TDF INFRASTRUCTURE SAS GROUP

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

Consolidated statement of comprehensive income, 6 months period ended June 30, 2016

In thousands euros	*Notes*	Unaudited June 2016 (6 months)	Dec 2015 (9 months)	Unaudited June 2015 (3 months)
Revenue	*7.1*	**341 517**	**525 244**	**180 687**
Other income	*7.2*	5 082	2 343	(104)
Consumed purchases	*7.3*	(27 696)	(50 426)	(16 303)
Personnel costs	*7.4*	(67 215)	(111 107)	(35 731)
External expenses	*7.5*	(63 027)	(99 534)	(33 473)
Profit/loss on disposal of non-current operating assets	*7.6*	(60)	2 627	2 817
Other expenses	*7.2*	(15 776)	(13 407)	(1 324)
EBITDA		**172 825**	**255 740**	**96 569**
Depreciation, amortisation and impairment losses	*7.7*	(83 045)	(131 685)	(42 579)
Current Operating Income		**89 780**	**124 055**	**53 990**
Impairment of goodwill & intangible assets identified in business combinations	*7.7/8.1/8.2*	(776)	-	-
Other operating income	*7.8*	111 428	533	321
Other operating charges	*7.8*	(30 468)	(30 915)	(429)
Operating Income		**169 964**	**93 673**	**53 882**
Income from cash and cash equivalents		80	95	18
Gross finance costs		(62 209)	(86 050)	(27 034)
Net finance costs	*7.9*	**(62 129)**	**(85 955)** -	**(27 016)**
Other financial income / charges	*7.9*	731	398	(277)
Share of net profits (losses) of associates	*13*	162	(3 280)	(485)
Income tax	*7.10*	(40 325)	(43 056)	(22 463)
Net income (loss) from continuing operations		**68 403**	**(38 220)**	**3 641**
Net income from discontinued operations	*6*	-	-	
NET INCOME (LOSS) FOR THE YEAR		**68 403**	**(38 220)**	**3 641**
Other comprehensive income				
Currency translation differences		156	(115)	42
Cash flow hedge		-	-	-
Actuarial gains		-	2 971	(25)
Fair value of available for sale assets		4	131	33
Income tax on other comprehensive income		-	(1 023)	-
Income and expenses recognized directly in equity	*7.9/7.10*	**160**	**1 964**	**50**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**68 563**	**(36 256)**	**3 691**
Net income (loss) for the year attributable to				
Owners of the company		67 745	(39 521)	2 956
Non controlling interests		658	1 301	684
Total comprehensive income (loss) for the year attributable to				
Owners of the company		67 905	(37 585)	3 003
Non controlling interests		658	1 329	687
Earnings per share				
Basic (in euros)		7	(4)	0
Earnings per share - continuing operations				
Basic (in euros)		7	(4)	0

Consolidated balance sheet as of June 30, 2016

In thousands euros	*Notes*	Unaudited June 2016	Dec 2015	Unaudited June 2015
Non-current assets				
Goodwill	*8.1*	1 624 534	1 624 428	1 622 087
Intangible assets	*8.2*	158 010	168 759	178 976
Property, plant and equipment	*8.3*	1 245 818	1 247 690	1 259 265
Shares in associates	*13*	6 416	-	2 795
Financial assets available for sale		2 057	778	233
Other non-current assets	*8.4*	7 367	12 516	16 587
Deferred tax assets		76	295	232
TOTAL NON-CURRENT ASSETS		**3 044 278**	**3 054 466**	**3 080 175**
Current assets				
Inventories	*8.4*	4 836	4 024	4 016
Trade receivables	*8.4*	179 024	127 685	169 348
Other current assets	*8.4*	272 926	71 167	85 277
Cash and cash equivalents		93 055	145 252	95 081
Assets held for sale	*6*	4 347	11 417	11 565
TOTAL CURRENT ASSETS		**554 188**	**359 545**	**365 287**
TOTAL ASSETS		**3 598 466**	**3 414 011**	**3 445 462**

In thousands euros	*Notes*	Unaudited June 2016	Dec 2015	Unaudited June 2015
Share capital		300 000	300 000	872 223
Additional paid-in capital		1 116 703	1 116 703	544 480
Currency translation reserve		499	351	513
Other reserves and Retained earnings		(1 287 904)	(1 248 374)	(1 250 430)
Net income (loss) of the year - attributable to owners of the company		67 745	(39 521)	2 956
Non-controlling interests		14 580	15 220	16 880
TOTAL EQUITY		**211 623**	**144 379**	**186 622**
Non-current liabilities				
Bond debt	*9.1*	1 381 439	592 761	-
Bank debt	*9.1*	(1 802)	802 021	1 386 718
Shareholders' debt	*9.1*	1 063 599	1 063 599	1 023 698
Other financial debts	*9.1*	6 198	7 434	4 187
Provisions	*9.3*	91 260	89 418	53 096
Deferred tax liabilities		301 152	304 939	315 896
Other non-current liabilities	*9.4*	42 906	23 817	34 919
Accrued interest			-	19 652
TOTAL NON-CURRENT LIABILITIES		**2 884 752**	**2 883 989**	**2 838 166**
Current liabilities				
Other financial debts	*9.1*	19 508	28 818	2 932
Provisions	*9.1*	54 945	33 386	47 638
Trade payables	*9.4*	120 979	123 864	123 238
Tax and social liabilities	*9.4*	110 104	87 701	146 906
Other current liabilities	*9.4*	115 331	84 402	97 230
Bank overdrafts		-	211	891
Accrued interest		79 640	25 744	26
Lliabilities related to assets held for sale	*6*	1 584	1 517	1 813
TOTAL CURRENT LIABILITIES		**502 091**	**385 643**	**420 674**
TOTAL EQUITY AND LIABILITIES		**3 598 466**	**3 414 011**	**3 445 462**

Consolidated statement of cash flows
6 months period ended June 30, 2016

In thousands euros	*Notes*	Unaudited June 2016 (6 months)	Dec 2015 (9 months)	Unaudited June 2015 (3 months)
Net income (loss) from continuing operations		**68 403**	**(38 220)**	**3 641**
Non-cash items and other adjustments				
Depreciation, amortisation and impairment		83 821	131 685	42 579
Change in provisions and non-cash expenses		(96 335)	28 456	1 473
Gain (loss) on disposal of non-current assets		575	(2 787)	(2 804)
Total income tax		40 325	43 056	22 463
Finance income and expenses		69 823	83 046	25 292
Cash generated from operating activities before changes in working capital	*10.1*	**166 612**	**245 236**	**92 644**
Income tax paid		(38 960)	(65 038)	(5 262)
Change in Working Capital	*10.2*	8 243	14 008	13 556
Net cash from operating activities		**135 895**	**194 206**	**100 938**
Acquisitions of non-current operating assets		(67 938)	(94 872)	(26 401)
Proceeds from disposal of non-current operating assets		-	3 923	(106)
Dividends from non consolidated companies		765	-	-
Acquisition of controlling interests, net of cash & cash equivalents acquired		-	(1 362)	-
Net proceeds from disposals of subsidiaries formely controlled		5 085	(11 448)	(11 542)
Change in other financial assets		(86 580)	5 781	(221)
Net cash used in investing activities	*10.3*	**(148 668)**	**(97 978)**	**(38 270)**
Dividends paid to non-controlling interests		(717)	(1 771)	-
Proceeds from bond		800 000	600 000	-
Bank debt repayments		(807 000)	(623 000)	(30 000)
Proceeds from other financial debts		87	26 634	354
Other financial debts repayments		(14 497)	(3 069)	(1 011)
Fees related to the refinancing		(11 942)	(8 878)	(1 226)
Revenue from cash and cash equivalents		80	95	18
Financial interests (including financial lease)		(4 574)	(7 569)	(3 131)
Net cash used in financing activities	*10.4*	**(38 563)**	**(17 558)**	**(34 996)**
Effect of exchange rate changes on cash		68	(115)	211
NET CASH FROM (USED IN) CONTINUING ACTIVITIES		**(51 268)**	**78 555**	**27 883**
Net cash from discontinued activities	*10.5*	**-**	**-**	**-**
Net change in cash and cash equivalents		**(51 268)**	**78 555**	**27 883**
Opening cash & cash equivalents		**145 073**	**66 518**	**66 518**
Closing cash & cash equivalents		**93 805**	**145 073**	**94 401**

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 March 31, 2015 (published)	7 499 793 152	**749 979**	**1 511 157**	**466**	**-**	**(2 906 694)**	**(645 092)**	**16 193**	**(628 899)**
At March 31, 2015 (restated)	7 499 793 152	**749 979**	**1 511 157**	**466**	**-**	**(2 911 582)**	**(649 980)**	**16 193**	**(633 787)**
Consolidated net income	-	-	-	-	-	2 956	2 956	684	**3 640**
Other comprehensive income	-	-	-	42	-	5	47	3	**50**
Total comprehensive income	7 499 793 152	**749 979**	**1 511 157**	**508**	**-**	**(2 908 621)**	**(646 977)**	**16 880**	**(630 097)**
Dividends paid	-	-	-	-	-	-	-	-	**-**
Capital change	(7 489 793 152)	122 244	(966 677)	-	-	1 661 153	816 720	-	**816 720**
Changes of interest in controlled entities and changes in consolidation scope	-	-	-	5	-	(6)	(1)	-	**(1)**
At June 30, 2015 (unaudited)	10 000 000	**872 223**	**544 480**	**513**	**-**	**(1 247 474)**	**169 742**	**16 880**	**186 622**
At December 31, 2015	10 000 000	**300 000**	**1 116 703**	**351**	**-**	**(1 287 895)**	**129 159**	**15 219**	**144 378**
Consolidated net income	-	-	-	-	-	67 745	67 745	658	**68 403**
Other comprehensive income	-	-	-	156	-	4	160	-	**160**
Total comprehensive income	10 000 000	**300 000**	**1 116 703**	**507**	**-**	**(1 220 146)**	**197 064**	**15 877**	**212 941**
Dividends paid	-	-	-	-	-	-	-	(186)	**(186)**
Capital change	-	-	-	-	-	-	-	-	**-**
Changes of interest in controlled entities and changes in consolidation scope	-	-	-	(8)	-	(13)	(21)	(1 111)	**(1 132)**
At June 30, 2016 (unaudited)	10 000 000	**300 000**	**1 116 703**	**499**	**-**	**(1 220 159)**	**197 043**	**14 580**	**211 623**

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1. Highlights of the period

Change of annual closing date

In 2015, the Group has changed its annual closing date and now closes its financial statements each December 31 since December 31, 2015 (previously March 31). Comparability of periods disclosed this year is still impacted by this change: June 2016 corresponds to a six months period (from January 1 to June 30, 2016), whereas June 2015 corresponds to a 3 months period (from April 1, 2015 to June 30, 2015).

TDF SAS - employee-related measures to support early leaves

An agreement was signed on July 23, 2015 concerning employee-related measures to support the leaves necessary to adjust the workforce. The provision related to the estimation of the costs of this plan is of €26.2m at December 31, 2015. An additional provision allowance of €13.8m was recognized during the period (see the notes 7.8 and 9.3).

Evolution project by Arkena SAS and SmartJog France

On February 8, 2016 a final agreement was signed with the Works council of Arkena SAS and SmartJog France SAS, regarding strategic directions and the organization of these entities. It doesn’t affect the provisions estimations recognized at the end of December 2015.

Second digital dividend

Following the « second digital dividend » and the CSA final decisions (French TV and radio regulatory body) about the two multiplex R5 and R8 shutdown early April 2016, discussions were held between the State and broadcasting operators. 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. See also the notes 7.2, 9.4 and 12.1.

Fine from the anti-trust authorities

Concerning the procedure with the anti-trust authorities following a complaint filed in 2009 by the company ITAS TIM about TDF's alledged practices in the terrestrial digital broadcasting services industry (see the note 12.1), the French Competition Authority has announced on June 6, 2016 that it is issuing a fine of €20.6m to the Group. The Group appealed against this decision on July 20.

At June 30, 2016, this fine of €20.6m is covered by a provision booked in the accounts (see the notes 7.8 and 9.3).

Earn-out on the disposal of German entities

Tyrol Acquisition 1 & Cie SCA has sold the former German subsidiaries of TDF SAS to an external purchaser on March 17, 2016. According to the earn-out condition described in the note 12.3, it has triggered the right for TDF SAS to receive an earn-out, for an amount of €106.2m, which has been recognized over the period (see the notes 7.8, 8.4 and 12.3).

Monaco Media Diffusion Company (ex – MCR) now under equity method

Since April 26, 2016, the company Monaco Media Diffusion (formerly named MCR) is now consolidated under the equity method instead of full integration, following the loss of control of this entity (additional disposal of 2% of the share capital, the Group’s interest now being 49%).

This subsidiary was qualified as asset held for sale since March 31, 2015 closing.

See also the notes 6.2, 7.8, 13 and 16.

Arkena Nordics entities (ex Qbrick) – disposal project

The 6 Nordics subsidiaries of the CGU Arkena (Arkena Holding, Arkena AB, Arkena As, Arkena A/S, Arkena Oy and Arkena Spain SL, see the note 16), called the « Arkena Nordics » sub-group, are qualified as assets held for sale under IFRS 5 at June 30, 2016. A disposal project is ongoing at this date, and the disposal is estimated as highly probable (see also the note 6.2 and the subsequent events note 15).

Acquisition projects

The Group is considering several projects of acquisition of interest, see the note 12.3.

Second bond issue on April 7, 2016 and total repayment of bank term debt

On April 7, 2016, TDF Infrastructure SAS issued a second bond of €800 million whose characteristics are described in the note 4.4.

Following this bond issuance, all of the bank term debt of the credit facility agreement implemented with the banks on March 31, 2015 was repaid, that is €807m (€107m of tranche A and €700m of tranche B, see also the note 9.1).

Extension of the maturity of the shareholder loan

The maturity of the shareholder loan towards Tivana France Holdings (€1 063.6m, fixed rate of 7.7%), which contractually was March 31, 2025, was postponed to March 20, 2030 following an agreement reached over the period.

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 106, avenue Marx Dormoy, 92 120 Montrouge.

As a partner to television, radio, telecommunication operators and local governments, the Group provides know-how in audiovisual services (TV and radio digital broadcasting, radio FM broadcasting), in 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), management and broadcast of multimedia contents to all fixed and mobile devices. To these ends, the Group draws upon its recognized expertise and over 10 600 terrestrial sites mainly in France. The Group focuses on developing new digital solutions: connected Digital TV, catch-up TV, ultra high definition television etc.

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 condensed consolidated financial statements, for the 6 months ended June 30, 2016, 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, 2015.
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, 2016 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, 2016 were approved by the Chairman of TDF Infrastructure SAS on September 21, 2016.

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

TDF Infrastructure SAS consolidated 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) and recognition of revenue. These assumptions, estimates and assessments are made on the basis of 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 periods disclosed.

3.6 Standards and interpretations in force

The accounting principles used are unchanged compared to those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2015.

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	Opening	Average N-1
Polish zloty	0,228998	0,227319	0,235838	0,244900
US dollar	0,895897	0,883861	0,919963	0,905189
Danish krone	0,134230	0,134485	0,134030	0,134009
Norwegian krone	0,106148	0,106703	0,104619	0,116888
Swedisk krone	0,107571	0,107250	0,107608	0,107443

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. 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.

4.2 Market risk

A. Management of interest rate risk

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

	Unaudited June 2016		Dec 2015	
In thousands euros	**Outstanding**	**% of the debt**	**Outstanding**	**% of the debt**
Fixed interest rate debt	2 453 374	99,4%	1 666 910	66,8%
Variable interest rate debt	15 568	0,6%	827 723	33,2%
Total before hedging	**2 468 942**	**100,0%**	**2 494 633**	**100,0%**
Fixed interest rate debt	2 453 374	99,4%	1 666 910	66,8%
Variable interest rate	15 568	0,6%	827 723	33,2%
Total after hedging	**2 468 942**	**100,0%**	**2 494 633**	**100,0%**

At the June 30, 2016 closing date, the Group notably bears:
- €1 063.6m of debt with fixed interest rate towards its direct and indirect shareholders ;
- €1400.0m of bond debt (excluding loan issuance costs).

Sensitivity analysis of cash flows for variable rate instruments

No variable rate instrument is owned by the Group, neither at June 30, 2016 nor at December 31, 2015.

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 €343.4m (€394.9m as of December 31, 2015):
- Cash and cash equivalents of €93.4m as of June 30, 2016 (€144.9m as of December 31, 2015);
- A Revolving Credit Facility usable for an amount of €250.0m negotiated under the new bank credit agreement signed on March 31, 2015 for use mainly 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 used neither at June 30, 2016 nor at December 31, 2015.

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

	Unaudited				
	June 2016		Maturities		
In thousands euros	Book value	Cash flow	< 1 year	1 to 5 years	> 5 years
Non-derivative financial instruments					
Financial debts - Nominal	2 489 305	2 489 305	19 508	24 518	2 445 279
Loan issue expenses	(20 363)	-	-	-	-
Financial interests	-	1 510 236	181 818	476 813	851 605
Trade payables	120 979	120 979	120 979	-	-
Total financial liabilities	**2 589 921**	**4 120 520**	**322 305**	**501 331**	**3 296 884**

	Dec 2015		Maturities		
In thousands euros	Book value	Cash flow	< 1 year	1 to 5 years	> 5 years
Non-derivative financial instruments					
Financial debts - Nominal	2 506 851	2 506 851	28 818	821 443	1 656 590
Loan issue expenses	(12 218)				
Financial interest		949 251	128 210	438 533	382 508
Trade payables	123 864	123 864	123 864		
Total financial liabilities	**2 618 497**	**3 579 966**	**280 892**	**1 259 976**	**2 039 098**

See the note 9.1 which describes the split and nature of financial debts, and also the note 4.4 hereafter which describes the bank credit facility agreement of the Group.

As of June 30, 2016 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 31, 2030 (5 years extension of the maturity compared to December 31, 2015, following an agreement reached during the period):
- 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, 206, for €800m, with a fixed coupon of 2.50% and a maturity on April 7, 2026 ;
- the senior debt was fully repaid following the second bond issuance.

By prudence, 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.

Concerning the shareholder loan of €1 063.6m towards Tivana France Holdings, depending on what TDF Infrastructure SAS determines, 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.

4.4 Indebtedness

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

Bank debt

At June 30, 2016, like December 31, 2015, the TDF Infrastructure SAS group has a bank credit facility agreement, which was implemented within the context of the change of shareholders on March 31, 2015, called "Facilities Agreement".

The conditions of this agreement have not changed compared to December 31, 2015. It is to be noticed that the all of the bank term debt have been repaid following the second bond debt issued on April 7, 2016. The revolving credit line of €250m remains in force (it is not used at June 30, 2016).

The bank agreement includes a leverage ratio covenant (consolidated net debt/consolidated EBITDA).
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.
The leverage ratio covenant at the end of June 2016 is met.

Bond debt

The characteristics of the bond debt of €600m issued on October 19, 2015 by TDF Infrastructure SAS are unchanged compared to December 31, 2015.

On April 26, 2016, TDF Infrastructure SAS issued a second bond whose main characteristics are the following:
- Nominal amount : €800m
- Market : Euronext Paris
- Maturity : 10 years, i.e. April 7, 2026
- Fixed coupon : 2.50 %
- Coupon annually paid on 7 April
- option given to bondholders to call for an early repayment in case of a change of control (under certain conditions)
- 1.25% step up of the annual coupon in case the Group rating becomes lower than BBB- (or rating equivalent to BBB-).

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 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.

Finally, figures disclosed hereafter represent the way the Group activity is reviewed internally, notably a Key indicator « EBITDA excluding severance payments and related fees" is followed up, which correspond to EBITDA 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.).

	In thousands euros	Unaudited June 2016 (6 months)	Dec 2015 (9 months)	Unaudited June 2015 (3 months)
Résultat	Digital Television	100 218	162 298	55 481
	Satellite	792	1 225	408
	Radio	62 483	98 637	33 707
	Total Broadcasting Services	**163 493**	**262 160**	**89 596**
	Telecom: site hosting	133 770	189 671	63 882
	Telecom: other services	11 230	23 063	9 948
	Total Telecoms & Services	**145 000**	**212 734**	**73 830**
	Media Services	28 631	42 041	13 548
	Other	4 393	8 309	3 713
	Total revenue	**341 517**	**525 244**	**180 687**
	EBITDA excluding severance payments and related fees	**173 998**	**261 481**	**98 136**
	EBITDA	**172 825**	**255 740**	**96 569**
	Depreciation, amortisation and impairment losses	(83 045)	(131 685)	(42 579)
	Current Operating Income	**89 780**	**124 055**	**53 990**
	Impairment of goodwill & intangible assets identified in business combinations	(776)	-	-
	Other operating income and charges	80 960	(30 382)	(108)
	Operating Income (Loss)	**169 964**	**93 673**	**53 882**
Flux	**Net cash from operating activities (a)**	**135 895**	**194 206**	**100 938**
	Operating capex (b)	**(71 422)**	**(89 606)**	**(28 005)**
	Working capital effects on net operating capex (c)	3 484	(5 266)	1 604
	Operating disposals net from working capital effects (d)	-	3 923	(106)
	Operating cash available((a) + (b) + (c) + (d))	**67 957**	**103 257**	**74 431**
	Workforce (full-time average equivalent)	**1 914**	**2 028**	**2 067**

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

6.1 Discontinued operations

At June 30, 2016, like at December 31, 2015, the Group does not have any discontinued operations as defined under IFRS 5, especially the Arkena Nordics sub-group (see here after) doesn't represent a significant segment.

6.2 Assets held for sale and disposed entities

The breakdown of assets and liabilities qualified as held for sale according to IFRS 5 is the following:

In thousands euros	Unaudited June 2016	Dec 2015	Unaudited June 2015
Goodwill	-	8 523	8 523
Fixed assets	2 277	1 235	1 211
Trade receivables	798	1 443	1 336
Other receivables	498	80	183
Deferred tax assets	24	104	101
Cash and cash equivalents	750	32	211
Assets from held for sale activities	**4 347**	**11 417**	**11 565**
Provisions		629	937
Financial debts	30	34	34
Trade payables	386	236	163
Other payables	1 168	618	679
Liabilities from held for sale activities	**1 584**	**1 517**	**1 813**

At June 30 and December 31, 2015, they concern the company MCR. At June 30, 2016, they concern the 6 Arkena Nordics entities (see also the note 16).

Monaco Media Diffusion (ex-MCR)

Monaco Media Diffusion (formerly named MCR) was qualified as held for sale since March 2015 closing. Its loss of control occurred on April 26, 2016, as a consequence of an additional disposal of 2% of the share capital bringing the Group's interest to 49%.

Its assets and liabilities are reclassified at the bottom of the balance sheet at June and December 2015, but its incomes and expenses, as well as its cash flows, remain included in the Group's comprehensive income and cash flows statement until the effective loss of control on April 26, 2016.

The contributive figures to the profit and loss and to the cash flow statement over the periods disclosed are the following:

In thousands euros	Unaudited Juin 2016 (4 mois)	Dec 2015 (9 months)	Unaudited June 2015 (3 months)
Revenue	**1 640**	**3 944**	**1 437**
Other income	-	-	-
Consumed purchases	(274)	(898)	(96)
Personnel costs	(245)	(567)	(191)
External expenses	(129)	(303)	(196)
Profit/loss on disposal of non-current operating assets	4	(28)	-
Other expenses	(83)	105	11
EBITDA	**913**	**2 253**	**965**
Depreciation, amortisation and impairment losses	(68)	(158)	(52)
Other operating income and expenses	-	-	-
OPERATING INCOME	**845**	**2 095**	**913**
Other finance revenues / expenses	(1)	(3)	(1)
Income tax	(286)	(657)	(287)
NET INCOME OF DISPOSED OPERATIONS	**558**	**1 435**	**625**
Net cash from operating activities of disposed operations	**469**	**1 206**	**467**

Arkena Nordics entities (ex Qbrick)

The 6 Nordics subsidiaries of the CGU Arkena (see note 1 and 16), called the « Arkena Nordics » sub-group, are qualified as assets held for sale under IFRS 5 at June 30, 2016. A disposal project is ongoing at this date, and the disposal is estimated as highly probable (see also the subsequent events note 15).
Therefore their assets and liabilities are reclassified at the bottom of the balance sheet at the end of June 2016. But their incomes and expenses, as well as their cash flows, remain included in the Group's comprehensive income and cash flows statement at the end of June 30, 2016, and contributive figures are the following:

In thousands euros	Unaudited June 2016 (6 months)	Dec 2015 (9 months)	Unaudited June 2015 (3 months)
Revenue	**3 415**	**6 268**	**2 099**
Other income	355	1 123	464
Consumed purchases	(959)	(1 321)	(486)
Personnel costs	(2 197)	(4 693)	(1 732)
External expenses	(1 206)	(1 672)	(606)
Loss on disposal of non-current operating assets	(89)	(61)	-
Other expenses	(105)	(873)	(140)
EBITDA	**(786)**	**(1 229)**	**(401)**
Depreciation, amortisation and impairment losses	(1 865)	2 329	(422)
Impairment of goodwill & intangible assets identified in business combinations	(776)	-	-
Other operating income and charges	(142)	(27)	-
OPERATING INCOME (LOSS)	**(3 569)**	**1 073**	**(823)**
Financial income and expenses	(126)	(319)	(28)
Income tax	(47)	38	15
NET INCOME (LOSS) OF DISCONTINUED OPERATIONS	**(3 742)**	**792**	**(836)**
Net cash from operating activities of disposed operations	**(1 455)**	**(444)**	**(521)**

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.

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 k776€, corresponding to the part of the Arkena CGU goodwill which is attributable to these entities, which is disclosed on the line « Impairment of goodwill & intangible assets identified in business combinations » in the above table,
- an impairment of intangible assets of k964€, which is disclosed on the line « Depreciation, amortization and impairment losses » in the above table.

7. Notes to the statement of comprehensive income

General comments:

- due to the change of annual closing date of the Group (see note 1), the two periods disclosed do not represent the same number of months of activity;
- 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 6.2) ;
- Incomes and charges of Arkena Nordics entities, qualified as assets held for sale, remain included in figures disclosed for June 2016 (see the note 6.2).

7.1 Revenue

	Unaudited	
In thousands euros	**June 2016 (6 months)**	**June 2015 (3 months)**
Digital Television	100 218	55 481
Satellite	792	408
Radio	62 483	33 707
Total Broadcasting Services	**163 493**	**89 596**
Telecom: site hosting	133 770	63 882
Telecom: other services	11 230	9 948
Total Telecoms & Services	**145 000**	**73 830**
Media Services	28 631	13 548
Others	4 393	3 713
Total revenue	**341 517**	**180 687**

7.2 Other income and expenses (in current operating income)

	Unaudited	
In thousands euros	**June 2016 (6 months)**	**June 2015 (3 months)**
Other income	**5 082**	**(104)**

Other income and expenses mainly comprises insurance and State compensation, income from penalties received and operating grants received.

Apart from the comparability issue on the periods disclosed which is due to the change of annual closing date of the Group (see the note 1), the change in other income is partly due to the impact of the agreement signed on February 9, 2016 between TDF SAS and the Government concerning the second digital dividend. Indeed the indemnity granted is recognized as other income under IFRS (see also the notes 9.4 and 12.1).

In thousands euros	Unaudited June 2016 (6 months)	Unaudited June 2015 (3 months)
Business tax	(1 825)	(2 244)
Property tax	(8 564)	(12)
Other taxes	(3 691)	(502)
Provision on receivables - Prov. for risks and charges	(528)	1 761
Other operating expenses	(1 168)	(327)
Other expenses	**(15 776)**	**(1 324)**

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 change on the lines Property tax and Other taxes is explained by the effects of both IFRIC 21 and the change of annual closing date of the Group (December 31 since December 31, 2015, March 31 before). Indeed, applying IFRIC 21, annual charges related to Property tax, IFER and C3S taxes have to be fully recognized on January 1st. Therefore these charges appear over the June 2016 period (which runs from January 1, 2016 to June 30, 2016), but don't appear over the June 2015 period (which runs from April 1, 2015 to June 30, 2015).

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 (see the note 7.10).

7.3 Consumed purchases

In thousands euros	Unaudited June 2016 (6 months)	Unaudited June 2015 (3 months)
Resold purchases	(6 743)	(6 660)
Energy and fuels	(20 963)	(10 058)
Other purchases including change in inventory	(2 785)	(1 418)
Capitalized purchases	2 795	1 833
Consumed purchases	**(27 696)**	**(16 303)**

Apart from the comparability issue on the periods disclosed which is due to the change of annual closing date of the Group (see the note 1), the change on the line "Resold purchases" is due to the GSMR network deployment contract, which is a non-recurrent project with a high activity during 2015: €3.4m of resold purchases charges in June 2015 (3 months), and €0.6m of resold purchases charges in June 2016 (6 months).

7.4 Personnel costs

In thousands euros	Unaudited June 2016 (6 months)	Unaudited June 2015 (3 months)
Salaries & wages	(54 805)	(27 173)
Social security contributions	(17 848)	(7 643)
Tax contributions on salaries & wages	(2 983)	(1 155)
Statutory employee profit sharing	(4 099)	(1 426)
Post-employment benefits : defined benefit plans	(973)	(401)
Post-employment benefits : defined contributions	(5 809)	(3 713)
Other personnel costs	147	(2 281)
Capitalized personnel costs	19 155	8 061
Total personnel costs	**(67 215)**	**(35 731)**

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.

7.5 External expenses

In thousands euros	Unaudited June 2016 (6 months)	Unaudited June 2015 (3 months)
Real estate	(17 464)	(9 383)
Technical subcontracting	(24 819)	(14 737)
Administrative subcontracting	(6 043)	(3 212)
Expenses linked to personnel	(6 861)	(3 659)
Surveys & consulting fees	(3 403)	(1 560)
External & internal communication costs	(935)	(415)
Corporate fees	(2 222)	(1)
Insurance	(1 280)	(506)
External expenses	**(63 027)**	**(33 473)**

7.6 Profit on disposal of non-current operating 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 2016 (6 months)	Unaudited June 2015 (3 months)
Amortisation of intangible assets	(17 000)	(10 000)
Depreciation of tangible assets	(65 640)	(32 308)
Write-back of investment subsidies	559	226
Impairment of intangible assets	(964)	(495)
Impairment of tangible assets	-	(2)
Depreciation, amortisation and impairment losses	**(83 045)**	**(42 579)**

The impairment of intangible assets recognized at the end of June 2016 is related to the classification as assets held for sale of the 6 Arkena Nordics entities, which are subject to a disposal process (IFRS 5, see the note 6.2).

In thousands euros	Unaudited June 2016 (6 months)	Unaudited June 2015 (3 months)
Impairment loss of intangible recognised on business combinations	-	-
Impairment loss of goodwill	(776)	-
Impairment loss	**(776)**	**-**

At June 30, 2016, the Impairment of goodwill of €0.8m is related to the classification as assets held for sale of the 6 Arkena Nordics entities, which are subject to a disposal process (IFRS 5, see the note 6.2).

7.8 Other operating income and charges

At June 30, 2016, 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:

- 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 (see the notes 1 and 9.3), and actual costs incurred, net from uses of provision, of €0.3m ;
- the allowance of an additional provision of €15.4m, in order to cover the amount of the fine issued by the French Competition Authority to the Group in the frame of the procedure following a complaint from the company ITAS TIM (see the notes 1, 9.3 and 12.1) ;
- 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 ;
- €0.4m of costs incurred concerning the disposal project of the 6 Arkena Nordics entities (see the notes 1 and 6.2) ;
- €0.2m of net loss for the partial disposal and loss of control of the company Monaco Media Diffusion (ex MCR, see the notes 1 and 6.2) ;
- an income of €106.2m, corresponding to the earn-out related to the disposal of German entities (see the notes 1, 8.4 and 12.3).

7.9 Net finance costs

Net finance costs can be broken down as follows:

In thousands euros	Unaudited June 2016 (6 months)	Unaudited June 2015 (3 months)
Revenues from available funds placed	80	18
Total financial revenue (a)	**80**	**18**
Finance expenses linked to debt : Bond debt	(13 235)	-
Finance expenses linked to debt : Bank term debt	(2 192)	(3 176)
Finance expenses linked to debt : Bank debt revolving	(509)	(250)
Finance expenses linked to debt : Shareholder	(42 042)	(20 983)
Finance expenses linked to debt : Financial lease	(287)	(21)
Finance expenses linked to debt : Other debts	(147)	-
Refinancing costs	(11 942)	(1 029)
Result on financial instruments measured at amortized cost (b)	**(70 354)**	**(25 459)**
Capitalisation & amortisation of loan issue expenses (c)	**8 145**	**(1 575)**
Profit (loss) related to derivatives (d)	**-**	**-**
Total finance expenses (e) = (b) + (c) + (d)	**(62 209)**	**(27 034)**
Net financial debt cost (a) + (e)	**(62 129)**	**(27 016)**

Apart from the difference in the financial year lengths disclosed (6 months for June 2016, 3 months for June 2015), change in the net financial debt cost compared to the previous year is principally explained by the change in the financing structure of the Group, notably:

- The decrease of interests 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 €1400m at March 31, 2015, to €807m at October 19, 2015, and then to €18m on April 7,2016 and 0 in May 2016;

- The bond debt issued have generated interest of €13.2m 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 interests on the shareholders debts are stable on a prorata temporis basis ;

- finally the lines Refinancing costs and capitalization & amortization of loan issue expenses are impacted by the drawdowns and repayments of debts performed on 2016, as new issuance costs have been activated for the second bond debt issuance on April 7, 2016, up to €11.9m, which are amortized since then, and besides the charge of the period also include a one shot amortization of €1.4m related to the €807m repayment of the bank term debt following the second bond issue.

At June 30, 2016, excluding shareholders debts, the average interest rate on financial debt is 2.66% (1.74% at June 30, 2015).

Other financial income and charges are as follows:

In thousands euros	Unaudited June 2016 (6 months)	 June 2015 (3 months)
Net discounting costs excluding net debt	(490)	(82)
Forex gains (losses)	769	(208)
Other financial expenses & Income	452	13
Other financial revenues / charges	**731**	**(277)**

Net discounting costs mainly concern discounting effects on provisions.

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

In thousands euros	Unaudited June 2016 (6 months)	 June 2015 (3 months)
Currency translation differences for foreign operations	160	50
Income tax on other comprehensive income	-	-
Finance income and expenses recognised in other comprehensive income	**160**	**50**

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). All French entities owned directly or indirectly at least 95% by Tivana France Holdings SAS are included in the tax group (excluding the company Valem Ad Technologies).

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 was calculated based on the effective interest method as prescribed under IAS 34, the annual forecast and on June 2016 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 is analyzed below:

	Unaudited	
In thousands euros	**June 2016 (6 months)**	**June 2015 (3 months)**
Current tax expense	(33 245)	(25 016)
Other income tax expense	(10 672)	(2 162)
Deferred tax expense	3 592	4 715
Income tax expense from continuing operations	**(40 325)**	**(22 463)**
Income tax from discontinued operations and disposed entities	-	-
Total income tax	**(40 325)**	**(22 463)**

Note that among the €33.2m of current tax expenses mentioned above (€25.0 as of June 30, 2015), €32.6m concern TDF SAS (€24.6 as of June 30, 2015), 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, Arkena SAS or SmartJog France.

Income tax recognized in other comprehensive income is analyzed below:

	Unaudited					
	June 2016 (6 months)			**June 2015 (3 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	156	-	156	42	-	42
Actuarial gains (losses) on defined benefit plan	-	-	-	(25)	-	(25)
Others	4	-	4	33	-	33
Total	**160**	**-**	**160**	**50**	**-**	**50**

Note that the Group has no cash flow hedging instruments.

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 2016 (6 months)		June 2015 (3 months)	
In thousands euros	Value	Rate	Rate	Value
Profit (loss) for the period	68 403			3 641
Total income tax for the period	(40 325)			(22 463)
Profit (loss) excluding income tax	108 728			26 104
Theoretical income tax based on the French statutory income tax rate	**(37 435)**	**34,43%**	**34,43%**	**(8 988)**
Permanent differences on disposals	32 184	-29,60%		-
Impairment of tax loss carried forward	(15 078)	13,87%	33,32%	(8 698)
Other income tax expenses (CVAE, etc)	(6 941)	6,38%	5,44%	(1 419)
Non-deductible interest	(5 322)	4,89%	8,25%	(2 154)
Impact of goodwill impairment and IFRS 5 loss	(599)	0,55%		-
Effect of difference in foreign tax rates (theoretical rate)	(374)	0,34%	0,22%	(58)
Effect of tax rate changes	-		-2,33%	608
Exceptional statutory charge	-		11,36%	(2 965)
Deferred tax on "CVAE" (1)	180	-0,17%	-0,84%	219
Other permanent differences	(7 846)	7,22%	-1,08%	282
Others	906	-0,83%	-2,72%	710
Actual income tax	**(40 325)**	**37,09%**	**86,05%**	**(22 463)**

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

At June 30, 2016, the permanent difference on disposals effect is explained by the earn-out of €106.2m recognized on the disposal of the German entities shares (see the notes 1, 7.8), which is only taxable up to 12%, that is a permanent difference effect of €32.2m.

At June 30, 2016, the line impairment or non-recognition of tax loss carried forward assets is quite stable on a prorate temporis basis, and is mainly linked to TDF Infrastructure SAS: the impact of the tax loss carried forward brought forth by TDF Infrastructure SAS over the period and unrecognized amounts €12.0m vs. €7.5m as of June 30, 2015.
TDF Infrastructure SAS, SmartJog France SAS and Arkena SAS 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).

In June 2015, effects related to tax rate changes and exceptional statutory charge primarily relate to TDF SAS and TDF Infrastructure SAS, which from financial year 2012 until December 31, 2015 are subject to an exceptional statutory charge, which increased the applicable tax rate to 38%. The current tax expense paid by TDF SAS to Tivana France Holdings was based on this statutory charge.

The CVAE (other income tax expenses), is exceptionally and mechanically impacted by the change of annual closing date, due to a catch-up effect impacting the calculation of the tax which comes from the fact the annual closing has been brought forward.

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.

Other permanent differences are notably impacted by:
- The €5.3m tax effect on the provision allowance of €15.4m related to the fine from the anti-trust authorities issued on June 6, 2016 (see the notes 1, 7.8, 12.1) : the provision is not taxable, like the fine ;
- Permanent differences on dividend distributions within the Group, as effects are calculated without the tax consolidation group mechanism (see remarks above).

8. Notes to the balance sheet: 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.

General comments:

- Assets and liabilities of MCR are reclassified on "Assets/Liabilities held for sale and discontinued operations" at December 31, 2015 (see note 6.2) ;
- Assets and liabilities of the 6 "Arkena Nordics" entities are reclassified on "Assets/Liabilities held for sale and discontinued operations" at June 30, 2016 (see note 6.2).

8.1 Goodwill

At June 30, 2016, the Group goodwill breaks down by CGU or group of GGUs as follows:

Unaudited

In thousands euros	**Dec 2015**	Change in consolidation scope : acquisitions	Impairment losses	Change in consolidation scope : disposals / IFRS 5	Currency translation adjustment	Reclassification and allocation	**June 2016**
TDF	**1 611 016**	882	-	-	-	-	**1 611 898**
Arkena	**2 628**	-	-	(776)	-	-	**1 852**
Mediamobile	**10 784**	-	-	-	-	-	**10 784**
Levira	**-**	-	-	-	-	-	**-**
Total	**1 624 428**	**882**	**-**	**(776)**	**-**	**-**	**1 624 534**

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

The decrease of the Arkena CGU goodwill is related to the classification as assets held for sale (IFRS 5) of the 6 Arkena Nordics entities (a sub-group of the Arkena CGU) which are subject to an ongoing disposal process (see the notes 1, 6.2 and 16).

Over the previous period, the Group goodwill breaks down by CGU or group of GGUs as follows:

Unaudited

In thousands euros	**March 2015**	Change in consolidation scope : acquisitions	Impairment losses	Change in consolidation scope : disposals / IFRS 5	Currency translation adjustment	Reclassification and allocation	**June 2015**
France	**1 604 923**	-	-	-	-	-	**1 604 923**
Arkena AB (ex Qbrick)	**-**	-	-	-	-	-	**-**
Bebanjo	**-**	-	-	-	-	-	**-**
Autres (*)	**17 164**	-	-	-	-	-	**17 164**
Total	**1 622 087**	**-**	**-**	**-**	**-**	**-**	**1 622 087**

(*): the CGU "Others" aggregates: Finland, Poland, and Estonia.

Reminder: following the sale of German and Hungarian entities, the shareholders change and Group management change, the Group has redefined four CGU: TDF, Arkena, Médiamobile and Levira. The group's goodwill has been reallocated by CGU on a weighted basis, relying on the enterprise values deduced from the latest business plans approved by the shareholders on November 25, 2015 and the capital employed by each CGU's as of December 31, 2015.

8.2 Intangible assets

Intangible assets are analyzed below:

In thousands euros	Total
Gross value at December 31, 2015	**842 352**
Acquisitions	**8 603**
Disposals	**(996)**
Reclassifications	**158**
Changes in consolidation scope	**(21 661)**
Currency translation adjustments	**(14)**
Gross value at June 30, 2016 (unaudited)	**828 442**

In thousands euros	Total
Amortization at December 31, 2015	**(554 924)**
Charge of the period	**(16 892)**
Disposals	**909**
Reclassifications	**-**
Changes in consolidation scope	**10 783**
Currency translation adjustments	**10**
Amortization at June 30, 2016 (unaudited)	**(560 114)**

	Total
Impairment losses at December 31, 2015	**(118 669)**
Charge of the period	**(964)**
Disposals	**-**
Changes in consolidation scope	**9 312**
Currency translation adjustments	**3**
Impairment losses at June 30, 2016 (unaudited)	**(110 318)**
Carrying amount at December 31, 2015	**168 759**
Carrying amount at June 30, 2016 (unaudited)	**158 010**

Since no trigger event occurred at June 30, 2016, 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 the closing date.

Changes in consolidation scope of the period correspond to the classification as assets held for sale (IFRS 5) of intangible assets of the 6 Arkena Nordics entities, which are subject to a disposal process (see the notes 1 and 6.2).

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, 2015	**574 818**	**1 520 437**	**61 269**	**535 718**	**2 692 242**
Acquisitions	11 337	22 066	591	30 209	**64 203**
Sorties	(520)	(4 838)	(184)	(2 938)	**(8 480)**
Reclassifications	188	1 268	186	(588)	**1 054**
Changes in consolidation scope	(4)	-	(887)	(34)	**(925)**
Currency translation adjustments	(24)	(109)	(4)	(114)	**(251)**
Gross value at June 30, 2016 (unaudited)	**585 795**	**1 538 824**	**60 971**	**562 253**	**2 747 843**

In thousands euros	Land & buildings	Broadcasting network	Office furniture, office and computer equipment	Others	**Total**
Amortization at December 31, 2015	**(227 064)**	**(808 806)**	**(53 786)**	**(307 172)**	**(1 396 828)**
Charge of the period	(11 053)	(35 743)	(2 233)	(16 055)	**(65 084)**
Disposals	374	4 744	174	2 915	**8 207**
Reclassifications	-	(1 256)	-	-	**(1 256)**
Changes in consolidation scope	2	-	432	-	**434**
Currency translation adjustments	21	90	5	100	**216**
Amortization at June 30, 2016 (unaudited)	**(237 720)**	**(840 971)**	**(55 408)**	**(320 212)**	**(1 454 311)**

	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)**
Currency translation adjustments	-	5	-	5	**10**
Impairment losses at June 30, 2016 (unaudited)	**(6 588)**	**(37 128)**	**(8)**	**(3 990)**	**(47 714)**
Carrying amount at December 31, 2015	**341 166**	**674 498**	**7 475**	**224 551**	**1 247 690**
Carrying amount at June 30, 2016 (unaudited)	**341 487**	**660 725**	**5 555**	**238 051**	**1 245 818**

Changes in consolidation scope of the period correspond to the classification as assets held for sale (IFRS 5) of tangible assets of the 6 Arkena Nordics entities, which are subject to a disposal process (see the notes 1 and 6.2).

8.4 Trade receivables and other current and non-current assets

Other current and non-current assets are as follows:

	Unaudited June 2016			Dec 2015		
In thousands euros	Gross	Depreciation	Net	Gross	Depreciation	Net
Inventories, including items in progress	7 238	(2 402)	4 836	6 300	(2 276)	4 024
Total inventories	**7 238**	**(2 402)**	**4 836**	**6 300**	**(2 276)**	**4 024**

	Unaudited June 2016			Dec 2015		
In thousands euros	Gross	Depreciation	Net	Gross	Depreciation	Net
Trade accounts receivables	190 838	(12 762)	178 076	138 748	(11 747)	127 001
Trade receivables on disposal of assets	1 000	(52)	948	736	(52)	684
Total trade accounts receivables	**191 838**	**(12 814)**	**179 024**	**139 484**	**(11 799)**	**127 685**

	Unaudited June 2016			Dec 2015		
In thousands euros	Gross	Depreciation	Net	Gross	Depreciation	Net
Credit notes not yet received	826	-	826	70	-	70
Advance payment - corporate income tax	5 494	-	5 494	1 496	-	1 496
Tax and social security receivables	42 212	-	42 212	43 667	-	43 667
Prepaid expenses	5 257	-	5 257	1 808	-	1 808
Escrow account	9	-	9	9	-	9
Other receivables	219 130	(2)	219 128	24 214	(97)	24 117
Total other current assets	**272 928**	**(2)**	**272 926**	**71 264**	**(97)**	**71 167**
Non-current receivables	3 773	-	3 773	4 069	-	4 069
Loans, security deposit, guaranty	3 914	(320)	3 594	8 767	(320)	8 447
Total other non current assets	**7 687**	**(320)**	**7 367**	**12 836**	**(320)**	**12 516**

Other current receivables

The increase of other receivables is due:

- for €90m to a bond loan which the Group subscribed to in relation to its acquisition projects (see the note 12.3); the maturity of the loan is January 31, 2017, and the interest rate is 4.5%;

- to the recognition of a receivable of €106.2m towards Tivana France Holdings. This receivable is recognized in relation to the earn-out concerning the disposal of the German entities (see the notes 1, 7.8, 12.3 and 14.2). Indeed:
    - Tyrol Acquisition 1 & Cie SCA (former sole shareholder of TDF Infrastructure Holding SAS before March 31, 2015) has sold the former German subsidiaries of TDF SAS to an external purchaser on March 17, 2016, and this sale has triggered the right for TDF SAS to receive an earn-out of €106.2m from Tyrol Acquisition 1 & Cie SCA,
    - symmetrically, Tivana France Holdings (sole shareholder of TDF Infrastructure Holding SAS, the latter being the sole shareholder of the Group) is liable for an earn-out of the same amount towards Tyrol Acquisition 1 & Cie SCA,
    - given the various delegations and compensations in place notably between Tivana France Holdings and Tyrol Acquisition 1 & Cie SCA, the earn-out of €106.2m results in a receivable of €106.2m that TDF has on Tivana France Holdings.

  The characteristics of this receivable are described in the note 14.2.

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.

General comments:

- Assets and liabilities of MCR are reclassified on "Assets/Liabilities held for sale and discontinued operations" at December 31, 2015 (see note 6.2) ;
- Assets and liabilities of the 6 "Arkena Nordics" entities are reclassified on "Assets/Liabilities held for sale and discontinued operations" at June 30, 2016 (see note 6.2).

9.1 Financial debt

As of June 30, 2016, the main part of financial debt consists of unsecured senior external debt held by bank lenders (bank debt) and bonds as well as a shareholder loan. Globally the Group's financial debt is analyzed and has varied as described below:

In thousands euros	**Dec 2015**	Increase	Decrease	Others	**Unaudited June 2016**
Bond debt	592 761	787 917	761	-	1 381 439
including term debt	*600 000*	*800 000*	*-*	-	*1 400 000*
including loan issuance costs	*(7 239)*	*(12 083)*	*761*	-	*(18 561)*
Bank debt	802 021	-	(803 823)	-	*(1 802)*
including loan issuance costs	*(4 979)*	-	*3 177*	-	*(1 802)*
including term debt	*807 000*	-	*(807 000)*	-	-
including revolving debt	-	-	-	-	-
Shareholders' debt	1 063 599	-	-	-	1 063 599
Finance lease debt	6 904	1 416	(1 391)	-	6 929
Other financial debts	29 348	87	(13 106)	2 448	18 777
Financial debt	**2 494 633**	**1 503**	**(818 320)**	**2 448**	**2 468 942**

In thousands of euros	**Mars 2015**	Increase	Decrease	Others	**Unaudited June 2015**
Bank debt	1 415 142	(1 226)	(27 198)	-	1 386 718
including loan issuance costs	*(14 858)*	*(1 226)*	*2 802*	-	*(13 282)*
including term debt	*1 400 000*	-	-	-	*1 400 000*
including revolving debt	*30 000*	-	*(30 000)*	-	-
					-
Shareholders' debt	1 838 698	-	-	(815 000)	1 023 698
Finance lease debt	6 779	434	(678)	-	6 535
Other financial debts	563	354	(333)	-	584
Financial debt	**3 261 182**	**(438)**	**(28 209)**	**(815 000)**	**2 417 535**

<u>Bond debt</u>

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 loan issue expenses (including issue discount) disclosed as a deduction from the debt balance (according to effective interest rate IFRS method) amount to €18.6m.

<u>Bank debt</u>

At June 30, 2016, the Group no longer has 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 7.9). Only €1.8m of costs remain activated and correspond to the revolving debt (which is not used at June 30, 2016).

Shareholders loans

No change compared to December 31, 2015.

Other financial debts

At June 30, 2016, the €18.8m of other financial debts (€29.3m at December 31, 2015) correspond to:

- current accounts with Tivana France Holdings and TDF Infrastructure Holding for a total amount of €15.2m (€25.7m at December 31, 2015);
- third party payables for operating capex purchase, equity investments and commercial partnerships.

The column « Others » corresponds to the recognition as external debt of the current account with the company Monaco Media Diffusion (ex -MCR), as a consequence of the fact that this entity is now consolidated under the equity method since April 26, 2016 (see the notes 1 and 6.2). Also, this current account have been repaid since then (the flow is disclosed in the column « Decrease »).

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

	Unaudited			
In thousands euros	**June 2016**	**< 1 year**	**1 to 5 years**	**> 5 years**
Bond debt	1 381 439	-	-	1 381 439
Bank debt	(1 802)	-	(1 802)	-
Shareholders' debt	1 063 599	-	-	1 063 599
Finance lease debt	6 929	2 403	4 285	241
Other financial debts	18 777	17 105	1 672	-
Financial debt	**2 468 942**	**19 508**	**4 155**	**2 445 279**

In thousands euros	**Dec 2015**	**< 1 year**	**1 to 5 years**	**> 5 years**
Bond	592 761	-	-	592 761
Bank debt	802 021	-	802 021	-
Shareholders' debt	1 063 599	-	-	1 063 599
Finance lease debt	6 904	2 416	4 258	230
Other financial debts	29 348	26 402	2 946	-
Financial debt	**2 494 633**	**28 818**	**809 225**	**1 656 590**

At June 30, 2016:

- the shareholder debt, €1 063.6m at closing, bears 7.7% fixed rate interests and the maturity is March 20, 2030;
- the first bond debt of €600.0m (excluding loan expenses), has a fixed coupon of 2.875 % and the maturity is October 19, 2022;
- the second bond debt of €800.0m (excluding loan expenses), has a fixed coupon of 2.50 % and the maturity is April 7, 2026.

9.2 Employee benefits

No significant change compared to December 31, 2015.

9.3 Provisions

In thousands euros	Dec 2015	Provisions additions (Unaudited)	Provisions utilisations (Unaudited)	Provisions unused (Unaudited)	Discounting (Unaudited)	Currency translation adjustment (Unaudited)	Others (Unaudited)	June 2016 (Unaudited)
Prov. for post-employment benefits (pension, retirement benefit)	19 091	964	-	-	(56)	(2)	-	19 997
Prov. for employee-related measures	29 700	13 996	(3 379)	(300)	-	-	-	40 017
Provision for claims and disputes	9 402	15 778	(15)	(231)	-	-	-	24 934
Provision for dismantling, decommissioning and restoring sites	38 596	-	(231)	-	545	-	258	39 168
Prov for bringing into compliance of sites	5 801	-	(19)	-	-	-	-	5 782
Provision on onerous contract	4 350	-	(500)	-	-	-	-	3 850
Other provisions	15 864	301	(399)	(3 051)	-	-	(258)	12 457
Total provisions	**122 804**	**31 039**	**(4 543)**	**(3 582)**	**489**	**(2)**	**-**	**146 205**
Presented as current	**33 386**							**54 945**
Presented as non-current	**89 418**							**91 260**

In thousands euros	March 2015	Provisions additions (Unaudited)	Provisions utilisations (Unaudited)	Provisions unused (Unaudited)	Discounting (Unaudited)	Currency translation (Unaudited)	Others (Unaudited)	June 2015 (Unaudited)
Prov. for post-employment benefits (pension, retirement benefit)	20 970	458	(57)	-	(27)	(6)	(7)	21 331
Provision for claims and disputes	13 806	641	(156)	(30)	-	-	-	14 261
Provision for dismantling, decommissioning and restoring sites	37 754	-	(82)	(237)	141	-	(105)	37 471
Prov for bringing into compliance of sites	1 109	-	(19)	-	-	-	-	1 090
Provision on onerous contract	8 356	-	(2 095)	-	-	-	-	6 261
Other provisions	19 731	532	(48)	-	-	-	105	20 320
Total provisions	**101 726**	**1 631**	**(2 457)**	**(267)**	**114**	**(6)**	**(7)**	**100 734**
Presented as current	**45 320**							**47 638**
Presented as non-current	**56 406**							**53 096**

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 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 for a global amount of €26.2m at December 31, 2015. 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 €13.8m was recognized during the period (see also the note 7.8).

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.

Concerning the procedure with the anti-trust authorities following a complaint filed in 2009 by the company ITAS TIM about TDF's alledged practices in the terrestrial digital broadcasting services industry, the French Competition Authority has announced on June 6, 2016 that it is issuing a fine of €20.6m to the Group. The Group appealed against this decision on July 20. So as to cover this future outflow of resources, an additional provision of €15.4m has been booked during the period.

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 June 30, 2016, as well as December 31, 2015, provisions on onerous contracts concern TDF SAS.

9.4 Other current and non-current liabilities

Other liabilities are analyzed below:

In thousands euros	Unaudited June 2016	Dec 2015
Trade payables	85 442	91 811
Trade payables on fixed assets aquisitions	35 536	32 053
Corporate income tax liabilities	6 825	988
Tax and social liabilities	103 279	86 713
Other current liabilities	115 332	84 402
Current liabilities	**346 414**	**295 967**
Other non-current liabilities	**42 906**	**23 817**
Total liabilities	**389 320**	**319 784**

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

Changes in other current liabilities and other non-current liabilities are partly due to the impact of the agreement signed on February 9, 2016 between TDF SAS and the Government. Indeed concerning the indemnity granted by the government:

- the income is recognized in other income under IFRS (see also the note 7.2),
- the part received but not yet recognized in other income is recognized among other current liabilities or other non-current liabilities (depending on the date at which it will be recognized as income).

Other current and non-current liabilities include deferred income of €104.9m (€78.6m as of December 31, 2015) of which €26.9m is maturing after one year (€23.8m as of December 31, 2015).

10. Cash flows

General comments:

- due to the change of annual closing date of the Group (see note 1), the two periods disclosed do not represent the same number of months of activity;
- 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 6.2) ;
- cash flows of Arkena Nordics entities, which are subject to an on-going disposal process, remain included in net cash from operating activities, and net cash used in financing or investing activities for all the periods disclosed (see the note 6.2).

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 2016 (6 months)	Dec 2015 (9 months)	Unaudited June 2015 (3 months)
Changes in inventories	(813)	(122)	(114)
Changes in trade receivables	(51 844)	84 781	45 409
Changes in trade payables	(5 970)	8 898	3 305
Changes in prepaid income	26 758	(58 426)	(15 468)
Changes in other working capital	40 112	(21 123)	(19 576)
Changes in working capital	**8 243**	**14 008**	**13 556**

10.3 Net cash used in investing activities

At June 30, 2016, the line "Net proceeds from disposal of subsidiaries formerly controlled" mainly includes:

- €5.9m of fees reinvoiced to Tivana France Holdings and corresponding to expenses incurred by the Group in the frame of the change of shareholders and following refinancing operations at March 31, 2015 ;
- €0.1m of net impact on the partial disposal of the company Monaco Media Diffusion (ex – MCR, see the notes 1 and 6.2) ;
- €(0.6)m of expenses paid concerning the disposal project of the 6 Arkena Nordics entities (see the notes 1 and 6.2) ;
- €(0.3)m of expenses paid related to former disposals.

At June 30, 2015, the line "Net proceeds from disposal of subsidiaries formerly controlled" of €(11.5)m corresponds to the payment of expenses linked to the change of shareholders and the Group refinancing at March 31, 2015, recognized as expenses the year before and paid on that period.

At June 30, 2016, the line "Change in other financial assets" essentially comprises:

- the bond loan of €90m that the Group subscribed to in relation to its acquisition projects (see the notes 8.4 and 12.3);
- deposits paid for patents as well as loans and advances granted in relation to network deployments.

10.4 Net cash used in financing activities

At June 30, 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 9.1);
- €(1.4)m finance lease installments paid,
- Net repayments of €(10.5)m concerning the current accounts with TDF Infrastructure Holding and Tivana France Holdings,
- Repayment of the current account with Monaco Media Diffusion (ex –MCR) after its switch to the equity method for €(2.4)m.

At June 30, 2015, drawdowns and repayment of debt mainly correspond to the full repayment of the revolving debt amounting €(30)m at March 31, 2015.

At the end of June 2016, the €11.9m of expenses related to the financing correspond to the issuance costs of the bond debt issued on April 7, 2016.

11. Workforce

Total Group headcount is as follows:

	Unaudited June 2016	Dec 2015
France	1 868	1 840
International	173	219
Total workforce at closing	**2 041**	**2 059**

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, 2016

No significant change of contingent liabilities compared to December 31, 2015, except concerning the procedure with the anti-trust authorities following a complaint filed in 2009 by the company ITAS TIM about TDF's alledged practices in the terrestrial digital broadcasting services industry. Indeed concerning this procedure, the French Competition Authority has announced on June 6, 2016 that it is issuing a fine of €20.6m to the Group. The Group appealed against this decision on July 20.
At June 30, 2016, this fine of €20.6m is covered by a provision booked in the accounts (see the notes 7.8 and 9.3).

Contingent assets as of June 30, 2016

Concerning the contingent asset related to the second digital dividend, the Finance Act of December 29, 2015 attested that compensation will be given to broadcasters. An agreement to this effect was signed on February 9, 2016 between TDF SAS and the Government. See also the notes 7.2 and 9.4.

12.2 Firm commitments

A. Operating lease commitments – Group as lessee

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

In thousands euros	Unaudited June 2016	Dec 2015
At less than 1 year	22 037	20 749
From 1 to 5 years	11 165	20 495
More than 5 years	3 623	4 233
Total	**36 825**	**45 477**

On February 17, 2016, the Group signed a lease for an office building in Montrouge, located at 149/157 Avenue Pierre Brossolette and 42/44 avenue de la Marne. It's a 9 years lease from February 1, 2016 to January 31, 2026.

B. Firm purchase commitments

Firm purchase commitments made by the Group are as follows:

In thousands euros	Unaudited June 2016	< 1 year	1 to 5 years	> 5 years
Commitment of capex	21 236	21 053	183	-
Commitment to buy satellite capacity	-	-	-	-
Commitment others	32 644	18 271	11 648	2 725
Total	**53 880**	**39 324**	**11 831**	**2 725**

In thousands euros	Dec 2015	< 1 year	1 to 5 years	> 5 years
Commitment of capex	12 474	12 318	156	-
Commitment to buy satellite capacity	31	31	-	-
Commitment others	28 294	12 748	14 907	639
Total	**40 799**	**25 097**	**15 063**	**639**

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 2016 Actual (6 months)	Projection	< 1 year	1 to 5 years	> 5 years
Digital Television	100 218	432 062	123 796	306 118	2 148
Satelite	792	6 360	1 476	4 884	
Radio	62 483	224 122	97 489	117 707	8 926
Total Broadcasting Services	**163 493**	**662 544**	**222 761**	**428 709**	**11 074**
Telecom: site hosting	133 770	1 713 322	206 137	709 010	798 175
Telecom: other services	11 230	9 020	3 410	4 926	684
Total Telecoms & Services	**145 000**	**1 722 342**	**209 547**	**713 936**	**798 859**
Media Services	28 631	27 292	10 423	16 869	
Others	4 393	211	87	124	
Total revenue / future contractual revenue	**341 517**	**2 412 389**	**442 818**	**1 159 638**	**809 933**

In thousands euros	Dec 2015 Actual (9 months)	Projection	< 1 year	1 to 5 years	> 5 years
Digital Television	162 298	422 612	145 304	269 619	7 689
Satelite	1 225	7 152	1 550	5 602	-
Radio	98 637	223 044	114 211	105 371	3 462
Total Broadcasting Services	**262 160**	**652 808**	**261 065**	**380 592**	**11 151**
Telecom: site hosting	189 671	1 704 963	216 036	682 462	806 465
Telecom: other services	23 063	9 357	3 640	5 024	693
Total Telecoms & Services	**212 734**	**1 714 320**	**219 676**	**687 486**	**807 158**
Media Services	42 041	35 524	21 405	14 119	-
Others	8 309	364	257	107	-
Total revenue / future contractual revenue	**525 244**	**2 403 016**	**502 403**	**1 082 304**	**818 309**

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

Bank guarantees given and received

The Group's given and received bank guarantees, contracted in the course of business, respectively amount to €12.7m and €1.5m, vs. respectively €15.4m and €18.3m at December 31, 2015.

Besides, the Group has given several bank guarantees in the frame of its acquisitions projects (see hereafter), for a global amount which order of magnitude doesn't exceed the amount of commitments given.

TDF SAS, DFI BV and Médiamobile

No significant change concerning commitments given or received by these subsidiaries except the following points:

- Loss of control of MCR – partial disposal of 2% of the shares of this company on April 26, 2016

  The Group did not give any specific guarantees to the buyer for this disposal.

- Lease for an office building signed on February 17, 2016

On February 17, 2016, the Group signed a lease for an office building in Montrouge, located at 149/157 Avenue Pierre Brossolette and 42/44 avenue de la Marne. It's a 9 years lease from February 1, 2016 to January 31, 2026. Both two commitments given in the exclusivity letter previously signed are therefore obsolete.

- Disposal of German entities:

  The sale contract for German subsidiaries from TDF SAS to Tyrol Acquisition 1 & Cie SCA (former shareholder of TDF Infrastructure Holding SAS, which is the main shareholder of the Group) provides for payment of an additional price to TDF SAS if, within the 12 months after the disposal that took place on March 31, 2015, Tyrol Acquisition 1 & Cie SCA was to sell one or more of the subsidiaries acquired for an amount higher than original transaction. This earn-out equals to the difference between the resale price and the original transaction share price (1 €) less the costs of sales that would be incurred by Tyrol Acquisition 1 & Cie SCA.

  Tyrol Acquisition 1 & Cie SCA has sold the former German subsidiaries of TDF SAS to an external purchaser on March 17, 2016. It has triggered the right for TDF SAS to receive an earn-out €106.2m (see also the notes 7.8 and 8.4).

- Acquisitions projects

  The Group has entered into several process of acquisition of interests, through one or several steps, including the group ITAS. In this context, the Group is subject to confidentiality commitments, has given purchases commitments on shares, and has received sale commitments on shares as well, which are subject to conditions precedent, and which expire before the end of the year 2016. Furthermore, concerning the acquisition project of the group ITAS, an agreement has been signed with TF1 on July 29, in order to definitely settle the sale operation of the company OneCast, sold by TF1 to ITAS end of 2014.

  Concerning these projects of acquisition of interests, the global amount of the commitments given doesn't exceed €100m.

  Besides, in this context, the Group has subscribed to a bond loan which is described in the note 8.4 of these financial statements.

Commitments under bank agreements

No change compared to December 31, 2015.

13. Shares in associates

Since the end of November 2013, the Group consolidated the company SmartJog Ymagis Logistics under the equity method. SmartJog France owned 40% of this entity. On December 29, 2015, SmartJog France sold its shares.
The figures disclosed in the column June 2015 of the table below correspond to the results of this entity.

Since April 26, 2016, the company Monaco Media Diffusion (formerly named MCR) is now consolidated under the equity method instead of full integration, following the loss of control of this entity (see the notes 6.2 and 16). The figures disclosed in the column June 2016 of the table below correspond to the results of this entity that were realized between April 26, 2016 and June 30, 2016.

	Unaudited	
In thousands euros	**June 2016 (6 months)**	**June 2015 (3 months)**
Revenue	**784**	**2 288**
EBITDA	**439**	**(419)**
OPERATING INCOME (LOSS)	**475**	**(1 138)**
Financial income and expenses		(74)
Income tax	(145)	
NET INCOME	**330**	**(1 212)**

14. Related party disclosures

14.1 Compensation of key management personnel

No new compensation scheme towards key management personnel has been set up during 2016 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, 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 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 €42.0m and related to the shareholder loan of €1 063.6m;
- net repayments of €10.5m of shareholders current accounts (€10.4m with Tivana France Holdings and €0.1m with TDF Infrastructure Holding), see also the note 9.1;
- €0.5m of income and €2.2m of expenses recognized by the Group over the period related to the management fees agreement with Tivana France Holdings;
- 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 (excluding VAT tax);
- the recognition of a receivable of €106.2m that TDF has on Tivana France Holdings, which is recognized in relation to the earn-out concerning the disposal of the German entities (see the notes 1, 7.8, 8.4 and 12.3) : this receivable has an annual interest rate of 0.15%, and a one year maturity, that is April 4, 2017.

See also the note 12.3 related to acquisitions projects.

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

15. Significant subsequent events

The disposal of the 6 Arkena Nordics entities was concluded on July 7. The sale is effective at this date, and the disposal loss corresponds to the estimations performed for IFRS 5 purposes (see the note 6.2).
In the frame of this sale, the Group has given guarantees to the buyer, for a global amount of indemnity which could reach 30 million of SEK at most, that is €3.2m. These guarantees expire if no indemnification request is made by the buyer before April 7, 2017, except for some specific topics for which the expiration date is April 7, 2018, and also for tax issues, for which the guarantee period is equivalent to the legal prescription applicable for a tax audit.

16. Consolidation scope

List of consolidated companies	Countries	UGT	Share capital in € thousands	% Intérêts June 2016 (Un-audited)	Dec 2015	June 2015 (Un-audited)	Observation
Full consolidation							
TDF Infrastructure SAS (formerly Tyrol Acquisition 2 SAS)	**France**		**300 000**	**100,00%**	**100,00%**	**100,00%**	
TDF SAS	France	TDF	166 957	100,00%	100,00%	100,00%	
Diffusion Outre Mer	France	TDF				100,00%	Liquidated over the previous period
Tiare	France	TDF		100,00%	100,00%	100,00%	
MCR	Monaco	TDF			51,00%	51,00%	Held for sale - IFRS 5 - Equity method since April 26, 2016
TDF Fibre	France	TDF	150	100,00%			Created on May 6, 2016
Dédale financement	France	TDF	10	100,00%			Created on June 27, 2016
TDF Entertainment Oy	Finland	TDF	500	100,00%	100,00%	100,00%	Created in September 2010, put into liquidation in March 2012
DFI BV	Netherlands	TDF	7 529	100,00%	100,00%	100,00%	
AD Valem Technologies	France	TDF	1 294	100,00%	100,00%		Acquired in September 2015
Arkena SAS (ex - Cognacq Jay)	France	Arkena	13 809	100,00%	100,00%	100,00%	
Smartjog France	France	Arkena	456	100,00%	100,00%	100,00%	
Arkena Inc (ex - Smartjog USA)	USA	Arkena	1 989	100,00%	100,00%	100,00%	
Bebanjo	Spain	Arkena	8	100,00%	100,00%	100,00%	
Arkena Sp.zoo (ex PSN)	Poland	Arkena	4 365	100,00%	100,00%	100,00%	
Arkena Holding (ex - Qbrick Holding)	Sweden	Arkena	107	100,00%	100,00%	100,00%	Correspond to the 6 "Arkena Nordics" entities, qualified as assets held for sale at June 30, 2016, according to IFRS 5
Arkena AB (ex - Qbrick AB)	Sweden	Arkena	46	100,00%	100,00%	100,00%	
Arkena AS (ex - Qbrick AS)	Norway	Arkena	75	100,00%	100,00%	100,00%	
Arkena A/S (ex - Qbrick A/S)	Danemark	Arkena	85	100,00%	100,00%	100,00%	
Arkena Oy (ex - Qbrick Oy)	Finland	Arkena	50	100,00%	100,00%	100,00%	
Arkena Spain SL (ex - Qbrick Spain SL)	Spain	Arkena	3	100,00%	100,00%	100,00%	
Médiamobile	France	Média-mobile	1 157	71,19%	71,19%	71,19%	
Mediamobile Nordic	Finland	Média-mobile	3 050	71,19%	71,19%	71,19%	
Levira	Estonia	Levira	9 587	49,00%	49,00%	49,00%	
Talinna Teletorn Foundation	Estonia	Levira	13	49,00%	49,00%	49,00%	
	Estonia	Levira	5	49,00%	49,00%	49,00%	
Equity method							
Smartjog Ymagis Logistics	France	**Arkena**				40,00%	Disposed of on Decembre 29, 2015
Monaco Media Diffusion (ex - MCR)	Monaco	**TDF**	549	49,00%			Equity method since April 26, 2016

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.

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.

At June 30, 2016, the 6 « Arkena Nordics » entities are qualified as assets held for sale under IFRS 5.