TDF INFRASTRUCTURE SAS GROUP

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

Consolidated statement of comprehensive income,
6 months period ended June 30, 2019

		Unaudited		Unaudited
In thousands euros	*Notes*	**June 2019 (6 months) ***	**Dec 2018 (12 months) ****	**June 2018 (6 months) ****
Revenue	*7.1*	**329 725**	**671 884**	**335 154**
Other income	*7.2*	8 522	19 240	7 857
Consumed purchases	*7.3*	(36 619)	(42 007)	(20 678)
Personnel costs	*7.4*	(61 795)	(137 614)	(70 364)
External expenses	*7.5*	(34 158)	(139 832)	(75 903)
Profit/loss on disposal of non-current operating assets	*7.6*	421	291	64
Other expenses	*7.2*	(11 967)	(20 279)	(17 697)
EBITDA		**194 129**	**351 683**	**158 433**
Depreciation, amortisation and impairment losses	*7.7*	(96 615)	(166 170)	(81 388)
Current Operating Income		**97 514**	**185 513**	**77 045**
Impairment of goodwill & intangible assets identified in business combinations	*7.7/8.1/8.2*	-	-	-
Other operating income	*7.8*	-	1 929	-
Other operating charges	*7.8*	(617)	(16 535)	(234)
Operating Income		**96 897**	**170 907**	**76 811**
Income from cash and cash equivalents		38	4	17
Gross finance costs		(80 925)	(142 746)	(69 214)
Net finance costs	*7.9*	**(80 887)**	**(142 742)**	**(69 197)**
Other financial income / charges	*7.9*	1 337	421	361
Share of net profits of associates	*13*	377	666	367
Income tax	*7.10*	(33 368)	(60 085)	(30 062)
Net income (loss) from continuing operations		**(15 644)**	**(30 833)**	**(21 720)**
Net income (loss) from discontinued operations	*6*	-	-	-
NET LOSS FOR THE YEAR		**(15 644)**	**(30 833)**	**(21 720)**
Other comprehensive income				
Currency translation differences		(58)	(130)	(115)
Cash flow hedge				
Actuarial losses			(797)	
Fair value of available for sale assets		16	51	(4)
Income tax on other comprehensive income			274	
Income and expenses recognized directly in equity	*7.9/7.10*	**(42)**	**(602)**	**(119)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(15 686)**	**(31 435)**	**(21 839)**
Net income (loss) for the year attributable to				
Owners of the company		(14 314)	(30 071)	(21 658)
Non controlling interests		(1 329)	(762)	(62)
Total comprehensive income (loss) for the year attributable to				
Owners of the company		(14 370)	(30 673)	(21 777)
Non controlling interests		(1 315)	(762)	(62)

* Column June 2019 discloses results of the Group including the application of IFRS 16 (see the note 3.6 related to the impact of this application at end of June 2019)

** Columns December 2018 and June 2018 disclose results of the Group without application of IFRS 16, in accordance with the simplified transition method used by the Group

Consolidated balance sheet as of June 30, 2019

		Unaudited		Unaudited
In thousands euros	*Notes*	**June 2019 ***	**Dec 2018 ****	**June 2018 ****
Non-current assets				
Goodwill	*8.1*	1695 583	1695 583	1701 636
Intangible assets	*8.2*	271 577	248 234	225 410
Property, plant and equipment	*8.3*	1651 677	1421 009	1381 883
Shares in associates	*13*	7 222	6 846	6 547
Financial assets available for sale		3 071	4 214	4 214
Other non-current assets	*8.4*	8 119	10 811	10 700
Derivative financial instruments	*10.4*			
Deferred tax assets		65	63	502
TOTAL NON-CURRENT ASSETS		**3637 314**	**3386 760**	**3330 892**
Current assets				
Inventories	*8.4*	14 022	12 161	10 183
Trade receivables	*8.4*	160 555	103 748	169 604
Other current assets	*8.4*	104 672	86 777	83 899
Cash and cash equivalents		106 910	153 894	117 717
Assets held for sale	*6*	-	-	-
TOTAL CURRENT ASSETS		**386 159**	**356 580**	**381 403**
TOTAL ASSETS		**4023 473**	**3743 340**	**3712 295**

		Unaudited		Unaudited
In thousands euros	*Notes*	**June 2019 ***	**Dec 2018 ****	**June 2018 ****
Share capital		300 000	300 000	300 000
Additional paid-in capital		1010 375	1010 375	1010 375
Currency translation reserve		(675)	(617)	(607)
Other reserves and Retained earnings		(1221 961)	(1194 631)	(1194 523)
Net loss of the year - attributable to owners of the company		(14 314)	(30 071)	(21 658)
Non-controlling interests		10 429	12 509	17 268
TOTAL EQUITY		**83 854**	**97 565**	**110 855**
Non-current liabilities				
Bond	*9.1*	1387 819	1386 727	1385 631
Bank debt	*9.1*	(849)	(960)	(727)
Shareholders' debt	*9.1*	1063 599	1063 599	1063 599
Other financial debts	*9.1*	34 106	26 835	14 673
Lease liability (IFRS 16)	*9.1*	165 550	-	-
Provisions	*9.3*	59 929	75 049	72 900
Deferred tax liabilities		240 776	244 110	248 594
Other non-current liabilities	*9.4*	36 203	25 439	33 357
Accrued interest		-	-	-
Derivative financial instruments		-	-	-
TOTAL NON-CURRENT LIABILITIES		**2987 133**	**2820 799**	**2818 027**
Current liabilities				
Other financial debts	*9.1*	103 204	147 346	130 891
Lease liability (IFRS 16)	*9.1*	36 509	-	-
Provisions	*9.3*	33 866	25 780	32 336
Trade payables	*9.4*	163 484	139 052	139 003
Tax and social liabilities	*9.4*	134 206	105 028	120 117
Other current liabilities	*9.4*	111 035	89 512	95 822
Bank overdrafts		3	2	2
Accrued interest		370 179	318 256	265 242
Lliabilities related to assets held for sale	*6*	-	-	-
TOTAL CURRENT LIABILITIES		**952 486**	**824 976**	**783 413**
TOTAL EQUITY AND LIABILITIES		**4023 473**	**3743 340**	**3712 295**

* Column June 2019 discloses results of the Group including the application of IFRS 16 (see the note 3.6 related to the impact of this application at end of June 2019)

** Columns December 2018 and June 2018 disclose results of the Group without application of IFRS 16, in accordance with the simplified transition method used by the Group

Consolidated statement of cash flows
6 months period ended June 30, 2019

		Unaudited		**Unaudited**
In thousands euros	*Notes*	**June 2019 (6 months) ***	**Dec 2018 (12 months) ****	**June 2018 (6 months) ****
Net loss from continuing operations		**(15 644)**	**(30 833)**	**(21 720)**
Non-cash items and other adjustments				
Depreciation, amortisation and impairment		96 629	166 258	81 388
Change in provisions and non-cash expenses		(5 395)	(12 294)	(6 074)
Loss on disposal of non-current assets		(2 373)	8 413	(37)
Total income tax		33 292	59 925	30 061
Finance income and expenses		79 701	139 477	67 230
Cash generated from operating activities before changes in working capital	*10.1*	**186 210**	**330 946**	**150 848**
Income tax paid		(29 636)	(57 308)	(23 522)
Change in Working Capital	*10.2*	4 101	8 126	(10 095)
Net cash from operating activities		**160 675**	**281 764**	**117 231**
Acquisitions of non-current operating assets		(124 588)	(250 388)	(110 058)
Proceeds from disposal of non-current operating assets		132	3 613	642
Dividends from non consolidated companies		249	1 179	876
Acquisition of controlling interests, net of cash & cash equivalents acquired		(569)	(3 379)	(1 712)
Net proceeds from disposals of subsidiaries formely controlled		(47)	2 171	-
Change in other financial assets		6 588	2 731	920
Net cash used in investing activities	*10.3*	**(118 235)**	**(244 073)**	**(109 332)**
Dividends paid to non-controlling interests		(765)	(5 593)	(408)
Proceeds from other financial debts		3 581	38 941	7 092
Other financial debts repayments		(64 263)	(4 464)	(1 911)
Fees related to the refinancing		(242)	(1 948)	(508)
Income from cash and cash equivalents		38	4	16
Changes of interest in controlled entities		-	5 436	3 078
Financial interests (including financial lease)		(27 786)	(39 019)	(20 343)
Net cash from financing activities	*10.4*	**(89 437)**	**(6 643)**	**(12 984)**
Effect of exchange rate changes on cash		12	(87)	(131)
NET CASH FROM CONTINUING ACTIVITIES		**(46 985)**	**30 961**	**(5 216)**
Net cash from discontinued activities		**-**	**-**	**-**
Net change in cash and cash equivalents		**(46 985)**	**30 961**	**(5 216)**
Opening cash & cash equivalents		**153 892**	**122 931**	**122 931**
Closing cash & cash equivalents		**106 907**	**153 892**	**117 715**

* Column June 2019 discloses results of the Group including the application of IFRS 16 (see the note 3.6 related to the impact of this application at end of June 2019)

** Columns December 2018 and June 2018 disclose results of the Group without application of IFRS 16, in accordance with the simplified transition method used by the Group

Consolidated statement of changes in equity

		Attributable to owners of the company								
In thousands euros	Number of oustanding shares	Share capital	Additional paid-in capital	*Currency translation reserve*	*Cash flow hedging reserves*	Other reserves and retained earnings	IFRS 16 transition	Total	**Non-controlling interests**	**Total Equity**
At December 31, 2017	10 000 000	**300 000**	**1 010 375**	**(490)**	**-**	**(1 195 132)**		**114 753**	**14 993**	**129 746**
Consolidated net income	-	-	-	-	-	(21 658)	-	(21 658)	(62)	**(21 720)**
Other comprehensive income	-	-	-	(115)	-	(4)	-	(119)		**(119)**
Total comprehensive income		**300 000**	**1 010 375**	**(605)**	**-**	**(1 216 794)**	**-**	**92 976**	**14 931**	**107 907**
Dividends paid	-	-	-	-	-		-	-	(409)	**(409)**
Stock options valuation	-	-	-	-	-	280	-	280		**280**
Changes of interest in controlled entities and changes in consolidation scope	-	-	-	(2)	-	333	-	331	2 746	**3 077**
At June 30, 2018 (unaudited)	10 000 000	**300 000**	**1 010 375**	**(607)**	**-**	**(1 216 181)**	**-**	**93 587**	**17 268**	**110 855**
At December 31, 2018	10 000 000	**300 000**	**1 010 375**	**(617)**	**-**	**(1 224 702)**		**85 056**	**12 509**	**97 565**
Consolidated net income	-	-	-	-	-	(14 314)	-	(14 314)	(1 329)	**(15 643)**
Other comprehensive income	-	-	-	(58)	-	2	-	(56)	14	**(42)**
Total comprehensive income		**300 000**	**1 010 375**	**(675)**	**-**	**(1 239 014)**	**-**	**70 686**	**11 194**	**81 880**
Dividends paid	-	-	-	-	-	-	-	-	(765)	**(765)**
Capital change	-	-	-	-	-	-	-	-	-	**-**
IFRS 16 Restatement	-	-	-	-	-	-	2 544	2 544	-	**2 544**
Stock options valuation	-	-	-	-	-	195	-	195	-	**195**
Changes of interest in controlled entities and changes in consolidation scope	-	-	-	-	-	-	-	-	-	**-**
At June 30, 2019 (unaudited)	10 000 000	**300 000**	**1 010 375**	**(675)**	**-**	**(1 238 819)**	**2 544**	**73 425**	**10 429**	**83 854**

Notes to the consolidated financial statements

1. Highlights of the period

Disposal of Mediamobile entities

As a reminder, on November 15, 2018, Mediamobile France and Mediamobile Nordic entities, referred to as the "Mediamobile" subgroup, were sold. Comparability of disclosed periods is impacted by this event.

See notes 5 and 6, which present the Group results excluding contributions from the Mediamobile subgroup.

IFRS standards evolution – Entry into force of IFRS 16

IFRS 16 “Leases” is applicable since 1 January 2019. The financial statements are now presented using this standard. In accordance with the simplified transition method chosen, the Group does not restate comparative periods.
However:

- specific impacts of this standard on the financial statements for the period are detailed in note 3.6.
- for transition comparability purposes, note 5 also presents the results without application of IFRS 16.

2. General presentation

The Group's consolidation head company, TDF Infrastructure 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 performs the following activities:

- audiovisual services (TV and radio digital broadcasting, radio FM broadcasting),
- telecommunications (design, deployment, maintenance and management of 2G, 3G, 4G, 5G and fiber telecommunication networks infrastructure, and ultra-highspeed connections, hosting on roof tops, datacenters and hosting of broadcasting and reception equipment on proprietary sites),
- design, build, implementation and operation of pylons for Telecoms, Audiovisual and Transmissions,
- digital network facilities in France through the deployment and marketing of Very High Speed optical fiber networks,
- management and broadcast of multimedia content to fixed and mobile devices.

The Group draws upon its recognized expertise and over 18 600 terrestrial sites mainly in France and focuses on developing new digital solutions such as connected Digital TV, catch-up TV, and ultra-high definition television.
In addition, given the tenders won to deploy, operate and market Very High Speed optical fiber networks, the Group aims to extend its business to optical fiber, and will invest in this market to increase the speed of deployment of digital network facilities 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, which is equivalent to current operating income before depreciation, amortization and impairment of assets.

Adjusted EBITDA (see note 5), which corresponds to EBITDA adjusted to remove the impact of:

- charges booked in relation to the application of IFRS 2 which are non-cash in nature,
- charges corresponding to severance payments and all fees directly related (lawyers, etc.)

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:
  - 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 condensed consolidated financial statements, for the 6 months ended June 30, 2019, have been prepared in accordance with IAS34 – Interim financial reporting. As condensed financial statements, they include selected explanatory notes and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2018.
IFRS can be downloaded from the following website:
http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The condensed consolidated financial statements at June 30, 2019 are unaudited and were prepared under the supervision of the management of the Group, and faithfully reflect the results for the periods in accordance with IFRS.

The condensed consolidated financial statements at June 30, 2019 were approved by the Chairman of TDF Infrastructure SAS on September 20, 2019.

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.

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 3.7 and 8.1), tangible and intangible assets (notes, 8.2 and 8.3), amounts of provisions (notes 9.2 and 9.3), deferred tax valuation (notes 3.8 and 7.10), recognition of revenue. 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.

3.6 Standards and interpretations in force

The accounting policies are unchanged compared to those used in the preparation of the consolidated financial statements for the year ended December 31, 2018, with the exception of application of IFRS 16, effective as of January 1, 2019.

IFRS 16 – Leases

This standard significantly changes the accounting and presentation of leases in a lessees' accounts. It is applicable since January 1, 2019.

Principle
Under the new standard, tenants will recognize most of their leases as an asset (tangible asset) with an associated 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 12.2).

Significant change of presentation
Without challenging the economic balance of leases contracts, this new standard implies significant changes for presentation of leases from the lessees' perspective:

- On the income statement: rental expenses presented in EBITDA (note 7.5) are restated, but depreciations and interest expenses are booked, (notes 7.7 and 7.8),
- On the balance sheet: tangible assets (note 8.2) are increased, and also financial debt (note 9.1),
- On the cash flow statement: cash outflows for rent no longer appear in net cash from operating activity, but in financial activities, as repayment of financial debt and interest payments (see the notes 10.4).

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).

Identification of the different types of contracts
As of January 1, 2019, the change of presentation will concern all contracts which meet the criteria of being a lease agreement in accordance with IFRS 16.
As of June 30, 2019, the identified contracts are as follows:

- The operating leases entered into by the Group, see note 12.2:
    - Commercial leases,
    - Agreements for the occupation of public property (AOPP),
    - Tertiary sites leases,
    - Exclusive contracts related to real estate parks,
- Connection and capacity contracts.

Key assumptions to determine impacts related to IFRS 16 restatement
Beyond the identification of contracts included in the scope of the IFRS 16, determination of the expected impact takes into account the following assumptions:

- Concerning the economic duration of the contracts in question, and the likelihood of renewal or exercise of early termination rights:
    - For sites leases and AOPP, the existence or absence of operational constraints, in particular for sites which serve customer contracts that are secured on a long-term basis, allows to determine the economic duration of contracts, provided that it doesn't exceed the contractual term fixed by the so-called "3-6-9" commercial lease,
    - For leases not subject to operational constraints (mostly contracts with customers), the considered duration is the non-cancellable period of the commitment,
    - For connection and capacity contracts, the economic duration is in line with the contractual term.

- On the interest rate considered to calculate the impact of IFRS 16:
    - For "short-term" contracts (less than or equal to 10 years) or corresponding to the Group's historical activities, the interest rate applied is the Group's incremental borrowing rate.

- For "long-term" contracts (higher than 10 years) or corresponding to new operating commitments compared to the Group's historical business structure, the interest rate applied is the shareholder loan rate beard by Tivana France Holdings SAS (sole shareholder of TDF Infrastructure Holding SAS since March 31, 2015), toward Tivana Midco S.à.rl.

Transition method and financial impacts relating to the initial application.
The Group didn't choose to apply this standard by anticipation. The transition method applied is the simplified transition method without restatement of comparative periods.
As of January 1st, 2019, the financial impact relating to the initial application of IFRS 16 is as follows:

- Tangible assets are increased by €211.4m (note 8.2)
- Prepaid expenses are decreased by €7.4m,
- Equity is increased by €2.5m,
- Financial debt is increased by €204m (note 9.1).
- Current and non-current liabilities are decreased by €2.5m.

Presentation of financial statements:
In accordance with the simplified transition method, financial statements are disclosed without restatement of comparative periods.
As of June 30, 2019, the presentation restatements specific to this standard are as follows:

- **On the consolidated statement of the comprehensive income:**

In thousands euros	*Notes*	**Unaudited** **June 2019 (6 months)**
External expenses	*7.5*	23 813
EBITDA		**23 813**
Depreciation, amortisation and impairment losses	*7.7*	(20 296)
Operating Income		**3 517**
Gross finance costs		(6 902)
Net finance costs	*7.9*	**(6 902)**
Income tax	*7.10*	1 157
Net loss from continuing operations		**(2 228)**
Net income (loss) from discontinued operations		-
LOSS FOR THE YEAR		**(2 228)**

- **On the consolidated balance sheet:**

In thousands euros	*Notes*	Unaudited June 2019	Unaudited January 1st 2019
Non-current assets			
Property, plant and equipment	*8.3*	206 552	211 447
TOTAL NON-CURRENT ASSETS		**206 552**	**211 447**
Current assets			
Other current assets		(7 285)	(7 387)
TOTAL CURRENT ASSETS		**(7 285)**	**(7 387)**
TOTAL ASSETS		**199 267**	**204 060**

In thousands euros	*Notes*	Unaudited June 2019	Unaudited January 1st
Other reserves and Retained earnings		2 554	2 554
Net loss of the year - attributable to owners of the company		(2 209)	-
Non-controlling interests		(19)	-
TOTAL EQUITY		**326**	**2 554**
Non-current liabilities			
Lease liability (IFRS 16)	*9.1*	165 550	165 711
Deferred tax liabilities		(272)	885
TOTAL NON-CURRENT LIABILITIES		**165 278**	**166 596**
Current liabilities			
Lease liability (IFRS 16)	*9.1*	36 509	38 338
Trade payables		(3 144)	(3 428)
Accrued interest		298	
TOTAL CURRENT LIABILITIES		**33 663**	**34 910**
TOTAL EQUITY AND LIABILITIES		**199 267**	**204 060**

It should be noted that as of June 30, 2019, lease liability related to IFRS 16 is not directly comparable to the operating lease commitments (see the note 12.2) due to the following reasons:

- IFRS 16 scope includes connections and capacity contracts, whereas these aren't disclosed in operating lease commitments,
- Lease liability at the transition date IFRS 16 is disclosed after discounting,
- In matter of duration, firm lease commitments cover only the non-cancellable minimum part of each lease. Conversely, lease liability under IFRS 16 takes into account the economic duration of certain contracts by considering duration of customer contracts that are secured on a long-term basis on sites analyzed.

In thousands euros	Dec 2018
Firm commitments related to operating leases	**169 905**
Purchase commitments considered as leases under IFRS 16	13 965
Difference in valuation of lease duration under IFRS 16	105 381
Lease liability as of January 1st, 2019 - before discounting effect	289 251
Discounting effect	(85 202)
Lease liability as of January 1st, 2019	**204 049**

- **On the consolidated statement of cash flows:**

In thousands euros	*Notes*	**Unaudited** **June 2019 (6 months)**
Net loss from continuing operations		**(2 228)**
Depreciation, amortisation and impairment		20 296
Total income tax		(1 157)
Finance income and expenses		6 902
Cash generated from operating activities before changes in working capital	*10.1*	**23 813**
Change in Working Capital	*10.2*	183
Net cash from operating activities		**23 996**
Acquisitions of non-current operating assets		
Proceeds from disposal of non-current operating assets		
Net cash used in investing activities	*10.3*	**-**
Other financial debts repayments		(17 388)
Financial interests (including financial lease)		(6 608)
Net cash used in financing activities	*10.4*	**(23 996)**
NET CASH FROM (USED IN) CONTINUING ACTIVITIES		**-**
Net cash from discontinued activities		**-**
Net change in cash and cash equivalents		**-**

IFRIC 23 - Uncertainty over Income Tax Treatments
IFRIC 23 clarifies the application of the standard IAS 12 "Income Taxes" regarding recognition and assessment, when there is uncertainty about the treatment of income taxes.
This standard is applicable since January 1, 2019 and involves an entity identifying whether it is likely that a relevant tax authority will accept each tax treatment or set of tax treatments it has used or intends to use in its tax return.
Thus, it must determine taxable profit, tax values, unused tax losses, unused tax credits or tax rates using either the most probable amount or the expected value method.

As of June 30, 2019, the IFRIC 23 interpretation does not have a significant impact on the Group's consolidated financial statements.

3.7 Impairment tests

For interim financial statements, unless any impairment loss indicator is identified, no impairment test on goodwill, on intangible assets with an indefinite useful life, and on other tangible and intangible assets, is performed.

3.8 Income tax

The measurement of the interim income tax expense is calculated by applying pre-tax profit for the period to the effective annual forecasted income tax rate (see note 7.10). The forecasted effective tax rate is calculated excluding any impacts of disposal of subsidiary or activity and in particular excluding any impairment of goodwill if it’s not subject to tax.

3.9 Exchange rates used for the period

The following were the functional currencies used in the Group:

	Unaudited			Unaudited
	Average	Closing	Average	Closing N-1
Polish zloty	0,232956	0,234357	0,233231	0,237145
US Dollar	0,885601	0,892299	0,873286	0,825531
CFA Franc	0,001524	0,001524	0,001524	0,001524

4. Financial risk management

4.1 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.
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.

4.2 Market risk

A. Management of interest rate risk

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

	Unaudited			
	June 2019		Dec 2018	
In thousands euros	**Oustanding**	**% of the debt**	**Oustanding**	**% of the debt**
Fixed interest rate debt	2 689 594	96,4%	2 492 809	95,0%
Variable interest rate debt	100 344	3,6%	130 738	5,0%
Total before hedging	**2 789 938**	**100,0%**	**2 623 547**	**100,0%**
Fixed interest rate debt	2 689 594	96,4%	2 492 809	95,0%
Variable interest rate	100 344	3,6%	130 738	5,0%
Total after hedging	**2 789 938**	**100,0%**	**2 623 547**	**100,0%**

At June 30, 2019 closing date, the Group notably bears:

- €1 063.6m of debt with fixed interest rate towards Tivana France Holdings (indirect shareholder);
- €1 400.0m of bond debt with fixed rates (excluding loan issuance costs);
- €202.1m related to lease liabilities (IFRS 16, see the note 3.6)

Sensitivity analysis of cash flows for variable rate instruments

No variable rate instrument is owned by the Group, neither at June 30, 2019 nor at December 31, 2018.

B. Exchange risk

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

4.3 Liquidity risk

To ensure liquidity, the Group has available resources of €356.6m (€403.5m on December 31, 2018):

- Cash and cash equivalents of €117.6m as of June 30, 2019 (€153.5m on December 31, 2018);
- A Revolving Credit Facility negotiated under a new "Credit Agreement" signed on December 5, 2018, for an amount of €250.0m, 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 June 30, 2019 nor as of December 31, 2018.

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

Unaudited

	June 2019		Maturities		
In thousands euros	Book value	Cash Flow	< 1 year	1 to 5 years	> 5 years
Non-derivative financial instruments					
Financial debts - Nominal	2 600 909	2 600 909	103 206	619 137	1 878 566
Loan issue expenses	(13 030)	-	-	-	-
Financial interests	369 881	1 480 787	475 279	468 478	537 030
Lease liability (IFRS 16)	202 058	202 058	36 509	81 442	84 107
Financial interests on lease liability (IFRS 16)	298	82 678	7 489	42 369	32 821
Debts on external acquisitions (holdback)	8 858	8 858	8 858	-	-
Trade payables	163 484	163 484	163 484	-	-
Total financial liabilities	**3 332 458**	**4 538 774**	**794 825**	**1 211 426**	**2 532 524**

	Dec 2018		Échéances		
In thousands euros	Book value	Cash Flow	< 1 year	1 to 5 years	> 5 years
Non-derivative financial instruments					
Financial debts - Nominal	2 637 780	2 637 780	147 346	610 528	1 879 906
Loan issue expenses	(14 233)	-	-	-	-
Financial interest	318 256	1 450 191	418 827	459 563	571 801
Debts on external acquisitions (holdback)	8 858	8 858	8 858	-	-
Trade payables	139 052	139 052	139 052	-	-
Total financial liabilities	**3 089 713**	**4 235 881**	**714 083**	**1 070 091**	**2 451 707**

See the notes 4.4 and 9.1 which describe the split, the nature and the characteristics of financial debts.

As of June 30, 2019, the liquidity risk now includes debts related to lease liability (impact of IFRS 16, see note 3.6), and also interest on these debts.

As of June 30, 2019, we have:

- the shareholder debt, towards Tivana France Holdings for €1 063.6m (indirect shareholder of the Group), 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.

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

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

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 considering the deferred payments or capitalization mechanisms that are authorized by the loan contract.

4.4 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 unchanged compared to December 31, 2018.

Bank debt

Since December 5, 2018, the Group has a new revolving credit facility.
This credit line of €250m, negotiated under the new "Credit Agreement" is not used neither at June 30, 2019 or as of December 31, 2018.

The conditions of this agreement have not changed compared to December 31, 2018.

The new bank agreement also includes a financial covenant to be respected if the credit line is used: a ratio of net debt to EBITDA which must be less than 5.50x.

- For the calculation of this ratio, certain adjustments, defined in the bank agreement, must be applied,
- The covenant is calculated and communicated to the lenders' agent every semester, based on June and December financial statements,
- At end of June 2019, the covenant is respected.

5. 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 digital signals and related services, provision of uplink services, temporary or permanent rental of 'space' (satellite transponder time), allowing TV 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,
- Fiber (FTTH): roll-out, operation and marketing of optical fiber networks,
- Other: royalties generated from intellectual property, income and interest from rentals.

Finally, figures disclosed hereafter represent the way the Group activity is reviewed internally, mostly:

- the Key indicator « adjusted EBITDA » which correspond to EBITDA:
    - restated from charges booked in application of IFRS 2 (which are in the Group's case without cash impact),
    - restated 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.).
- and for transition comparability purposes, the results are reviewed before presentation impacts related to IFRS 16 (ie rental expenses remain presented in EBITDA, as well as in net cash from operating activity) see also note 3.6,
- The columns labeled as "Dec 2018 restated (12 months)" and « June 2018 restated (6 months) » represent the Group results excluding contribution from the Mediamobile subgroup, which was disposed of in 2018, (see notes 1 and 6.2).

		Unaudited		**Unaudited**	**Unaudited**	**Unaudited**		
	In thousands euros	**June 2019 (6 months) Excl. *IFRS 16***	**Déc 2018 (12 months) Excl. *IFRS 16***	**June 2018 (6 months) Excl. *IFRS 16***	**Dec 2018 Restated (12 months) Excl. *IFRS 16***	**June 2018 Restated (6 months) Excl. *IFRS 16***	**Variation June 2019 / June 2018 restated Excl. *IFRS 16***	**Variation in %**
Net income	Digital Television	87 477	173 563	86 729	173 563	86 729	748	0,9%
	Radio	57 692	114 407	56 989	114 954	57 317	375	0,7%
	Total Broadcasting Services	**145 169**	**287 970**	**143 718**	**288 517**	**144 046**	**1 123**	**0,8%**
	Telecom: site hosting	152 204	293 282	144 724	293 282	144 755	7 449	5,1%
	Telecom: other services	9 833	25 911	11 882	26 028	11 851	(2 018)	-17,0%
	Total Telecoms & Services	**162 037**	**319 193**	**156 606**	**319 310**	**156 606**	**5 431**	**3,5%**
	Media Services	14 276	46 219	25 956	35 210	19 387	(5 111)	-26,4%
	Fiber (FTTH)	2 296	3 918	630	3 918	630	1 666	
	Others	5 948	14 584	8 244	14 805	8 302	(2 354)	-28,4%
	Total revenue	**329 726**	**671 884**	**335 154**	**661 760**	**328 971**	**755**	**0,2%**
	EBITDA excluding IFRS 2 charges, severance payments and related fees	**172 240**	**354 705**	**160 010**	**351 405**	**157 797**	**14 443**	**9,2%**
	EBITDA	**170 316**	**351 683**	**158 433**	**348 383**	**156 220**	**14 096**	**9,0%**
	Depreciation, amortisation and impairment losses	(76 319)	(166 170)	(81 388)	(165 338)	(80 874)	4 555	-5,6%
	Current Operating Income	**93 997**	**185 513**	**77 045**	**183 045**	**75 346**	**18 651**	**24,8%**
	Impairment of goodwill & intangible assets identified in business combinations		-					
	Other operating income and charges	(617)	(14 606)	(234)	(14 606)	(234)	(383)	**163,7%**
	Operating Income	**93 380**	**170 907**	**76 811**	**168 439**	**75 112**	**18 268**	**24,3%**
Flow	**Net cash from operating activities (a)**	**136 679**	**281 764**	**117 231**	**279 721**	**116 740**	**19 939**	**17,1%**
	Operating capex free from working capital effects (b) *	**(118 377)**	**(238 677)**	**(100 636)**	**(238 342)**	**(100 384)**	**(17 993)**	**17,9%**
	Working capital effects on operating capex (c)	(6 210)	(11 710)	(9 422)	(11 715)	(9 431)	3 221	-34,2%
	Operating disposals net from working capital effects (d)	132	3 613	642	3 613	642	(510)	-79,4%
	Operating cash available ((a) + (b) + (c) + (d))	**12 224**	**34 990**	**7 815**	**33 277**	**7 567**	**4 657**	**61,5%**
	Workforce (full-time average equivalent)	**2 102**	**2 143**	**2 129**	**2 108**	**2 093**	**9**	**0,4%**

** Operating capex excluding capex in financial lease*

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

6.1 Discontinued operations

At June 30, 2019, as at December 31, 2018, the Group does not have any discontinued operations in the meaning of IFRS 5.

6.2 Assets held for sale and disposed entities

At June 30, 2019, as at December 31, 2018, the Group does not have any assets held for sale in the meaning of IFRS 5.

Mediamobile

On November 15, 2018, Mediamobile France and Mediamobile Nordic entities, referred to as the "Mediamobile" subgroup, were sold.

In 2018, profit and loss and cash flows of Mediamobile entities are included in comprehensive income and in the cash flow statement of the Group until their date of effective loss of control. Their contributions (excluding intercompany transactions) as of June 30, 2018 and December 31, 2018 are as follows:

In thousands euros	June 2018 (6 months)	Déc 2018 (10 months)
Revenue	**6 625**	**11 127**
Other income	23	24
Consumed purchases	(1 510)	(2 439)
Personnel costs	(1 794)	(2 912)
External expenses	(681)	(1 475)
Profit/loss on disposal of non-current operating assets	-	-
Other expenses	(450)	(1 025)
EBITDA	**2 213**	**3 300**
Other operating income and expenses	-	-
Depreciation, amortisation and impairment losses	(514)	(832)
OPERATING INCOME	**1 699**	**2 468**
Other finance revenues / expenses	2	(3)
Income tax	(548)	(812)
NET INCOME OF DISPOSED OPERATIONS	**1 153**	**1 653**
Net cash from operating activities of disposed operations	**491**	**2 236**

7. Notes to the statement of comprehensive income

General comments:

- Incomes and charges of Mediamobile remain included in 2018 figures until their effective disposal date (November 15, 2018, see note 6.2);
- IFRS 16 transition: Column June 2019 discloses results of the Group including the application of IFRS 16 (see the note 3.6 related to the impact of this application at end of June 2019); in accordance with the simplified transition method used by the Group, column 2018 discloses results of the Group without application of IFRS 16. See also note 5.

7.1 Revenue

	Unaudited	
In thousands euros	**June 2019 (6 months)**	**June 2018 (6 months)**
Digital Television	87 477	86 729
Radio	57 692	56 989
Total Broadcasting Services	**145 169**	**143 718**
Telecom: site hosting	152 204	144 724
Telecom: other services	9 833	11 882
Total Telecoms & Services	**162 037**	**156 606**
Media Services	14 276	25 956
Fiber (FTTH)	2 296	630
Others	5 947	8 244
Total revenue	**329 725**	**335 154**

Between June 2018 and June 2019, revenue is impacted by a consolidation scope effect: €(6.6)m related to the sale of Mediamobile on November 15, 2018 (see also note 6.2).

7.2 Other income and expenses (in current operating income)

	Unaudited	
In thousands euros	**June 2019 (6 months)**	**June 2018 (6 months)**
Other income	**8 522**	**7 857**

Other income and expenses mainly comprise compensations from insurance and others, income from penalties received and operating grants received.

	Unaudited	
In thousands euros	**June 2019 (6 months)**	**June 2018 (6 months)**
Business tax	(3 510)	(4 129)
Property tax	(9 360)	(9 291)
Other taxes	(2 573)	(2 348)
Provisions	2 324	992
Other operating expenses	1 152	(2 921)
Other expenses	**(11 967)**	**(17 697)**

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.

The lines Property tax and Other taxes are impacted by the effect of the IFRIC 21 standard. Indeed, applying IFRIC 21, annual charges related to Property tax, IFER and C3S taxes have to be fully recognized on January 1st.

7.3 Consumed purchases

	Unaudited	
In thousands euros	**June 2019 (6 months)**	**June 2018 (6 months)**
Resold purchases	(33 971)	(10 896)
Energy and fuels	(26 806)	(24 005)
Other purchases including change in inventory	(4 379)	(3 334)
Capitalized purchases	28 537	17 557
Consumed purchases	**(36 619)**	**(20 678)**

The increase in capitalized purchases is notably due to the roll-out of optical fiber networks, as well to the deployment of the Telecom site portfolio.

7.4 Personal cost

	Unaudited	
In thousands euros	**June 2019 (6 months)**	**June 2018 (6 months)**
Salaries & wages	(55 500)	(56 381)
Social security contributions	(17 996)	(18 023)
Tax contributions on salaries & wages	(3 322)	(3 170)
Statutory employee profit sharing	(5 375)	(4 478)
Post-employment benefits : defined benefit plans	(942)	(959)
Post-employment benefits : defined contributions	(5 195)	(5 357)
Share based payments	(195)	(280)
Other personnel costs	(4 118)	(2 857)
Capitalized personnel costs	30 848	21 141
Total personnel costs	**(61 795)**	**(70 364)**

Other personnel costs largely comprise of 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 consolidation scope effects related to the disposal of Mediamobile generates a saving of €1.8m in personnel costs.

In addition, personnel costs include €(1.9)m €(2.6)m in as at June 30, 2018) corresponding to severance payments recognized over the period (legal and transactional severance payments) among the Group, and all fees directly related such as legal fees.

7.5 External expenses

In thousands euros	Unaudited June 2019 (6 months)	 June 2018 (6 months)
Real estate	(2 106)	(19 603)
Technical subcontracting	(19 826)	(29 113)
Administrative subcontracting	(5 797)	(6 536)
Expenses linked to personnel	(7 444)	(8 044)
Surveys & consulting fees	(8 964)	(7 960)
External & internal communication costs	(498)	(516)
Corporate fees	(3 593)	(2 724)
Insurance	(1 216)	(1 407)
Other capitalized charges	15 286	-
External expenses	**(34 158)**	**(75 903)**

The increase in other capitalized charges is notably due to the roll-out of optical fiber networks as well to the deployment of the Telecom site portfolio.

7.6 Profit on disposal of non-current operation assets

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

7.7 Depreciation, amortization and impairment losses

In thousands euros	Unaudited June 2019 (6 months)	 June 2018 (6 months)
Amortisation of intangible assets	(17 864)	(18 707)
Depreciation of tangible assets	(60 134)	(63 098)
Depreciation of assets related to right of use (IFRS 16)	(20 296)	-
Write-back of investment subsidies	1 679	417
Impairment of intangible assets	-	-
Impairment of tangible assets	-	-
Depreciation, amortisation and impairment losses	**(96 615)**	**(81 388)**

Impact of IFRS 16 application: see the note 3.6.

7.8 Other operating income and charges

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, see also the note 2.1).

7.9 Net finance costs

Net finance costs can be broken down as follows:

	Unaudited	
In thousands euros	**June 2019 (6 months)**	**June 2018 (6 months)**
Revenues from available funds placed	38	17
Total financial revenue (a)	**38**	**17**
Finance expenses linked to debt : Bond	(18 472)	(18 472)
Finance expenses linked to debt : Bank debt revolving	(242)	(508)
Finance expenses linked to debt : Shareholder	(52 563)	(48 696)
Finance expenses linked to debt : Financial lease	(509)	(178)
Financial interests linked to lease liability : IFRS 16	(6 902)	-
Finance expenses linked to debt : Other debts	(1 034)	(31)
Result on financial instruments measured at amortized cost (b)	**(79 722)**	**(67 885)**
Capitalisation & amortisation of loan issue expenses (c)	**(1 203)**	**(1 329)**
Profit (loss) related to derivatives (d)	**-**	**-**
Total finance expenses (e) = (b) + (c) + (d)	**(80 925)**	**(69 214)**
Net financial debt cost (a) + (e)	**(80 887)**	**(69 197)**

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

- Concerning the shareholder loan of €1063.6m towards Tivana France Holdings (amount unchanged vs 2017, fixed interest rate of 7.7%)., quarterly interests on that debt can be, according to what TDF Infrastructure determines:
    - 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 June 30, 2018, while the amount of the debt remains stable;

- the application of IFRS 16, since January 1, 2019, according to a simplified transition method (without restatements of comparative periods) which generates financial interests on the period (see the note 3.6);

- Increase in financial expenses related to financial lease debt and to other debts is mainly explained by the capitalization in the second half of 2018, within entities dedicated to the roll-out of optical fiber networks, of certain specific fees that will be paid to local authorities (see notes 9.1);

See notes 4.4 and 9.1 describing the change in financial debt and their characteristics.

At June 30, 2019, excluding shareholder debts, the average interest rate on financial debt is 2.87% (2.93% at June 30, 2018), including financing costs.

Other financial income and charges are as follows:

In thousands euros	Unaudited June 2019 (6 months)	Unaudited June 2018 (6 months)
Net discounting costs excluding net debt	(531)	(343)
Forex gains (losses)	63	74
Other financial expenses & Income	1 805	630
Other financial revenues / charges	**1 337**	**361**

Net discounting costs mainly concern discounting effects on provisions.
As at June 30, 2019, other financial revenues mainly correspond to a gain on the disposal of minority interests.

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

In thousands euros	Unaudited June 2019 (6 months)	Unaudited June 2018 (6 months)
Currency translation differences for foreign operations	(58)	(115)
Finance income and expenses recognised in other comprehensive income	**(58)**	**(115)**

7.10 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, itself sole shareholder of TDF Infrastructure SAS). All French entities owned directly or indirectly at least 95% by Tivana France Holdings SAS are included in this tax group.

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 expense is calculated applying the effective interest method as prescribed under IAS 34, based on the annual forecast and June 2019 earnings. The forecasted effective tax rate is calculated excluding any impacts of disposal of subsidiary or activity and in particular excluding any impairment of goodwill if it’s not subject to tax.

The income tax of the period is analyzed below:

In thousands euros	Unaudited June 2019 (6 months)	Unaudited June 2018 (6 months)
Current tax expense	(33 480)	(27 569)
Other income tax expenses	(4 032)	(3 803)
Deferred tax expense	4 144	1 310
Income tax expense from continuing operations	**(33 368)**	**(30 062)**
Income tax from discontinued operations and disposed entities	-	-
Total income tax	**(33 368)**	**(30 062)**

Note that among the €33.5m of current tax expenses mentioned above (€27.6m as of June 30, 2018), €33.4m concern entities belonging to the tax consolidation group (€26.8m as of June 30, 2018), 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, TDF Infrastructure SAS, or Arkena SAS (see hereafter).

Income tax recognized in other comprehensive income is analyzed below:

	Unaudited					
	June 2019 (6 months)			**June 2018 (6 months)**		
In thousands euros	Pre-tax	Tax (Expense) / Credit	**Net of tax**	Pre-tax	Tax (Expense) / Credit	**Net of tax**
Currency translation differences for foreign operations	(58)	-	(58)	(115)	-	(115)
Actuarial gains (losses) on defined benefit plan	-	-	-	-	-	-
Others	16	-	16	(4)	-	(4)
Total	**(42)**	**-**	**(42)**	**(119)**	**-**	**(119)**

The reconciliation between the theoretical income tax based on a theoretical income tax rate and the income tax based on the effective interest method (as prescribed by IAS 34 for interim financial statements and based on annual forecasts) is provided below:

	Unaudited			
	June 2019 (6 months)		**June 2019 (6 months)**	
In thousands euros	**Value**	**Rate**	**Rate**	**Value**
Loss for the period	(15 644)			(21 720)
Total income tax for the period	(33 368)			(30 062)
Profit excluding income tax	17 724			8 342
Theoretical income tax based on the French statutory income tax rate	**(6 102)**	**34,43%**	**34,43%**	**(2 872)**
Permanent differences on disposals	-			-
Impairment of tax loss carried forward	(18 365)	103,62%	196,36%	(16 380)
Other income tax expenses (CVAE, etc)	(2 421)	13,66%	28,34%	(2 364)
Non-deductible interest	(6 040)		72,13%	(6 017)
Effect of difference in foreign tax rates (theoretical rate)	48	-0,27%	-1,27%	106
Deferred tax on "CVAE" (1)	471	-2,66%	-5,14%	429
Other permanent differences	1 277	-7,20%	3,68%	(307)
Others	(2 236)	12,62%	31,85%	(2 657)
Actual income tax	**(33 368)**	**154,19%**	**360,37%**	**(30 062)**

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

At June 30, 2019, depreciations or non-recognition of tax loss carried forward assets are notably related to TDF Infrastructure SAS (€16.2m as at June 30,2019 against €16.1 as of June 30, 2018).

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).

8. 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.

8.1 Goodwill

The Group goodwill breakdown is unchanged between December 31, 2018 and June 30, 2019.

8.2 Intangible assets

Intangible assets are analyzed below:

In thousands euros	**Total**
Gross value at December 31, 2018	**760 581**
Acquisitions	**47 259**
Disposals	**(10 190)**
Reclassifications	**(5 666)**
Changes in consolidation scope	**-**
Currency translation adjustments	**1**
Gross value at June 30, 2019 (Unaudited)	**791 985**

In thousands euros	**Total**
Amortization at December 31, 2018	**(399 709)**
Charge of the period	**(17 511)**
Disposals	**9 452**
Reclassifications	**-**
Changes in consolidation scope	**-**
Currency translation adjustments	**(2)**
Amortization at June 30, 2019 (Unaudited)	**(407 770)**

	Total
Impairment losses at December 31, 2018	**(112 638)**
Charge of the period	**-**
Disposals	**-**
Changes in consolidation scope	**-**
Currency translation adjustments	**-**
Impairment losses at June 30, 2019 (Unaudited)	**(112 638)**
Carrying amount at December 31, 2018	**248 234**
Carrying amount at June 30, 2019 (Unaudited)	**271 577**

Since no trigger event occurred at June 30, 2019, no impairment test was performed on brands with an indefinite useful life (included in intangible assets). The net book value of these brands is €23.0m at June 30, 2019.

As of June 30, 2019, acquisitions of intangible assets mainly include completed or in progress roll-out of fiber optic networks in sparsely populated areas, in accordance with IFRIC 12 standard (Service Concession Arrangements) which is into force for this activity.

8.3 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, 2018	**659 996**	**1 788 915**	**47 199**	**634 294**	**3 130 404**
IFRS 16 Transition	197 975	-	-	13 472	**211 447**
Acquisitions	30 549	32 116	1 483	29 744	**93 892**
Disposals	(24 404)	(5 468)	(2 982)	(14 634)	**(47 488)**
Reclassifications	10 836	8 406	71	(14 482)	**4 831**
Changes in consolidation scope	-	-	-	-	**-**
Currency translation adjustments	3	10	1	36	**50**
Gross value at June 30, 2019 (Unaudited)	**874 955**	**1 823 979**	**45 772**	**648 430**	**3 393 136**

In thousands euros	Land & buildings	Broadcasting network	Office furniture, office and computer equipment	Others	**Total**
Amortization at December 31, 2018	**(268 320)**	**(1 004 422)**	**(38 956)**	**(345 042)**	**(1 656 740)**
Charge of the period	(24 984)	(34 366)	(1 062)	(18 340)	**(78 752)**
Disposals	24 404	5 466	2 982	14 615	**47 467**
Reclassifications	25	(984)	-	226	**(733)**
Changes in consolidation scope	-	-	-	-	**-**
Currency translation adjustments	(3)	(8)	(1)	(34)	**(46)**
Amortization at June 30, 2019 (Unaudited)	**(268 878)**	**(1 034 314)**	**(37 037)**	**(348 575)**	**(1 688 804)**

	Land & buildings	Broadcasting network	Office furniture, office and computer equipment	Others	**Total**
Impairment losses at December 31, 2018	**(6 299)**	**(38 353)**	**(42)**	**(7 961)**	**(52 655)**
Charge of the period	-	-	-	-	**-**
Disposals	-	-	-	-	**-**
Reclassifications	-	-	-	-	**-**
Changes in consolidation scope	-	-	-	-	**-**
Currency translation adjustments	-	-	-	-	**-**
Impairment losses at June 30, 2019 (Unaudited)	**(6 299)**	**(38 353)**	**(42)**	**(7 961)**	**(52 655)**

Carrying amount at December 31, 2018	**385 377**	**746 140**	**8 201**	**281 291**	**1 421 009**
Carrying amount at June 30, 2019 (Unaudited)	**599 778**	**751 312**	**8 693**	**291 894**	**1 651 677**

At June 30, 2019, tangible assets reflect IFRS 16 application, which generated, at the transition date, the recognition of a tangible asset for €211.5m (see the note 3.6).

As a result, tangible assets on the period are impacted by the principles of the standard, in particular:

- New leases concluded during the period are recognized as acquisitions of assets under the right of use,
- Assets recognized under IFRS 16 are amortized on the duration over their useful life by the Group.

Assets recognized under the right of use IFRS 16 are analyzed below:

In thousands euros	Land & buildings	Broadcasting network	Office furniture, office and computer equipment	Others	**Total**
Gross value at December 31, 2018	**-**	**-**	**-**	**-**	**-**
IFRS 16 Transition	197 975	-	-	13 472	**211 447**
Acquisitions	9 974	-	-	5 990	**15 964**
Disposals	(1 521)	-	-	(4 258)	**(5 779)**
Reclassifications	(589)	-	-	-	**(589)**
Changes in consolidation scope	-	-	-	-	**-**
Currency translation adjustments	-	-	-	-	**-**
Gross value at June 30, 2019 (Unaudited)	**205 839**	**-**	**-**	**15 204**	**221 043**

In thousands euros	Land & buildings	Broadcasting network	Office furniture, office and computer equipment	Others	**Total**
Amortization at December 31, 2018	**-**	**-**	**-**	**-**	**-**
Charge of the period	(15 561)	-	-	(4 735)	**(20 296)**
Disposals	1 521	-	-	4 258	**5 779**
Reclassifications	25	-	-	-	**25**
Changes in consolidation scope	-	-	-	-	**-**
Currency translation adjustments	-	-	-	-	**-**
Amortization at June 30, 2019 (Unaudited)	**(14 015)**	**-**	**-**	**(477)**	**(14 492)**

Carrying amount at December 31, 2018	**-**	**-**	**-**	**-**	**-**
Carrying amount at June 30, 2019 (Unaudited)	**191 824**	**-**	**-**	**14 727**	**206 551**

8.4 Trade receivables and other current and non-current assets

Other current and non-current assets are as follows:

	Unaudited June 2019			Dec 2018		
In thousands euros	Gross	Depreciation	Net	Gross	Depreciation	Net
Inventories,including items in progress	16 815	(2 793)	14 022	14 603	(2 442)	12 161
Total inventories	**16 815**	**(2 793)**	**14 022**	**14 603**	**(2 442)**	**12 161**

	Unaudited June 2019			Dec 2018		
In thousands euros	Gross	Depreciation	Net	Gross	Depreciation	Net
Trade accounts receivables	163 924	(4 761)	159 163	107 441	(4 416)	103 025
Trade receivables on disposal of assets	1 392		1 392	723		723
Total trade accounts receivables	**165 316**	**(4 761)**	**160 555**	**108 164**	**(4 416)**	**103 748**

	Unaudited June 2019			Dec 2018		
In thousands euros	Gross	Depreciation	Net	Gross	Depreciation	Net
Credit notes not yet received	678		678	691		691
Advance payment - corporate income tax	4 263		4 263	7 547		7 547
Tax and social security receivables	66 224		66 224	44 283		44 283
Prepaid expenses	4 752		4 752	3 334		3 334
Escrow account	-		-			-
Other receivables	29 071	(316)	28 755	31 238	(316)	30 922
Total other current assets	**104 988**	**(316)**	**104 672**	**87 093**	**(316)**	**86 777**
Non-current receivables	2 457	-	2 457	5 841	-	5 841
Loans, security deposit, guaranty	5 982	(320)	5 662	5 290	(320)	4 970
Total other non current assets	**8 439**	**(320)**	**8 119**	**11 131**	**(320)**	**10 811**

9. 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.

9.1 Financial debt

As of June 30, 2019, the main part of financial debt consists of unsecured senior external debt held by bondholders (bond debt) as well as a shareholder loan. Overall, the Group's financial debt is analyzed and has varied as described below:

						Unaudited
In thousands euros	**Dec 2018**	IFRS 16 transition	Increase	Decrease	Others	**June 2019**
Bond	1 386 727		-	1 092	-	1 387 819
including term debt	1 400 000				-	*1 400 000*
including loan issuance costs	(13 273)			*1 092*	-	*(12 181)*
Bank debt	(960)		-	111	-	*(849)*
including loan issuance costs	*(960)*			*111*	-	*(849)*
including term debt	-		-		-	-
including revolving debt	-		-	-	-	-
Shareholders' debt	1 063 599		-	-	-	1 063 599
Finance lease debt	8 041		2 287	(1 390)	(554)	8 384
Operational investments debts	15 820		4 522	(337)		20 005
Lease liability (IFRS 16)	-	204 049	15 964	(17 388)	(567)	202 058
Other financial debts	150 320		3 581	(45 148)	168	108 921
Financial debt	**2 623 547**	**204 049**	**26 354**	**(63 060)**	**(953)**	**2 789 937**

					Unaudited
In thousands of euros	**Dec 2017**	Increase	Decrease	Others	**June 2018**
Bond	1 384 570	-	1 061	-	1 385 631
including term debt	*1 400 000*	-	-	-	*1 400 000*
including loan issuance costs	*(15 430)*	-	*1 061*	-	*(14 369)*
Bank debt	(994)	-	267	-	(727)
including loan issuance costs	*(994)*		*267*	-	*(727)*
including term debt	-	-	-	-	-
including revolving debt	-	-		-	-
Shareholders' debt	1 063 599	-	-	-	1 063 599
Finance lease debt	6 419	3 635	(1 361)	(288)	8 405
Operational investments debts		8 369			8 369
Other financial debts	122 250	7 090	(550)	-	128 790
Financial debt	**2 575 844**	**19 094**	**(583)**	**(288)**	**2 594 067**

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 4.4).
The bond issue expenses (including issue discount) disclosed as a deduction from the debt balance (according to effective interest rate IFRS method) amount to €12.2m as of June 30, 2019 (€13.3m as of December 31, 2018).

Bank debt

At June 30, 2019, as of December 31, 2018, the Group has no bank term debt.
At June 30, 2019, revolving line has not been drawn.

Shareholders loans

No change since December 31, 2018.

Operational investments debts

As part of the development of the fiber business within the Group, the companies dedicated to the roll-out of optical fiber networks are required, in accordance with the applicable accounting standards, to recognize as investments, since the beginning of each public delegation contract, certain specific fees that will be paid to the local authorities.
The discounted amount of outstanding fees at June 30, 2019 is of €20.0m.

Lease liability (IFRS 16)

In accordance with the application of IFRS 16, as of the January 1, 2019, a financial debt of €204m was recognized at transition date under the lease liability (see the note 7.6).
In relation with the principles of the standard:

- New leases concluded during the period are recognized as an increase in lease liability for the present value of expected payments,
- Decrease in lease liability represents the part of rental paid on the period and affected to the repayment of the financial debt, after deduction of the interest expenses (see the note 7.9).

Other financial debts

Other financial debts of €108.9m at June 30, 2019 (December 31, 2018: €150.3m) correspond to:

- Current accounts with Tivana France Holdings and TDF Infrastructure Holding for a total amount of €98.7m (€143.3m as of December 31, 2018);
- Shareholder loans granted, for an amount of €9.0m, to the entities Val d'Oise Fibre and Anjou Fibre by Banque des Territoires following an equity investment of 30%.

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

Unaudited

In thousands euros	**June 2019**	**< 1 year**	**1 to 5 years**	**> 5 years**
Bond debt	1 387 819		596 205	791 614
Bank debt	(849)		(849)	
Shareholders' debt	1 063 599			1 063 599
Finance lease debt	8 384	2 629	5 582	173
Operational investments debts	20 005	1 021	4 213	14 771
Lease liability (IFRS 16)	202 058	36 509	81 442	84 107
Other financial debts	108 921	99 556	9 342	23
Financial debt	**2 789 937**	**139 715**	**695 935**	**1 954 287**

In thousands euros	**Dec 2018**	**< 1 year**	**1 to 5 years**	**> 5 years**
Bond debt	1 386 727		595 669	791 058
Bank debt	(960)		(960)	
Shareholders' debt	1 063 599			1 063 599
Finance lease debt	8 041	2 405	5 609	27
Other financial debts	150 320	144 395	5 925	-
Financial debt	**2 623 547**	**147 347**	**609 613**	**1 866 587**

As of June 30, 2019:

- Shareholder debt of €1 063.6 bears 7.7% fixed rate interest and has a maturity of March 20, 2030;
- the first bond debt, for €600m (excluding loan issuance costs) has a fixed coupon of 2.875% and a maturity on October 19, 2022;
- the second bond debt, for €800m (excluding loan issuance costs), has a fixed coupon of 2.50% and a maturity on April 7, 2026.

9.2 Employee benefits

No significant change compared to December 31, 2018.

9.3 Provisions

					Unaudited			Unaudited
			Provisions					
In thousands euros	Dec 2018	additions	utilisations	unused	Discounting	Currency translation adjustement	Others	June 2019
Prov. for post-employment benefits (pension, retirement benefit)	25 880	942	-	-	28	-	-	26 850
Prov. for employee-related measures	18 082	-	(5 956)	-	151	-	-	12 277
Provision for claims and disputes	2 377	318	(19)	(908)	-	-	-	1 768
Provision for dismantling, decommissioning and restoring sites	45 682	-	(1 272)	-	350	-	-	44 760
Prov for bringing into compliance of sites	3 765	-	(531)	(200)	-	-	-	3 034
Provision on onerous contract	-	-	-	-	-	-	-	-
Other provisions	5 043	225	(162)	-	-	-	-	5 106
Total provisions	**100 829**	**1 485**	**(7 940)**	**(1 108)**	**529**	**-**	**-**	**93 795**
Presented as current	**25 780**							**33 866**
Presented as non-current	**75 049**							**59 929**

					Unaudited			Unaudited
			Provisions					
In thousands euros	Dec 2017	additions	utilisations	unused	Discounting	Currency translation adjustement	Others	June 2019
Prov. for post-employment benefits (pension, retirement benefit)	23 509	957	-	-	(1)	2	-	24 467
Prov. for employee-related measures	28 522	-	(6 242)	-	163	-	-	22 443
Provision for claims and disputes	3 215	188	(250)	(455)	-	-	-	2 698
Provision for dismantling, decommissioning and restoring sites	45 895	35	(93)	-	182	-	-	46 019
Prov for bringing into compliance of sites	4 098	-	(51)	-	-	-	-	4 047
Provision on onerous contract	-	-	-	-	-	-	-	-
Other provisions	7 666	127	(2 095)	-	-	-	(136)	5 562
Total provisions	**112 905**	**1 307**	**(8 731)**	**(455)**	**344**	**2**	**(136)**	**105 236**
Presented as current	**32 160**							**32 336**
Presented as non-current	**80 745**							**72 900**

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 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 12.1).

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. At June 30, 2019, the provision related to this agreement is of €12.3m.

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.
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.

9.4 Other current and non-current liabilities

Other liabilities are analyzed below:

In thousands euros	**Unaudited June 2019**	**Dec 2018**
Trade payables	118 608	87 965
Trade payables on fixed assets aquisitions	44 876	51 086
Corporate income tax liabilities	11 805	8 257
Tax and social liabilities	122 401	96 772
Other current liabilities	111 035	89 512
Current liabilities	**408 725**	**333 592**
Other non-current liabilities	**36 203**	**25 439**
Total liabilities	**444 928**	**359 031**

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 €116.9m (€85.1m as of December 31, 2018) of which €30.6m is maturing after one year (€19.7m at December 31, 2018).

10. Cash flows

General comments:

- cash flows of Mediamobile remain included for 2018 in net cash from operating activities, and net cash used in financing or investing activities for all the periods disclosed until their disposal date (November 15, 2018 – see note 6.2).

- As of January 1, 2019, the entry into force of IFRS 16 generates a restatement of rental expenses in cash flows presentation (see the note 3.6)
  In accordance with the simplified transition method chosen by the Group:
  - At June 30, 2019, cash outflows for rents no longer appear in net cash from operating activity, but in financial activities, as repayment of financial debt and interest payments,
  - At December 31, 2018, and June 30, 2018, cash outflows for rents remain presented in cash generated from operating activities (simplified transition method).

10.1 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.

10.2 Changes in working capital

In thousands euros	Unaudited June 2019 (6 months)	Déc 2018 (12 months)	Unaudited June 2018 (6 months)
Changes in inventories	(1 861)	(2 565)	(586)
Changes in trade receivables	(56 131)	33 297	(26 121)
Changes in trade payables	34 519	(12 023)	(16 164)
Changes in prepaid income	31 833	6 379	34 283
Changes in other working capital	(4 259)	(16 962)	(1 507)
Changes in working capital	**4 101**	**8 126**	**(10 095)**

10.3 Net cash used in investing activities

At June 30, 2019, the line "change in other financial assets" corresponds for €6.4m to the proceeds of minority interest held by the Group, as well as the repayment of loans that the Group had granted to this stake.

At June 30, 2018, the line « Acquisition of controlling interests, net of cash & cash equivalents acquired » mainly correspond to the acquisition of part of Deltacom's telecom business for €1.5m.

10.4 Net cash used in financing activities

At June 30, 2019, drawdowns and repayment of debts are principally composed of:
- a €3.6m drawdown related to a shareholder loan granted to entities of the Group, following an equity investment from a minority shareholder,
- net cash-out of €(44.7)m concerning the current accounts with TDF Infrastructure Holding and Tivana France Holdings (direct and indirect shareholders of the Group),
- cash outflows for rents of €(17.4)m presented as repayment of lease liability, following the application of IFRS 16 over the period (see the note 3.6),
- €(1.4)m finance lease installments paid.

At June 30, 2018, drawdowns and repayment of debts are principally composed of:
- net proceeds of €4.7m concerning the current accounts with TDF Infrastructure Holding and Tivana France Holdings (direct and indirect shareholders of the Group),
- a €2.4m drawdown related to a shareholder loan granted to an entity of the Group, following an equity investment from a minority shareholder,
- €(1.4)m finance lease installments paid.

At June 30, 2019, the line « Financial interests » mainly correspond to:

- the €20m payment related to the first term on the €800m bond debt issued on April 7, 2016,
- cash outflows for rent of €6.3m presented as interests expenses, in accordance with the application of IFRS 16 since January 1, 2019 (see the note 3.6)

At June 30, 2018:

- the line « Financial interests » mainly correspond to the €20m payment related to the first term on the €800m bond debt issued on April 7, 2016.
- the line « Changes of interest in controlled entities » of €3.1m corresponds an equity investment from a minority shareholder in one entity of the Group.

Concerning the table of changes in financial liabilities disclosed in note 9.1:

- At June 30, 2019:
  - increase in lease liability following IFRS 16 application, at the transition date €(204)m and over the period €(16)m, have no cash impact, the counterpart being the recognition of a fixed asset under right of use of assets rent,
  - the amortization of bond issuance costs €(1.2)m and the increase in finance lease debts €(2.3)m have no cash impact,
  - increase of operational investments debts €(4.5)m has no cash impact, the counterpart being the recognition of a fixed asset,
  - thus, after restatement of these items, changes in financial debts disclosed in note 9.1 represent a net cash impact of €(60.7)m;

- At June 30, 2018:
  - the amortization of bond issuance costs for €(1.3)m and the increase in finance lease debts €(3.6)m have no cash impact,
  - the increase of operational investments debts €(8.4)m has no cash impact, the counterpart being the recognition of a fixed asset,
  - Thus, after restatement of these items, changes in financial debts disclosed in note 9.1 represent a net cash impact of +€5.2m;

11. Workforce

Total Group headcount is as follows:

	Unaudited	
	June 2019	Dec 2018
France	2 186	2 240
International	150	152
Total workforce at closing	**2 336**	**2 392**

12. Contingent liabilities and off-balance sheet commitments

12.1 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 June 30, 2019

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. This legal proceeding ended in early 2019.

No other significant change since December 31, 2018.

12.2 Firm commitments

A. Operating lease commitments – Group as lessee

At December 31, 2018, the breakdown by maturity of non-cancellable operating leases is as follows:

In thousands euros	**Dec 2018**
At less than 1 year	27 164
From 1 to 5 years	55 608
More than 5 years	87 133
Total	**169 905**

Amounts disclosed above are not discounted.

At June 30, 2019, the Group directly recognizes in financial debt the lease liability related to rights of use of leases, in accordance with IFRS 16 (see the note 9.1).
Amount of lease liability is calculated according to IFRS 16 principles, which generates differences with operating lease commitments disclosed above (see the note 3.6)

B. Firm purchase commitments

Firm purchase commitments made by the Group are as follows:

In thousands euros	**Unaudited** **June 2019**	**< 1 year**	**1 to 5 years**	**> 5 years**
Commitment of capex	129 059	121 619	7 440	
Commitment others	63 146	40 335	20 222	2 589
Total	**192 205**	**161 954**	**27 662**	**2 589**

In thousands euros	**Dec 2018**	**< 1 year**	**1 to 5 years**	**> 5 years**
Commitment of capex	92 219	77 593	14 626	-
Commitment others	45 162	30 168	12 556	2 439
Total	**137 381**	**107 761**	**27 182**	**2 439**

The change in firm purchase commitments between December 2018 and June 2019 is mainly due to commitments taken in the frame of the development of the optical fiber activity.

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	Unaudited June 2019 Actual (6 months)	Projection	< 1 year	1 to 5 years	> 5 years
Digital Television	87 477	356 516	148 754	196 614	11 148
Radio	57 692	259 666	84 070	164 161	11 435
Total Broadcasting Services	**145 169**	**616 182**	**232 824**	**360 775**	**22 583**
Telecom: site hosting	152 204	1 811 135	267 672	957 520	585 943
Telecom: other services	9 833	30 638	7 765	10 933	11 940
Total Telecoms & Services	**162 037**	**1 841 773**	**275 437**	**968 453**	**597 883**
Media Services	14 276	33 670	13 782	18 217	1 671
Fiber (FTTH)	2 296	20 024	1 955	3 552	14 517
Others	5 947	573	-	-	573
Total revenue / future contractual revenue	**329 725**	**2 512 222**	**523 998**	**1 350 997**	**637 227**

In thousands euros	Dec 2018 Actual (12 months)	Projection	< 1 year	1 to 5 years	> 5 years
Digital Television	173 563	402 733	157 818	242 297	2 618
Radio	114 407	253 195	90 525	148 980	13 690
Total Broadcasting Services	**287 970**	**655 928**	**248 343**	**391 277**	**16 308**
Telecom: site hosting	293 282	1 832 471	259 561	941 800	631 110
Telecom: other services	25 911	22 686	7 529	10 397	4 760
Total Telecoms & Services	**319 193**	**1 855 157**	**267 090**	**952 197**	**635 870**
Media Services	46 219	40 971	17 841	21 319	1 811
Fiber (FTTH)	3 918	5 716	912	836	3 968
Others	14 584	674	557	117	
Total revenue / future contractual revenue	**671 884**	**2 558 446**	**534 743**	**1 365 746**	**657 957**

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

12.3 Contingent commitments

Guarantees given and received

At June 30, 2019, the Group has given and received bank guarantees, contracted in the course of business, which respectively amount to €96.4m and €2.5m, vs. respectively €77.8m and €1.6m at December 31, 2018. The change in guarantees given over the first half of 2019 is, on the one hand, related to operating and construction guarantees issued in the context of optical fiber roll-out, and on the other, to the first demand guarantee issued following the renewal of the agreement for the occupation of the Eiffel Tower in 2018.

Commitments under bank agreements

No change compared to December 31, 2018.

Other commitments

No significant change since December 31, 2018.

13. Shares in associates

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.

	Unaudited	
In thousands euros	**June 2019 (6 months)**	**June 2018 (6 months)**
Revenue	**2 222**	**2 245**
EBITDA	**1 243**	**1 238**
OPERATING INCOME	**1 084**	**1 080**
Financial income and expenses	13	
Income tax	(328)	(331)
NET INCOME	**769**	**749**

14. Related party disclosures

14.1 Compensation of key management personnel

No new compensation scheme towards key management personnel has been set up during 2019 first half year.

14.2 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 or its shareholders, especially Brookfield Infrastructure group, Public Sector Pension Investment Board (PSP Investments), APG Asset Management N.V. and Arcus Infrastructure Partners,
3. Companies in which directors of the companies included in the TDF Infrastructure SAS group scope are company representatives,
4. Key management personnel.

The main transactions of the period made with related parties of the TDF Infrastructure SAS group are:

- Interest charges invoiced to the Group by Tivana France Holdings amounting over the period €52.6m and related to the shareholder loan of €1 063.6m; accrued interests on this loan are of €352.5m at June 30, 2019 (€300.0 as of December 31, 2018), and is disclosed as current liabilities by prudence (see also the note 4.3);
- net repayment of current accounts with Tivana France Holdings and TDF Infrastructure Holding for €44.7m;
- €0.1m of income and €2.7m 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.

15. Significant subsequent events

The Group has initiated several projects for the sale of subsidiaries and equity investments, for which depending on the projects it has received binding offers or expressions of interest.
Notably:

- in July 2019, the Group has received a binding offer for the sale of its subsidiary Tim Congo;
- in September 2019, the Group has received a binding offer for the sale of its subsidiary Arkena.

At the date of approval of the accounts by the Chairman of TDF Infrastructure, the global risk to generate a loss on these various disposal projects does not exceed €15m.

16. Consolidation scope

				% Interests			
List of consolidated companies	**Countries**	**CGU**	**Share capital in € thousands**	**June 2019 (unaudited)**	**Dec 2018**	**June 2018 (unaudited)**	**Observation**
Full consolidation							
TDF Infrastructure SAS	**France**	**TDF**	**300 000**	**100,00%**	**100,00%**	**100,00%**	
TDF SAS	France		166 957	100,00%	100,00%	100,00%	
DFI BV	Netherlands					100,00%	Liquidated since December 20, 2018
AD Valem Technologies	France		1 294	100,00%	100,00%	100,00%	
TDF Fibre	France		8 650	100,00%	100,00%	100,00%	
Belvédère	France		331	70,00%	70,00%	70,00%	
ITAS	France		14 616	100,00%	100,00%	100,00%	
ITAS Tim	France		11 690	100,00%	100,00%	100,00%	
One Cast	France					100,00%	Entity merged in ITAS TIM on June 30, 2018
SIT	France		894	100,00%	100,00%	100,00%	
ITAS Pylones (ex Sud Ouest)	France		500	100,00%	100,00%	100,00%	
ITEA	France		225	100,00%	100,00%	100,00%	
ITAS Méditerranée	France		355	100,00%	100,00%	100,00%	
Tim Congo	Congo		15	100,00%	100,00%	100,00%	
ITAS Sud Ouest	France		100	100,00%	100,00%	100,00%	
Val d'Oise Fibre	France		10 000	70,00%	70,00%	70,00%	
Yvelines Fibre	France		3 150	100,00%	100,00%	100,00%	
Val de Loire Fibre	France		6 429	70,00%	70,00%	100,00%	Owned at 70% since July 2018
Anjou Fibre	France		1 429	70,00%	70,00%	100,00%	Owned at 70% since November 2018
Arkena SAS (ex - Cognacq Jay)	France	**Arkena**	9 666	100,00%	100,00%	100,00%	
Arkena Inc (ex - Smartjog USA)	USA		1 965	100,00%	100,00%	100,00%	
Bebanjo	Spain		8	100,00%	100,00%	100,00%	
Arkena Sp.zoo (ex PSN)	Pologne		985	100,00%	100,00%	100,00%	
Médiamobile	France	**Média-mobile**				71,19%	Entities disposed on November 15, 2018
Mediamobile Nordic	Finlande					71,19%	
Levira	Estonie	**Levira**	9 587	49,00%	49,00%	49,00%	
Talinna Teletorn Foundation	Estonie		13	49,00%	49,00%	49,00%	
Levira Central Europe	Estonie		5	49,00%	49,00%	49,00%	
Equity method							
Monaco Media Diffusion (ex- MCR)	Monaco	**TDF**	549	49,00%	49,00%	49,00%	

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.

Entities of Mediamobile CGU have been sold on November 15, 2018.