FINEXSI Audit

ERNST & YOUNG Audit

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

TDF Infrastructure

Year ended December 31, 2018

Statutory auditors' report on the consolidated financial statements

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Membre de la compagnie
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TDF Infrastructure

Year ended December 31, 2018

Statutory auditors' report on the consolidated financial statements

To the Sole Shareholder of TDF Infrastructure,

Opinion

In compliance with the engagement entrusted to us by the Sole Shareholder's Decisions, we have audited the accompanying consolidated financial statements of TDF Infrastructure for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for Opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics *(Code de déontologie)* for statutory auditors.

Justification of Assessments - Key Audit Matters

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

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

Evaluation of fixed assets

Risk identified	Our response
As at December 31, 2018, the net value of the consolidated fixed assets amounts to € 3.4 billion within total assets on the balance sheet of € 3.7 billion. These fixed assets mainly consist of goodwill recognized upon acquisitions, property, plant and equipment, including land and transmission networks, and to a lesser extent of intangible asset including customer relationships. Impairment tests are performed on goodwill, as mentioned in Note 9.1 of the notes to the consolidated financial statements. These tests are based on discounted cash flow projections generated by the assets in the current operating conditions, as described in Note 4.11 of the notes to the consolidated financial statements, and require the use of assumptions (perpetual growth rate and discount rates in particular), estimates or assessments. They also underline the value of intangible assets and tangible assets. Therefore, we considered the valuation of fixed assets to be a key audit matter due to their significant importance in the accounts, this valuation being furthermore based on Management's judgments and estimates.	We obtained an understanding of the procedure set up by the Group to determine the recoverable value of fixed assets and analyzed the methodology used for performing impairment tests. Our work consisted mainly in: ► reconciling the future cash flows used with those included in the Management's business plans by analyzing the consistency of these forecasts with the Group's past performance and market outlook; ► analyzing the procedure for setting up and approving business plans; ► studying the sensitivity analyses carried out by the Group and performed our own sensitivity analyses on the key assumptions to examine the possible impact of a variation of these assumptions on the findings of the impairment tests; ► conducting interviews with Management and financial managers in charge of key data and assumptions on which the estimates are based underlying operational cash flows used in the valuation model; ► testing the clerical accuracy of the models and recalculating the values in use determined by the Group; ► examining methodologies to determine discount rates and long-term growth, comparing these rates with market data, and recalculating these rates with our own data sources.

Revenue recognition

Risk identified	Our response
The Group's revenue comes mainly from Digital Television, Radio and Telecoms & Services activities. As described in Note 4.4 of the notes to the consolidated financial statements, the Group recognizes revenue consisting of sales and third parties' services, net of trade discounts and rebates and the sales taxes, and after eliminating intercompany sales. We considered revenue recognition to be a key audit matter given its significance in the accounts and the volume associated flow.	We obtained an understanding of the procedure set by the Group related to the accounting of the different revenue streams, from the conclusion of the contract to the invoicing, until cash collection. Our work consisted mainly in: ► identifying the main controls implemented by the Group, relevant to our audit. We also included in our audit team information systems experts to assist us in performing tests on computer application controls; ► performing analytical procedures, by reconciling our own revenue estimates with the recorded turnover; ► implementing procedures based on the completeness of the accounting ledger, aiming to analyze the Group's turnover flows for the year ended December 31, 2018. We achieved correlations between revenue, trade receivables and cash receipts by examining the different book entry schemes and performing exception test of details; ► testing the most material accrued discounts and rebates, obtaining calculation data and contracts, while reviewing the consistency of calculations based on this information.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the President's report.

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

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

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

As at December 31, 2018, Finexsi Audit was in its fourth year of total uninterrupted engagement and ERNST & YOUNG Audit was in its second year.

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

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

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

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

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

The consolidated financial statements were approved by the President.

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

Objectives and audit approach

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

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

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

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

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

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

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

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

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

Report to the Audit Committee

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

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

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Paris-La Défense, March 28, 2019

The Statutory Auditors
French original signed by

FINEXSI Audit	ERNST & YOUNG Audit
Olivier Péronnet	Pierre Jouanne

TDF INFRASTRUCTURE SAS GROUP

CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2018

Consolidated statement of comprehensive income, Year ended December 31, 2018

In thousands euros	*Notes*	**2 018**	**2 017**
Revenue	*8.1*	**671 884**	**676 785**
Other income	*8.2*	19 240	22 150
Consumed purchases	*8.3*	(42 007)	(52 172)
Personnel costs	*8.4*	(137 614)	(135 747)
External expenses	*8.5*	(139 832)	(153 678)
Profit on disposal of non-current operating assets	*8.6*	291	7 260
Other expenses	*8.2*	(20 279)	(14 443)
EBITDA		**351 683**	**350 155**
Depreciation, amortisation and impairment losses	*8.7*	(166 170)	(184 582)
Current Operating Income		**185 513**	**165 573**
Impairment of goodwill & intangible assets identified in business combinations	*8.7/9.1/9.2*	-	(6 552)
Other operating income	*8.8*	1 929	4 620
Other operating charges	*8.8*	(16 535)	(5 946)
Operating Income		**170 907**	**157 695**
Income from cash and cash equivalents		4	19
Gross finance costs		(142 746)	(134 241)
Net finance costs	*8.9*	**(142 742)**	**(134 222)**
Other financial income / charges	*8.9*	421	(280)
Share of net profits of associates	*16*	666	696
Income tax	*8.10*	(60 085)	(38 956)
NET LOSS FOR THE YEAR		**(30 833)**	**(15 067)**
Other comprehensive (loss) income			
Currency translation differences		(130)	558
Actuarial losses		(797)	(804)
Other items		51	5
Income tax on other comprehensive (loss) income		274	275
Income and expenses recognized directly in equity	*8.9/8.10*	**(602)**	**34**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(31 435)**	**(15 033)**
Net (loss) income for the year attributable to			
Owners of the company		(30 071)	(16 236)
Non controlling interests		(762)	1 169
Total comprehensive (loss) income for the year attributable to			
Owners of the company		(30 673)	(16 198)
Non controlling interests		(762)	1 165
Loss per share			
Basic (in euros)		(3)	(2)

Consolidated balance sheet as of December 31, 2018

In thousands euros	*Notes*	**Dec 2018**	**Dec 2017**
Non-current assets			
Goodwill	*9.1*	1 695 583	1 700 119
Intangible assets	*9.2*	248 234	214 856
Property, plant and equipment	*9.3*	1 421 009	1 361 978
Shares in associates	*16*	6 846	6 865
Financial assets available for sale	*9.4*	4 214	4 218
Other non-current assets	*9.6*	10 811	10 048
Deferred tax assets	*10.7*	63	260
TOTAL NON-CURRENT ASSETS		**3 386 760**	**3 298 344**
Current assets			
Inventories	*9.5*	12 161	9 597
Trade receivables	*9.6*	103 748	143 469
Other current assets	*9.6*	86 777	88 856
Cash and cash equivalents	*9.7*	153 894	122 937
TOTAL CURRENT ASSETS		**356 580**	**364 859**
TOTAL ASSETS		**3 743 340**	**3 663 203**

In thousands euros	*Notes*	**Dec 2018**	**Dec 2017**
Share capital		300 000	300 000
Additional paid-in capital		1 010 375	1 010 375
Currency translation reserve		(617)	(490)
Other reserves and Retained earnings		(1 194 631)	(1 178 896)
Net loss for the year - attributable to owners of the company		(30 071)	(16 236)
Non-controlling interests		12 509	14 993
TOTAL EQUITY	*10.1*	**97 565**	**129 746**
Non-current liabilities			
Bond	*10.2 - 5.4*	1 386 727	1 384 570
Bank debt	*10.2 - 5.4*	(960)	(994)
Shareholders' debt	*10.2*	1 063 599	1 063 599
Other financial debts	*10.2*	26 835	6 358
Provisions	*10.4 - 10.5*	75 049	80 745
Deferred tax liabilities	*10.7*	244 110	249 661
Other non-current liabilities	*10.7*	25 439	24 644
TOTAL NON-CURRENT LIABILITIES		**2 820 799**	**2 808 583**
Current liabilities			
Other financial debts	*10.2*	147 346	122 311
Provisions	*10.4 - 10.5*	25 780	32 160
Trade payables	*10.7*	139 052	164 586
Tax and social liabilities	*10.7*	105 028	110 713
Other current liabilities	*10.7*	89 512	77 005
Bank overdrafts	*9.7*	2	6
Accrued interest		318 256	218 093
TOTAL CURRENT LIABILITIES		**824 976**	**724 874**
TOTAL EQUITY AND LIABILITIES		**3 743 340**	**3 663 203**

Consolidated statement of cash flows,
Year ended December 31, 2018

In thousands euros	*Notes*	**2 018**	**2 017**
Net loss from continuing operations		**(30 833)**	**(15 067)**
Non-cash items and other adjustments			
Depreciation, amortisation and impairment		166 258	191 134
Change in provisions and non-cash expenses		(12 294)	(15 506)
Gain on disposal of non-current assets		8 413	(6 983)
Total income tax		59 925	38 956
Finance items		139 477	129 819
Cash generated from operating activities before changes in working capital	*12.1*	**330 946**	**322 353**
Income tax paid		(57 308)	(70 814)
Change in working capital	*12.2*	8 126	(4 141)
Net cash from operating activities		**281 764**	**247 398**
Acquisitions of non-current operating assets		(250 388)	(205 207)
Proceeds from disposal of non-current operating assets		3 613	5 414
Dividends from non consolidated companies		1 179	937
Acquisition of controlling interests, net of cash & cash equivalents acquired		(3 379)	(5 082)
Net proceeds from disposals of subsidiaries		2 171	-
Change in other financial assets		2 731	3 716
Net cash used in investing activities	*12.3*	**(244 073)**	**(200 222)**
Dividends paid to non-controlling interests		(5 593)	(1 275)
Proceeds from other financial debts		38 941	47 136
Other financial debts repayments		(4 464)	(4 030)
Fees related to the refinancing		(1 948)	(1 020)
Income from cash and cash equivalents		4	19
Changes of interest in controlled entities		5 436	-
Financial interests (including financial lease)		(39 019)	(38 474)
Net cash from financing activities	*12.4*	**(6 643)**	**2 356**
Effect of exchange rate changes on cash		(87)	(105)
Net change in cash and cash equivalents		**30 961**	**49 427**
Opening cash & cash equivalents		**122 931**	**73 504**
Closing cash & cash equivalents		**153 892**	**122 931**

Consolidated statement of changes in equity

In thousands euros	Number of outstanding shares	Attributable to owners of the company						Non-controlling interests	Total Equity
		Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserves	Other reserves and retained earnings	Total		
At December 31st, 2016	10 000 000	**300 000**	**1 010 375**	**(1 045)**	**-**	**(1 179 902)**	**129 428**	**15 104**	**144 532**
Consolidated net income		-	-		-	(16 114)	(16 114)	1 169	**(14 945)**
Other comprehensive income		-	-	558		(520)	38	(4)	**34**
Total comprehensive income		**300 000**	**1 010 375**	**(487)**	**-**	**(1 196 536)**	**113 352**	**16 269**	**129 621**
Dividends paid		-	-	-	-	-	-	(1 275)	**(1 275)**
Stock options valuation		-	-	-	-	1 420	1 420	-	**1 420**
Changes of interest in controlled entities and changes in consolidation scope		-	-	(3)	-	(16)	(19)	(1)	**(20)**
At December 31st, 2017	10 000 000	**300 000**	**1 010 375**	**(490)**	**-**	**(1 195 132)**	**114 753**	**14 993**	**129 746**
Consolidated net income		-	-	-	-	(30 071)	(30 071)	(762)	**(30 833)**
Other comprehensive loss		-	-	(130)	-	(472)	(602)	-	**(602)**
Total comprehensive income		**300 000**	**1 010 375**	**(620)**	**-**	**(1 225 675)**	**84 080**	**14 231**	**98 311**
Dividends paid		-	-	-	-	-	-	(5 594)	**(5 594)**
Stock options valuation		-	-	-	-	560	560	-	**560**
Changes of interest in controlled entities and changes in consolidation scope		-	-	3	-	413	416	3 872	**4 288**
At December 31st, 2018	10 000 000	**300 000**	**1 010 375**	**(617)**	**-**	**(1 224 702)**	**85 056**	**12 509**	**97 565**

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1. Highlights of the year

Fiber Activity

In January 2018, the Group was selected to roll-out and operate the Maine-Et-Loire fiber network

The Anjou Digital Joint Open Syndicate (Syndicat Mixte Ouvert Anjou Numérique) officially named TDF to roll out and operate optical fiber in rural areas in the French county of Maine-et-Loire. This represents TDF's fourth successful contract bid.
Following a tender process lasting several months, TDF now has the task of deploying, operating and marketing the optical fiber network in Maine-et-Loire under a 25-year public service outsourcing contract, which consists of 220,000 connections to be installed before 2022. The project will provide individuals and businesses with ultra-high-speed broadband throughout the county.

Banque des Territoires teams up with TDF to roll out optical fiber in Val d'Oise, Val de Loire and Maine-et-Loire

In February 2018, the French state-owned investment entity Banque des Territoires took a 30 percent stake in TDF subsidiary Val d'Oise Fibre, which was formed to build, operate, and market an optical fiber network in sparsely populated areas in the French county of Val d'Oise under a public service outsourcing contract.
La Banque des Territoires also took a 30 percent stake in Val de Loire Fibre in September 2018 and Anjou Fibre in November 2018 (both subsidiaries of the Group) to support the ultra-high-speed broadband roll-out in the French countries of Indre-et-Loire, Loir-et-Cher and Maine-et-Loire.

The Group confirms its ambition to extend its infrastructure operator business to optical fiber and will invest in this market to increase the deployment of digital network facilities in France. At December 31, 2018, approximately 84 000 plugs were built or under construction.

Disposal of Mediamobile entities

On November 15, 2018, Mediamobile France and Mediamobile Nordic entities, referred to as the "Mediamobile" subgroup, were sold. The disposition resulted in a loss on disposal of €7.3m (see also Notes 7.2, 8.8 and 15.3).

Renegotiation of the revolving credit facility agreement

See the note 5.4.

Change in IFRS standards

See the note 4.1.

2. General presentation

The Group's consolidation head company, TDF Infrastructure SAS, is a "société par actions simplifies" (simplified joint stock company) with a 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 18 250 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 (earnings before interest, taxes, depreciation and amortization), which is equivalent to current operating income before depreciation, amortization and impairment of assets.

Adjusted EBITDA (see note 6), 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 goodwill impairment,
- "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 significant restructuring charges;
    - Gains or losses on sale of subsidiaries, net of selling, liquidation and acquisition costs incurred to dispose of subsidiaries;
    - Other operating income and expenses, such as provisions 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 consolidated financial statements of the TDF Infrastructure Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable at the reporting date, December 31, 2018.

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

The TDF Infrastructure Group's financial statements were approved by the Chairman of TDF Infrastructure on March 28, 2019.

3.2 Functional and presentation currency

The TDF Infrastructure Group's 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 items have been determined based on a 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. The methods applied to estimate the fair value of these items are explained in note 4.12.

3.4 Judgments and estimates

In the preparing the consolidated financial statements, the measurement of certain balance sheet items requires the use of assumptions, estimates or judgments. This is notably the case with goodwill (see notes 9.1 and 4.11), tangible and intangible assets (see notes 4.9 to 4.11, 9.2 and 9.3), provisions (see notes 10.4 and 10.5), deferred taxes (see notes 4.8 and 10.6), and revenue recognition (see note 4.4). These assumptions, estimates and assessments are determined based on information available or situations existing at the time the consolidated financial statements are prepared, and may subsequently differ from future conditions.

At each reporting 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 actual results may be significantly different from estimates made at the date of the preparation of the consolidated financial statements.

The Group is not subject to significant seasonal fluctuations.

4. Significant accounting policies

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

The accounting policies are unchanged compared to those used in the preparation of the consolidated financial statements for the year ended December 31, 2017.

4.1 Standards and interpretations in force

The Group has applied the standards, amendments to standards and interpretations as adopted by the European Union that are required to be applied from December 31, 2018.

In addition, the Group has decided not to adopt any new standards, amendments to standards or interpretations early for which their mandatory application date is after this financial year.

IFRS 16 – Leases
This standard significantly changes the accounting and presentation of leases in a lessees' accounts and is applicable from January 1st, 2019.

Principle
Under the new standard, tenants will recognize most of their leases as an asset (tangible or intangible 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 15.2).

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 8.5) will be restated, but depreciations and interest expenses will be booked,
- On the balance sheet: tangible and intangible assets (notes 9.2 and 9.3) and financial debt will be increased (note 10.2),
- On the cash flow statement: cash outflows for rent will no longer appear in net cash from operating activity, but in financial activities, as a repayment of financial debt and interest payments.

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

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.
At the date of initial application, the identified contracts are as follows:
- The operating leases entered into by the Group, see note 15.2:
  - Commercial leases,
  - Agreements for the occupation of public property (AOPP),
  - Tertiary sites leases,
- Connection and capacity contracts,
- Some specific contracts formerly disclosed as firm purchase commitments, and which are in substance analyzed as lease contracts following analysis work performed (see the note 15.2).

Key assumptions to determine expected implementation impact
Beyond the identification of contracts included in the scope of the IFRS 16 standard, 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
The Group will not apply this standard by anticipation. The transition method applied will be the simplified retrospective method without restatement of comparative periods.
In relation to the specific provisions allowed by this method, the right-of-use asset at the date of initial application will correspond to the amount of the lease liability.

Financial impact at transition date
Subject to ongoing discussions at the IFRIC and the IASB, the estimated financial impact relating to the initial application of IFRS 16 is as follows:
- On the balance sheet, as of January 1, 2019:
  - Tangible assets are increased by €209m
  - Prepaid expenses are decreased by €7m,
  - Financial debt is increased by €202m.
- On the comprehensive income statement, in 2019: rental expenses previously presented in EBITDA and related to identified contracts above amounted to around €47m.

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

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

See note 8.1 showing the amounts of revenue achieved for these activities.
For each activity analyzed, the Group tested significant contracts and / or a representative sample of contracts. Each contract tested was subjected to the 5-step methodology recommended by IFRS 15 to determine when to recognize income and how much:
1. Identify the contract (s) with the client
2. Identify the different performance obligations (PO) provided for in the contract
3. Determine the transaction price (TP)
4. Distribute the TP between the different POs provided for in the contract
5. Post the CA when a PO is completed (or as it is)

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

Main results
1. Digital Television
Two distinct Performance Obligations (POs) were identified:
- reception and formatting of the signal to be broadcasted
- broadcast via the use of a transmitter and various other equipment

For each of these POs, the client benefits from the service throughout the duration of the contract and as TDF carries out the service. The revenue recognition of these two POs is thus spread. There is no significant change compared to TDF's previous revenue recognition method.

2. Radio
Three distinct Performance Obligations (POs) were identified:
- Transport
- Acquisition-Treatment
- Broadcast

For each of these POs, the client benefits from the service throughout the duration of the contract and as TDF carries out the service. The revenue recognition of these three POs is thus spread (no significant change compared to previous methods).

3. Telecom: site hosting
Three distinct Performance Obligations (POs) were identified, with the following characteristics:
- The engineering service to prepare site hosting:
    - The performance obligation is reached once the study is finalized and communicated to the client, whether or not it progresses further,
    - The revenue is therefore recognized for the overall amount of the engineering package at the end of the study (no change compared to previous methods);
- Site hosting and energy supply
    - The customer benefits from site hosting and energy supply throughout the duration of the contract and as TDF carries out the service,
    - The revenue is therefore recognized in a spread manner, considering the different mechanics of price revisions and contractual credit notes applicable (no significant change compared to previous methods);
- Use of air equipment:
    - The customer benefits from the availability of such equipment as and when made available,
    - The revenue relating to this provision is therefore spread over the duration of the contract (no change compared to previous methods).

Conclusion
No significant was identified in the recognition rhythm of the Group's revenue.
No financing component was identified through the analysis of contracts and different categories of income. The analysis carried out on the various contracts concluded that the Group was as a principal for these contracts.

Transition method
In the absence of any significant impact detected, the Group has selected the transition method without retrospective application of the 2017 consolidated financial statements.

IFRS 9 - Financial Instruments
IFRS-9 changes the conditions for recognizing hedging transactions and the broad accounting categories of financial assets and liabilities. This standard is applicable as of January 1, 2018 and replaces IAS 39.
As the Group doesn't hold any financial hedging instruments, no impact is expected.
IFRS 9 also changes the recognition of credit risk for financial assets based on the expected loss approach versus incurred loss one: no significant impact expected related to the lack of history of significant write-downs on the customer's receivables of the Group.

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 from 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 December 31, 2018, the IFRIC 23 interpretation does not have a significant impact on the Group's consolidated financial statements.

4.2 Consolidation

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

Subsidiaries

In accordance with IFRS 10, subsidiaries are all entities on which the Group exercises control, that is it is determined to have:

- power over the entity;
- exposure, or rights, to variable return from its involvement with the subsidiary;
- ability to use its power over the subsidiary in order to affect the expected returns.

Subsidiaries' financial statements are consolidated, and non-controlling interests are measured based on their pro rata share of equity in the underlying business.

Investments in associates

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

Non-controlling interests

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

4.3 Foreign currency translation

Transactions in foreign currencies

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

Translation of foreign entities' financial statements

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

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

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

Exchange rates used for the period

The following were the functional currencies and the associated exchange rates used in preparing the Group's consolidated financial statements:

	December 2018		December 2017	
	Average	Closing	Average	Closing
Polish zloty	0,234707	0,233231	0,234920	0,238135
US dollar	0,846482	0,873286	0,885691	0,845809
CFA Franc	0,001524	0,001524	0,001524	0,001524

4.4 Revenue recognition

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

As of January 1, 2018, revenue recognition complies with the principles of IFRS 15, replacing IAS 18 and IAS 11.
See note 4.1, which describes the revenue recognition methods used in this new standard. It should be noted that no significant change has been made with respect to the revenue recognition policies of the Group.

4.5 Government grants (IAS 20)

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

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

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

4.6 Leases

Operating leases

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

Finance leases

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

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

See note 4.1 for a description of the impact of the IFRS 16 standard on the Group's consolidated financial statements.

4.7 Financial income and charges

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

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

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

Exchange gains and losses are recognized at their net amount.

4.8 Income tax

From April 1, 2015, a new tax consolidation group was created headed by Tivana France Holdings, sole shareholder of TDF Infrastructure Holding SAS, itself a shareholder of the Group. All French subsidiaries which are directly or indirectly owned at least 95% by Tivana France Holdings SAS are included in the tax consolidation group (see note 19).

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

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

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

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

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

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

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

The Group considers the CVAE as income tax. In accordance with IAS 12, this classification requires the Group to recognize the related deferred tax, notably on depreciable non-current assets. As at December 31, 2018 the deferred tax liability related to the CVAE amounts to €8.5m.

4.9 Property, plant and equipment

Recognition and measurement

Property, plant and equipment is recorded at cost, less accumulated depreciation and impairment. Cost includes expenses directly attributable to the transfer of the asset to the place where it is to be used, and to prepare it for use.

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

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

Current maintenance and upkeep costs are expensed as incurred.

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

Land is not depreciated.

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

Useful lives in years:

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

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

Leased assets

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

Safety inventories

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

4.10 Intangible assets

Goodwill

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

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

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

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

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

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

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

Research and development costs

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

- It has the intention and ability to complete the project;

- The probability is that future economic benefits will accrue to the Group;
- Costs can be determined in a reliable manner.

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

Other intangible assets

Other intangible assets are comprised of:

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

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

Subsequent expenditures

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

Measurement of intangible assets arising from a business combination

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

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

The two revenue-based methods are:

- The royalty method

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

- The super-profits method

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

Service concession arrangements applied to public initiative networks

The Group deploys, operates and markets public initiative networks to support the ultra-high-speed broadband roll-out in sparsely populated areas. These networks are deployed and operated under service concession and are analyzed in accordance with IFRIC 12 "Service Concession Arrangements".

When building a network, the Group holds a right to charge users of the public service. As a result, this right is recognized as an intangible asset. This asset is measured at the infrastructure fair value and amortized over the agreement period.

4.11 Impairment

Financial assets

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

Non-financial assets

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

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

Estimation of the recoverable amount

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

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

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

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

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

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

Definition of Cash Generating Units

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

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

The Mediamobile CGU was sold on November 15, 2018 (see Note 1).

At December 31, 2018, the CGUs or groups of CGUs that were selected for goodwill impairment testing was TDF, Arkena and Levira.

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

Recognition of impairment

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

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

4.12 Financial instruments

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

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

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

Group financial instruments are detailed hereinafter:

Financial assets recognized at fair value

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

Loans and receivables

Loans and receivables includes receivables relating to non-consolidated equity holdings, other loans and receivables and trade receivables.
Trade receivables are recognized initially at fair value.
If the recoverable amount becomes lower than the net carrying value, an impairment charge is recognized under operating income.

Cash and cash equivalents

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

Financial assets available for sale

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

Non-derivative financial liabilities

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

The effective interest rate is the rate in which the discounted estimated future cash outflows over the expected life of the financial liability equals the net carrying value upon initial recognition.

Purchase of own equity instruments

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

Derivative financial instruments and hedge accounting

For the year ended December 31, 2018 and 2017, the Group does not hold any derivative financial instruments.

5. Financial risk management

5.1 Credit risk

The total carrying value of the Group's financial assets represents 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 investment grade banking institutions, with an objective of generating a secure return. Cash is invested in euro-denominated money market UCITS and in term deposits with a maturity of under 3 months.

5.2 Market risk

A. Management of interest rate risk

The Group's exposure to interest rate risk is summarized below:

	Dec 2018		Dec 2017	
In thousands euros	Outstanding	% of the debt	Outstanding	% of the debt
Fixed interest rate debt	2492 809	95,0%	2462 982	95,6%
Variable interest rate debt	130 738	5,0%	112 862	4,4%
Total before hedging	**2623 547**	**100,0%**	**2575 844**	**100,0%**
Fixed interest rate debt	2492 809	95,0%	2462 982	95,6%
Variable interest rate	130 738	5,0%	112 862	4,4%
Total after hedging	**2623 547**	**100,0%**	**2575 844**	**100,0%**

As at December 31, 2018, the Group has the following debt outstanding:
- €1 063.6m of shareholder debt with a fixed interest rate with Tivana France Holding (indirect shareholders);
- €1 400.0m of bond debts with fixed interest rates (excluding loan issuance costs).

Sensitivity analysis of cash flows for variable rate instruments

As at and for the years ended December 31, 2018 and 2017 no variable rate instrument was owned by the Group.

B. Exchange risk

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

5.3 Liquidity risk

To ensure sufficient liquidity, the Group has available resources of €403.5m (€372.7m on December 31, 2017):
- Cash and cash equivalents of €153.5m as of December 31, 2018 (€122.7m on December 31, 2017);
- A Revolving Credit Facility negotiated under anew "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.

As a reminder, the former "revolving" line, negotiated under the bank credit agreement signed on March 31, 2015, was not drawn as at and for the year ended December 31, 2017.

The contractual maturities of the Group's financial debt are as follows (including interest payments):

	Dec 2018		Maturities		
In thousands euros	**Book value**	**Cash Flow**	**< 1 year**	**de 1 to 5 years**	**> 5 years**
Non-derivative financial instruments					
Financial debts - Nominal	2637 780	2637 780	147 346	610 528	1879 906
Loan issue expenses	(14 233)	-	-	-	-
Financial interests	318 256	1450 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	**3089 713**	**4235 881**	**714 083**	**1070 091**	**2451 707**

	Dec 2017		Maturities		
In thousands euros	**Book value**	**Cash Flow**	**< 1 year**	**de 1 to 5 years**	**> 5 years**
Non-derivative financial instruments					
Financial debts - Nominal	2582 836	2582 836	112 879	600 964	1868 993
Loan issue expenses	(16 424)	-	-	-	-
Financial interest	218 093	1469 229	318 718	476 813	673 698
Debts on external acquisitions (holdback)	9 432	9 432	9 432	-	-
Trade payables	164 586	164 586	164 586	-	-
Total financial liabilities	**2958 523**	**4226 083**	**605 615**	**1077 777**	**2542 691**

See notes 5.4 and 10.2 which describe the composition, nature and characteristics of the Group's financial debt.

As of December 31, 2018, the Group's financial debt was comprised of:
- shareholder debt, held by Tivana France Holdings for €1 063.6m, with a fixed rate interests of 7.7% and a maturity of March 20, 2030;
- the first bond debt, issued on October 19, 2015, for €600m, with a fixed coupon of 2.875% and a maturity on October 19, 2022;
- the second bond debt, issued on April 7, 2016, for €800m, with a fixed coupon of 2.50% and a maturity on April 7, 2026.

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

Maturities of financial debt (bank and bond debts) correspond to the contractual maturities of that debt, without assuming any early repayment.

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

Regarding the shareholder loan of €1 063.6m held by Tivana France Holdings, quarterly interest on that debt can be:

- capitalized
- paid
- or the payment can be deferred, without the interests being capitalized.

Therefore, within the liquidity risk disclosure section, the following assumptions tare made:

- interest is neither capitalized or 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.

5.4 Indebtedness

The Group has unsecured senior debt with bank lenders (" bank debt") and bondholders (" bond debt").

Bond debt

The characteristics of bond debt of the Group are as following:

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

Bank debt

At December 31, 2017, the Group had a revolving credit facility, which was implemented within the context of the acquisition of the TDF Infrastructure Holding SAS group on March 31, 2015, and usable for an amount of €250.0m.

At December 31, 2018, the Group has a new revolving credit facility, replacing the line in place on December 31, 2017. This credit line of €250m, negotiated under the new "Credit Agreement" signed on December 5, 2018, is not used as of December 31, 2018, and its main characteristics are the following:

In millions euros	**Initial amount**	**Amount due at Dec 2018**	**Depending in the Group's rating**			Margin applied to EURIBOR	Maturity
			Moody's	**Fitch**	**S&P**		
Revolving Facility	250,0	-	Baa2 or above	BBB	BBB or above	0,50%	5-déc.-23
			Baa3	BBB-	BBB-	0,55%	
			Below Baa3	Moins que BBB-	Below BBB-	0,90%	
TOTAL revolving debt	**250,0**	**-,**					

- The contractual maturity is December 5, 2023, with the possibility of an extension until December 5, 2025 at the discretion of the Group and with the consent of the lenders;
- The facility is at floating rate, the interest rate provides for a Euribor floor of 0%, so that the overall interest rate (margin + Euribor) paid by TDF Infrastructure will never be lower than the applicable margin;
- In addition to the margin, a commission for use is provided in the event of a draw down on the credit line that varies from 0.075% to 0.30% per year depending on the amount of the line used;
- The contract provides for restrictive terms (subject to exceptions contained in the bank agreement) governing the possibility for Group companies to perform certain operations.

The revolving credit line can be used for general corporate purposes of the Group, included WCR, investments, acquisitions or distribution to shareholders.

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,
- As of December 31, 2018, the covenant is respected, with this calculation being subject to a certificate issued by one of the Group's auditors.

5.5 Operational risk

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

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

6. Operating segments

Pursuant to IFRS 8, the Group reports its results and assets by operating segment. The determination of the operating segments reflects the Group's internal reporting structure. The results of all operating segments are regularly reviewed by Group senior management with a view to assessing their performance and to making 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.

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,
- 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),
- from all charges corresponding to severance payments and recognized over the period (legal and transactional severance payments) among the Group, and all fees directly related (lawyers, etc.).

	In thousands euros	Dec 2018 (12 months)	Dec 2017 (12 months)	Variation Dec 2018 - Dec 2017	in %	Dec 2018 restated (12 months)	Dec 2017 restated (12 months)	Variation Dec 2018 - Dec 2017 restated	in %
Net income	Digital Television	173 563	174 043	(480)	-0,3%	173 563	174 043	(480)	-0,3%
	Radio	114 407	115 160	(753)	-0,7%	114 954	115 810	(856)	-0,7%
	Total Broadcasting Services	**287 970**	**289 203**	**(1 233)**	**-0,4%**	**288 517**	**289 853**	**(1 336)**	**-0,5%**
	Telecom: site hosting	293 282	289 990	3 292	1,1%	293 282	289 990	3 292	1,1%
	Telecom: other services	25 911	28 932	(3 021)	-10,4%	26 028	28 932	(2 904)	-10,0%
	Total Telecoms & Services	**319 193**	**318 922**	**271**	**0,1%**	**319 310**	**318 922**	**388**	**0,1%**
	Media Services	46 219	48 964	(2 745)	-5,6%	35 210	34 554	656	1,9%
	Fiber (FTTH)	3 918	-			3 918			
	Others	14 584	19 965	(5 381)	-27,0%	14 805	19 791	(4 986)	-25,2%
	Total revenue	**671 884**	**677 054**	**(5 170)**	**-0,8%**	**661 760**	**663 120**	**(1 360)**	**-0,2%**
	EBITDA excluding IFRS 2 charges, severance payments and related fees	**354 705**	**354 963**	**(258)**	**-0,1%**	**351 405**	**349 364**	**2 041**	**0,6%**
	EBITDA	**351 683**	**350 155**	**1 528**	**0,4%**	**348 383**	**344 556**	**3 827**	**1,1%**
	Depreciation, amortisation and impairment losses	(166 170)	(184 582)	18 412	-10,0%	(165 338)	(183 788)	18 450	-10,0%
	Current Operating Income	**185 513**	**165 573**	**19 940**	**12,0%**	**183 045**	**160 768**	**22 277**	**13,9%**
	Impairment of goodwill & intangible assets identified in business combinations	-	(6 552)	6 552		-	(1 852)	1 852	
	Other operating income and charges	(14 606)	(1 326)	(13 280)	1001,5%	(14 606)	(1 326)	(13 280)	1001,5%
	Operating Income	**170 907**	**157 695**	**13 212**	**8,4%**	**168 439**	**157 590**	**10 849**	**6,9%**
Flux	**Net cash from operating activities (a)**	**281 764**	**247 398**	34 366	13,9%	**279 721**	**234 783**	44 938	19,1%
	Operating capex free from working capital effects (b)	**(238 677)**	**(215 146)**	(23 531)	10,9%	**(238 342)**	**(206 638)**	(31 704)	15,3%
	Working capital effects on net operating capex (c)	(11 710)	9 940	(21 650)	-217,8%	(11 715)	9 969	(21 684)	-217,5%
	Operating disposals net from working capital effects (d)	3 613	5 413	(1 800)	-33,3%	3 613	5 414	(1 801)	-33,3%
	Operating cash available ((a) + (b) + (c) + (d))	**34 990**	**47 605**	(12 615)	-26,5%	**33 277**	**43 528**	(10 251)	-23,6%
	Workforce (full-time average equivalent)	**2 143**	**2 124**	19	0,9%	**2 108**	**2 084**	24	1,2%

The columns labeled as “Dec 2018 restated (12 months)” and « Dec. 2017 restated (12 months) » represent the Group results excluding contribution from the Mediamobile subgroup, which was disposed of in 2018, see notes 1 and 7.2.

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

7.1 Discontinued operations

At December 31, 2018, as at December 31, 2017, the Group does not have any discontinued operations in the meaning of IFRS 5.

7.2 Assets held for sale and disposed entities

At December 31, 2018, the Group doesn't have any assets held for sale and disposed entities in accordance with IFRS 5.

Mediamobile

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

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) are as follows:

In thousands euros	Dec 2018 (10 months)	Dec 2017 (12 months)
Revenue	**11 127**	**14 728**
Other income	24	80
Consumed purchases	(2 439)	(2 775)
Personnel costs	(2 912)	(3 759)
External expenses	(1 475)	(1 648)
Profit/loss on disposal of non-current operating assets		(4)
Other expenses	(1 025)	(1 023)
EBITDA	**3 300**	**5 599**
Depreciation, amortisation and impairment losses	(832)	(5 494)
OPERATING INCOME (LOSS)	**2 468**	**105**
Other finance revenues / expenses	(3)	2
Income tax	(812)	(1 631)
NET INCOME OF DISPOSED OPERATIONS	**1 653**	**(1 524)**
Net cash from operating activities of disposed operations	**2 236**	**3 079**

As at December 31, 2017, Mediamobile did not qualify as assets held for sale. Their balance sheet as of December 31, 2017 (excluding intercompany transactions) was as follows:

In thousands euros	Dec 2017
Goodwill	6 084
Fixed assets	2 300
Deferred tax assets	186
Trade receivables	4 581
Other receivables	944
Cash and cash equivalents	586
Assets from held for sale activities	**14 681**
Provisions	381
Trade payables	2 318
Other payables	1 850
Liabilities from held for sale activities	**4 549**

8. 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 7.2);

8.1 Revenue

In thousands euros	Dec 2018 (12 months)	Dec 2017 (12 months)
Digital Television	173 563	174 043
Radio	114 407	115 160
Total Broadcasting Services	**287 970**	**289 203**
Telecom: site hosting	293 282	289 990
Telecom: other services	25 911	28 932
Total Telecoms & Services	**319 193**	**318 922**
Media Services	46 219	48 964
Fiber (FTTH)	3 918	
Others	14 584	19 696
Total revenue	**671 884**	**676 785**

Between December 2017 and December 2018, revenue is impacted by a consolidation scope effect: -€3.6m related to the sale of Mediamobile on November 15, 2018.

8.2 Other income and expenses (in current operating income)

In thousands euros	Dec 2018 (12 months)	Dec 2017 (12 months)
Other income	**19 240**	**22 150**

Other income and expenses mainly comprises:

- insurance compensation, income from penalties received and operating grants received;
- the impact of the agreement signed at the beginning of 2016 between TDF SAS and the Government concerning the second digital dividend.

In thousands euros	Dec 2018 (12 months)	Dec 2017 (12 months)
Business tax	(7 776)	(7 414)
Property tax	(9 204)	(9 156)
Other taxes	(3 661)	(3 254)
Provision on receivables - Prov. for risks and charges	3 565	9 380
Other operating expenses	(3 203)	(3 999)
Other expenses	**(20 279)**	**(14 443)**

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.

8.3 Consumed purchases

In thousands euros	Dec 2018 (12 months)	Dec 2017 (12 months)
Resold purchases	(40 877)	(16 043)
Energy and fuels	(49 514)	(45 992)
Other purchases including change in inventory	(12 311)	(7 550)
Capitalized purchases	60 695	17 413
Consumed purchases	**(42 007)**	**(52 172)**

The increase in capitalized purchases is notably due to the roll-out of optical fiber networks initiated since the second half of 2017 (see also Note 1), as well to the deployment of the Telecom site portfolio.

8.4 Personnel costs

In thousands euros	Dec 2018 (12 months)	Dec 2017 (12 months)
Salaries & wages	(111 408)	(108 037)
Social security contributions	(36 998)	(37 597)
Tax contributions on salaries & wages	(5 111)	(4 656)
Statutory employee profit sharing	(9 099)	(9 378)
Post-employment benefits : defined benefit plans	(1 936)	(1 739)
Post-employment benefits : defined contributions	(9 406)	(9 418)
Share based payments	(560)	(1 420)
Other personnel costs	(7 212)	(4 144)
Capitalized personnel costs	44 116	40 642
Total personnel costs	**(137 614)**	**(135 747)**

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 €0.8m in personnel costs.

In addition, personnel costs include €3.0m (€2.8m in 2017) 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.

8.5 External expenses

In thousands euros	Dec 2018 (12 months)	Dec 2017 (12 months)
Real estate	(36 568)	(35 263)
Technical subcontracting	(54 218)	(65 558)
Administrative subcontracting	(12 238)	(13 326)
Expenses linked to personnel	(16 893)	(19 302)
Surveys & consulting fees	(12 025)	(9 728)
External & internal communication costs	(950)	(2 349)
Corporate fees	(5 042)	(5 434)
Insurance	(1 898)	(2 718)
External expenses	**(139 832)**	**(153 678)**

8.6 Profit on disposal of non-current operation assets

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

8.7 Depreciation, amortization and impairment losses

In thousands euros	Dec 2018 (12 months)	Dec 2017 (12 months)
Amortisation of intangible assets	(38 247)	(37 918)
Depreciation of tangible assets	(129 397)	(137 274)
Write-back of investment subsidies	1 533	554
Impairment of intangible assets	12	(6 410)
Impairment of tangible assets	(71)	(3 534)
Depreciation, amortisation and impairment losses	**(166 170)**	**(184 582)**

In thousands euros	Dec 2018 (12 months)	Dec 2017 (12 months)
Impairment loss of intangible recognised on business combinations	-	-
Impairment loss of goodwill	-	(6 552)
Impairment loss	**-**	**(6 552)**

The goodwill impairment of €6.6m in December 2017 concerns the Mediamobile CGU for €4.7m and Arkena CGU for €1.9m, and reflects a prudent position regarding the fair value of this CGU following the review of its business plan.
Following the disposal of Mediamobile, goodwill relating to this CGU was deconsolidated from the Group's financial statements (see also Note 9.1).

8.8 Other operating income and charges

At December 31, 2018, other operating income and charges mainly include incomes and costs, which are significant and unusual, and are recognized in non-recurring operating income (below EBITDA), notably:

- an expense of €7.3m represents the loss generated by the disposal of Mediamobile entities,
- an additional provision allowance of €1.8m 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 note 10.5);

At December 31, 2017, other operating income and charges mainly include:

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

8.9 Net finance costs

Net finance costs can be broken down as follows:

In thousands euros	Dec 2018 (12 months)	Dec 2017 (12 months)
Revenues from available funds placed	4	19
Total financial revenue (a)	**4**	**19**
Finance expenses linked to debt : Bond	(37 250)	(37 250)
Finance expenses linked to debt : Bank term debt	-	-
Finance expenses linked to debt : Bank debt revolving	(988)	(1 020)
Finance expenses linked to debt : Shareholder	(100 130)	(92 782)
Finance expenses linked to debt : Financial lease	(1 372)	(76)
Finance expenses linked to debt : Other debts	145	(479)
Refinancing costs	(960)	-
Result on financial instruments measured at amortized cost (b)	**(140 555)**	**(131 607)**
Capitalisation & amortisation of loan issue expenses (c)	**(2 191)**	**(2 634)**
Profit (loss) related to derivatives (d)	**-**	**-**
Total finance expenses (e) = (b) + (c) + (d)	**(142 746)**	**(134 241)**
Net financial debt cost (a) + (e)	**(142 742)**	**(134 222)**

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

- Increase in financial expenses related to financial lease debt is mainly explained by the capitalization in 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 9.3 and 10.2);

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

  thus, the deferred interests generating themselves interests, the cost of this loan increases compared to 2017, while the amount of the debt remains stable;

- Refinancing costs and capitalization & amortization of loan issue expenses are impacted in 2018 by the renegotiation of the revolving line, which generated new issuance costs for €1.0m, and a non-recurring amortization of €0.5m related to the issuance costs associated with the previous revolving line.

See notes 5.4 and 10.2 describing the change in financial debt and their characteristics.

At December 31, 2018, excluding shareholder debts, the average interest rate on financial debt is 2.93% (2.92% at December 31, 2017), including financing costs.

Other financial income and charges are as follows:

In thousands euros	Dec 2018 (12 months)	Dec 2017 (12 months)
Net discounting costs excluding net debt	(698)	(1 147)
Forex gains (losses)	84	(624)
Other financial expenses & Income	1 035	1 491
Other financial revenues / charges	**421**	**(280)**

Net discounting costs is mainly related to the discounting effect on provisions.

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

In thousands euros	Dec 2018 (12 months)	Dec 2017 (12 months)
Currency translation differences for foreign operations	(130)	558
Finance income and expenses recognised in other comprehensive income	**(130)**	**558**

8.10 Income tax

From April 1, 2015, a new tax consolidation group was created headed by Tivana France Holdings (single shareholder of TDF Infrastructure Holding SAS since March 31, 2015). All French entities owned directly or indirectly at least 95% by Tivana France Holdings SAS are included in the tax group.

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 which it generates.

The income tax is summarized below:

In thousands euros	Dec 2018 (12 months)	Dec 2017 (12 months)
Current tax expense	(58 312)	(59 191)
Other income tax	(7 087)	(7 667)
Deferred tax expense	5 314	27 902
Income tax expense from continuing operations	**(60 085)**	**(38 956)**
Income tax from discontinued operations and disposed entities	-	-
Total income tax	**(60 085)**	**(38 956)**

Note that of the €58.3m of current tax expense mentioned above (€59.2m as of December 31, 2017), that €56.9m relate to TDF SAS (€56.5m as of December 31, 2017), and are offset at the tax consolidation group level by losses generated by other companies, such as Tivana France Holdings SAS, TDF Infrastructure Holding SAS and TDF Infrastructure SAS.

Income tax recognized in other comprehensive income is summarized below:

In thousands euros	Dec 2018 (12 months)			Dec 2017 (12 months)		
	Pre-tax	Tax (Expense) / Credit	**Net of tax**	Pre-tax	Tax (Expense) / Credit	**Net of tax**
Currency translation differences for foreign operations	(130)		(130)	558		558
Actuarial losses on defined benefit plan	(797)	274	(523)	(804)	275	(529)
Others	51		51	5		5
Total	**(876)**	**274**	**(602)**	**(241)**	**275**	**34**

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

In thousands euros	Dec 2018 (12 months) Value	Dec 2018 (12 months) Rate	Dec 2017 (12 months) Value	Dec 2017 (12 months) Rate
Loss for the period	(30 833)			(15 067)
Total income tax for the period	(60 085)			(38 956)
Profit excluding income tax	29 252			23 889
Theoretical income tax based on the French statutory income tax rate	**(10 071)**	**34,43%**	**34,43%**	**(8 225)**
Non-deductible interest	(11 805)	40,36%	47,20%	(11 275)
Other income tax expenses (CVAE, etc)	(4 647)	15,89%	21,05%	(5 029)
Impairment of tax loss carried forward	(36 044)	123,22%	173,44%	(41 432)
Impact of disposals of entities, of goodwill impairment and IFRS 5 loss	(1 659)	5,67%	9,36%	(2 235)
Effect of difference in foreign tax rates (theoretical rate)	32	-0,11%	-1,09%	261
Effect of tax rate changes	2 285	-7,81%	-104,50%	24 963
Other permanent differences	40	-0,14%	-9,88%	2 360
Deferred tax on "CVAE" (1)	941	-3,22%	-3,33%	795
Others	843	-2,88%	-3,60%	861
Actual income tax	**(60 085)**	**205,41%**	**163,07%**	**(38 956)**

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

Evolution of non-deductible interest is explained by the increase of the indebtedness cost of the Group (see note 8.9). As a reminder, in France, interest deductibility is limited to 75% of interest. This tax effect concerns interest costs on bank debts, bond debt and on shareholder loans.

At December 31, 2018, the changes related to depreciation or non-recognition of tax loss carried forward assets are notably linked to TDF Infrastructure SAS (€33.5m vs €30.9m as of December 31, 2017).
These deferred tax assets are not recognized, since these entities do not have strong enough forecasts demonstrating consumption of tax loss carried forward but note that a tax consolidation is actually done above TDF Infrastructure SAS level (see above).

At December 31, 2018, the permanent difference effect on disposal of entities corresponds to the disposal result of Mediamobile entities (see note 1).
At December 31, 2017, the permanent difference effect on impairment corresponds to the € 6.6 million goodwill impairment recognized on the Mediamobile and Arkena CGU.

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

At December 31, 2018, effects related to tax rate changes occurred due to the change of deferred tax basis reversing after January 1, 2019 and maturity assumptions of these basis, on which are applied the gradual decrease of the income tax rate.

9. Notes to the balance sheets: assets

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

9.1 Goodwill

At December 31, 2018, the Group goodwill breaks down by CGU or group of GGUs as follows:

In thousands euros	Dec 2017	Change in consolidation scope : acquisitions	Impairment losses	Dec 2018
TDF	**1 694 035**	1 548	-	**1 695 583**
Mediamobile	**6 084**	(6 084)	-	**-**
Total	**1 700 119**	**(4 536)**	**-**	**1 695 583**

The increase of the TDF CGU goodwill corresponds to the acquisition in March 2018 of part of Deltacom's telecom business, which is recognized as a business line purchase.
The acquired business provides services (site research, engineering studies) for the roll-out of mobile phone networks or FTTH fixed networks.

Following the disposal of Mediamobile entities on November 15, 2018, the corresponding goodwill CGU was fully deconsolidated from the Group's financial statements.

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

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

The decrease of the TDF CGU goodwill corresponds to the purchase price allocation work performed concerning the ITAS group acquisition, pursuant to IFRS 3, which led to reduce the goodwill by €45.1m as of December 31, 2017.

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

A. Impairment test at December 31, 2018

In compliance with IAS36, the Group has performed an impairment test of goodwill at 2018 closing date.

According to Group management, business plans of the various CGUs are annually revised and approved by the shareholders. To determine the recoverable amounts of each CGU used for the impairment test, the Group relied on the latest business plans approved by the shareholders on November 21, 2018.

These impairment tests did not lead to the recognition of impairment losses as of December 31, 2018.

B. Impairment test at December 31, 2017

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

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

These impairment tests led to the recognition of the following impairments at the end of 2017:

- €4.7m impairment of goodwill on the Médiamobile CGU,
- On the Arkena CGU, €1.9m of goodwill impairment and €9.9m impairment of assets (€6.4m on intangible assets and €3.5m on tangible assets).

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

Dec 2018	Recoverable value based on	Projected periods	Discounting rates (WACC)	Long term growth rates
TDF	Value in use based on discounted cash flows	10 years	7,5%	1,75%
Arkena		5 years	9,5%	1,75%
Levira		5 years	11,5%	1,75%
Médiamobile	Cash generating unit out of the scope in 2018			

Dec 2017	Recoverable value based on	Projected periods	Discounting rates (WACC)	Long term growth rates
TDF	Value in use based on discounted cash flows	10 years	7,5%	1,75%
Arkena		5 years	9,5%	1,75%
Levira		5 years	11,5%	1,75%
Médiamobile	observable fair market value indications			

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

D. Sensitivity analysis

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

At December 31, 2018, reasonable potential changes in key assumptions listed above would have no impairment impact on TDF and Levira CGUs.

At December 31, 2017, reasonable potential changes in key assumptions listed above would have no impairment impact on TDF CGU.
For the Arkena and Levira CGUs, changes in key assumptions would generate the following sensitivities on the impairment test:

In M€	**Arkena**	**Long term growth rates**		
		-50 points		+50 points
Discounting rates (WACC)	-50 points	--	--	--
		(0,8)	--	--
	+50 points	(1,6)	(0,8)	--

In M€	**Arkena**	**EBITDA margin rate**		
		-100 points		+100 points
Discounting rates (WACC)	-50 points	(1,8)	--	--
		(2,7)	--	--
	+50 points	(3,4)	(0,8)	--

In M€	**Levira**	**Long term growth rates**		
		-50 points		+50 points
Discounting rates (WACC)	-50 points	--	--	--
		--	--	--
	+50 points	(0,5)	(0,1)	--

In M€	**Levira**	**EBITDA margin rate**		
		-100 points		+100 points
Discounting rates (WACC)	-50 points	--	--	--
		(0,2)	--	--
	+50 points	(0,7)	(0,1)	--

9.2 Intangible assets

Intangible assets are analyzed below:

In thousands euros	Capitalized development expenditure & patents	Droit à louer	Backlog	Customer relationship	Others	**Total**
Gross value at December 31, 2016	**102 500**	**-**	**198 500**	**272 400**	**266 842**	**840 242**
Acquisitions	968	-	-	-	32 007	**32 975**
Disposals	(100)	-	-	-	(8 876)	**(8 976)**
Reclassifications	147	-	-	-	13 663	**13 810**
Changes in consolidation scope	-	-	14 200	52 800	-	**67 000**
Currency translation adjustments	-	-	-	-	6	**6**
Gross value at December 31, 2017	**103 515**	**-**	**212 700**	**325 200**	**303 642**	**945 057**
Acquisitions	909				69 762	**70 671**
Disposals			(198 500)		(46 165)	**(244 665)**
Reclassifications	148				3 448	**3 596**
Changes in consolidation scope					(14 075)	**(14 075)**
Currency translation adjustments					(3)	**(3)**
Gross value at December 31, 2018	**104 572**	**-**	**14 200**	**325 200**	**316 609**	**760 581**

Disposals flows of the period relate to:
- €207.2m of intangible assets, which were recognized following the constitution of the TDF Infrastructure Group in January 2007, in accordance with IFRS 3 and the goodwill allocation principles (PPA - Purchase Price Allocation). These fixed assets have since 2007 been fully amortized and have therefore been written off. They mainly concern certain backlog items as of January 2007, which were valued at €198.5m at the time,
- €37.4m of written off assets fully amortized in the Group's financial statements.

The changes in consolidation scope for the period correspond to:
- the write-off of the assets of TDF Entertainment Oy, which was liquidated during the first half of 2018. The residual value of these fixed assets being nil at the time of liquidation, the write-off is therefore neutral on the net value of intangible assets;
- the disposal of Mediamobile intangible assets following the sale of November 15, 2018. These assets mainly concerned customer relationships recognized following the constitution of Tivana France Holdings Group.

As of December 31, 2017, changes in consolidation scope correspond to the purchase price allocation performed for the ITAS group acquisition, which led to the recognition of intangible assets, which fair values determined at October 12, 2016, represent an amount of 67 million:
- €14.2m concerning the order backlog,
- €52.8m concerning customer relationships.

Order backlog and customer relationships

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

« Others »

Other intangible assets include:

- €146.9m of software (€170.3m at December 31, 2017),
- €28.8m of TDF trademark with an indefinite life (same as at December 31, 2017),
- €34.7m concerning a technology recognized during purchase price allocation (unchanged since December
- 31, 2017),
- intangible assets relating to completed or in progress roll-out of fiber optic networks in sparsely populated areas, in accordance with IFRIC 12.

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

In thousands euros	Capitalized development expenditure & patents	Droit à louer	Backlog	Customer relationship	Others	**Total**
Amortisation at December 31, 2016	**(80 015)**	**-**	**(198 500)**	**(104 742)**	**(193 511)**	**(576 768)**
Charge of the period	(4 874)	-	(3 432)	(11 532)	(17 898)	**(37 736)**
Disposals	135	-	-	-	8 878	**9 013**
Reclassifications	-	-	-	-	(7 975)	**(7 975)**
Changes in consolidation scope	-	-	-	-	-	**-**
Currency translation adjustments	-	-	-	-	(6)	**(6)**
Amortisation at December 31, 2017	**(84 754)**	**-**	**(201 932)**	**(116 274)**	**(210 512)**	**(613 472)**
Charge of the period	(4 393)		(2 841)	(10 982)	(20 031)	**(38 247)**
Disposals			198 500		46 086	**244 586**
Reclassifications					(890)	**(890)**
Changes in consolidation scope					8 311	**8 311**
Currency translation adjustments					3	**3**
Amortisation at December 31, 2018	**(89 147)**	**-**	**(6 273)**	**(127 256)**	**(177 033)**	**(399 709)**

	Capitalized development expenditure & patents	Droit à louer	Backlog	Customer relationship	Others	Total
Impairment losses at December 31, 2016	**-**	**-**	**-**	**(100 398)**	**(9 920)**	**(110 318)**
Charge of the period	-	-	-	-	(6 410)	**(6 410)**
Currency translation adjustments	-	-	-	-	(1)	**(1)**
Impairment losses at December 31, 2017	**-**	**-**	**-**	**(100 398)**	**(16 331)**	**(116 729)**
Disposals	-	-	-	-	12	**12**
Changes in consolidation scope	-	-	-	-	4 079	**4 079**
Currency translation adjustments	-	-	-	-	-	**-**
Impairment losses at December 31, 2018	**-**	**-**	**-**	**(100 398)**	**(12 240)**	**(112 638)**
Carrying amount at December 31, 2016	**22 485**	**-**	**-**	**67 260**	**63 411**	**153 156**
Carrying amount at December 31, 2017	**18 761**	**-**	**10 768**	**108 528**	**76 799**	**214 856**
Carrying amount at December 31, 2018	**15 425**	**-**	**7 927**	**97 546**	**127 336**	**248 234**

Impairment of intangible assets

Intangible asset impairment is detailed below:

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

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

The following were the main assumptions used as of December 31, 2018:

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

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

December 31, 2018

In 2018, impairment tests did not lead to the recognition of any impairment on intangible assets.

December 31, 2017

In 2017, impairment on intangible assets was impacted by impairment on assets recognized in the Arkena CGU for €6.4m following an impairment test.

9.3 Property, plant and equipment

Property, plant and equipment are summarized below:

In thousands euros	Land & buildings	Broadcasting network	Office furniture, office and computer equipment	Others	**Total**
Gross value at December 31, 2016	**602 571**	**1653 865**	**66 606**	**580 168**	**2903 210**
Acquisitions	27 811	77 681	3 788	75 305	**184 585**
Disposals	(9 337)	(32 302)	(8 034)	(22 255)	**(71 928)**
Reclassifications	3 090	5 841	126	(17 479)	**(8 422)**
Changes in consolidation scope	-	2 959	-	616	**3 575**
Currency translation adjustments	32	93	8	(72)	**61**
Gross value at December 31, 2017	**624 167**	**1708 137**	**62 494**	**616 283**	**3011 081**
Acquisitions	33 713	96 023	4 883	54 143	**188 762**
Disposals	(6 196)	(30 889)	(19 888)	(9 917)	**(66 890)**
Reclassifications	8 326	15 687	1 401	(26 143)	**(729)**
Changes in consolidation scope			(1 687)	(71)	**(1 758)**
Currency translation adjustments	(14)	(43)	(4)	(1)	**(62)**
Gross value at December 31, 2018	**659 996**	**1788 915**	**47 199**	**634 294**	**3130 404**

In thousands euros	Land & buildings	Broadcasting network	Office furniture, office and computer equipment	Others	**Total**
Amortization at Dec 31, 2016	**(244 784)**	**(895 421)**	**(59 485)**	**(332 489)**	**(1532 179)**
Charge of the period	(18 322)	(86 993)	(10 641)	(20 764)	**(136 720)**
Disposals	8 488	33 156	8 013	21 296	**70 953**
Reclassifications	(3)	(1 220)	7 574	(3 789)	**2 562**
Changes in consolidation scope	-	-	-	(678)	**(678)**
Currency translation adjustments	(29)	(74)	(8)	75	**(36)**
Amortization at Dec 31, 2017	**(254 650)**	**(950 552)**	**(54 547)**	**(336 349)**	**(1596 098)**
Charge of the period	(20 291)	(82 975)	(4 265)	(20 352)	**(127 883)**
Disposals	5 664	30 809	19 889	9 857	**66 219**
Reclassifications	944	(1 738)	(1 667)	1 798	**(663)**
Changes in consolidation scope			1 631	8	**1 639**
Currency translation adjustments	13	34	3	(4)	**46**
Amortization at Dec 31, 2018	**(268 320)**	**(1004 422)**	**(38 956)**	**(345 042)**	**(1656 740)**

	Land & buildings	Broadcasting network	Office furniture, office and computer equipment	Others	**Total**
Impairment losses at Dec 31, 2016	**(6 588)**	**(37 049)**	**(8)**	**(3 991)**	**(47 636)**
Charge of the period	(12)	-	-	(3 522)	**(3 534)**
Reclassifications	-	-	-	41	**41**
Changes in consolidation scope	-	(1 281)	-	(588)	**(1 869)**
Currency translation adjustments	-	(3)	-	(4)	**(7)**
Impairment losses at Dec 31, 2017	**(6 600)**	**(38 333)**	**(8)**	**(8 064)**	**(53 005)**
Charge of the period	9	(21)	(36)	(80)	**(128)**
Disposals				57	**57**
Reclassifications	292			124	**416**
Changes in consolidation scope			2		**2**
Currency translation adjustments		1		2	**3**
Impairment losses at Dec 31, 2018	**(6 299)**	**(38 353)**	**(42)**	**(7 961)**	**(52 655)**

	Land & buildings	Broadcasting network	Office furniture, office and computer equipment	Others	**Total**
Carrying amount at December 31, 2016	**351 199**	**721 395**	**7 113**	**243 688**	**1323 395**
Carrying amount at December 31, 2017	**362 917**	**719 252**	**7 939**	**271 870**	**1361 978**
Carrying amount at December 31, 2018	**385 377**	**746 140**	**8 201**	**281 291**	**1421 009**

Broadcasting networks comprise of pylons, antennas, transmitters, microwave links and site fixtures, satellite equipment (terrestrial stations), pre-broadcasting equipment for master control rooms.

"Other" includes especially:
- assets related to completed or in progress roll-out of fiber optic networks in sparsely populated areas, which don't meet terms of IFRIC 12 standard,
- vehicles, equipped vehicles and assets in progress.

The gross value of property, plant and equipment held under finance leases (group as lessee) and included in non-current assets amounts to €43.7m (€26.1m on December 31, 2017).
Change in this balance corresponds to capitalization, within entities dedicated to the roll-out of optical fiber networks, of certain specific fees that will be paid to local authorities to fixed assets, to companies dedicated to the deployment of fiber optic networks, to certain royalties that will be paid to local authorities. In accordance with the applicable accounting standards, these royalties are recognized as assets held under finance leases.
Other assets paid for financing include mainly DVRN towers rented to Orange and the leased vehicles.
Other assets held under finance leases mainly consist of DVRN towers rented from Orange and a car fleet.
Accumulated depreciation regarding those assets amounts to €16.6m (€16.0m on December 2017).
The Group does not lease any of its assets to third parties under finance leases (group as lessor).

December 31, 2018
Change in consolidation scope correspond to disposal of Mediamobile entities in 2018.

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

9.4 Financial assets available for sale

In thousands euros	Dec 2018	Dec 2017
Gross value at opening	**4 218**	**4 427**
Acquisitions		17
Disposals		(230)
Changes in consolidation scope	(4)	4
Gross value at closing (A)	**4 214**	**4 218**
Impairment at opening	**-**	**-**
Reversal	-	-
Impairment at closing (B)	**-**	**-**
Net carrying amount at closing	**4 214**	**4 218**

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

9.5 Inventories

	Dec 2018			Dec 2017		
In thousands euros	Gross	Depreciation	Net	Gross	Depreciation	Net
Inventories,including items in progress	14 603	(2 442)	12 161	12 038	(2 441)	9 597
Total inventories	**14 603**	**(2 442)**	**12 161**	**12 038**	**(2 441)**	**9 597**

Inventories are composed of spare parts for which use (consumption, capitalization or sale) is not specifically identifiable.

Inventories are measured at their weighted average unit purchase cost. Where the future use of an inventory item is uncertain, it is subject to an impairment adjustment, if necessary, to reduce its carrying value to its recoverable amount.
Assets that qualify as safety inventories are accounted for as property, plant and equipment.

9.6 Trade receivables and other current and non-current assets

	Dec 2018			Dec 2017		
In thousands euros	Gross	Depreciation	Net	Gross	Depreciation	Net
Trade accounts receivables	107 441	(4 416)	103 025	149 824	(6 355)	143 469
Trade receivables on disposal of assets	723		723			-
Total trade accounts receivables	**108 164**	**(4 416)**	**103 748**	**149 824**	**(6 355)**	**143 469**

Trade receivables impairment is based on the probability of bad debt occurrence.

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

	Dec 2018	Dec 2017
	Net	Net
Not yet due	89 970	106 985
Less than 3 months past due	6 331	27 708
More than 3 months and less than 1 year past due	4 945	3 991
More than one year and less than 3 years past due	1 402	1 237
More than 3 years past due	1 100	3 548
Net trade account receivables	**103 748**	**143 469**

Other current and non-current assets are as follows:

	Dec 2018			Dec 2017		
In thousands euros	Gross	Depreciation	Net	Gross	Depreciation	Net
Credit notes not yet received	691		691	675		675
Advance payment - corporate income tax	7 547		7 547	8 340		8 340
Tax and social security receivables	44 283		44 283	45 660		45 660
Prepaid expenses	3 334		3 334	4 261		4 261
Escrow account			-	9		9
Other receivables	31 238	(316)	30 922	30 091	(180)	29 911
Total other current assets	**87 093**	**(316)**	**86 777**	**89 036**	**(180)**	**88 856**
Non-current receivables	5 841	-	5 841	2 401	-	2 401
Loans, security deposit, guaranty	5 290	(320)	4 970	7 967	(320)	7 647
Total other non current assets	**11 131**	**(320)**	**10 811**	**10 368**	**(320)**	**10 048**

9.7 Cash and cash equivalents

The Group's cash is largely denominated in euros.

In thousands euros	Dec 2018	Dec 2017
Cash and cash equivalents	153 894	122 937
Bank overdrafts used for cash management purposes	(2)	(6)
Cash of continued activities	**153 892**	**122 931**

10. Notes on the balance sheet: equity and liabilities

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

10.1 Share capital and reserves

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

TDF Infrastructure Holding SAS is wholly owned by French entity Tivana France Holdings. At December 31, 2018 and 2017, Tivana France Holdings has a share capital of €9.392.243 divided into 9.392.243 shares with a nominal value of 1€ each, fully paid and divided into two categories of shares:

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

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

Consolidated reserves

Consolidated reserves are composed as follow:

A. Currency translation reserve

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

B. Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative portion of gains and losses on cash flow hedging instruments that have been deemed effective.

C. Other reserves

Other reserves include:
- a reserve for actuarial differences;
- changes in consolidation scope relating to changes in minority interests.

10.2 Financial debt

As of December 31, 2018, financial debt primarily consists of unsecured senior external debt held by bond lenders (bond debt) as well as a shareholder loan.

The Group's financial debt is summarized below:

In thousands euros	Dec 2017	Increase	Decrease	Others	Dec 2018
Bond	1384 570		-	-	1386 727
including term debt	*1400 000*			-	*1400 000*
including loan issuance costs	*(15 430)*		*2 157*	-	*(13 273)*
Bank debt	(994)				(960)
including loan issuance costs	*(994)*	*(960)*	*994*		*(960)*
including term debt	-	-		-	-
including revolving debt	-	-	-	-	-
Shareholders' debt	1063 599	-	-	-	1063 599
Finance lease debt	6 419	4 626	(2 716)	(288)	8 041
Operational investments debts	-	16 130	(310)		15 820
Other financial debts	122 250	38 940	(2 012)	(8 858)	150 320
Financial debt	**2575 844**	**58 736**	**(1 887)**	**(9 146)**	**2623 547**

In thousands of euros	Dec 2016	Increase	Decrease	Others	Dec 2017
Bond	1382 472	-	2 098	-	1384 570
including term debt	1400 000			-	*1400 000*
including loan issuance costs	(17 528)		*2 098*	-	*(15 430)*
Bank debt	(1 530)	-	536	-	(994)
including loan issuance costs	*(1 530)*		*536*	-	*(994)*
including term debt	-	-		-	-
including revolving debt	-	-	-	-	-
Shareholders' debt	1063 599	-	-	-	1063 599
Finance lease debt	6 960	2 413	(2 891)	(63)	6 419
Other financial debts	79 895	47 136	(4 281)	(500)	122 250
Financial debt	**2531 396**	**49 549**	**(4 538)**	**(563)**	**2575 844**

Bond debt

TDF Infrastructure SAS issued a bond for €600m on October 19, 2015, and a second one for €800m on April 7, 2016 (see note 5.4).
The loan issue expenses (including issue discount) disclosed as a deduction from the debt balance (according to effective interest rate IFRS method) amount to €13.3m as of December 2018 (€15.4m as of December 31, 2017).

Bank debt

At December 31, 2018, as of December 31, 2017, the Group has no bank term debt.
At December 31, 2018, following the new revolving credit facility signed on December 5, 2018:

- The remaining €1.0m of issuance costs of the former credit line were fully amortized,
- Issuance costs for the new revolving line have been activated for €1.0m.

At December 31, 2018, revolving line has not been drawn.

Shareholders loan

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

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 December 31, 2018 is of €15.8m.

Other financial debts

As of December 31, 2018, other financial debts consist mainly of:
- Current accounts with Tivana France Holdings and TDF Infrastructure Holding for a total amount of €143.3m (€109.6m as of December 31, 2017);
- A shareholder loan granted, for an amount of €5.2m, to the entity Val d'Oise Fibre by Banque des Territoires following an equity investment of 30% (see note 1).

As of December 31, 2017, other financial debts were composed of €9.4m of debt toward former shareholders of the ITAS group, with a maturity at June 2018, corresponding to unpaid purchase price on October 12, 2016 and covering liability guarantees received from former shareholders.
As of December 31, 2018, this debt is now presented in other liabilities (see note 10.7).

Financial debt (excluding accrued interest) is summarized by maturity below:

In thousands euros	Dec 2018	< 1 year	1 to 5 years	> 5 years
Bond debt	1386 727		595 669	791 058
Bank debt	(960)		(960)	
Shareholders' debt	1063 599			1063 599
Finance lease debt	8 041	2 405	5 609	27
Operational investments debts	15 820	547	3 370	11 903
Other financial debts	150 320	144 394	5 880	46
Financial debt	**2623 547**	**147 346**	**609 568**	**1866 633**

In thousands euros	Dec 2017	< 1 year	1 to 5 years	> 5 years
Bond debt	1384 570		594 611	789 959
Bank debt	(994)		(994)	
Shareholders' debt	1063 599			1063 599
Finance lease debt	6 419	2 151	4 263	5
Other financial debts	122 250	120 160	2 090	
Financial debt	**2575 844**	**122 311**	**599 970**	**1853 563**

As of December 31, 2018:
- Shareholder debt of €1 063.6 bears 7.7% fixed rate interest and has a maturity of March 20, 2030;
- the first bond debt, issued on October 19, 2015, for €600m (excluding loan issuance costs) has a fixed coupon of 2.875% and a maturity on October 19, 2022;
- the second bond debt, issued on April 7, 2016, for €800m (excluding loan issuance costs), has a fixed coupon of 2.50% and a maturity on April 7, 2026.

10.3 Characteristics of derivative instruments

At December 31, 2018 (as at December 31, 2017) no derivative instruments are in place.

10.4 Employee benefits

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

Post-employment benefit plans

Defined benefit plans are subject to actuarial measurement using the projected unit credit method. Under the projected unit credit method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to calculate a liability, which is then discounted.

These actuarial calculations include demographic assumptions (retirement date, rate of increase in salaries, rate of employee turnover) and financial assumptions (discount rate, rate of inflation) defined at the level of each entity considering the local macroeconomic environment.

All actuarial gains and losses are recognized in other comprehensive income.

Termination benefits

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

Short-term employee benefits

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

Share-based payments

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

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

A. Post-employment benefits

The amounts shown in the balance sheet which relate to the provision of retirement indemnities are as follows:

In thousands euros	**Dec 2018**	**Dec 2017**
Present value of the defined benefit obligation	40 486	40 468
Fair value of plan assets	(14 606)	(16 959)
Provision recognised for defined benefit obligations	**25 880**	**23 509**

The maturity profile of the expected discounted cash flows on these provisions is as follows:

In thousand euro	**Dec 2018**	**A moins d'1 an**	**de 1 à 5 ans**	**> 5 ans**
France	25 873	-	-	25 873
Others	7			7
Provision recognised for defined benefit obligations	**25 880**	**-**	**-**	**25 880**

The main employee benefit plans concern retirement benefits in France.

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

TDF SAS, which represents 87% of the benefit obligations in France as of December 31, 2018, applies an adapted agreement of the National Telecommunication Collective Agreement. The retirement benefit paid out depends on employee's length of service and last salary prior to retirement:

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

Arkena SAS, represents 9.6% of benefit obligations in France as of December 31, 2018 applies a specific company agreement. The retirement benefit is based on the employee length of service:

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

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

In thousands euros	Dec 2018	Dec 2017
Present value of the defined benefit obligation at opening	40 467	39 888
Service cost	1 943	1 741
Delivered services	(2 868)	(2 511)
Discounting (interest cost)	501	500
Actuarial gains and losses recognised in the statement of comprehensive income	813	851
Changes in consolidation scope	(373)	-
Others	(2)	(2)
Present value of the defined benefit obligation at closing	**40 481**	**40 467**

	Dec 2018	Dec 2017
Fair value of plan assets at opening	16 958	19 141
Contribution paid into the plan	-	-
Benefits paid	(2 860)	(2 511)
Expected return on plan assets	491	312
Actuarial gains and losses (by net equity)	12	16
Changes in consolidation scope	-	-
Fair value of plan assets at closing	**14 601**	**16 958**

In thousands euros	Dec 2018	Dec 2017
Personnel costs (service cost)	(1 935)	(1 741)
Discounting (interest cost)	(501)	(500)
Expected return on plan assets	491	312
Others (restructuring provision, others...)	2	2
Expense in the year	**(1 943)**	**(1 927)**

Actuarial gains (losses) recognized in other comprehensive income before tax are as follows:

In thousands euros	Dec 2018	Dec 2017
Cumulative amount at opening	8 919	8 115
Experience adjustment arising on plan liabilities	2 333	543
Experience adjustment arising on plan assets	(16)	(16)
Adjustement from changes in assumptions	(1 520)	277
Cumulative amount at closing date	**9 716**	**8 919**

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

	Dec 2018	Dec 2017
Discount rate	1,60%	1,20%
Expected rates of salary increases	1,00% - 2,00%	1,00% - 2,00%
Expected rate of return on plan assets	1,00% - 1,51%	1,00% - 1,51%

The sensitivity of actuarial calculations to the discount rate and the expected rate of return on plan assets at December 31, 2018 is presented below:

		In M€
Discount Rate	-0,5 pt	28,5
		25,9
	+0,5 pt	24,4

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

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

The underlying assets of employee benefit plans in France amount to €14.6m as of December 31, 2018 (€17.0m as of December 31, 2017), and correspond to a group insurance contract with a private insurer. The average expected return is the same as the insurer's return on its "Actif Général Retraite" (General Retirement Asset).

B. Share-based plan

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

- This plan relates to the 138 000 preference shares of the company Tivana France Holdings, which have been issued and granted in 2017;
- These preference shares have no voting right, no dividend right, but have a liquidation bonus calculated by comparison between the Group's value (based on its value in use, or on its purchase price in case of a disposal of the Group) and a minimum expected return;
- This plan is qualified as equity settled based on the meaning under IFRS 2, notably because the liquidity clauses on these shares are assumed by Tivana Midco S.à.r.l., an indirect shareholder of the Group (see note 10.1);
- Beneficiaries acquire the right to dispose of their shares gradually from December 12, 2016 to March 31, 2025 ("vesting period"), by tranche at each anniversary date, as long as they are still working for the Group;
- The fair value of this plan is estimated at €3.2m; in compliance with IFRS 2, this fair value will be recognized as expense in the profit & loss over the vesting period, on a nonlinear basis. The IFRS 2 expense recognized in 2018 is €0.6m, (€1.4m in 2017).

10.5 Provisions

In thousands euros	Dec 2017	Provisions additions	Provisions utilisations	Provisions unused	Discounting	Currency translation	Others	Dec 2018
Prov. for post-employment benefits (pension, retirement benefit)	23 509	1 950	(8)		9	(1)	421	25 880
Prov. for employee-related measures	28 522	1 775	(12 478)	(41)	304			18 082
Provision for claims and disputes	3 215	256	(443)	(651)				2 377
Provision for dismantling, decommissioning and restoring sites	45 895		(573)	(298)	411		247	45 682
Prov for bringing into compliance of sites	4 098		(333)					3 765
Provision on onerous contract	-							-
Other provisions	7 666	1 784	(1 705)	(2 518)			(184)	5 043
Total provisions	**112 905**	**5 765**	**(15 540)**	**(3 508)**	**724**	**(1)**	**484**	**100 829**
Presented as current	**32 160**							**25 780**
Presented as non-current	**80 745**							**75 049**

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

A provision is recognized when:

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

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

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

Employee-related measures

In the 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. The provision amounted to €28.3m at December 31, 2017. 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 €1.8m was recognized during the period (see note 8.8). After utilization of this period, the provision amounts to €18.1m as of December 31, 2018.

Claims and disputes, other provisions

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

Provisions for dismantling, decommissioning and restoring sites

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

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

10.6 Deferred taxes

Deferred taxes recognized in the balance sheet are detailed below:

In thousands euros	Dec 2018	Dec 2017
Deferred tax assets	63	260
Deferred tax liabilities	244 110	249 661
Net position - liability	**244 047**	**249 401**

The tax rates applicable for Group entities are as follows: 33.33% to 34.43% for French entities, 19% for Poland and 25% for Spain. Deferred tax positions have been netted by tax jurisdiction.

As disclosed in note 8.10, the new French tax law of December 30, 2017 decided on a gradual decrease of the income tax rate. As notably concerns the main French entities of the Group, a gradual decrease between January 1, 2019 and January 1, 2022 will be applied, changing the rate of 34.43% to a rate of 25.83%.
Deferred taxes basis reversing after January 1, 2019 have been evaluated with this gradual decrease of the rate.

Breakdown by type of deferred taxes is as follows:

In thousands euros	Dec 2018	Variation	Dec 2017
Tax losses to carry forward	(2 320)	2 354	(4 674)
Intangible fixed assets	(45 904)	1 831	(47 735)
Tangible fixed assets	(50 849)	5 780	(56 629)
Financial assets		-	
Inventories	831	203	628
Trade receivables	1 008	530	478
Other receivables	1 836	(990)	2 826
Tax provisions	(175 782)	(5 786)	(169 996)
Provisions	15 959	(3 495)	19 454
Financial debt	4 334	4 045	289
Trade payables	(39)	(914)	875
Other payables	6 879	1 796	5 083
Deferred tax assets (liabilities)	**(244 047)**	**5 354**	**(249 401)**

Unrecognized or impaired material deferred tax assets on tax losses carried forward as of December 31, 2018 concern:

- Tax losses carried forward of TDF Infrastructure SAS and Arkena SAS (included in the tax consolidation group of Tivana France Holdings, indirect shareholder of the Group, see the note 8.10) representing €529.9m of deferred tax assets at 25,83% (€503.1m at 25,83% as of December 31, 2017);
- Other entities: €3.6m of unrecognized deferred tax assets.

10.7 Other current and non-current liabilities

Other liabilities are summarized below:

In thousands euros	Dec 2018	Dec 2017
Trade payables	87 965	101 716
Trade payables on fixed assets aquisitions	51 086	62 871
Corporate income tax liabilities	8 257	8 186
Tax and social liabilities	96 772	102 527
Other current liabilities	89 512	77 005
Current liabilities	**333 592**	**352 304**
Other non-current liabilities	**25 439**	**24 644**
Total liabilities	**359 031**	**376 948**

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 €85.1m (€76.9m as of December 31, 2017) of which €19.7m is maturing after one year (€18.2m after December 31, 2017).

As of December 31, 2018, current liabilities include acquisition debt (previously disclosed in financial debts as of December 31, 2017, see note 10.2) of €8.9m toward former shareholders of the ITAS group, corresponding to unpaid purchase price on October 12, 2016 and covering liability guarantees received from former shareholders.
See note 15.3.

11. Summary of financial assets and liabilities

In thousands euros	December 2018		December 2017	
	Book value	Fair value	Book value	Fair value
Available for sale financial assets	4 214	4 214	4 218	4 218
Assets held for sale - IFRS 5	-	-	-	-
Financial assets at fair value through P&L	-	-	-	-
Interest rate swaps used for hedging	-	-	-	-
Forward exchange contracts used for hedging	-	-	-	-
Assets carried at fair value	**4 214**	**4 214**	**4 218**	**4 218**
Loans and receivables	201 336	-	242 373	242 373
Cash and cash equivalents	153 894	153 894	122 937	122 937
Assets carried at amortised cost	**355 230**	**153 894**	**365 310**	**365 310**
Liabilities held for sale - IFRS 5	-	-	-	-
Interest rate swap for hedging purposes	-	-	-	-
Forward exchange contracts for hedging purposes	-	-	-	-
Liabilities carried at fair value	**-**	**-**	**-**	**-**
Financial debt	2 615 506	2 615 506	2 569 425	2 569 425
Financial lease obligations	8 041	8 041	6 419	6 419
Trade payable and other liabilities	359 031	359 031	376 948	376 948
Bank overdrafts	2	2	6	6
Accrued interest on financial debt and current accounts	318 256	318 256	218 093	218 093
Liabilities carried at amortised cost	**3 300 836**	**3 300 836**	**3 170 891**	**3 170 891**

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

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

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

	December 2018				December 2017			
In thousands euros	*Level 1*	*Level 2*	*Level 3*	Total	*Level 1*	*Level 2*	*Level 3*	Total
Available for sale financial assets	-	-	4 214	4 214	-	-	4 218	4 218
Net assets held for sale - IFRS 5	-	-			-	-	-	-
Financial assets at fair value through P&L	-	-			-	-	-	-
Derivative financial assets	-	-	-	-	-	-	-	-
	-	-	4 214	**4 214**	-	-	4 218	**4 218**
Derivative financial liabilities	-	-	-	**-**	-	-	-	**-**
	-	**-**	**4 214**	**4 214**	**-**	**-**	**4 218**	**4 218**

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

12. Cash flow

General comments:

- cash flows of Mediamobile remain included in net cash from operating activities, and net cash used in financing or investing activities for all the periods disclosed until their disposal date (November 15, 2018 – see note 7.2).

12.1 Cash generated from operating activities before changes in working capital

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

12.2 Changes in working capital

In thousands euros	Dec 2018	Dec 2017
Changes in inventories	(2 565)	298
Changes in trade receivables	33 297	(14 813)
Changes in trade payables	(12 023)	13 870
Changes in prepaid income	6 379	6 717
Changes in other working capital	(16 962)	(10 213)
Changes in working capital	**8 126**	**(4 141)**

12.3 Net cash used in investing activities

At December 31, 2018, the line « Acquisition of controlling interests, net of cash & cash equivalents acquired » of €3.4 million mainly corresponds to:

- The acquisition of part of Deltacom's telecom business for €1.5 million;
- A payment of the ITAS Group acquisition debt for €0.6 million;
- Expenses incurred on unrealized or outstanding acquisitions projects as of December 31, 2018.

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

As of December 31, 2018, the line "Net proceeds from disposals of subsidiaries formerly controlled" for €2.2m mainly corresponds to the disposal of the Mediamobile entities.

At December 31, 2018, as at December 31, 2017, "change in other financial assets" essentially corresponds to deposits paid or recovered for patents as well as change in loans and advances granted in relation to network deployments.

12.4 Net cash used in financing activities

As of December 31, 2018,
- Dividends paid to non-controlling interests mainly correspond to dividends paid by Mediamobile, before its sale, to its minority shareholders;
- Drawdowns and repayment of debts are principally composed of:
    - Current account net proceeds with Tivana France Holdings and TDF Infrastructure Holding (direct and indirect shareholder of the Group) for €33.7m,
    - €5.2m drawdown related to a shareholder loan granted to an entity of the Group, following a 30% equity investment from Banque des Territoires in the subsidiary Val d'Oise Fibre,
    - €(2.7)m finance lease installments paid;
- The line « Changes of interest in controlled entities » of €5.4m corresponds to an equity investment from Banque des Territoires in Fiber entities.

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

At December 31, 2018 as at December 31, 2017, the line « Financial interests » mainly correspond to the €37,3m payment related to the fixed-rate bond debt of the Group (see note 5.4).

Concerning the table of changes in financial liabilities disclosed in note 10.2:
- In the 2018 financial year:
    - Change in issuance bond costs activated (€2.2m) and the increase in finance lease debts (€4.6m) have no cash impact,
    - Increase of operational investments debts (€16.1m) has no cash impact, the counterpart being the recognition of a fixed asset,
    - Decreases in other financial debts correspond for -€0,6m to payments on ITAS acquisition debts, disclosed as net cash used in investing activities (see note 12.3),
    - Thus, after restatement of these items, changes in financial debts disclosed in note 10.2 represent a net cash impact of +€34.5m.
- In the 2017 financial year:
    - amortization of bond issuance costs for -€2.6m and the increase in finance lease debts (€2.4m) have no cash impact,
    - Decreases in other financial debts correspond for -€3.1m to payments on ADVALEM and ITAS acquisition debts, disclosed as net cash used in investing activities,
    - Thus, after restatement of these items, changes in financial debts disclosed in note 10.2 represent a net cash impact of +€43.1m;

13. Workforce

Total Group headcount is as follows:

	Dec 2018	Dec 2017
France	2 240	2 206
International	152	162
Total workforce at closing	**2 392**	**2 368**

14. Auditor's fees

In thousand of euros	Ernst & Young		FINEXSI and others		TOTAL	
	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017
Audit	414	375	138	138	552	513
Other services	25	20	-	-	25	20
TOTAL	**439**	**395**	**138**	**138**	**577**	**533**

15. Contingent liabilities and off-balance sheet commitments

15.1 Contingent liabilities (assets)

Contingent liabilities relate to:

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

Contingent liabilities as of December 31, 2018

In June 2018, the French Competition Authority initiated a procedure against the Group. The Group contests the alleged facts and considers this procedure ungrounded.

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.

15.2 Firm commitments

A. Operating lease commitments – Group as lessee

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

In thousands euros	Dec 2018	Dec 2017	Dec 2017 Restated (*)
At less than 1 year	27 164	17 227	20 276
From 1 to 5 years	55 608	16 668	20 045
More than 5 years	87 133	7 170	43 004
Total	**169 905**	**41 065**	**83 325**

Amounts disclosed above are not discounted.

The change in non-cancellable operating leases commitments between December 2017 and December 2018 is mainly related to:

- The signing of new leases and agreements for the occupation of public property:
  - representing a net global increase of non-cancellable commitments of €86.6m (out of which €44.1m relate to maturities of more than 5 years),

    - this increase is mainly due to the renewal of the agreement for the occupation of the Eiffel Tower for a 10-year period (firm), i.e. until March 1st, 2029, following the decisions of the Council of the City of Paris published early July 2018;
- The reclassification of some contracts:
    - Representing a global amount of €39.3m at December 31, 2018 (out of which €34.8m relate to maturities of more than 5 years),
    - formerly disclosed firm purchase commitments (see below), and which are in substance analyzed as lease contracts following analysis performed in the frame of IFRS 16 standard work (see the note 4.1),
    - the column « Dec 2017 restated (*) » discloses Dec 2017 figures after reclassification of these contracts.

At December 31, 2018, these leases are:

- ***Commercial leases***

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

The main features of these leases are:
- Premises located at 155 bis, Avenue Pierre Brossolette (Montrouge, new head office): effective date of lease: February 1, 2017; lease for 9 years from February 1, 2017 to January 31, 2026,
- Premises located at 15 rue Cognacq-Jay, Paris: 9 years (possible exit after 3 years); maturity of lease on 12/31/2026; rent is indexed to the French INSEE index.

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

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

Usually, these agreements are concluded with local authorities:
- As a rule, these agreements run for 12 years,
- These agreements are renewable for the same term, whether or not by tacit agreement,
- Under these agreements, the land must be returned in its initial condition unless the parties agree otherwise.

In continental France, there are 691 such agreements in force as at December 31, 2018.

- ***Sites leases***

These leases signed with private landlords (individuals, associations or companies), or local authorities (if lands are part of the private domain of communities) concern lands on which broadcasting infrastructures are installed (pylons, towers, building and related installations), as well as lands for the construction of pylons.
In continental France, there are 5144 such sites as of December 31, 2018.

The comparison between the above lease commitments and the lease liability determined at the date of initial application of IFRS 16 (see note 4.1) is explained by the following differences:
- 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.

B. Firm purchase commitments

Firm purchase commitments made by the Group are as follows:

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**

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

In thousands euros	**Dec 2017 Restated (*)**	**< 1 year**	**1 to 5 years**	**> 5 years**
Commitment of capex	66 736	51 550		15 186
Commitment others	36 140	23 536		10 010
Total	**102 876**	**75 086**	**-**	**25 196**

Changes in purchase commitments between December 2017 and December 2018 is notably due to:

- the reclassification of some contracts:
  - Representing a global amount of €39.3m at December 31, 2018 (out of which €34.8m relates to maturities of more than 5 years),
  - formerly disclosed as firm purchase commitments, and which are in substance analyzed as lease contracts (see paragraph A above) following analysis performed in the frame of IFRS 16 standard work (see the note 4.1),
  - the table « Dec 2017 restated (*) » discloses Dec 2017 figures after reclassification of these contracts.
- Commitments taken in the frame of the development of the optical fiber activity (see note 1).

C. Firm commitments to provide services

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

In thousands euros	**Dec 2018 Actual**	**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	1832 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**	**1855 157**	**267 090**	**952 197**	**635 870**
Fiber (FTTH)	3 918	5 716	912	836	3 968
Media Services	46 219	40 971	17 841	21 319	1 811
Others	14 584	674	557	117	
Total revenue / future contractual revenue	**671 884**	**2558 446**	**534 743**	**1365 746**	**657 957**

In thousands euros	Dec 2017 Actual	Projection	< 1 year	1 to 5 years	> 5 years
Digital Television	174 043	471 061	163 229	301 902	5 930
Radio	115 160	258 385	98 271	144 892	15 222
Total Broadcasting Services	**289 203**	**729 446**	**261 500**	**446 794**	**21 152**
Telecom: site hosting	289 990	1945 454	252 489	932 761	760 204
Telecom: other services	28 932	22 939	6 126	9 454	7 359
Total Telecoms & Services	**318 922**	**1968 393**	**258 615**	**942 215**	**767 563**
Media Services	48 964	33 863	21 316	12 545	2
Others	19 696	888	437	451	
Total revenue / future contractual revenue	**676 785**	**2732 590**	**541 868**	**1402 005**	**788 717**

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

15.3 Contingent commitments

Guarantees given

The Group has given guarantees totaling €77.8m as of December 31, 2018 (€21.4m at December 31, 2017), of which:

- €9.3m (as of December 31, 2017) relates to a bank guarantee given related to the unpaid part of the ITAS group purchase price, with a maturity at June 2018 (see note 10.7)
- €52.7m of a build guarantee issued in connection with the deployment of an optical fiber network in low populated areas (see note 1), against €2.5m as of December 31, 2017.
- €14.0m of guaranties for exploitation issued in connection with the operation of the fiber optical network in sparsely populated areas.

At December 31, 2018, bank guarantees of €3.6m for the benefit of Synérail Construction in conjunction with the subcontracting agreement for the design and construction of the GSM-R for RFF (that also covers subcontracting commitments given by TDF SAS) expired.

Guarantees received

The Group has received bank guarantees amounting to €1.6m (€2.5m at December 31, 2017).

Acquisition of ITAS group

Concerning the ITAS group acquisition, TDF Infrastructure SAS received from sellers certain customary guarantees, with a maximum amount of €12.5m and a maturity of June 2018, which are subject to a holdback payment mechanism on the group purchase price (see note 10.7).

Disposal of Arkena Nordics entities

As part of the deal concluded on July 7, 2016, the Group gave guarantees to the buyer, amounting to a maximum benefit of SEK30m, that is €3.2m. These guarantees expired between 2017 and April 2018.

Disposal of Mediamobile

Disposal of the Mediamobile France and Mediamobile Nordic entities was completed on November 15, 2018 and is effective as of that date.
As part of the disposal contract, the Group gave guarantees to the buyer, for a maximum amount of compensation of €1.5m. These guarantees expire if no claim for compensation has been made by the buyer before November 15, 2021, except for tax matters, for which limitation corresponds to 60 days after the legal limitation for a fiscal audit.

Guarantees given concerning optical fiber PIN under Public Service Delegation

As part of the deployment of the Val d'Oise, Val de Loire and Maine-et-Loire PIN (see note 1), the Group signed Public Service Delegation contracts. These contracts for the construction and operation of the network last until 2042 and 2043.
The Group is committed to deploy networks with specific deadlines, and to remain compliant with the investment amounts planned in the business plan.

Guarantees given concerning AMEI Yvelines optical fiber network

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

16. Shares in associates

Since April 26, 2016, Monaco Media Diffusion (ex MCR) is accounted for under the equity method, and is not consolidated, after loss of control of this entity.

In thousands euros	Dec 2018 (12 months)	Dec 2017 (12 months)
Revenue	**4 457**	**4 678**
EBITDA	**2 277**	**2 382**
OPERATING INCOME	**1 959**	**2 161**
Financial income and expenses	(70)	(11)
Income tax	(573)	(729)
NET INCOME	**1 360**	**1 421**

17. Related party disclosures

17.1 Control

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

17.2 Compensation of key management personnel

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

In thousands euros	Dec 2018 (12 months)	Dec 2017 (12 months)
Employee benefits, including termination payments	(1 779)	(2 215)
Post-employment benefits	-	-
Share-based payments	(317)	(804)
Total expense	**(2 096)**	**(3 019)**
Provision for retirement indemnities	-	-
Debt related to equity instruments	-	-
Acquisition of equity instruments (cash out)	-	-
Cash outflows and liabilities	**-**	**-**

Concerning the share-based plan implemented on December 12, 2016 (see note 10.4), the part which relates to key management personnel is €1.8m in excess of the fair value of the plan, which €0.3m have been recognized as expense in 2018 (against €0.8 in 2017).

17.3 Transactions with related parties

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

1. Companies owned directly or indirectly by TDF Infrastructure Holding SAS,
2. Companies owned directly or indirectly by Tivana France Holdings 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 (see also previous note).

The main transactions with related parties were as follows:

- Interest charges invoiced to the Group by Tivana France Holdings amounting over the period €100.1m and related to the shareholder loan of €1 063.6m; accrued interests on this loan are of €300.0m at the end of the period (€199.8m as of December 31, 2017), and are disclosed as current liabilities by prudence (see also the note 5.3);
- net receipts of €33.7m from shareholders current accounts (with Tivana France Holdings and TDF Infrastructure Holding), see also the note 10.2;
- €0.2m of income and €4.5m of expenses recognized by the Group over the period related to the management fees agreement with Tivana France Holdings;

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

17.4 Transactions with associates and jointly controlled entities

In March 2010, the Group took a 10% equity stake in Synérail, a company holding the RFF partnership contract to roll out GSM – Rail.

18. 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. At the date of approval of the accounts by the Chairman of TDF Infrastructure, the global risk to generate a loss on these disposal projects does not exceed €10m.

19. Consolidation scope

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

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

Liste des sociétés consolidées	Countries	CGU	Share capital in € thousands	% Interests Dec 2018	% Interests Dec 2017	Observation
Intégration globale						
TDF Infrastructure SAS	**France**		**300 000**	**100,00%**	**100,00%**	
TDF SAS	France	TDF	166 957	100,00%	100,00%	
TDF Entertainment Oy	Finlande	TDF			100,00%	Liquidated since March 31, 2018
DFI BV	Pays-Bas	TDF			100,00%	Liquidated since December 20, 2018
AD Valem Technologies	France	TDF	1 294	100,00%	100,00%	
TDF Fibre	France	TDF	8 650	100,00%	100,00%	
Dédale Financement	France	TDF			100,00%	Entity created on June 2016 and merged in TDF Infrastructure on June 30, 2017
Belvédère	France	TDF	331	70,00%	70,00%	
ITAS (Anet)	France	TDF	14 616	100,00%	100,00%	
ITAS Tim	France	TDF	11 690	100,00%	100,00%	
One Cast	France	TDF			100,00%	Entity merged in ITAS TIM on June 30, 2018
SIT	France	TDF	894	100,00%	100,00%	
ITAS Sud Ouest	France	TDF	100	100,00%	100,00%	Entity created on April 2017
ITAS Pylones (ex Sud Ouest)	France	TDF	500	100,00%	100,00%	
ITEA	France	TDF	225	100,00%	100,00%	
ITAS Méditerranée	France	TDF	355	100,00%	100,00%	
Tim Congo	Congo	TDF	15	100,00%	100,00%	
Tim Acquisition	France	TDF			100,00%	Entity merged in ITAS on June 30, 2017
Tim Power	France	TDF			100,00%	Entity merged in ITAS TIM on December 31, 2017
Val d'Oise Fibre	France	TDF	10 000	70,00%	100,00%	Entity created on March 2017 ; owned at 70% since February 2018
Yvelines Fibre	France	TDF	3 150	100,00%	100,00%	Entity created on July 2017
Anjou Fibre	France	TDF	1 429	70,00%		Entity created on February 2018 ; owned at 70% since November 2018
Val de Loire Fibre	France	TDF	6 429	70,00%	100,00%	Entity created on December 2017 ; owned at 70% since July 2018
Arkena SAS (ex - Cognacq Jay)	France	Arkena	9 666	100,00%	100,00%	
Smartjog France	France	Arkena				Merged in Arkena SAS in March 2017
Arkena Inc (ex - Smartjog USA)	USA	Arkena	1 965	100,00%	100,00%	
Bebanjo	Espagne	Arkena	8	100,00%	100,00%	
Arkena Sp.zoo (ex PSN)	Pologne	Arkena	985	100,00%	100,00%	
Médiamobile	France	Média-mobile			71,19%	Entities disposed on November 15, 2018
Mediamobile Nordic	Finlande	Média-mobile			71,19%	
Levira	Estonie	Levira	9 587	49,00%	49,00%	
Talinna Teletorn Foundation	Estonie	Levira	13	49,00%	49,00%	
Levira Central Europe	Estonie	Levira	5	49,00%	49,00%	
Mise en équivalence						
Monaco Media Diffusion (ex- MCR)	Monaco	TDF	549	49,00%	49,00%	