RTL GROUP

Annual report
for the year ended 31 December 2016

INDEX

DIRECTORS' REPORT,

MANAGEMENT RESPONSIBILITY STATEMENT,

AUDIT REPORT AND

CONSOLIDATED FINANCIAL STATEMENTS

Director's report transmitted in a separate file

MANAGEMENT RESPONSIBILITY STATEMENT

We, Anke Schäferkordt and Guillaume de Posch, Chief Executive Officers and Elmar Heggen, Chief Financial Officer, confirm, to the best of our knowledge, that these 2016 consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of RTL Group and the undertakings included in the consolidation taken as a whole, and that the Directors' report includes a fair review of the development and performance of the business and the position of RTL Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 8 March 2017

Anke Schäferkordt and **Guillaume de Posch**
Chief Executive Officers

Elmar Heggen
Chief Financial Officer

Audit report

To the Shareholders of
RTL Group S.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of RTL Group S.A. and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information as set out on pages XXX to XXX.

Board of Directors’ responsibility for the consolidated financial statements

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

Responsibility of the “Réviseur d’entreprises agréé”

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier”. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the “Réviseur d’entreprises agréé” including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the “Réviseur d’entreprises agréé” considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements set out on pages XXX to XXX give a true and fair view of the consolidated financial position of the Group as of 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report and the Corporate Governance Statement but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard

Other matter

The Corporate Governance Statement includes information required by Article 68bis paragraph (1) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Report on other legal and regulatory requirements

The Director's report, is consistent with the consolidated financial statements and has been prepared in accordance with the applicable legal requirements.

The information required by Article 68bis paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended and included in the Corporate Governance Statement is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 8 March 2017

Gilles Vanderweyen

Magalie Cormier

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December

In € million	Notes	2016	2015
Revenue	5.,7.1.	**6 237**	6 029
Other operating income	7.2.	**111**	55
Consumption of current programme rights		**(2 070)**	(2 015)
Depreciation, amortisation, impairment and valuation allowance		**(215)**	(199)
Other operating expenses	7.3.	**(2 924)**	(2 750)
Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		**(15)**	(6)
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7.4.	**6**	4
Profit from operating activities		**1 130**	1 118
Share of results of investments accounted for using the equity method	8.4.	**67**	57
Earnings before interest and taxes ("EBIT")	3.	**1 197**	1 175
Interest income	7.5.	**6**	6
Interest expense	7.5.	**(27)**	(31)
Financial results other than interest	7.6.	**3**	13
Profit before taxes		**1 179**	1 163
Income tax expense	7.7.	**(363)**	(300)
Profit for the year		**816**	863
Attributable to:			
RTL Group shareholders		**720**	789
Non-controlling interests		**96**	74
Profit for the year		**816**	863

EBITA	3.	**1 205**	1 167
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries		**(15)**	(6)
Re-measurement of earn-out arrangements		**1**	10
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7.4.	**6**	4
Earnings before interest and taxes ("EBIT")	3.	**1 197**	1 175

EBITDA	3.	**1 411**	1 360
Depreciation, amortisation and impairment		**(221)**	(199)
Re-measurement of earn-out arrangements		**1**	10
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	7.4.	**6**	4
Earnings before interest and taxes ("EBIT")	3.	**1 197**	1 175

Earnings per share (in €)			
- Basic	7.8.	**4.69**	5.14
- Diluted	7.8.	**4.69**	5.14

The accompanying notes form an integral part of these consolidated financial statements.

RTL GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December

In € million	Notes	2016	2015
Profit for the year		**816**	863
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Re-measurement of post-employment benefit obligations	8.14.	**(11)**	9
Income tax	7.7.	**3**	(2)
		(8)	7
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**33**	34
Effective portion of changes in fair value of cash flow hedges	8.15.4.	**39**	36
Income tax	7.7.	**(12)**	(12)
		27	24
Change in fair value of cash flow hedges transferred to profit or loss	8.15.4.	**(34)**	(28)
Income tax	7.7.	**11**	9
		(23)	(19)
Fair value gains/(losses) on available-for-sale financial assets	8.15.5.	**2**	(5)
Income tax	7.7.	**-**	1
		2	(4)
		39	35
Other comprehensive income/(loss) for the year, net of income tax		**31**	42
Total comprehensive income for the year		**847**	905
Attributable to:			
RTL Group shareholders		**751**	829
Non-controlling interests		**96**	76
Total comprehensive income for the year		**847**	905

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In € million	Notes	31 December 2016	31 December 2015
Non-current assets			
Programme and other rights	8.1.	**100**	85
Goodwill	8.1., 8.2.	**3 039**	2 959
Other intangible assets	8.1.	**225**	215
Property, plant and equipment	8.3.	**290**	352
Investments accounted for using the equity method	8.4.	**427**	400
Loans and other financial assets	8.5., 8.8.	**167**	207
Deferred tax assets	8.6.	**317**	370
		4 565	4 588
Current assets			
Programme rights	8.7.	**1 160**	1 093
Other inventories		**15**	19
Income tax receivable		**19**	34
Accounts receivable and other financial assets	8.8.	**2 025**	2 014
Cash and cash equivalents	8.9.	**433**	449
		3 652	3 609
Assets classified as held for sale	8.10.	**83**	-
Current liabilities			
Loans and bank overdrafts	8.11.	**493**	605
Income tax payable		**52**	45
Accounts payable	8.12.	**2 842**	2 742
Provisions	8.13.	**145**	132
		3 532	3 524
Net current assets		**203**	85
Non-current liabilities			
Loans	8.11.	**517**	524
Accounts payable	8.12.	**405**	443
Provisions	8.13.	**249**	235
Deferred tax liabilities	8.6.	**45**	62
		1 216	1 264
Net assets		**3 552**	3 409
Equity attributable to RTL Group shareholders		**3 077**	2 954
Equity attributable to non-controlling interests		**475**	455
Equity	8.15.	**3 552**	3 409

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In € million	Notes	Share capital	Treasury shares	Currency translation reserve	Hedging reserve	Revaluation reserve	Reserves and retained earnings	Equity attributable to RTL Group shareholders	Equity attributable to non-controlling interests	Total equity
Balance at 1 January 2015		**192**	**(45)**	**(149)**	**42**	**77**	**2 711**	**2 828**	**447**	**3 275**
Total comprehensive income:										
Profit for the year		-	-	-	-	-	789	789	74	**863**
Foreign currency translation differences	8.15.3.	-	-	32	-	-	-	32	2	**34**
Effective portion of changes in fair value of cash flow hedges, net of tax	8.15.4.	-	-	-	25	-	-	25	(1)	**24**
Change in fair value of cash flow hedges transferred to profit or loss, net of tax	8.15.4.	-	-	-	(19)	-	-	(19)	-	**(19)**
Fair value gains/(losses) on available-for-sale financial assets, net of tax	8.15.5.	-	-	-	-	(4)	-	(4)	-	**(4)**
Re-measurement of post-employment benefit obligations, net of tax		-	-	-	-	-	6	6	1	**7**
		-	-	32	6	(4)	795	829	76	**905**
Capital transactions with owners:										
Dividends	8.15.6.	-	-	-	-	-	(691)	(691)	(75)	**(766)**
Equity-settled transactions, net of tax	8.15.7.	-	-	-	-	-	5	5	4	**9**
(Acquisition)/disposal of treasury shares	8.15.2	-	(2)	-	-	-	-	(2)	-	**(2)**
Transactions on non-controlling interests without a change in control	8.15.8.	-	-	-	-	-	(5)	(5)	2	**(3)**
Transactions on non-controlling interests with a change in control	8.15.8.	-	-	-	-	-	(7)	(7)	4	**(3)**
Derivatives on equity instruments	8.15.9.	-	-	-	-	-	(3)	(3)	(3)	**(6)**
		-	(2)	-	-	-	(701)	(703)	(68)	**(771)**
Balance at 31 December 2015		**192**	**(47)**	**(117)**	**48**	**73**	**2 805**	**2 954**	**455**	**3 409**
Total comprehensive income:										
Profit for the year		-	-	-	-	-	720	720	96	**816**
Foreign currency translation differences	8.15.3.	-	-	33	-	-	-	33	-	**33**
Effective portion of changes in fair value of cash flow hedges, net of tax	8.15.4.	-	-	-	27	-	-	27	-	**27**
Change in fair value of cash flow hedges transferred to profit and loss, net of tax	8.15.4.	-	-	-	(23)	-	-	(23)	-	**(23)**
Fair value gains/(losses) on available-for-sale financial assets, net of tax	8.15.5.	-	-	-	-	2	-	2	-	**2**
Re-measurement of post-employment benefit obligations, net of tax		-	-	-	-	-	(8)	(8)	-	**(8)**
		-	-	33	4	2	712	751	96	**847**
Capital transactions with owners:										
Dividends	8.15.6.	-	-	-	-	-	(614)	(614)	(74)	**(688)**
Cancellation of shares	8.15.1.	-	-	-	-	-	(2)	(2)	-	**(2)**
Equity-settled transactions, net of tax	8.15.7.	-	-	-	-	-	5	5	5	**10**
(Acquisition)/disposal of treasury shares	8.15.2.	-	(1)	-	-	-	-	(1)	-	**(1)**
Transactions on non-controlling interests without a change in control	8.15.8.	-	-	-	-	-	(6)	(6)	(4)	**(10)**
Transactions on non-controlling interests with a change in control	8.15.8.	-	-	-	-	-	(11)	(11)	(6)	**(17)**
Derivatives on equity instruments	8.15.9.	-	-	-	-	-	3	3	3	**6**
Transactions on treasury shares of associates		-	-	-	-	-	(2)	(2)	-	**(2)**
		-	(1)	-	-	-	(627)	(628)	(76)	(704)
Balance at 31 December 2016		**192**	**(48)**	**(84)**	**52**	**75**	**2 890**	**3 077**	**475**	**3 552**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December

In € million	Notes	2016	2015
Cash flows from operating activities			
Profit before taxes		**1 179**	1 163
Adjustments for:			
- Depreciation and amortisation		**218**	202
- Value adjustments, impairment and provisions		**133**	106
- Share-based payments expenses		**10**	9
- Re-measurement of earn-out arrangements		**(1)**	(10)
- Gain on disposal of assets		**(25)**	(22)
- Financial results including net interest expense and share of results of investments accounted for using the equity method		**23**	(15)
Use of provisions	8.13.	**(81)**	(110)
Working capital changes		**(83)**	(102)
Income taxes paid		**(267)**	(238)
Net cash from operating activities		**1 106**	983
Cash flows from investing activities			
Acquisitions of:			
- Programme and other rights		**(122)**	(108)
- Subsidiaries, net of cash acquired	6.4.	**(60)**	(82)
- Other intangible and tangible assets		**(135)**	(117)
- Other investments and financial assets		**(36)**	(34)
		(353)	(341)
Proceeds from the sale of intangible and tangible assets	8.1., 8.3.	**47**	18
Disposal of other subsidiaries, net of cash disposed of		**5**	2
Proceeds from the sale of investments accounted for using the equity method, other investments and financial assets	8.4.,8.5.,8.8.	**8**	49
Interest received		**5**	5
		65	74
Net cash used in investing activities		**(288)**	(267)
Cash flows from financing activities			
Interest paid		**(17)**	(20)
Transactions on non-controlling interests	8.15.8.	**(16)**	(1)
Acquisition of treasury shares	8.15.2.	**(1)**	(2)
Term loan facility due to shareholder	10.1.	**(153)**	6
Proceeds from loans	8.4.2.	**72**	28
Repayment of loans		**(27)**	(6)
Dividends paid		**(689)**	(766)
Net cash used in financing activities		**(831)**	(761)
Net decrease in cash and cash equivalents		**(13)**	(45)
Cash and cash equivalents and bank overdrafts at beginning of year	8.9.	**444**	479
Effect of exchange rate fluctuation on cash held		**-**	10
Cash and cash equivalents and bank overdrafts at end of year	8.9.	**431**	444

The accompanying notes form an integral part of these consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

RTL Group SA (the "Company") is a company domiciled in Luxembourg. The consolidated financial statements of the Company for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as "RTL Group" or "the Group") and the Group's interest in associates and joint ventures. RTL Group SA is the parent company of a multinational television, radio and content Group with developing online operations and holding, directly or indirectly, investments in 556 companies. The Group mainly operates television channels and radio stations in Europe and produces television content such as game shows and soaps. The list of the principal Group undertakings at 31 December 2016 is set out in note 12.

The Company is listed on the Brussels, Frankfurt and Luxembourg Stock Exchanges. Statutory accounts can be obtained at its registered office established at 45, boulevard Pierre Frieden, L-1543 Luxembourg.

The ultimate parent company of RTL Group SA preparing consolidated financial statements, Bertelsmann SE & Co. KGaA, includes in its consolidated financial statements those of RTL Group SA. Bertelsmann SE & Co. KGaA is a company incorporated under German law whose registered office is established at Carl-Bertelsmann-Straße 270, D-33311 Gütersloh, Germany. Consolidated financial statements for Bertelsmann SE & Co. KGaA can be obtained at their registered office.

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 8 March 2017.

1.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

1.2. Basis of preparation

1.2.1. Consolidated financial statements

The consolidated financial statements are presented in millions of Euro, which is the Company's functional and Group presentation currency, and have been prepared under the historical cost convention except for the following material items in the statement of financial position:

Derivative financial instruments are measured at fair value;
Non-derivative financial instruments at fair value through profit or loss are measured at fair value;
Available-for-sale financial assets are measured at fair value;
Liabilities for cash-settled share-based payment arrangements are measured at fair value; and
The defined benefit assets and liabilities are measured in accordance with IAS 19.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next years are discussed in note 2.

The accounting policies have been consistently applied by the Group entities and are consistent with those used in the previous year, except as follows:

1. New and amended standards and interpretations adopted by the Group

The following standards, amendments to standards and new interpretations are mandatory for the first time for the financial year beginning 1 January 2016:

- IAS 19 revised, "Defined Benefit Plans: Employee Contributions" (1);
- Annual improvements 2010–2012. These amendments include changes from the 2010–2012 cycle of the annual improvements project, that affect seven standards: IFRS 2, "Share-based payment", IFRS 3, "Business Combinations", IFRS 8, "Operating segments", IFRS 13, "Fair value measurement", IAS 7, "Statement of cash flows", IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets". This implies consequential amendments to IFRS 9, "Financial instruments", IAS 37, "Provisions, contingent liabilities and contingent assets", and IAS 39, "Financial instruments – Recognition and measurement" (1);
- Amendments to IAS 1, "Disclosure Initiative" (1);
- Amendments to IAS 16, "Property, plant and equipment" and IAS 41, "Agriculture" related to accounting for bearer plans (1);
- Amendments to IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets" on depreciation and amortisation. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. However, there is a rebuttable presumption, that revenue-based amortisation is permitted when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;
  The application of the amendments to IAS 38 did not generate any significant impact for the Group on the basis of the high correlation between revenue and consumption of the economic benefits embodied in the programme and other rights;
- Amendment to IAS 27, "Equity method in separate financial statements" (1);
- Amendment to IFRS 10, "Consolidated financial statements", IFRS 12 "Disclosure of interests in other entities" and IAS 28, "Associates and joint ventures" on sale or contribution of assets and on investment entities applying the consolidation exception (1);
- Amendment to IFRS 11, "Joint arrangements" on acquisition of an interest in a joint operation (1);
- Annual improvements 2012–2014. These amendments include changes from the 2012–2014 cycle of the annual improvements project, that affect four standards: IFRS 5, "Non-current assets held for sale and discontinued operations", IFRS 7, "Financial instruments: disclosures", IAS 19, "Employee benefits" and IAS 34, "Interim financial reporting". This implies consequential amendments to IFRS 1, "First-time adoption of international financial reporting standards" (1).

(1) The application of these standards, interpretation and amendments had no significant impacts for the Group

2. Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and amendments have been published but are not effective for the Group's accounting year beginning on 1 January 2016.

- IFRS 9, "Financial instruments" (and related amendment on general hedge accounting) – effective from 1 January 2018. The IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today (2) (5);
- IFRS 14, "Regulatory deferral accounts" – effective from 1 January 2016 (3);
- IFRS 15, "Revenue from contracts with customers" applies to all contracts with customers except those that are financial instruments, leases or insurance contracts and introduces a five-step process that the Group will have to follow. The new standard goes beyond just "commercial effect", "fair value" and "risk and rewards" and will also result in a significant increase in the volume of disclosures related to revenue. IFRS 15 will be effective for reporting periods beginning on or after 1 January 2018 (2).

  IFRS 15 "Revenue from contracts with customers" is a new comprehensive standard for revenue recognition across all industries and replaces the current IFRS regulations.

  IFRS 15 establishes a five-step model related to revenue recognition from contracts with customers. In addition to substantially more extensive guidance for the accounting treatment of revenue from contracts with customers, more detailed disclosure is required by the new standard. Application of the standard is mandatory for annual reporting periods beginning on or after 1 January 2018 even though the endorsement of the clarifications published in April 2016 is still outstanding. The standard has to be applied retrospectively although diverse practical expedients are allowed in some circumstances; earlier application is still permitted. RTL Group has opted for the modified retrospective transition and does not intend to early adopt the standard.

  RTL Group has launched a project to analyse the implications of IFRS 15 across the Group. During the first phase of the project the Group selected pilot entities (Mediengruppe RTL Deutschland, Groupe M6, and FremantleMedia) thus ensuring that the most significant revenue streams of advertising and content related revenues were covered and has performed a diagnostic of the IFRS implications based on a sample of related contracts. The Group has now started the implementation phase of the project. Based on the analysis made to date, the Group estimates that IFRS 15 is likely to have an impact on the timing and amount of revenue recognition, especially relating to licences as further detailed below:
    - Advertising revenue is derived from a wide range of contracts, usually of one year or less. IFRS 15 implications relate to the identification of performance obligations (spots, campaigns, other services, etc.) and to variable considerations associated with this revenue;
    - Content revenue involves a wide variety of performance obligations from service contracts to multi-year licence agreements, as well as ancillary services. The nature of those licences granted are currently being analysed to determine whether each licence should be recognised at a point-in-time or over time. Payment schemes considered in determining the revenue of each contract under IFRS 15 include minimum guarantees and revenue sharing schemes and other variable payment terms.

  The new standard could also impact transactions wherein third parties are involved as agent or principal, therefore impacting the gross versus net presentation of revenue.

  A reasonable estimate of the quantitative impact of IFRS 15 is not possible to be derived at this stage of the project;

- Amendment to IAS 7, "Statement of cash flows", Disclosure initiative – effective from 1 January 2017 (4) (5);
- Amendment to IAS 12, "Income taxes", recognition of deferred tax assets for unrealised losses – effective from 1 January 2017 (4) (5);
- IFRS 16, "Leases" defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to recognise nearly all leases on the balance sheet which will reflect their right to use an asset for a period of time and the associated liability for payments. The leases of satellite transponders qualifying as service agreements are no longer reported in operating leases. The quantitative and disclosure impacts anticipated from implementing IFRS 16 are currently being determined. IFRS 16 will be effective for reporting periods beginning on or after 1 January 2019 (4);
- Amendments to IFRS 2, "Share-based payment", Classification and Measurement of Share-based Payment Transactions – effective from 1 January 2018 (4) (5);
- IFRIC 22, "Foreign Currency and Advance Consideration" clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency – effective from 1 January 2018 (4) (5);
- Amendments to IAS 40, "Transfers of Investment Property" on the definition of change of use – effective from 1 January 2018 (4) (5);
- Annual improvements 2014-2016. These amendments affect three standards: IFRS 1, "First-time adoption of International Financial Reporting Standards", IFRS 12, "Disclosure of Interests in Other entities" and IAS 28, "Investments in Associates and Joint Ventures" – effective from 1 January 2017 or 1 January 2018 (4) (5);
- Amendments to IFRS 4, "Insurance contracts", applying IFRS 9 "Financial instruments" with IFRS 4 – effective from 1 January 2018 (4) (5).

(2) Endorsed by the European Union for periods beginning on or after the 1 January 2018

(3) The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard

(4) These standards and interpretations have not yet been endorsed by the European Union

(5) The Group has yet to assess the impact of the new standards and amendments

1.3. Principles of consolidation

1.3.1. Subsidiaries

Subsidiaries are those undertakings controlled by the Company. Control exists when the Company has power or ability (“de facto control”), directly or indirectly, over an entity; is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity. Directly or indirectly held subsidiaries are consolidated from the date on which control is transferred to the Company, and are no longer consolidated from the date that control ceases.

The full consolidation method is used, whereby the assets, liabilities, income and expenses are fully incorporated. The proportion of the net assets and net income attributable to non-controlling interests is presented separately as non-controlling interests in the consolidated statement of financial position and in the consolidated income statement.

Accounting for business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date.

Contingent consideration is classified as either equity or a financial liability. Since 1 January 2016, amounts classified as a financial liability are subsequently re-measured to fair value with changes recognised in profit or loss.

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities. The amount that may become payable under the option on exercise is initially recognised for the present value of the redemption amount within accounts payable with a corresponding charge directly to equity or through goodwill in case of a business combination with the transfer of the risks and rewards of the non-controlling interests to the Group. Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The Group has elected the fair value measurement option for the options managed on a fair value basis and related to Best of TV and Style Haul (see note 4.3.1). The income/(expense) arising is recorded in "Financial results other than interest". In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

On an acquisition-by-acquisition basis the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date.

Accounting for transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

Loss of control

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value subsequently becomes the initial carrying amount for the purposes of accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.3.2. Investments accounted for using the equity method

The investments accounted for using the equity method comprise interests in associates and joint ventures.

Associates are defined as those investments, where the Group is able to exercise a significant influence. Joint ventures are arrangements in which the Group has joint control, whereby the Group has rights to the net assets of arrangements, rather than rights to their assets and obligations for their liabilities.

Such investments are recorded in the consolidated statement of financial position using the equity method of accounting and are initially recognised at cost, which includes transaction costs. Under this method the Group's share of the post-acquisition profits or losses of investments accounted for using the equity method is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves.

The Group decided not to reverse any impairment loss recognised and allocated to goodwill on associates prior to 1 January 2009. This cumulated impairment loss amounted to €290 million.

When the Group's share of losses in an investment accounted for using the equity method equals or exceeds its interest in the investment accounted for using the equity method, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investment accounted for using the equity method.

Unrealised gains on transactions between the Group and its investments accounted for using the equity method are eliminated to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies for investments accounted for using the equity method have been changed where necessary to ensure consistency with the policies adopted by the Group and restated in case of specific transactions on RTL Group level in relation with investments.

1.3.3. Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with investments accounted for using the equity method are eliminated to the extent of the Group's interest in the undertaking. Unrealised gains resulting from transactions with associates and joint ventures are eliminated against the investment accounted for using the equity method. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

1.4. Foreign currency translation

1.4.1. Foreign currency translations and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euro at foreign exchange rates ruling at the date the fair value was determined.

1.4.2. Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill, except for goodwill arising from acquisitions before 1 January 2004, and fair value adjustments arising on consolidation, are translated to Euro using the foreign exchange rate prevailing at the reporting date. Income and expenses are translated at the average exchange rate for the year under review. The foreign currency translation differences resulting from this treatment and those resulting from the translation of the foreign operations' opening net asset values at year-end rates are recognised directly in a separate component of equity.

Exchange differences arising from the translation of the net investment in a foreign operation, or associated undertaking and financial instruments, which are designated and qualified as hedges of such investments, are recognised directly in a separate component of equity. On disposal or partial disposal of a foreign operation, such exchange differences or proportion of exchange differences are recognised in the income statement as part of the gain or loss on sale.

1.5. Derivative financial instruments and hedging activities

Fair value

Derivative financial instruments are initially recognised at fair value in the statement of financial position at the date a derivative contract is entered into and are subsequently re-measured at fair value.

The fair value of foreign currency forward contracts is determined by using forward exchange market rates at the reporting date.

Cash flow hedging

For qualifying hedge relationships, the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the hedge. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents, both at the hedge inception and on an ongoing basis, its assessment of whether the hedging derivatives are effective in offsetting changes in fair values or cash flows of the hedged items.

The accounting treatment applied to cash flow hedges in respect of off-balance sheet assets and liabilities can be summarised as follows:

- For qualifying hedges, the effective component of fair value changes on the hedging instrument (mostly foreign currency forward contracts or cash balances in foreign currencies) is deferred in “Hedging reserve”;
- Amounts deferred in “Hedging reserve” are subsequently released to the income statement in the periods in which the hedged item impacts the income statement or are used to adjust the carrying value of assets purchased (basis adjustment). When hedging forecast purchases of programme rights in foreign currency, releases from equity via a basis adjustment occur when the programme right is recognised on-balance sheet in accordance with the Group’s policy;
- The ineffective component of the fair value changes on the hedging instrument is recorded directly in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss included in the “Hedging reserve” is deferred until the committed or forecast transaction ultimately impacts the income statement. However, if a committed or forecast transaction is no longer expected to occur, then the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

1.6. Current/non-current distinction

Current assets are assets expected to be realised or consumed in the normal course of the Group's operating cycle (normally within one year). All other assets are classified as non-current assets.

Current liabilities are liabilities expected to be settled by use of cash generated in the normal course of the Group's operating cycle (normally within one year) or liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

1.7. Intangible assets

1.7.1. Non-current programme and other rights

Non-current programme and other rights are initially recognised at acquisition cost or production cost, which includes staff costs and an appropriate portion of relevant overheads, when the Group controls, in substance, the respective assets and the risks and rewards attached to them.

Non-current programme and other rights include (co-)productions, audiovisual and other rights acquired with the primary intention to broadcast, distribute or trade them as part of the Group's long-term operations. Non-current programme and other rights are amortised based on expected revenue. The amortisation charge is based on the ratio of net revenue for the period over total estimated net revenue. The (co-)production shares and flat fees of distributors are amortised over the applicable product lifecycle based upon the ratio of the current period’s revenue to the estimated remaining total revenue (ultimate revenue) for each (co-)production.

Estimates of total net revenue are reviewed periodically and additional impairment losses are recognised if appropriate.

1.7.2. Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date. Goodwill arising from applying this method is measured at initial recognition as detailed in note 1.3.1.

Goodwill on acquisitions of subsidiaries is recognised as an intangible asset. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of the cash-generating units represents the Group's investment in a geographical area of operation by business segment, except for the content business, SpotX and the multi-channel networks, which are worldwide operations.

No goodwill is recognised on the acquisition of non-controlling interests.

1.7.3. Other intangible assets

Other intangible assets with a definite useful life, which are acquired by the Group, are stated at cost less accumulated amortisation and impairment losses. They comprise licences (other than (co-)production, audiovisual and other rights), trademarks and similar rights as well as EDP software. They are amortised on a straight-line basis over their estimated useful life as follows:

- Licences: seven to 20 years;
- Software: maximum three years.

Other intangible assets with a definite useful life also include capitalised costs associated with the acquisition of sports club players. These costs are amortised on a straight-line basis over the period of the respective contracts. The term of these contracts vary and generally range from one to five years.

Brands, unless an indefinite useful life can be justified, and customer relationships acquired through business combinations are mainly amortised on a straight-line basis over their estimated useful life.

Other intangible assets with an indefinite useful life are tested annually for impairment and whenever there is an indication that the intangible asset may be impaired.

1.8. Property, plant and equipment

1.8.1. Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful lives of the assets as follows:

- Land: nil;
- Buildings: ten to 25 years;
- Technical equipment: four to ten years;
- Other fixtures and fittings, tools and equipment: three to ten years.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

Depreciation methods and useful lives, as well as residual values, are reassessed annually.

1.8.2. Leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets held under finance leases and the related obligations are recognised on the statement of financial position at the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Such assets are depreciated on the same basis as owned assets (see note 1.8.1.) or lease term if no evidence of lessee will obtain ownership. Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the outstanding finance balance. The corresponding lease obligations, net of finance charges, are included in loans payable. The interest element of the finance charge is charged to the income statement over the lease period.

Leases, where all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the income statement on a straight-line basis over the period of the lease.

1.8.3. Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment, that is separately accounted for, is capitalised, with the carrying amount of the component that is to be replaced being written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits that will be derived from the item of property, plant and equipment. All other expenditure is expensed as incurred.

1.9. Loans and other financial assets

Loans are recognised initially at fair value plus transaction costs. In subsequent periods, loans are stated at amortised cost using the effective yield method, less any valuation allowance for credit risk. Any difference between nominal value, net of transaction costs, and redemption value is recognised using the effective interest method in the income statement over the period of the loan.

Non-current and current investments comprise available-for-sale assets and other financial assets at fair value through profit or loss.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are included in non-current assets unless management have the express intention of holding the investment for less than 12 months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determine the appropriate classification of its investments at the time of the purchase and re-evaluate such designation on a regular basis. Available-for-sale investments are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included, net of deferred income tax, in other comprehensive income (revaluation reserve) in the period in which they arise.

Financial instruments are designated at fair value through profit or loss if they contain one or more embedded derivatives which cannot be measured separately, or when they are managed and their performance is evaluated on a fair value basis. They are initially recognised at fair value, and transaction costs are expensed in the income statement. Changes in fair value are recognised in the income statement.

All purchases and sales of non-current and current investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

The fair value of publicly traded investments is based on quoted market prices at the reporting date. The fair value of non-publicly traded investments is based on the estimated discounted value of future cash flows.

1.10. Current programme rights

Current programme rights are initially recognised at acquisition cost or Group production cost when the Group controls, in substance, the respective assets and the risks and rewards attached to them.

Current programme rights include programmes in progress, (co-)productions and rights acquired with the primary intention to broadcast or sell them in the normal course of the Group's operating cycle. Current programme rights include an appropriate portion of overheads and are stated at the lower of cost and net realisable value. The net realisable value assessment is based on the advertising revenue expected to be generated when broadcast and on estimated net sales. Weak audience shares or changes from a prime time to a late-night slot constitute indicators that a valuation allowance may be recorded. They are consumed based on either the expected number of transmissions or expected revenue in order to match the costs of consumption with the benefits received. The rates of consumption applied for broadcasting rights are as follows:

- Free television thematic channels: programme rights are consumed on a straight-line basis over a maximum of six runs;

- Free television other channels:
    - Blockbusters (films with high cinema ticket sales), mini-series (primarily own productions with a large budget), other films, series, TV movies and (co-)productions are mainly consumed over a maximum of two transmissions as follows: at least 67 per cent upon the first transmission, with the remainder upon the second transmission;
    - Soaps, in-house productions, quiz and game shows, sports and other events, documentaries and music shows are fully consumed upon the first transmission;
    - Children’s programmes and cartoons are consumed over a maximum of two transmissions as follows: at least 50 per cent upon the first transmission, with the remainder upon the second transmission;

- Pay television channels: programme rights are consumed on a straight-line basis over the licence period.

1.11. Accounts receivable

Trade accounts receivable arise from the sale of goods and services related to the Group's operating activities. Other accounts receivable include, in addition to deposits and amounts related to Profit and Loss Pooling (“PLP”) and Compensation Agreements with RTL Group’s controlling shareholder, VAT recoverable, and prepaid expenses. Trade and other accounts receivable are measured at amortised cost. Impairment losses on trade and other accounts receivable are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within depreciation, amortisation, impairment and valuation allowance. When a trade receivable is uncollectible it is written off against the allowance account for trade accounts receivable. Subsequent recoveries of amounts previously written off are credited against depreciation, amortisation and impairment in the income statement.

Accrued income is stated at the amounts expected to be received.

1.12. Cash and cash equivalents

Cash consists of cash in hand and at bank.

Cash equivalents are assets that are readily convertible into cash, such as short-term highly liquid investments, commercial paper, bank deposits and marketable securities, all of which mature within three months from the date of purchase, and money market funds that qualify as cash and cash equivalents under IAS 7 (see note 4.1.2.).

Bank overdrafts are included within current liabilities.

1.13. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, and fair value less costs of disposal where applicable, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of assets other than goodwill, an impairment loss is reversed when there is an indication that the conditions that caused the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. The carrying value after the reversal of the impairment loss cannot exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

1.14. Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset, or a group of financial assets, is impaired.

Evidence of impairment of available-for-sale financial assets is assessed on the basis of two qualitative criteria:

- A significant drop of the fair value, considered as a decline exceeding one quarter of the acquisition cost, while giving consideration to all market conditions and circumstances; or

- The observation of an unrealised loss over two consecutive years.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement ("Financial results other than interest"). Impairment testing of trade accounts receivable is described in note 1.11.

1.15. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less costs of disposal if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The impairment losses on the assets related to disposal groups are reported in non-current assets held for sale.

1.16. Accounts payable

Trade accounts payable arise from the purchase of assets, goods and services relating to the Group's operating activities and include accrued expenses. Other accounts payable comprise, in addition to amounts related to the Profit and Loss Pooling Agreement (“PLP”) with RTL Group’s controlling shareholder, VAT payable, fair value of derivative liabilities, and accounts payable on capital expenditure. Trade and other accounts payable are measured at amortised cost using the effective interest method, except derivative liabilities which are measured at fair value.

1.17. Loans payable

Interest-bearing current and non-current liabilities are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing current and non-current liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

1.18. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation to transfer economic benefits as a result of past events. The amounts recognised represent management’s best estimate of the expenditures that will be required to settle the obligation as of the reporting date. Provisions are measured by discounting the expected future cash flows to settle the obligation at a pre-tax risk-free rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the Group are not provided for.

Provisions for onerous contracts relate to unavoidable costs for individual programme rights, the performance of which is assessed as clearly below that originally planned when the contract was agreed. Such situations mainly arise in case of executory obligations to purchase programmes which will not be aired due to lack of audience capacity or to a mismatch with the current editorial policy. In addition, an expected or actual fall in audience can be evidenced by several indicators such as the underperformance of a previous season, the withdrawal of the programme’s main advertisers or a decline in the popularity or success of sports stars. Long-term sourcing agreements aim to secure the programme supply of broadcasters. They are mainly output deals, production agreements given the European quota obligations, and arrangements with sports organisations. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

1.19. Employee benefits

1.19.1. Pension benefits

The Group operates or participates in both defined contribution and defined benefit plans, according to the national laws and regulations of the countries in which it operates. The assets of the plans are generally held in separate trustee-administered funds, and some of the plans are operated through pension funds that are legally independent from the Group. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking into account the recommendations of independent qualified actuaries.

Pension costs and obligations relating to defined benefit plans are recognised based on the projected unit credit method. The Group recognises actuarial gains and losses in other comprehensive income.

Past-service costs are recognised immediately through the profit or loss.

Pension costs relating to defined contribution plans (including deferred compensation plans that are defined contribution plans in nature) are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1.19.2. Other benefits

Many Group companies provide death in service benefits, and spouses' and children's benefits. The costs associated with these benefits are recognised when an employee has rendered service in exchange for the contributions due by the employer.

1.19.3. Share-based transactions

Share options are granted to directors, senior executives and other employees of the Group. They may also be granted to suppliers for settlement of their professional services.

Share options entitle holders to purchase shares at a price (the "strike price") payable at the exercise date of the options. Options are initially measured at their fair value determined on the date of grant.

The grant date fair value of equity-settled share-based payment arrangements is recognised as an expense with a corresponding increase in equity over the vesting period of the options. The amount recognised as an expense is adjusted to reflect the number of options that are expected to ultimately vest, considering vesting service conditions and non-market performance conditions.

For cash settled share-based payment arrangements, the fair value of the amount payable to employees is recognised as an expense with a corresponding increase in liability until the employees exercise their options.

The liability is re-measured to fair value at each reporting date up until the settlement date. Any changes in the liability are recognised in the income statement.

The fair value of the options is measured using specific valuation models (Binomial and Black-Scholes-Merton models).

1.20. Share capital

1.20.1. Equity transaction costs

Incremental external costs directly attributable to the issue of new shares, other than in connection with a business combination, are deducted, net of the related income taxes, against the gross proceeds recorded in equity.

1.20.2. Treasury shares

Where the Company or its subsidiaries purchase the Company's own equity, the consideration paid, including any attributable transaction costs net of income taxes, is shown in deduction of equity as "Treasury shares".

1.20.3. Dividends

Dividends on ordinary shares are recorded in the consolidated financial statements in the period in which they are approved at the Shareholders' meeting or authorised by the Board of Directors in case of interim dividends.

1.21. Revenue presentation and recognition

Revenue relates to advertising, the production, distribution and licensing of films, programmes and other rights, the rendering of services and the sales of merchandise. Revenue is presented, net of sales deductions such as cash rebates, credit notes, discounts, refunds and VAT. Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Group's activities.

Advertising sales are recognised during the period over which the related advertisement is broadcast or appears before the public. Sales house and other agencies' commissions are directly deducted from advertising revenue.

Revenue from content is recognised when the customer can generate economic benefit from the exploitation of related rights and the Group has no remaining contractual obligation.

Revenue from services is recognised in the period in which the service has been rendered provided that the amount of revenue can be measured reliably.

TV platform distribution revenue is recognised when Group's TV channels are providing a signal to cable, IPTV or satellite platforms for a fee.

The sales of merchandise are recognised when the Group has transferred the significant risks and rewards of ownership and the amount of revenue can be measured reliably.

Barter revenue is recognised if goods or services in a barter transaction are of a dissimilar nature and if revenue has economic substance and can be reliably measured. Revenue from barter transactions is recognised at the fair value of the goods or services received, adjusted for any cash involved in the transaction.

In the Director's report, "Digital" refers to the internet related activities with the exception of online sales of merchandise ("e-commerce"). Digital revenue spreads over the different categories of revenue, i.e. other advertising sales, revenue from content, sales of merchandises and consumer services and professional services. "Content" mainly embraces the non-scripted and scripted production and related distribution operations. "Diversification" includes the sale of merchandise through home shopping TV services, e-commerce and services rendered to consumers, for example mobile services (voice), mobile data (SMS).

1.22. Government grants

Grants from government and inter-governmental agencies are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants related to assets are initially presented as a deduction in arriving at the carrying amount of the asset.

Grants that compensate the Group for expenses incurred are recognised in “Other operating income”on a systematic basis in the same period in which the expenses are recognised.

Forgivable loans are loans which government and inter-governmental agencies undertake to waive repayment of under certain prescribed conditions. Forgivable loans are recognised in “Other operating income” where there is reasonable assurance the loan will be waived.

1.23. Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

Gains/(losses) on disposal or loss of control of subsidiaries owning only one non-financial asset or a group of similar assets are classified in “Other operating income” to reflect the substance of the transaction.

1.24. Interest income/expense

Interest income/expense is recognised on a time proportion basis using the effective interest method.

1.25. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted in the countries where the Group’s entities operate and generate taxable income at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred taxes are recognised according to the balance sheet liability method on any temporary difference between the carrying amount for consolidation purposes and the tax base of the Group’s assets and liabilities. Temporary differences are not provided for when the initial recognition of assets or liabilities affects neither accounting nor taxable profit, and when differences relate to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. No temporary differences are recognised on the initial recognition of goodwill. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and losses carried forward can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

1.26. Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or a geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

1.27. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares and the shares held under the liquidity programme (see note 7.8.).

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There is currently no category of dilutive potential ordinary shares.

1.28. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

All operating segments' operating results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The invested capital is disclosed for each reportable segment as reported to the Executive Committee.

The segment assets include the following items:

- The non-current assets, except the incremental fair value of the available-for-sale investments, the surplus of the defined benefit plans and the deferred tax assets;
- The current assets, except the income tax receivable, the fair value of derivative assets, the current deposit with the shareholder, the accounts receivable from the shareholder in relation to the PLP and Compensation Agreements, the accounts receivable related to dividend income, the fixed term deposits, and cash and cash equivalents.

The segment assets and liabilities are consistently measured with those of the statement of financial position.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2.1. Consolidation of entities in which the Group holds less than 50 per cent

Even though the Group has less than 50 per cent of the voting rights of Groupe M6, management consider that the Group has de facto control of Groupe M6. The Group is the majority shareholder of Groupe M6 while the balance of other holdings remains highly dispersed and the other shareholders have not organised their interest in such a way that they intend to vote differently from the Group.

2.2. Programme and other rights (assets and provisions for onerous contracts)

The Group's accounting for non-current programme rights requires management judgement as it relates to estimates of total net revenue used in the determination of the amortisation charge and impairment loss for the year.

In addition, management judgement will need to take into account factors such as the future programme grid, the realised/expected audience of the programme, the current programme rights that are not likely to be broadcast, and the related valuation allowance.

Provisions for onerous contracts related to programme and other rights are also recognised when the Group has constructive obligations and it is probable that unavoidable costs exceed the economic benefits originally planned. These provisions have been determined by discounting the expected future cash inflows for which the amount and timing are dependent on future events.

2.3. Estimated impairment of goodwill and investments accounted for using the equity method

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.7.2.

The Group tests annually whether investments accounted for using the equity method have suffered any impairment, and if any impairment should be reversed.

The Group has used a combination of long-term trends, industry forecasts and in-house knowledge, with greater emphasis on recent experience, in forming the assumptions about the development of the various advertising markets in which the Group operates. This is an area highly exposed to the general economic conditions.

The state of the advertising market is just one of the key operational drivers which the Group uses when assessing individual business models. Other key drivers include audience shares, advertising market shares, the EBITA and EBITDA margin and cash conversion rates.

All of these different elements are variable, inter-related and difficult to isolate as the main driver of the various business models and respective valuations.

The Group performs sensitivity analysis of the recoverable amount of the cash-generating units, especially on those where the headroom between the recoverable amount and the carrying value is low.

2.4. Contingent consideration and put option liabilities on non-controlling interests

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination, and subsequently re-measured at each reporting date. The determination of the fair value is based on discounted cash flow and takes into account the probability of meeting each performance target. Put option liabilities on non-controlling interests are valued based on the net present value of the expected cash outflow in case of exercise of the option by the counterparty.

2.5. Call options on interests held by non-controlling shareholders in subsidiaries and derivatives on investments accounted for using the equity method

Call options on interests held by non-controlling shareholders in subsidiaries and call and put option derivatives on investments accounted for using the equity method are initially recognised and subsequently re-measured at fair value through profit or loss ("Financial results other than interest") (see note 7.6.).

The magnitude of changes in fair value is driven by the terms of arrangements agreed between the parties (e.g. multiples applied) and by the valuations based on discounted cash flows ("DCF") and derived from market sources. In addition to the expected life of the options, the time value portion of the fair value of the options is largely affected by the volatility of the value of the underlying asset value.

The underlying assets are usually Level 3 investments; their value and volatility are determined as described in notes 4.3. and 8.2. respectively.

At 31 December 2016, the Group has recognised an income/(expense) resulting from:

- a change in the fair value of a call option on an investment accounted for using the equity method for €0.2 million (see note 8.4.1.); and
- a change of €(3) million in the fair value of the call option on a subsidiary (see note 6.2.).

2.6. Fair value of available-for-sale investments

The Group has used discounted cash flow analysis for various available-for-sale investments and financial assets/liabilities at fair value through profit or loss that were not traded in active markets.

The carrying amount of available-for-sale investments (see note 8.15.5.) would be an estimated €3 million lower or higher were the discount rates used in the discounted cash flow analysis to differ by 10 per cent from management's estimates.

2.7. Provisions for litigations

Most claims involve complex issues, and the probability of loss and an estimation of damages are difficult to ascertain. A provision is recognised when the risk of a loss becomes more likely than not and when it is possible to make a reasonable estimate of the expected financial effect. RTL Group management review on a regular basis the expected settlement of the provisions.

2.8. Income, deferred and other taxes

The Group is subject to income and other taxes in numerous jurisdictions. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and losses carried forward can be utilised. Management judgement is required to assess probable future taxable profits. In 2016, deferred tax assets on losses carry-forwards (mainly in Germany, €15 million; 2015: €21 million) and on temporary differences (mainly in Germany, €262 million; 2015: €293 million) have been reassessed on the basis of currently implemented tax strategies.

2.9. Post-employment benefits

The post-employment benefits lay on several assumptions such as:

- The discount rate determined by reference to market yields at the closing on high quality corporate bonds (such as corporate AA bonds) and depending on the duration of the plan;
- Estimate of future salary increases mainly taking into account inflation, seniority, promotion and supply and demand in the employment market.

2.10. Disposal groups

The determination of the fair value less costs of disposal requires management judgement as it relates to estimates of proceeds of the disposal, residual obligations and direct disposal costs.

2.11. Contingent liabilities

Contingent liabilities are disclosed unless management consider that the likelihood of an outflow of economic benefits is remote.

3. KEY PERFORMANCE INDICATORS

RTL Group reports different alternative performance measures not defined by IFRS that management believe are relevant for measuring the performance of the operations, the financial position and cash flows and in decision making. These key performance indicators (KPIs) also provide additional information for users of the financial statements regarding the management of the Group on a consistent basis over time and regularity of reporting.

RTL Group's KPIs may not be comparable to similarly titled measures reported by other groups due to differences in the way these measures are calculated.

EBIT, EBITA and EBITDA

EBIT, EBITA and EBITDA are indicators of the operating profitability of the Group. These alternative performance measures are presented on page xx of the annual report.

EBITA represents earnings before interest and taxes (EBIT) excluding some elements of the income statement:

- "Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries";
- Impairment of investments accounted for using the equity method reported in "Share of result of investments accounted for using the equity method";
- Re-measurement of earn-out arrangements presented in "Other operating income" and "Other operating expense";
- "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquire".

EBITA is a component of the RTL Group Value Added (RVA, see below) and presents the advantage to consistently include the consumption, depreciation and impairment losses on programmes and other rights for all businesses that RTL Group operates regardless of their classification on the consolidated statement of financial position (current or non-current).

EBITDA represents earnings before interest and taxes (EBIT) excluding some elements of the income statement:

- "Impairment of goodwill and amortisation and impairment of fair value adjustments on acquisitions of subsidiaries";
- Amortisation and impairment of non-current programme and other rights, of other intangible assets, depreciation and impairment of property, plant and equipment, with the exception to the part concerning goodwill and fair value adjustments (see above), reported in "Depreciation, amortisation, impairment and valuation allowance";
- Impairment of investments accounted for using the equity method included in the "Share of result of investments accounted for using the equity method";
- Re-measurement of earn-out arrangements reported in "Other operating income" and "Other operating expense";
- "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquire".

EBITDA is largely used by the financial community, especially by the rating agencies when calculating the net debt to EBITDA ratio (see below)."

OCC

Operating cash conversion ratio (OCC) means operating free cash flow divided by EBITA, operating free cash flow being net cash from operating activities adjusted as follows:

In € million	**2016**	2015
Net cash from operating activities	**1 106**	983
Adjusted by:		
Income tax paid	**267**	238
Acquisitions of:		
- Programme and other rights	**(122)**	(108)
- Other intangible and tangible assets	**(135)**	(117)
Proceeds from the sale of intangible and tangible assets	**47**	18
Operating free cash flow	**1 163**	1 014
EBITA	**1 205**	1 167
Operating cash conversion ratio	**97%**	87%

The operating cash conversion ratio reflects the level of operating profits converted into cash available for investors after incorporation of the minimum investments required to sustain the current profitability of the business and before reimbursement of funded debts (interest included) and payment of income taxes. The operating cash conversion of RTL Group's operations is subject to seasonality and may decrease at the time the Group significantly increases its investments in operations with longer operating cycles. RTL Group historically had, and expects in the future to have, a strong OCC due to a high focus on working capital and capital expenditure throughout the operations.

Net debt to EBITDA ratio

The net debt to EBITDA ratio is a proxy debt to profitability ratio typically used by the financial community to measure the ability of an entity to pay off its incurred debt from the cash generated by the operations.

The net debt is the gross balance sheet financial debt adjusted for:

- "Cash and cash equivalents";
- Marketable securities and other short-term investments presented in "Accounts receivable and other financial assets";
- Current deposit with shareholder reported in "Accounts receivable and other financial assets"; and
- Financial assets related to the sales and leasebacks presented in "Loans and other financial assets" (non-current part) and "Accounts receivable and other financial assets".

In € million	**2016**	2015
Current loans and bank overdrafts	**(493)**	(605)
Non-current loans	**(517)**	(524)
	(1 010)	(1 129)
Deduction of:		
Cash and cash equivalents	**433**	449
Financial assets related to the sales and leasebacks	**1**	9
Net debt	**(576)**	(671)
EBITDA	**1 411**	1 360
Net debt to EBITDA ratio	**0.4**	**0.5**

The Group intends to maintain a conservative level of between 0.5 and 1.0 times net debt to full-year EBITDA to benefit from an efficient capital structure (see note 4.2.).

RVA

The central performance indicator for assessing the profitability from operations and return on invested capital is RTL Group Value Added (RVA). RVA measures the profit realised above and beyond the expected return on invested capital. This form of value orientation is reflected in strategic investment and portfolio planning – including the management of Group operations – and is the basis for senior management variable compensation.

The RVA is the difference between net operating profit after tax (NOPAT), defined as EBITA adjusted for a uniform tax rate of 33 per cent, and cost of capital.
The NOPAT corresponds to the sum of (i) EBITA of fully consolidated entities and share of result of investments accounted for using the equity method not already taxed adjusted for a uniform tax rate of 33 per cent, and (ii) share of result of investments accounted for using the equity method already taxed.
The cost of capital is the product of the weighted average cost of capital (a uniform 8 per cent after tax) and the average invested capital (operating assets less non-interest bearing operating liabilities as reported in note 5.1.). 66 per cent of the present value of operating leases and of satellite transponder service agreements is also taken into account when calculating the average invested capital.

In € million	**2016**	2015
EBITA	**1 205**	1 167
Deduction of shares of results of investments accounted for using the equity method and already taxed	**(25)**	(22)
	1 180	1 145
Net basis after deduction of uniform tax rate	**791**	**767**
Shares of results of investments accounted for using the equity method and already taxed	**25**	22
NOPAT	**816**	**789**
Invested capital at beginning of year	**4 006**	3 759
Invested capital at end of year	**4 181**	4 006
66 per cent of the net present value of operating leases and satellite transponder service agreements at beginning of year	**327**	260
66 per cent of the net present value of operating leases and satellite transponder service agreements at end of year	**320**	327
Adjusted average invested capital	**4 417**	4 176
Cost of capital	**353**	334
RVA	**462**	455

4. FINANCIAL RISK MANAGEMENT

4.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency, interest rate, inflation risk and equity risks), counterparty credit risk and liquidity risk. The Group is exposed in particular to risks from movements in foreign exchange rates as it engages in long-term purchase contracts for programme rights (output deals) denominated in foreign currency.

Risk management is carried out by the Group Treasury department under the supervision of the Chief Financial Officer under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges risks in close cooperation with the Group's operating units. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of Directors has issued written principles for overall risk management as well as written policies covering specific areas, such as market risk, credit risk, liquidity risk, use of derivatives and investment of excess liquidity.

The Group seeks to minimise the potential adverse effects of changing financial markets on its performance through the use of derivative financial instruments such as foreign exchange forward contracts. Derivatives are not used for speculative purposes. Risks are hedged to the extent that they influence the Group's cash flows (i.e. translational risk linked to the conversion of net investments in foreign operations is not hedged).

4.1.1. Market risk

Foreign exchange risk

Foreign exchange exposure

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily in respect of USD and GBP. Foreign exchange risk arises from recognised assets and liabilities, future commercial transactions and net investments in foreign operations.

For the Group as a whole, cash flows, net income and net worth are optimised by reference to the Euro. However, foreign exchange risks faced by individual Group companies are managed or hedged against the functional currency of the relevant entity (as these entities generally generate their revenue in local currencies). Hence the Group manages a variety of currencies due to the numerous functional currencies of the companies constituting the Group.

In addition, market practices in the television business imply a significant forward exposure to USD as programme rights are usually denominated in USD and not paid up-front. For this reason, the main off-balance sheet exposure of the Group is towards the USD in respect of future purchases and sales of programme rights, output deals (commitments for future cash flows) and highly probable forecast transactions (USD 44 million as at 31 December 2016, USD 55 million as at 31 December 2015).

Management of the foreign exchange exposure

Management have set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. Group companies are required to hedge their entire foreign currency exchange risk exposure with Group Treasury in accordance with the Group Treasury policies. All foreign currency exchange exposures, including signed and forecast output deals and programme rights in foreign currency are centralised in an intranet-based database. To manage their foreign exchange risk arising from recognised assets and liabilities and future commercial transactions, entities in the Group use forward contracts transacted with Group Treasury. Group Treasury is then responsible for hedging, most of the time on a one-to-one basis, the exposure against the functional currency of the respective entity.

The Group Treasury policy is to hedge up to 100 per cent of the recognised monetary foreign currency exposures arising from cash, accounts receivable, accounts payable, loans receivable and borrowings denominated in currencies other than the functional currency. The Group policy is to hedge between 80 per cent and 100 per cent of short-term cash flow forecasts and between 10 per cent and 80 per cent of longer term (between two and five years) cash flow forecasts. Approximately 59 per cent (2015: 66 per cent) of anticipated cash flows constitute firm commitments or highly probable forecast transactions for hedge accounting purposes.

In order to monitor the compliance of the management of the foreign exchange exposure with the Group's policy, a monthly report is produced and analysed by management. This report shows for each subsidiary's exposure to currencies other than their functional currency, detailing the nature (e.g. trade accounts, royalties, intercompany accounts) of on-balance sheet items, and the underlying deals and maturities of off-balance sheet items, as well as the corresponding hedging ratios. A specific report showing the global currency exposures (mainly USD) is provided to RTL Group management on a monthly basis.

Accounting

The foreign currency cash flow hedge accounting model defined under IAS 39 is applied by those companies that account for the majority of the Group's foreign currency exposure, when:

- Hedged foreign currency exposures relate to programme rights transactions which have not yet been recognised on the statement of financial position (such as forecast or firm purchases of programme rights for which the licence period has not yet begun); and
- Amounts are sufficiently material to justify the need for hedge accounting.

When hedge accounting is applied, the effective portion of the changes in the fair value of the hedging instrument is recognised net of deferred tax in the hedging reserve as presented in the "Consolidated statement of changes in equity" (see note 8.15.4.). It is added to the carrying value of the hedged item when such an item is recognised in the statement of financial position. The ineffective portion of the change in fair value of the hedging instrument (including swap points) is recognised directly in profit or loss. For the year ended 31 December 2016, the amount of ineffectiveness (see note 7.6.) that has been recognised in the income statement is €5 million (€3 million in 2015).

For recognised foreign currency monetary assets and liabilities there is a natural offset of gains and losses in the income statement between the revaluation of the derivative and the exposure. Therefore, hedge accounting as defined under IAS 39 is not applied.

Foreign exchange derivative contracts

The impact of forward foreign exchange contracts is detailed as follows:

In € million	**2016**	2015
Net fair value of foreign exchange derivative assets (see notes 8.8. and 8.12.)	**73**	80
Operating foreign exchange gains/(losses) (1)	**9**	(3)
Cash flow hedges ineffectiveness gains/(losses) (see note 7.6.)	**5**	3

In € million	**2016**	2015
Less than 3 months	**13**	19
Less than 1 year	**26**	28
Less than 5 years	**31**	33
More than 5 years	**3**	-
Net fair value of derivative assets (see notes 8.8. and 8.12.)	**73**	80

(1) These amounts relate to derivatives used to offset the currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied

The split by maturities of notional amounts of forward exchange contracts at 31 December 2016 is, for the main foreign currencies, as follows:

In GBP million	**2017**	**2018**	**2019**	**2020**	**>2020**	**Total**
Buy	209	37	13	7	23	289
Sell	(314)	(27)	(3)	(3)	(4)	(351)
Total	**(105)**	**10**	**10**	**4**	**19**	**(62)**

In USD million	**2017**	**2018**	**2019**	**2020**	**>2020**	**Total**
Buy	879	221	78	103	88	1 369
Sell	(412)	(63)	(19)	(10)	(31)	(535)
Total	**467**	**158**	**59**	**93**	**57**	**834**

The split by maturities of notional amounts of forward exchange contracts at 31 December 2015 is, for the main foreign currencies, as follows:

In GBP million	**2016**	**2017**	**2018**	**2019**	**>2019**	**Total**
Buy	242	48	17	3	4	314
Sell	(317)	(59)	(9)	(1)	(2)	(388)
Total	**(75)**	**(11)**	**8**	**2**	**2**	**(74)**

In USD million	**2016**	**2017**	**2018**	**2019**	**>2019**	**Total**
Buy	975	264	121	13	15	1 388
Sell	(487)	(49)	(29)	(4)	(4)	(573)
Total	**488**	**215**	**92**	**9**	**11**	**815**

Sensitivity analysis to foreign exchange rates

Management estimate that:

- If the USD had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group profit or loss (2015: no material impact), and an additional pre-tax €73 million income (respectively expense) (2015: an income of €62 million) recognised in equity;
- If the GBP had been 10 per cent stronger compared to the € (respectively weaker), with all other variables held constant, this would have had no material impact on the Group profit or loss (2015: no material impact), and an additional pre-tax € nil million expense (respectively income) (2015: an expense of € nil million) recognised in equity;
- If other currencies had been 10 per cent stronger compared to € (respectively weaker), with all other variables held constant, this would have had no material impact on profit or loss and equity (2015: no material impact).

This sensitivity analysis does not include the impact of translation into € of foreign operations.

Interest rate risk

The Group interest rate risk arises primarily from loans payable, financing agreements with Bertelsmann SE & Co. KGaA (see note 10.1.) and from cash and cash equivalents.

The objective of the interest rate risk management policy is to minimise the interest rate funding cost over the long-term and to maximise the excess cash return.

In 2013, the Group entered into a 10-year-term loan facility in the amount of €500 million with a fixed interest rate of 2.713 per cent per year. The term loan matures on 7 March 2023. The fair value of the 10-year-term facility − calculated as the present value of the payments associated with the debt and based on the applicable yield curve and RTL Group credit spread − amounts to €557 million (2015: €548 million). This is a Level 2 fair value measurement (see note 4.3.2.). Under the same shareholder loan agreement, the Group also has access to a revolving and swing line facility of up to €1 billion. The revolving and swing line facility matures on 24 February 2018. The interest rates for loans under the revolving and swing line facility are EURIBOR plus a margin of 0.60 per cent per year and EONIA plus a margin of 0.60 per cent per year, respectively. The balance between the fixed versus floating rate ratio might change substantially following the loan agreements described above. Management intend to maintain a suitable fixed versus floating rate ratio, taking into account interest rate yield curves. This percentage can be reviewed at the discretion of the Treasury Committee until the optimum mix between fixed and floating rates has been achieved.

In order to maximise the excess cash return on cash balances, cross border cash pooling has been set up for most of the entities of the Group. The interest rate strategy defined by RTL Group depends on the net cash position of each company.

When RTL Group has excess cash, the Treasury Committee defines the appropriate average tenor of the short-term placements based on business seasonality and regularly reviewed cash flow forecasts. Interest income depends on the evolution of floating interest rates and can potentially, in a low interest rate environment, generate a shortfall of income against interest expense.

Group Treasury uses various indicators to monitor interest rate risk, such as a targeted net fixed/floating rate debt ratio, duration, basis point value (increase in interest rate costs resulting from a basis point increase in interest rate) and interest cover ratio (i.e. adjusted EBITA over net interest expense as defined by rating agencies).

If the interest rates achieved had been lower (respectively higher) by 100 basis points, and assuming the current amount of floating net cash available remains constant, the net interest income/(expense) at 31 December 2016 would have been decreased (respectively increased) by €1 million (2015: €2 million).

The following table indicates the effective interest rate of interest-earning financial assets and interest-bearing financial liabilities at 31 December and the periods in which they re-price:

In € million	**Notes**	**Effective interest rate %**	**Total amount (1)**	**6 months or less**	**6 -12 months**	**1 - 2 years**	**2 - 5 years**	**Over 5 years**
Loans to investments accounted for using the equity method - not bearing interest	8.8.	-	7	-	-	-	7	-
Loans to investments accounted for using the equity method - fixed rate	8.5.	3.0	9	3	2	-	4	-
Loans to investments accounted for using the equity method - floating rate	8.5.	0.0	-	-	-	-	-	-
Other loans - fixed rate	8.5.	4.7	1	-	1	-	-	-
Other loans - floating rate	8.5.	0.1	4	3	1	-	-	-
Cash and cash equivalents - earning assets	8.9.	0.2	433	433	-	-	-	-
Bank loans - fixed rate	8.11.	2.6	(9)	(8)	(1)	-	-	-
Bank loans - floating rate	8.11.	2.6	(17)	(16)	(1)	-	-	-
Term loan facility due to shareholder - fixed rate	8.11.	2.7	(500)	-	-	-	-	(500)
Revolving loan facility due to shareholder - floating rate	8.11.	0.3	(389)	(389)	-	-	-	-
Loans due to investments accounted for using the equity method - floating rate	8.11.	0.0	(50)	(50)	-	-	-	-
Bank overdrafts	8.11.	0.9	(2)	(2)	-	-	-	-
Leasing liabilities - floating rate	8.11.	3.0	(2)	-	(2)	-	-	-
Loans payable - not bearing interest	8.11.	-	(9)	(4)	-	-	(2)	(3)
Loans payable - fixed rate	8.11.	7.9	(2)	-	-	-	(2)	-
Loans payable - floating rate	8.11.	0.9	(16)	(16)	-	-	-	-
At 31 December 2016			**(542)**	**(46)**	**-**	**-**	**7**	**(503)**

In € million	**Notes**	**Effective interest rate %**	**Total amount (1)**	**6 months or less**	**6 -12 months**	**1 - 2 years**	**2 - 5 years**	**Over 5 years**
Loans to investments accounted for using the equity method - not bearing interest	8.8.	-	5	-	1	-	4	-
Loans to investments accounted for using the equity method - floating rate	8.5.	2.0	3	-	3	-	-	-
Other loans - fixed rate	8.5.	5.2	9	7	2	-	-	-
Other loans - floating rate	8.5.	0.1	3	2	1	-	-	-
Cash and cash equivalents - earning assets	8.9.	0.3	449	449	-	-	-	-
Bank loans - fixed rate	8.11.	5.2	(9)	(7)	(2)	-	-	-
Bank loans - floating rate	8.11.	3.1	(16)	(15)	(1)	-	-	-
Term loan facility due to shareholder - fixed rate	8.11.	2.7	(500)	-	-	-	-	(500)
Revolving loan facility due to shareholder - floating rate	8.11.	0.5	(542)	(542)	-	-	-	-
Loans due to investments accounted for using the equity method - floating rate	8.11.	0.2	(11)	(11)	-	-	-	-
Bank overdrafts	8.11.	2.1	(5)	(5)	-	-	-	-
Leasing liabilities - floating rate	8.11.	3.0	(2)	(1)	(1)	-	-	-
Loans payable - not bearing interest	8.11.	-	(12)	(1)	(4)	(3)	(1)	(3)
Loans payable - fixed rate	8.11.	8.0	(1)	(1)	-	-	-	-
Loans payable - floating rate	8.11.	1.2	(16)	(16)	-	-	-	-
At 31 December 2015			**(645)**	**(141)**	**(1)**	**(3)**	**3**	**(503)**

(1) Excluding accrued interests

4.1.2. Credit risk

RTL Group's exposure to credit risk primarily arises through sales made to customers (trade receivables), investments in money market funds classified in cash and cash equivalents, and deposits made with banks and the shareholder.

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances that are managed by individual subsidiaries.

The Group's television and radio operations incur exposure to credit risk when making transactions with advertising agencies or direct customers. In 2016, the combined television and radio advertising revenue contributed 52 per cent of the Group's revenue (2015: 54 per cent). Due to its business model, RTL Group's exposure to credit risk is directly linked to the final client. However the risks are considered as low due to the size of the individual companies or agency groups.

RTL Group produces programmes that are sold or licensed to state-owned and commercial television channels. In 2016, these activities contributed 26 per cent of the Group's revenue (2015: 26 per cent). Given the limited number of television broadcasters in different countries, there is a high degree of concentration of credit risk. However, given the long-standing relationships between content provider and broadcasters and the fact that the customers are large businesses with solid financial positions, the level of credit risk is significantly mitigated.

RTL Group also has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

According to the banking policy of the Group, derivative instruments and cash transactions (including bank deposits and investments in money market funds) are operated only with high credit quality financial institutions so as to mitigate counterparty risk (only independently rated parties with a minimum rating of 'A' are accepted for bank deposits). The Group's bank relationship policy sets forth stringent criteria for the selection of banking partners and money market funds (such as applicable supervisory authorities, investment policy, maximum volatility, track record, rating, cash and cash equivalents status under IAS 7). In order to mitigate settlement risk, the Group has policies that limit the amount of credit exposure to any one financial institution on any single day. Statistics (such as the percentage of the business allocated to each bank over the year compared to a target defined by management, or such as the summary of the highest intraday exposures by bank and by maturity date) are computed and used on a daily basis so as to ensure credit risk is mitigated in practice at any time.

The carrying amount of financial assets represents their maximum credit exposure.

Ageing of financial assets (excluding available-for-sale and fair value through profit or loss investments for respectively €58 million and € nil million) at 31 December 2016:

In € million	Gross carrying amount (1)	Neither past due nor impaired on the reporting date	Not impaired as of the reporting date and past due by <= 1 month	2 - 3 months	3 - 6 months	6 - 12 months	> 1 year	Gross amount impaired
Loans and other non-current financial assets	19	5	-	-	-	-	-	14
Trade accounts receivable	1 291	885	223	70	28	11	9	65
Accounts receivable and loans receivable to investment accounted for using the equity method	40	38	1	-	-	-	1	-
Other accounts receivable and current financial assets	555	536	2	-	-	-	-	17
Cash and cash equivalents	433	433	-	-	-	-	-	-
At 31 December 2016	**2 338**	**1 897**	**226**	**70**	**28**	**11**	**10**	**96**

(1) At 31 December 2016, cumulated valuation allowances amount to €96 million of which €5 million on collective basis. The latter are not taken into account in the table above

Ageing of financial assets (excluding available-for-sale and fair value through profit or loss investments for respectively €55 million and € nil million) at 31 December 2015:

In € million	Gross carrying amount (1)	Neither past due nor impaired on the reporting date	Not impaired as of the reporting date and past due by <= 1 month	2 - 3 months	3 - 6 months	6 - 12 months	> 1 year	Gross amount impaired
Loans and other non-current financial assets	23	5	-	-	-	-	-	18
Trade accounts receivable	1 249	862	184	82	41	13	5	62
Accounts receivable and loans receivable to investment accounted for using the equity method	44	39	2	2	1	-	-	-
Other accounts receivable and current financial assets	637	623	2	-	-	-	-	12
Cash and cash equivalents	449	449	-	-	-	-	-	-
At 31 December 2015	**2 402**	**1 978**	**188**	**84**	**42**	**13**	**5**	**92**

(1) At 31 December 2015, cumulated valuation allowances amount to €88 million of which €4 million on collective basis. The latter are not taken into account in the table above

The top ten trade accounts receivable represent €138 million (2015: €124 million) while the top 50 trade accounts receivable represent €352 million (2015: €310 million).

The top ten counterparties for cash and cash equivalents represent €165 million (2015: €88 million).

The Group has a significant concentration of credit risk due to its relationship with Bertelsmann. Nevertheless, credit risk arising from transactions with shareholders is significantly mitigated (see note 10.1.).

4.1.3. Price risk

The Group is subject to price risk linked to equity securities, earn-out mechanisms, put options on non-controlling interests and derivatives on subsidiaries and investment accounted for using the equity method (see note 2.5.).

4.1.4. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, management aim to maintain flexibility in funding by keeping committed credit lines available despite the total net cash situation. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Treasury. Group Treasury monitors rolling forecasts on the Group’s liquidity requirements to ensure it has sufficient headroom to meet operational needs. Management monitor, on a monthly basis, the level of the “Liquidity Head Room” (total committed facilities minus current utilisation through bank loans and guarantees).

In € million	Under 1 year	1 – 5 years	Over 5 years	2016
Credit facilities - banks				
Committed facilities	294	-	-	**294**
Headroom	49	-	-	**49**

In € million	Under 1 year	1 – 5 years	Over 5 years	2015
Credit facilities - banks				
Committed facilities	279	-	-	**279**
Headroom	53	-	-	**53**

Surplus cash held by the operating entities over and above balances required for working capital management is transferred to Group Treasury. Group Treasury invests surplus cash in interest bearing current accounts, time deposits, money market funds or deposits with Bertelsmann SE & Co. KGaA (see note 10.1.) choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the closing date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

In € million	Under 1 year	1 - 5 years	Over 5 years	Total
Non-derivative financial liabilities				
Loans and bank overdrafts	508	66	524	**1 098**
Accounts payable (1)	2 268	134	19	**2 421**
At 31 December 2016	**2 776**	**200**	**543**	**3 519**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
- Outflow	664	126	-	**790**
- Inflow	(635)	(117)	-	**(752)**
At 31 December 2016	**29**	**9**	**-**	**38**

(1) Accounts payable exclude employee benefit liability, deferred income, social security and other taxes payable, advance payments and other non-financial liabilities

In € million	Under 1 year	1 - 5 years	Over 5 years	Total
Non-derivative financial liabilities				
Loans and bank overdrafts	619	73	539	**1 231**
Accounts payable (1)	2 210	158	15	**2 383**
At 31 December 2015	**2 829**	**231**	**554**	**3 614**
Derivative financial liabilities				
Forward exchange contracts used for hedging:				
- Outflow	702	153	-	**855**
- Inflow	(685)	(148)	-	**(833)**
At 31 December 2015	**17**	**5**	**-**	**22**

(1) Accounts payable exclude employee benefit liability, deferred income, social security and other taxes payable, advance payments and other non-financial liabilities

4.2. Capital management

The Group monitors capital on the basis of its net debt to EBITDA ratio (see note 3.).

The Group's ability and intention to pay dividends in the future will depend on its financial condition, results of operations, capital requirements, investment alternatives and other factors that the management may deem relevant. Management expect that the principal source of funds for the payment of dividends will be the cash flow and dividends received from its current and future subsidiaries.

The Group intends to pay ordinary dividends in the future targeting a dividend ratio of between 50 and 75 per cent of the adjusted net profit attributable to RTL Group shareholders.

The adjusted net profit takes into account non-recurring items, both positive and negative, impacting the reported net result attributable to RTL Group shareholders. The non-recurring items include gains or losses that appear in the financial statements that are not expected to occur regularly such as impairment of goodwill, material gains/(losses) on disposal of assets, restructuring costs and re-measurement to fair value of pre-existing interests in acquiree.

4.3. Accounting classifications and fair value hierarchy

4.3.1. Financial instruments by category

The fair value of each class of financial assets and liabilities are equivalent to their carrying amount.

In € million	**Notes**	Assets at fair value through profit or loss	Derivatives (1)	Loans and accounts receivable	Available-for-sale investments	**Total**
Assets						
Loans and other financial assets (surplus of the defined benefit plans excluded)	8.5.	-	-	19	58	**77**
Accounts receivable and other financial assets (2)	8.8.	-	114	1 791	-	**1 905**
Cash and cash equivalents	8.9.	-	-	433	-	**433**
At 31 December 2016		**-**	**114**	**2 243**	**58**	**2 415**

(1) - Out of which €63 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 (see note 4.1.1.)
- Out of which €48 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied (see note 4.1.1.)
- Out of which €3 million are fair value of call options on subsidiaries and on investments accounted for using the equity method

(2) Accounts receivable exclude prepaid expenses, other tax receivables and other non-financial receivables

In € million	**Notes**	Liabilities at fair value through profit or loss (1)	Derivatives (2)	Other financial liabilities (3)	**Total**
Liabilities					
Loans and bank overdrafts	8.11.	-	-	1 010	**1 010**
Accounts payable (4)	8.12.	28	38	2 349	**2 415**
At 31 December 2016		**28**	**38**	**3 359**	**3 425**

(1) Include put options on non-controlling interests which have been designated at fair value through profit or loss

(2) - Out of which €3 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 (see note 4.1.1.)

- Out of which €35 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied (see note 4.1.1.)

(3) At amortised cost

(4) Accounts payable exclude employee benefits liability, deferred income, social security and other tax payables, advance payments and other non-financial liabilities

In € million	Notes	Assets at fair value through profit or loss	Derivatives (1)	Loans and accounts receivable	Available-for-sale investments	Total
Assets						
Loans and other financial assets (surplus of the defined benefit plans excluded)	8.5.	-	-	13	55	**68**
Accounts receivable and other financial assets (2)	8.8.	-	108	1 853	-	**1 961**
Cash and cash equivalents	8.9.	-	-	449	-	**449**
At 31 December 2015		**-**	**108**	**2 315**	**55**	**2 478**

(1) - Out of which €52 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 (see note 4.1.1.)
- Out of which €50 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied (see note 4.1.1.)
- Out of which €6 million are fair value of call options on subsidiaries and on investments accounted for using the equity method

(2) Accounts receivable exclude prepaid expenses, other tax receivables and other non-financial receivables

In € million	Notes	Liabilities at fair value through profit or loss (1)	Derivatives (2)	Other financial liabilities (3)	Total
Liabilities					
Loans and bank overdrafts	8.11.	-	-	1 129	**1 129**
Accounts payable (4)	8.12.	28	22	2 328	**2 378**
At 31 December 2015		**28**	**22**	**3 457**	**3 507**

(1) Include put options on non-controlling interests which have been designated at fair value through profit or loss

(2) - Out of which €5 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 (see note 4.1.1.)
- Out of which €17 million are derivatives used to offset currency exposure relating to recognised monetary assets and liabilities for which hedge accounting as defined under IAS 39 is not applied (see note 4.1.1.)

(3) At amortised cost

(4) Accounts payable exclude employee benefits liability, deferred income, social security and other tax payables, advance payments and other non-financial liabilities

4.3.2. Fair value hierarchy

The following table presents the Group's financial assets and liabilities measured at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets (or liabilities);
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or the liability that are not based on observable market data (unobservable inputs).

In € million	**Total**	Level 1	Level 2	Level 3
Assets				
Available-for-sale investments (see note 2.6.)	**58**	9	-	49
Derivatives used for hedging (see note 4.1.1.)	**111**	-	111	-
Derivatives in relation to call options (see note 2.5.)	**3**	-	-	3
At 31 December 2016	**172**	**9**	**111**	**52**
Liabilities				
Derivatives used for hedging (see note 4.1.1.)	**38**	-	38	-
Liabilities in relation to put options on non-controlling interests (see note 6.2.)	**28**	-	-	28
At 31 December 2016	**66**	**-**	**38**	**28**

In € million	**Total**	Level 1	Level 2	Level 3
Assets				
Available-for-sale investments (see note 2.6.)	**55**	8	-	47
Derivatives used for hedging (see note 4.1.1.)	**102**	-	102	-
Derivatives in relation to call options (see note 2.5.)	**6**	-	-	6
At 31 December 2015	**163**	**8**	**102**	**53**
Liabilities				
Derivatives used for hedging (see note 4.1.1.)	**22**	-	22	-
Liabilities in relation to put options on non-controlling interests (see note 6.2.)	**28**	-	-	28
At 31 December 2015	**50**	**-**	**22**	**28**

There were no transfers between Levels 1, 2 and 3 during the years 2016 and 2015.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. The quoted market price used for financial assets by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.
The Group's finance department, which includes Group Treasury and Controlling teams, perform the recurring and non-recurring valuations of items to be valued at fair value for financial purposes, including Level 3 fair values. These teams report directly to the Chief Financial Officer, who reports to the Audit Committee at least once every quarter, in line with the Group's quarterly reporting dates. The main Level 3 related inputs used by RTL Group relate to the determination of the expected discounted cash flows as well as the discount rates used in the different valuations.

Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments (Level 2);
- The fair value of forward foreign exchange contracts classified under Level 2 is determined by using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;

- For instruments classified under Level 3, other techniques, such as discounted cash flow analysis, based for the main instruments on the significant unobservable inputs (e.g. forecast revenue growth rates and market multiples are used to determine fair value for the remaining financial instruments) or the Black-Scholes model. Volatility is primarily determined by reference to comparable publicly traded peers.

The following table presents the change in Level 3 instruments for the year ended 31 December 2016:

	Assets			Liabilities
In € million	Financial assets at fair value through profit or loss	Available-for-sale investments	**Total assets**	Liabilities at fair value through profit or loss
Balance at 1 January	6	47	**53**	28
Acquisitions and additions	-	2	**2**	1
Gains and losses recognised in profit or loss ("Financial results other than interest", see note 7.6.)	(3)	-	**(3)**	(1)
Balance at 31 December	3	49	**52**	**28**
Total gains/(losses) for the period included in profit or loss for assets and liabilities held at the end of the reporting period (see note 2.5.)	**(3)**	**-**	**(3)**	**1**

The following table presents the change in Level 3 instruments for the year ended 31 December 2015:

	Assets			Liabilities
In € million	Financial assets at fair value through profit or loss	Available-for-sale investments	**Total assets**	Liabilities at fair value through profit or loss
Balance at 1 January	-	50	**50**	30
Acquisitions and additions	-	1	**1**	-
Gains and losses recognised in other comprehensive income	-	(4)	**(4)**	-
Gains and losses recognised in profit or loss ("Financial results other than interest", see note 7.6.)	6	-	**6**	(4)
Effect of movements in foreign exchange	-	-	**-**	2
Balance at 31 December	6	47	**53**	**28**
Total gains/(losses) for the period included in profit or loss for assets and liabilities held at the end of the reporting period (see note 2.5.)	**6**	**-**	**6**	**4**

4.4. Master netting agreement

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In certain circumstances - e.g. when a credit event such as a default occurs - all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a bank loan default or other credit events.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements. The column "net amount" shows the impact on the Group's statement of financial position if all set off rights were exercised.

	At 31 December 2016			At 31 December 2015		
In € million	Gross amounts in the statement of financial position	Related financial instruments that are not offset	Net amount	Gross amounts in the statement of financial position	Related financial instruments that are not offset	Net amount
Financial assets						
Derivative financial instruments						
- Forward exchange contracts used for hedging	**111**	**(38)**	**73**	102	(22)	80
	111	**(38)**	**73**	102	(22)	80
Financial liabilities						
Derivative financial instruments						
- Forward exchange contracts used for hedging	**(38)**	**38**	**-**	(22)	22	-
	(38)	**38**	**-**	(22)	22	-

5. SEGMENT REPORTING

The determination of the Group's operating segments is based on the operational and management-related entities for which information is reported to the Executive Committee.

The Group has 16 business units (of which Atresmedia accounted for using the equity method), each one led by a CEO. They manage operations in television, radio and diversification businesses in eight European countries and across South East Asia. The Group owns interests in 60 TV channels and 31 radio stations, of which six TV channels and three radio stations are held by Atresmedia as an associate. BroadbandTV, FremantleMedia, Radical Media as an associate, SpotX and Style Haul operate international networks in the content and digital businesses.

The following reported segments meet the quantitative thresholds required by IFRS 8:

- **Mediengruppe RTL Deutschland:** this segment encompasses all of the Group's German television activities. These include the leading commercial channel RTL Television, free-to-air channels Vox, Super RTL and Toggo Plus (through RTL Disney Fernsehen GmbH & Co. KG, joint-venture accounted for using the equity method), RTL Nitro, RTL Plus and N-TV, thematic pay channels RTL Crime, RTL Living, RTL Passion and Geo Television, and an equity participation in the free-to-air channel RTL II. This segment also includes an array of diversification operations such as digital and content activities;
- **Groupe M6**: primarily composed of the commercial free-to-air TV channel M6. This segment also includes two other free-to-air television channels, W9 and 6ter, plus a number of smaller thematic pay channels, plus significant other operations such as digital activities, home shopping, rights production and distribution and a football club;
- **FremantleMedia:** principally a worldwide production business but other activities include a significant distribution and licensing business. Its main business units are based in the United States, Germany, the United Kingdom and Australia;
- **RTL Nederland:** this segment covers television, radio and a wide range of new media and diversification activities. Its television channels RTL 4, RTL 5, RTL 7, RTL 8, RTL Z, RTL Lounge, RTL Crime and RTL Telekids are the leading family of channels in the Netherlands;
- **RTL Belgium:** this segment includes both television and radio activities primarily focused on the French-speaking part of Belgium. The television activities are the leading family of channels and include RTL-TVI, Plug RTL and Club RTL, while the radio activities are made up of the number one and number three stations, Radio Contact, Bel RTL and Mint;
- **RTL Radio (France):** this is the leading radio family in France and includes the stations RTL Radio, RTL 2 and Fun Radio.

The revenue of "Other segments" amount to €580 million (2015: €478 million); multi-channel networks and RTL Hungary are the major contributors for €176 million and €104 million respectively (2015: €90 million and €100 million respectively). Group headquarters, which provide services and initiate development projects, are also reported in "Other segments".

RTL Group's Executive Committee assesses the performance of the operating segments based on EBITA and EBITDA. Interest income, interest expense, financial results other than interest and income tax are not allocated to segments, as these are centrally driven. Inter-segment pricing is determined on an arm's length basis.

The Executive Committee also reviews, on a regular basis, the amount of the invested capital of each profit centre. Only the assets and liabilities directly managed by the profit centres are considered. Reportable segment assets and liabilities are reconciled to total assets and liabilities, respectively.

All management financial information reported to RTL Group's Executive Committee is fully compliant and consistent with the Group's accounting policies and primary statements.

RTL GROUP

5.1. Segment information

	Mediengruppe RTL Deutschland		Groupe M6		FremantleMedia		RTL Nederland		RTL Belgium		RTL Radio (France) (3)		Other segments		Eliminations		Total Group	
In € million	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	2 211	2 135	1 277	1 244	1 352	1 360	495	488	200	199	162	166	540	437	-	-	6 237	6 029
Inter-segment revenue	3	5	6	10	148	164	-	2	2	1	2	2	40	41	(201)	(225)	-	-
Total revenue	2 214	2 140	1 283	1 254	1 500	1 524	495	490	202	200	164	168	580	478	(201)	(225)	6 237	6 029
Profit/(loss) from operating activities	662	649	246	198	109	111	91	103	43	45	5	24	(26)	(11)	-	(1)	1 130	1 118
Share of results of investments accounted for using the equity method	41	37	1	1	2	1	(1)	(2)	-	-	-	-	24	20	-	-	67	57
EBIT	703	686	247	199	111	112	90	101	43	45	5	24	(2)	9	-	(1)	1 197	1 175
EBITDA	718	701	389	325	129	125	96	111	48	50	11	28	20	21	-	(1)	1 411	1 360
Depreciation and amortisation (amortisation and impairment of fair value adjustments on acquisitions of subsidiaries excluded)	(13)	(17)	(137)	(120)	(19)	(22)	(11)	(10)	(5)	(5)	(6)	(4)	(15)	(15)	-	-	(206)	(193)
EBITA	705	684	252	205	110	103	85	101	43	45	5	24	5	6	-	(1)	1 205	1 167
Amortisation and impairment of fair value adjustments on acquisitions of subsidiaries	(2)	(1)	(5)	(5)	-	-	-	-	-	-	-	-	(8)	-	-	-	(15)	(6)
Re-measurement of earn-out arrangements	-	3	-	(1)	1	9	-	-	-	-	-	-	-	(1)	-	-	1	10
Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree	-	-	-	-	-	-	5	-	-	-	-	-	1	4	-	-	6	4
EBIT	703	686	247	199	111	112	90	101	43	45	5	24	(2)	9	-	(1)	1 197	1 175
Interest income																	6	6
Interest expense																	(27)	(31)
Financial results other than interest																	3	13
Income tax expense																	(363)	(300)
Profit for the year																	816	863
Segment assets (assets classified as held for sale and investments accounted for using the equity method excluded)	1 620	1 540	1 564	1 508	1 930	1 903	405	423	171	168	144	165	748	715	(158)	(120)	6 424	6 302
Investments accounted for using the equity method	79	75	9	6	34	17	6	7	-	-	-	-	299	295	-	-	427	400
Assets classified as held for sale (see note 8.10.)	-	-	-	-	-	-	-	-	-	-	-	-	83	-	-	-	83	-
Segment assets	1 699	1 615	1 573	1 514	1 964	1 920	411	430	171	168	144	165	1 130	1 010	(158)	(120)	6 934	6 702
Segment liabilities (liabilities directly associated with non-current assets classified as held for sale excluded)	1 074	999	581	572	540	539	148	153	96	102	57	63	411	384	(154)	(116)	2 753	2 696
Segment liabilities	1 074	999	581	572	540	539	148	153	96	102	57	63	411	384	(154)	(116)	2 753	2 696
Invested capital	625	616	992	942	1 424	1 381	263	277	75	66	87	102	719	626	(4)	(4)	4 181	4 006
Segment assets																	6 934	6 702
Deferred tax assets																	317	370
Income tax receivable																	19	34
Other assets (1)																	597	642
Cash and cash equivalents																	433	449
Total assets																	8 300	8 197
Segment liabilities																	2 753	2 696
Deferred tax liabilities																	45	62
Income tax payable																	52	45
Other liabilities																	1 898	1 985
Total liabilities																	4 748	4 788
Capital expenditure (2)	56	20	172	145	24	46	13	13	4	4	2	2	65	45	-	-	336	275
Depreciation and amortisation	(15)	(14)	(141)	(125)	(19)	(22)	(11)	(10)	(5)	(5)	(4)	(4)	(23)	(22)	-	-	(218)	(202)
Impairment losses excluding goodwill	-	(4)	(1)	-	-	-	-	-	-	-	(2)	-	-	7	-	-	(3)	3

(1) Including cash and cash equivalents classified as held for sale

(2) Capital expenditure includes additions in “Programme and other rights”, “Other intangible assets” and “Property, plant and equipment”, new goodwill following acquisitions of subsidiaries and incremental fair value on identifiable assets following purchase accounting

(3) Accounting misstatements over previous years in the Group reporting of the French radio segment have conducted the Group to recognise in 2016 the following adjustments through the income statement without impact on cash and on the net cash from operating activities:
. EBITA (“Other operating expenses”) €(11.2) million
. Income tax €3.8 million
. Profit of the year attributable to RTL Group shareholders €7.4 million
Considering that the amounts involved are not significant to RTL Group's consolidated financial statements for any of the years affected by the misstatements, management has decided not to restate prior years' financial information

Restructuring costs amount to €3 million (2015: insignificant)

5.2. Geographical information

Geographical areas are based on where customers (revenue) and the Group's non-current assets are located. Goodwill has been allocated to a geographical area based on whether the Group's risks and returns are affected predominantly by the products and services it produces.

	Germany		France		USA		The Netherlands		UK		Belgium		Other regions		Total	
In € million	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Revenue from external customers	**2 204**	2 151	**1 419**	1 394	**802**	768	**514**	509	**227**	246	**232**	223	**839**	738	**6 237**	6 029
Non-current assets	**1 045**	1 000	**965**	941	**707**	728	**309**	309	**408**	409	**50**	50	**170**	174	**3 654**	3 611
Assets classified as held for sale (see note 8.10.)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**83**	-	**83**	-
Capital expenditure	**63**	25	**175**	153	**7**	8	**13**	16	**3**	2	**5**	5	**70**	66	**336**	275

The revenue generated in Luxembourg amounts to €88 million (2015: €73 million). The total of non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets located in Luxembourg amounts to €106 million (2015: €65 million).

6. ACQUISITIONS AND DISPOSALS

6.1. Acquisitions and increases in interests held in subsidiaries

Acquisitions have been consolidated using the purchase method of accounting with goodwill being recognised as an asset. The acquisitions have been included in the consolidated financial statements from the date that the control was obtained by the Group.

In aggregate, the acquired businesses contributed revenue of €54 million and profit attributable to RTL Group shareholders of €3 million for the post acquisition period to 31 December 2016. Had the business combinations occurred at the beginning of the year, the revenue and the profit attributable to RTL Group shareholders would have amounted to €6,300 million and €719 million, respectively.

6.2. Details of main acquisitions and disposals, increases in interests held in subsidiaries

2016

Abot Hameiri

On 11 January 2016, FremantleMedia Netherlands BV ("FremantleMedia") acquired 51 per cent of Abot Hameiri Communications Ltd ("AH"), an Israeli content development and TV production company, which primarily focuses on the development and production of both established and original entertainment, scripted drama and factual programmes. The acquisition is in line with the growth strategy of FremantleMedia to strengthen the creative pipeline and to enter new markets. The transaction qualifies as a business combination since RTL Group gained the control of AH.

The purchase consideration of €7 million, net of cash acquired, includes a top-up adjustment based on the level of profitability realised in 2015. The purchase accounting did not lead to the recognition of additional identifiable assets and liabilities. Goodwill of €8 million mainly represents the value of creative talent and market competence of Abot Hameiri's workforce and is not tax deductible. AH is allocated to the FremantleMedia cash-generating unit.

FremantleMedia holds an option on the remaining 49 per cent of the share capital. The strike price of the option, exercisable in 2021, is based on a variable component. The consideration for 100 per cent of AH is capped at €46 million. If FremantleMedia does not exercise the option, the non-controlling shareholders have a drag-along right and a call option. The fair value of the related derivative was € nil million at completion date and remains unchanged at 31 December 2016.

Transaction-related costs of €0.3 million, mainly consisting of legal fees and due diligence costs, are reported in "Other operating expenses".

In € million	**Fair value at date of gain of control**
Cash and cash equivalents	**1**
Current programme rights	**7**
Accounts receivable and other financial assets	**1**
Accounts payable	**(9)**
Net assets acquired	**-**
Goodwill	**8**
Total purchase consideration	**8**
Cash and cash equivalents in operations acquired	**(1)**
Cash outflow on acquisition	**7**

Smartclip

On 11 March 2016, RTL Group Vermögensverwaltung GmbH entered into an agreement to acquire 93.75 per cent of smartclip Holding AG and five of its subsidiaries operating in Germany, Italy, the Netherlands and Sweden ("Smartclip"). Smartclip bundles the online video advertising inventory of 700 publishers worldwide, and manages the integration and serving of video advertising to all internet-connected screens. As a strong sales house and technological innovator, Smartclip also creates solutions for Smart-TV and multiscreen advertising. Smartclip complements RTL Group's investments in digital advertising sales. The German cartel office approved the transaction on 22 April 2016. The transaction qualifies as a business combination since RTL Group gained the control of Smartclip.

The purchase consideration amounts to €37 million, net of cash acquired. Intangible assets include the trade name (€1 million) and customer contracts (€4 million). A corresponding deferred tax liability amounts to €1 million. Goodwill of €38 million is attributable to the skills and market competence of Smartclip's workforce and the synergies expected. The goodwill in connection with the acquisition is not tax deductible. Smartclip is allocated to the Mediengruppe RTL Deutschland cash-generating unit.

The remaining 6.25 per cent are subject to symmetrical put and call options exercisable in 2017. The strike price of the put option is based on a variable component and capped at €200 million on a 100 per cent basis. The related amount has been initially recognised as a financial liability for €4 million through equity for the present value of the redemption amount. The financial liability is subsequently measured at amortised cost and has been re-measured to €6 million at 31 December 2016. The related expense of €2 million is reported in "Financial results other than interest" (see note 7.6.).

Transaction-related costs of €0.2 million, mainly consisting of legal fees and due diligence costs, are reported in "Other operating expenses" (2015: €0.4 million).

In € million	**Fair value at date of gain of control**
Cash and cash equivalents	**11**
Other intangible assets	**9**
Accounts receivable and other financial assets	**12**
Accounts payable	**(20)**
Net deferred tax assets/(liabilities)	**(1)**
Non-controlling interests	**(1)**
Net assets acquired	**10**
Goodwill	**38**
Total purchase consideration	**48**
Cash and cash equivalents in operations acquired	**(11)**
Cash outflow on acquisition	**37**

Mandarin Cinéma

On 22 July 2016, Groupe M6 acquired 100 per cent of Mandarin Cinéma SAS ("Mandarin Cinéma"). Mandarin Cinéma, which is based in France, holds a catalogue of 32 feature films. With this targeted acquisition, Groupe M6 continues the consolidation of its activities of distribution of audiovisual rights by extending its catalogue, which now contains almost 1,300 full-length feature films. The transaction qualifies as a business acquisition since RTL Group gained the control of Mandarin Cinéma.

The purchase consideration amounts to €12 million, net of cash acquired. The purchase agreement includes an earn-out mechanism based on a variable performance component; the contingent consideration has been estimated and recognised for €1 million. The fair value of identified assets has been allocated to the catalogue for €7 million and to other accounts receivable for €7 million. A corresponding deferred tax liability has been recognised for €4 million. Provisional goodwill of €2 million is attributable to expected synergy benefits. The goodwill arising from the transaction is not tax deductible. Mandarin Cinema is allocated to the Groupe M6 cash-generating unit.

Transaction-related costs of €0.1 million are reported in "Other operating expenses".

In € million	**Fair value at date of gain of control**
Cash and cash equivalents	**3**
Non-current programme and other rights	**7**
Accounts receivable and other financial assets	**12**
Accounts payable	**(4)**
Loans	**(1)**
Net deferred tax assets/(liabilities)	**(4)**
Net assets acquired	**13**
Goodwill	**2**
Total purchase consideration	**15**
Contingent consideration	**(1)**
Cash and cash equivalents in operations acquired	**(3)**
Cash outflow on acquisition	**11**

iGraal

On 30 November 2016, Groupe M6, through its subsidiary M6 Web SAS, acquired 51 per cent of iGraal SAS ("iGgraal"). iGraal is based in France and the leader for cashback schemes on online purchases. With this acquisition, Groupe M6 is strengthening its capacity for innovation in support of online retailers, expanding its range of 'good deals' for consumers and enriching its data strategy by accessing highly qualified purchasing behaviour data. The transaction qualifies as a business acquisition since RTL Group gained the control of iGraal.

The purchase consideration amounts to €2 million, net of cash acquired. Provisional goodwill amounts to €11 million. The goodwill in connection with the acquisition is not tax deductible. iGraal is allocated to the Groupe M6 cash-generating unit.

The remaining 49 per cent are subject to call and put options exercisable at the latest in 2019. The strike price of the put option is based on a variable component and capped at €40 million on a 100 per cent basis on a debt and cash free basis. The put option has been recognised at the acquisition date for an amount of €15 million through equity as a liability for the present value of the redemption amount. The financial liability is subsequently measured at amortised cost and remained unchanged at 31 December 2016.

Transaction-related costs are insignificant.

In € million	**Fair value at date of gain of control**
Cash and cash equivalents	**9**
Accounts receivable and other financial assets	**5**
Accounts payable	**(12)**
Provisions	**(3)**
Net deferred tax assets/(liabilities)	**1**
Net assets acquired	**-**
Goodwill	**11**
Total purchase consideration	**11**
Deferred consideration	**(1)**
Cash and cash equivalents in operations acquired	**(9)**
Cash outflow on acquisition	**1**

Other

On 1 September 2016, RTL Nederland Ventures BV disposed of the interests held in Pepper BV generating a sale proceeds and a capital gain of €0.2 million (see note 7.4.).

On 26 October 2016, RTL Nederland Ventures BV fully disposed of its 100 per cent stake in Couverts Reserveren BV to TripAdvisor generating a capital gain of €5 million (see note 7.4.). The sale proceeds, net of cash disposed of, amounted to €6 million, of which €0.9 million is placed on an escrow account.

2015 (updated at 31 December 2016)

Oxygem

On 9 January 2015, Groupe M6 acquired 100 per cent of Oxygem SA and its subsidiaries (”Oxygem”). Oxygem operates various websites. The acquisition strengthened the monetisation capabilities of Groupe M6 in the online advertising market and generates significant synergies by cross-fertilising digital expertise. The transaction qualified as a business combination since RTL Group gained the control of Oxygem.

The purchase consideration amounted to €18 million, net of cash acquired and, in addition, the reimbursement of a loan previously granted to Oxygem by the seller (€6 million). The fair value of the brand names, subscriber base and technology was measured for €8 million, of which €7 million for the brand names. A corresponding deferred tax liability was recognised for €3 million. As a result, a goodwill of €17 million was recognised. The latter is attributable mainly to the synergies expected and to the skills and expertise of the Oxygem workforce. The goodwill is not tax deductible. Oxygem was allocated to the Groupe M6 cash-generating unit.

Transaction-related costs of €0.2 million were reported in “Other operating expenses” in 2015.

In € million	**Fair value at date of gain of control**
Cash and cash equivalents	**2**
Other intangible assets	**8**
Accounts receivable and other financial assets	**7**
Accounts payable	**(3)**
Employee benefit obligations	**(2)**
Loans	**(7)**
Net deferred tax liabilities	**(2)**
Net assets acquired	**3**
Goodwill	**17**
Total purchase consideration	**20**
Loan previously granted by the seller	**6**
Cash and cash equivalents in operations acquired	**(2)**
Cash outflow on acquisition	**24**

YoBoHo

On 1 April 2015, BroadbandTV Corp. ("BBTV") acquired 87.6 per cent (71.3 per cent on a fully diluted basis) of YoBoHo New Media Private Limited and its subsidiary YoBoHo New Media Inc. ("YoBoHo"). RTL Group consequently held an interest of 50.2 per cent (50.3 per cent at 31 December 2015) (36.3 per cent on a fully diluted basis; 36.9 per cent at 31 December 2015) in YoBoHo. YoBoHo, which is based in Mumbai, produces kids-and-family oriented video for distribution across digital platforms. The acquisition of YoBoHo supported RTL Group's ambitions to secure a leading position in the global online video market. The transaction qualified as a business combination since RTL Group gained the control of YoBoHo.

The purchase consideration, partly contributed to YoBoHo, amounted to €8 million, net of cash acquired and was contingent on a cash-and-debt free position adjusted for normalised working capital. The identified intangible assets amounted to €4 million and reflected the value placed in original characters (€2 million) and trade names and a non-compete agreement (€2 million). A corresponding deferred tax liability was recognised for €1 million. Goodwill of €6 million corresponded to the value of creative talent, workforce and synergies. It is not tax deductible. YoBoHo was allocated to the BBTV cash-generating unit.

BBTV also benefits from a call option for the remaining non-controlling interests. The call window opens two years from 2015 closing and ends 18 months thereafter; the non-capped strike price is determined on the basis of the fair value of YoBoHo.

Transaction-related costs of €0.5 million were reported in "Other operating expenses" in 2015.

In € million	**Fair value at date of gain of control**
Non-current programme and other rights	**2**
Other intangible assets	**2**
Accounts receivable and other financial assets	**1**
Accounts payable	**(1)**
Net deferred tax liabilities	**(1)**
Non-controlling interests	**(1)**
Net assets acquired	**2**
Goodwill	**6**
Total purchase consideration	**8**
Cash outflow on acquisition	**8**

UFA Sports

On 20 April 2015, RTL Group agreed with Lagardère Unlimited Germany GmbH ("Lagardère Unlimited") to fully dispose of the interests held in UFA Sports GmbH and some of its subsidiaries ("UFA Sports"). The subsidiaries apareo Holding GmbH, apareo Deutschland GmbH and UFA Sports Asia Pte Ltd were excluded from the deal and remained with RTL Group. The German competition authorities approved the transaction on 15 June 2015. In consequence, RTL Group lost control of UFA Sports and derecognised all related assets and liabilities. In conjunction with the disposal, UFA Sports repaid the net amounts owed to and by RTL Group of €11 million thanks to the reserve contribution made by the acquirer Lagardère Unlimited (€6 million). At the same time, RTL Group equalised the net cash position of UFA Sports for €2.5 million, of which €1.4 million for a guarantee granted for commercial bad debts.

In € million	**2015**
Cash and cash equivalents	**(1)**
Intangible assets	**(6)**
Loans and other financial assets	**(3)**
Accounts receivable	**(11)**
Accounts payable	**6**
Employee benefit obligations	**1**
Loans	**1**
Net assets disposed	**(13)**
Capital reserve injection by the acquirer	**6**
Incremental costs associated with the disposal	**(3)**
Waiver of financial liability	**3**
Loss on the disposal	**(7)**
Waiver of financial liability	**(3)**
Cash and cash equivalents in operations disposed	**(1)**
Cash inflow on disposal	**2**

Wildside

On 7 August 2015, FremantleMedia Group Ltd ("FremantleMedia") acquired a 62.5 per cent stake in Wildside Srl and its 100 per cent affiliates ("Wildside"). Wildside is an Italian television and feature film production entity. The acquisition enhanced FremantleMedia's scripted presence in the Italian market and bolsters the global content pipeline of the Group overall. The transaction qualified as a business combination since RTL Group gained the control of Wildside.

The purchase consideration amounted to €34 million, including €9 million bank overdrafts, net of cash. Intangible assets had been recognised for €3 million, reflecting the value placed in non-compete agreements (€1 million), trade name and customer contracts (€2 million). A corresponding deferred tax liability was recognised for €1 million. Goodwill of €22 million represented the value of creative talent and skills of Wildside's workforce. The goodwill is not tax deductible. Wildside was allocated to the FremantleMedia cash-generating unit.

The remaining 37.5 per cent interest is subject to call and put options exercisable at the latest in 2020. The strike prices are based on a variable component. The consideration for 100 per cent of Wildside is capped at €75 million excluding working capital funding required. The put option had been recognised at the acquisition date as deduction of the Group's equity with a corresponding financial liability for the present value of the redemption amount of €6.3 million. The financial liability, subsequently measured at amortised cost, remained unchanged at 31 December 2015. It has been re-measured at 31 December 2016 with a related income of €0.5 million reported in "Financial results other than interest". The fair value of the call option of € nil million at 31 December 2015 remains unchanged at 31 December 2016.

Transaction-related costs of €0.8 million, mainly consisting of legal fees and due diligence costs, were recognised in "Other operating expenses" in 2015. Additional transaction-related costs are reported in 2016 for €0.3 million in "Other operating expenses".

In € million	**Fair value at date of gain of control**
Non-current programme and other rights	**6**
Other intangible assets	**3**
Loans and other financial assets	**3**
Current programme rights	**11**
Accounts receivable and other financial assets	**12**
Accounts payable	**(14)**
Bank overdrafts, net of cash and cash equivalents	**(9)**
Loans	**(7)**
Non-controlling interests	**(2)**
Net assets acquired	**3**
Goodwill	**22**
Total purchase consideration	**25**
Bank overdrafts, net of cash and cash equivalents	**(9)**
Cash outflow on acquisition	**34**

Kwaï

On 1 October 2015, FremantleMedia Overseas Holding BV ("FremantleMedia") acquired a 51 per cent stake in Kwaï SAS ("Kwaï"), a French television production company focused on prime-time TV films and series, further expanding its capabilities in the scripted business. The transaction qualified as a business combination since RTL Group gained the control of Kwaï.

The purchase consideration of €6 million, net of cash acquired, included a contingent consideration based on a variable performance component. Goodwill of €6 million represented the value of creative talent of Kwaï's workforce and is not tax deductible. Kwaï was allocated to the FremantleMedia cash-generating unit.

FremantleMedia holds a call option for the remaining 49 per cent. The strike price of the option, exercisable in 2020, is based on a variable component. The consideration for 100 per cent of Kwaï is capped at €25 million. If FremantleMedia does not exercise the call option, the non-controlling shareholders will have the option to acquire the shares held by the Group. The fair value of the related derivative was € nil million at 31 December 2015 and remains unchanged at 31 December 2016.

Transaction-related costs of €0.2 million, mainly consisting of legal fees, were reported in "Other operating expenses".

In € million	Fair value at date of gain of control
Cash and cash equivalents	**1**
Current programme rights	**6**
Accounts receivable and other financial assets	**1**
Accounts payable	**(6)**
Loans	**(1)**
Net assets acquired	**1**
Goodwill	**6**
Total purchase consideration	**7**
Cash and cash equivalents in operations acquired	**(1)**
Contingent consideration	**(2)**
Cash outflow on acquisition	**4**

Other acquisitions and disposals, increases in interest held in subsidiaries

On 7 January 2015, RTL Group acquired 100 per cent of Dinnersite BV ("Dinnersite"), an online restaurant guide. The combination with Couverts, the online table reservation portal owned by RTL Nederland Ventures BV, created a leading position in the Dutch online restaurant booking market. The transaction qualified as a business combination since RTL Group gained the control of Dinnersite. The purchase consideration amounted to below €1 million, net of cash acquired. Goodwill was € nil million. Dinnersite BV merged into Couverts Reserveren BV in 2015 which was sold in 2016.

RTL Group, through FremantleMedia North America Inc, incorporated on 13 March 2015 the new company Big Balls LLC, held at 95 per cent, in order to launch a digital broadcasting network ("digi-net") in the US called Buzzr, scheduling FremantleMedia's large library of classic game shows.

On 1 April 2015, RTL Nederland BV ("RTL NL") acquired 100 per cent of Grand Gear Media BV, which operates a Dutch digital platform named Bright, a cross-media platform operating in the field of innovative lifestyle related content with a focus on technology, lifestyle and design and the Bright Assets and all Bright digital platforms and databases such as *Bright.nl*, Uitpakparty, Bright Ideas, Bright Store and events. The transaction qualified as a business combination since RTL Group gained control. Goodwill was € nil million. Grand Gear Media BV merged into RTL Nederland BV in 2015.

On 1 April 2015, RTL Group gained the control of Dutch Learning Company BV ("DLC") through a capital increase of €1 million. From that date, RTL Group holds 80.3 per cent of the share capital of DLC. As a result, a goodwill of €1 million was recognised. The goodwill is not tax deductible. Before 1 April 2015, DLC was accounted for using the equity method. The measurement at fair value of the 37.8 per cent interest previously held was insignificant. Since 1 August 2015, RTL Group holds 100 per cent of the share capital of DLC (see note 8.15.8.).

On 7 April 2015, the non-controlling interests of The Entertainment Group BV ("TEG") agreed with RTL Nederland Interactief BV ("RTL Interactief") on the transfer of the remaining 35 per cent held in the share capital for an amount of €3 million fully paid at 30 June 2015. On 22 July 2013, RTL Group had gained the control of TEG, which had been consolidated at 100 per cent.

On 7 September 2015, FremantleMedia Overseas Holdings BV acquired a controlling interest of 51 per cent in Fontaram SAS, a recently launched company. This opportunity enabled FremantleMedia to develop new drama content. The purchase consideration was € nil million. FremantleMedia has the ability to buy the remaining 49 per cent shares through a "promise to sell" mechanism where the founders undertake to sell their shares to FremantleMedia. The strike price is based on a variable component. If FremantleMedia does not accept the offer, the non-controlling shareholders will have the option to acquire the shares held by the Group. The fair value of the related derivative was € nil million at 31 December 2015 and remains unchanged at 31 December 2016. The consideration for 100 per cent of Fontaram is capped at €20 million.

On 11 September 2015, FremantleMedia Netherlands BV ("FremantleMedia") acquired 75 per cent of No Pictures Please Productions BV ("NPP"), a Dutch programming youth orientated factual producer. NPP will sit alongside FremantleMedia's entertainment and scripted businesses in the Netherlands. The transaction qualified as a business combination since RTL Group gained the control of NPP. The purchase consideration amounted to below €1 million, net of cash acquired. The goodwill of €1 million is not tax deductible. FremantleMedia and the non-controlling shareholder entered into an agreement that permits FremantleMedia to purchase the remaining 25 per cent in the first half of 2020. The strike price is based on a variable component. If RTL Group does not exercise the call option, the non-controlling shareholder will have the option to acquire the 75 per cent stake. The fair value of the related derivatives was € nil million at 31 December 2015 and remains unchanged at 31 December 2016. Transaction-related costs of €0.1 million, mainly consisting of legal fees, were reported in "Other operating expenses".

On 17 December 2015, RTL Nederland BV set up a new company with a third party, Themakanalen BV, active in the field of advertising sales for selective theme channels. RTL Group holds a call option exercisable in 2019 to acquire the 25 per cent non-controlling interests. If RTL Group does not exercise the call option, the non-controlling shareholder will have the option to acquire the 75 per cent stake. The non-controlling interests hold a put option exercisable in 2020. The strike prices are based on a variable component. The fair value of the call option was € nil million at 31 December 2015 and remains unchanged at 31 December 2016. The put option had been recognised as deduction of the Group's equity with a corresponding financial liability recognised for the present value of the redemption amount of below €1 million. The financial liability is subsequently measured at amortised cost. The re-measurement of the liability at 31 December 2016 is insignificant.

Previous years (updated at 31 December 2016)

2014

Best of TV

The contingent consideration related to Best of TV, acquired on 7 January 2014, had been paid during the first half of 2015 (€6 million).

495 Productions

Since the gain of control of 495 Productions on 26 March 2014 by RTL Group, the minority shareholder holds a put option on the remaining 25 per cent non-controlling interests. The put and call options are based on a performance-related component. The put option liability had been initially recognised through equity for the present value of the redemption amount of €7 million. The financial liability remained unchanged at 31 December 2015 and has been re-measured to € nil million at 31 December 2016. The related income of €7 million is reported in "Financial results other than interest" (see note 7.6.). The fair value of the call option related derivative was € nil million at 31 December 2015 and remains unchanged at 31 December 2016.

SpotX

A second instalment of the SpotX earn-out was paid during the second quarter 2016 for an amount of €4 million (31 December 2015: €7 million).

At 31 December 2016, the fair value of the derivative related to the SpotX call option has been decreased to € nil million at 31 December 2016 (31 December 2015: €3 million). The related expense of €3 million is reported in "Financial results other than interest" (see notes 4.3.1. and 7.6.).

Printic

On 16 September 2014, Groupe M6 had acquired 80 per cent of Printic SAS ("Printic"). The remaining 20 per cent are subject to put and call options. The put option in the hand of the sellers had been recognised as a deduction to the Group's equity with a corresponding financial liability for the present value of the redemption amount of €2.2 million at 31 December 2014. This is a Level 3 fair value measurement. The financial liability had been re-measured to € nil million at 31 December 2015 and remains unchanged at 31 December 2016. In 2015, the related income of €2 million was reported in "Financial results other than interest" (see note 7.6.).

Sparwelt

On 19 September 2014, Mediengruppe RTL Deutschland acquired 100 per cent interest in Econa Shopping GmbH, renamed SPARWELT GmbH ("Sparwelt") after acquisition. The transaction and the gain of control were subject to the approval of the German Federal Cartel Office, which was obtained on 29 October 2014. The purchase agreement included an earn-out mechanism based on a variable performance component and up to a maximum and undiscounted amount of €27.5 million. The related amount had been initially recognised as a financial liability for €6 million through equity for the present value of the redemption amount. The financial liability had been re-measured to €4 million at 31 December 2015 and remains unchanged at 31 December 2016. In 2015, the related income of €2 million was reported in "Other operating income".

Style Haul

On 1 December 2014, RTL Group had gained the full control of Style Haul Inc through RTL US Holding, Inc (collectively called "Style Haul"). The purchase consideration, partly contributed to Style Haul, amounted to €115 million, net of cash acquired and contingent on a cash-and-debt free position adjusted for normalised working capital. The initial purchase consideration of €115 million, contingent on a cash-and-debt free position adjusted for normalised working capital, had been reduced by €4 million following the completion of the true-up exercise during the first half year of 2015. The Group received this amount during the first half year 2015.

The parties had also agreed on earn-out mechanisms that might increase the initial consideration by a maximum of USD 45 million, subject to the future performance of the business. The related liability had been initially recognised for €8 million through equity for the present value of the redemption amount. The financial liability subsequently measured at amortised cost remained unchanged at 31 December 2014. The earn-out related consideration initially recognised for €8 million had been re-measured to € nil million at 31 December 2015. The related impact was reported in "Other operating income".

The employees benefited from share-based arrangements before the business combination. All unvested stock options had been accelerated. The employees had agreed to sell 70 per cent of their shares and their stock options. The stock options that were retained by the employees were replaced by new stock options representing 3 per cent of the capital of RTL US Holding, Inc on a fully diluted basis. The fair value of all accelerated options had been initially measured by reference to the purchase price and recognised as a post-business combination for €6 million. The related amount had been recognised as a financial liability as the transaction qualifies in substance as a cash settled share-based payment. RTL Group granted to the non-controlling shareholders a put option exercisable in the course of 2017 based on the fair value at the date of exercise of the options; the fair value of Style Haul for the put option is capped at USD 500 million on a 100 per cent basis. The put option related to outstanding non-controlling shares had been recognised initially as a deduction in the Group's equity with a corresponding liability of €5 million representing the present value of the redemption amount. The fair value of the put option liability and the cash settled share based payment arrangement liability has been re-measured to €10 million at 31 December 2016 (2015: €11 million). The related income of €1 million (2015: €2 million) was reported in "Financial results other than interest" (see note 7.6.).

Radical Media

On 30 December 2014, RTL Group had lost control over @radical.media LLC and its 100 per cent affiliates ("Radical Media"). RTL Group continues to hold 34.5 per cent of the outstanding membership interests of the company and exercises a significant influence over Radical Media. Radical Media is accounted for using the equity method as from 31 December 2014. The purchaser benefits from a call option effective at the greater of a floor or a multiple of a variable performance component. This call option is valid for 18 months following the closing of the change of control. RTL Group has the right to sell its stake from 30 December 2019 at the greater of a floor or a multiple of a variable performance component. These options had been valued for € nil million at 31 December 2015 and remains unchanged at 31 December 2016.

2013

BroadbandTV

Since the gain of control in June 2013, RTL Group held a call option on the BroadbandTV Corp. ("BBTV") non-controlling interests. RTL Group announced on 31 January 2017 that it decided not to exercise this call option for the remaining non-controlling interests in BBTV and agreed to explore, jointly with the minority shareholders of BBTV, all strategic alternatives for the company. This would include a 100% sale of the business. The call option has now expired.

In addition, for a period of 2 years from 31 January 2017, the non-controlling shareholders are entitled to an exit mechanism whereby they can first offer their stake to RTL Group and, if RTL Group does not accept the offer, drag RTL Group's stake in a 100 per cent sale of the company at a price at least equal to the price offered to RTL Group. RTL Group, on the other hand, has a right to sell the company in a 100 per cent sale at any time by dragging the non-controlling shareholders' stake.

RTL CBS ASIA

CBS SEA Channels Pte Ltd, non-controlling shareholder of RTL CBS Asia Entertainment Network LLP ("RTL CBS Asia"), has the option of requiring RTL Group Asia Pte. Ltd to purchase all its interest in RTL CBS Asia ("put option") under the terms of the Membership Agreement dated 13 August 2013. The put option can be exercised in case of change of control of RTL Group and in the event that cumulative actual losses as of 31 December 2018 exceed a threshold agreed between the parties. The related financial liability amounts to €6 million at 31 December 2016.

The Entertainment Group

The contingent consideration recognised in July 2013 and related to the 35 per cent non-controlling interests had been initially recognised as a financial liability through equity for the present value of the redemption amount. The financial liability, which had been re-measured at amortised cost from €6 million to €3 million at 31 December 2014, had been paid in 2015.

Miso Film

The contingent consideration recognised in November 2013 and related to the 49 per cent non-controlling interests had been initially recognised as a financial liability through equity for the present value of the redemption amount of €9 million. The financial liability subsequently measured at amortised cost had been re-measured to €5 million in 2015 and has been re-measured to €6 million at 31 December 2016. The related expense of €1 million is reported in "Financial results other than interest". An income of €4 million had been recognised at 31 December 2015 (see note 6.5.).

2009

Original Productions

The put option held by the non-controlling shareholders of Original Productions LLC '"Original Productions"), which control was gained by RTL Group on 20 February 2009, might be exercised in 2017. The related financial liability amounts to €9 million at 31 December 2016.

6.3. Assets and liabilities acquired

Details of the net assets acquired and goodwill are as follows:

In € million	**2016**	2015
Purchase consideration:		
- Cash paid	**84**	77
- Loan previously granted by the seller	**-**	(6)
- Contingent consideration	**1**	2
- Deferred consideration	**1**	-
- Payments on prior years' acquisitions	**(4)**	(12)
Total purchase consideration	**82**	61
Less:		
Fair value of net assets acquired	**(23)**	(9)
Goodwill (see note 6.2.)	**59**	52

6.4. Cash outflow on acquisitions

The net assets and liabilities arising from the acquisitions are as follows:

In € million	**2016 Fair value**	2015 Fair value
Cash and cash equivalents	**24**	(5)
Non-current programme and other rights	**7**	8
Other intangible assets	**9**	13
Loans and other financial assets	**-**	3
Current programme rights	**7**	17
Accounts receivable and other financial assets	**30**	21
Accounts payable	**(45)**	(24)
Employee benefit obligations	**-**	(2)
Loans	**(1)**	(16)
Provisions	**(3)**	-
Net deferred tax assets/(liabilities)	**(4)**	(3)
Non-controlling interests	**(1)**	(3)
Net assets acquired	**23**	9
Goodwill	**59**	52
Total purchase consideration	**82**	61
Less:		
Loan previously granted by the seller	**-**	6
Contingent consideration	**(1)**	(2)
Deferred consideration	**(1)**	-
Payments on prior years' acquisitions	**4**	12
Cash and cash equivalents in operations acquired	**(24)**	5
Cash outflow on acquisitions (see note 6.2.)	**60**	82

7. DETAILS ON CONSOLIDATED INCOME STATEMENT

7.1. Revenue

In € million	**2016**	**%**	2015	%
Spot advertising sales	**3 204**	**51%**	3 180	53%
Bartering advertising revenue	**46**	**1%**	54	1%
Other advertising sales (1)	**522**	**8%**	368	6%
Advertising sales, net of agency commissions	**3 772**	**60%**	3 602	60%
Sales from:				
Producers	**1 125**	**18%**	1 157	19%
Distributors	**312**	**5%**	294	5%
Licensing	**151**	**2%**	140	2%
Revenue from content (1)	**1 588**	**26%**	1 591	26%
Sales of merchandise and consumer services (1)	**349**	**6%**	370	6%
TV platform distribution	**281**	**4%**	248	4%
Professional services (1)	**247**	**4%**	218	4%
	6 237	**100%**	6 029	100%

(1) Digital activities included

7.2. Other operating income

As announced on 27 May 2016, Groupe M6 and Orange have jointly agreed to gradually transfer M6 Mobile customers to Orange services. M6 Mobile by Orange customers will keep their services as well as all the related benefits, such as the management of the customer community by Groupe M6, until their transfer. As such, Groupe M6 will continue to manage and benefit from the account holder base and trademark licence until 30 June 2019. In addition, Groupe M6 has recognised and cashed-in a contractual compensation of €50 million from Orange in 2016.

7.3. Other operating expenses

In € million	**2016**	2015
Employee benefits expenses	**1 087**	1 055
Intellectual property expenses	**445**	406
Expenses related to live programmes	**349**	312
Consumption of other inventories	**81**	76
Production subcontracting expenses	**237**	185
Transmission expenses including satellite capacity	**106**	119
Marketing and promotion expenses	**134**	134
Rentals and other operating lease expenses	**90**	87
Operating taxes	**78**	63
Audit and consulting fees (1)	**60**	59
Repairs and maintenance	**62**	60
Marketing and promotion barter expenses	**41**	47
Distribution expenses	**15**	19
Commissions on sales	**10**	10
Administration and sundry expenses	**129**	118
	2 924	2 750

(1) Fees related to PricewaterhouseCoopers ("PwC"), the Group's auditor and their affiliates regarding the continuing operations, are set out below:

In € million	**2016**	2015
Audit services pursuant to legislation	**3.0**	2.8
Audit-related services	**0.5**	0.4
Other services	**0.4**	0.8
	3.9	4.0

7.3.1. Employee benefits expenses

In € million	**2016**	2015
Wages and salaries	**827**	803
Termination benefits	**18**	11
Social security costs	**169**	168
Share options granted to employees	**10**	9
Pension costs	**18**	19
Other employee expenses	**45**	45
	1 087	1 055
Of which restructuring (costs)/income	***(3)***	*1*

The amounts set out above exclude personnel costs of €225 million (2015: €216 million), that are capitalised and that represent costs of employees directly allocated to the production of assets.

In addition to other short-term bonus schemes, RTL Group has implemented for its senior management a long-term incentive plan ("LTIP") which runs for the term 2014 to 2016. The LTIP aims to reward RTL Group's senior management for entrepreneurial performance and to get their long-term commitment to the Group. The performance targets of the LTIP have been approved by the Nomination and Compensation Committee of RTL Group who gave authority to the Executive Committee to approve the participation of the other Executives in the LTIP. The performance targets are based on financial metrics such as RTL Group's Value Added ("RVA"), EBITA, EBITDA (see note 3.) and, for FremantleMedia, also on non-financial metrics like development and commercial success of new formats.

As at 31 December 2016, the liability related to this LTIP has been assessed on the basis of the achievement of performance targets and amounts to €40 million (2015: €31 million). Groupe M6 operates a specific long-term incentive plan based on free shares plans (see note 8.15.7.).

Pension costs relate to defined contributions for €10 million (2015: €11 million) and defined benefit plans for €8 million (2015: €8 million) (see note 8.14.).

The average number of employees for undertakings held by the Group is set out below:

	2016	2015
Employees of fully consolidated undertakings	**10 699**	10 325
	10 699	10 325

7.4. Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree

"Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree" mainly relates to the following:

2016

Subsidiaries (see note 6.2.)

- Gain on disposal of Couverts — €5 million

2015

Subsidiaries (see note 6.2.)

- Loss on disposal of UFA Sports GmbH and some of its subsidiaries — €(7) million

Associates (see note 8.4.1.)

- Gain on dilution in Atresmedia — €10 million

Assets classified as held for sale (see note 8.10.)

- Gain on disposal of AdSociety Daye Advertising Co. Ltd — €1 million

7.5. Net interest income/(expense)

In € million	**2016**	2015
Interest income on loans and accounts receivable	**5**	5
Tax-related interest income	**1**	1
Interest income	**6**	6
Interest expense on financial liabilities	**(21)**	(26)
Interest on defined benefit obligations (1)	**(4)**	(3)
Interest expense on other employee benefit liabilities	**(2)**	(2)
Interest expense	**(27)**	(31)
Net interest expense	**(21)**	(25)

(1) Of which (see note 8.14.):

- Interest income on plan assets: €4 million (2015: €4 million)
- Unwind of discount on defined benefit obligations: €(8) million (2015: €(7) million)

"Interest income on loans and accounts receivable" includes an amount of € nil million (2015: € nil million) in respect of deposits to Bertelsmann SE & Co. KGaA (see note 10.1.).

"Interest expense on financial liabilities" includes an amount of €15 million (2015: €17 million) in respect of the loans from Bertelsmann SE & Co. KGaA (see note 10.1.).

7.6. Financial results other than interest

In € million	**2016**	2015
Net gain/(loss) on disposal and impairment on available-for-sale investments (see note 8.5.)	**-**	(1)
Cash flow hedges ineffectiveness (see note 4.)	**5**	3
Net gain on other financial instruments at fair value through profit or loss (see note 8.5.)	**(2)**	10
Other financial results	**-**	1
	3	13

7.7. Income tax expense

In € million	**2016**	2015
Current tax expense	**(330)**	(270)
Deferred tax expense	**(33)**	(30)
	(363)	(300)

The income tax on the Group profit before tax differs from the theoretical amount that would arise using the Luxembourg tax rate as follows:

In € million	**2016**	**%**	2015	%
Profit before taxes	**1 179**		1 163	
Income tax rate applicable in Luxembourg		**29.22**		29.22
Tax calculated at domestic tax rate applicable to profits in Luxembourg	**345**		340	
Effects of tax rate in foreign jurisdictions and German trade tax	**48**		50	
Tax calculated at domestic tax rate applicable to profits in the respective countries	**393**	**33.30**	390	33.50
Change in tax regulation and status	**-**		(1)	
Non deductible expenses	**16**		30	
Tax exempt revenue	**(27)**		(44)	
Commission received in relation to the Compensation Agreement (see note 10.1.)	**(16)**		(65)	
Utilisation of previously unrecognised tax losses	**(5)**		(6)	
Tax incentives not recognised in the income statement	**(3)**		(4)	
Effect of tax losses for which no deferred tax assets are recognised	**5**		7	
Tax expense before adjustments on prior years	**363**	**30.79**	307	26.40
Current tax adjustments on prior years	**-**		(2)	
Deferred tax adjustments on prior years	**-**		(5)	
Income tax expense	**363**	**30.79**	300	25.80

Effect of tax rates in foreign jurisdictions mainly results from the differentiated rates applicable in the following countries:

- Germany, where the official tax rate is 32.5 per cent, representing an impact of €22 million (2015: €22 million);
- France, where several tax rates apply, depending on the size of the business. The rates of 34.43 and 33.33 per cent apply, representing an impact of €24 million (2015: the rates of 38, 34.43 and 33.33 per cent applied, representing an impact of €27 million).

In 2016, non deductible expenses include exceptional contribution on dividends, withholding taxes for €6 million (2015: €6 million).
Tax exempt revenue mainly relates in 2016 to the share of results of investments accounted for using the equity method for €19 million.
Tax exempt revenue mainly relates in 2015 to capital gains and fair value changes for €19 million and to the share of results of investments accounted for using the equity method for €17 million.

Tax incentives not recognised in the income statement relate to a permanent difference generated by the amortisation of tax goodwill in Germany.

7.8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to RTL Group shareholders of €720 million (2015: €789 million) and a weighted average number of ordinary shares outstanding during the year of 153,555,377 (2015: 153,589,269), calculated as follows:

	2016	2015
Profit attributable to RTL Group shareholders (in € million)	**720**	789
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January (note 8.15.1.)	**154 787 554**	154 787 554
Effect of cancellation of shares (note 8.15.1.)	**(27 020)**	-
Effect of treasury shares held (note 8.15.2.)	**(1 168 701)**	(1 168 701)
Effect of liquidity programme (note 8.15.2.)	**(36 456)**	(29 584)
Weighted average number of ordinary shares	**153 555 377**	153 589 269

Basic earnings per share (in €)	**4.69**	5.14
Diluted earnings per share (in €)	**4.69**	5.14

8. DETAILS ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8.1. Programme and other rights, goodwill and other intangible assets

In € million	(Co-) productions	Distribution and broadcasting rights	Advance payments and (co-) productions in progress	Total programme and other rights	Goodwill	Other intangible assets
Cost						
Balance at 1 January 2015	**743**	**1 082**	**23**	**1 848**	**5 258**	**435**
Effect of movements in foreign exchange	52	17	-	69	38	3
Additions	4	47	50	101	-	29
Disposals	-	(32)	(2)	(34)	-	(20)
Subsidiaries acquired (1)	8	-	-	8	52	13
Subsidiaries disposed of (1)	-	(6)	-	(6)	-	-
Transfers and other changes	7	33	(40)	-	(2)	(1)
Balance at 31 December 2015	**814**	**1 141**	**31**	**1 986**	**5 346**	**459**
Effect of movements in foreign exchange	21	7	-	28	22	-
Additions	7	59	60	126	-	42
Disposals	-	(60)	-	(60)	-	(24)
Subsidiaries acquired (1)	-	7	-	7	59	9
Transfers and other changes	-	49	(51)	(2)	-	(1)
Balance at 31 December 2016	**842**	**1 203**	**40**	**2 085**	**5 427**	**485**
Amortisation and impairment losses						
Balance at 1 January 2015	**(716)**	**(1 034)**	**(5)**	**(1 755)**	**(2 391)**	**(236)**
Effects of movements in foreign exchange	(52)	(17)	-	(69)	2	(1)
Amortisation charge for the year	(21)	(86)	-	(107)	-	(31)
Impairment losses recognised for the year	-	(1)	(4)	(5)	-	-
Reversal of impairment losses (2)	-	1	-	1	-	7
Disposals	-	32	1	33	-	18
Transfers and other changes	-	1	-	1	2	(1)
Balance at 31 December 2015	**(789)**	**(1 104)**	**(8)**	**(1 901)**	**(2 387)**	**(244)**
Effects of movements in foreign exchange	(20)	(7)	-	(27)	(1)	-
Amortisation charge for the year	(12)	(106)	.	(118)	-	(37)
Impairment losses recognised for the year	(1)	-	-	(1)	-	(1)
Reversal of impairment losses (2)	-	1	-	1	-	-
Disposals	-	60	-	60	-	22
Transfers and other changes	-	1	-	1	-	-
Balance at 31 December 2016	**(822)**	**(1 155)**	**(8)**	**(1 985)**	**(2 388)**	**(260)**
Carrying amount:						
At 31 December 2015	**25**	**37**	**23**	**85**	**2 959**	**215**
At 31 December 2016	**20**	**48**	**32**	**100**	**3 039**	**225**

(1) See notes 6.2. and 6.3.

(2) See note 8.2.

Other intangible assets include mainly brands for an amount of €128 million (2015: €129 million), primarily related to the Groupe M6.

In 2016, Groupe M6, through its affiliate Football Club des Girondins de Bordeaux SASP (“FCGB”), recognised a capital gain of €16 million on disposal of players (2015: €4 million). The cash received in 2016 by FCGB amounts to €12 million (2015: €8 million).

The M6 brand is considered to have an indefinite useful life and was recognised for an amount of €120 million. At 31 December 2016, an impairment test was performed and did not lead to any impairment.

In determining that the M6 brand has an indefinite useful life, management have considered various factors such as the past and expected longevity of the brand, the impact of possible changes in broadcasting technologies, the impact of possible evolutions of the regulatory environment in the French television industry, the current and expected audience share of the M6 channel, and M6 management's strategy to maintain and strengthen the trademark "M6". Based on the analysis of these factors, management have determined and confirmed at 31 December 2016 that there is no foreseeable limit to the period of time over which the brand M6 is expected to generate cash inflows for the Group.

Hungarian language cable channels and M-RTL

A new advertising tax was adopted and amended by the Hungarian Parliament on 4 July 2014 and came into force on 15 August 2014. The tax was steeply progressive, with rates between nil and 40 per cent, and was calculated, in general, on the net revenues derived from advertising plus the margins which the sales houses affiliated to the taxpayers' charge to their customers. The tax base was calculated by aggregating the tax bases of affiliated undertakings. As a result, entities belonging to a group of companies were taxed at higher tax rates than independent legal entities. On 18 November 2014, the Hungarian government adopted an amendment by which the highest applicable tax rate was increased from 40 to 50 per cent. This amendment entered into force on 1 January 2015.

On this basis, RTL Group's management had recognised in 2014:

- at 30 June, the full impairment of the goodwill for an amount of €77 million and additional impairment losses on non-current intangible assets for €11 million, of which €9 million related to assets identified in connection with the initial purchase price allocations; and

- at 31 December, a valuation allowance on current programme rights for €7 million.

On 27 May 2015, the Hungarian Parliament amended retrospectively the advertising tax. The tax rate was changed into a flat rate of 5.3 per cent for a tax base above HUF 100 million and zero under HUF 100 million.

The retrospective impact resulted in a one-off positive impact of €5 million reported in deduction of the "Other operating expenses" at 31 December 2015.

In addition, RTL Group's management re-assessed:

- the fair value of the non-current intangible assets identified in connection with the initial purchase price allocations and fully reversed the previously recognised impairment for an amount of €7 million;

- the net realisable value of the current programme rights. This resulted in the recognition of a reversal of €5 million of the previously recognised valuation allowance.

8.2. Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") on the basis of the business units (see note 5.) and at the level at which independent cash flows are generated. Ludia, part of the business unit FremantleMedia, conducts specific and separate operations that generate independent cash flows and is not expected at this stage to benefit from sufficient synergies with the Group and therefore qualifies as a separate cash-generating unit.

All business units and cash-generating units mainly operate in one country, except BroadbandTV, FremantleMedia, Ludia, SpotX and Style Haul, which are multi-territory/worldwide operations. Goodwill is allocated by cash-generating unit as follows:

In € million	**31 December 2016**	31 December 2015
Mediengruppe RTL Deutschland	**953**	914
Groupe M6	**459**	446
FremantleMedia	**1 055**	1 042
Ludia	**32**	30
RTL Nederland	**152**	152
RTL Belgium	**32**	32
RTL Radio (France)	**65**	65
Other segments		
Style Haul	**120**	114
SpotX	**126**	121
BroadbandTV	**28**	26
German radio	**17**	17
Total goodwill on cash-generating units	**3 039**	2 959

Goodwill is tested for impairment annually, as of 31 December, or whenever changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of a CGU has been determined on the basis of the higher of its value in use and its fair value less costs of disposal:

- The value in use is determined on the basis of cash flows excluding estimated future cash inflows or outflows expected to arise from future restructurings and from improving or enhancing the CGU's performance unless the cash-generating unit is committed at year-end to the restructuring, and related provisions have been made. Furthermore, the discount rate is closely linked to Group parameters (mainly credit premium, gearing ratio and specific risk). Specific country risk and inflation differential are also taken into account;

- Fair value less costs of disposal is the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. When available, market quoted prices are used.

The Group supports its fair values less costs of disposal on the basis of a discounted cash flow ("DCF") model to the extent that it would reflect the value that "any market participant" would be ready to pay in an arm's length transaction. Differently from the "value in use" approach, which reflects the perspective of the Group for a long-term use of the CGU, a "fair value less costs of disposal" DCF model would include future cash flows expected to arise from restructuring plans and future investments, as all rational market participants would be expected to undertake these restructurings and investments in order to extract the best value from the acquisition. Furthermore, the discount rate is calculated based on a market approach and most of the parameters used are derived from market sources.

The value in use approach has been applied to determine the recoverable amount of all cash-generating units at 31 December 2016. Despite the fact that for all CGUs, the value in use was higher than the carrying amount, the fair value less cost of disposal approach has been also considered especially for the CGUs which:

- are listed (Groupe M6);
- develop in a market environment characterised by disruptive innovation;
- are in an early stage of their lifecycle given uncertainties regarding future development. In some cases, like the multi-channel networks ("MCN"), planned revenue and profitability levels have not yet been achieved.

Cash flow projections are based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period for up to a total of ten years are prepared using the estimated growth rates and other key drivers. For advertising revenue, this includes audience and advertising market shares, the EBITA margin, and cash conversion rates based on past performance and expectations regarding market development. Management also relies on wider macro-economic indicators from external sources to verify the veracity of its own budgeting assumptions. Finally, the market positions of the Group's channels are also reviewed in the context of the competitive landscape, including the impact of new technologies and consumption habits. For FremantleMedia operating a multi-territory/worldwide and diversified operations, the expected growth rate is determined according to a weighted average of growth expectations of regions and markets. The volume of video views and the development of original production and branded entertainment are key drivers for the multi-channel networks. Cash flows beyond the ten-year period are extrapolated using the estimated perpetual growth rates and the discount rates stated below.

The perpetual growth rates used are consistent with the forecasts included in industry reports. The discount rates have been determined, CGU by CGU, in order to reflect, where appropriate, the following factors:

- Country risk;
- Inflation rate differential;
- Specific firm premium;
- Credit spread due to the financial situation; and
- Gearing ratio of the CGU.

	2016		2015	
	Perpetual growth rate	**Discount rate**	Perpetual growth rate	Discount rate
	% a year	***%***	*% a year*	*%*
Cash-generating units				
Mediengruppe RTL Deutschland	**2.0**	**6.9**	2.0	6.9
Groupe M6	**2.0**	**7.4**	2.0	7.5
FremantleMedia	**2.5**	**7.1**	2.5	7.4
Ludia	**2.0**	**12.4**	2.0	12.4
RTL Nederland	**2.0**	**6.9**	2.0	6.9
RTL Belgium	**1.5**	**7.6**	1.5	7.5
RTL Radio (France)	**(1.0)**	**8.0**	0.0	6.7
Other segments				
Style Haul	**2.0**	**13.9**	2.0	13.0
SpotX	**2.0**	**12.0**	2.0	10.8
BroadbandTV	**2.0**	**13.9**	2.0	13.0
German radio	**0.0**	**7.2**	0.0	6.5

Management consider that, at 31 December 2016, no reasonably possible change in the market shares, EBITA margin and cash conversion rates would reduce the headroom between the recoverable amounts and the carrying values of the cash-generating units, to zero, FremantleMedia and Style Haul excepted. No impairment loss on goodwill was identified in 2016 and 2015.

FremantleMedia

In addition to organic initiatives to develop new formats and intellectual property ("IP"), FremantleMedia has continued its focus on the identification and integration of new businesses in order to increase the pipeline of new shows (IP creation), to gain presence in new markets and to continue expanding its drama footprint. FremantleMedia's key brands continue to perform well and this is expected to remain the case in the coming years. FremantleMedia continues to build a scalable digital business by expanding capabilities across the value chain and by developing new specific content. Therefore, despite continuing pressure on margins and volumes, the increase of the diversity of FremantleMedia's portfolio has led to an updated business plan confirming an expected slight increase of its EBITA margin compared to the most recent levels.

Based on this revised 10 year plan, the headroom that existed at the level of FremantleMedia has been slightly increased to €237 million (31 December 2015: €189 million). The value in use on the basis of a discounted cash flow model was retained for determining the recoverable amount.

For FremantleMedia, if for 2017 and each of the following years, the estimated revenue growth and EBITA margin had been reduced by 1 per cent and the discount rate had been increased by 1 per cent, the sum of these corresponding effects would have resulted in an impairment loss against goodwill of €520 million (€463 million at 31 December 2015).

When taken individually, the following changes in the key assumptions would reduce the recoverable amount of the CGU FremantleMedia as follows:

Variation in: *In € million*	**31 December 2016**	31 December 2015
Revenue growth by (1) per cent on each period	**(240)**	(191)
EBITA margin by (1) per cent on each period	**(197)**	(198)
Discount rate by 100 basis points	**(320)**	(263)

Style Haul

Revenue growth was penalised by the delayed ramp up of certain revenue streams, notably branded entertainment. Gross profit increased from an improvement in talent revenue shares. At this stage, the increase in operating costs fully offsets the improved gross profit. Based on a revised business plan, the headroom has been increased to €23 million (31 December 2015: €11 million). The value in use was retained for determining the recoverable amount; the fair values derived from market valuations were also considered (see above).

If, for 2017 and each of the following periods, the estimated revenue growth and EBITA margin of Style Haul had been reduced by 1 per cent and the discount rate had been increased by 1 per cent, the compounded effect of these corresponding variations would have resulted in an impairment loss against goodwill of €15 million (€19 million at 31 December 2015).

When taken individually, the following changes in the key assumptions would reduce the recoverable amount of the CGU Style Haul as follows:

Variation in: *In € million*	**31 December 2016**	31 December **2015**
Revenue growth by (1) per cent on each period	**(10)**	(9)
EBITA margin by (1) per cent on each period	**(9)**	(5)
Discount rate by 100 basis points	**(19)**	(16)

8.3. Property, plant and equipment

In € million	**Land, buildings and improvements**	**Technical equipment**	**Other**	**Total**
Cost				
Balance at 1 January 2015	**333**	**336**	**237**	**906**
Effect of movements in foreign exchange	1	1	2	4
Additions	4	20	54	78
Disposals (1)	(4)	(8)	(13)	(25)
Transfers and other changes	3	2	(6)	(1)
Balance at 31 December 2015	**337**	**351**	**274**	**962**
Effect of movements in foreign exchange	1	-	-	1
Additions	7	24	66	97
Disposals	(2)	(28)	(21)	(51)
Transfer to assets classified as held for sale (1)	(80)	(3)	-	(83)
Transfers and other changes (1)	85	(4)	(89)	(8)
Balance at 31 December 2016	**348**	**340**	**230**	**918**
Depreciation and impairment losses				
Balance at 1 January 2015	**(146)**	**(271)**	**(152)**	**(569)**
Effect of movements in foreign exchange	-	-	(1)	(1)
Depreciation charge for the year	(16)	(26)	(22)	(64)
Disposals (1)	3	8	12	23
Transfers and other changes	-	2	(1)	1
Balance at 31 December 2015	**(159)**	**(287)**	**(164)**	**(610)**
Effect of movements in foreign exchange	(2)	-	-	(2)
Depreciation charge for the year	(16)	(23)	(24)	(63)
Impairment losses recognised for the year	-	(1)	(1)	(2)
Disposals	2	27	20	49
Transfers and other changes	(1)	2	(1)	-
Balance at 31 December 2016	**(176)**	**(282)**	**(170)**	**(628)**
Carrying amount:				
At 31 December 2015	**178**	**64**	**110**	**352**
At 31 December 2016	**172**	**58**	**60**	**290**

(1) The construction of the new premises in Luxembourg ("RTL City") was completed at 31 December 2016; the first moves took place during the last quarter of 2016. The change of control in a Group company in October 2015 had generated a capital gain of €16 million according to IFRS criteria; this amount was reported in "Other operating income" (€32 million in 2014). The sale proceeds related to RTL City amount to €32 million in 2016 and €8 million in 2015. The impact of RTL City project on the invested capital of the Group is €115 million at 31 December 2016 (€117 million at 31 December 2015) (see note 8.10.)

Net tangible assets held under finance leases at 31 December 2016 amount to €2 million (2015: €2 million).

8.4. Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

In € million	**2016**	2015
Associates	**400**	376
Joint ventures	**27**	24
Balance at 31 December	**427**	400

The amounts recognised in the income statement are as follows:

In € million	**2016**	2015
Associates	**50**	45
Joint ventures	**17**	12
	67	57

8.4.1 Investments in associates

Set out below are the associates of the Group as at 31 December 2016, which in the opinion of the management, are material to the Group.

Name of entity	Country of incorporation	Principal activity	% voting power held by the Group		Measurement method
			2016	2015	
Atresmedia (1) (2)	Spain	Broadcasting TV	**18.7**	18.7	Equity
RTL 2 Fernsehen GmbH & Co. KG (3)	Germany	Broadcasting TV	**35.9**	35.9	Equity

(1) Although the Group holds less than 20 per cent of the equity shares of Atresmedia, management consider that the Group exercises a significant influence in Atresmedia in view of the representation of RTL Group on the Board of Directors and other governing bodies of Atresmedia

(2) Atresmedia is listed on the Madrid Stock Exchange. Based on the published share price at 31 December 2016, the market capitalisation of 100 per cent of Atresmedia amounts to €2,345 million, i.e. €10.39 per share (2015: €2,221 million, i.e. €9.84 per share)

(3) RTL 2 Fernsehen GmbH & Co.KG is a private company and there is no quoted market price available for its shares

The summarised financial information for the main associates of the Group, on a 100 per cent basis and adjusted for differences in accounting policies between the Group and its associates is as follows:

	Atresmedia		RTL 2 GmbH & Co. KG	
In € million	**2016**	2015	**2016**	2015
Non-current assets	**621**	638	**55**	41
Current assets	**689**	615	**111**	110
Current liabilities	**(652)**	(567)	**(65)**	(54)
Non-current liabilities	**(141)**	(203)	**-**	-
Net assets	**517**	483	**101**	97
Revenue	**1 021**	970	**305**	292
Profit before tax	**175**	131	**59**	55
Income tax expense	**(46)**	(28)	**-**	-
Profit for the year	**129**	103	**59**	55
Dividends received from associates	**17**	12	**20**	17

The reconciliation of the summarised financial information presented to the carrying amount of its interest in associates is presented below:

	Atresmedia		RTL 2 GmbH & Co. KG		Other immaterial associates (1)		Total	
In € million	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Net assets at 1 january	**483**	442	**97**	89	**69**	49	**649**	580
Profit for the year	**129**	103	**59**	55	**13**	25	**201**	183
Other comprehensive income	**2**	1	**-**	-	**-**	-	**2**	1
Distribution	**(90)**	(63)	**(55)**	(47)	**(34)**	(32)	**(179)**	(142)
Transactions on treasury shares	**(9)**	-	**-**	-	**-**	-	**(9)**	-
Change in ownership interest and other changes	**2**	-	**-**	-	**9**	27	**11**	27
Net assets at 31 December	**517**	483	**101**	97	**57**	69	**675**	649
Interest in associates	**97**	90	**36**	35	**17**	20	**150**	145
Goodwill	**166**	166	**24**	24	**64**	45	**254**	235
Impairment on investments in associates	**-**	-	**-**	-	**(4)**	(4)	**(4)**	(4)
Carrying value	**263**	256	**60**	59	**77**	61	**400**	376

(1) Other immaterial associates represent in aggregate 19 per cent of the total amount of investments in associates at 31 December 2016 (16 per cent at 31 December 2015) and none of them has a carrying amount exceeding €11 million at 31 December 2016 (€11 million at 31 December 2015)

Main changes in the Group's ownership interest in associates

2016

On 14 April 2016, RTL Group exercised the option to acquire an additional 24.5 per cent interest, for €7 million, in Divimove GmbH ("Divimove") bringing the Group's shareholding to 75.5 per cent. RTL Group continues to have a significant influence in Divimove, corporate governance rules providing the other shareholders with substantive rights on relevant activities. The carrying amount of Divimove is €11 million at 31 December 2016 (€4 million at 31 December 2015). On 15 June 2016, the shareholders decided to amend the option agreement related to the last 24.5 per cent of the share capital. The fair value of the derivative related to the call option has been re-measured from €3 million to €3.2 million at 31 December 2016. The related income is reported in "Financial results other than interest" (see note 7.6.). The Group granted a loan of €1.2 million to Divimove in 2016.

On 25 April 2016, FremantleMedia Ltd ("FremantleMedia") entered with a 25 per cent stake into the share capital of Dr Pluto Films Ltd ("Dr Pluto"), a newly created production company that will develop concepts across all genres and platforms. The carrying amount of Dr Pluto is below €1 million at 31 December 2016. In addition, FremantleMedia granted a loan of GBP 0.5 million to Dr Pluto. FremantleMedia holds call options on the remaining 75 per cent of the share capital. These are exercisable in 2021 and 2023. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2021 call option but not the 2023 one, the other shareholders will have the option to require FremantleMedia to purchase all the remaining shares, subject to certain conditions. In the event that FremantleMedia does not exercise the call options, the holders of the 75 per cent interest have the option to acquire the shares held by the Group or drag FremantleMedia shares into a sale with a third party. The fair value of the derivatives is € nil million at 31 December 2016.

Atresmedia implemented a share buy-back programme in the second quarter of 2016 to acquire shares for the remuneration plan of directors and senior management. The programme was approved at the Ordinary General Meeting of Shareholders held on 20 April 2016. Consequently a total of 791,880 shares were acquired by Atresmedia. In June, Atresmedia met its commitment to deliver shares, amounting to 789,738 treasury shares to Gala Desarrollos Comerciales, S.L. linked to the merger with La Sexta's shareholders. This was the final delivery of shares under this agreement.

On 30 November 2015, FremantleMedia Ltd and Squawka Ltd ("Squawka") entered into a contractual arrangement and a loan agreement for a total of €2 million, of which less than €1 million was paid at 31 December 2015. Once the full amount of the loan was paid, FremantleMedia had the option to convert it and to acquire a minority shareholding in Squawka and an additional option to acquire a further minority shareholding through a capital injection. At 31 December 2015, FremantleMedia was not a shareholder but jointly controlled Squawka on the basis of the contractual arrangement. The initial contractual arrangement was modified in 2016 and as a result FremantleMedia no longer has the joint control but can exercise significant influence. The conversion of the loan (GBP 1.5 million) and a capital injection of GBP 3.5 million on 26 April 2016 provided a 35 per cent stake to FremantleMedia. FremantleMedia holds call options on the remaining 65 per cent of the share capital. These are exercisable in 2017 and 2020. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2017 call option but not the 2020 one, the other shareholders will have the option to require FremantleMedia to purchase all the remaining shares, subject to certain conditions. The carrying amount of Squawka is €5 million at 31 December 2016.

On 13 May 2016, FremantleMedia Ltd entered with a 25 per cent stake into the share capital of Wild Blue Productions Ltd (subsequently renamed Wild Blue Media Ltd, "Wild Blue"), a newly created production company that will develop, produce and sell international non-scripted formats across factual, factual entertainment and live events genre. The carrying amount of Wild Blue is below €1 million at 31 December 2016. In addition, FremantleMedia granted Wild Blue a loan of GBP 0.5 million. FremantleMedia holds call options on the remaining 75 per cent of the share capital. These are exercisable in 2020 and 2022. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2020 call option but not the 2022 one, the other shareholders will have the option to require FremantleMedia to purchase all the remaining shares, subject to certain conditions. In the event that FremantleMedia does not exercise the call options, the holders of the 75 per cent interest have the option to acquire the shares held by the Group or drag FremantleMedia shares into a sale with a third party. The fair value of the derivatives is € nil million at 31 December 2016.

On 25 May 2016, Fremantle Productions North America Inc ("FPNA") acquired for €2 million, a non-controlling 25 per cent stake in Eureka Productions LLC, a production company, incorporated on 16 December 2015, and its 100 per cent held subsidiary Eureka Productions Pty Ltd ("Eureka"). Eureka develops, sells and produces unscripted travelling formats and docu-series for leading broadcasters and cable networks in the US and Australia. The purchase accounting did not lead to the recognition of additional identifiable assets and liabilities. In addition, FPNA granted Eureka a loan facility of USD 6 million; the loan receivable amounts to

USD 4 million at 31 December 2016. The carrying amount of Eureka is €2.5 million at 31 December 2016. FPNA holds call options on the remaining 75 per cent of the share capital. These are exercisable in 2020 and 2022. The strike price of the options is based on a variable component. If FPNA exercises its 2020 call option but not the 2022 one, the other shareholders will have the option to require FPNA to purchase all the remaining shares, subject to certain conditions. In the event that FPNA does not exercise the call options, the holders of the 75 per cent interests have the option to acquire the shares held by the Group or drag FPNA shares into a sale with a third party. The fair value of the derivatives is € nil million at 31 December 2016.

On 7 June 2016, FremantleMedia Ltd entered with a 25 per cent stake into the share capital of Dancing Ledge Productions Ltd ("Dancing Ledge"), a newly created production company that will develop, produce and sell international scripted formats across the US and UK markets. The carrying amount of Dancing Ledge is below €1 million at 31 December 2016. In addition, FremantleMedia granted a loan of GBP 0.5 million. FremantleMedia holds call options on the remaining 75 per cent of the share capital. These are exercisable in 2021 and 2023. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2021 call option but not the 2023 one, the other shareholders will have the option to require FremantleMedia to purchase all the remaining shares, subject to certain conditions. In the event that FremantleMedia does not exercise the call options, the holders of the 75 per cent interests have the option to acquire the shares held by the Group or drag FremantleMedia shares into a sale with a third party. The fair value of the derivatives is € nil million at 31 December 2016.

On 27 September 2016, Groupe M6 acquired a 34 per cent non-controlling stake in Elephorm SAS ("Elephorm") for €2.8 million. Elephorm is based in France and is a leader in the production of e-learning video content. The deal allows Groupe M6 to enter the online learning market. In addition Groupe M6 holds call options on the remaining 66 per cent of the share capital. These are exercisable from 2018. The fair value of the related derivative is € nil million at 31 December 2016.

2015 (updated at 31 December 2016)

On 21 January 2015, FremantleMedia Ltd ("FremantleMedia") acquired a 25 per cent non-controlling stake in Corona Television Ltd ("Corona"), a newly created TV production company based in the UK. The related carrying amount is € nil million at 31 December 2016 (€ nil million at 31 December 2015). The deal, which gave FremantleMedia a first look option on all Corona output, furthers FremantleMedia's ambition to build its scripted pipeline. In addition, FremantleMedia granted a loan of GBP 0.4 million in 2016 (31 December 2015: GBP 0.6 million). FremantleMedia holds call options on the remaining 75 per cent share capital. These are exercisable in 2018 and 2020. The strike price of the options is based on a variable component. The fair value of the related derivatives was € nil million at 31 December 2015 and remains unchanged at 31 December 2016.

On 8 April and 5 June 2015, RTL Group acquired a 19.5 per cent (17.4 per cent on a fully diluted basis) non-controlling interest in CLYPD, Inc. ("Clypd"). Clypd is a programmatic TV start-up based in Boston that focuses on the development of an audience-buying platform for linear TV. The company is complementary to the programmatic online video advertising marketplace in which SpotX operates. The investment amount was €10 million. Although RTL Group holds less than 20 per cent of the equity shares of Clypd, management consider that the Group exercises a significant influence in Clypd in view of the representation of RTL Group on the Board of Clypd. The purchase accounting did not lead to the recognition of additional identifiable assets and liabilities. The related carrying amount is €9 million at 31 December 2016 (31 December 2015: €10 million).

The ownership of RTL Group decreased from 19.2 per cent at 31 December 2014 to 18.6 per cent at 30 June 2015 in Atresmedia. This transaction resulted in a dilution of RTL Group's interest generating a gain of €10 million reported in "Gain/(loss) from sale of subsidiaries, other investments and re-measurement to fair value of pre-existing interest in acquiree".

On 15 June 2015, FremantleMedia Group Ltd took a 35.3 per cent (31.6 per cent on a fully diluted basis) non-controlling interest in UMI Mobile, Inc ("UMI"), a new gaming company in Canada. The related carrying amount is below €1 million at 31 December 2016 (31 December 2015: below €1 million). FremantleMedia is entitled, via a call option, to buy the remaining shares of the controlling shareholders at market value.

On 14 September 2015, FremantleMedia Ltd entered with a 25 per cent stake, into the share capital of Naked Entertainment Ltd ("Naked"), a UK start-up television production company focusing on high-end factual entertainment series. The carrying amount of Naked is below €1 million at 31 December 2016 (31 December 2015: below €1 million). In addition, FremantleMedia granted a loan of GBP 1 million in 2015 which was subsequently increased to GBP 1.5 million in 2016. FremantleMedia holds call options on the remaining 75 per cent of the share capital. These are exercisable in 2021 and 2023. The strike price of the options is based on a variable component. If FremantleMedia does not exercise the call options, the holders of the 75 per cent interests will have the option to require FremantleMedia to purchase all the remaining shares, subject to certain criteria, or an option to acquire the shares held by the Group. The fair value of the related derivatives was € nil million at 31 December 2015 and remains unchanged at 31 December 2016.

On 3 November 2015, RTL Group led the Series A investment round for Videoamp Inc. ("Videoamp"), a US based platform for cross-screen data optimisation founded in 2014. The investment of €7 million provided RTL Group with a stake of 21.5 per cent; €6 million were paid at 31 December 2015 and the balance in 2016. Videoamp fits into RTL Group's digital strategy as it is complementary to the current ad-tech businesses of SpotX and Clypd. The purchase accounting did not lead to the recognition of additional identifiable assets and liabilities. RTL Group granted a loan of USD 1.8 million to Videoamp in 2016.

On 23 November 2015, FremantleMedia Ltd entered with a 25 per cent stake into Full Fat Television Ltd ("Full Fat TV"), a newly created UK based factual entertainment company. The carrying amount of Full Fat TV is below €1 million at 31 December 2016 (31 December 2015: below €1 million). In addition, FremantleMedia granted a loan of GBP 1 million in 2015. FremantleMedia holds call options on the remaining 75 per cent of the share capital. These are exercisable in 2020 and 2022. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2020 call option but not the 2022 one, the holders of the 75 per cent interests will have the option to require FremantleMedia to purchase all the remaining shares. In the event that FremantleMedia will not exercise the call options, the other shareholders will have the option to acquire the shares held by the Group. The fair value of the related derivatives was € nil milllion at 31 December 2015 and remains unchanged at 31 December 2016.

On 8 December 2015, FremantleMedia Ltd acquired a 25 per cent stake in the company Man Alive Entertainment Ltd ("Man Alive Entertainment"), a newly created television production company. The carrying amount of Man Alive Entertainment was € nil million at 31 December 2015 and remains unchanged at 31 December 2016. In addition, FremantleMedia granted a loan of GBP 1 million in 2015. FremantleMedia holds call options on the remaining 75 per cent of the share capital. These are exercisable in 2021 and 2023. The strike price of the options is based on a variable component. If FremantleMedia exercises its 2021 call option but not the 2023 one, the holders of the 75 per cent interests will have the option to require FremantleMedia to purchase all the remaining shares. In the event that FremantleMedia will not exercise the call options, the other shareholders will have the option to acquire the shares held by the Group. The fair value of the related derivatives was € nil million at 31 December 2015 and remains unchanged at 31 December 2016.

Impairment testing

Investments in associates are tested for impairment according to the same methodology applied for the impairment test of goodwill (see note 8.2.). The recoverable amount of Atresmedia has been determined on the basis of the fair value less costs of disposal at 31 December 2016. This is a Level 1 measurement (see note 4.3.2.). The recoverable amount of RTL 2 Fernsehen GmbH & Co. KG has been determined on the basis of the value in use at 31 December 2016.

The perpetual growth and discount rates used are as follows:

	2016		2015	
	Perpetual growth rate	**Discount rate**	Perpetual growth rate	Discount rate
	% a year	***%***	*% a year*	*%*
Main associates				
RTL 2 Fernsehen GmbH & Co. KG	**1.5**	**6.9**	2.0	6.9

No impairment loss on investments in associates was recorded in 2016 and 2015.

RTL 2 Fernsehen GmbH & Co. KG is a party in legal proceedings with a subsidiary of RTL Group.

Contingencies

There are no contingent liabilities relating to the Group's interest in the associates.

8.4.2 Investments in joint ventures

The main joint venture is as follows:

Name of entity	**Country of incorporation**	**Principal activity**	**% voting power held by the Group**		**Measurement method**
			2016	2015	
RTL Disney Fernsehen GmbH & Co. KG (1) (2)	Germany	Broadcasting TV	50.0	50.0	Equity

(1) RTL Disney Fernsehen GmbH & Co .KG is structured as a separate vehicle and the Group has a residual interest in the net assets

(2) RTL Disney Fernsehen GmbH & Co. KG is a private company, there is no quoted market price available for its shares

RTL Disney Fernsehen GmbH & Co. KG is set up as a joint venture with the control shared by Disney and RTL Group. Neither of the shareholders have the ability to direct the relevant activities unilaterally.

The summarised financial information for the main joint ventures of the Group, on a 100 per cent basis and adjusted for differences in accounting policies between the Group and the joint ventures is as follows:

In € million	RTL Disney Fernsehen GmbH & Co. KG **2016**	RTL Disney Fernsehen GmbH & Co. KG 2015
Non-current		
Assets	**23**	16
Current		
Cash and cash equivalents	**52**	52
Other current assets	**13**	14
Total current assets	**65**	66
Current liabilities	**(64)**	(64)
Total current liabilities	**(64)**	(64)
Net assets	**24**	18
Revenue	**129**	124
Depreciation and amortisation	**(13)**	(9)
Profit before tax	**31**	23
Income tax expense	**(4)**	(1)
Profit and total comprehensive income for the year	**27**	22
Group's share of profit and total comprehensive income for the year	**13**	11
Dividends received from joint venture	**11**	16

At 31 December 2016, RTL Group owed a cash pooling payable to RTL Disney Fernsehen GmbH & Co. KG for an amount of €44 million (31 December 2015: €5 million; see note 8.11.).

The reconciliation of the summarised financial information presented to the carrying amount of RTL Group's interest in joint ventures is presented below:

	RTL Disney Fernsehen GmbH & Co. KG		Other immaterial joint ventures (1)		Total	
In € million	**2016**	2015	**2016**	2015	**2016**	2015
Net assets at 1 january	**18**	28	**7**	9	**25**	37
Profit/(loss) for the year	**27**	22	**5**	(1)	**32**	21
Distribution	**(21)**	(32)	**(9)**	(6)	**(30)**	(38)
Other changes	**-**	-	**-**	5	**-**	5
Net assets at 31 December	**24**	18	**3**	7	**27**	25
Interest in joint ventures	**12**	9	**3**	4	**15**	13
Goodwill	**-**	-	**12**	11	**12**	11
Carrying value	**12**	9	**15**	15	**27**	24

(1) Other immaterial joint ventures represent in aggregate less than 56 per cent of the total amount of investments in joint ventures at 31 December 2016 (63 per cent at 31 December 2015) and none of them has a carrying amount exceeding €5 million at 31 December 2016 (€5 million at 31 December 2015)

Main changes in the Group's ownership interest in joint ventures

2016

On 15 January 2016, RTL Nederland Ventures BV ("RTL Nederland") acquired 32.6 per cent of Heilzaam BV ("Heilzaam"), operating eHealth information websites. The purchase consideration of €1 million has been mainly contributed to the company. The transaction qualifies as a joint arrangement as RTL Nederland jointly controls the company. The related carrying amount is €1 million at 31 December 2016.

RTL Nederland Ventures Holding granted in June 2016 to Miinto Nederland Holding BV a short-term loan of €3 million which has been reimbursed during the third quarter.

2015

On 27 January 2015, RTL Nederland BV ("RTL NL") entered into the joint venture Buurtfacts BV ("Buurtfacts"). Buurtfacts is a web and app-based platform with a focus on distributing publicly available news, information and facts on a local level. The carrying amount of Buurtfacts is € nil million at 31 December 2016 (€ nil million at 31 December 2015). The other shareholders, who hold 45 per cent, have been granted a put option. RTL NL holds a call option on the shares held by the other shareholders. The strike price of the options is based on a variable component. The fair value of the related derivatives is € nil million at 31 December 2016 (€ nil million at 31 December 2015).

On 24 March 2015, RTL Nederland Ventures BV ("RTL NL") announced the acquisition of 34.8 per cent stake in Reclamefolder.nl BV ("Reclamefolder") holding a platform for online brochures and offers *Reclamefolder.nl*. RTL NL continues to focus on investments in companies currently in the transition phase from offline to online, with an increasing emphasis on mobile. The transaction was completed on 15 July 2015 once the clearance from the European Commission was obtained. RTL NL and the company also entered into a media exposure agreement. The transaction qualified as a joint arrangement as RTL Group jointly controls the company. In July 2015, RTL NL contributed €2 million to the share capital of the company. The carrying amount of Reclamefolder is €2 million at 31 December 2016 (€2 million at 31 December 2015).

Impairment testing

Investments in joint ventures are tested for impairment according to the same methodology applied for the impairment test of goodwill (see note 8.2.). The recoverable amount of RTL Disney Fernsehen GmbH & Co. KG has been determined on the basis of the value in use at 31 December 2016.

The perpetual growth and discount rates used are as follows:

	2016		2015	
	Perpetual growth rate	**Discount rate**	Perpetual growth rate	Discount rate
	% a year	***%***	*% a year*	*%*
Main joint venture				
RTL Disney Fernsehen GmbH & Co. KG	**1.5**	**6.9**	2.0	6.9

No impairment loss on investments in joint ventures was recorded in 2016 and 2015.

Contingencies

There are no contingent liabilities relating to the Group's interest in the joint ventures.

The transactions with the associates and joint ventures are reported in note 10.2.

8.5. Loans and other financial assets

In € million	**2016**	2015
Available-for-sale investments (see note 8.15.5.)	**58**	55
Loan receivable to investments accounted for using the equity method (see notes 4.3.1. and 8.4.)	**14**	8
Loans and other financial assets	**5**	5
	77	68

RTL Group holds 19 per cent of the share capital of Beyond International Limited, a company listed on the Australian Stock Exchange. This is a Level 1 fair value measurement. In 2016, RTL Group recorded an increase in fair value of this available-for sale investment for €2 million (2015: decrease for €1 million).

Since April 2000, FremantleMedia has arrangements in relation to sale and lease back transactions (see note 9.3.). At 31 December 2016, two banks did not satisfy the required credit ratings. The related amounts are recognised for €1 million in the consolidated statement of financial position (2015: €9 million), of which €1 million with a maturity of less than one year (2015: €7 million). The restricted bank accounts are reported in other financial assets with counterpart in bank loans payable (see note 8.11.).

No impairment loss was recognised in 2016 (2015: € nil million). No reversal of impairment loss has been recorded in 2016 (2015: € nil million).

The movements in available-for-sale investments are as follows:

In € million	**2016**	2015
Balance at 1 January	**55**	58
Net acquisitions and disposals	**2**	1
Change in fair value	**2**	(5)
Impairment losses and other changes	**(1)**	1
Balance at 31 December	**58**	55

8.6. Deferred tax assets and liabilities

In € million	**2016**	2015
Deferred tax assets	**317**	370
Deferred tax liabilities	**(45)**	(62)
	272	308

In € million	**2016**	2015
Balance at 1 January	**308**	335
Income tax expense	**(33)**	(30)
Income tax credited/(charged) to equity (1)	**2**	(4)
Change in consolidation scope	**(4)**	(3)
Transfers and other changes	**(1)**	10
Balance at 31 December	**272**	308

(1) Of which:

- €(12) million (2015: €(12) million) related to effective portion of changes in fair value of cash flow hedges;
- €11 million (2015: €9 million) related to change in fair value of cash flow hedges transferred to profit or loss;
- €3 million (2015: €(2) million) related to defined benefit plan actuarial gains/(losses); and
- € nil million (2015: €1 million) related to change in fair value of available-for-sale investments

The Group has deductible temporary differences originating from an intra-group transaction which will mainly reverse during the next three years.

Unrecognised deferred tax assets amount to €1,191 million at 31 December 2016 (2015: €1,330 million). Deferred tax assets are recognised on tax losses carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of €4,489 million (2015: €4,476 million) to carry forward against future taxable income which relate to Luxembourg and Hungary (2015: Luxembourg and Hungary) and have no expiry date.

The movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax assets *In € million*	**Balance at 1 January 2016**	(Charged)/ credited to income statement	Charged to equity	Change in consolidation scope	Transfers and other changes	**Balance at 31 December 2016**
Intangible assets	79	(17)	-	(1)	(1)	60
Programme rights	203	(10)	-	-	1	194
Property, plant and equipment	3	-	-	-	-	3
Provisions	101	5	-	1	4	111
Tax losses (see note 7.7.)	36	(15)	-	2	-	23
Others	57	5	-	-	(7)	55
Set off of tax	(109)	-	-	-	(20)	(129)
	370	**(32)**	**-**	**2**	**(23)**	**317**

Deferred tax liabilities *In € million*	**Balance at 1 January 2016**	(Charged)/ credited to income statement	Charged to equity	Change in consolidation scope	Transfers and other changes	**Balance at 31 December 2016**
Intangible assets	(74)	-	-	(3)	(3)	(80)
Programme rights	(3)	-				(3)
Property, plant and equipment	(13)	1	-	-	(5)	(17)
Provisions	(15)	(4)	-	-	2	(17)
Others	(66)	2	2	(3)	8	(57)
Set off of tax	109	-	-	-	20	129
	(62)	**(1)**	**2**	**(6)**	**22**	**(45)**

Deferred tax assets *In € million*	**Balance at 1 January 2015**	(Charged)/ credited to income statement	Charged to equity	Change in consolidation scope	Transfers and other changes	**Balance at 31 December 2015**
Intangible assets	98	(18)	-	-	(1)	79
Programme rights	191	10	-	-	2	203
Property, plant and equipment	2	1	-	-	-	3
Provisions	111	(10)	-		-	101
Tax losses (see note 7.7.)	43	(11)	-	2	2	36
Others	31	5	-	-	21	57
Set off of tax	(81)	-	-	-	(28)	(109)
	395	**(23)**	**-**	**2**	**(4)**	**370**

Deferred tax liabilities *In € million*	**Balance at 1 January 2015**	(Charged)/ credited to income statement	Charged to equity	Change in consolidation scope	Transfers and other changes	**Balance at 31 December 2015**
Intangible assets	(72)	3	-	(5)	-	(74)
Programme rights		(3)				(3)
Property, plant and equipment	(14)	1	-	-	-	(13)
Provisions	(14)	-	-	-	(1)	(15)
Others	(41)	(8)	(4)	-	(13)	(66)
Set off of tax	81	-	-	-	28	109
	(60)	**(7)**	**(4)**	**(5)**	**14**	**(62)**

Deferred tax assets and liabilities are offset against each other if they relate to the same tax authority and meet the criteria of offsetting. The term of the deferred taxes on temporary differences is mostly expected to be recovered or settled more than 12 months from the balance sheet date.

RTL GROUP

8.7. Current programme rights

In € million	**2016** Gross Value	Valuation allowance	Net value	2015 Gross Value	Valuation allowance	Net value
(Co-)productions	**358**	**(325)**	**33**	353	(320)	33
TV programmes	**117**	**(2)**	**115**	77	(1)	76
Other distribution and broadcasting rights	**933**	**(309)**	**624**	940	(308)	632
Sub-total programme rights	**1 408**	**(636)**	**772**	1 370	(629)	741
(Co-)productions and programmes in progress	**239**	**(7)**	**232**	218	(6)	212
Advance payments on (co-)productions, programmes and rights	**157**	**(1)**	**156**	141	(1)	140
Sub-total programme rights in progress	**396**	**(8)**	**388**	359	(7)	352
	1 804	**(644)**	**1 160**	1 729	(636)	1 093

Additions and reversals of valuation allowance have been recorded for €(90) million and €64 million respectively in 2016 (2015: €(93) million and €62 million, respectively).

8.8. Accounts receivable and other financial assets

In € million	**2016** Under 1 year	Over 1 year	Total	2015 Under 1 year	Over 1 year	Total
Trade accounts receivable	**1 228**	**-**	**1 228**	1 193	-	1 193
Accounts receivable from investments accounted for using the equity method	**24**	**-**	**24**	36	-	36
Loan receivable to investments accounted for using the equity method (see notes 4.3.1., 8.4.)	**2**	**-**	**2**	-	-	-
Prepaid expenses	**92**	**18**	**110**	93	19	112
Fair value of derivative assets	**67**	**47**	**114**	63	45	108
Other current financial assets (see note 4.3.1.)	**2**	**-**	**2**	11	-	11
Account receivable from shareholder in relation with PLP Agreement (see note 10.1.)	**423**	**-**	**423**	472	-	472
Other accounts receivable	**187**	**25**	**212**	146	75	221
	2 025	**90**	**2 115**	2 014	139	2 153

Additions and reversals of valuation allowance have been recorded for €(32) million and €21 million respectively in 2016 (2015: €(22) million and €16 million, respectively).

The amount of €20 million deposited since the first half of 2012 under an escrow account by the Football Club Girondins de Bordeaux for the benefit of the city of Bordeaux and reported in current "Accounts receivable and other financial assets" at 31 December 2014 had been released to Groupe M6 in 2015. This amount was reported in cash inflows from investing activities in the consolidated cash flow statement in 2015. The same amount has been paid by Groupe M6 in 2015 to the city of Bordeaux in return for reduced future rental payments for the use of the new stadium by Girondins de Bordeaux. The related amount was reported in non-current "Loans and other financial assets" and reduced the operating free cash flow in 2015.

8.9. Cash and cash equivalents

In € million	**2016**	2015
Cash in hand and at bank	**266**	359
Fixed term deposits (under three months)	**79**	41
Other cash equivalents	**88**	49
Cash and cash equivalents (excluding bank overdrafts)	**433**	449

In € million	**2016**	2015
Cash and cash equivalents (excluding bank overdrafts)	**433**	449
Bank overdrafts (see note 8.11.)	**(2)**	(5)
Cash and cash equivalents	**431**	444

"Other cash equivalents" include money market funds for €88 million (2015: €49 million).

8.10. Assets classified as held for sale

2016

Media Properties

On 26 October 2016, RTL Group entered into an agreement with a third party to sell Media Properties Sàrl ("Media Properties"). Media Properties owns RTL Group's new buildings ("RTL City") in Luxembourg (see note 8.3.). These buildings, which RTL Group will leaseback, host the Corporate Centre and the other operations of the Group in Luxembourg. The disposal is expected to be completed during the second quarter of 2017. The sale proceeds of Media Properties amounts to €154 million and will generate an operating capital gain estimated to be €60 million.

2015

Following the disposal of AdSociety associate (see note 7.4.), there were no assets classified as held for sale anymore at 31 December 2015.

8.11. Loans and bank overdrafts

Current liabilities

In € million	**2016**	2015
Bank overdrafts	**2**	5
Bank loans payable (see note 8.5.)	**23**	21
Loans due to investments accounted for using the equity method (see note 8.4.1.)	**50**	11
Leasing liabilities	**1**	1
Term loan facility due to shareholder (see note 10.1.)	**400**	554
Other current loans payable	**17**	13
	493	605

Non-current liabilities

In € million	**2016**	2015
Bank loans payable (see note 8.5.)	**3**	4
Leasing liabilities	**1**	1
Term loan facility due to shareholder (see note 10.1.)	**500**	500
Other non-current loans payable	**13**	19
	517	524

Term and debt repayment schedule:

	2016			
In € million	Under 1 year	1 - 5 years	Over 5 years	**Total carrying amount**
Bank overdrafts	2	-	-	**2**
Bank loans payable (see note 8.5.)	23	3	-	**26**
Loans due to investments accounted for using the equity method (see note 8.4.1.)	50	-	-	**50**
Leasing liabilities	1	1	-	**2**
Term loan facility due to shareholder (see note 10.1.)	400	-	500	**900**
Other loans payable	17	6	7	**30**
	493	**10**	**507**	**1 010**

	2015			
In € million	Under 1 year	1 - 5 years	Over 5 years	Total carrying amount
Bank overdrafts	5	-	-	5
Bank loans payable (see note 8.5.)	21	4	-	25
Loans due to investments accounted for using the equity method (see note 8.4.1.)	11	-	-	11
Leasing liabilities	1	1	-	2
Term loan facility due to shareholder (see note 10.1.)	554	-	500	1 054
Other loans payable	13	11	8	32
	605	16	508	1 129

8.12. Accounts payable

Current accounts payable

In € million	**2016**	2015
Trade accounts payable	**1 539**	1 508
Amounts due to associates	**7**	4
Employee benefits liability	**213**	160
Deferred income	**131**	95
Social security and other taxes payable	**76**	76
Fair value of derivative liabilities	**28**	16
Account payable to shareholder in relation with PLP Agreement (see note 10.1.)	**578**	583
Other accounts payable	**270**	300
	2 842	2 742

Non-current accounts payable

	2016			2015		
In € million	**1-5 years**	**Over 5 years**	**Total**	1-5 years	Over 5 years	Total
Trade accounts payable	**37**	**13**	**50**	48	9	57
Employee benefits liability	**1**	**256**	**257**	39	238	277
Deferred income	**-**	**-**	**-**	1	-	1
Fair value of derivative liabilities	**10**	**-**	**10**	6	-	6
Other accounts payable	**83**	**5**	**88**	97	5	102
	131	**274**	**405**	191	252	443

8.13. Provisions

8.13.1. Provisions other than post-employment benefits

In € million	Restruc-turing	Litigations	Onerous contracts	Other provisions	**Total**
Balance at 1 January 2016	**1**	**92**	**93**	**16**	**202**
Provisions charged/(credited) to the income statement:					
. Additions	3	8	73	3	87
. Reversals	(1)	(7)	(3)	(5)	(16)
Provisions used during the year	-	(3)	(56)	(4)	(63)
Subsidiaries acquired				3	3
Balance at 31 December 2016	**3**	**90**	**107**	**13**	**213**

The provisions mainly relate to the following:

- Provisions for litigations correspond to the Group's best estimate of the expected future cash outflow related to disputes arising from the Group's activities.

  RTL Group is party to legal proceedings in the normal course of its business, both as defendant and claimant. The main legal proceedings to which RTL Group is a party are disclosed below.

  Several subsidiaries of the Group are being sued by broadcaster RTL 2 Fernsehen GmbH & Co. KG and its sales house El Cartel Media GmbH & Co. KG before the regional court in Düsseldorf in Germany seeking disclosure of information in order to substantiate a possible claim for damages. The proceedings succeed the imposition of a fine in 2007 by the German Federal Cartel Office for the abuse of market dominance with regard to discount scheme agreements ("share deals") IP Deutschland GmbH and SevenOne Media GmbH granted to media agencies. The German Federal Cartel Office argued that these discounts would foreclose the advertising market for small broadcasters. In 2014, the court of Düsseldorf decided to order an expert report. The expert has not yet rendered his report. Similar proceedings of other small broadcasters initiated in different courts were unsuccessful or have been withdrawn.

  Brandi Cochran was employed as a model on the television series *The Price Is Right* from July 2002 until February 2010 and was claiming wrongful termination and other allegations due to her gender and pregnancy. Her claim was brought against FremantleMedia North America ("FMNA"). The Court entered judgment in January 2013 and awarded her damages in the amount of USD 9 million (compensatory damages of USD 1 million and punitive damages of USD 8 million; subject to interest at the rate of 10 per cent per annum until paid) plus attorney's fees. FMNA appealed the verdict. FMNA also filed a post-trial motion for a new trial, which was granted in March 2013 (and the verdict was vacated). In December 2014, the Appellate Court remanded the parties for a new trial, which was set to begin in April 2016. However, in February 2016, the parties reached a settlement agreement, which resolved this matter. The related cash-out in 2016 was USD 3 million, net of insurance reimbursement, without significant impact on the income statement.

In June 2016, the main competitors of Fun Radio alleged that a host of the morning show had influenced Fun Radio's audience ratings by encouraging his listeners to give favourable treatment to Fun Radio in the Médiamétrie surveys. In response to these allegations, Médiamétrie called a special committee, which ultimately decided to remove Fun Radio from Médiamétrie's survey to be published in July 2016. Following a legal procedure initiated by Fun Radio, Médiamétrie was required to reinstate Fun Radio in the ratings surveys as from September 2016 but, since then, decided to lower Fun Radio's audience results, arguing a possible "halo effect". Thereafter, Fun Radio initiated a procedure to challenge the scientific reliability of the Médiamétrie calculation. In December 2016, the main competitors of Fun Radio also filed a claim for damages claiming unfair competition.

- "Onerous contracts" mainly comprise provisions made by:
  - Mediengruppe RTL Deutschland for €64 million (2015: €49 million) mainly in relation to the supply of programmes, of which sport events (2016: €19 million; 2015: €4 million);
  - Groupe M6 for €42 million (2015: €41 million) in relation to the supply of programmes, of which sport events (2016: €3 million; 2015: €3 million).

  Out of €73 million of provisions recorded during the year, €52 million relate to programmes such as movies and series and €21 million to sport events.

In € million	**2016**	2015
Current	**143**	130
Non-current	**70**	72
	213	202

8.13.2. Post-employment benefits

In € million	**2016**	2015
Balance at 1 January	**165**	173
Provisions charged/(credited) to the income statement:		
. Additions (1)	23	24
Provisions used during the year (1)	(18)	(21)
Actuarial losses directly recognised in equity (see note 8.14.)	11	(9)
Other changes	-	(2)
Balance at 31 December	**181**	165

(1) Of which defined contributions plan for €11 million (2015: €11 million)

"Post-employment benefits" comprise provision for defined benefit obligations (see note 8.14.) for €177 million (2015: €160 million) and provision for other employee benefits for €4 million (2015: €5 million).

In € million	**2016**	2015
Current	**2**	2
Non-current	**179**	163
	181	165

8.14. Defined benefit obligations

RTL Group operates or participates in a number of defined benefit ("DB") and defined contribution plans throughout Europe. FremantleMedia North America in the United States also operates a medical care plan which is not further disclosed given its materiality to the consolidated financial statements.
These plans have been set up and are operated in accordance with national laws and regulations. A description of the principal defined benefit plans of the Group and risks associated are given below.

Belgium
Employees of RTL Belgium participate in a defined benefit plan insured with the insurance company AXA, which provides pension benefits to members and their dependants on retirement and death. It concerns a closed plan in run-off. From 1 January 2004, a new defined contribution scheme has been open for all new employees. The assets of the insurance contract are not segregated but mutualised within the global assets of the Company ("Branche 21"). A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development.
Furthermore, the pension plan provides a lump sum at retirement and therefore, will not be affected by the expected increase of the future life expectancy of retirees. Other risks mainly relate to minimum funding requirements when vested rights are not funding enough.

France
Groupe M6, Ediradio, ID and IP France operate retirement indemnity plans which, by law, provide lump sums to employees on retirement. The lump sums are based on service and salary at the date of termination of employment in accordance with the applicable collective agreement. The Ediradio and ID retirement indemnity plan is partly funded by an insurance contract with AXA. Ediradio also participates in a defined benefit plan which provides pension benefits to members on retirement. This plan is partly funded by an insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. By nature, the liability is not influenced by the expected increase of the future life expectancy of a retiree.

Germany
Employees of UFA Berlin Group (including UFA Fiction GmbH, UFA Shows & Factual GmbH, UFA GmbH, UFA Serial Drama GmbH), Universum Film, Radio Center Berlin, AVE Gesellschaft für Hörfunkbeteiligungen GmbH, UFA Film & Fernsehen, RTL Group Deutschland and RTL Group Central & Eastern Europe participate in an unfunded common group retirement plan and defined benefit in nature. In case of insolvency, there is a comprehensive protection system ("Pensionssicherungsverein") operated by the German Pension Protection Fund. The company UFA Serial Drama has a partly funded plan.

Related obligations and plan assets are subject to demographic, legal and economic risks. The main risks relates to longevity risk for pension recipients.

Each employer that participates in this plan has separately identifiable liabilities.

RTL Television and IP Deutschland operate their own retirement arrangements. IP Deutschland sponsors individual plans for five former employees, providing defined pension benefits to each employee at retirement.

RTL Television sponsors individual plans for two employees and two former employees, providing defined pension benefits to each employee at retirement. In addition, a number of employees participate in a support fund providing pension benefits to members and their dependants on retirement and death.

The plan of RTL Television is partly funded by a life insurance contract with AXA. The assets of the insurance contract are not segregated but mutualised within the global assets of the insurance company. A guaranteed interest rate is provided by AXA and the plan should not be affected by financial market development. Both companies are exposed to certain risks associated with defined benefits plans such as longevity, inflation and increase of wages and salaries.

Luxembourg

CLT-UFA, RTL Group and Broadcasting Center Europe ("BCE") sponsor a post-employment defined benefit plan in favour of their employees. The occupational pension plan provides benefits to the affiliates (members and their dependents) in case of retirement, death in service and disability. The pension benefits are financed through an internal book reserve, as one of the allowed funding vehicles described in the law of 8 June 1999 on occupational pension plans in Luxembourg. Therefore CLT-UFA, RTL Group and BCE set up provision for the unfunded retirement benefit plan. Nevertheless in such case, the law requires the company to subscribe to an insolvency insurance with the German Pension Protection Fund ("Pensionssicherungsverein"). The CLT-UFA, RTL Group and BCE occupational pension scheme is a defined benefit plan final pay with integration of the state pension. Consequently, the Company is exposed to certain risks associated with defined benefits plans such as longevity, inflation, effect of compensation increases and of the State pension legislation.

Death and disability are insured with Cardif Lux Vie.

United Kingdom

FremantleMedia Group Limited is the principal employer of the Fremantle Group Pension Plan ("the Fremantle Plan" or "the Plan"), which was established on 29 December 2000 and was, prior to 1 September 2005, known as the RTL Group UK Pension Plan. The Fremantle Plan provides benefits through two sections, one providing defined benefits and the other providing defined contribution benefits with a defined benefit underpin. Plan assets are held for both sections of the Fremantle Plan - the assets in the defined benefit section comprise a qualifying insurance (buy-in) policy and UK corporate bonds; the assets in the defined contribution section comprise mainly equities. The Plan is funded through a trust administered by a trustee company, the assets of which are held separately from the assets of the participating employers. FremantleMedia Group Limited is ultimately liable for any deficit in the Plan. Funding requirements are under section 3 of the Pensions Act 2004 (UK). This requires:
- Three-yearly formal actuarial valuations, with annual monitoring;
- Trustees to maintain a Statement of Funding Principles;
- Trustees and employers to agree the approach to each actuarial valuation;
- Funding deficits to be eliminated in accordance with a schedule of deficit funding contributions.

The Company has been managing and reducing the risks associated with the Fremantle Plan. The Company closed the Plan to all further benefit accrual with effect from 31 March 2013. From 19 March 2014, the Company decided to secure benefits by insuring the Plan's liabilities through a buy-in policy.

The main risk related to the defined benefit section is that the insurance provider (Pension Insurance Corporation) defaults on the buy-in policy and the Trustees are unable to recover the full value. This event is extremely unlikely given the regulatory capital requirements for insurance companies and other protections in place (e.g. the Financial Services Compensation Scheme).

Future pension provision for members of the Fremantle Plan still employed by the Company is now through a Group Personal Pension plan with Scottish Widows, which commenced on 1 April 2013.

Legislation regarding introducing employers' pensions 'auto-enrolment' obligations, requires contributions to be made for employees/workers who were previously not members of Company schemes or who previously had no pension entitlement. This affected the Company from 1 September 2013 onwards. An employee must now choose to 'opt out' if they do not wish to contribute to the pension scheme.

Information about the nature of the present value of the defined benefit liabilities are detailed as follows:

In € million	**2016**	2015
Final salary plans	**239**	214
Career average plans	**8**	6
Flat salary plans - Plans with fixed amounts	**17**	17
Others (1)	**48**	47
Total	**312**	284

(1) Mainly include the defined contribution section of the Fremantle Plan

Thereof capital commitment for €122 million at 31 December 2016 (2015: €112 million). Under the Fremantle Plan Rules, in the defined benefit sections a member may opt to exchange up to around 25 per cent of their pension benefit for a cash lump sum.

Information about the plan members is detailed as follows:

Head	**2016**	2015
Active members	**3 097**	2 886
Deferred members	**1 109**	1 098
Pensioners	**306**	307
Total	**4 512**	4 291

The breakdown of the present value of the defined benefit liabilities by the plan members is as follows:

In € million	**2016**	2015
Active members	**140**	126
Deferred members	**108**	97
Pensioners	**64**	61
Total	**312**	284

Thereof beneficiaries with vested rights for €266 million (2015: €243 million) and beneficiaries with unvested rights for €46 million (2015: €41 million).

The amounts recognised in the statement of financial position are determined as follows:

In € million	**2016**	2015
Present value of funded obligations	**186**	169
Fair value of plan assets	**(135)**	(124)
Deficit of funded plans	**51**	45
Present value of unfunded obligations	**126**	115
Net defined benefit liability	**177**	160
Assets **(see note 8.5.)**	**-**	-
Provisions **(see note 8.13.2.)**	**177**	160

The amounts recognised in comprehensive income are determined as follows:

In € million	**2016**	2015
Service costs:		
- Current service cost (see note 7.3.1.)	**8**	8
- Net interest expense (see note 7.5.)	**4**	3
Components of defined benefit costs recorded in profit or loss	**12**	11
Re-measurements:		
- (Gains)/losses from change in financial assumptions	**29**	(12)
- Experience adjustments (gains)/losses	**3**	(2)
- Less return on plan assets (excluding amounts included in net interest expense)	**21**	(5)
Components of defined benefit costs recorded in Other Comprehensive Income ("OCI")	**11**	(9)
Total of components of defined benefit costs	**23**	2

The movement in the present value of funded/unfunded defined benefit obligations over the year is as follows:

In € million	**2016**	2015
Balance at 1 January	**284**	285
Current service cost	**8**	8
Interest cost	**8**	7
Re-measurements:		
- (Gains)/losses from change in financial assumptions (1)	**29**	(12)
- Experience adjustments (gains)/losses (2)	**3**	(2)
Benefits paid by employer	**(5)**	(7)
Benefits paid out of the plan assets	**(3)**	(3)
Foreign exchange differences	**(12)**	8
Balance at 31 December	**312**	284

(1) 2016: In connection with the decrease in the discount rate for all zones
2015: In connection with the increase in the discount rate for all zones

(2) 2016: the experience losses mainly relate to FremantleMedia UK for €6 million
2015: the experience gains mainly relate to: CLT-UFA for an amount of €(1) million due to salary increases and state pension decrease effect less than expected and the plan in Belgium for an amount of €(1) million due to salary increases less than expected

The movement in the fair value of plan assets of the year is as follows:

In € million	**2016**	2015
Balance at 1 January	**124**	115
Interest income on plan assets	**4**	4
Return on plan assets (excluding amounts included in net interest expense) (1)	**21**	(5)
Employer contributions (2)	**2**	4
Benefits paid out of the plan assets	**(3)**	(3)
Foreign exchange differences	**(13)**	9
Balance at 31 December	**135**	124

(1) 2016: Mainly in connection with the Plan's assets which performed better than expected over the year, resulting in a gain on the assets of €14 million and €6 million
2015: In connection with the Fremantle Plan's assets for the DB Sections performed worse than expected over the year, resulting in a loss on the assets of €5 million

(2) 2015: This is mainly due to the Fremantle Plan for an amount of €2 million regarding the outstanding premium paid for balancing the contribution relating to the buy-in policy

Expected contributions to post-employment benefit plans for the year ending 31 December 2017 are €3 million.

Plan assets are comprised as follows:

In € million	Quoted market price	No quoted market price	Total 2016	%	Quoted market price	No quoted market price	Total 2015	%
Equity instruments (including equity funds):			**44**	**33%**			43	35%
Company size: large cap	**22**	**-**	**22**		22	-	22	
Company size: mid cap	**22**	**-**	**22**		21	-	21	
Debt instruments (including debt funds):			**1**	**1%**			1	1%
Corporate bonds: investments grade	**1**	**-**	**1**		1	-	1	
Cash and cash equivalents	**1**	**-**	**1**	**1%**	-	1	1	1%
Qualifying insurance policies (1)	**-**	**89**	**89**	**65%**	-	79	79	63%
Total	**46**	**89**	**135**	**100%**	44	80	124	100%

The principal actuarial assumptions used were as follows:

	2016 % a year			2015 % a year		
	Germany	**Other European countries**	**UK**	Germany	Other European countries	UK
Discount rate	**1.70-1.80**	**1.50**	**2.80**	2.60	2.20	4.00
Long term inflation rate	**1.50-1.70**	**1.50-2.00**	**2.20**	1.50-1.70	1.80-2.00	2.20
Future salary increases	**2.25**	**2.00-4.00**	**-**	2.25	2.11-4.50	-
Future pension increases	**1.00-1.50**	**1.00**	**3.55**	1.00-1.70	1.00	3.35

At 31 December 2016, the weighted-average duration of the defined benefit liability was 17 years (2015: 17 years).

The breakdown of the weighted-average duration by geographical areas is as follows:

	2016	2015
Germany	**18.2**	17.9
Other European countries	**12.6**	12.0
UK	**23.0**	23.0

At 31 December, the sensitivity of the defined benefit liabilities to changes in the weighted principal assumptions is as follows:

	2016		2015	
In € million	Increase	Decrease	Increase	Decrease
Average life expectancy by 1 year	**(6)**	**6**	4	(4)
Discount rate (effect of 0.5%)	**(21)**	**23**	(17)	19
Future salary growth (effect of 0.5%)	**15**	**(14)**	14	(13)
Future pension growth (effect of 0.5%)	**9**	**(8)**	7	(6)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.

At 31 December 2016, expected maturity analysis of undiscounted pension (future cash flows) are as follows:

In € million	Less than a year	Between 1-5 years	Less than 10 years	**Total**
Defined benefit liability	12	55	72	**139**

8.15. Equity

8.15.1. Share capital

The Extraordinary General Meeting (EGM) of the Company, held on 25 May 2016, acknowledged that 44,748 physical shares of RTL Group had not been registered in accordance with the provisions of the law of 28 July 2014 regarding the immobilisation of bearer shares in Luxembourg ("Immobilisation Law"). The EGM acknowledged that the Board of directors set the price of the cancelled shares at €32.96 per share in accordance with article 6 (5) of the law.

As a consequence, at 31 December 2016, the subscribed capital amounts to €192 million (2015: €192 million) and is represented by 154,742,806 (31 December 2015: 154,787,554) fully paid-up ordinary shares, without nominal value; the equity of the Company was reduced by €2 million. The amount has been deposited on 15 July 2016 in an escrow account with the Caisse of consignation in accordance with the legal provisions.

8.15.2. Treasury shares

The Company‘s General Meeting held on 16 April 2014 has authorised the Board of Directors to acquire a total number of shares of the Company not exceeding 150,000 in addition to the own shares already held (i.e. 1,168,701 own shares) as of the date of the General Meeting. This authorisation is valid for five years and the purchase price per share is fixed at a minimum of 90 per cent and a maximum of 110 per cent of the average closing price of the RTL Group share over the last five trading days preceding the acquisition.

Following the shareholders’ meeting resolution and in order to foster the liquidity and regular trading of its shares that are listed on the stock market in Brussels and Luxembourg and the stability of the price of its shares, the Company entered on, 28 April 2014, into a liquidity agreement (the “Liquidity Agreement”) with Kepler Capital Markets SA (the “Liquidity Provider”). During the year ended 31 December 2016, under the Liquidity Agreement, the Liquidity Provider has:

- purchased 574,728 shares at an average price of €73.82; and
- sold 562,659 shares at an average price of €74.17, in the name and on behalf of the Company.

At 31 December 2016, a total of 47,488 (2015: 35,419) RTL Group shares are held by the Company and €7.0 million (2015: €7.7 million) are in deposit with the Liquidity Provider under the terms of the Liquidity Agreement.

8.15.3. Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, reserves on investments accounted for using the equity method for foreign exchange translation differences and cash flow hedging, as well as loans designated to form part of the Group’s net investment in specific undertakings as repayment of those loans is not anticipated within the foreseeable future.

8.15.4. Hedging reserve

The hedging reserve (equity attributable to non-controlling interests included) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Between 31 December 2015 and 31 December 2016, the hedging reserve increased by €5 million before tax effect. This consists of:

- Increase by €14 million due to foreign exchange contracts that existed at 2015 year end and which were still hedging off-balance sheet commitments at 31 December 2016;
- Decrease by €34 million due to foreign exchange contracts that existed at 2015 year end but which were incorporated in the cost of the hedged item and subsequently consumed and released in 2016 from the hedging reserve to income statement;
- Increase by €25 million due to foreign exchange contracts entered into in 2016 hedging new off-balance sheet commitments.

Between 31 December 2014 and 31 December 2015, the hedging reserve increased by €8 million before tax effect. This consists of:

- Increase by €34 million due to foreign exchange contracts that existed at 2014 year end and which were still hedging off-balance sheet commitments at 31 December 2015;
- Decrease by €28 million due to foreign exchange contracts that existed at 2014 year end but which were incorporated in the cost of the hedged item and subsequently consumed and released in 2015 from the hedging reserve to income statement;
- Increase by €2 million due to foreign exchange contracts entered into in 2015 hedging new off-balance sheet commitments.

8.15.5. Revaluation reserve

The revaluation reserve includes:

- The cumulative change net of tax in the fair value of available-for-sale investments (see note 8.5.) until the investment is derecognised or impaired for €20 million (2015: €18 million). The amount of OCI recycled to profit or loss and related to available-for-sale investments disposed of in 2016 is € nil million (2015: € nil million);

- The cumulative increase in the fair value of the intangible assets and property, plant and equipment following the gains of control of Groupe M6 and M-RTL (2016: €55 million; 2015: €55 million).

8.15.6. Dividends

On 20 April 2016, the Annual General Meeting of Shareholders decided, after having taken into account the interim dividend of €1.00 per share paid on 10 September 2015, to distribute a final dividend of €3.00 per share. Accordingly, an amount of €460 million was paid out on 28 April 2016.

On 24 August 2016, RTL Group's Board of Directors authorised the distribution of an interim dividend of €1.00 per share. The payment on 8 September 2016 amounted to €154 million.

8.15.7. Share-based payment plans

Groupe M6 Share-based payment plans

Groupe M6 has established employee share option plans open to directors and certain employees.The number of options granted to participants is approved by the Supervisory Board of Métropole Télévision SA in accordance with the authorisation given by the General Meeting of Shareholders.

The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares:

	Grant date	Maximum number of free shares granted (1) *(in thousands)*	Remaining options *(in thousands)*	Vesting conditions
Free shares plans				
	04-2014	149.55	-	2 years of service
	10-2014	513.15	-	2 years of service + performance conditions
	05-2015	32.50	32.50	2 years of service
	07-2015	480.40	453.20	2 years of service + performance conditions
	07-2016	440.60	437.30	2 years of service + performance conditions
	07-2016	361.00	361.00	2 years of service + performance conditions
Total		**1 977.20**	**1 284.00**	

(1) The maximum number of free shares granted if the performance conditions are significantly exceeded. Such number could be reduced to nil if objectives are not met

The Free Shares Plans are subject to performance conditions. A description by plan is given below:

- The plans at 13 October 2014, 28 July 2015 and 27 July 2016 are subject to Groupe M6 achieving its target growth in net consolidated result over the periods 2014, 2015 and 2016 respectively; the second plan at 27 July 2016 is subject to a cumulated performance requirement over 3 years;
- The plans at 14 April 2014 and 11 May 2015 are only subject to the presence in Groupe M6.

Approximately 1,284,000 free shares are still exercisable at the end of the year against 1,147,000 at the beginning of the year. 802,000 free shares were granted during the year with 620.000 being exercised and 45,000 being forfeited.

The price to be paid to exercise each of the remaining options is the average price of shares in Métropole Télévision SA on the Paris Stock Exchange over the 20 trading days preceding the date of grant with the exception of the management free share allocation plan.

Movements in the number of share options are as follows:

In thousands of options	**Average exercise price in € per share**	**2016**	Average exercise price in € per share	2015
Options outstanding at the beginning of the year	-	-	15	233
Options exercised during the year	-	-	15	(152)
Options expired/cancelled during the year	-	-	15	(81)
Options outstanding at the end of the year	-	-	-	-

Share options outstanding (in thousands) at the end of the year have the following terms:

	Expiry date	Exercise price (in €)	**Number of shares 2016**	Number of shares 2015
Free shares plans				
	2016		**-**	634
	2017		**486**	513
	2018		**798**	-
Total			**1 284**	1 147

The market price of Métropole Télévision shares on the Paris Stock Exchange was €17.67 at 31 December 2016 (€15.84 at 31 December 2015).

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of fair value of the services received is measured based on a binomial model. Free shares are valued at the share price at the date they are granted less the discounted future expected dividends that employees cannot receive during the vesting period.

Grant date	**Share price** *in €*	**Risk-free interest rate** *% a year*	**Expected return** *% a year*	**Option life**	**Employee expense** *(in € million)* **2016**	2015
Free shares plans						
26/07/2013	14.79	0.58	6.10	2 years	**-**	1.9
14/04/2014	16.05	0.53	5.60	2 years	**0.3**	0.8
13/10/2014	12.03	0.23	7.60	2 years	**1.5**	1.9
11/05/2015	18.62	0.16	4.80	2 years	**0.2**	0.1
28/07/2015	18.38	0.22	4.90	2 years	**3.0**	1.3
28/07/2016	16.24	(0.10)	5.50	2 years	**1.2**	
28/07/2016	16.24	(0.10)	5.50	2 years	**1.0**	
Total					**7.2**	6.0

Style Haul Inc Share-based payment plan

Some employees of Style Haul Inc benefit from a share-based payment plan in RTL US Holding, Inc, its parent company; the plan qualifies as a cash-settled share-based payment transaction. This plan was fully vested as of 31 December 2015 (see note 6.2.).

Other plans

There are other insignificant share-based payment plans within the Group. The total expense associated to these plans amounts to €2.4 million for the year ending 31 December 2016 (2015: €3 million).

Dilution can occur when beneficiaries of stock option plans or holders of other optional securities exercise their options. At 31 December 2016, the dilutive effects in the Group's ownership percentage are as follows:
- dilution of RTL Group interest in SpotXchange Inc by 4.01 per cent;
- dilution of RTL Group interest in BroadbandTV Corp by 6.46 per cent;
- dilution of RTL Group interest in YoBoHo New Media Private Ltd by 13.90 per cent.

The Group has been already diluted by 3.3 per cent to 67.5 per cent in the share of SpotX following the exercise by employees of their options during the third quarter 2016.

8.15.8. Non-controlling interests

The Group owns 48.4 per cent in Métropole Télévision SA, which together with its subsidiaries and investments accounted for using the equity method represent Groupe M6, listed on the Paris Stock Exchanges (see note 12.). Shares not owned by the Group are material for the Group.

The total non-controlling interests is €475 million at 31 December 2016 (2015: €455 million), of which €428 million (2015: €409 million), is for Groupe M6.

Non-controlling interests in other subsidiaries are individually immaterial.

The following tables summarise the restated information relating to Groupe M6, before any intra-group elimination.

Summarised financial information:

	Groupe M6	
In € million	**2016**	2015
Non-current assets	**571**	537
Current assets	**932**	910
Current liabilities	**(602)**	(593)
Non-current liabilities	**(84)**	(71)
Net assets	**817**	783

	Groupe M6	
In € million	**2016**	2015
Revenue	**1 284**	1 254
Profit before tax	**247**	201
Income tax expense	**(94)**	(87)
Profit for the year	**153**	114
Other comprehensive income	**(1)**	6
Total comprehensive income	**152**	120
Total comprehensive income allocated to non-controlling interests	**80**	62
Dividends paid to non-controlling interest	**(56)**	(57)

	Groupe M6	
In € million	**2016**	2015
Net cash from/(used in) operating activities	**269**	156
Net cash from/(used in) investing activities	**(146)**	(128)
Net cash from/(used) in financing activities	**(125)**	(108)
Net increase/(decrease) in cash and cash equivalents	**(2)**	(80)

Transactions on non-controlling interests

These transactions mainly relate to:

2016
Transactions on non-controlling interests without a change in control:

- Groupe M6 has granted, acquired and disposed of own shares in respect to the employee share option plans (see note 8.15.7.), the forward purchase contract (see note 8.15.9.) and the liquidity programme.
- SpotXchange Inc has granted own shares in respect to the employee share option plan (see note 8.15.7)
- CBS Studios International contributed €1 million in a number of capital increases in RTL CBS Asia Entertainment Network LLP, proportionally to its 30 per cent share.

The transactions on non-controlling interests with a change in control relate to Smartclip and iGraal (see note 6.2.).

2015
Transactions on non-controlling interests without a change in control:

- On 1 January 2015, RTL Nederland Interactief BV disposed of 49 per cent, out of the 100 per cent held in Videostrip BV (renamed SpotXchange Benelux BV) to SpotXchange Inc (held at 70.8 per cent by the Group) resulting in a dilution of RTL Group's interest of 14.2 per cent;
- On 1 August 2015, RTL Nederland Ventures BV increased its interest in the e-learning company Dutch Learning Company BV ("DLC") from 80.3 per cent to 100 per cent (see note 6.2.);
- CBS Studios International contributed €2 million in a number of capital increases in RTL CBS Asia Entertainment Network LLP, proportionally to its 30 per cent share;
- Groupe M6 has granted, acquired and disposed of own shares in respect to the employee share option plans (see note 7.15.7.), the forward purchase contract (see note 8.15.9.) and the liquidity programme.

The transactions on non-controlling interests with a change in control relate to YoBoHo New Media Private Ltd and Wildside Srl (see note 6.2.).

8.15.9. Derivatives on equity instruments

Derivative instruments relate to forward transactions by Groupe M6 on Métropole Télévision SA shares.

9. COMMITMENTS AND CONTINGENCIES

In € million	**2016**	2015
Guarantees and endorsements given	**22**	20
Contracts for purchasing rights, (co-)productions and programmes (1)	**2 671**	2 456
Satellite transponders	**109**	123
Operating leases	**471**	480
Purchase obligations in respect of transmission and distribution	**170**	185
Other long-term contracts and commitments	**69**	136

(1) Of which €38 million of commitments relating to joint ventures (2015: €54 million)

The Group has investments in unlimited liability entities. In the event these entities make losses, the Group may have to participate to the entire amount of losses, even if these entities are not wholly owned.

Certain UK companies in the FremantleMedia Group have elected to make use of the audit exemption, for non-dormant subsidiaries, under section 479A of the Companies Act 2006. In order to fulfil the conditions set out in the regulations, the Company has given a statutory guarantee of all outstanding liabilities to which the subsidiaries are subject at the end of the financial year to 31 December 2016. A full list of the companies which have made use of the audit exemption is presented in note 12.

In the course of their activities, several Group companies benefit from licence frequency agreements, which commit the Group in various ways depending upon the legal regulation in force in the countries concerned.

9.1 Operating leases

Non-cancellable operating lease rentals are as follows:

	Lease payments							
	2016				2015			
In € million	**Under 1 year**	**1 - 5 years**	**Over 5 years**	**Total**	Under 1 year	1 - 5 years	Over 5 years	Total
Other operating leases	**75**	**208**	**188**	**471**	73	201	206	480

"Other operating leases" mainly relates to the rental of offices, buildings and equipment in Germany, France and the United Kingdom.

9.2 Purchase obligations in respect of transmission and distribution

These obligations result from agreements with providers of services related to the terrestrial and cable transmission and distribution of the signals of the RTL Group TV channels and radio stations.

9.3 Other long-term contracts and commitments

The Group has "Other long-term contracts and commitments" amounting to €69 million at 31 December 2016 (2015: €136 million).

Long-term contracts include contracts for services, agreements to purchase assets or goods, and commitments to acquire licences other than audiovisual rights and television programming that are enforceable and legally binding and that specify all significant terms.

FremantleMedia has arrangements for a remaining period of one year in relation to sale and lease back transactions for an amount of below €1 million (2015: €2.5 million). Under these arrangements, FremantleMedia has sold programme rights to a special purpose vehicle and simultaneously leased back the assets under a finance lease arrangement. The cash received is placed in a "restricted bank account" at A-rated banks in order to satisfy the lease payments, and is not considered as an asset in accordance with SIC 27. Income received by FremantleMedia was recognised in the income statement when entering into these arrangements.

10. RELATED PARTIES

Identity of related parties

At 31 December 2016, the principal shareholder of the Group is Bertelsmann Capital Holding GmbH ("BCH") (75.1 per cent). The remainder of the Group's shares are publicly listed on the Brussels, Frankfurt and Luxembourg stock exchanges. The Group also has a related party relationship with its associates, joint ventures and with its directors and executive officers.

10.1. Transactions with shareholders

Sales and purchases of goods and services

During the year the Group made sales of goods and services, purchases of goods and services to Bertelsmann Group amounting to €9 million (2015: €10 million) and €23 million (2015: €24 million), respectively. At the year-end, the Group had trade accounts receivable and payable due from/to Bertelsmann Group amounting to €3 million (2015: €2 million) and €8 million (2015: €4 million), respectively.

Deposits Bertelsmann SE & Co. KGaA

With the view to investing its cash surplus, RTL Group SA entered in 2006 with Bertelsmann SE & Co. KGaA (previously Bertelsmann AG) into a Deposit Agreement, the main terms of which are:

- Interest rates are based on an overnight basis on EONIA plus 10 basis points; or on a one to six month basis, EURIBOR plus 10 basis points;

- Bertelsmann SE & Co. KGaA grants to RTL Group as security for all payments due by Bertelsmann SE & Co. KGaA a pledge on:

  - All shares of its wholly owned French subsidiary Média Communication SAS;
  - All shares of its wholly owned Spanish subsidiary Media Finance Holding SL;
  - All its interests in the German limited liability partnership Gruner + Jahr GmbH & Co. KG;
  - All shares of its wholly owned English subsidiary Bertelsmann UK Ltd.

At 31 December 2016, RTL Group SA did not hold any deposit with Bertelsmann SE & Co. KGaA (2015: € nil million on a one to three months basis and € nil million on an overnight basis). The interest income for the period is € nil million (2015: € nil million).

The interests in Gruner + Jahr GmbH & Co. KG and shares of Bertelsmann UK Ltd have also been granted as pledge by Bertelsmann SE & Co. KGaA to CLT-UFA SA, a subsidiary of RTL Group, in connection with the accounts receivable related to PLP and Compensation Agreements as defined below.

On 22 December 2011, RTL Group Deutschland GmbH, a Group company, and Bertelsmann SE & Co. KGaA entered into an agreement related to the deposit of surplus cash by RTL Group Deutschland GmbH with the shareholder. To secure the deposit, Bertelsmann pledged to RTL Group Deutschland GmbH its aggregate current partnership interest in Gruner + Jahr GmbH & Co. KG.

At 31 December 2016, RTL Group Deutschland GmbH did not hold any deposit with Bertelsmann SE & Co. KGaA (2015: € nil million). The interest income for the period is insignificant (2015: insignificant).

RTL Group SA has additionally entered into a Treasury Agreement in North America with Bertelsmann Inc. Interest rates are based on US Libor plus 10 basis points. At 31 December 2016, the balance of the cash pooling accounts receivable and payable amounts to € nil million (2015: € nil million). The interest income/expense for the year is € nil million (2015: € nil million).

Loans from Bertelsmann SE & Co. KGaA and BeProcurement Sàrl

On 7 March 2013, RTL Group Deutschland GmbH, a Group company, and Bertelsmann SE & Co. KGaA entered into a shareholder loan agreement pursuant to which Bertelsmann makes available a term loan facility in the amount of €500 million and a revolving and swingline facility in the amount of up to €1 billion. The main terms of these facilities are:

- Term loan facility of €500 million until 7 March 2023 bearing interest at 2.713 per cent per annum; RTL Group SA has the right to early repay the loan subject to break costs. On 23 June 2016, the term loan facility of €500 million has been transferred from Bertelsmann SE & Co. KGaA to BeProcurement Sàrl controlled by Bertelsmann Luxembourg Sàrl. At 31 December 2016, the term loan balance amounts to €500 million (2015: €500 million);

- Revolving loans bear interest at the applicable EURIBOR plus a margin of 0.60 per cent per annum, and swingline loans bear interest at EONIA plus a margin of 0.60 per cent per annum. A commitment fee of 35 per cent of the applicable margin is payable where for purposes of calculation of the payable commitment fee the available commitment under the revolving and swingline facilities will be reduced by €200 million. At 31 December 2016, the total of revolving and swingline loan amounts to €389 million (2015: €542 million).

The interest expense for the period amounts to €15 million (2015: €17 million). The commitment fee charge for the period amounts to €0.6 million (2015: €0.4million).

Tax

On 26 June 2008, the Board of Directors of RTL Group agreed to proceed with the tax pooling of its indirect subsidiary RTL Group Deutschland GmbH ("RGD") into BCH, a direct subsidiary of Bertelsmann SE & Co. KGaA.

To that effect, RGD entered into a Profit and Loss Pooling Agreement ("PLP Agreement") with BCH for a six-year period starting 1 January 2008. Simultaneously, Bertelsmann SE & Co. KGaA entered into a Compensation Agreement with CLT-UFA, a direct subsidiary of RTL Group, providing for the payment to CLT-UFA of an amount compensating the above profit transfer and an additional commission ("Commission") amounting to 50 per cent of the tax saving based upon the taxable profit of RGD.

Through these agreements, as from 1 January 2008, Bertelsmann SE & Co. KGaA and the RGD sub-group of RTL Group are treated as a single entity for German income tax purposes.

As the PLP Agreement does not give any authority to BCH to instruct or control RGD, it affects neither RTL Group nor RGD's ability to manage their business, including their responsibility to optimise their tax structures as they deem fit. After six years, both PLP and Compensation Agreements are renewable on a yearly basis. RGD and CLT-UFA have the right to request the early termination of the PLP and Compensation Agreements under certain conditions.

On 15 May 2013, the Board of Directors of RTL Group agreed to the amendment of the Compensation Agreement in light of the consumption of the trade tax and corporate tax losses at the level of Bertelsmann SE and Co. KGaA and of the expected level of indebtedness of RTL Group in the future.

The PLP Agreement was slightly amended in 2014 on the basis of a recent change to German corporate tax law.

In the absence of specific guidance in IFRS, RTL Group has elected to recognise current income taxes related to the RGD sub-group based on the amounts payable to Bertelsmann SE & Co. KGaA and BCH as a result of the PLP and Compensation Agreements described above. Deferred income taxes continue to be recognised, based upon the enacted tax rate, in the consolidated financial statements based on the amounts expected to be settled by the Group in the future. The Commission, being economically and contractually closely related to the Compensation, is accounted for as a reduction of the tax due under the Agreements.

At 31 December 2016, the balance payable to BCH amounts to €578 million (2015: €583 million) and the balance receivable from Bertelsmann SE & Co. KGaA amounts to €423 million (2015: €472 million).

For the year ended 31 December 2016, the German income tax in relation to the tax pooling with Bertelsmann SE & Co. KGaA amounts to €171 million (2015: €176 million). The Commission amounts to €16 million (2015: €65 million). The brought forward income tax losses available for offset were fully consumed at 31 December 2015.

The UK Group relief of FremantleMedia Group to Bertelsmann Group resulted in a tax income of €2 million (2015: €2 million).

All Danish entities under common control by an ultimate parent are subject to Danish tax consolidation, which is mandatory under Danish tax law. Blu A/S, a 100 per cent held subsidiary of RTL Group, was elected as the management company of the Bertelsmann Denmark Group.

10.2. Transactions with investments accounted for using the equity method

The following transactions were carried out with investments accounted for using the equity method:

In € million	**2016**	2015
Sales of goods and services to:		
Associates	**31**	29
Joint ventures	**54**	55
	85	84
Purchase of goods and services from:		
Associates	**8**	9
Joint ventures	**20**	17
	28	26

Sales and purchases to and from investments accounted for using the equity method were carried out on commercial terms and conditions, and at market prices.

In € million	**2016**	2015
Trade accounts receivable from:		
Associates	**11**	16
Joint ventures	**10**	16
	21	32
Trade accounts payable to:		
Associates	**6**	3
Joint ventures	**1**	-
	7	3

Year-end balances arising from sales and purchases of goods and services are as follows:

10.3. Transactions with key management personnel

In addition to their salaries, the Group also provides non-cash benefits to the members of the Executive Committee and contributes to a post-employment defined benefit plan on its behalf.

The key management personnel compensation is as follows and reflects benefits for the period for which the individuals held the Executive Committee position:

In € million	**2016**	2015
Short-term benefits	**8.2**	8.0
Post-employment benefits	**0.2**	0.2
Long-term benefits	**4.4**	4.4
	12.8	12.6

10.4. Directors' fees

In 2016, a total of €0.6 million (2015: €0.6 million) was allocated in the form of attendance fees to the non-executive members of the Board of Directors of RTL Group SA and the committees that emanate from it, with respect to their functions within RTL Group SA and other Group companies.

11. SUBSEQUENT EVENTS

On 2 February 2017, UFA Film und Fernseh GmbH entered into an agreement with the controlling shareholders of Divimove GmbH ("Divimove") to modify the corporate governance of the company. This change provided the control to RTL Group and extended the exercise period of the call option over the remaining 24.5 per cent until the first half of 2019, at the latest. The strike price of the option is based on a variable component. The transaction qualifies as a business combination since RTL Group gains the control of Divimove. The amount of the re-measurement to fair value of the pre-existing interest is estimated at €14 million.

On 27 September 2016, Magyar RTL Televízió Zártkörûen Mükõdõ Részvénytársaság ("RTL Hungary") entered into an agreement to acquire 30 per cent stake representing 51 per cent of the voting rights in Central Digital Media Kft ("Central Digital Media"), one of the leading web publishers in Hungary. Central Digital Media is operating a number of websites and mobile apps. Central Digital Media is ranked as one of the top 3 online media companies in Hungary, based on web analytics. The acquisition, subject to approval by the Hungarian competition authority, would significantly accelerate the Group's strategy to increase RTL Hungary's presence in the digital media market. The transaction would qualify as a business combination since M-RTL would gain control of Central Digital Media. RTL Hungary would also hold call options on the remaining 70 per cent shares exercisable 18 months after the deal completion. However, in the second part of February 2017, the Hungarian competition authority decided to refuse its approval of the transaction. RTL Hungary is currently assessing this decision and possible legal actions.

RTL GROUP

12. GROUP UNDERTAKINGS

		2016			2015		
	Country of incorporation	Note	Group's Ownership (**)	Consolidated method (1)	Note	Group's Ownership (**)	Consolidated method (1)
RTL Group SA	Luxembourg			M			M
Broadcasting TV							
33 FM SAS	France	(2)	**45.9**	F	(2)	45.8	F
Atresmedia Cine SLU	Spain	(5)	**18.7**	E	(5)	18.7	E
Antena 3 Multimedia SLU	Spain	(5)	**18.7**	E	(5)	18.7	E
Antena 3 Noticias SLU	Spain	(5)	**18.7**	E	(5)	18.7	E
Antena 3 Television Digital Terrestre de Canarias SAU	Spain	(5)	**18.7**	E	(5)	18.7	E
Atres Advertising SLU	Spain	(5)	**18.7**	E	(5)	18.7	E
Atresmedia Corporación de Medios de Comunicación SA	Spain	(5)	**18.7**	E	(5)	18.7	E
Atresmedia Foto SL	Spain	(5)	**16.8**	E	(5)	16.8	E
Atres Hub Factory SL	Spain	(5)	**9.3**	**E**			
Atresmedia Musica SLU	Spain	(5)	**18.7**	E	(5)	18.7	E
Aunia Publicidad Interactiva SL	Spain	(5)	**9.3**	E			
Best of TV Benelux SPRL	Belgium	(2)	**24.6**	F	(2)	24.6	F
Best of TV SAS	France	(2)	**24.6**	F	(2)	24.6	F
Broadcasting Center Europe SA	Luxembourg		**99.7**	F		99.7	F
Buurtfacts BV	Netherlands		**54.8**	JV		54.8	JV
C. Productions SA	France	(2)	**48.3**	F	(2)	48.2	F
Cable Channels SA	Romania	(4)	**99.7**	F	(4)	99.7	F
Canal Media Radio SAU	Spain	(5)	**18.7**	E	(5)	18.7	E
CBC GmbH	Germany		**99.7**	F		99.7	F
Cordina Planet SLU	Spain	(5)	**18.7**	E	(5)	18.7	E
Couverts Reserveren BV	Netherlands	(12)		NC	(16)	99.7	F
Delta Advertising GmbH	Germany		**99.7**	F		99.7	F
Edit TV/ W9 SAS	France	(2)	**48.3**	F	(2)	48.2	F
Elephorm SAS	France	(2)	**16.4**	E			
El Cartel Media GmbH & Co. KG	Germany		**35.8**	E		35.8	E
Flooxplay SLU	Spain	(5)	**18.7**	E	(5)	18.7	E
Football Club des Girondins de Bordeaux SASP	France	(2)	**48.2**	F	(2)	48.1	F
Oxygem IT GIE	France	(12)		NC	(2)	48.2	F

RTL GROUP

	Country of incorporation	2016 Note	2016 Group's Ownership (**)	2016 Consolidated method (1)	2015 Note	2015 Group's Ownership (**)	2015 Consolidated method (1)
Girondins Expressions SASU	France	(2)	**48.3**	F	(2)	48.2	F
Girondins Horizons SASU	France	(2)	**48.3**	F	(2)	48.2	F
GM6 SAS	France	(2)	**48.3**	F	(2)	38.8	F
Goldbach Media (Switzerland) AG	Switzerland		**22.9**	E		22.9	E
Guadiana Producciones SAU	Spain	(5)	**18.7**	E	(5)	18.7	E
Gute Zeiten - Schlechte Zeiten Vermarktungsgesellschaft mbH	Germany	(11)		NC		99.7	F
Hola Television América SL	Spain	(5)	**9.3**	E	(5)	9.3	E
Hola TV Latam S.L.	Spain	(5)	**7.0**	E	(5)	7.0	E
Hola TV US LLC	USA	(5)	**7.0**	E	(5)	7.0	E
Home Shopping Service Belgique SA	Belgium	(2)	**57.0**	F	(2)	57.0	F
Home Shopping Service Hongrie SA	Hungary	(2)	**48.2**	F	(2)	48.2	F
Home Shopping Service SA	France	(2)	**48.2**	F	(2)	48.2	F
I2I Musikproduktions- und Musikverlagsgesellschaft mbH	Germany		**99.7**	F		99.7	F
I3 Television SL	Spain	(5)	**9.3**	E	(5)	9.3	E
iGraal SAS	France	(2)	**24.6**	F			
Immobilière 46D SAS	France	(2)	**48.3**	F	(2)	48.2	F
Immobilière M6 SA	France	(2)	**48.3**	F	(2)	48.2	F
Infonetwork GmbH	Germany		**99.7**	F		99.7	F
IP Deutschland GmbH	Germany		**99.7**	F		99.7	F
IPA Österreich GmbH	Austria		**49.8**	F		49.8	F
Les Films de la Suane Sàrl	France	(2)	**48.3**	F	(2)	48.2	F
Luxview SAS	France	(2)	**46.1**	F	(2)	46.1	F
M6 Bordeaux SAS	France	(2)	**48.3**	F	(2)	48.2	F
M6 Communication SAS	France	(2)	**48.3**	F	(2)	48.2	F
M6 Créations SAS	France	(2)	**48.3**	F	(2)	48.2	F
M6 Développement SASU	France	(2)	**48.3**	F	(2)	48.2	F
M6 Diffusions SA	France	(2)	**48.3**	F	(2)	48.2	F
M6 Divertissement SAS	France	(2)	**48.3**	F	(2)	48.2	F

RTL GROUP

		2016			2015		
	Country of incorporation	Note	Group's Ownership (**)	Consolidated method (1)	Note	Group's Ownership (**)	Consolidated method (1)
M6 Editions SA	France	(2)	**48.3**	F	(2)	48.2	F
M6 Evénements SA	France	(2)	**48.3**	F	(2)	48.2	F
M6 Films SA	France	(2)	**48.3**	F	(2)	48.2	F
M6 Foot SAS	France	(2)	**48.3**	F	(2)	48.2	F
M6 Génération / 6Ter SAS	France	(2)	**48.3**	F	(2)	48.2	F
M6 Interactions SAS	France	(2)	**48.3**	F	(2)	48.2	F
M6 Publicité SASU	France	(2)	**48.3**	F	(2)	48.2	F
M6 Shop SAS	France	(2)	**48.3**	F	(2)	48.2	F
M6 Studio SAS	France	(2)	**48.3**	F	(2)	48.2	F
M6 Talents SAS	France	(2)	**48.3**	F	(2)	48.2	F
M6 Thématique SA	France	(2)	**48.3**	F	(2)	48.2	F
M6 Web SAS	France	(2)	**48.3**	F	(2)	48.2	F
Magyar RTL Televízió Zártkörûen Mükõdõ Részvénytársaság	Hungary	(4)	**99.7**	F	(4)	99.7	F
Mandarin Cinéma SAS	France	(2)	**48.3**	F			
Mediascore Gesellschaft für Medien- und Kommunikationsforschung mbH	Germany		**99.7**	F		99.7	F
Mediengruppe RTL Deutschland GmbH	Germany		**99.7**	F		99.7	F
Métropole Production SA	France	(11)		NC	(2)	48.2	F
Métropole Télévision - M6 SA	France	(2)	**48.3**	F	(2)	48.2	F
MonAlbumPhoto SAS	France	(2)	**48.3**	F	(2)	48.2	F
Musica Aparte SAU	Spain	(5)	**18.7**	E	(5)	18.7	E
NETLETIX GmbH (former Netzathleten.net GmbH)	Germany		**99.7**	F		99.7	F
Norddeich TV Produktionsgesellschaft mbH	Germany		**99.7**	F		99.7	F
n-tv Nachrichtenfernsehen GmbH	Germany		**99.7**	F		99.7	F
Odiso Sàrl	France	(11)		NC	(2)	48.2	F
Optilens SPRL	France	(2)	**46.1**	F	(2)	46.1	F
Oxygem SAS	France	(2)	**48.3**	F	(2)	48.2	F
Panora Services SAS	France	(2)	**24.1**	JV	(2)	24.1	JV
Paris Première SAS	France	(2)	**48.3**	F	(2)	48.2	F

RTL GROUP

	Country of incorporation	Note (2016)	2016 Group's Ownership (**)	2016 Consolidated method (1)	Note (2015)	2015 Group's Ownership (**)	2015 Consolidated method (1)
Pepper BV	Netherlands	(12)		NC	(16)	99.7	F
Printic SAS	France	(2)	**41.8**	F	(2)	41.8	F
Quicksign SAS	France	(2)	**12.0**	E	(2)	12.0	E
Reclamefolder.nl BV	Netherlands		**34.7**	JV		34.7	JV
R-Time Kft	Hungary	(4)	**99.7**	F	(4)	99.7	F
RTL Belgium SA	Belgium		**65.8**	F		65.8	F
RTL Belux SA	Luxembourg		**65.8**	F		65.8	F
RTL Belux SA & Cie SECS	Luxembourg		**65.8**	F		65.8	F
RTL CBS Asia Entertainment Network (HK) Ltd	Hong Kong		**70.0**	F		70.0	F
RTL CBS Asia Entertainment Network LLP	Singapore		**70.0**	F		70.0	F
RTL Creation GmbH	Germany		**99.7**	F		99.7	F
RTL Disney Fernsehen GmbH & Co. KG	Germany		**49.8**	JV		49.8	JV
RTL Group Cable & Satellite GmbH	Germany		**99.7**	F		99.7	F
RTL Group Deutschland Markenverwaltungs GmbH	Germany		**99.7**	F		99.7	F
RTL Hessen GmbH	Germany		**99.7**	F		99.7	F
RTL Hessen Programmfenster GmbH	Germany		**59.8**	F		59.8	F
RTL Holdings Kft	Hungary	(4)	**99.7**	F	(4)	99.7	F
RTL Hrvatska d.o.o.	Croatia		**99.7**	F		99.7	F
RTL Interactive GmbH	Germany		**99.7**	F		99.7	F
RTL International GmbH	Germany		**99.7**	F			
RTL Live Entertainment BV	Netherlands	(16)	**99.7**	F	(16)	99.7	F
RTL Nederland BV	Netherlands	(16)	**99.7**	F	(16)	99.7	F
RTL Nederland Holding BV	Netherlands	(16)	**99.7**	F	(16)	99.7	F
RTL Nederland Interactief BV	Netherlands	(16)	**99.7**	F	(16)	99.7	F
RTL Nederland Ventures BV	Netherlands	(16)	**99.7**	F	(16)	99.7	F
RTL Nord GmbH	Germany		**99.7**	F		99.7	F
RTL Services Kft	Hungary	(4)	**99.7**	F	(4)	99.7	F
RTL Television GmbH	Germany		**99.7**	F		99.7	F

	Country of incorporation	Note	2016 Group's Ownership (**)	2016 Consolidated method (1)	Note	2015 Group's Ownership (**)	2015 Consolidated method (1)
Themakanalen BV	Netherlands		**74.8**	F		74.8	F
RTL West GmbH	Germany		**74.8**	F		74.8	F
RTL2 Fernsehen Geschäftsführung GmbH	Germany		**35.8**	E		35.8	E
RTL2 Fernsehen GmbH & Co. KG	Germany		**35.8**	E		35.8	E
RTL9 SA	Luxembourg		**34.9**	E		34.9	E
RTL9 SA & Cie SECS	Luxembourg		**34.8**	E		34.8	E
SCI du 107	France	(2)	**48.3**	F	(2)	48.2	F
SEDI TV/ Téva SAS	France	(2)	**48.3**	F	(2)	48.2	F
Série Club SA	France	(2)	**24.1**	JV	(2)	24.1	JV
Smart Shopping and Saving GmbH	Germany		**99.7**	F		99.7	F
SND Films LLC	France	(2)	**48.3**	F	(2)	48.2	F
SND USA Inc	USA	(2)	**48.3**	F	(2)	48.2	F
SNDA SAS	France	(2)	**48.3**	F	(2)	48.2	F
Société des agences parisiennes SAS	France	(2)	**11.8**	E	(2)	11.8	E
Société Européenne de Télévente Belgique GIE	Belgium	(2)	**48.2**	F	(2)	48.2	F
Société Nouvelle de Cinématographie SA	France	(2)	**48.3**	F	(2)	48.2	F
Société Nouvelle de Distribution SA	France	(2)	**48.3**	F	(2)	48.2	F
Stéphane Plaza Franchise SAS	France	(2)	**23.7**	E	(2)	23.6	E
Studio 89 Productions SAS	France	(2)	**48.3**	F	(2)	48.2	F
TCM Droits Audiovisuels SNC	France	(2)	**48.3**	F	(2)	48.2	F
TF6 Gestion SA	France	(12)		NC	(2)	24.1	JV
TF6 SCS	France	(12)		NC	(2)	24.1	JV
Uniprex SAU	Spain	(5)	**18.7**	E	(5)	18.7	E
Uniprex Television Digital Terrestre de Andalucia SL	Spain	(5)	**13.8**	E	(5)	13.8	E
Uniprex Television SLU	Spain	(5)	**18.7**	E	(5)	18.7	E
Uniprex Valencia TV SLU	Spain	(5)	**18.7**	E	(5)	18.7	E
Unité 15 Belgique SA	Belgium	(2)	**48.2**	F	(2)	48.2	F
Unité 15 France SA	France	(11)		NC	(2)	48.2	F
Universum Film GmbH	Germany		**99.7**	F		99.7	F
Vox Holding GmbH	Germany		**99.7**	F		99.7	F
Vox Television GmbH	Germany		**99.4**	F		99.4	F

	Country of incorporation	2016 Note	2016 Group's Ownership (**)	2016 Consolidated method (1)	2015 Note	2015 Group's Ownership (**)	2015 Consolidated method (1)
Content							
1. 2. 3. Productions SAS	France		**100.0**	F		100.0	F
495 Productions Holdings LLC	USA	(7)	**75.0**	F	(7)	75.0	F
Abot Hameiri Communications Ltd	Israel		**51.0**	F			
AGT Productions Sdn Bhd	Malaysia	(18)	**100.0**	F	(18)	100.0	F
All American Music Group	USA	(7)	**100.0**	F	(7)	100.0	F
Allied Communications Inc	USA		**100.0**	F		100.0	F
Amygdala LLC	USA	(13)	**100.0**	F	(13)	100.0	F
Arbie Productions Ltd	UK	(15)	**100.0**	F	(15)	100.0	F
Benelux film Investments BV	Netherlands		**49.8**	JV		49.8	JV
Big Balls LLC	USA	(7)	**95.0**	F	(7)	95.0	F
Blu A/S	Denmark		**100.0**	F		100.0	F
Boats Srl	Italy		**62.5**	F		62.5	F
Cathedral Technologies LLC	USA	(7)	**75.0**	F	(7)	75.0	F
Corona TV Ltd	UK		**25.0**	E		25.0	E
Dancing Ledge Productions Ltd	UK		**25.0**	E			
Divimove GmbH	Germany		**75.3**	E		50.8	E
Dr Pluto Films Ltd	UK		**25.0**	E			
Duchy Digital SA	Luxembourg		**99.7**	F		99.7	F
Eureka Productions LLC	USA		**25.0**	E			
Eureka Productions Pty Ltd	Australia		**25.0**	E			
European News exchange SA	Luxembourg		**76.5**	F		76.5	F
Fontaram SAS	France		**51.0**	F		51.0	F
Forum 5 Pty Ltd	Australia		**100.0**	F		100.0	F
Fiction Valley BV (former Four One Media BV)	Netherlands	(8)	**100.0**	F	(8)	100.0	F
Fremantle (Shanghai) Culture Media Co Ltd	China		**100.0**	F			
Fremantle (UK) Productions Ltd	UK	(15)	**100.0**	F	(15)	100.0	F
Fremantle de España SL	Spain	(6)	**99.6**	F	(6)	99.6	F
Fremantle Goodson Inc	USA	(7)	**100.0**	F	(7)	100.0	F
Fremantle India TV Productions Pvt Ltd	India		**100.0**	F		100.0	F

	Country of incorporation	Note	2016 Group's Ownership (**)	2016 Consolidated method (1)	Note	2015 Group's Ownership (**)	2015 Consolidated method (1)
FremantleMedia International Germany GmbH (former Fremantle Licensing Germany GmbH)	Germany		**99.7**	F		99.7	F
Fremantle Licensing Inc	USA	(6)	**100.0**	F	(6)	100.0	F
Fremantle Productions Argentina SA	Argentina		**100.0**	**F**			
Fremantle Productions Asia Ltd	Hong Kong		**100.0**	F		100.0	F
Fremantle Productions Inc	USA	(7)	**100.0**	F	(7)	100.0	F
Fremantle Productions Music Inc	USA	(7)	**100.0**	F	(7)	100.0	F
Fremantle Productions North America Inc	USA	(7)	**100.0**	F	(7)	100.0	F
Fremantle Productions SA	Greece		**100.0**	F		100.0	F
FremantleMedia Asia Pte Ltd	Singapore		**100.0**	F		100.0	F
FremantleMedia Australia Holdings Pty Ltd	Australia	(9)	**100.0**	F	(9)	100.0	F
FremantleMedia Australia Pty Ltd	Australia	(9)	**100.0**	F	(9)	100.0	F
FremantleMedia Belgium NV	Belgium		**100.0**	F		100.0	F
FremantleMedia Brazil Produçâo de Televisâo Ltda	Brazil		**100.0**	F		100.0	F
FremantleMedia Canada Inc	Canada		**100.0**	F		100.0	F
FremantleMedia España SA	Spain		**100.0**	F		100.0	F
FremantleMedia Finland Oy	Finland		**100.0**	F		100.0	F
FremantleMedia France SAS	France		**100.0**	F		100.0	F
FremantleMedia Group Ltd	UK	(15)	**100.0**	F	(15)	100.0	F
FremantleMedia Hrvatska d.o.o.	Croatia		**100.0**	F		100.0	F
FremantleMedia Italia Spa	Italy		**100.0**	F		100.0	F
FremantleMedia Latin America Inc	USA		**100.0**	F		100.0	F
FremantleMedia Ltd	UK	(15)	**100.0**	F	(15)	100.0	F
FremantleMedia Mexico SA de CV	Mexico		**100.0**	F		100.0	F
FremantleMedia Netherlands BV	Netherlands	(8)	**100.0**	F	(8)	100.0	F
FremantleMedia Norge AS	Norway		**100.0**	F		100.0	F
FremantleMedia North America Inc	USA	(7)	**100.0**	F	(7)	100.0	F
FremantleMedia Overseas Holdings BV	Netherlands		**100.0**	F		100.0	F
FremantleMedia Overseas Ltd	UK	(15)	**100.0**	F	(15)	100.0	F
FremantleMedia Polska Sp.Zo.o.	Poland		**100.0**	F		100.0	F
FremantleMedia Portugal SA	Portugal		**100.0**	F		100.0	F
FremantleMedia Services Ltd	UK		**100.0**	F		100.0	F
FremantleMedia Sverige AB	Sweden		**100.0**	F		100.0	F
Full Fat Television Ltd	UK		**25.0**	E		25.0	E

RTL GROUP

	Country of incorporation	2016 Note	2016 Group's Ownership (**)	2016 Consolidated method (1)	2015 Note	2015 Group's Ownership (**)	2015 Consolidated method (1)
Good Games Live Inc	USA	(7)	**100.0**	F	(7)	100.0	F
Grundy Endemol Productions VOF	Netherlands		**50.0**	JV		50.0	JV
Grundy International Holdings (I) BV	Netherlands		**100.0**	F		100.0	F
Grundy International Operations Ltd	Antigua		**100.0**	F		100.0	F
Grundy Organization Pty Ltd	Australia	(9)	**100.0**	F	(9)	100.0	F
Kwaï SAS	France		**51.0**	F		51.0	F
Haskell Studio Rentals Inc (former LBS Communications Inc)	USA	(7)	**100.0**	F	(7)	100.0	F
Leroy & Morton Productions LLC	USA	(14)	**34.5**	E	(14)	34.5	E
Ludia Inc	Canada		**100.0**	F		100.0	F
Man Alive Entertainment Ltd	UK		**25.0**	E		25.0	E
Max Post LLC	USA	(13)	**100.0**	F	(13)	100.0	F
Miso Estate ApS	Denmark		**51.0**	F		51.0	F
Miso Film ApS	Denmark		**51.0**	F		51.0	F
Miso Film Canada Inc	Canada		**51.0**	F		51.0	F
Miso Film Norge AS	Norway		**51.0**	F		51.0	F
Miso Film Sverige AB	Sweden		**51.0**	F		51.0	F
Miso Holding ApS	Denmark		**51.0**	F		51.0	F
Music Box Library Inc	USA	(7)	**100.0**	F	(7)	100.0	F
Naked Entertainment Ltd	UK		**25.0**	E		25.0	E
No Pictures Please Productions BV	Netherlands	(8)	**75.0**	F	(8)	75.0	F
Offside Srl	Italy		**62.5**	F		62.5	F
O'Merch LLC	USA	(13)	**100.0**	F	(13)	100.0	F
Op Services LLC	USA	(13)	**100.0**	F	(13)	100.0	F
Original Fremantle LLC	USA	(13)	**100.0**	F	(13)	100.0	F
Original Productions LLC	USA	(13)	**100.0**	F	(13)	100.0	F
Outpost Digital LLC	USA	(14)	**34.5**	E	(14)	34.5	E
Pajama Pants Productions LLC	USA	(7)	**75.0**	F	(7)	75.0	F
PT Dunia Visitama	Indonesia		**100.0**	F		100.0	F
Quarto Piano Srl	Italy		**100.0**	F		100.0	F
Radical Media Co. Ltd	China	(14)	**34.5**	E	(14)	34.5	E
Radical Media GmbH	Germany	(14)	**34.5**	E	(14)	34.5	E
Radical Media LLC	USA	(14)	**34.5**	E	(14)	34.5	E
Reg Grundy Productions Holdings Inc	USA	(11)		NC	(7)	100.0	F

	Country of incorporation	Note	2016 Group's Ownership (**)	2016 Consolidated method (1)	Note	2015 Group's Ownership (**)	2015 Consolidated method (1)
RTL Group Licensing Asia GmbH	Germany		**99.7**	F		99.7	F
RTL Group Services GmbH	Germany		**99.7**	F		99.7	F
RTL Group Support Services Ltd	UK		**100.0**	F		100.0	F
RTL Nederland Film Venture BV	Netherlands	(16)	**99.7**	F	(16)	99.7	F
RTL Nederland Productions BV	Netherlands	(16)	**99.7**	F	(16)	99.7	F
Select TV Ltd	UK		**100.0**	F		100.0	F
Squawka Ltd	UK	(19)	**34.8**	E	(19)		JV
Studio Production Services Inc	USA	(7)	**100.0**	F	(7)	100.0	F
Talkback Productions Ltd	UK	(10)	**100.0**	F	(10)	100.0	F
TalkbackThames UK Ltd	UK		**100.0**	F		100.0	F
Thames Television Holdings Ltd	UK	(15)	**100.0**	F	(15)	100.0	F
Thames Television Ltd	UK		**100.0**	F		100.0	F
The Baywatch Productions Company Corporation	USA	(7)	**100.0**	F	(7)	100.0	F
The Pet Collective LLC	USA		**35.0**	E			
Tiny Riot LLC	USA	(7)	**100.0**	F	(7)	100.0	F
TV Presse Productions SAS	France		**100.0**	F		100.0	F
UFA Brand Communication GmbH	Germany	(3)	**99.7**	F	(3)	99.7	F
UFA Cinema GmbH	Germany	(11)		NC		99.7	F
UFA Distribution GmbH	Germany		**99.7**	F		99.7	F
UFA Fiction GmbH	Germany	(3)	**99.7**	F	(3)	99.7	F
UFA Fiction Ltd	UK	(3)	**99.7**	F	(3)	99.7	F
UFA GmbH	Germany	(3)	**99.7**	F	(3)	99.7	F
UFA Magyarorszag Kft	Hungary		**99.7**	F		99.7	F
UFA Serial Drama GmbH	Germany	(3)	**99.7**	F	(3)	99.7	F
UFA Show & Factual GmbH	Germany		**100.0**	F		100.0	F
RTL Group Ventures PTE Ltd (former UFA Sports Asia Pte Ltd)	Singapore		**99.7**	F		99.7	F
Umi Mobile Inc	Canada		**35.3**	E		35.3	E
Vice Food LLC	USA	(7)	**30.0**	JV	(7)	30.0	JV
Wild Blue Media Ltd (former Wild Blue Productions Media Ltd)	UK		**25.0**	E			
Wildside Srl	Italy		**62.5**	F		62.5	F

	Country of incorporation	Note	2016 Group's Ownership (**)	2016 Consolidated method (1)	Note	2015 Group's Ownership (**)	2015 Consolidated method (1)
Broadcasting radio							
Antenne Niedersachsen GmbH & Co. KG	Germany		**57.4**	F		57.4	F
AVE Gesellschaft für Hörfunkbeteiligungen GmbH	Germany		**99.7**	F		99.7	F
AVE II Vermögensverwaltungsgesellschaft mbH & Co. KG	Germany		**99.7**	F		99.7	F
BCS Broadcast Sachsen GmbH & Co. KG	Germany		**47.4**	E		47.4	E
Cobelfra SA	Belgium		**44.1**	F		44.1	F
Digital Media Hub GmbH (former AVE I Verwaltungs GmbH)	Germany		**99.7**	**F**			
Ediradio SA	France		**99.7**	F		99.7	F
Funkhaus Halle GmbH & Co. KG	Germany		**61.2**	F		61.2	F
Hitradio RTL Sachsen GmbH	Germany		**86.3**	F		86.3	F
ID (Information et Diffusion) Sàrl	France		**99.7**	F		99.7	F
Inadi SA	Belgium		**44.1**	F		44.1	F
IP Belgium SA	Belgium		**65.8**	F		65.8	F
IP France SA	France		**99.7**	F		99.7	F
IP Régions SA	France		**99.7**	F		99.7	F
Luxradio Sàrl	Luxembourg		**74.8**	F		74.8	F
Madsack Hörfunk GmbH	Germany	(***)	**99.7**	F	(***)	99.7	F
Mediengesellschaft Mittelstand Niedersachsen GmbH	Germany	(***)	**23.0**	E	(***)	23.0	E
Neue Spreeradio Hörfunkgesellschaft mbH	Germany		**99.7**	F		99.7	F
New Contact SA	Belgium		**49.8**	JV		49.8	JV
Radio Belgium Holding SA	Belgium		**44.1**	F		44.1	F
Radio Center Berlin GmbH	Germany		**99.7**	F		99.7	F
Radio Hamburg GmbH & Co. KG	Germany		**29.1**	E		29.1	E
RTL Net SAS	France		**99.7**	F		99.7	F
RTL Radio Berlin GmbH	Germany		**99.7**	F		99.7	F
RTL Radio Deutschland GmbH	Germany		**99.7**	F		99.7	F
RTL Radiovermarktung GmbH	Germany		**99.7**	F		99.7	F

	Country of incorporation	Note	2016 Group's Ownership (**)	2016 Consolidated method (1)	Note	2015 Group's Ownership (**)	2015 Consolidated method (1)
RTL Special Marketing Sàrl	France		**99.7**	F		99.7	F
SCP Sàrl	France		**99.7**	F		99.7	F
SERC SA	France		**99.7**	F		99.7	F
Sodera SA	France		**99.7**	F		99.7	F
swiss radioworld AG	Switzerland		**23.0**	E		23.0	E
UFA Radio-Programmgesellschaft in Bayern mbH	Germany		**99.7**	F		99.7	F

(***) At 31 December 2016, the Group legally held 24.9% and 5.7% in Madsack Hörfunk GmbH and Mediengesellschaft Mittelstand Niedersachsen GmbH, respectively.
The Group's ownership disclosed for both entities takes into account an option agreement in accordance with IAS 32

Others

	Country of incorporation	Note	2016 Group's Ownership (**)	2016 Consolidated method (1)	Note	2015 Group's Ownership (**)	2015 Consolidated method (1)
Apareo Deutschland GmbH	Germany	(12)		NC		99.7	F
Apareo Holding GmbH	Germany	(12)		NC		99.7	F
Audiomedia Investments Bruxelles SA	Belgium		**100.0**	F		100.0	F
B. & C.E. SA	Luxembourg		**99.7**	F		99.7	F
BCE France SAS	France		**99.7**	F			
BroadbandTV (USA) Inc	USA		**57.3**	F		57.5	F
BroadbandTV Corporation	Canada		**57.3**	F		57.5	F
CLT-UFA SA	Luxembourg		**99.7**	F		99.7	F
CLT-UFA UK Radio Ltd	UK		**99.7**	F		99.7	F
CLYPD Inc	USA		**19.5**	E		19.5	E
Data Center Europe Sàrl	Luxembourg		**99.7**	F		99.7	F
Dutch Learning Company BV	Netherlands	(16)	**99.7**	F	(16)	99.7	F
Future Whiz Media BV	Netherlands	(17)	**29.7**	JV	(17)	29.7	JV
Heilzaam BV	Netherlands		**32.5**	JV			
IP Luxembourg Sàrl	Luxembourg		**99.7**	F		99.7	F
IP Network International SA	Luxembourg		**99.7**	F		99.7	F
IP Network SA	France		**99.7**	F		99.7	F
Media Properties Sàrl	Luxembourg		**99.7**	F		99.7	F
NLziet Coöperatief UA	Netherlands		**33.2**	JV		33.2	JV

	Country of incorporation	Note	2016 Group's Ownership (**)	2016 Consolidated method (1)	Note	2015 Group's Ownership (**)	2015 Consolidated method (1)
RTL Canada Ltd	Canada		**99.7**	F		100.0	F
RTL Group Asia Pte Ltd	Singapore		**100.0**	F		100.0	F
RTL Group Austria GmbH	Austria		**99.7**	F		99.7	F
RTL Group Beheer BV	Netherlands	(16)	**100.0**	F		100.0	F
RTL Group Central & Eastern Europe GmbH	Germany		**99.7**	F		99.7	F
Media Real Estate S.A. (former RTL Group Central & Eastern Europe SA)	Luxembourg		**99.7**	F		99.7	F
RTL Group Deutschland GmbH	Germany		**99.7**	F		99.7	F
RTL Group Germany SA	Luxembourg		**99.7**	F		99.7	F
RTL Group Vermögensverwaltungs GmbH	Germany		**100.0**	F		100.0	F
RTL Radio Luxembourg GmbH	Germany		**99.7**	F		99.7	F
RTL US Holding Inc	USA	(7)	**97.0**	F	(7)	97.0	F
SHOC Media Agency AB	Sweden		**93.4**	F			
smartclip Holding AG	Germany		**93.4**	F			
smartclip AG	Germany		**93.4**	F			
smartclip Benelux BV	Netherlands		**93.4**	F			
smartclip Italia Srl	Italy		**93.4**	F			
smartclip Nordics AB	Sweden		**93.4**	F			
Société Immobilière Bayard d'Antin SA	France		**99.7**	F		99.7	F
Sparwelt GmbH	Germany		**99.7**	F		99.7	F
SpotXchange Deutschland GmbH (former SpotXchange Germany GmbH)	Germany		**83.9**	F		85.5	F
SpotXchange Australia Pty Ltd	Australia		**67.5**	F		70.8	F
SpotXchange Benelux BV (former VIDEOSTRIP BV)	Netherlands		**83.9**	F		85.5	F
SpotXchange Inc	USA		**67.5**	F		70.8	F
SpotXchange Ltd	UK		**67.5**	F		70.8	F
SpotX Singapore Pte Ltd	Singapore		**67.5**	F			
Style Haul Inc	USA		**97.0**	F		97.0	F
Style Haul UK Ltd	UK		**97.0**	F		97.0	F
Style Haul Productions Inc	USA		**97.0**	F		97.0	F
The Entertainment Group BV	Netherlands	(16)	**99.7**	F		99.7	F
UFA Film und Fernseh GmbH	Germany		**99.7**	F		99.7	F
VideoAmp Inc	USA		**21.5**	E		21.5	E
YoBoHo New Media Inc	USA		**50.2**	F		50.3	F
YoBoHo New Media Private **Ltd**	India		**50.2**	F		50.3	F

(1) M : parent Company - F: full consolidation - JO: joint operation (proportionate consolidation)

JV: joint venture (equity accounting) - E : equity accounting - NC : not consolidated

(2) Groupe M6 ("de facto" control)

(3) UFA Berlin Group

(4) M-RTL Group

(5) Atresmedia

(6) Fremantle Licensing Group

(7) FremantleMedia North America Group

(8) FremantleMedia Productions Netherlands Group

(9) FremantleMedia Australia (Holdings) Group

(10) Talkback Productions Group

(11) Company absorbed by a company of the Group

(12) Company sold or liquidated

(13) Original Productions

(14) Radical Media

(15) Company has elected to make use of the audit exemption in accordance with section 479A of UK Companies Act 2006

(16) Company has elected to make use of the exemption to publish annual accounts in accordance with Section 403(1b) of the Dutch Civil Code

(17) The Group holds certificates without voting rights providing a right to 7.5% of dividends distributed, if any

(18) Set up as a Special Purpose Vehicule ("SPV") for Asia's Got talent of which FremantleMedia Asia Pte Ltd is the main producer. Shares are held by a local nominee shareholder for local law purpose

(19) From 30 November 2015, FremantleMedia ("FMM") and Squawka entered into an agreement and loan agreement. At 31 December 2015 FMM granted a loan and did not hold any share. Nevertheless conditions are met to consider a joint control by FMM already at 31 December 2015.

The initial contractual arrangement was modified in 2016 and as a result FremantleMedia has no longer the joint control but can exercise significant influence.

The conversion of the loan (GBP 1m) and a capital injection of GBP 3.5m on 26 April 2016 provided a 34.8% stake to FremantleMedia.