue recognition

Revenue consists in the sale of goods and services to third parties, net of discounts or rebates and sales related taxes. Intra-group sales are eliminated in the consolidation process.

Sales of goods and services (IAS 18)

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer.
No revenue is recognized if a major uncertainty exists as to the recoverability of the amount due by the buyer.
Revenue from services is recognized:

- Once the service has been rendered; or
- Based on the stage of completion at the reporting date, by reference to the work performed under a contract whose execution spans the reporting date; or
- On a straight-line basis over the period when the services will be rendered or, for advance one-time invoices for site access costs or for customers contributing to capital expenditure, over the term of the initial contract.

Construction contracts (IAS 11)

Revenue from construction contracts is recognized by reference to the stage of completion as measured by the proportion of the work that has been carried out.
When a loss is expected, it is recognized in profit or loss immediately.

Royalties (IAS 18)

Royalties are recognized in accordance with the economic substance of the relevant agreements.

4.5 Government grants (IAS 20)

Government grants are recognized when there is a reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant.

Grants related to assets (investment grants) are shown as a reduction in the carrying value of the asset and amortized over its useful life by a reduction in the depreciation charge.

Operating grants are credited to profit or loss in the periods associated with the related costs.

4.6 Leases

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the lease.

Finance leases

Group as lessee
Assets held under finance leases are recognized as Group assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments (using the implicit rate of interest for the relevant lease). The corresponding liability to the lessor is included in the balance sheet as a finance lease liability. Lease payments are apportioned between finance charges and reduction of the lease liability.

Group as lessor
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Revenue is recognized by reference to the conditions applied to a direct sale with immediate payment. Amounts receivable are apportioned between finance income and the repayment of the outstanding capital amount.

4.7 Financial income and charges

Financial income consists of interest on investments, dividends received from non-consolidated entities, increases in fair value of financial assets held at fair value through profit or loss, and gains on hedging instruments recognized in profit or loss.

Dividends are recognized when the shareholder's right to receive payment is established.

Financial charges consist of interest on borrowings, the unwinding of discounts on provisions, reductions in fair value of financial assets held at fair value through profit or loss, impairment losses recognized on financial assets and losses on hedging instruments recognized in profit or loss.

Exchange gains and losses are recognized at their net amount.

4.8 Income tax

From April 1, 2015, a new tax consolidation group was created headed by Tivana France Holdings, sole shareholder of TDF Infrastructure Holding SAS, itself shareholder of the Group. All French subsidiaries which are directly or indirectly owned by Tivana France Holdings SAS at 95% at least are included in the tax consolidation group, except for the companies ITAS Sud-Ouest, Val d'Oise Fibre, Yvelines Fibre et Val de Loire Fibre, created during 2017 (see note 19).

Income tax have been calculated in compliance with the tax consolidation convention in force, in which each entity of the tax consolidation group bears its own income tax charge and keep the benefits of its tax loss carried forward towards the tax consolidation group head company, as if the entity was on its own from a tax point of view.

On this basis, income tax expense or income consists of current tax expense (income) and deferred tax expense (income). Current and deferred tax is recognized in profit or loss except if it relates to a business combination or to items recognized directly in equity or in other items in the statement of comprehensive income.

Current tax is the estimated amount of tax payable (or receivable) on the taxable profit (or loss) of a period and of any adjustments to the amount of current tax in respect of previous periods.

Deferred tax is recognized using the liability method for all temporary differences between the carrying value of assets and liabilities and their tax bases. Temporary differences linked to the Group's holdings in its subsidiaries do not give rise to recognition of deferred tax, to the extent that these differences will not be reversed in the foreseeable future.

The measurement of deferred tax assets and liabilities depends on when the Group expects them to be reversed, using the tax rates in force or announced at the reporting date.

Deferred tax assets are recognized only to the extent that the Group expects to have future profits to which they may be applied.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

With effect from January 1, 2010, the French finance act replaced the *taxe professionnelle* with the *contribution économique territoriale* (CET), which is made up of two component parts: the *contribution foncière des entreprises* (CFE) based on the ratable value of the property occupied by the business, and the *cotisation sur la valeur ajoutée des entreprises* (CVAE) based on the value added of the business each year. The Group considers the CVAE as income tax. In accordance with IAS 12, this classification requires the Group to recognize related deferred tax since 2009, notably on depreciable non-current assets; the deferred tax liability related to the CVAE amounts to €8.1m.

4.9 Property, plant and equipment

Recognition and measurement

Property, plant and equipment is stated at cost (of acquisition or production), less accumulated depreciation and impairment. Cost includes expenses directly attributable to the transfer of the asset to the place where it is to be used, and to preparing it for use.

Where applicable it also includes costs relating to the dismantling and removal of assets and to restoring sites to their original states where the Group is obliged to do so, without being subject to subsequent revaluation.

The total cost of an asset is broken down between its various components each of which is accounted for separately. Such is the case where different components of an asset have different useful lives.

Current maintenance and upkeep costs are expensed as incurred.

Depreciation is recognized as an expense based on the straight-line method over the estimated useful life of each component of property, plant and equipment.

Land is not depreciated.

Items of property, plant and equipment to be scrapped are fully depreciated before being derecognized.

Useful lives in years:

Buildings	18 to 50 years
Pylons	10 to 40 years
Transmitters	8 to 40 years
Microwave links	8 to 15 years
Office furniture, office and computer equipment	3 to 10 years
Other	4 to 24 years

The fair value of property, plant and equipment recognized following a business combination is based on market values and/or replacement cost where appropriate.

Leased assets

Lease agreements having the effect of transferring to the Group substantially all the risks and benefits inherent in ownership of an asset are classified as finance leases. An asset is recognized and measured at the lower of the fair value of the lease and the present value of the minimal lease payments, and is depreciated over the term of the agreement. The corresponding liability is shown under financial liabilities. All other lease agreements are treated as operating leases.

Safety inventories

The major safety and spare part inventories that are essential to maintain property, plant and equipment and to ensure its continuous use, that have no other use and that the Group intends to use over a period longer than 12 months are recognized as property, plant and equipment and depreciated over the same period as the principal asset to which they are related.
Spare parts for which use (consumption, capitalization or sale) is not pre-specified are recognized under inventories.

4.10 Intangible assets

Goodwill

Goodwill represents the difference between the purchase price of the investment in the consolidated companies and the fair value of their identifiable net assets at the date of transfer of control to the Group. At the acquisition date the fair value of the assets and liabilities of the acquired entity are determined by reference to market values or, failing that, by using generally accepted methods such as those based on costs and revenues.

Costs incurred by the Group in relation to the acquisition are expensed as incurred and recognized in other operating expenses, except costs related to acquisition of non-controlling interests which are recognized in equity.

Except at the time of a business combination, assets and liabilities acquired are not revalued.

Negative goodwill arising from an acquisition is recognized immediately in profit or loss within operating income, under the heading “Impairment of goodwill”.

Goodwill recognized on associates is shown under “Shares in associates” on the balance sheet. Impairment of goodwill recognized on associates is shown in the statement of comprehensive income under “Share of net profits (losses) of associates”.

Acquisitions of non-controlling interests are recognized as transactions with shareholders and do not give rise to goodwill.

In accordance with IFRS 3 “Business combinations”, goodwill is not amortized and is subject to an impairment test at least once a year and whenever an indicator of loss of value occurs (see note 4.11).

Research and development costs

All research costs are recognized as expenses in the period in which they are incurred.
Development costs deriving from the application of the results produced by research are capitalized only to the extent that the Group can demonstrate that:

- It has the intention and ability to complete the project;
- The probability is that future economic benefits will accrue to the Group;
- Costs can be determined in a reliable manner.

On average, development costs related to the Media Services business are amortized over 3 to 5 years, and over 10 to 15 years concerning other activities. Amortization is calculated under the straight-line method.
Other development and similar costs not meeting the above criteria are recognized as expenses in the period in which they are incurred.

Other intangible assets

This heading comprises:

- intangible assets recognized at the time that acquisition consideration is allocated: mainly order backlog, customer relationships, patents, technology and the benefits accruing from leases and trademarks. With the exception of trademarks, these assets are amortized, where appropriate, on a straight line basis over the economic life of the asset in question (primarily the average term of the contracts: see note 9.2).
- other intangible assets (mainly software and patents) are amortized using the straight-line method: ten years for patents and technologies and five years for software.

Intangible assets to be scrapped are fully amortized before being derecognized.

Subsequent expenditures

Subsequent expenditures relating to intangible assets are capitalized only to the extent that these expenditures will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance. All other expenditures are expensed in the period in which they are incurred.

Measurement of intangible assets arising from a business combination

Fair value is defined as “the price at which an asset could be expected to be exchanged between knowledgeable, willing parties in an arm’s length transaction”.

The Group uses a revenue-based approach to estimate the fair value of intangible assets recognized following a business combination. This approach determines the value of an asset by reference to the present value of the future revenues attributable to it (or of the cost savings achieved from owning the asset).

The two main revenue-based methods are:

- The royalty method

This method consists in discounting to present value the future revenues that could be obtained by licensing the asset to a third party. The revenues that would be thus generated are estimated by applying a royalty rate appropriate to the total revenues generated from using the asset.

- The super-profits method

This method measures assets by reference to the discounted present value of the future super-profits to be made from use of the asset. It consists in discounting, over a sufficiently long period and at an appropriate rate, the super-profit flows generated by the asset, after deducting a fair return for the other assets and liabilities used to generate the flows.
The life of an asset is determined by taking the period during which the asset contributes directly or indirectly to the Group’s future cash flows.

4.11 Impairment

Financial assets

A financial asset is subject to impairment whenever there is an objective indication that an adverse event has occurred subsequent to its initial recognition and that this event has a negative impact on the future cash flows of the asset that can be reliably estimated.

Non-financial assets

Carrying values of the Group's non-financial assets are reviewed at each reporting date in order to assess whether there is any indication that an asset has suffered impairment. If there is such an indication, the recoverable amount of the asset is estimated, and if necessary an impairment expense is recognized to bring the carrying value of the asset down to its recoverable value, as described below.

For goodwill and intangible assets with an indefinite life, the recoverable amount is estimated on an annual basis during the last quarter of the fiscal year or during the year if an indicator of loss of value arises. For other non-current tangible and intangible assets, the recoverable amount is estimated if there is any indication that an asset has suffered impairment.

Estimation of the recoverable amount

The recoverable amount of an asset or group of assets is the higher of its fair value less costs to sell and its value in use.

Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset or group of assets in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. This estimate is determined by using available market information. Fair value is estimated on the basis of projected cash flows discounted to present value, using assumptions that any market player would make. In particular, account is taken of any restructuring, expansionary investment that would normally be envisaged by any market player.

The fair value thus determined is further corroborated by observing the EBITDA multiples resulting from recent transactions and a sample of comparable listed companies.

Value in use as generally used by the Group corresponds to the present value of the future cash flows expected to be derived from an asset or group of assets based on assumptions made by the Group's management regarding economic, regulatory and forecast operating conditions. These cash flows correspond to those generated by the assets in their current operating state.

In all cases, discounted cash flows are determined as follows:

- Cash flows are obtained from eight to ten-year plans; this period corresponds to the time needed for activities such as digital television to reach maturity;
- Beyond this horizon, cash flows are extrapolated using a growth rate to infinity that reflects the market's expected long-term growth rate;
- Cash flows are discounted to present value using rates that reflect the risks inherent to the activities and countries concerned.

Definition of Cash Generating Units

The Cash Generating Unit (CGU) is the smallest identifiable group of assets generating largely independent cash inflows.

Goodwill impairment tests are carried out at the level of CGU groups of CGUs corresponding to the level at which the monitoring of returns on investment is carried out, for internal management purposes, taking account in particular of the expected synergies between the CGUs.

At December 31 2017 like at December 31 2016, the CGUs or groups of CGUs that are selected for goodwill impairment tests are: TDF, Arkena, Médiamobile and Levira.

Tangible and intangible assets do not as a rule generate independent cash flows, and are therefore tested at the level of the CGUs to which they belong. These assets may nonetheless be subject to individual tests in cases where their fair value can be determined and/or it can be established that there is no reason why their value in use should exceed their fair value.

Recognition of impairment

If the carrying value of a CGU or a group of CGUs exceeds its recoverable value, an impairment loss is recognized, without any off-setting with other CGUs or groups of CGUs for which the carrying value is less than the recoverable value. Impairment losses are recognized as other operating expenses. An impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the CGU or group of CGUs tested, and then against the carrying value of the CGU or group of CGUs' other assets.

An impairment loss recognized against goodwill cannot be reversed in a subsequent period. For assets other than goodwill, the Group assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased, and if such is the case, the increased carrying value of the asset attributable to a reversal of an impairment loss may not exceed the carrying value that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset in prior years.

4.12 Financial instruments

The Group initially recognizes loans, receivables and deposits on the date on which they are generated. All other financial assets are initially measured on the date on which the Group becomes a party to the contractual terms attaching to the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers substantially all the risks and rewards of ownership of the asset to another entity.

Financial assets and liabilities are netted and shown for the net balance if, and only if, the Group has the legal right to offset them.

Group financial instruments are detailed hereinafter:

Financial assets recognized at fair value

Financial assets at fair value comprise financial assets held for trading, namely financial assets held by the Group with the intention of selling in the short-term or which are part of a portfolio managed to generate short-term profits. Changes in fair value are recognized in profit or loss.

Loans and receivables

This heading includes receivables relating to non-consolidated equity holdings, other loans and receivables and trade receivables.
Trade receivables are recognized initially at fair value, which is generally the same as their nominal value unless the impact of discounting them to present value is significant, and thereafter at their amortized cost.
Nevertheless, if the recoverable amount becomes lower than the net carrying value, an impairment charge is recognized under operating income.

Cash and cash equivalents

This comprises current account balances with banks as well as cash equivalents defined as short-term investments (the term of the investment is usually less or equal to 3 months) that are highly liquid (can be sold at any time without impact on their value), and readily convertible to known amounts of cash and which are subject to an insignificant risk of loss in value (with historical data confirming the regularity of their growth in result).
For purposes of the cash flow statement, cash and cash equivalents is stated net of bank overdrafts.

Financial assets available for sale

These mainly comprise the Group's equity holdings in non-consolidated companies.
Available for sale assets are measured in the balance sheet at fair value, and changes in value are recognized directly in equity except where an impairment test leads to the recognition of a material or ongoing unrealized loss relative to historical acquisition cost, in which case the impairment is recognized through profit or loss.
Amounts recognized in equity are taken to profit or loss upon disposal of available for sale financial assets.
Fair value corresponds to market price for listed securities or to estimated fair value for unlisted securities, determined in accordance with the financial criteria most appropriate to the particular circumstances of each investment.

Non-derivative financial liabilities

The Group has the following non-derivative financial liabilities: financial borrowings and debts, bank overdrafts, trade payables. After initial recognition at fair value less transaction costs, corresponding to the consideration received, these financial liabilities are measured at amortized cost under the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash outflows over the expected life of the financial liability to the net carrying value on initial recognition.

Purchase of own equity instruments

If the Group buys back its own equity instruments, the value of the consideration paid, including directly attributable costs, is recognized in equity, net of tax.

Derivative financial instruments and hedge accounting

In financial years 2017 and 2016, the Group doesn’t hold any derivative financial instruments.

5. Financial risk management

5.1 Credit risk

The total carrying value of financial assets takes account of the maximum exposure to credit risk.

Trade receivables

For some major TV, Radio and Telecom customers, sales invoices are issued in advance in compliance with contractual terms. The income effect of such receivables is adjusted by cut-off journal entries (deferred income, invoices to be issued, etc.) so as to correctly allocate income to each period.
Trade receivables are subject to provisions for impairment depending on the risks incurred and on ageing.

Short–term investments

The Group places its cash with first class banking institutions, the objective being to generate a secure, as opposed to a speculative, return. Cash is invested in euro-denominated money market UCITS and in term deposits with a maturity of under 3 months.

5.2 Market risk

A. Management of interest rate risk

Exposure to the Group's interest rate risk can be analyzed below:

	Dec 2017		Dec 2016	
In thousands euros	**Outstanding**	**% of the debt**	**Outstanding**	**% of the debt**
Fixed interest rate debt	2 462 982	95,6%	2 465 220	97,4%
Variable interest rate debt	112 862	4,4%	66 176	2,6%
Total before hedging	**2 575 844**	**100,0%**	**2 531 396**	**100,0%**
Fixed interest rate debt	2 462 982	95,6%	2 465 220	97,4%
Variable interest rate	112 862	4,4%	66 176	2,6%
Total after hedging	**2 575 844**	**100,0%**	**2 531 396**	**100,0%**

At the December 31 2017 closing date, the Group notably bears:
- €1 063.6m of debt with fixed interest rate towards Tivana France Holding (indirect shareholders);
- €1 400.0m of bond debt with fixed rates (excluding loan issuance costs).

Sensitivity analysis of cash flows for variable rate instruments

No variable rate instrument is owned by the Group, neither at December 31, 2017 nor at December 31, 2016.

B. Exchange risk

The Group's functional currency is euro. The Group has little exposure to exchange rate fluctuations in other currencies.

5.3 Liquidity risk

To ensure liquidity, the Group has available resources of €372.7m (€323.6m on December 31, 2016):
- Cash and cash equivalents of €122.7m as of December 31, 2017 (€73.6m on December 31, 2016);
- A Revolving Credit Facility usable for an amount of €250.0m negotiated under the bank credit agreement signed on March 31, 2015 for use by TDF Infrastructure SAS to cover its own needs and those of its subsidiaries in respect of acquisitions, capital expenditure and working capital.
  This line is not used, neither as of December 31, 2017 nor as of December 31, 2016.

Contractual maturities of financial debt break down as follows (including interest payments):

	Dec 2017		Maturities		
In thousands euros	Book value	Cash flow	< 1 year	1 to 5 years	> 5 years
Non-derivative financial instruments					
Financial debts - Nominal	2 592 268	2 592 268	122 311	600 964	1 868 993
Loan issue expenses	(16 424)	-	-	-	-
Financial interests	218 093	1 469 229	318 718	476 813	673 698
Trade payables	164 586	164 586	164 586	-	-
Total financial liabilities	**2 958 523**	**4 226 083**	**605 615**	**1 077 777**	**2 542 691**

	Dec 2016		Maturities		
In thousands euros	Book value	Cash flow	< 1 year	1 to 5 years	> 5 years
Non-derivative financial instruments					
Financial debts - Nominal	2 550 454	2 550 454	66 384	20 072	2 463 998
Loan issue expenses	(19 058)	-	-	-	-
Financial interest	125 573	1 495 619	225 960	476 813	792 845
Trade payables	140 429	140 429	140 429	-	-
Total financial liabilities	**2 797 398**	**4 186 502**	**432 773**	**496 885**	**3 256 843**

See the notes 5.4 and 10.2 which describe the split, the nature and the characteristics of financial debts.

As of December 31, 2017 we have:
- the shareholder debt, towards Tivana France Holdings for €1 063.6m, with a fixed rate interests of 7.7% and a maturity on March 20, 2030;
- the first bond debt, issued on October 19, 2015, for €600m, with a fixed coupon of 2.875% and a maturity on October 19, 2022;
- the second bond debt, issued on April 7, 2016, for €800m, with a fixed coupon of 2.50% and a maturity on April 7, 2026.

Financial expenses are calculated up to the contractual maturity of the liabilities to which they relate.

By prudence, maturities on financial debts (bank and bond debts) correspond to contractual maturities, without presuming any early repayments.

For debts with variable interest rates, interest rates used are the forward rates prevailing at the reporting date.

Concerning the shareholder loan of €1 063.6m towards Tivana France Holdings, quarterly interests on that debt can be:
- capitalized
- paid
- or the payment can be deferred, without the interests being capitalized.

Therefore, in the liquidity risk disclosure, by prudence, assumptions taken are the following:
- interests neither capitalized nor paid are disclosed with a maturity below one year,
- future interests are supposed paid every quarter over the loan length, without taking into account the deferred payments or capitalization mechanisms that are authorized by the loan contract.

5.4 Indebtedness

The Group has contracted an unsecured senior debt towards bank lenders (« bank debt ») and bondholders (« bond debt »).

Bond debt

The characteristics of bond debts of the Group are followings:

In millions euros	Nominal Amount	Market	Maturity	Fixed coupon	Periodicity payment	Repayment option	Other clauses
Term debt							
debt issued on Octobre 19, 2015	600,0	Euronext Paris	October 19, 2022	2.875 %	coupon annually paid on October 19	Option of early repayment from bondholders in case of control change (under some conditions)	Clause of 1,25% rise of annual coupon in case of rating inferior to BBB- (or equivalent)
debt issued on April 7, 2016	800,0	Euronext Paris	April 7, 2026	2.50 %	coupon annually paid on April 7		
TOTAL bond debt	**1 400,0**						

Bank debt

At December 31, 2017, like December 31, 2016, the Group has a bank credit facility agreement, which was implemented within the context of the change of control on March 31, 2015, and which is ruled by the following contracts:

"Facilities Agreement" signed on November 6, 2014 and amended on March 26, 2015 between Tivana Topco S.A., Tivana Midco S.à.r.l., Tivana France Holdings SAS, as parent companies and joint guarantors, and TDF Infrastructure SAS (which entered into the contract on March 31, 2015), as borrower and joint guarantor, BNP Paribas SA, Crédit Agricole Corporate and Investment Bank, Lloyds Bank plc, The Royal Bank of Scotland plc, Société Générale Corporate & Investment Banking, acting as mandated arrangers, BNP Paribas SA, as Facility Agent, Security Agent and the lenders named therein (the "Senior Credit Agreement"), which object is the establishment of senior credit lines for an initial principal amount of €1.650.000.000 ; in accordance with the contract, TDF Infrastructure Holding SAS and TDF SAS entered into the contract on June 29, 2015 ; finally all commitments given by Tivana Topco S.A., Tivana Midco S.à.r.l., Tivana France Holdings SAS terminated on October 19, 2015 following the bond issue ; TDF Infrastructure Holding SAS's commitments terminated on November 12, 2015 ;

« Intercreditor Agreement » signed November 6, 2014 between notably Tivana Topco S.A., Tivana Midco S.à r.l.,, Tivana France Holdings SAS, as parent companies and joint guarantors, and after accession TDF Infrastructure SAS, as borrower and joint guarantor, BNP Paribas SA,, Crédit Agricol Corporate and Investment Bank, Lloyds Bank plc, The Royal Bank of Scotland plc, Société Générale Corporate & Investment Banking, acting as mandated arrangers, BNP Paribas SA, as Facility Agent, Security Agent, the Senior lenders parties to the Credit Senior Agreement and certain banks as Hedge Counterparts, under which are in particular determined the conditions of subordination and ranking between creditors of Tivana Topco S.A., Tivana Midco S.à r.l.,, Tivana France Holdings SAS, TDF Infrastructure Holding SAS, TDF Infrastructure SAS and TDF SAS ;

This credit facility agreement notably includes:
- the definition of a financial ratio ("Covenant"), that the Group has to comply with at various defined periods (see below);
- the indexation of the cost of the debt, through the fact that the margins applied to some tranches are set up depending on the Group's rating as determined by rating agencies (the rating can be public or private);

- a floor Euribor rate of 0%, so that the global interest rate (margin + Euribor) paid by TDF Infrastructure SAS will never be lower than the applicable margin;
- the application of anticipated prepayments under certain conditions (notably in case of a change of control, IPO, in case of certain conditions of excess cash flow, or bond issuance);
- restrictive conditions (subject to exceptions included in the facility agreement) limiting the possibility for Group companies to perform certain transactions;
- a condition to terminate pledges and commitments that the Group has given when the bank agreement loan was set up, and which was activated on October 19, 2015 when part of the tranche A of the term debt was repaid, following the bond issue.

The bank agreement includes a leverage ratio covenant, disclosed hereafter:

Ratios	**Limits**	**Contractual covenant as of December 31, 2017 FA**	**Calculated covenant as of December 31, 2017 FA**
Leverage ratio (consolidated net debt / consolidated EBITDA)	This ratio has to be lower than or equal to the following limits	5,32	3,96

Some adjustments, defined in the bank agreement, are applied to the consolidated aggregates for the ratio calculation.
This covenant is calculated and communicated to the lenders 'agent twice a year, in June and December.
The leverage ratio covenant at the end of December 2017 is met, and its calculation is certified by the Group auditors.

It is to be noted that the term debt was fully repaid following the second bond issuance on April 7, 2016. However, the revolving credit line for €250m is still in force (not used on December 31, 2017), and its characteristics are as follows:

In millions euros	**Initial amount**	**Amount due at Dec 2017**	**Amount due at Dec 2016**	**Depending in the Group's rating**		Margin applied to EURIBOR					Maturity
				Moody's	**S&P**	Until 06/11/15	Until 06/11/16	Until 06/11/17	Until 06/11/18	Until 06/11/19	
Revolving Facility				Baa2 or above	BBB or above			1,00%			
	250,0	-	-	Baa3	BBB-			1,15%			6-nov.-19
				Below Baa3	Below BBB-			Marge Baa3/BBB- plus 0,75%			
TOTAL revolving debt	**250,0**	**-,**	**-,**								

The revolving credit line can be used for general corporate purposes of the Group, included WCR, investments, acquisitions or distribution to shareholders.
The facility is at a floating rate. Interests periods are of 1 month, 2 months, 3 months or 6 months and are freely set by the borrower according its needs (except particular context, for example debt syndication).

5.5 Operational risk

Compliance with Group policies is supported by a program of periodic reviews undertaken by Internal Audit. Conclusions are submitted to the Audit Committee and Group senior management.

The Group has taken out insurance policies to manage liabilities in respect of corporate officers, general third party liabilities and those concerning vehicle lease contracts, material damages and loss of profits.

6. Operating segments

Pursuant to IFRS 8, the Group reports its results and assets by operating segment. The determination of the operating segments reflects the Group's internal reporting structure. The results of all operating segments are regularly reviewed by Group senior management with a view to assessing their performance and to taking decisions on the resources to allocate to each segment.
The CGU TDF itself represents more than 90% of revenues, assets and profits of the Group. The results of the Group are therefore reviewed as a whole, there is for now only one segment.

Under IFRS 8, the Group discloses revenue by business line which breaks down as follows:

- Television: carrying and broadcasting analogue and digital signals and related services, provision of uplink services, temporary or permanent rental of 'space' (satellite transponder time), allowing TV and radio broadcasting to given territories,
- Radio: carrying and broadcasting signals and related services,
- Telecom and Services: hosting of broadcasting and reception equipment on Group sites, providing maintenance and engineering services, locating sites, data centers, high speed networks,
- Media services: pre-broadcasting/final control rooms, smart transport activities (traffic information), storage and digital delivery of multi-media content,
- Other: royalties generated from intellectual property, income and interest from rentals.

In addition, given the first tenders won to deploy, operate and market Very High Speed optical fiber network (see note 1), the Group aims to extend its facility operator business to optical fiber, and will invest in this market to speed up digital network facilities deployment in France.
As of December 31, 2017, the main impacts of the development of this business in the Group's Consolidated Financial Statements are as follows:

- 6.9 million of EBITDA expenses (no revenue yet),
- 32.1 million euros of investments already made,
- 36.2 million euros of cash out impacting operating free cash flows.

Finally, figures disclosed hereafter represent the way the Group activity is reviewed internally, mostly the Key indicator « EBITDA excluding IFRS 2 charges, severance payments and related fees" which correspond to EBITDA restated:

- from charges booked in application of IFRS 2 (which are in the Group's case without cash impact),
- from all charges corresponding to severance payments and recognized over the period (legal and transactional severance payments) among the Group, and all fees directly related (lawyers, etc.).

	In thousands euros	Dec 2017 (12 months)	Dec 2016 (12 months)
Net income	Digital Television	174 044	187 411
	Radio	115 160	120 858
	Total Broadcasting Services	**289 204**	**308 269**
	Telecom: site hosting	289 990	269 892
	Telecom: other services	28 932	23 413
	Total Telecoms & Services	**318 922**	**293 305**
	Media Services	48 964	52 901
	Other	19 695	19 418
	Total revenue	**676 785**	**673 893**
	EBITDA excluding IFRS 2 charges, severance payments and related fees	**354 963**	**354 304**
	EBITDA	**350 155**	**352 282**
	Depreciation, amortisation and impairment losses	(184 582)	(164 159)
	Current Operating Income	**165 573**	**188 123**
	Impairment of goodwill & intangible assets identified in business combinations	(6 552)	(776)
	Other operating income and charges	(1 326)	77 787
	Operating Income	**157 695**	**265 134**
Flow	**Net cash from operating activities (a)**	**247 398**	**243 317**
	Operating capex free from working capital effects (b)	**(215 146)**	**(164 989)**
	Working capital effects on net operating capex (c)	9 940	19 526
	Operating disposals net from working capital effects (d)	5 413	276
	Operating cash available((a) + (b) + (c) + (d))	**47 605**	**98 130**
	Workforce (full-time average equivalent)	**2 124**	**1 958**

7. Discontinued operations, assets held for sale and disposed entities

7.1 Discontinued operations

At December 31 2017, as at December 31 2016, the Group does not have any discontinued operations in the meaning of IFRS 5.

7.2 Assets held for sale and disposed entities

At December 31 2017, as at December 31 2016, the Group does not have any discontinued operations in the meaning of IFRS 5.

Monaco Media Diffusion (ex-MCR) and Arkena Nordics sub-group

Monaco Media Diffusion ("MMD", formerly named MCR) loss of control occurred on April 26, 2016, as a consequence of the disposal of 2% of the share capital bringing the Group's interest to 49% (see also note 19). However the Group still has significant influence and Monaco Media Diffusion is still consolidated under the equity method.

Also, the 6 Nordics subsidiaries of the CGU Arkena (see note 16), called the « Arkena Nordics » sub-group, have been sold on July 7, 2016 and were qualified as assets held for sale at June 30, 2016.

Profit and loss and cash flows of MMD and Arkena Nordics entities remain included in the comprehensive income and in the cash flow statement of the Group until their date of effective loss of control. Their contributions are the following:

In thousands euros	Dec 2016 (4-6 months)
Revenue	**5 055**
Other income	-
Consumed purchases	(1 233)
Personnel costs	(2 087)
External expenses	(1 335)
Profit/loss on disposal of non-current operating assets	(85)
Other expenses	(189)
EBITDA	**126**
Other operating income and expenses	(142)
Depreciation, amortisation and impairment losses	(2 709)
OPERATING LOSS	**(2 725)**
Other finance revenues / expenses	(127)
Income tax	(334)
NET LOSS OF DISPOSED OPERATIONS	**(3 186)**
Net cash from operating activities of disposed operations	**(844)**

In accordance with IFRS 5, when non-current assets and groups of assets are first classified as held for sale they are recognized at the lower of net carrying value and fair value less selling expenses.
Therefore, as the forecast net result of the disposal (net from disposal costs) is a loss of €1.7m, the following impacts were recognized:

- an impairment of goodwill of €776k, corresponding to the part of the Arkena CGU goodwill which is attributable to these entities, which is disclosed on the line « Depreciation, amortization and impairment losses » in the above table,
- an impairment of intangible assets of €964k, which is disclosed on the line « Depreciation, amortization and impairment losses » in the above table.

8. Notes to the statement of comprehensive income

General comments:
- Incomes and charges of MCR remain included in figures for all the periods disclosed until the effective loss of control date (April 26, 2016, see the note 7.2);
- Incomes and charges of Arkena Nordics entities remain included in 2016 figures until their effective disposal date (July 7, 2016, see note 7.2);
- In 2017, the main impacts of the development of optical fiber activity in the Group's income statement are as follows:
    - -6.9 million EBITDA expenses, including -2.8 million euros in personnel costs,
    - no revenue yet.

8.1 Revenue

In thousands euros	Dec 2017 (12 months)	Dec 2016 (12 months)
Digital Television	174 043	187 411
Radio	115 160	120 858
Total Broadcasting Services	**289 203**	**308 269**
Telecom: site hosting	289 990	269 892
Telecom: other services	28 932	23 413
Total Telecoms & Services	**318 922**	**293 305**
Media Services	48 964	52 901
Others	19 696	19 418
Total revenue	**676 785**	**673 893**

Following the « second digital dividend » and the CSA final decisions (French TV and radio regulatory body), the two multiplex R5 and R8 shutdown early April 2016 brought forth a revenue decrease of 11.3 million euros between December 2017 and December 2016.

Also, revenue is impacted by the following perimeter effects:
- +€16.6m related to the revenue generated by the ITAS group entities (group acquired on October 12, 2016):
    - €27.2m corresponding to the full year impact on revenues of ITAS Group entities between December 2016 and December
    - -€10.6m related to the full year impact on the revenue made by TDF SAS with these entities, which is now eliminated as an interco transaction
    - that is a net effect on the Group revenue of +€16.6m at the end of December 2017;
- -€5.1m related to MMD and Arkena Nordics perimeter effects (see the note 7.2).

8.2 Other income and expenses (in current operating income)

In thousands euros	Dec 2017 (12 months)	Dec 2016 (12 months)
Other income	**22 150**	**13 871**

Other income and expenses mainly comprises:
- insurance compensation, income from penalties received and operating grants received;
- the impact of the agreement signed at the beginning of 2016 between TDF SAS and the Government concerning the second digital dividend. Indeed, the indemnity granted is recognized as other income under IFRS.

The perimeter effect related to the acquisition of the ITAS Group is of +€1.2 m on this line between December 2017 and December 2016.

In thousands euros	Dec 2017 (12 months)	Dec 2016 (12 months)
Business tax	(7 414)	(2 238)
Property tax	(9 156)	(8 866)
Other taxes	(3 254)	(1 290)
Provision on receivables - Prov. for risks and charges	9 380	3 403
Other operating expenses	(3 999)	(4 188)
Other expenses	**(14 443)**	**(13 179)**

The line "Provision on receivables – Prov. For risks and charges" includes changes in provision for risks and charges and changes in provisions on trade receivable and other current assets. The reversals of provision for risks and charges correspond to conclusions reached concerning litigation already provisioned, and to successful negotiations for the Group.

In 2016, the charge of the Business tax is reduced due to a cap mechanism effect related to the exceptional charge of the CVAE over the period. It is non-recurrent effect related to the change of annual closing date of the Group in 2015 (the Group changed its annual closing date from March 31 to December 31).

The increase of the line « Other operating expenses » is due for -€3.2m to the perimeter changes - net effect (acquisition of the ITAS group, MMD under equity method, and disposal of the Arkena Nordics entities).

8.3 Consumed purchases

In thousands euros	Dec 2017 (12 months)	Dec 2016 (12 months)
Resold purchases	(16 043)	(13 589)
Energy and fuels	(45 992)	(41 014)
Other purchases including change in inventory	(7 550)	(6 110)
Capitalized purchases	17 413	7 876
Consumed purchases	**(52 172)**	**(52 837)**

The decrease of consumed purchases is essentially composed of a net perimeter effect of -€2.3m (acquisition of the ITAS group, MMD under equity method, and disposal of the Arkena Nordics entities) and an increase of capitalized expenses in relation with the increase in the growth of sites network and optical fiber activity (see note 1)

8.4 Personal cost

In thousands euros	Dec 2017 (12 months)	Dec 2016 (12 months)
Salaries & wages	(108 037)	(106 522)
Social security contributions	(37 597)	(35 495)
Tax contributions on salaries & wages	(4 656)	(4 368)
Statutory employee profit sharing	(9 378)	(9 271)
Post-employment benefits : defined benefit plans	(1 739)	(1 720)
Post-employment benefits : defined contributions	(9 418)	(10 180)
Share based payments	(1 420)	-
Other personnel costs	(4 144)	(2 665)
Capitalized personnel costs	40 642	34 707
Total personnel costs	**(135 747)**	**(135 514)**

Other personnel costs largely comprise contractual employee profit sharing, various staff expenses (workers' council, lunch contribution, Committees for Occupational Health and Safety etc.), and accruals for vacation and other employee costs.

The impact of perimeter effects on the change of personnel costs splits as follows:

- +€0.2m related to the entity MMD, fully consolidated until April 2016 (see the note 7.2);
- +€1.8m concerning the six subsidiaries of the sub-group « Arkena Nordics », disposed of on July 7, 2016 (see the note 7.2);
- -€4.5m concerning the full year impact on the various ITAS entities, acquired on October 12, 2016.

In addition, personal costs include:

- -€2.1m of IFRS2 expenses (no charge in 2016) related to the bonus share plan described in note 10.4 (described as "equity settled", without cash flow effect),
- -€2.8m (vs €2.0m in 2016) of severance payments recognized over the period (legal and transactional indemnities) in the Group, and related fees (lawyers, etc.),
- -€2.8m of expenses incurred in 2017 related to the development of fiber activity (see note 1).

8.5 External expenses

In thousands euros	Dec 2017 (12 months)	Dec 2016 (12 months)
Real estate	(35 263)	(33 179)
Technical subcontracting	(65 558)	(57 992)
Administrative subcontracting	(13 326)	(11 379)
Expenses linked to personnel	(19 302)	(15 150)
Surveys & consulting fees	(9 728)	(6 770)
External & internal communication costs	(2 349)	(1 873)
Corporate fees	(5 434)	(4 985)
Insurance	(2 718)	(2 561)
External expenses	**(153 678)**	**(133 889)**

The impact of perimeter effects on the change of external expenses splits as follows:

- +€1.3m related to the entities MMD and Arkena Nordics (see the note 7.2),
- -€7.7m concerning the full year impact of various ITAS entities, acquired on October 12, 2016.

Excluding perimeter effect, the increase of external expenses is notably due to the rise of Telecom revenue and to costs related to the development of fiber activity (see note 1 and 8.4).

8.6 Profit on disposal of non-current operation assets

Profit on disposals over the various periods disclosed mainly corresponds to sales completed by TDF SAS.

8.7 Depreciation, amortization and impairment losses

In thousands euros	Dec 2017 (12 months)	Dec 2016 (12 months)
Amortisation of intangible assets	(37 918)	(32 759)
Depreciation of tangible assets	(137 274)	(131 384)
Write-back of investment subsidies	554	868
Impairment of intangible assets	(6 410)	(964)
Impairment of tangible assets	(3 534)	80
Depreciation, amortisation and impairment losses	**(184 582)**	**(164 159)**

The impairment of tangible and intangible assets recognized in 2017 is related for €9.9m to Arkena CGU's impairment loss recorded following impairment tests carried out year-end (see note 9.1).

The impairment of intangible assets recognized at the end of December 2016 is related to the classification as assets held for sale of the 6 Arkena Nordics entities as of June 30, 2016, before the disposal in July 2016.

In thousands euros	Dec 2017 (12 months)	Dec 2016 (12 months)
Impairment loss of intangible recognised on business combinations	-	-
Impairment loss of goodwill	(6 552)	(776)
Impairment loss	**(6 552)**	**(776)**

The goodwill impairment of €6.6m in December 2017 concerns the Mediamobile CGU for €4.7m and Arkena CGU for €1.9m, and reflects a prudent position regarding the fair value of this CGU following the review of its business plan (see also note 9.1).

As of December 31, 2016, impairment of goodwill of €0.8m is related to the classification as assets held for sale of the 6 Arkena Nordics entities, before the disposal in July 2016 (see the note 7.2).

8.8 Other operating income and charges

At December 31, 2017, other operating income and charges mainly include incomes and costs, which are significant and unusual, and are recognized in non-recurrent operating income (below EBITDA), notably:

- an additional provision allowance of €5.0m related to the agreement which was signed on July 23, 2015 concerning employee-related measures to support the leaves necessary to adjust the workforce (see note 10.5);
- an income of €3.4m related to the reduction of the fine decided by the anti-trust authorities following a complaint filed in 2009 by the company ITAS TIM, which have generated a payment of €20.6m in 2016 (see below);

At December 31, 2016, other operating income and charges include:

- the additional provision allowance of €13.8m related to the agreement which was signed on July 23, 2015 concerning employee-related measures to support the leaves necessary to adjust the workforce, and actual costs incurred, net from uses of provision, of €0.1m;
- the expense of €20.6m related to the fine decided by the anti-trust authorities following a complaint filed in 2009 by the company ITAS TIM and which is partially covered by a reversal of provision of €5.3m;
- the reinvoicing to Tivana France Holdings of costs incurred by the Group in the frame of the change of shareholders and following refinancing operations, which represents an income of €4.9m;
- an income of €106.2m, corresponding to the earn-out related to the disposal of German entities;
- -€2.2m corresponding to the acquisition costs of the ITAS Group;
- -€1.5m of allocation concerning dismantling provision for which assets are fully depreciated.

8.9 Net finance costs

Net finance costs can be broken down as follows:

In thousands euros	Dec 2017 (12 months)	Dec 2016 (12 months)
Revenues from available funds placed	19	136
Total financial revenue (a)	**19**	**136**
Finance expenses linked to debt : Bond	(37 250)	(32 032)
Finance expenses linked to debt : Bank term debt	-	(2 162)
Finance expenses linked to debt : Bank debt revolving	(1 020)	(1 023)
Finance expenses linked to debt : Shareholder	(92 782)	(86 188)
Finance expenses linked to debt : Financial lease	(76)	(389)
Finance expenses linked to debt : Other debts	(479)	(190)
Refinancing costs	-	(12 103)
Result on financial instruments measured at amortized cost (b)	**(131 607)**	**(134 087)**
Capitalisation & amortisation of loan issue expenses (c)	**(2 634)**	**6 839**
Profit (loss) related to derivatives (d)	**-**	**-**
Total finance expenses (e) = (b) + (c) + (d)	**(134 241)**	**(127 248)**
Net financial debt cost (a) + (e)	**(134 222)**	**(127 112)**

The change in the net financial debt cost compared to the previous year is principally explained by the following effects:

- The decrease of interest expenses on bank debts is mainly due to the progressive extinction of the bank term debts over the periods disclosed, which decrease (excluding loan issuance costs) from €807m at December 31, 2015, to €18m at April 7, 2016, and then to 0 in May 2016;

- the bond debt issued have generated interest of €37.3m over the period (€600m with a fixed coupon of 2.875% issued on October 19, 2015, €800m with a fixed coupon of 2.5% issued on April 7, 2016), the change compared to previous year being the full year effect of the second bond debt;

- Concerning the shareholder loan of €1063.6m towards Tivana France Holding (amount unchanged vs 2016, fixed interest rate of 7.7%)., quarterly interests on that debt can be:
  - capitalized
  - paid
  - or the payment can be deferred, without the interests being capitalized.

  thus, the deferred interests generating themselves interests, the cost of this loan increases compared to 2016, while the amount of the debt remains stable;

- the lines Refinancing costs and capitalization & amortization of loan issue expenses are impacted in 2016 by the issuances and repayments of debts performed over this period, as new issuance costs have been activated for the second bond debt issuance on April 7, 2016, up to €12.1m, which are amortized since then, and the 2016 charge also includes a one-shot amortization of €1.4m related to the €807m of the bank term debt repaid following the second bond issue.

See also notes 5.4 and 10.2 describing financial debts evolution and their characteristics.

At December 31, 2017, excluding shareholder debts, the average interest rate on financial debt is 2.92% (2.88% at December 31, 2016), including financing costs.

Other financial income and charges are as follows:

In thousands euros	Dec 2017 (12 months)	Dec 2016 (12 months)
Net discounting costs excluding net debt	(1 147)	(1 844)
Forex gains (losses)	(624)	1 140
Other financial expenses & Income	1 491	2 092
Other financial revenues / charges	**(280)**	**1 388**

Net discounting costs mainly concern discounting effects on provisions.

Finance income and expenses recognized under other comprehensive income are as follows:

In thousands euros	Dec 2017 (12 months)	Dec 2016 (12 months)
Currency translation differences for foreign operations	558	(162)
Finance income and expenses recognised in other comprehensive income	**558**	**(162)**

8.10 Income tax

From April 1, 2015, a new tax consolidation group was created headed by Tivana France Holdings (single shareholder of TDF Infrastructure Holding SAS since March 31, 2015). All French entities owned directly or indirectly at least 95% by Tivana France Holdings SAS are included in the tax group, except the companies ITAS Sud-Ouest, Val d'Oise Fibre, Yvelines Fibre et Val de Loire Fibre, created in 2017 (see note 19).

The scope of the tax consolidation group being therefore greater than the consolidation of TDF Infrastructure SAS group, it should be noted that the effects of the tax consolidation (recognition of the tax group benefit and the Tax Group's tax loss carried forward) are not recognized in these consolidated financial statements. On the contrary, each entity calculates its tax expense on its own and recognizes its tax loss carried forward (or not) on its own, according to its own results and its own perspective to use or not the tax loss carried forward it generates.

The income tax is analyzed below:

In thousands euros	Dec 2017 (12 months)	Dec 2016 (12 months)
Current tax expense	(59 191)	(64 692)
Other income tax expenses	(7 667)	(14 191)
Deferred tax expense	27 902	46 556
Income tax expense from continuing operations	**(38 956)**	**(32 327)**
Income tax from discontinued operations and disposed entities	-	-
Total income tax	**(38 956)**	**(32 327)**

Note that among the €59.2m of current tax expenses mentioned above (€64.7 as of December 31, 2016), €56.5m concern TDF SAS (€63.0 as of December 31, 2016), and are actually offset at the tax consolidation group level by loss of other companies, such as Tivana France Holdings SAS, TDF Infrastructure Holding SAS and TDF Infrastructure SAS (see hereafter).

Income tax recognized in other comprehensive income is analyzed below:

In thousands euros	Dec 2017 (12 months)			Dec 2016 (12 months)		
	Pre-tax	Tax (Expense) / Credit	**Net of tax**	Pre-tax	Tax (Expense) / Credit	**Net of tax**
Currency translation differences for foreign operations	558		558	(162)		(162)
Cash flow hedges			-			-
Actuarial gains (losses) on defined benefit plan	(804)	275	(529)	954	(327)	627
Others	5		5			-
Total	**(241)**	**275**	**34**	**792**	**(327)**	**465**

The reconciliation between the theoretical income tax and the actual income tax recognized is provided below:

In thousands euros	Dec 2017 (12 months)		Dec 2016 (12 months)	
	Value	**Rate**	**Rate**	**Value**
Loss for the period	(15 067)			107 618
Total income tax for the period	(38 956)			(32 327)
Profit excluding income tax	23 889			139 945
Theoretical income tax based on the French statutory income tax rate	**(8 225)**	**34,43%**	**34,43%**	**(48 183)**
Non-deductible interest	(11 275)	47,20%	7,41%	(10 372)
Other income tax expenses (CVAE, etc)	(5 029)	21,05%	6,65%	(9 309)
Impairment of tax loss carried forward	(41 432)	173,44%	25,33%	(35 448)
Impact of disposals of entitoies, of goodwill impairment and IFRS 5 loss	(2 235)	9,36%	-22,68%	31 734
Fine from the Antitrust Authority	-		5,07%	(7 093)
Effect of difference in foreign tax rates (theoretical rate)	261	-1,09%	0,07%	(99)
Effet changement de taux d'IS	24 963	-104,50%	-32,64%	45 675
Other permanent differences	2 360	-9,88%	0,63%	(888)
Deferred tax on "CVAE" (1)	795	-3,33%	-0,50%	706
Others	861	-3,60%	-0,68%	950
Actual income tax	**(38 956)**	**163,07%**	**23,10%**	**(32 327)**

1) This deferred tax income relates to the Group decision to classify CVAE as income tax.

Evolution of non-deductible interests is explained by the increase in the financial cost of the Group (see notes 8.9). As a reminder, in France, the interest's deductibility limit is 75%. This tax effect concerns interest costs on bank debts, on bond debt and on the shareholder loan.

At December 31, 2017, the changes related to depreciations or non-recognition of tax loss carried forward assets are notably linked to TDF Infrastructure SAS (€30.9m vs €32.1m as of December 31, 2016) and Arkena SAS (€6.2m vs €2.1m as of December 31, 2016).
These deferred tax assets are not recognized, since these entities do not have strong enough forecasts demonstrating consumption of tax loss carried forward, but note that a tax consolidation is actually done above TDF Infrastructure SAS level (see above).

At December 31, 2017, the permanent difference effect on impairment corresponds to the € 6.6 million goodwill impairment recognized on the Médiamobile and Arkena CGU (see note 8.8).
At December 31, 2016, the permanent difference on disposals effect is essentially explained for €32.2m by the earn-out of €106.2m recognized on the disposal of the German entities shares which is only taxable up to 12%.

The new French tax law of December 30, 2017 decided of a gradual decrease of the income tax rate. As notably concerns the main French entities of the Group, a gradual decrease between January 1, 2019 and January 1, 2022 will be applied, changing the rate from 34.43% to a rate of 25.83%. Deferred taxes basis reversing after January 1, 2019 have been evaluated with this gradual decrease of rate, which is a revaluation impact of €70.7m (profit) compared to a valuation with a rate of 34.43%. As a reminder, as of December 31, 2016, deferred tax basis reversing after January 1, 2019 had already been revalued, in order to consider a rate of 28.92% as of that date, which was a revaluation impact of €45.7m (profit). The impact of the additional revaluation in 2017 is therefore €25.0m.

At December 31, 2017, the effects related to other permanent differences correspond for €2.0m to profits corresponding to Research tax credit and Competitiveness and Employment Tax Credit recognized over the period.

9. Notes to the balance sheets: assets

Except for deferred taxes that are classified as non-current assets or liabilities, assets and liabilities are classified as current when the amounts are expected to be recovered or settled no more than 12 months after the reporting date. If this is not the case, they are classified as non-current.

9.1 Goodwill

At December 31, 2017, the Group goodwill breaks down by CGU or group of GGUs as follows:

In thousands euros	**Dec 2016**	Change in consolidation scope : acquisitions	Impairment losses	Change in consolidation scope : disposals / IFRS 5	**Dec 2017**
TDF	**1 739 147**	(45 112)	-	-	**1 694 035**
Arkena	**1 852**	-	(1 852)	-	**-**
Mediamobile	**10 784**	-	(4 700)	-	**6 084**
Levira	**-**	-	-	-	**-**
Total	**1 751 783**	**(45 112)**	**(6 552)**	**-**	**1 700 119**

The decrease of the TDF CGU goodwill corresponds to the purchase price allocation work performed concerning the ITAS group acquisition, pursuant to IFRS 3, which led to reduce the goodwill by €45.1m as of December 31, 2017 (see notes 1 and 9.2). Allocation work is now completed.

The goodwill impairment of €6.6m in December 2017 concerns the CGU Mediamobile and Arkena, and reflects a prudent position regarding the fair value of this CGU following the review of its business plan (see below).

At December 31, 2016, Group goodwill breaks down by CGU or group of GGUs as follows:

In thousands euros	**Dec 2015**	Change in consolidation scope : acquisitions	Impairment losses	Change in consolidation scope : disposals / IFRS 5	**Dec 2016**
TDF	**1 611 016**	128 131	-	-	**1 739 147**
Arkena	**2 628**	-	-	(776)	**1 852**
Mediamobile	**10 784**	-	-	-	**10 784**
Levira		-	-	-	**-**
Total	**1 624 428**	**128 131**	**-**	**(776)**	**1 751 783**

The increase of the TDF CGU goodwill corresponds:
- for €0.9m to allocations performed following the acquisition of the company AD Valem Technologies in September 2015, pursuant to IFRS 3;
- for €127.2m to the ITAS group acquisition.

At December 31, 2016, ITAS goodwill allocation is still under process.

The decrease of the Arkena CGU goodwill is related to the disposal of the 6 Arkena Nordics entities (a sub-group of the Arkena CGU) during July 2016 (see also the note 7.2).

A. Impairment test at December 31, 2017

In compliance with IAS36, the Group has performed an impairment test of goodwill at 2017 closing date.

According to Group management, business plans of the various CGUs are annually revised and approved by the shareholders. To determine the recoverable amounts of each CGU used for the impairment test, the Group relied on the latest business plans approved by the shareholders on November 22, 2017, and on observable fair market value indications.

These impairment tests led to the recognition of the following impairments at the end of 2017:
- €4.7m impairment of goodwill on the Médiamobile CGU,
- On the Arkena CGU, €1.9m of goodwill impairment and €9.9m impairment of assets (€6.4m on intangible assets and €3.5m on tangible assets).

B. Impairment test at December 31, 2016

In compliance with IAS36, the Group has performed an impairment test of goodwill at 2016 closing date.

According to Group management, business plans of the various CGUs are annually revised and approved by the shareholders. To determine the recoverable amounts of each CGU used for the impairment test, the Group relied on the latest business plans approved by the shareholders on November 23, 2016.

C. Assumptions underlying the impairment tests as of the reporting date

Dec 2017	Recoverable value based on	Projected periods	Discounting rates (WACC)	Long term growth rates
TDF	Value in use based on discounted cash flows	10 years	7,5%	1,75%
Arkena		5 years	9,5%	1,75%
Levira		5 years	9,5%	1,75%
Médiamobile	observable fair market value indications			

Dec 2016	Recoverable value based on	Projected periods	Discounting rates (WACC)	Long term growth rates
TDF	Value in use based on discounted cash flows	10 ans	7,5%	1,75%
Arkena		5 ans	9,5%	1,75%
Médiamobile		5 ans	9,5%	1,75%
Levira		5 ans	11,5%	1,75%

The discount rate corresponds to the weighted average cost of capital, determined based on observable market data, in particular a sample of comparable listed companies carrying on business as operators in the fields of satellites and telephone, radio or television infrastructures/networks. The rate is an after-tax rate applied to the cash flows after tax.

D. Sensitivity analysis

Sensitivity analysis was carried out on the key assumptions (+ or – 0.5 pt. on discount rate, + or – 0.5 pt. on growth rate to infinity and + or – 1.0 pt. on the EBITDA margin terminal value) both individually and using a combination of scenarios.

At December 31, 2017, reasonable potential changes in key assumptions listed above would have no impairment impact on TDF CGU.
Concerning Médiamobile CGU, any deterioration of the observable fair value indices would lead to an additional impairment of goodwill.
For the Arkena and Levira CGUs, changes in key assumptions generate the following sensitivities on impairment test:

In M€	**Arkena**	**Long term growth rates**		
		-0,5 point		+0,5 point
Discounting rates (WACC)	-0,5 point	--	--	--
		(0,8)	--	--
	+0,5 point	(1,6)	(0,8)	--

In M€	**Arkena**	**EBITDA margin rate**		
		-1,0 point		+1,0 point
Discounting rates (WACC)	-0,5 point	(1,8)	--	--
		(2,7)	--	--
	+0,5 point	(3,4)	(0,8)	--

In M€	**Levira**	**Long term growth rates**		
		-0,5 point		+0,5 point
Discounting rates (WACC)	-0,5 point	--	--	--
		--	--	--
	+0,5 point	(0,5)	(0,1)	--

In M€	**Levira**	**EBITDA margin rate**		
		-1,0 point		+1,0 point
Discounting rates (WACC)	-0,5 point	--	--	--
		(0,2)	--	--
	+0,5 point	(0,7)	(0,1)	--

At December 31, 2016 reasonable potential changes in key assumptions listed above would have no impairment impact on TDF, Arkena and Médiamobile CGUs.

On Levira CGU, changes in key assumptions generate the following sensitivities on impairment test:

In M€	**Levira**	**Long term growth rates**		
		-0,5 point		+0,5 point
Discounting rates (WACC)	-0,5 point	(0,2)	--	--
		(0,7)	--	--
	+0,5 point	(1,3)	(0,7)	(0,2)

In M€	**Levira**	**EBITDA margin rate**		
		-1,0 point		+1,0 point
Discounting rates (WACC)	-0,5 point	(0,2)	--	--
		(0,8)	--	--
	+0,5 point	(1,3)	(0,7)	(0,1)

9.2 Intangible assets

Intangible assets are analyzed below:

In thousands euros	Capitalized development expenditure & Patents	Lease right	Backlog	Customer relationship	Others	**Total**
Gross value at December 31, 2015	**104 732**	**-**	**198 500**	**286 218**	**252 902**	**842 352**
Acquisitions	627	-	-	-	18 022	**18 649**
Disposals	(285)	-	-	(900)	(349)	**(1 534)**
Reclassifications	4 274	-	-	-	(4 030)	**244**
Changes in consolidation scope	(6 845)	-	-	(12 914)	304	**(19 455)**
Currency translation adjustments	(3)	-	-	(4)	(7)	**(14)**
Gross value at December 31, 2016	**102 500**	**-**	**198 500**	**272 400**	**266 842**	**840 242**
Acquisitions	968	-	-	-	32 007	**32 975**
Disposals	(100)	-	-	-	(8 876)	**(8 976)**
Reclassifications	147	-	-	-	13 663	**13 810**
Changes in consolidation scope	-	-	14 200	52 800	-	**67 000**
Currency translation adjustments	-	-	-	-	6	**6**
Gross value at December 31, 2017	**103 515**	**-**	**212 700**	**325 200**	**303 642**	**945 057**

The changes in consolidation scope effects correspond to the purchase price allocation work performed concerning the ITAS group acquisition, which led to the recognition of intangible assets, which fair values determined at October 12, 2016 represent a global amount of 67 million:
- €14.2m concerning the backlog,
- €52.8m concerning the customer relationship.

See also the note 1.

Changes in consolidation scope in 2016 correspond to ITAS group acquisition and Arkena Nordics disposal (see note 1):
- Arkena Nordics: -€8.5m of capitalized development and expenditure, others -€0.2m;
- ITAS: +€1.7m of capitalized development and expenditure, others +€0.5m.

Order backlog and customer relationships

During the purchase price allocation process, the Group recorded order backlog and customer relationships, which are amortized over the average periods ranging from respectively 4 to 7 years and 15 to 20 years.

« Others »

It includes notably:
- €170.3m of software (against €154.6m at December 31, 2016),
- €28.8m of TDF SAS trademark with an indefinite life (gross value, same as December 31, 2016),
- €34.7m concerning a technology recognized during purchase price allocation (unchanged since December 31, 2016).

Intangible assets accumulated amortization and impairment are broken down as follows:

In thousands euros	Capitalized development expenditure & Patents	Lease right	Backlog	Customer relationship	Others	**Total**
Amortization at December 31, 2015	**(78 419)**	**-**	**(198 239)**	**(101 869)**	**(176 397)**	**(554 924)**
Charge of the period	(5 493)	-	(261)	(8 342)	(18 662)	**(32 758)**
Disposals	206	-	-	900	341	**1 447**
Reclassifications	(1 418)	-	-	-	1 418	**-**
Changes in consolidation scope	5 107	-	-	4 567	(217)	**9 457**
Currency translation adjustments	2	-	-	2	6	**10**
Amortization at December 31, 2016	**(80 015)**	**-**	**(198 500)**	**(104 742)**	**(193 511)**	**(576 768)**
Charge of the period	(4 874)	-	(3 432)	(11 532)	(17 898)	**(37 736)**
Disposals	135	-	-	-	8 878	**9 013**
Reclassifications	-	-	-	-	(7 975)	**(7 975)**
Currency translation adjustments	-	-	-	-	(6)	**(6)**
Amortization at December 31, 2017	**(84 754)**	**-**	**(201 932)**	**(116 274)**	**(210 512)**	**(613 472)**

	Capitalized development expenditure & Patents	Lease right	Backlog	Customer relationship	Others	Total
Impairment losses at December 31, 2015	**-**	**-**	**-**	**(108 749)**	**(9 920)**	**(118 669)**
Charge of the period	(964)	-	-	-	-	**(964)**
Changes in consolidation scope	964	-	-	8 348	-	**9 312**
Currency translation adjustments		-	-	3	-	**3**
Impairment losses at December 31, 2016	**-**	**-**	**-**	**(100 398)**	**(9 920)**	**(110 318)**
Charge of the period	-	-	-	-	(6 410)	**(6 410)**
Currency translation adjustments	-	-	-	-	(1)	**(1)**
Impairment losses at December 31, 2017	**-**	**-**	**-**	**(100 398)**	**(16 331)**	**(116 729)**
Carrying amount at December 31, 2015	**26 313**	**-**	**261**	**75 600**	**66 585**	**168 759**
Carrying amount at December 31, 2016	**22 485**	**-**	**-**	**67 260**	**63 411**	**153 156**
Carrying amount at December 31, 2017	**18 761**	**-**	**10 768**	**108 528**	**76 799**	**214 856**

Impairment of intangible assets

Intangible asset impairment is detailed below:

In thousands euros	France	Other Countries	Total
Trademarks with indefinite lives	-	-	-
Backlog	-	-	-
Other intangible assets	-	(6 410)	(6 410)
Total Dec 31, 2017	**-**	**(6 410)**	**(6 410)**

In thousands euros	France	Other Countries	Total
Trademarks with indefinite lives	-	-	-
Backlog	-	-	-
Other intangible assets	-	(964)	(964)
Total Dec 31, 2016	**-**	**(964)**	**(964)**

TDF trademark, which has an indefinite life, is subject to an annual impairment test.

The following were the main assumptions used as of December 31, 2017:

	France
Recoverable value based on	Fair value
Valuation Method	Redevances
Projected periods	10 years
Discount rates	7,50%
Long term growth rates	1,75%
Royalty rate on the revenues	0,30%

The net book value of trademark with indefinite life amounts to €23.0m. Sensitivity analysis carried out showed that any deterioration in the key criteria would not lead to further impairment.

December 31, 2017

In 2017, impairment on intangible assets was impacted by impairment on assets recognized in the Arkena CGU for €6.4m following the impairment tests (see notes 8.7 and 9.1).

December 31, 2016

In December 2016, the €1.0m impairment of intangible assets is related to the classification as assets held for sale of the six Arkena Nordics entities as of June 30, 2016, before the disposal in July 2016 (see the note 19).

9.3 Property, plant and equipment

Property, plant and equipment are analyzed below:

In thousands euros	Land & buildings	Broadcasting network	Office furniture, office and computer equipment	Others	**Total**
Gross value at December 31, 2015	**574 818**	**1 520 437**	**61 269**	**535 718**	**2 692 242**
Acquisitions	26 678	60 820	2 535	57 999	**148 032**
Sorties	(1 810)	(18 464)	(939)	(9 054)	**(30 267)**
Reclassifications	1 513	5 763	4 408	(9 660)	**2 024**
Changes in consolidation scope	1 398	85 413	(663)	5 172	**91 320**
Currency translation adjustments	(26)	(104)	(4)	(7)	**(141)**
Gross value at December 31, 2016	**602 571**	**1 653 865**	**66 606**	**580 168**	**2 903 210**
Acquisitions	27 811	77 681	3 788	75 305	**184 585**
Sorties	(9 337)	(32 302)	(8 034)	(22 255)	**(71 928)**
Reclassifications	3 090	5 841	126	(17 479)	**(8 422)**
Changes in consolidation scope	-	2 959	-	616	**3 575**
Currency translation adjustments	32	93	8	(72)	**61**
Gross value at December 31, 2017	**624 167**	**1 708 137**	**62 494**	**616 283**	**3 011 081**

In thousands euros	Land & buildings	Broadcasting network	Office furniture, office and computer equipment	Others	**Total**
Amortization at March 31, 2015	**(227 064)**	**(808 806)**	**(53 786)**	**(307 172)**	**(1 396 828)**
Charge of the period	(20 630)	(72 620)	(4 151)	(33 017)	**(130 418)**
Disposals	1 663	18 384	847	9 003	**29 897**
Reclassifications	1 238	519	(2 661)	(226)	**(1 130)**
Changes in consolidation scope	(13)	(32 984)	260	(1 079)	**(33 816)**
Currency translation adjustments	22	86	6	2	**116**
Amortization at March 31, 2016	**(244 784)**	**(895 421)**	**(59 485)**	**(332 489)**	**(1 532 179)**
Charge of the period	(18 322)	(86 993)	(10 641)	(20 764)	**(136 720)**
Disposals	8 488	33 156	8 013	21 296	**70 953**
Reclassifications	(3)	(1 220)	7 574	(3 789)	**2 562**
Changes in consolidation scope	-	-	-	(678)	**(678)**
Currency translation adjustments	(29)	(74)	(8)	75	**(36)**
Amortization at March 31, 2017	**(254 650)**	**(950 552)**	**(54 547)**	**(336 349)**	**(1 596 098)**

	Land & buildings	Broadcasting network	Office furniture, office and computer equipment	Others	**Total**
Impairment losses at December 31, 2015	**(6 588)**	**(37 133)**	**(8)**	**(3 995)**	**(47 724)**
Disposals	-	80	-	-	**80**
Currency translation adjustments	-	4	-	4	**8**
Impairment losses at December 31, 2016	**(6 588)**	**(37 049)**	**(8)**	**(3 991)**	**(47 636)**
Charge of the period	(12)	-	-	(3 522)	**(3 534)**
Reclassifications	-	-	-	41	**41**
Changes in consolidation scope	-	(1 281)	-	(588)	**(1 869)**
Currency translation adjustments	-	(3)	-	(4)	**(7)**
Impairment losses at December 31, 2017	**(6 600)**	**(38 333)**	**(8)**	**(8 064)**	**(53 005)**

Carrying amount at December 31, 2015	**341 166**	**674 498**	**7 475**	**224 551**	**1 247 690**
Carrying amount at December 31, 2016	**351 199**	**721 395**	**7 113**	**243 688**	**1 323 395**
Carrying amount at December 31, 2017	**362 917**	**719 252**	**7 939**	**271 870**	**1 361 978**

Broadcasting networks comprise pylons, antennas, transmitters, microwave links and site fixtures, satellite equipment (terrestrial stations), pre-broadcasting equipment for master control rooms. "Other" includes vehicles, equipped vehicles and assets in progress.
The gross value of property, plant and equipment held under finance leases (group as lessee) and included in non-current assets amounts to €26.1m (€29.0m on December 31, 2016). It mainly consists of DVRN towers rented from Orange and a car fleet. Accumulated depreciation regarding those assets amounts to €16m (€17.4m on December 2016).
The Group does not lease any of its assets to third parties under finance leases (group as lessor).

December 31, 2017
Changes in scope consolidation correspond to ITAS group and include some goodwill allocation performed during the period.

December 31, 2016
Changes in scope consolidation correspond to ITAS group acquisition (€92.2m of gross value, €34.3m of amortization) and Arkena Nordics disposal (-€0.9m of gross value, +€0.4m of amortization).

9.4 Financial assets available for sale

In thousands euros	Dec 2017	Dec 2016
Gross value at opening	**4 427**	**778**
Acquisitions	17	3 679
Disposals	(230)	(32)
Changes in consolidation scope	4	2
Gross value at closing (A)	**4 218**	**4 427**
Impairment at opening	**-**	**-**
Reversal	-	-
Impairment at closing (B)	**-**	**-**
Net carrying amount at closing	**4 218**	**4 427**

Financial assets available for sale mainly comprise the Group's investment in non-consolidated companies.

9.5 Inventories

	Dec 2017			Dec 2016		
In thousands euros	Gross	Depreciation	Net	Gross	Depreciation	Net
Inventories,including items in progress	12 038	(2 441)	9 597	12 233	(2 339)	9 894
Total inventories	**12 038**	**(2 441)**	**9 597**	**12 233**	**(2 339)**	**9 894**

Inventories are essentially composed of spare parts for which use (consumption, capitalization or sale) is not pre-specified.
Inventories are measured at weighted average unit purchase cost. Where the future use of an inventory item is uncertain, it is subject to an impairment adjustment, if necessary, to reduce its carrying value to its recoverable amount.
Assets that qualify as safety inventories are accounted for as property, plant and equipment.

9.6 Trade receivables and other current and non-current assets

In thousands euros	Dec 2017 Gross	Dec 2017 Depreciation	Dec 2017 Net	Dec 2016 Gross	Dec 2016 Depreciation	Dec 2016 Net
Trade accounts receivables	149 824	(6 355)	143 469	131 423	(7 895)	123 528
Trade receivables on disposal of assets			-	674		674
Total trade accounts receivables	**149 824**	**(6 355)**	**143 469**	**132 097**	**(7 895)**	**124 202**

Trade receivables impairment is based on the probability of bad debts.

The breakdown of past due amounts on trade receivables are as follows:

	Dec 2017 Net	Dec 2016 Net
Not yet due	106 985	89 766
Less than 3 months past due	27 708	30 295
More than 3 months and less than 1 year past due	3 991	1 969
More than one year and less than 3 years past due	1 237	2 134
More than 3 years past due	3 548	38
Net trade account receivables	**143 469**	**124 202**

Other current and non-current assets are as follows:

In thousands euros	Dec 2017 Gross	Dec 2017 Depreciation	Dec 2017 Net	Dec 2016 Gross	Dec 2016 Depreciation	Dec 2016 Net
Credit notes not yet received	675		675	875	-	875
Advance payment - corporate income tax	8 340		8 340	9 141	-	9 141
Tax and social security receivables	45 660		45 660	19 461	-	19 461
Prepaid expenses	4 261		4 261	4 897	-	4 897
Escrow account	9		9	357	-	357
Other receivables	30 091	(180)	29 911	46 282	(380)	45 902
Total other current assets	**89 036**	**(180)**	**88 856**	**81 013**	**(380)**	**80 633**
Non-current receivables	2 401	-	2 401	935	-	935
Loans, security deposit, guaranty	7 967	(320)	7 647	3 128	(320)	2 808
Total other non current assets	**10 368**	**(320)**	**10 048**	**4 063**	**(320)**	**3 743**

9.7 Cash and cash equivalents

The Group's cash is largely denominated in euros.

In thousands euros	Dec 2017	Dec 2016
Cash and cash equivalents	122 937	73 507
Bank overdrafts used for cash management purposes	(6)	(3)
Cash of continued activities	**122 931**	**73 504**

10. Notes on the balance sheet: equity and liabilities

Except for deferred taxes that are classified as non-current assets or liabilities, assets and liabilities are classified as current when the amounts are expected to be recovered or settled no more than 12 months after the reporting date. If this is not the case, they are classified as non-current.

10.1 Share capital and reserves

TDF Infrastructure SAS has a share capital of €300,000 thousand, divided into 10.000.000 shares, entirely owned by TDF Infrastructure Holding SAS.

Direct holding at	Dec 2017	Dec 2016
TDF Infrastructure Holding SAS (former Tyrol Acquisition 1 SAS)	100,00%	100,00%
Total	**100,00%**	**100,00%**

Besides, TDF Infrastructure Holding SAS is entirely owned by French entity Tivana France Holdings. At December 31, 2017, Tivana France Holdings has a share capital of €9.392.243 (vs €9.254.243 as December 31, 2016), divided into 9.392.243 shares with a nominal value of 1€ each, fully paid and divided into two categories of shares, that is to say:

- 9.254.243 ordinary shares, with voting rights and dividend rights, all held by Tivana Midco S.à.r.l., itself indirectly owned at 45% by Brookfield Infrastructure Group, 22.5% by Public Sector Pension Investment Board (PSP Investments), 22.5% by APG Asset Management N.V., and 10% by Prévoyance Dialogue du Crédit Agricole – Predica SA;

- 138.000 preference shares of category M, governed specifically by Articles L.228-11 and seq of the French Commercial Code and the stipulations of Tivana France Holdings' articles of association, with no voting right, no dividend right, but that have a liquidation bonus calculated by comparison between the Group's value (based on its value in use, or on its purchase price in case of a disposal of the Group) and a minimum expected return.

<u>Consolidated reserves</u>

Consolidated reserves are composed as follow:

A. Currency translation reserve

The currency translation reserve comprises the total of accumulated exchange differences arising from the translation of the financial statements of the Group's foreign operations and of financial liabilities designated as hedges of net investments in foreign operations.

B. Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative portion of gains and losses on cash flow hedging instruments that have been deemed effective. It's null as of December 31, 2017 as at December 31, 2016 because the Group doesn't have any hedging instruments.

C. Other reserves

Other reserves include:

- The net accumulated change in fair value of available-for-sale financial assets until they are written off or impaired;
- The reserve for treasury shares;
- The reserve for actuarial differences;
- Changes in consolidation scope relating to changes in minority interests.

10.2 Financial debt

As of December 31, 2017, the main part of financial debt consists of unsecured senior external debt held by bond lenders (bond debt) as well as a shareholder loan.

Globally the Group's financial debt is analyzed and has varied as described below:

In thousands euros	Dec 2016	Increase	Decrease	Others	Dec 2017
Bond	1 382 472	-	2 098	-	1 384 570
including term debt	1 400 000			-	*1 400 000*
including loan issuance costs	(17 528)		*2 098*	-	*(15 430)*
Bank debt	(1 530)	-	536	-	*(994)*
including loan issuance costs	*(1 530)*		*536*	-	*(994)*
including term debt	-	-		-	-
including revolving debt	-	-	-	-	-
Shareholders' debt	1 063 599	-	-	-	1 063 599
Finance lease debt	6 960	2 413	(2 891)	(63)	6 419
Other financial debts	79 895	47 136	(4 281)	(500)	122 250
Financial debt	**2 531 396**	**49 549**	**(4 538)**	**(563)**	**2 575 844**

In thousands of euros	Dec 2015	Increase	Decrease	Others	Dec 2016
Bond	592 761	787 917	1 794	-	1 382 472
including term debt	600 000	*800 000*		-	*1 400 000*
including loan issuance costs	(7 239)	*(12 083)*	*1 794*	-	*(17 528)*
Bank debt	802 021	-	(803 551)	-	(1 530)
including loan issuance costs	*(4 979)*		*3 449*	-	*(1 530)*
including term debt	*807 000*	-	*(807 000)*	-	-
including revolving debt	-	-	-	-	-
Shareholders' debt	1 063 599	-	-	-	1 063 599
Finance lease debt	6 904	1 723	(2 305)	638	6 960
Other financial debts	29 348	49 902	(4 018)	4 663	79 895
Financial debt	**2 494 633**	**839 542**	**(808 080)**	**5 301**	**2 531 396**

Bond debt

TDF Infrastructure SAS has issued a bond for €600m on October 19, 2015, and a second one for €800m on April 7, 2016 (see characteristics disclosed in the note 5.4).
The loan issue expenses (including issue discount) disclosed as a deduction from the debt balance (according to effective interest rate IFRS method) amount to €15.4m as of December, 2017 (€17.5m as of December 31, 2016).

Bank debt

At December 31, 2017, as of December 31, 2016, the Group has no bank term debts: following the bond issue of April 7, 2016, the last €107m of tranche A and the €700m of tranche B have been fully repaid.
As a consequence of these repayments, the loan issuance costs disclosed as a deduction from the bank term debt balance have been fully amortized (see also the note 8.9). Only €1.0m of costs remain activated and correspond to the revolving debt (which is not used at December 31, 2017).

Shareholders loan

The Group concluded a loan with Tivana France Holdings (sole shareholder of TDF Infrastructure Holding SAS) for €1 063.6m (fixed rate of 7.7%, maturity at March 2030). Interests on this loan are disclosed on the line accrued interests at the bottom of the balance sheet.

Other financial debts

As of December 31, 2017, other financial debts correspond to:

- Current accounts with Tivana France Holdings and TDF Infrastructure Holding for a total amount of €109.6m (€62.5m as of December 31, 2016);
- €1.8m of debts from ITAS entities (vs €2.1m as of December 31, 2016), acquired October 12, 2016;
- €9.4m of debt toward former shareholders of the ITAS group (vs €12.5m as of December 31, 2016), with a maturity at June 2018, corresponding to unpaid purchase price on October 12, 2016 and covering liability guarantees received from former shareholders (see also note 15.3);
- Third party payables for operating capex purchase, equity investments and commercial partnerships.

Financial debt (excluding accrued interests) is analyzed by maturity below:

In thousands euros	Dec 2017	< 1 year	1 to 5 years	> 5 years
Bond debt	1 384 570		594 611	789 959
Bank debt	(994)		(994)	
Shareholders' debt	1 063 599			1 063 599
Finance lease debt	6 419	2 151	4 263	5
Other financial debts	122 250	120 160	2 090	
Financial debt	**2 575 844**	**122 311**	**599 970**	**1 853 563**

In thousands euros	Dec 2016	< 1 year	1 to 5 years	> 5 years
Bond debt	1 382 472			1 382 472
Bank debt	(1 530)		(1 530)	
Shareholders' debt	1 063 599			1 063 599
Finance lease debt	6 960	2 251	4 420	289
Other financial debts	79 895	64 133	15 652	110
Financial debt	**2 531 396**	**66 384**	**18 542**	**2 446 470**

As of December 31, 2017:

- The shareholder debt, €1 063.6 at closing, bears 7.7% fixed rate interests and the maturity is March 20, 2030;
- the first bond debt, issued on October 19, 2015, for €600m (excluding loan issuance costs), with a fixed coupon of 2.875% and a maturity on October 19, 2022;
- the second bond debt, issued on April 7, 2016, for €800m (excluding loan issuance costs), with a fixed coupon of 2.50% and a maturity on April 7, 2026.

10.3 Characteristics of derivative instruments

At December 31, 2017 (as at December 31, 2016) no derivative instrument is in place.

10.4 Employee benefits

Employee benefits are provided through both defined contribution and defined benefit plans. Under a defined contribution plan, the Group is only obliged to pay contributions. Contributions paid in respect of these plans are recognized in profit or loss when incurred.

Post-employment benefit plans

Defined benefit plans are subject to actuarial measurement using the projected unit credit method. Under the projected unit credit method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final liability, which is then discounted.
These actuarial calculations include demographic assumptions (retirement date, rate of increase in salaries, rate of employee turnover, etc.) and financial assumptions (discount rate, rate of inflation) defined at the level of each entity considering the local macroeconomic environment.
All actuarial gains and losses are recognized in other comprehensive income.

Termination benefits

Where applicable, benefits arising from the termination of an employment contract are measured and provided for to the extent of the resulting liability. Where termination benefits fall due more than 12 months after the reporting date, they are discounted to present value.

Short-term employee benefits

Short-term obligations are not discounted and are recognized when the corresponding service is rendered.

Share-based payments

If payment results in the delivery of equity instruments, the fair value of share-based payments at the grant date is recognized as a personnel expense, with a corresponding increase in equity, over the period during which the equity instruments vest in favor of the employees.

If payment results in a cash settlement, the fair value of amounts due to employees is recognized as a personnel expense, with a corresponding increase in financial liabilities over the period in which the rights vest. The fair value of this liability is revalued each year.

A. Post-employment benefits

The amounts shown in the balance sheet essentially concern the provision for retirement indemnities, as follows:

In thousands euros	Dec 2017	Dec 2016
Present value of the defined benefit obligation	40 468	39 888
Fair value of plan assets	(16 959)	(19 141)
Provision recognised for defined benefit obligations	**23 509**	**20 747**

The time schedule of expected discounted cash flows on these provisions is as follows:

In thousand euro	Dec 2017	< 1 year	1 to 5 years	> 5 years
France	23 505	-	-	23 505
Others	4			4
Provision recognised for defined benefit obligations	**23 509**	**-**	**-**	**23 509**

The main employee benefit plans concern retirement benefits in France.

Retirement benefits are valued based on a collective workforce agreement or a company agreement and the legal age of retirement is assumed to be 65 years.

TDF SAS, which represents 89% of benefit obligations in France as of December 31, 2017, applies an adapted agreement of the National Telecommunication Collective Agreement. The retirement benefit paid out depends on employee's length of service and last salary prior to retirement:

- 2% of gross annual salary after 9 years length of service (after the employee entered the company),
- 20% of gross annual salary after 10 years length of service,
- 25% of gross annual salary after 15 years length of service,
- 40% of gross annual salary after 20 years length of service,
- 50% of gross annual salary after 25 years length of service,
- 60% of gross annual salary after 30 years length of service,
- 70% of gross annual salary after 40 years length of service.

Arkena SAS (ex Cognacq Jay Images), representing 7,9% of benefit obligations in France as of December 31, 2017 applies a specific company agreement. The retirement benefit is based on the employee length of service:

- Between 2 and 10 years, allocation of 1/8th month per year of service for non-executives and 1/7th month for executives,
- Over 10 years, allocation of 2/8th month per year of service for the non-executives and 2/7th month for the executives.

The change in the present value of the defined benefit obligation is analyzed below:

In thousands euros	Dec 2017	Dec 2016
Present value of the defined benefit obligation at opening	39 888	38 081
Service cost	1 741	1 711
Delivered services	(2 511)	(139)
Discounting (interest cost)	500	761
Actuarial gains and losses recognised in the statement of comprehensive income	851	(950)
Changes in consolidation scope	-	426
Others	(2)	(2)
Present value of the defined benefit obligation at closing	**40 467**	**39 888**

	Dec 2017	Dec 2016
Fair value of plan assets at opening	19 141	18 990
Contribution paid into the plan	-	-
Benefits paid	(2 511)	(139)
Expected return on plan assets	312	289
Actuarial gains and losses (by net equity)	16	1
Changes in consolidation scope	-	-
Fair value of plan assets at closing	**16 958**	**19 141**

In thousands euros	Dec 2017	Dec 2016
Personnel costs (service cost)	(1 741)	(1 711)
Discounting (interest cost)	(500)	(761)
Expected return on plan assets	312	289
Others (restructuring provision, others...)	2	2
Expense in the year	**(1 927)**	**(2 181)**

Actuarial gains/losses recognized in other comprehensive income before tax:

In thousands euros	Dec 2017	Dec 2016
Cumulative amount at opening	8 115	9 069
Experience adjustment arising on plan liabilities	543	(3 353)
Experience adjustment arising on plan assets	(16)	(1)
Adjustement from changes in assumptions	277	2 400
Cumulative amount at closing date	**8 919**	**8 115**

The main actuarial assumptions for this obligation liability are as follows:

	Dec 2017	Dec 2016
Discount rate	1,20%	1,25%
Expected rates of salary increases	1,00% - 2,00%	1,00% - 2,00%
Expected rate of return on plan assets	1,00% - 1,51%	1,00% - 1,51%

The sensitivity of actuarial calculations to the discounting rate and the expected rate of return on plan assets at December 31, 2017 is presented below:

		In M€
Discount Rate	-0,5 pt	26,7
		23,5
	+0,5 pt	22,2

The sensitivity of actuarial calculations to the discounting rate and the expected rate of return on plan assets at December 31, 2016 is presented below:

		In M€
Discount Rate	-0,5 pt	23,2
		20,7
	+0,5 pt	18,5

The underlying assets of employee benefit plans in France amount to €17.0m as of December 31, 2017 (€19.1m as of December 31, 2016), and correspond to a group insurance contract with a private insurer. The average expected return is the same as the insurer's return on its "Actif Général Retraite" (General Retirement Asset).

B. Share-based plan

On December 12, 2016, a share-based plan was implemented for some employees, with regard to their services rendered to the Group:

- This plan bears on 138 000 preference shares of the company Tivana France Holdings, which have been issued and granted in 2017;
- These preference shares have no voting right, no dividend right, but have a liquidation bonus calculated by comparison between the Group's value (based on its value in use, or on its purchase price in case of a disposal of the Group) and a minimum expected return;
- This plan is qualified as «equity settled » in the meaning of IFRS 2, notably because the liquidity clauses on these shares are assumed by Tivana Midco S.à.r.l., indirect shareholder of the Group;
- Beneficiaries acquire the right to dispose of their shares only gradually from December 12, 2016 to March 31 2025 ("vesting period"), by tranche at anniversary date, and as longs as they're still working for the Group;
- The fair value of this plan is estimated at €3.2m; in compliance with IFRS 2, this fair value will be recognized as expense in the profit & loss over the vesting period, on a nonlinear basis: the IFRS 2 expense recognized in 2017 is of €1.4m;
- A social contribution expense has been booked in 2017, for an amount of €0.6m.

10.5 Provisions

In thousands euros	Dec 2016	Provisions additions	Provisions utilisations	Provisions unused	Discounting	Currency translation adjustment	Others	Dec 2017
Prov. for post-employment benefits (pension, retirement benefit)	20 747	1 741			188	(2)	835	23 509
Prov. for employee-related measures	35 433	5 022	(11 464)	(900)	431			28 522
Provision for claims and disputes	3 240	1 373	(888)	(738)			228	3 215
Provision for dismantling, decommissioning and restoring sites	42 002	93	(511)	(107)	527		3 891	45 895
Prov for bringing into compliance of sites	5 785		(1 687)					4 098
Provision on onerous contract	2 574			(2 574)				-
Other provisions	17 445	1 078	(8 398)	(2 201)			(258)	7 666
Total provisions	**127 226**	**9 307**	**(22 948)**	**(6 520)**	**1 146**	**(2)**	**4 696**	**112 905**
Presented as current	**48 639**							**32 160**
Presented as non-current	**78 587**							**80 745**

In thousands euros	Dec 2015	Provisions additions	Provisions utilisations	Provisions unused	Discounting	Currency translation	Others	Dec 2016
Prov. for post-employment benefits (pension, retirement benefit)	19 091	1 711			472	(2)	(525)	20 747
Prov. for employee-related measures	29 700	13 996	(8 453)	(300)	490			35 433
Provision for claims and disputes	9 402	483	(6 161)	(484)				3 240
Provision for dismantling, decommissioning and restoring sites	38 596	1 504	(563)	(15)	883		1 597	42 002
Prov for bringing into compliance of sites	5 801		(16)					5 785
Provision on onerous contract	4 350		(1 776)					2 574
Other provisions	15 864	4 075	(370)	(3 129)			1 005	17 445
Total provisions	**122 804**	**21 769**	**(17 339)**	**(3 928)**	**1 845**	**(2)**	**2 077**	**127 226**
Presented as current	**33 386**							**48 639**
Presented as non-current	**89 418**							**78 587**

A provision is recognized when:

- there exists a current, legal or implicit, obligation arising from a past event,
- it is likely that an outflow of resources representing economic benefits will be required in order to discharge this obligation, and
- the value of the obligation can be estimated with a sufficient degree of reliability.

Such obligations may be of a legal, regulatory, technical or contractual nature. They may also stem from the Group's practices or public commitments that have given rise to legitimate expectations on the part of the third parties concerned that the Group will assume certain responsibilities.

The amount recognized as a provision is the best estimate of the outflow of economic benefits required to settle the present obligation at the reporting date. If the value cannot be estimated reliably, no provision is recognized. The obligation is then disclosed as a contingent liability (see note 15.1).

Employee-related measures

In the frame of the agreement which was signed on July 23, 2015 concerning employee-related measures to support the leaves necessary to adjust the workforce by TDF SAS, a provision covering the estimated costs of these measures has been booked for a global amount of €33.3m at December 31, 2016. Due to a change in the estimation of the costs incurred, notably related to the adhesion rates on the various measures proposed that have been observed, an additional provision allowance of €5.0m was recognized during the period (see also the note 8.8). After utilizations of the period, provision amounts €28.3m as of December 31, 2017.

Claims and disputes, other provisions

Claims and disputes mainly arise from litigation facing the Group.
These provisions are assessed and updated by senior management applying prudence in relation to damages claimed and the status of each case.

Provisions for dismantling, decommissioning and restoring sites

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the amount recognized as a provision is the best estimate of the expenditure required to settle the Group's obligations, notably regarding TDF SAS' obligations.
The provision is discounted to present value using a rate that reflects the time value of money, based on the yield of a risk-free bond. This actuarial estimate is reviewed every year and, if necessary, the provision is adjusted in the following way (in accordance with IFRIC 1):

- by addition or deduction to/from the corresponding dismantling asset,
- or if the dismantling asset is already totally depreciated, the provision adjustment is taken to profit or loss

Onerous contracts

At December 31, 2016, provisions on onerous contracts concern TDF SAS.

10.6 Deferred taxes

Deferred taxes recognized in the balance sheet are detailed below:

In thousands euros	Dec 2017	Dec 2016
Deferred tax assets	260	452
Deferred tax liabilities	249 661	257 533
Net position - liability	**249 401**	**257 081**

The tax rates applicable for Group entities are as follows: 33.33% to 34.43% for French entities, 25.5% for Netherlands, 20% for Finland, 19% for Poland and 28% for Spain. Deferred tax positions have been netted by tax jurisdiction.

As disclosed in note 1 and 8.10, the new French tax law of December 30, 2017 decided of a gradual decrease of the income tax rate. As notably concerns the main French entities of the Group, a gradual decrease between January 1, 2019 and January 1, 2022 will be applied, changing the rate from 34.43% to a rate of 25.83%. Deferred taxes basis reversing after January 1, 2019 have been evaluated with this gradual decrease of rate, which is a revaluation impact of €70.7m (profit) compared to a valuation with a rate of 34.43%. As a reminder, as of December 31, 2016, deferred tax basis reversing after January 1, 2019 had already been revalued, in order to consider a rate of 28.92% as of that date, which was a revaluation impact of €45.7m (profit). The impact of the additional revaluation in 2017 is therefore €25.0m.

Breakdown by type of deferred taxes is as follows:

In thousands euros	Dec 2017	Variation	Dec 2016
Tax losses to carry forward	(4 674)	(2 089)	(2 585)
Intangible fixed assets	(47 735)	(10 609)	(37 126)
Tangible fixed assets	(56 629)	11 618	(68 247)
Financial assets		-	
Inventories	628	(175)	803
Trade receivables	478	(792)	1 270
Other receivables	2 826	(1 131)	3 957
Tax provisions	(169 996)	12 866	(182 862)
Provisions	19 454	(2 260)	21 714
Financial debt	289	728	(439)
Trade payables	875	923	(48)
Other payables	5 083	(1 399)	6 482
Deferred tax assets (liabilities)	**(249 401)**	**7 680**	**(257 081)**

Unrecognized or impaired material deferred tax assets on tax losses carried forward as of December 31, 2017 concern:

- Tax losses carried forward of TDF Infrastructure SAS and Arkena SAS (included in the tax consolidation group of Tivana France Holdings, indirect shareholder of the Group, see the note 8.10) representing €503.1m of deferred tax assets at 25,83% (€533.4m at 28,9% as of December 31, 2016);
- TDF Entertainment tax losses amounting to €4.7m of deferred tax assets (TDF Entertainment is currently in liquidation);
- Other entities: €2.6m of unrecognized deferred tax assets.

10.7 Other current and non-current liabilities

Other liabilities are analyzed below:

In thousands euros	Dec 2017	Dec 2016
Trade payables	101 716	88 176
Trade payables on fixed assets aquisitions	62 871	52 253
Corporate income tax liabilities	8 186	11 424
Tax and social liabilities	102 527	87 396
Other current liabilities	77 005	76 279
Current liabilities	**352 304**	**315 528**
Other non-current liabilities	**24 644**	**30 178**
Total liabilities	**376 948**	**345 706**

The tax and social liabilities primarily include *cotisation foncière des entreprises* (i.e. "CFE"), social security payables, VAT, and employee vacation provisions.

Other current and non-current liabilities include deferred income of €76.9m (€70.3m as of December 31, 2016) of which €18.2m is maturing after one year (€16.3m after December 31, 2016).

11. Summary of financial assets and liabilities

In thousands euros	December 2017		December 2016	
	Book value	**Fair value**	**Book value**	**Fair value**
Available for sale financial assets	4 218	4 218	4 427	4 427
Assets held for sale - IFRS 5	-	-	-	-
Financial assets at fair value through P&L	-	-	-	-
Interest rate swaps used for hedging	-	-	-	-
Forward exchange contracts used for hedging	-	-	-	-
Assets carried at fair value	**4 218**	**4 218**	**4 427**	**4 427**
Loans and receivables	242 373	242 373	208 578	208 778
Cash and cash equivalents	122 937	122 937	73 507	73 507
Assets carried at amortised cost	**365 310**	**365 310**	**282 085**	**282 285**
Liabilities held for sale - IFRS 5	-	-	-	-
Interest rate swap for hedging purposes	-	-	-	-
Forward exchange contracts for hedging purposes	-	-	-	-
Liabilities carried at fair value	**-**	**-**	**-**	**-**
Financial debt	2 569 425	2 569 425	2 524 436	2 524 436
Financial lease obligations	6 419	6 419	6 960	6 960
Trade payable and other liabilities	376 948	376 948	345 706	345 706
Bank overdrafts	6	6	3	3
Accrued interest on financial debt and current accounts	218 093	218 093	125 573	125 573
Liabilities carried at amortised cost	**3 170 891**	**3 170 891**	**3 002 678**	**3 002 678**

The methodology used to determine fair value is described in note 4.12.

The following table gives an analysis by valuation method for the financial instruments recorded at fair value. The various levels are defined as follows:

- Level 1: fair value measurements are those derived from actual quoted prices in active markets.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within level 1, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation techniques that are not based on observable market data.

In thousands euros	December 2017				December 2016			
	Level 1	*Level 2*	*Level 3*	Total	*Level 1*	*Level 2*	*Level 3*	Total
Available for sale financial assets	-	-	4 218	4 218	-	-	4 427	4 427
Net assets held for sale - IFRS 5	-	-			-	-	-	-
Financial assets at fair value through P&L	-	-			-	-	-	-
Derivative financial assets	-	-	-	-	-	-	-	-
	-	-	4 218	**4 218**	-	-	4 427	**4 427**
Derivative financial liabilities	-	-	-	**-**	-	-	-	**-**
	-	**-**	**4 218**	**4 218**	**-**	**-**	**4 427**	**4 427**

Available for sale financial assets correspond to shares in non-consolidated entities.

12. Cash flow

General comments:

- cash flows of MCR remain included in net cash from operating activities, and net cash used in financing or investing activities for all the periods disclosed until the effective loss of control date (April 26, 2016, see the note 7.2);
- cash flows of Arkena Nordics entities remain included in net cash from operating activities, and net cash used in financing or investing activities for all the periods disclosed until their disposal date (July 7, 2016 – see note 7.2).
- As of December 31, 2017, the main impacts of the development of this business in the Group's Consolidated Financial Statements are as follows:
  - 6.9 million of EBITDA expenses (no revenue yet),
  - 32.1 million euros of investments already made,
  - 36.2 million euros of cash out impacting operating free cash flows.

12.1 Cash generated from operating activities before changes in working capital

Cash generated from operating activities excludes cash flows on non-current asset sales/purchases, income tax and finance costs which are disclosed under Cash flows from investing activities, Income tax paid and Cash flows from financing activities respectively.

12.2 Changes in working capital

In thousands euros	Dec 2017	Dec 2016
Changes in inventories	298	(1 816)
Changes in trade receivables	(14 813)	9 542
Changes in trade payables	13 870	(6 913)
Changes in prepaid income	6 717	(8 404)
Changes in other working capital	(10 213)	4 273
Changes in working capital	**(4 141)**	**(3 318)**

12.3 Net cash used in investing activities

As of December 31, 2017, the line " Acquisition of controlling interests, net of cash & cash equivalents acquired " of -€5.1m corresponds to an earn-out and acquisition debt cash-out for the acquisition of ADVALEM and ITAS group (see also note 10.2), as well as expenses incurred on unrealized or outstanding acquisitions projects as of December 31, 2017.

As of December 31, 2016:

- "Acquisition of controlling interests, net of cash & cash equivalents acquired" of -€75.2m corresponds to payment of costs related to the refinancing and change of shareholder at March 31, 2015; and also to the acquisition of the ITAS group on October 12, 2016 (impact net from acquisition costs);
- "Net proceeds from disposals of subsidiaries formerly controlled" mainly corresponds to disposal of 6 Arkena Nordics entities.

As of December 31, 2017, "change in other financial assets" essentially corresponds to deposits paid or recovered for patents as well as loans and advances granted in relation to network deployments.

As of December 31, 2016, "change in other financial assets" of -€86.3m mainly correspond to the refinancing of the ITAS group acquired on October 12, 2016, the investment in Molotov, and to deposits paid for patents as well as loans and advances granted in relation to network deployments.

12.4 Net cash used in financing activities

At December 31, 2017, drawdowns and repayment of debts are principally composed of:
- Current account net proceeds with Tivana France Holdings and TDF Infrastructure Holding for €47.1m,
- -€2.9m of finance lease installments paid;

At December 31, 2016, drawdowns and repayment of debts are principally composed of:
- €800.0m proceed from the bond debt issued on April 7, 2016,
- followed by the repayment for €807m of the bank term debt (see note 10.2);
- -€2.3 m of finance lease installments paid;
- Current account net proceeds with Tivana France Holdings for €36.8m,
- Repayment of the current account with Monaco Media Diffusion (ex –MCR) after its switch to the equity method for -€2.5m.

Concerning the table of changes in financial liabilities disclosed in note 10.2:
- in 2017 financial year:
  - amortization of bond issuance costs for -€2.6m and the increase in finance lease debts (€2.4m) have no cash impact,
  - Decreases in other financial debts correspond for -€3.1m to payments on ADVALEM and ITAS acquisition debts, disclosed as net cash used in investing activities (see note 12.3),
  - Thus, after restatement of these items, changes in financial debts disclosed in note 10.2 represent a net cash impact of +€43.1m;
- In 2016 financial year:
  - Activation and amortization of bond issuance costs for -€6.8m and the increase in finance lease debts (€1.7m) have no cash impact
  - increase in other financial debts corresponds to €12.5m to the acquisition debt of ITAS group (see comments note 10.2), without cash impact,
  - Decreases in other financial debts correspond for -€0.4m to acquisition debts decrease disclosed as net cash used in investing activities when it corresponds to cash-out (see note 12.3),
  - Thus, after restatement of these items, changes in financial debts disclosed in note 10.2 represent a net cash impact of -€24.5m;

As of December 31, 2016, expenses related to the refinancing of €13.1m correspond to the bond issuance costs contracted on April 7, 2016 for €12.1m.

Change in financial interests cash-out between December 2016 and 2017 are mainly explained by a difference in the pattern of payments of interests since the issuance of bond debts on October 19, 2015 and April 7, 2016 (for which the coupon is paid once a year), and interests which were paid on the bank agreement implemented on March 31, 2015.
See also the notes 5.4, 8.9 and 10.2.

13. Workforce

Total Group headcount is as follows:

	Dec 2017	Dec 2016
France	2 206	2 215
International	162	157
Total workforce at closing	**2 368**	**2 372**

14. Auditor's fees

In thousand of euros	Ernst & Young Dec 2017	Ernst & Young Dec 2016	FINEXSI and others Dec 2017	FINEXSI and others Dec 2016	TOTAL Dec 2017	TOTAL Dec 2016
Audit	375	406	138	180	513	586
Other services	20	-	-	-	20	-
TOTAL	**395**	**406**	**138**	**180**	**533**	**586**

15. Contingent liabilities and off-balance sheet commitments

15.1 Contingent liabilities (assets)

Contingent liabilities correspond to:

- Possible obligations arising from past events whose existence will only be confirmed by the occurrence of uncertain future events that are beyond the company's control; or
- Present obligations arising from past events, whose are not recognized because it's not probable that an outflow of resources representing economic benefits will be required to settle the obligation or because the obligation amount cannot be measured with sufficient reliability.

Contingent liabilities as of December 31, 2017

FPS Towers brought proceedings before the Nanterre Commercial Court in December 2015 in relation to a claim for compensation for damage suffered as a result of TDF's alleged abuse of position and unfair competition in the hosting services for the telecommunications equipment market in France. The proceedings are ongoing, the Group considers that FPS Towers claim has no ground.

15.2 Firm commitments

A. Operating lease commitments – Group as lessee

The breakdown by maturity of non-cancellable operating leases is as follows:

In thousands euros	Dec 2017	Dec 2016
At less than 1 year	17 227	18 978
From 1 to 5 years	16 668	14 990
More than 5 years	7 170	11 675
Total	**41 065**	**45 643**

At December 31, 2017, these leases are:

- ***Commercial leases***

These leases concern administrative premises, offices and production sites (other than broadcasting sites).
The main leases relate to premises located at 155 bis Avenue Pierre Brossolette (Montrouge, new head office) and 15 rue Cognacq-Jay (Paris).

The main features of these leases are:

- Premises located at 155 bis, Avenue Pierre Brossolette (Montrouge, new head office): effective date of lease: February 1, 2017; lease for 9 years from February 1, 2017 to January 31, 2026,
- Premises located at 15 rue Cognacq-Jay, Paris: 9 years (possible exit after 8 years); lease expires Sep 30, 2018; rent is indexed to the French INSEE index (construction cost index).

- ***Agreements for the occupation of public property***

These agreements signed with state, regional and local authorities in France concern land on which broadcasting infrastructures are installed (pylons, towers, building and related installations).

Usually, these agreements are concluded with local authorities:
- As a rule, these agreements run for 12 years (10 years from March 1, 2007 for the Eiffel Tower broadcasting site in Paris),
- These agreements are renewable for the same term, whether or not by tacit agreement,
- Under these agreements, the land must be returned in its initial condition unless the parties agree otherwise.

In continental France, there are 702 such agreements in force as at December 31, 2017.

- ***Sites leases***

These leases signed with private landlords (individuals, associations or companies) concern land on which broadcasting infrastructures are installed (pylons, towers, building and related installations).
In continental France, there are 4 428 such sites as of December 31, 2017.

B. Firm purchase commitments

Firm purchase commitments made by the Group are as follows:

In thousands euros	Dec 2017	< 1 year	1 to 5 years	> 5 years
Commitment of capex	66 736	51 550	15 186	-
Commitment others	78 400	26 585	13 387	38 428
Total	**145 136**	**78 135**	**28 573**	**38 428**

In thousands euros	Dec 2016	< 1 year	1 to 5 years	> 5 years
Commitment of capex	31 750	31 712	38	
Commitment others	29 216	16 780	9 804	2 632
Total	**60 966**	**48 492**	**9 842**	**2 632**

C. Firm commitments to provide services

Under multi-year contracts with customers, Group entities have committed to provide services in the following business lines:

In thousands euros	Dec 2017 Actual (12 months)	Projection	< 1 year	1 to 5 years	> 5 years
Digital Television	174 043	471 061	163 229	301 902	5 930
Radio	115 160	258 385	98 271	144 892	15 222
Total Broadcasting Services	**289 203**	**729 446**	**261 500**	**446 794**	**21 152**
Telecom: site hosting	289 990	1 945 454	252 489	932 761	760 204
Telecom: other services	28 932	22 939	6 126	9 454	7 359
Total Telecoms & Services	**318 922**	**1 968 393**	**258 615**	**942 215**	**767 563**
Media Services	48 964	33 863	21 316	12 545	2
Others	19 696	888	437	451	
Total revenue / future contractual revenue	**676 785**	**2 732 590**	**541 868**	**1 402 005**	**788 717**

In thousands euros	Dec 2016 Actual (12 months)	Projection	< 1 year	1 to 5 years	> 5 years
Digital Television	187 411	567 005	165 393	399 003	2 609
Radio	120 858	245 721	102 653	133 729	9 339
Total Broadcasting Services	**308 269**	**812 726**	**268 046**	**532 732**	**11 948**
Telecom: site hosting	269 892	1 796 874	222 677	780 607	793 590
Telecom: other services	23 413	9 411	3 794	4 833	784
Total Telecoms & Services	**293 305**	**1 806 285**	**226 471**	**785 440**	**794 374**
Media Services	52 901	36 661	16 945	18 996	720
Others	19 418	716	581	135	
Total revenue / future contractual revenue	**673 893**	**2 656 388**	**512 043**	**1 337 303**	**807 042**

The above table shows known and estimated information to date. In future periods, certain contracts may be subject to pricing adjustments.

15.3 Contingent commitments

Guarantees given

At December 31, 2017, the Group has given guarantees totaling €21.4m (€23.5m at December 31, 2016), of which:

- €3.6m (€5.5m at December 31, 2016) by way of a bank guarantee to Synérail Construction in conjunction with the subcontracting agreement for the design and construction of the GSM-R for RFF (that also covers subcontracting commitments given by TDF SAS).
- €9.3m (vs €12.5m as of December 31, 2016) of bank guarantee given related to the unpaid part of the ITAS group purchase price, with a maturity at June 2018 (see also note 10.2)
- €4.1m (like at December 31, 2016) of bank guarantee given to the Paris city council in connection with the Eiffel Tower occupation and operation agreement. This guarantee expires on February 28, 2017. On January 26 2017, maturity has been extended to September 30, 2018,
- €2.5m of build guarantee issued in connection with the deployment of optical fiber network in Val d'Oise (see note 1).

Guarantees received

The Group has received bank guarantees amounting to €2.5m (€19.2m at December 31, 2016), decrease of the period being linked to the end of subcontracting guarantees related to radio and cable installations in conjunction with Synérail Construction contracts.

Acquisition of ITAS group

Concerning the ITAS group acquisition, TDF Infrastructure SAS received from sellers some guarantees, of which usual guarantees for this kind of transactions, with a maximum amount of €12.5m and a maturity at June 2018, and which are subject to a holdback payment mechanism on the group purchase price (see also note 10.2).

Disposal of Arkena Nordics entities

Disposal of six Arkena Nordics entities was concluded on July 7, 2016 and is effective with a result corresponding to forecasts realized according to IFRS 5 (see note 7.2).

As part of the deal, Group gave some guarantees to the buyer, amounted a maximum benefit of SEK30m, that is €3.2m. These guarantees expired in 2017, excluded some specific topics where the deadline is of April 7, 2018, and also some fiscal topics for which limitation corresponds to the legal limitation for a fiscal audit.

Disposal of Alticom, Axion and TDF Nordic, Digita and Digi Waves Oy

Under the sale of Alticom, Axion and the Finnish companies TDF Nordic, Digita and Digi Waves Oy, the Group issued guarantees to the buyers. These guarantees expired in 2017.

Guarantees given concerning optical fiber PIN under Public Service Delegation

As part of the deployment of the Val d'Oise and Val de Loire PIN (see note 1), the Group signed Public Service Delegation contracts. These contracts for the construction and operation of the network last until 2042.

The Group is committed to deploy networks with specific deadlines, and to remain compliant with the investment amounts planned in the business plan.

Guarantees given concerning AMEI Yvelines optical fiber network

The Group is committed to complete the financial commitments related to the agreement (including investments planned the business plan), and is committed to a deployment time schedule.

Customer contracts Médiamobile

Médiamobile customer contracts contain an industry warranty covering continued provision of service for three years after the date of termination of the contract. At December 31, 2017 (as at December 31, 2016), this commitment amounts to €6.0m over the three years, i.e. €2.0m per year.

Commitments under bank agreements as of December 31, 2017

The only commitments given in the context of the bank facility agreement implemented on March 31, 2015 (see note 5.4) and which are still in force are the joint guarantees given by TDF Infrastructure SAS and TDF SAS.

16. Shares in associates

Besides, since April 26, 2016, Monaco Media Diffusion (ex MCR) is consolidated under the equity method, and not in full consolidation anymore, after loss of control on this entity (see also note 19). Figures disclosed in December 2016 of the table below correspond to the results of this entity between April, 26 2016 and December 31, 2016.

In thousands euros	Dec 2017 (12 months)	Dec 2016 (8 months)
Revenue	**4 678**	**3 137**
EBITDA	**2 382**	**1 500**
OPERATING INCOME	**2 161**	**1 433**
Financial income and expenses	(11)	(1)
Income tax	(729)	(340)
NET INCOME	**1 421**	**1 092**

17. Related party disclosures

17.1 Control

The Group parent company is TDF Infrastructure SAS, which is controlled at 100% by TDF Infrastructure Holding SAS (formerly Tyrol Acquisition 1 SAS, see note 10.1), herself controlled since March 31, 2015 by French entity Tivana France Holding which owned 100% of its shares.

Since March 31, 2015, TDF Infrastructure Group is notably included in consolidated financial statements of Brookfield Infrastructure Group, using the equity method.

17.2 Compensation of key management personnel

Disclosure of the remuneration of the Group's key management is limited to people having the authority and responsibility for managing and controlling the Group's business.

In thousands euros	Dec 2017 (12 months)	Dec 2016 (12 months)
Employee benefits, including termination payments	(2 215)	(1 794)
Post-employment benefits	-	-
Share-based payments	(804)	-
Total expense	**(3 019)**	**(1 794)**
Provision for retirement indemnities	-	-
Debt related to equity instruments	-	-
Acquisition of equity instruments (cash out)	-	-
Cash outflows and liabilities	**-**	**-**

Concerning the share-based plan implemented on December 12, 2016 (see note 10.4), the part which is relates to key management personnel is of €1.8m over the whole fair value of the plan, out of which €0.8m have been recognized as expense in 2017.

17.3 Transactions with related parties

The related parties at TDF Infrastructure SAS Group level are identified as:

1. Companies owned directly or indirectly by TDF Infrastructure Holding SAS,
2. Companies owned directly or indirectly by Tivana France Holdings, Brookfield Infrastructure group, Public Sector Pension Investment Board (PSP Investments), APG Asset Management N.V. and Arcus Infrastructure Partners, since March 31, 2015 (included),
3. Companies in which directors of the companies included in the TDF Infrastructure SAS group scope are company representatives,
4. Key management personnel (see also previous note).

The main transactions with related parties were as follows:

- Interest charges invoiced to the Group by Tivana France Holdings amounting over the period €92.8m, and related to the shareholder loan of €1 063.6m; accrued interests on this loan are of €199.8m at the end of the period (€107.1m as of December 31 2016), and is disclosed as current liabilities by prudence (see also the note 5.3);
- net receipts of €47.1m from shareholders current accounts (with Tivana France Holdings and TDF Infrastructure Holding), see also the note 10.2;
- €0.2m of income and €4.3m of expenses recognized by the Group over the period related to the management fees agreement with Tivana France Holdings;

Related party transactions were carried out on an arm's length basis on normal commercial terms.

17.4 Transactions with associates and jointly controlled entities

In March 2010, the Group took a 10% equity stake in Synérail (a company holding the RFF partnership contract to roll out GSM – Rail) and paid over €6.0m by way of a guarantee to the bank that gave guarantees to Synérail, fully repaid as of December 31, 2017.

18. Significant subsequent events

New success in fiber business in January 2018: the Group is selected to roll and operate the Maine-Et-Loire fiber network

The Anjou Digital Joint Open Syndicate (Syndicat Mixte Ouvert Anjou Numérique) recently officially named TDF to roll out and operate optical fiber in rural areas in French county Maine-et-Loire. This represents TDF’s fourth successful contract bid.
Following a tender process lasting several months, TDF now has the task to deploy, operate and market the optical fiber network in Maine-et-Loire under a 25-year public service outsourcing contract, which covers installing 220,000 connections in five years. The project will allow to provide individuals and businesses with ultra-high-speed broadband throughout the county. The first deployments are expected to begin in the second half of 2018.

Caisse des Dépôts teams up with TDF to roll out optical fiber in Val d’Oise

French state-owned investment entity Caisse des Dépôts takes a 30 percent stake in TDF subsidiary Val d’Oise Fibre, which was formed to roll out, operate, and market an optical fiber network in sparsely populated areas in French county Val d'Oise under a public service outsourcing contract.

19. Consolidation scope

The Estonian subsidiary Levira, in which TDF SAS holds a 49% equity stake and whose financial and operating policies are determined by the Group, is fully consolidated.

Group acquired 100% of the ITAS Group on October 12, 2016 (see note 1). Entities of this group are listed above and fully consolidated.

Concerning MCR, this subsidiary was classified as asset held for sale as of December 31, 2015 and until April 26, 2016. At this date, it is now consolidated under the equity method, following a disposal of part of its shares bringing forth a loss of control.

The 6 entities from Nordic countries of the CGU Arkena (Arkena Holding, Arkena AB, Arkena As, Arkena A/S, Arkena Oy and Arkena Spain SL), called the “Arkena Nordics” subgroup, have been sold on July 7, 2016.

List of consolidated companies	Countries	UGT	Share capital in € thousands	% Interests Dec 2017	% Interests Dec 2016	Observation
Full consolidation						
TDF Infrastructure SAS	**France**		**300 000**	**100,00%**	**100,00%**	
TDF SAS	France		166 957	100,00%	100,00%	
Tiare	France					Loss of control on December 31, 2016
	Monaco					Full consolidation method until May 2016
TDF Entertainment Oy	Finland		500	100,00%	100,00%	Put into liquidation in March 2012
DFI BV	Netherlands		7 529	100,00%	100,00%	
AD Valem Technologies	France		1 294	100,00%	100,00%	
TDF Fibre	France		3 150	100,00%	100,00%	Entity created in May 2016
Dédale Financement	France		10	100,00%	100,00%	Entity created in June 2016. Merged in TDF Infrastructure on June 30, 2017
Belvédère	France		71	70,00%	70,00%	Entity created in July 2016
France	France		208	100,00%	100,00%	
France	France	**TDF**	4 830	100,00%	100,00%	
France	France		3 000	100,00%	100,00%	
France	France		894	100,00%	100,00%	Entities acquired on 12 october 2016
France	France		500	100,00%	100,00%	
France	France		225	100,00%	100,00%	
France	France		355	100,00%	100,00%	
France	France		300	100,00%	100,00%	
France	France		10 795	100,00%	100,00%	Entities acquired on 12 october 2016, merged in ITAS on June 30, 2017
	France		200	100,00%	100,00%	Entities acquired on 12 october 2016, merged in ITAS TIM on December 31, 2017
	France		50	100,00%		Entity created in April 2017
	France		7 000	100,00%		Entity created in March 2017
	France		3 150	100,00%		Entity created in July 2017
France	France		4 500	100,00%		Entity created in December 2017
Arkena SAS (ex - Cognacq Jay)	France		9 666	100,00%	100,00%	
Smartjog France	France		456	100,00%	100,00%	Merged in Arkena SAS in March 2017
Arkena Inc (ex - Smartjog USA)	USA		1 903	100,00%	100,00%	
Bebanjo	Spain		8	100,00%	100,00%	
Arkena Sp.zoo (ex PSN)	Poland		1 005	100,00%	100,00%	
Arkena holding (ex - Qbrick holding)	Sweden	**Arkena**				
Arkena AB (ex - Qbrick AB)	Sweden					
Arkena AS (ex - Qbrick AS)	Norway					
Arkena A/S (ex - Qbrick A/S)	Denmark					Disposed of on July 7, 2016
Arkena Oy (ex - Qbrick Oy)	Finland					
Arkena Spain SL (ex - Qbrick Spain SL)	Spain					
Médiamobile	France	**Média-mobile**	1 157	71,19%	71,19%	
Mediamobile Nordic	Finland		3 050	71,19%	71,19%	
Levira	Estonia		9 587	49,00%	49,00%	
Talinna Teletorn Foundation	Estonia	**Levira**	13	49,00%	49,00%	
Levira Central Europe	Estonia		5	49,00%	49,00%	
Equity method						
Monaco Media Diffusion (ex- MCR)	Monaco	**TDF**	549	49,00%	49,00%	Under equity method since April 26, 2016