ANNUAL REPORT 2007

TF1 GLOBAL MEDIA

23 MILLION DVDS DISTRIBUTED BY TF1 VIDEO IN 2007

40 MILLION INDIVIDUALS 4 YEARS AND MORE WATCH TF1 EACH DAY

9 MILLION TF1 PODCASTS DOWNLOADED IN 2007

MORE THAN 10 MILLION UNIQUE VISITORS ON TF1 NETWORK IN 2007

1.4 MILLION TF1 VIDEOS WATCHED ON MOBILE IN 2007

KEY PLAYER IN THE AUDIOVISUAL MARKETPLACE

TF1, the leading French general-interest television channel – with an audience share of 30.7% in 2007 – is an integrated communications group developing activities in growth markets around its core business.

Since 1987, when it was privatised and Bouygues became the major shareholder, TF1 has created new activities with strong added value, building on its original business as programme producer and broadcaster.

Today, the TF1 Group's activities cover the whole of the audiovisual industry: upstream in production, acquisition and sale of audiovisual rights and also in distribution of feature films to cinemas. Downstream in publishing and distribution of DVDs and music CDs. TF1 is also expanding in home-shopping TV with its subsidiary Téléshopping.

TF1 has also created a wide choice of derivative products: derivative rights, parlour games, video contents, blogs and websites. Thanks to the development of on-line services, TF1 has become a multimedia content producer through e-TF1 which produces, develops and publishes content and interactive services on the internet and mobile channels.

TF1 is expanding in the pay-TV market with leading theme channels at the heart of pay-TV, not only in France (LCI, TF6, TV Breizh, TMC among others) but also worldwide (with Eurosport).

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Dear shareholders,

2007 was a major year for the TF1 Group: the change in our corporate governance, the advent of the retail sector in our advertising spots, the performance of the TF1 channel, with the 100 biggest audiences for the first time ever, potential changes in the regulatory framework, and fragmentation of content consumption as a result of the emergence of new modes of distribution – Digital Terrestrial Television (DTT) and the internet.

Adapt the economic model to the new technological landscape

These changes are beneficial to the media industry, which needs to be refreshed, particularly on the creative side. Interactive audiovisual will help our sector to stimulate creativity and enhance innovation in programming.

TF1 has sustained a very strong position, despite the multiplicity of the offering. Advertising continued to expand its market share against an extremely turbulent background. TF1 continues to be the most popular channel, that of the major events, which was the case in 2007 with the Rugby World Cup.
Our "thematic channels" division became stronger. TMC is the leader on Digital Terrestrial Television, with more and more exclusive programmes. Eurosport reaches over 110 million households in France and abroad and has developed a number of partnerships. LCI continues to maintain its credibility with decision-makers. Then there are the other channels of the discovery division and TV Breizh – they generated positive income for 2007. Here, we are in the midst of strengthening the content, with programmes supported by industrial sponsors, which will lead to a more ambitious programming grid. The Ushuaïa channel, with the magazine and website, is a window on sustainable development and an environment full of promise.

Capitalise on diversification

The diversification division, with the thematic channels, was the growth engine in 2007. It represents close to 40% of revenue and should grow substantially in the years to come.

Téléshopping succeeded in developing a multi-channel approach, making it a major player in e-commerce. TF1 Vidéo is a solid domestic leader that is embracing video on demand (VOD). TF1 Entreprises, with TF1 Games and its publishing and licensing activities, including Ushuaïa, has rationalised its scope.
E-TF1, after discarding the structurally loss-making projects such as JET, has streamlined its organisation, strengthened its partnership with the TF1 channel and expanded its role as pure player with WAT and Overblog to become the leading French media site.

TF1 has sustained a very strong position, despite the multiplicity of the offering

A new, matrix-oriented organisation
We have started to develop a multi-skills approach based on greater cross-fertilisation in our organisations and a greater cross-breeding of skills and talents.
The Executive Committee has defined eight priority areas of cross-functionality: news, fiction drama, communications, asset management, channel identity, music, youth, and new media. The projects are beginning to bear fruit.

A changing regulatory environment?
The French regulations are among the oldest and tightest in Europe. They inhibit the whole audiovisual sector. Work is in process in three general areas – advertising, the relation between producers and broadcasters, and the anti-concentration regime, which prevents companies like ours from expanding freely in their area of competence. This transformation must have a twin ambition – fuel the growth across the audiovisual sector and place French creation in a choice position on our channels as well as abroad.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

We have extraordinary opportunities before us.
We also have the resources and the teams to succeed with the forthcoming transformation!

Our ambitions for 2008

TF1, the channel of emotions
The channel most viewed by the French population must also be their favourite channel! We must continue along the path of popular, innovative television, with the ambition of being the channel of emotions and spectacles.
Our commitment to high-definition (HD) should help. It is crucial to stand out from those Digital Terrestrial Television channels which have neither the resources nor the programmes to follow this path.

TF1, global media
It is our ambition to make TF1 into a multimedia group, a global media, by developing the capacity to "spring" between television and the internet: television, the web, and tomorrow mobile must enable a constant, continuous relationship with our different audiences. We demonstrated that this year with *Secret Story* and *Star Academy*, for example.
And finally, we should open up to the outside world, notably through partnerships or acquisitions in the internet. Overblog is a first example of the success of this process. We want to enable young entrepreneurs to develop their ideas with the resources of a major group. Today, Overblog is the second-ranking French blog site.

New developments, new impetus
Each business line should be capable of bringing out new developments that will buoy our future success. Today, Téléshopping is based on a multi-channel approach that is successful and diversified, with the integration of *1001listes*. TF1 Vidéo will take up the challenge of on-line services. Eurosport has reached an agreement with *Yahoo!* covering content at European level: their co-branding has helped increase audiences and advertising revenue and brought about a high-quality sports site.
TF1 Entreprises continues its licensing policy, notably in the youth sector, and will develop partnerships in music. TF1's production subsidiaries will be at the heart of the channel's innovation in magazines with Tap/Yagan/Quai Sud, in fiction drama with Alma, in entertainment with Glem. TF1 International, after the worldwide success *La Môme* will continue its growth.

We will make every effort to build a global media and developer of general-interest content, a group that is present on the web, on digital terrestrial networks on all vehicles and fixed or mobile networks, with a diversification division that, in the medium term, should achieve 50% of the Group's revenue.

Nonce **Paolini**
Chief Executive Officer

TF1 GROUP ORGANISATION
FEBRUARY 2008

BROADCASTING FRANCE

- 100 % TF1 PUBLICITÉ (1987)
  - 100 % TF1 HORS MEDIA (2005)
- 100 % SNC APHELIE (1992)
- 100 % TF1 ENTREPRISES (1989)
  - 100 % DUJARDIN (2007)
  - 100 % UNE MUSIQUE (1988)
  - 50 % LES NOUVELLES EDITIONS TF1 (1997)
- 1 %
- 100 % EUROSPORT FRANCE (1993)
- 100 % TF1 DIGITAL (2000)
  - 100 % HISTOIRE (2004)
  - 100 % LA CHAINE INFO - LCI (1994)
  - 100 % STE D'EXPLOITATION DE DOCUMENTAIRE - ODYSSEE (1996)
  - 50 % TF6 (2000)
  - 50 % EXTENSION TV - SERIE CLUB (2001)
- 100 % USHUAÏA TV (2004)
- 100 % TV BREIZH (2000)
  - 100 % OUEST INFO (2002)
- 50 % MONTE CARLO PARTICIPATION (2005)
  - 80 % TMC (2005)
    - TMC REGIE (2006) 100 %
- 33 % GROUPE AB (2007)
- 100 % TELESHOPPING (1987)
  - 100 % EUROSHOPPING TRADDING (2005)
    - INFOSHOPPING (2005) 100 %
  - 100 % TOP SHOPPING (2005)
  - 95 % 1001 LISTES (2006)
  - 50 % DOGAN TELESHOPPING (2007)
  - 100 % SHOPPING A LA UNE (2005)
  - 80 % PLACE DES TENDANCES (2007)
- 100 % e-TF1 (1999)
  - 100 % TFOU (2003)
  - 17 % MEDIAPLAZZA (2007)
  - 26 % NOMAO (2007)
- 100 % WAT (2006)
- 26 % JFG NETWORKS (2006) *OVERBLOG*
- 67 % ARONET (2007) *EMBAUCHE.COM*
- 100 % TOUT AUDIOVISUEL PRODUCTION (2001)
- 100 % GLEM (1995)
  - 92 % QUAI SUD TELEVISION (2001)
  - 100 % BAXTER (1989)
- 100 % ALMA PRODUCTION (2001)
- 100 % TF1 PUBLICITE PRODUCTION (1990)
- 100 % YAGAN PRODUCTIONS (2004)
- 100 % TF1 FILMS PRODUCTION (1980)
- 100 % ONECAST (2006)
- 10 % CANAL + FRANCE (2006)
- 13 % EN DIRECT AVEC (2006)
- 99 % GIE TF1 ACQUISITION DE DROITS (2007)

AUDIOVISUAL RIGHTS

- 100 % TF1 VIDEO[1] (1998)
  - 100 % TF1 VOD (2006)
  - 100 % CIE INTERNATIONALE DE COMMUNICATION - CIC[1] (1991)
    - SYLVER (2002) 49 %
- 100 % TF1 INTERNATIONAL (1998)
  - 100 % TELEMA (2000)
- 100 % CIBY 2000[2] (2002)
  - 100 % TF1 IMAGES 2 (2006)
- 50 % TCM DROITS AUDIOVISUELS (1996)
- 50 % A1 INTERNATIONAL INVESTMENT BV (2005)
  - 3 % THE WEINSTEIN COMPANY (2005)

INTERNATIONAL BROADCASTING

- 100 % EUROSPORT (1991)
  - 100 % EUROSPORT EVENTS (2007)
- 50 % FRANCE 24 (2005)

OTHER ACTIVITES

- 34 % PUBLICATION METRO FRANCE (2003)
- 100 % TF1 INSTITUT (2006)
- 45% TOP TICKETS (2007)

Year of creation or acquisition is in brackets

(1) Held via TF1 ENTREPRISES
(2) Held via TF1 FILMS PRODUCTION

PRINCIPAL DIRECTORS

MARCH 2008

TF1 SA Executive Management Committee

Nonce PAOLINI
Chief Executive Officer

Arnaud BOSOM
Director of New Media and Chairman of e-TF1

Claude COHEN
Chairman of TF1 Publicité

Jean-Michel COUNILLON
Senior Vice President
Secretary General and Director of Legal Affairs

Philippe DENERY
Executive Vice President, Administration and Finance

Yves GOBLET
Executive Vice President, Group Marketing

Jean-François LANCELIER
Executive Vice President, Broadcasting

Gilles MAUGARS
Director of Information Technology

Robert NAMIAS
Vice President, Information and News

Jean-Pierre PAOLI
Executive Vice President, Strategy and Business Development

Jean-Pierre ROUSSEAU
Executive Vice President, Human Resources

Laurent SOLLY
Chairman of TF1 Digital

Laurent STORCH
Executive Vice President, Broadcasting
Executive Vice President, Programmes

TF1 Group Executive Management Committee

This committee is composed by members mentioned above and by the following members:

Eric AIMARD
Joint Chief Executive Officer of TF1 Digital

Patrick BINET
Chairman of TF1 International

Edouard BOCCON GIBOD
Chief Executive Officer of TF1 Production

Yann BOUCRAUT
Chief Executive Officer of Téléshopping

Michel BROSSARD
Chief Executive Officer of TF1 Entreprises

Pierre BROSSARD
Chairman and Chief Executive Officer of TF1 Vidéo

Jean-Claude DASSIER
Chief Executive Officer of LCI

Laurent-Eric LE LAY
Chairman and Chief Executive Officer of Eurosport

Eric ROUGERON
Director of External Communications

TF1 Board of Directors (February 2008)

Patrick LE LAY
Chairman of TF1 Board of Directors

Nonce PAOLINI
Chief Executive Officer of TF1

Patricia BARBIZET
Chief Executive Officer of Artemis
Chief Executive Officer of Financière Pinault

Martin BOUYGUES
Chairman and Chief Executive Officer of Bouygues

Olivier BOUYGUES
Joint Chief Executive Officer of Bouygues

BOUYGUES
Represented by **Philippe MARIEN**
Chief Financial Officer of Bouygues Group

Claude COHEN
Chairman of TF1 Publicité

Alain POUYAT
Chief Executive Officer of Information Systems and New Technology of Bouygues

Haïm SABAN
Chief Executive Officer of Saban Capital Group Inc (USA)

SOCIÉTÉ FRANCAISE DE PARTICIPATION ET DE GESTION - SFPG
Represented byr **Philippe MONTAGNER**
Chairman and Chief Executive Officer of Bouygues Telecom

Jean-Pierre PERNAUT
Vice President

Céline PETTON
Archivist

GROUP HISTORY

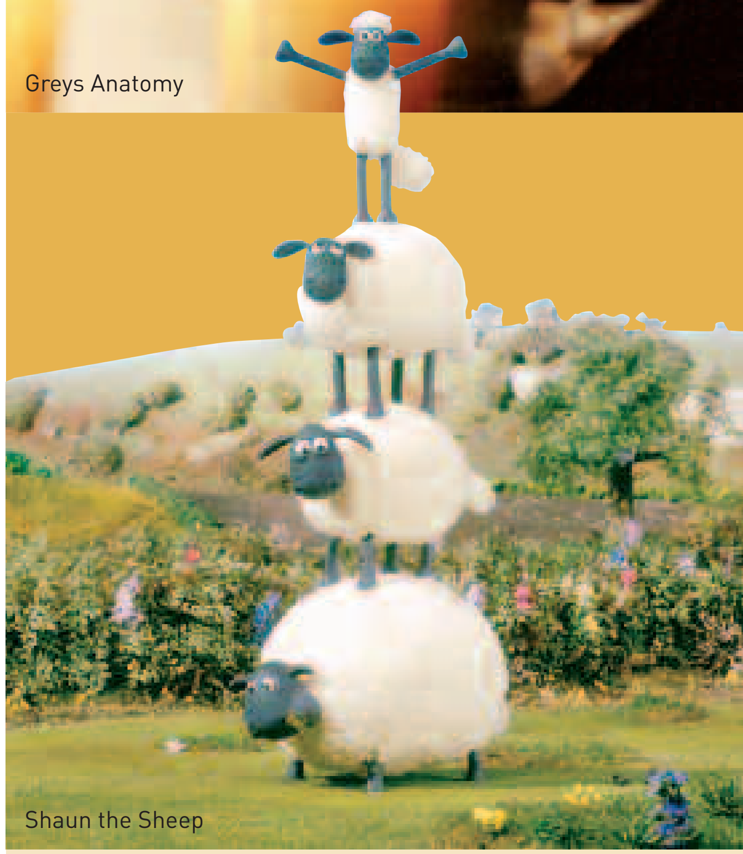
On the strength of its leadership position in the free-to-air television market for the past 20 years, the TF1 Group has today become one of the key players of the French and European audiovisual sector.

1987 → On April 6, the CNCL (Commission Nationale de la Communication et des Libertés) chooses the Bouygues Group to be the operator of the channel; it becomes one of the core shareholders, representing 50% of the capital. → TF1 is privatised and listed on the stock market on July 24 at a price of FF165 (equivalent to €2.50 today, after a 10 for 1 share split in June 2000). As of this point in time, TF1 no longer has the benefit of licence fees and relies solely on advertising revenue.
1988 → Patrick Le Lay is appointed Chairman and CEO of the TF1 Group. → Creation of **Une Musique**, music publishing and recorded music subsidiary. **TF1 Vidéo** capitalises on the success of the *Bébête Show* cassette (more than 150,000 copies sold) to launch new products.
1989 → Expansion of the TF1 Group with the setting up of **TF1 Entreprises** (video, telematics, licences and merchandising). → Laying of the first stone of the new headquarters at Boulogne.
1990 → The group extends its production expertise with the creation of **Banco Production** (production of television feature films) and the acquisition of **Protécréa** (audiovisual production). → Creation of **TF1 Pub Production** to promote the channel's identity.
1991 → Eurosport, the leading pan-European sports channel comes under the umbrella of the TF1 Group, and the French version of the channel is unveiled. → Setting up of **Studios 107** to develop the sets for the integrated production of « sitcom », variety and game shows.
1992 → TF1 unveils its new headquarters at Boulogne, bringing together all its staff on the one site. *Hélène et les Garçons* is the first of the successful afternoon sitcoms aimed at young people. 1992 also sees the development of the channel's fiction dramas, with *Julie Lescaut*, *Les Cordiers*, *Juge et Flic* enjoying real audience success (this is still the case today).
1993 → The Eurosport networks and "The European Sport Network" (operated by Canal+ and ESPN) merge to produce and market a single sports channel in Europe: **Eurosport**. The newly created Champions League is broadcast by TF1, marking TF1's commitment to French and European football.
1994 → The Bouygues Group increases its stake in TF1 from 25% to 34%. → The gamble is made on a non-stop news channel: the news channel **LCI** is launched on cable on June 24.
1995 → With the acquisition of 60% of **Glem Productions**, TF1 becomes a producer of entertainment programmes. Launch of the website **www.tf1.fr**, which is an immediate success. → **Eurosport** becomes the leading pan-European channel covering 66 million households and nearly 15 million television viewers daily.
1996 → Creation and launch of **TPS** (Télévision Par Satellite) in partnership with France Télévision, France Télécom, CLT, M6 and Lyonnaise des Eaux. July sees the CSA renew TF1's authorisation to broadcast (granted in 1987) for five years.
1997 → Launch of the documentary channel, **Odyssée**, aimed at expanding TF1's presence in the thematic channels market and supplementing the TPS offering. → **TF1 Vidéo** now distributes the *René Chateau Vidéo* film catalogue (800 titles).
1998 → Eurosport attracts 80 million television viewers (cumulative audience share) with 24-hour broadcasting of the Nagano Olympic Games. → TF1 International supplements its library of broadcasting rights with the acquisition of **Ciby DA's** comprehensive catalogue.
1999 → Launch of the new site and general-interest portal www.tf1.fr in May, while Eurosport sets up its own site, www.eurosport.com. → TPS creates **Superfoot** and **Superstades** (pay-per-view) to broadcast French First and Second League football matches. → On June 7, the TF1 share is listed on the "Second Market" of the Paris Stock Exchange.

Anthony Zimmer

Greys Anatomy

2000 → On May 10, the TF1 share enters the CAC 40 index following a ruling by the Conseil des Indices Boursiers, and on June 21 there is a 10 for 1 share split, to improve the share's liquidity. → On September 1, **TV Breizh** (a channel focusing on Brittany and the sea) is launched on TPS, Canal Satellite and the main cable networks. → In December, TF1 launches the mini-general-interest channel **TF6**, broadcast on TPS and certain cable networks.
2001 → In January, TF1 acquires 50% of **Série Club**, the "100% series" channel, and increases its stake in **Eurosport** to 100% by acquiring the holdings of Canal+ and Havas. → **TF1 Games**, a new division of TF1 Entreprises focusing on the publishing and distribution of parlour games, heads sales with an adaptation of the game *Who Wants To Be A Millionaire?* → In July, the CSA renews TF1's authorisation to use its frequencies for the years 2002 to 2007.
2002 → TF1 increases its stake in TPS with the acquisition in January of the 25% owned by France Télévisions Entreprise and France Télécom and in July of the 16% owned by Suez. → TPS is now 66%-owned by TF1 and 34%-owned by M6. → TF1 and Miramax sign a partnership agreement to co-produce French and European films and also to set up a joint company, **TFM**, distributing movies in French cinemas.
2003 → On December 18, in partnership with France Télécom, **TPS** launches its digital television offering over ADSL telephone lines in Lyons. → TF1 announces it has taken a 34.3% stake in **Publications Metro France**, the French subsidiary of Metro International. → On November 12, TF1 issues a **€500 M bond**, enabling it to diversify and extend its sources of financing. → TF1's licence to transmit is automatically extended to 2012 with respect to simulcast re-broadcasting of the digital terrestrial free-to-air channel.
2004 → February 6 sees the launch of **Sportitalia** (Europa TV), an unscrambled sports channel, covering in due course 81% of the Italian population. → On June 22, **LCI** celebrated its **tenth anniversary**. Since 1994, La Chaîne Info has forged its leadership as the top French non-stop news channel. → At the end of June, the TF1 Group signed an agreement with France Télévisions, ARTE France, l'INA, Pathé, Suez, and Wanadoo to acquire 100% of the capital of **Histoire**, the thematic channel dedicated to French and world history.
2005 → On February 18, TF1 and AB Group finalise the **acquisition of TMC** from Pathé Group, after obtaining the CSA's approval. TF1 and AB each now own 40% of TMC. The remaining 20% are in the hands of the Principality of Monaco. → On March 31, **Digital Terrestrial Television** (DTT) is launched in France. On this new network, TF1 Group owns six licences: two for the "free" part (TF1 and TMC), and four for the "paying" part (LCI, Eurosport, TF6 and TPS Star). → **The first Téléshopping shop** opens in August in Paris, on the Boulevard Haussmann. → **Eurosport 2** is launched on January 10, 2005 as a perfect complement to Eurosport in expanding the sports channels' pan-European offering. → On December 19, subsequent to the decision of the Euronext Conseil Scientifique des Indices, the TF1 share is replaced in the CAC 40 index by EDF and enters the CAC Next20 index.



Shaun the Sheep

2006 → To take advantage of the brand's strength, in January, the Eurosport Group transcended its historic boundaries with the launch of a new channel, **Eurosport World**, in Asia and Australasia. → In June, TF1 and Turkish TV operator **Dogan TV** signed an agreement for the creation of a joint venture in the home shopping business in Turkey. → On June 28, TF1 created the first French internet platform on which surfers can file their own videos, musical compositions, photos and texts. It is called **WAT** (We Are Talented) and the address is www.wat.tv. → On August 31, the Minister of the Economy, Finance and Industry approved the **merger of the pay-TV businesses of TPS and Canal+ in France**. → On December 4, TF1 announced it had taken a 33.5% stake in **AB Group**, to intensify its activity of content production and broadcasting. → In December, TF1 Group, via Teleshopping, took a 95% stake in **1001listes**.

2007 KEY EVENTS

A RICH AND EVENTFUL YEAR

BROADCASTING FRANCE

TF1 CHANNEL[1] Since the start of the year, TF1 has reaped the benefits of its **innovation strategy**, achieving success in the prime time access slot with programmes such as *Roue de la Fortune*, *Un contre cent* and *Secret Story*, which recorded 37.6% audience share among Women aged under 50 in 2007. **These were the best year's viewing figures for TF1 in the prime time access slot (6.15 p.m.–7.45 p.m.) since 1992.** ◗ During the summer of 2007, TF1's reality shows demonstrated stronger pulling power than ever. *Koh Lanta* enjoyed its best-ever season, with an average of 8.2 million viewers, or a 39% audience share among Individual viewers and 50% among Women aged under 50. And the final of *Koh Lanta* was watched by 9.4m people, the best-ever audience for a prime-time reality show in any season. ◗ The start of the autumn season offered a series of high-profile sporting events (*Rugby World Cup, Euro 2008 qualifiers, Champions League* and *Formula 1*), all broadcast exclusively on TF1. The England vs. France Rugby World Cup semi-final (Saturday October 13) attracted 18.3 million viewers, the highest Individual viewing figure for the year to date.

THEME CHANNELS As part of the end-January global launch of **Windows Vista**, Microsoft chose LCI and Eurosport to develop new TV/video applications. The two channels applied their considerable know-how to design two innovative platforms for consumers of multimedia services. The new **LCI Intégrale** application offers three live channels: LCI, LCI Express and LCI Bonus. Eurosport has developed the **Eurosport Player application**, a multi-channel sports service offering the Eurosport, Eurosport 2 and Eurosportnews channels. ◗ According to the latest Médiacabsat survey, 4 of the 8 most-watched channels belong to the TF1 Group. **Eurosport** occupies the top spot, and has gained 0.2 of a point since the previous survey. **TV Breizh** retains its third place, while **TF6** has risen from 8th to 4th and **LCI** from 8th to 7th.

IN-HOUSE PRODUCTION COMPANIES Since the start of 2007, four films co-produced by **TF1 Films Production** have attracted more than a million cinema-goers: *La Môme* (5.2 million), *Taxi 4* (4.6 million), *Le Prix à payer* (2.3 million), and *Ensemble c'est tout* (1.4 million).

OTHER COMPANIES Following an agreement signed in June 2006, **Téléshopping** and the Dogan group launched their **home shopping** programme in **Turkey** in early January 2007, on the Star TV and Kanal D channels. ◗ In June, TF1 acquired a 67.4% stake in Aronet, publisher of the **embauche.com** job website. This site currently has 2 million web pages viewed per month[2], and is dedicated to non-executive positions, which account for over 80% of the French labour force. ◗ On 20 June, the **TF1 Group** and **Telecom Italia** signed a partnership agreement covering content provision and advertising space-selling on the www.aliceadsl.fr. consumer portal site. A number of TF1 Group websites (such as lci.fr, eurosport.fr and tfou.fr) will be featured on the Alice portal, and TF1 Publicité will sell advertising space on the site. ◗ In July, TF1 acquired **Dujardin**, the publisher of the *Mille Bornes* motor-race card game. The new entity created by the combination of TF1 Games and Dujardin is now France's leading card and board games producer, with a catalogue of over 200 games.

(1) Source : Médiamétrie
(2) Source : Xiti – May 2007

Ali Baba

La Môme

Ripoux 3

INTERNATIONAL BROADCASTING

◗ On 21 February, **Eurosport** and **Yahoo!** announced that they were joining forces to create the biggest European on-line sports news website. The service has so far been rolled out in Germany, Italy, Spain and the United Kingdom. ◗ In May, **Eurosport Events** was formed. This new subsidiary is responsible for organizing, promoting and developing international sporting events, and is already involved in the WTCC (World Touring Car Championship™), IRC (International Rally Challenge), the European and World Karting Championship, the equestrian Global Champions Tour (show jumping) and, from May 25, 2007, the SolOceane (solo breakaway race on 16 metres single-hulled vessel).

OTHER EVENTS

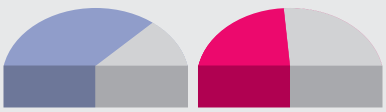
◗ On 4 January, TF1, M6, and Vivendi signed the final agreement uniting the French pay-TV activities of the **Canal+ Group** and **TPS** in a new entity, Canal+ France, controlled by Vivendi. ◗ Following a decision by the CSA (the French audiovisual regulator) published on 27 March, **TF1** and the **AB Group** completed the acquisition by TF1 of a 33.5% minority interest in AB Group on April 2. ◗ In May, TF1, Artémis and Recruit signed an agreement to create a joint venture to develop and operate a **free urban magazine** from September 2007. On 5 September, the new magazine – ***PiliPili*** – was launched in the French cities of Grenoble and Rennes. ◗ In November, following a call for candidates, TF1's proposal to participate in the 2008 launch of **free high-definition digital terrestrial television** was accepted by the CSA.

AUDIOVISUAL RIGHTS

◗ **TFM Distribution**, the movie distribution arm of **TF1 International**, has achieved great success with the release of ***La Môme***, which has attracted 5.2 million cinema-goers since the start of the year.

Diana, the last days

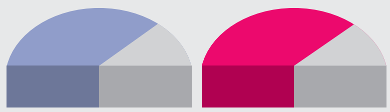
FINANCIAL KEY FIGURES
KEY NOTE : GROWTH



2006
6,019.0

2007
3,905.4

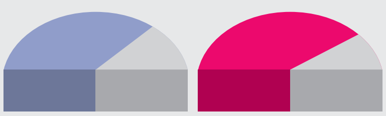
MARKET CAPITALISATION
(at December 31, in € million)



2006
0.85

2007
0.85

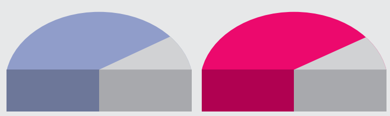
DIVIDEND PER SHARE
(in €)



2006
0.93

2007
1.07

NET EARNINGS PER SHARE
(in €) (continuing activities)



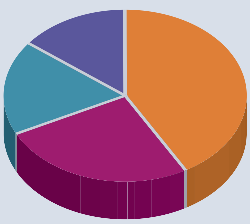
2006
91 %

2007
79 %

DIVIDEND DISTRIBUTION RATE
(%)

EVOLUTION OF THE TF1 SHARE IN 2007

SHAREHOLDERS AS OF DECEMBER 31, 2007
(%)



43.0 BOUGUES

23.9 OTHERS FRANCE [1][2] INCL. EMPLOYEES 3.6 %

16.7 EUROPE (EXCL. FRANCE)[2]

16.4 OTHERS

(1) Including non-identified holders
(2) Estimates by EUROCLEAR

DIARY OF FINANCIAL ANNOUNCEMENTS FOR 2008

24 OF JANUARY
Full year 2007 Revenue

20 OF FEBRUARY
Full year 2007 Accounts

21 OF FEBRUARY
Analysts meeting

17 OF APRIL
Annual General Meeting

30 OF APRIL
Payment ot the dividend

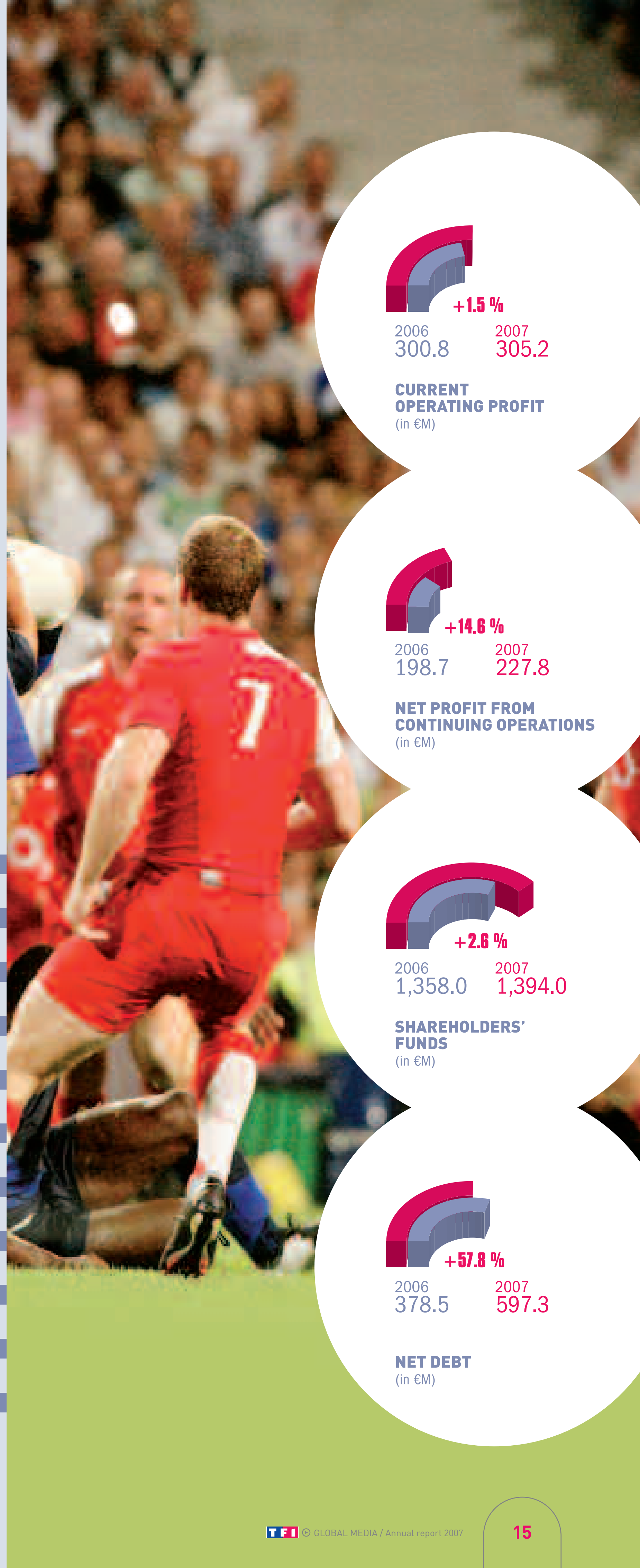
14 OF MAY
Q1 2008 Revenue and Accounts

31 OF JULY
Half Year 2008 Revenue and Accounts

01 OF AUGUST
Analysts meeting

13 OF NOVEMBER
Q3 2008 Revenue and Accounts

This timetable is subject to change



+1.5 %
2006 300.8 — 2007 305.2

CURRENT OPERATING PROFIT
(in €M)

+14.6 %
2006 198.7 — 2007 227.8

NET PROFIT FROM CONTINUING OPERATIONS
(in €M)

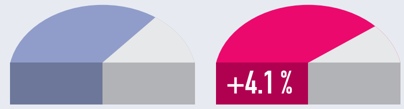
+2.6 %
2006 1,358.0 — 2007 1,394.0

SHAREHOLDERS' FUNDS
(in €M)

+57.8 %
2006 378.5 — 2007 597.3

NET DEBT
(in €M)

FULL YEAR REVENUE
(in €M)

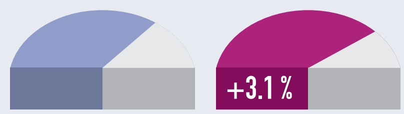


2006	2007
2,653.7	2,763.6

Including
(in % per activity)

80 %

BROADCASTING FRANCE
Including
TF1, TF1 Publicité, chaînes thématiques France, Sociétés de Production interne, Téléshopping and e-tf1.



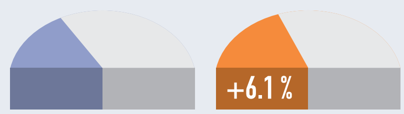
2006	2007
2,153.6	2,220.5

Incl. TF1 channel advertising revenue

1,707.9	1,718.3 (+0.6 %)

10 %

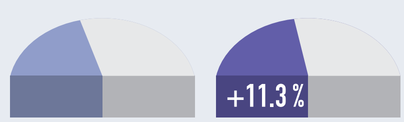
INTERNATIONAL BROADCASTING
Including Eurosport International and France 24.



2006	2007
259.1	274.8

10 %

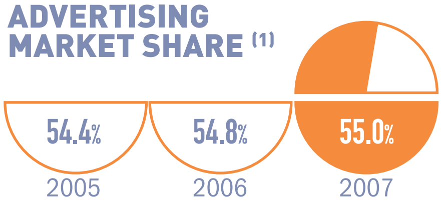
AUDIOVISUAL RIGHTS
Including TF1 Vidéo and TF1 International.



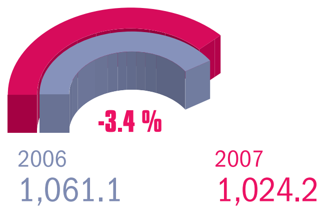
2006	2007
240.9	268.1

MANAGEMENT KEY INDICATORS
KEY NOTE : PERFORMANCE

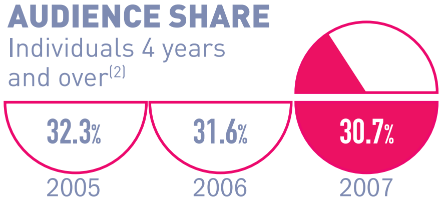
ADVERTISING MARKET SHARE [1]



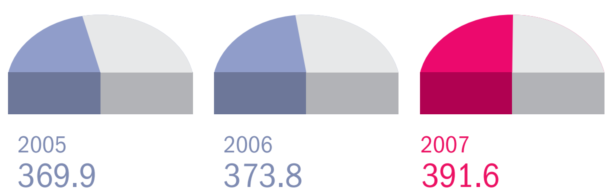
PROGRAMMING COSTS
(in €M) (Including Football World Cup and Rugby World Cup)



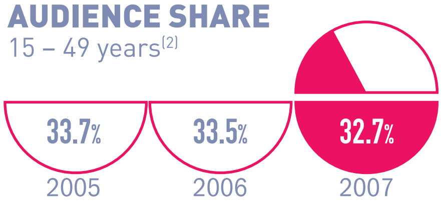
AUDIENCE SHARE
Individuals 4 years and over[2]



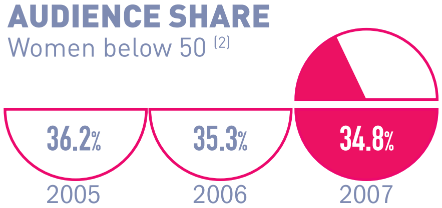
INVESTMENTS IN FRENCH PRODUCTION
(in €M)



AUDIENCE SHARE
15 – 49 years[2]



AUDIENCE SHARE
Women below 50 [2]



(1) Source : TNS Média Intelligence.
(2) Source : Médiamétrie.

3,768
2007 TF1 Group employees (vs. 3,498 in 2006)

234
Employees changed job in 2007 (over 1,600 since 2001)

150,000
Contacts in 2007 (phone calls, emails, letters)

0
Number of condemnations and fines imposed by the CSA since 1994

20%
Paper savings (2007 vs. 2006)

-3.5%
Energy Consumption (2007 vs. 2006)

4,727
Number of hours of subtitled programmes for the deaf and hearing-impaired.
(60% in 2007 vs. 49% in 2006)
2008 target: 73% (legal obligation of 100% in 2010)

CSI Manhattan

For the target market of "Individuals aged 4 years and over", the 2007 audience breakdown was as follows

TF1	30.7%
France 2	18.1%
France 3	14.1%
Canal +	3.4%
France 5	3.0%
Arte	1.7%
M6	11.5%
Others	17.5%

Source : Mediametrie

For the target "Women under 50", TF1's priority target, the 2007 audience breakdown was as follows

TF1	34.8%
France 2	14.2%
France 3	8.7%
Canal +	3.1%
France 5	2.6%
Arte	1.0%
M6	18.0%
Others	17.6%

Source : Mediametrie

The historical trend of free-to-air TV operators' advertising market share was as follows

(%)	2002	2003	2004	2005	2006	2007
TF1	54.0	54.7	54.8	54.4	54.8	55.0
France 2	11.9	11.7	12.0	12.1	11.8	11.0
France 3	8.0	8.1	7.8	7.2	7.3	6.9
Canal +	2.5	2.2	2.3	2.2	2.0	2.0
France 5	0.7	0.9	1.0	1.1	1.0	1.0
M6	22.9	22.4	22.1	23.2	23.1	24.1

Source : Sécodip

Source : TNS Media Intelligence

TRENDS IN THE FRENCH AUDIOVISUAL MARKET

2007, the year of the entry of the retail sector into TV advertising.

The 2007 advertising market was characterised by substantial volatility and continues to be at the mercy of the changing economic and social mood. However, 2007 was above all the year in which **TV advertising was opened up to the retail sector**, which invested close to €300 million gross in television.

With 68.7% of its revenue coming from advertising, the TF1 Group is dependent on the advertising market and subject to its fluctuations. The TF1 general-interest channel, the group's 12 thematic channels and the internet site live entirely or partially off the advertising investment of French or non-French advertisers.

Evolution in 2007[1]

The multimedia[2] advertising market expanded by 6.6% in 2007, climbing to a gross of €23.2 billion. The internet registered the greatest growth: +35.6% to €2.9 billion (on a gross basis). The thematic channels increased their advertising revenue by 46.8%. Television grew by 6.5%. The market share for television (national, regional and complementary channels) stood at 29.1%.

2008 outlook

The Ad Barometer[3] agency forecasts a 2.0% increase in French TV advertising investment for 2008.

Transformation in the audiovisual landscape

For 50 years, television was an extraordinary tool of knowledge and a window on the world. Now, it must adapt to the expectations of viewers who want another kind of television, one more familiar, closer to their affinities, more interactive. In this context, the continued existence of the historic free-to-air channels will depend on their ability to **attract a general-interest audience to events and extend the territory of their media brand into all types of digital terminal.**

In 2007, TF1 topped all the rankings of the 100 biggest television audiences covering a wide variety of programmes with audiences ranging from 8.9 million to 18.3 million viewers. This historic performance testified to the health of TF1's stature – the benchmark general-interest channel with powerful programming and the capacity to adapt to an audiovisual landscape that is in the midst of transformation.

Global TV: the first measure of all the new TV and video practices – recorded, mobile, multi-screen

The Global TV study launched by Médiamétrie in November 2007 measures the new modes of television consumption and addresses the audiovisual stakeholders: television channels, access providers, media agencies, mobile operators. The aim of the study is to fuel their strategic thinking on how the public will change its habits. According to this initial study, 65% of the French population has already watched television on a vehicle other than the regular television set in a non-linear fashion – recorded broadcast or on demand – or away from their home. By volume, particularly young people are adopting innovative viewing habits.

(1) Source TNS Media Intelligence
(2) Plurimedia : Press, Radio, Television, Internet, Outdoor, Cinema
(3) Ad Barometer forecast - September 2007

Variations in media gross revenue and market share 2007

MEDIA	GROSS REVENUE IN €M	VAR 07/06 IN %	MARKET SHARE IN %
Press	7,293.5	+ 2.8%	31.4%
Radio	3,309.7	- 1.1%	14.3%
Television	6,741	+ 6.5%	29.1%
National TV	5,537.4	+ 0.6%	23.9%
Theme Channels	1,203.9	+ 46.8%	5.2%
Incl. TV CAB/SAT	796.7	+ 25.6%	3.4%
Incl. TNT	407.2	+ 118.9%	1.8%
Internet	2,963.2	+ 35.6%	12.7%
Outdoor	2,674.7	+ 2.7%	11.5%
Cinema	222.5	+ 9.8%	1.0%
TOTAL MEDIAS	**23,205.0**	**+ 6.6%**	**100%**

Top 10 thematic channels

POSITION	CHANNELS	Audience share Individuals aged 4 and over
1	**Eurosport**	**1.8**
2	RTL 9	1.3
3	**TV Breizh**	**1.2**
4	**TF6**	**1.0**
-	Canal J	1.0
-	Canal+ Sport	1.0
7	**LCI**	**0.9**
6	Tiji	0.9
-	13ème Rue	0.8
10	Téva	0.7
-	Comédie	0.7
-	Canal+ Décalé	0.7

Source : Mediacabsat – 13th wave – January 2007 / June 2007

The TF1 Group's channels

The complementary offer

Since the end of 2003, the French population has been able to choose to receive a pay television offering over cable, satellite or ADSL. In 2005, the market was covered with a multiplicity of ADSL-based television offerings delivered through "triple play" packages from the various telecommunications operators.
2005 also saw the emergence of a new distribution platform for audiovisual content – Digital Terrestrial Television. At the end of December 2007, this platform boasted a base of over 7.1 million connected receivers[4] and brought the national coverage up to 85.3%[5] of the population at December 31.
At the beginning of February 2006, Lagardère, Vivendi Universal and the Canal+ Group announced a projected agreement according to which Lagardère, already a partner of the Canal+ Group in CanalSat, is to join the Canal+ Group, TF1 and M6 in the capital of Canal+ France, an entity that brings together the totality of the pay television activities of the Canal+ Group and TPS in France. This new entity, which was born in January 2007, represents a top-rate French audiovisual company, able to face competition from major foreign media groups and internet and cable operators. It contributes to expanding and adding momentum to the French television market by providing consumers with a broader, more diversified and more attractive offering.

Thematic channels

In 2007, the market continued to be very focused, since the top 15 thematic channels (out of 90 covered) represent 62.9% of advertising investment. Furthermore, the thematic channels account for 17.9% of the TV market's gross revenues and 5.2% of the multimedia market (on the basis of six media).

Thematic channels have reinforced their audience share, mainly thanks to the development of their means of distribution (cable, satellite, ADSL or DTT). They now have a 17.5% national audience share (+3.8 points).

(4) Source GFK
(5) Source CSA

TF1, CORPORATE CITIZEN
THE BASIC VALUES

ÉTHIQUES & DÉONTOLOGIE ENTREPRISE CITOYENNE · PROGRAMMES & SOCIÉTÉ ENTREPRISE CITOYENNE · ACTIONS SOLIDAIRES ENTREPRISE CITOYENNE · ACTIONS SOCIALES ENTREPRISE CITOYENNE · ACTIONS NATURE ENTREPRISE CITOYENNE · ACHATS RESPONSABLES ENTREPRISE CITOYENNE

THE CHALLENGES

TF1, as France's premier general-interest channel, has long committed to the public to defend and promote ethical values as part of its mission as a developer and broadcaster of programmes. These values, which are included in the convention signed with the CSA (updated in 2002) are applied to the programming but are also visible in the Group's internal operations.

Since its privatisation in 1987 and throughout its process of acquisitions and growth operations, TF1 has become an integrated communications group with new, high added-value activities.
These new activities (audiovisual and feature film production, thematic channels, distance shopping, websites, diversification products, etc.) have broadened and diversified the Group's field of action, requiring it to take into account in 2006 new challenges linked to the company's social and environmental responsibilities.

This policy of Corporate Social Responsibility (CSR), known within the Group as the "TF1 Corporate Citizen" project, and structured around five key project areas, was confirmed and extended in 2007. A sixth project area, dedicated to "Responsible Procurement" will be initiated in 2008, at the same time as the introduction of a new centralised procurement department.
A task force has been set up for each of these project areas. Their work (benchmarking, proposed action plan and indicators, etc.) is presented quarterly to a steering committee.
This policy and the associated action plans are communicated regularly to the management committees and employees.

In this way, the TF1 Group intends to re-affirm its on-going consideration of all constituencies by involving management, employees and suppliers alike.

ORGANISATION

To drive these commitments, a dedicated organisation was set up in 2006 and confirmed in 2007. It comprises:

- A director in charge of steering the operation, reporting directly to the Chief Executive Officer,
- A full-time person to fuel the process, monitor it and handle the reporting.
- A task force and interface for each of the six challenges.
- One person to act as relay in the subsidiaries whose activity has a distinct societal and environmental impact (e.g., Téléshopping, TF1 Entreprises, etc.).
- A steering committee meeting quarterly, comprising the interfaces, the relays, representatives of the communications department, the steering director and the HR director.

The task forces centralise the information on the internal status, carry out benchmarks, propose actions (to be prioritised and validated in committee) and follow everything up. A progress indicator is set up for each validated action.
The non-financial reporting is organised jointly with the financial communications department. The internal communications department transmits the information on the process to employees through the intranet, internal publications and notice board announcements;
Each member of the Executive Committee participates in an exchange seminar on the subject of social and environmental responsibility organised by the Bouygues Management Institute.
This organisation is charged with taking account of all the challenges identified and focus on specific emerging issues in the communications and advertising sector. Their efforts will derive from the close attention they pay to the constituencies (page 19 "dialogue with constituencies").

60 %

subtitled programms for deaf and hearing impaired in 2007 (49% in 2006)

DIALOGUE WITH CONSTITUENCIES

Regulatory authorities

General Secretariat, External Communications, Broadcasting and Advertising Management

- Meetings, participation in various task forces, situation reports.

Viewers

Viewer hot-line

- Response to all individual contacts (emails, phone calls, letters) by a dedicated department.

Advertisers

TF1 Publicité Marketing

- Publication of our general sales terms and conditions.
- tf1publicite.fr website.

Employees and unions

Management
Human Resources and Social Affairs

- Dialogue and negotiation of agreements with employee representatives: 50 meetings/year, union access to the intranet,
- Development of internal communications vehicles (print, Group intranet, suggestion programme, etc.),
- Annual appraisal interview,
- Conferences, projections, notice boards, etc.,
- Availability of internal documentation: internal procedures, Eticnet.

Producers

Programme units and Programme Compliance

- Presence of the Programme Compliance unit on all shooting locations.

Associations, NGOs

Broadcasting, Solidarity Committee, Social Affairs

- Handling of all requests for help and response worked out by the Solidarity Committee
- Multi-year contracts (JeVeuxAider.com and Nicolas Hulot Foundation),
- Partnerships (e.g. Action Innocence),
- Memberships (e.g.Tremplin) in-depth dialogue with many associations, e.g., for the deaf and hearing-impaired.

Shareholders and the financial community

Financial Communications

- Shareholder guide,
- General Meeting,
- Annual report,
- Road Shows for institutional investors,
- Analyst Meetings,
- Regular telephone contacts,
- Dedicated public website.

Suppliers and service providers

Technologies and Information Systems Department

- Integration of suppliers in the cross-functional processes (risk management, sustainable development) through constant, tailored dialogue.

Constituency | TF1 departments | Example of the kind of dialogue

2007 INDICATORS

PROGRAMMES & SOCIÉTÉ
ENTREPRISE CITOYENNE

CHALLENGE N°1 :
Responsibility in terms of the contents produced and broadcast

Commitment: to pursue all actions leading towards full respect of the Charter of the CSA and the recommendations of the BVP (office of advertising monitoring), participate in thought leadership on emerging topics surrounding social responsibility of the media and advertising, and in particular:

- Guarantee journalistic independence and ethical conduct,
- Actively promote responsible programming and broadcasting,
- Ensure programmes are accessible to all

Implemented

- "Liberty and Responsibility" seminars for the journalists of the news division
- Viewing of all news topics by the editor in chief and presence of the programme compliance unit on all locations
- Completed in 2007: subtitling of news programmes
- 2008 project: develop audio description

100 %
Satisfaction by the CSA since 1994

60 %
Subtitled programmes

ÉTHIQUES & DÉONTOLOGIE
ENTREPRISE CITOYENNE

CHALLENGE N°2 :
Programmes to reflect current preoccupations of a diverse society

Commitment: to leverage our leadership position to play a role in re-activating social links, in particular:

- Reflect the diversity of cultures, origins and thought,
- Contribute to viewer awareness on sustainable development challenges and major societal issues.

Implemented

- Short and long programmes on TF1, LCI, Ushuaïa TV, etc. raising awareness of social and environmental issues
- Completed in 2007: a daily programme "Passage au vert" on Ushuaia TV
- 2008 project: launch of a TF1 Group portal on sustainable development

TF1 is ranked as the most to **environmental TV channel,** according Ina'stat (H1 2007)

ACTIONS SOLIDAIRES
ENTREPRISE CITOYENNE

CHALLENGE N°3 :
Close links between the channel and society at large

Commitment: to pursue actions to build solidarity, in particular:

- Maintain donations of air time to associations
- Engage in innovative actions of solidarity, notably towards young people in inner cities.
- Encourage employee commitment

Implemented

- Donation of air time, ad spots and games winnings to associations
- Establishment of the Fondation TF1 de la Réussite
- Completed in 2007: continuation of all solidarity operations on air and in the company
- 2008 project: among the Foundation's projects, apprenticeship contract for 8 young people from sensitive neighbourhoods

€19.5 M
of donations of air time

74
Associations have benefited from free air time in 2007

ACTIONS SOCIALES
ENTREPRISE CITOYENNE

CHALLENGE N°4 :
Good management of human capital and the social framework

Commitment: to sustain a very high level of social benefits and a work environment that favours well-being, security and professional development

- Be supportive of employees throughout their professional life
- Give pride of place to equal opportunity
- Maintain and develop a high-quality social policy

Implemented

- Actions in favour of integrating disabled people, salary increase for women on maternity leave, and company charter in favour of equal opportunity in education
- Measures to promote employability
- Good social benefits (employee savings, childcare allowance, life style, etc.)
- Completed in 2007: improved social protection as part of a Group agreement
- 2008 project: negotiation of several agreements covering management planning of jobs and skills, integration of the disabled, equal opportunity for men and women.

364
Individual training requests were made in 2007

234
Employees were able change jobs in 2007 (over 1,600 since 2001)

520
Homes have been allocated to TF1 Group employees over the last 20 years

ACTIONS NATURE
ENTREPRISE CITOYENNE

CHALLENGE N°5 :
Action to neutralise environmental impacts

Commitment: to lead environmental concern with best practices and involve suppliers and employees, in particular:

- Take concrete actions to limit the direct ecological impact of the Group,
- Raise the awareness of employees concerning environmental protection,

Implemented

- Carbon Report completed between 2006 and 2007
- Policy for saving paper, energy and water, and waste management
- Completed in 2007: mobilisation concerning electricity savings
- 2008 project: application of the recommendations of the Carbon Report on procurement and travel, discussion on technical systems (e.g. IT).

– 3.48 %
less electricity consumed in 2007 than 2006 despite the extensions to TF1's buildings

ACHATS RESPONSABLES
ENTREPRISE CITOYENNE

CHALLENGE N°6 :
Establish a responsible purchasing policy

- 2008 implementation
- 2008 project: ethic guide for suppliers

TF1, CORPORATE CITIZEN

TF1's viewer hotline

Listening to viewers is crucial to the choice of programming and the presentation of news. The "viewer hotline" service in place has been given the resources needed to take viewer calls into consideration rapidly and fully as well as to handle the changes in demands and technology.

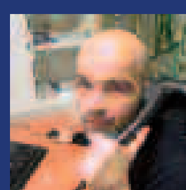
In 2007, the 150,000 questions asked by the viewers, mostly via the TF1.fr home page or by telephone, all received an answer within 48 hours. The different contacts covered such areas as advice or information on the channel's programming, especially major events of the year such as the presidential elections or the Rugby World Cup or then again the possibility of participating in the public recording of programmes. The expectations expressed by viewers are summarised daily or weekly for the TF1 programme directors or the e-TF1 teams.

The multiplication of broadcasting channels, Digital Terrestrial Television replacing the analogue signal, availability of subtitling, multi-lingual versions and format trends are all subjects that generated demand linked to digital technology. To help viewers in this more complex environment, the channel has put a welcome desk in place as well as a website dedicated to these more technical questions.

This site went live in August 2007 with the help of TF1's technical and IS departments.

Constituency

David Dhort,
SAT technical unit



"Viewers who want to broaden their television offering are not all tekkies and can be at something of a loss. Our aim is to offer them personalised support to complement the website. When the problems concern reception, we work with the TF1 technical departments, the broadcasters, the CSA and the National Frequency Agency. And we follow up each contact until the query is satisfied"

The company's sustainable development policy

The ethical and responsible performance of the TF1 Group is widely acknowledged and taken into consideration by several social and environmental rating agencies. TF1 is included in four sustainable development indices: DJSI Stoxx, APSI Eurozone, FTSE4Good Europe Index and Ethibel Pioneer Investment.
Being in the ASPI Eurozone index depends on the VIGEO rating (www.vigeo.com), while inclusion in the FTSE4Good index is decided by a scientific committee with reference to the qualitative analysis provided by its partners Eiris/Ethifinance (www.eiris.org).
The DJSI Stoxx sustainable development index, established and managed by Dow Jones Indexes, Stoxx Ltd and SAM Group (http://www.sam-group.com), comprises 120 European shares selected from the companies that have adopted a "sustainable" policy and strategy.
The ETHIBEL Pioneer label is aimed at companies that set the tone and selects enterprises that have been corporate social responsibility pioneers in their sector.

The desire for clarity was made tangible in October 2006 by joining the Global Compact initiated by the former UN General Secretary Kofi Annan. Together with other French and international companies, the TF1 Group has committed to respect and promote the 10 principles of the charter in the areas of human rights, labour rights, the environment and the fight against corruption.

Illustration of implementation of our sustainable development policy

Responsibility concerning contents produced and broadcast

TF1's commitments

To pursue all actions leading towards full respect of the Charter of the CSA and the recommendations of the BVP (office of advertising monitoring), participate in thought leadership on emerging topics surrounding social responsibility of the media and advertising, and in particular:

- Guarantee journalistic independence and ethical conduct,
- Actively promote responsible programming and broadcasting,
- Ensure programmes are accessible to all.

Respect of viewers is expressed first and foremost by the contents of programmes broadcast or put on-line. The convention signed with the CSA in 2002 stresses TF1's commitment to an ethics code of conduct in broadcasting. In this respect, the role of advertising in the modes of consumption and the preoccupations of society at large (e.g., the fight against obesity, saving energy, etc.) are the new challenges that have been taken up by the regulatory bodies of the sector.
The absolute respect of the framework proposed by the Bureau de Vérification de la Publicité (Professional Association for Responsible Advertising), and participation in the discussions of the working groups, represent TF1 Publicité's and the Broadcasting Division's line of conduct.

Actions

Journalistic ethics

The News Division guarantees the independence of the editorial team. Through dialogue and debate, it constitutes a bastion against any attempt to cross the line beyond which journalist ethics would no longer be respected. All topics covered are pre-viewed by the editor in chief before airing. The news room is attentive to the quality of the image sources and refuses the use of amateur video insofar as the source is not strictly verifiable.
"Liberty and Responsibility" seminars are organised regularly for the people who participate in the TF1 news programmes. They cover the rights of the press as well as regulations imposed by the CSA and their monitoring. In 2007, some 30 journalists attended this seminar.

Strict observance of time allocated to political parties: the Presidential Election

The CSA has the job of guaranteeing diversity of expression in political and trade union views on the audiovisual media and its recommendations to television channels and radio stations in handling news concerning the 2007 presidential election became applicable on December 1, 2006 for the period until May 6, 2007. It established a framework for speaking time (candidate participation) and air time (reportages) for the declared or presumed election candidates based on two principles: equity and equality. The rules differed depending on the stage reached in the campaign.

The Programme Compliance department

TF1 has created a Programme Compliance department reporting directly to Broadcasting management. It is responsible for checking programmes to be broadcast and anticipate potential disputes, with the help of the Legal and Regulatory Affairs department. The department, made up of legal specialists, carries out several tasks – advice to journalists, producers and directors, presence on location (live and shooting), pilots of game shows and viewing and approval of recorded contents.
The Programme Compliance department also plays an important role in defining the system of signage for young viewers: definition for the scheduled programming, arbitration of CSA categories for stock programmes, advice on categories to be indicated for fiction dramas, etc.

Signage system for young audiences

Since 2002, the free-to-air television channels have been required to add signage to all its programmes, with the exception of advertising, if they are not recommended for all audiences. It is each channel's responsibility to put this signage in place and inform the CSA of its make-up. Each channel is responsible for deciding on its classifications.
The signage delivers practical recommendations on the age limit for each of the five categories (all audiences / under 10 / under 12 / under 16 - the TF1 channel does not broadcast programmes classified "under 18").

Constituency

Catherine Nayl, Director of Reportages

All editorial managers are focused on this objective, which is very complex and with significant consequences in an environment where accusations are rife. Our leadership position adds to our responsibilities in this respect and indeed any that touches on journalistic ethics. We are pleased with the high marks from the CSA that have rewarded our effort.

The BVP is the self-regulating advertising industry watchdog in France. Its mission is to reconcile freedom of advertising expression with respect for consumers. Maintaining this balance between creativity and responsibility is at the heart of advertising self-regulation.
The role of the BVP recommendations is also to establish the rules of advertising self-regulation with reference to sustainable development, knowing that the BVP is fully aware of the dimension and complexity of the subject and of its changing nature. The BVP is adapting its organisation by integrating consumer associations and NGOs into some of its bodies.
TF1 is participating in the discussions on societal concerns about advertising and modes of consumption, for example, by co-organising the forum "Pub et Cité" (along with the BVP and ADEME) in 2007 covering sustainable development.

TF1, CORPORATE CITIZEN

« *Sustainable development is no longer a slogan, but a necessity* » Nonce Paolini, TF1 Chief Executive Officer

Responsibility for internet contents: protection of children on the TFOU site

Particular attention is paid to "young" audiences (4 to 10 year olds) on the internet site. The points accumulated by participating in games on the site are virtual and are never converted into money. A key concern is security, in particular controlling the exit from the site and forums. The main idea is to ensure that the child cannot go from TFOU to a non-validated site. So the only exits from the site lead to partner sites – in any other case the user is advised that he/she is leaving the secured TFOU site. In the case of forums, the child can use only a certain number of words, defined by theme. A partnership has been signed with Action Innocence with the aim of protecting children on the internet. This association has validated the appropriateness of the above mechanisms. Finally, TFOU also targets the parents, with the Parental Charter, to explain to them how the security of their children is assured on the website. In the Charter, TFOU also commits not to market the email addresses of the children.

Access to programmes by disabled people

The heavy demand from the hearing-impaired for access to news slots, particularly during the 2007 election campaign, was taken into consideration by the technical and broadcasting teams. The programmes *Face à la Une* and the debate during the first round of the presidential elections were subtitled, as are now all the television news programmes.
Implementing subtitling in live programme slots is very complex; it has been carried out successfully thanks to the help of technical suppliers and the associations for the hearing-impaired. The share of subtitled programmes has now increased from 49% in 2006 to 60% in 2007.
In 2008, subtitling will be extended to the weather forecast broadcast after the News and to the weekly magazine *7 à 8*.
TF1 would also like to give consideration to the visually impaired (one million French people suffer from this disability), by developing audio description, a technique that enables the blind or partially sighted to "see" a film thanks to an appropriate sound description of the action or the environment. In 2008, 10 to 15 prime time programmes, notably French feature films, will be made accessible to the visually impaired thanks to this process, which has been pioneered by the AVH (Association Valentin Haüy). TF1 could offer audiovision as an option on digital networks, similar to the multi-lingual versions of foreign television films that have been available since May 2007.

Channels and organisations intent on reflecting the preoccupations of today's diverse society

TF1's commitments

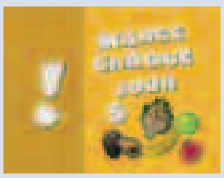
To leverage our leadership position to play a role in re-activating social links, in particular:
- Reflect the diversity of cultures, origins and thought,
- Encourage new talent through programming, and the purchase of products
- Contribute to viewer awareness of sustainable development and the major societal issues

This commitment covers TF1's determination to broadcast programmes that reflect the major trends in French society. TF1 is aware that it has a role to play in re-activating social links. It wishes to make a contribution by giving visibility to the whole of the national community in all its diversity and by spotting talent of whatever origin. It contributes to the vitality of national audiovisual production by respecting all its obligations on French-language works.
Viewer awareness of the challenges of sustainable development, and in particular the prospects of climate change, is of special importance as scientific consensus is building and political and civil sensitivity to the subject is growing. The TF1 Group's channels, notably Ushuaia TV and LCI, echo such questions during dedicated weekly programmes. A new web portal dedicated to sustainable development will go live at the end of the first quarter 2008.

Actions

Broadcasting diversity

In 2007, TF1 sustained the efforts of previous years in the diversity of cultures and racial origins in the audiences and the candidates in television game shows. Reality TV programmes systematically include candidates who reflect the diversity of the French population. For TV drama, in-depth work has been carried out with producers and casting agencies to enhance the visibility of actors from minorities in roles of identifiable professions (doctors, judges, lawyers ...). The TF1 and LCI editorial teams now include a number of incumbent journalists and presenters who are visibly from minorities.



The TFOU programmes for children

Children's awareness is a key part of this commitment. Each year, TFOU (children's programmes on TF1) puts effort into organising at least one civic operation to make the children, our future citizens, aware of the major issues in the spotlight. After Peace, Solidarity, Tolerance, Food, and Respect for the Environment, TFOU launched a new campaign, in co-operation with "Les Petits Citoyens", to reaffirm Children's Rights, as well as an introduction to Philosophy – by talking to them about feelings. In 2008, TFOU will launch a new set of short programmes dedicated to environmental protection.

Awareness of major societal issues: Broadcasting to serve major issues

Placing the channel's audience at the service of the major humanitarian causes is part of management's aim of making TF1 a responsible company. Acting both through the broadcasting activity and by mobilising the Group's employees gives the company extra impetus towards the solidarity movement. This year, above and beyond the television news programmes and magazines, TF1 has broadcast the following programmes: *Les Restos du Cœur, Opération Pièces Jaunes, Des Idées pour Demain, La Rose Marie-Claire, Sidaction, Les Stars se Dépassent pour Ela, Grégory La Voix d'un Ange, Concert pour Laurette,...*

Environment on the air at TF1

Making viewers aware of these important preoccupations is the task of the TF1 channel but also of the thematic channels and the websites. Ushuaia Nature, the key programme produced and presented by Nicolas Hulot, is a powerful vehicle of awareness of the beauty of the planet and the problems that are just around the corner.
The environment is also a subject that has conquered substantial space in the News programmes: TF1 has been rated the "greenest" channel for first half 2007, before France 2, according to a survey by Ina'stat, the statistical tool developed by the National Audiovisual Institute. Ecological preoccupations represented on average 40 topics a month in the television news and are also relayed in the weather forecasts.

The new sustainable development portal

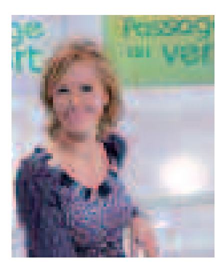
In March 2008, TF1 will launch an innovative internet portal dedicated to sustainable development. It will combine a general-interest editorial approach with community multimedia contents. The team responsible for the project will not only create its own material, but will leverage the whole group's audiovisual and multimedia productions. The aim is also to make the site a "meeting place" for companies that commit to sustainable development through their products and actions. Since this is a sensitive and complex arena, an ethics committee will make recommendations to ensure the quality of the information provided.

Closeness to the public, interactivity

lci.fr is focusing on interactivity. The LCI editorial team has opened six blogs, enabling surfers to dialogue with the big names on the channel. The "community" pages have been upgraded and offer new spaces for dialogue – reacting to news or the presenters' blogs, voting on-line, sending photos or videos, etc.
To add even more interactivity, the TF1 editorial team is thinking of introducing in 2008 a mediation dedicated to group information, via the tf1.fr site.
Finally, to help the media and difficult neighbourhoods come together at times other than crises, the TF1 News Director and several members of the team will go to the suburbs of Paris and other major cities once a month to meet secondary school students, explain their work and answer their questions.

IN 2007, USHUAÏA TV LAUNCHED *PASSAGE AU VERT*, THE FIRST MAJOR MAGAZINE ON THE ENVIRONMENT

Protecting the planet is, first and foremost, a question of education. The lessons of preserving our Earth are taught at home and at school from a very early age. Hence the fun but information-packed *Passage au Vert*, a daily magazine helping to change the way we live, consume and think. Christine Oberdorff invites a special guest – an actor, singer, well-known scientist – who reacts, asks the questions on everyone's lips, gets upset at the attacks on the environment, and shares with us actions in favour of the planet.



TF1, CORPORATE CITIZEN

Solidarity: a strong link between the TF1 Group and society at large

TF1's Commitments

To pursue actions to build solidarity, in particular:

- Maintain donations of air time to associations
- Engage in innovative actions of solidarity, notably towards young people in inner cities
- Encourage employee commitment

Actions

The TF1 Solidarity Committee

The Solidarity Committee, chaired by Claude Cohen, brings together representatives of the major TF1 units. It meets monthly to examine the numerous requests for help and satisfies as many of them as possible. The budget managed by the Committee includes air time to be granted and financial contributions to be given. TF1 provides associations that have a vital need to communicate to the general public in order to collect funds with the production and/or broadcasting of their spot free of charge.

First anniversary of « Nouvelle cour »

In 2006, TF1 and TBWA France created a communications agency, "Nouvelle Cour", at la Courneuve. Every year, it accepts young graduates in communications from La Courneuve to offer them a first job for a period of one to two years. The aim is above all to release the talent potential of the suburbs. Eight people were hired during the agency's first year. Nouvelle Cour was awarded the "Trophée de l'avenir" in December 2007.

150 young people invited to follow the Rugby World Cup with the association Sportavie

During the Rugby World Cup, the association Sportavie, financed by TF1, organised journalism workshops open to pupils and students of sensitive neighbourhoods. 150 young people from 12 to 17 years old were introduced to interview and photography techniques and attended the matches.

The TF1 Foundation

The "Fondation d'entreprise TF1" was established in 2007. Its 2008 action will focus on professional integration and the discovery of the enterprise:

- In January 2008, a call for projects was launched among young people of 18 to 30 years of age living in sensitive neighbourhoods. Through the site www.fondationtf1.fr, the candidates will be asked to present their application in film form for an audiovisual profession. The 8 winners, selected by a jury of professionals will be offered two-year integration in the TF1 Group with an apprenticeship contract, complete with training and personalised mentoring. The operation will be renewed each year.
- Younger people (12/17 years old) will be offered the opportunity to discover the company via the theme of sport. The TF1 and Eurosport editorial teams will be mobilised to receive the trainees and present editorial and technical skills to them.

Employees are also mobilised

Over 15,000 items were sorted at the different Group locations during the "Noël Solidaire 2007" operation organised with the support of our partner association "jeveuxaider.com": clothes, games, books, CDs and DVDs donated by employees and a large number of new items offered by the various TF1 Group departments and subsidiaries.

19.5

million euros

Amount of donations* in 2007.
74 associations benefitted from free air time in 2007.

*Value of air time, donations made during games, free advertising space for campaigns, donations in kind.

Good management of the human capital and social framework

TF1's Commitments

Sustain a very high level of social benefits and a work environment that favours well-being, security and professional development:

- Be supportive of employees throughout their professional life
- Give pride of place to equal opportunity
- Maintain and develop a high-quality social policy

Actions

Policy for integrating disabled workers

For several years, the TF1 Group has been executing a policy of integrating disabled workers. It has four key objectives – direct employment, keeping them in work, use of sheltered workshops and employee awareness of disability.

In 2007, TF1 decided to carry out an assessment to analyse the inhibitors so as to institute a more determined policy and a plan of action. The assessment was done by the association R2H: it included a quantitative analysis phase based on social data and a qualitative one based on around 20 interviews carried out in the company's various departments.

Since December 1, 2007, the policy to promote the integration of disabled workers has taken on a new dimension with the creation of a "Mission Handicap" within TF1's HR Development department. It reflects the Group's aim to improve the welcome and integration of employees with a handicap and the use of the services of sheltered workshops.

Furthermore, TF1 is committed to its responsibility concerning broadcast contents and products, notably through programme access, that is, 60% of subtitled programmes in 2007 and the launch of an audio description project. This is a priority action for the Group; a company agreement on the subject will be negotiated during first half 2008.

Promote male/female equal opportunity

TF1 also pursues an on-going policy of non-discrimination between men and women and, in accordance with the law, respect of the principle of equality of the sexes, notably in hiring and developing the careers of employees.

As a result, in a sector where there are traditionally more men than women (technical professions), the TF1 Group has re-established the balance, since it employs 47.5% of women and 52.5% of men. The work done by the "Male/Female Professional Equality" commission of the works council has provided a comparison of the salary situation at TF1 SA of men and women based on a series of criteria (workforce, leave, training, compensation) and led to corrections where gaps were discovered on the basis of precise indicators.

In 2007, it was decided, together with the trade unions, to grant the negotiated rate of the general and merit increases for all TF1 female employees who had taken maternity leave the previous year. As a result, all women on maternity leave in 2007 were granted a salary increase of at least 4%. And 32% of the women whose maternity leave started in 2006 benefitted from a salary increase in 2007 that was above the rates negotiated for salary increases (general and merit combined).

Helping young people in difficulty

Following the signature of the Charter committing enterprises to equal opportunity in education, TF1 instituted a number of actions. In partnership with schools, TF1 helps young people from disadvantaged backgrounds to continue their studies and seek work by participating in the "café de l'avenir"; interviews are held one day a month between the young people and company bosses and HR managers. The goal is to enable the young people to better understand the world of enterprise and its needs and to learn how to seek employment.

TF1 has also signed a convention with the Lycée Henri Vallon at Aubervilliers to help the students in their final year of secondary school who want to go to Sciences Po to prepare for their entrance exams.

Supporting employees throughout their careers

The TF1 Group supports employees throughout their working lives with a personalised career plan. The welcome and integration programme for new hires helps them become rapidly familiar with their new working environment and the different Group activities. The annual interview is a special opportunity to exchange views with one's direct manager and covers an assessment of the past year, the objectives for the coming year and the employee's professional projects and training needs.

The TF1 Group invests over 3% of total compensation in training. It promotes the use of the DIF (Droit Individuel à la Formation – Individual Training Rights) by providing information about the system and supporting the employees in their choice of training. 364 requests for DIF training were made in 2007.

Mobility is one of the key elements of the HR policy and concerns a large number of employees, since 234 of them changed job in 2007 (over 1,600 since 2001). This corresponds to the desire to help everyone to develop through personalised monitoring and solid career management.

An agreement on Job and Skills Plan Management will be negotiated in 2008 within the Group (measures towards employability throughout employees' careers).

TF1, CORPORATE CITIZEN

Maintaining a high level of social benefits to promote well-being and personal security

For some years, TF1 has been carrying out a social policy that goes well beyond its legal obligations so as to create a very high level company framework to promote well-being among employees. The social rules set up by the Group are the foundation stones of an agreeable, fair and equitable work environment. The main advances have been:

- The family-oriented policy (marriage bonus and birth bonus of €915 each, reservation of nursery places). At the request of the works councils, managing the childcare benefit was transferred to them on January 1, 2005. Pregnant women keep their salary during their leave and, starting with the sixth month of pregnancy, the weekly working time is reduced by 10 hours. Employees with a civil partnership contract now benefit from one day's paid special leave.
- With the help of a specialised catering company, TF1 provides all employees with a company cafeteria and contributes €4.80 to the costs of each meal.
- A time-savings account was set up in 2007. This meets the needs of certain employees at certain periods of their professional lives, to have a time capital at their disposal which enables them to finance the use of a long leave of absence. Employees can feed this account in days or with money (all or part of their 13th month's salary).
- Concerning medical expense and welfare coverage, the guarantees are of a very high level and the company finances half of contributions. A specific insurance contract covers all employees who work in high-risk zones (war, earthquakes, for example). The level of benefits remains high and adheres to a contract of responsibility. A group agreement on the Group's system of complementary reimbursement of medical expenses was negotiated in 2007 and took effect in January 2008.
- TF1 is also keen to create an agreeable work environment by providing employees with proximity services at their work place – a shop, a commuter ticket machine, a travel agent, a cash point and a hairdresser. There is also a sports doctor on call, a medical insurance representative and a social support person. A gym is also at the disposal of employees.
- In the framework of the 1% housing loan scheme, TF1 offers social housing to employees in critical situations. As a result, slightly more than 520 homes have been allocated to TF1 Group employees over the past 20 years. Furthermore, the Group offers employees all the solutions that fall within the framework of the 1% housing loan scheme (Rent pass, home improvement pass, etc.). And for disabled employees or a disabled member of their family, charity organisations offer loans to adapt their accommodation.
- Finally, the Group places much importance on the health and security of its employees. The two TF1 Group medical departments carry out major prevention campaigns that go well beyond legal requirements. TF1 continues its policy of professional risk prevention by keeping the people concerned informed. Every year, a task force updates the document that details all the existing risks and the corresponding preventive measures.

Environmental challenges

TF1's Commitments

Lead environmental concern with best practices and involve suppliers and employees:

- Take concrete actions to limit the direct ecological impact of the Group,
- Raise the awareness of employees concerning environmental protection,

Actions

The TF1 Group has a strong environmental policy in all business areas in terms of the use and management of property and equipment. All environmental matters (energy consumption, water, paper, greenhouse gas emissions, waste management, etc.) are handled through the Environmental Management System set up in 2005.

2006 saw the beginning of a decrease in energy consumption at TF1's main location at Boulogne. The actions that contributed to this trend (installation of presence detectors, low-consumption bulbs, new lighting in studio 1, etc.) have continued in 2007.

BILAN CARBONE

ADEME

Carbon Assessment, results and action plans

The TF1 Group, with the support of ADEME, has carried out its first Carbon Assessment across the scope of TF1 broadcasting so as to map out the sources of greenhouse gas emissions and to find ways of reducing them in the framework of French and European commitments. This is the first such assessment carried out by a media company in France. In 2007, it raised awareness among a large number of constituencies, internal and external (see the measures described in the "social policies" section of the Directors' Report).
Greenhouse gas emissions are due to external factors (electricity consumption of television sets) and internal factors (audiovisual production, procurement of IT and broadcast equipment, direct electricity consumption, etc.).

Plan covering internal greenhouse gas emissions, with the support of the Bouygues Group:

- A new policy of procurement and amortisation including ecological criteria for IT equipment
- Incentives to use low-emission and carbon compensation company cars
- Continued efforts to save energy

Action plan on external greenhouse gas emissions:

- TF1 will work with the industry stakeholders to promote the ecological/energy-saving design of television sets and the posting of their energy consumption in shops.

THE CHALLENGES OF OUR "DISTRIBUTION" SUBSIDIARIES

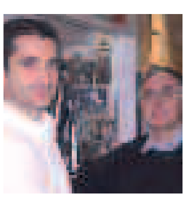
Several Group subsidiaries, such as Téléshopping, which is both distributor and producer via its import/export subsidiary Euro shopping Trading, are concerned by challenges similar to those of the retail business. The changing legislation and fast rising revenue (notably internet sales) mean looking more closely at the challenges identical to those of retail and mail order – quality processes, customer relations, respect of environmental criteria by suppliers, changes to environmental legislation, sales of client lists, etc. At Téléshopping, management monitors respect of all the standards in the "quality and environment" value chain for all products, based on the commitment made to customers.
Téléshopping has set an important goal for 2008: to **promote eco-design**. For this project, a laboratory is already studying products that are currently on sale so as to inject all the technical expertise necessary to integrating the environment in product design.

Environment: reduce the ecological footprint of activities

In the "Reportage" department, a symbolic TF1 channel activity, the parts and maintenance teams are keen to combine efficiency, economy and ecology. As examples: 40 vehicles of the fleet use Total Excellium; reduction of aerosols; gradual replacement of batteries (50,000 a year) by rechargeable batteries; and replacement of cassettes by re-usable IT media.

Constituency

Bernard Charbonnel and Christophe Legeron, in charge of Reportage logistics



"The process includes technical monitoring, organising tests and, most importantly, the gradual involvement of the teams until each of the 120 employees, journalists or editors has acquired new working habits. Thanks to this approach, we will have reduced the use of batteries by 9/10ths by the end of 2008"

Awareness campaign for employees and suppliers

Since 2005, criteria concerning environmental protection and sustainable development are included in calls for tender. All suppliers of logistics services were brought together to share experience and to develop common ideas for actions in 2008.

A responsible, centralised purchasing policy

2008 commitment

In 2008, the TF1 Group will develop a Code of Ethics of Supplier Relations for the whole group. It will set out the following values and principles:

- Transparent, balanced supplier relations
- Clear procurement processes and reasoned decisions
- Mutual respect of contractual commitments
- Improved efficiency
- Social and environmental responsibility
- Correct behaviour and code of conduct
- Fight against corruption/conflicts of interest/alert system

It is also planned to send a letter to all suppliers to gauge their commitment to sustainable development, to carry out social audits for procurement in "high-risk" countries and to do an inventory of promotional item procurement in the group. Corresponding best practices will be implemented.

CONTROLLING OPERATING RISKS

A risk management plan has been operational in TF1 since 2001. It focuses on operating risks (the Seine overflowing, technical failure, epidemic, etc.). It includes preventive aspects, external and internal continuity plans and a dedicated crisis management organisation.
At the end of first quarter 2008, a new back-up site fully dedicated to securing TF1 key processes will secure broadcasting and the TF1 News. It will be equipped with a digital process similar to that of the main broadcast and production station. This installation and the corresponding procedure will allow for a switch-over from the main site with no noticeable disturbance of the programmes for the viewer.
In view of the possibility of a pandemic (of avian flu, for example), all TF1 divisions were mobilised to identify minimum operations that would ensure both the safety of employees and the continuation of broadcasting. Under the very tough circumstances that would be caused by such a major public health problem, TF1 is intent on doing all it can to fulfil its mission of informing and entertaining and to relay the messages from the government. Communications resources have been put in place for all employees (alert system, crisis team, and updated procedures).

GROUP ACTIVITIES

The group's activities break down into the three following major sectors:

P.30

BROADCASTING FRANCE

TF1 Channel The group's historical business. Broadcasts family-oriented programmes, news and live events. Constantly strives to blaze new trails and to provide the prestigious programmes that its audience expects. **French thematic channels** The last 13 years have seen TF1 build an array of popular thematic channels dealing with news, sports, entertainment, documentaries, youth issues, etc. **Advertising** Offers a rich variety of advertising media, ranging from conventional communications to relationship marketing, and still growing to provide consistently more original and more potent solutions to advertiser concerns. **Production** The TF1 Group counts seven production subsidiaries serving the cinema business, the TF1 channel, and the thematic channels. **Others (TF1 Entreprises, Téléshopping, e-TF1, WAT)** TF1 has created a number of subsidiaries which have grown on the strength of the channel's exposure and built their success on groundbreaking, in-house initiatives.

P.42

INTERNATIONAL BROADCASTING

Eurosport International Eurosport is the most widely-distributed sports channel in Europe. Its success stems from its unique offering combining all the top-ranking international sports competitions spanning more than 100 disciplines. **France 24** France 24 is the first French non-stop channel for international news, challenging CNN International, BBC World and Al Jazeera. Its aim is to bring a French look and feel to world news.

P.44

TRADING RIGHTS

TF1 INTERNATIONAL, TF1 VIDÉO Deals with buying, selling and distributing broadcasting rights for media and/or cinemas.

BROADCASTING FRANCE

TF1 core channel(1)

France's leading general-interest channel, TF1 provides family-oriented and event-related programmes dealing with prominent issues appealing to a broad-based audience. It encompasses news, entertainment, drama, sports, feature films, youth programmes, magazine formats and documentaries. Through them, TF1 offers its viewers a dynamic and user-friendly choice of programmes constantly in line with their expectations.

At December 31, 2007, **television consumption recorded its highest levels since the creation of the Médiamat in 1989.** This was true of Individuals of four years and over at 3 hours 27 minutes (+ 3 minutes) and of Women under 50 at 3 hours 40 (+ 1 minute).

In the face of increasing competition from the other television channels, TF1 once again confirmed its leadership position on the French market and recorded the highest audience share of European channels – among Individuals aged four years and over, TF1 achieved a 30.7% market share in 2007 and even 34.8 % among Women under 50.

In 2007, TF1 took all of the top places of the **100 biggest television audiences**, covering a wide variety of programmes with audiences ranging from 8.9 million to 18.3 million viewers. This result testifies to the strength of TF1 stature as THE reference general-interest channel and its capacity to adapt to a changing audiovisual landscape. This historic performance, never before achieved since the creation of the Médiamétrie, is the fruit of powerful programming made up of major encounters, exclusive programmes and events:

- The performance of the Rugby World Cup matches, particularly the France-England match on October 13 with a record 18.3 million viewers, and the matches of the eliminating round of the European Football championship, show that **TF1 is the channel of sports events**;
- The television News audiences and those of programmes around the presidential election and major political events underscore **TF1's leadership in News**. The debate between Ségolène Royal and Nicolas Sarkozy, with an audience of 13 million viewers, took 6th place;
- *La Caravane des Enfoirés*, in 10th place with 11.8 million viewers on March 2, was one of the **most popular television events of the year**;
- *Joséphine Ange Gardien*, in 12th place thanks to the 11.3 million viewers of the March 5 episode, shows that French fiction drama is **particularly attractive**;
- *Les Experts Manhattan* took 14th place with the February 6 episode that attracted 11.1 million viewers. The franchise for *Les Experts* (*Les Experts, Les Experts Miami, Les Experts Manhattan*) shows that it is **by far the most attractive US series in the television offering** and is likely to continue that way;
- *Tais Toi* with an audience of 10.6 million on January 28 came 16th and **underscored the role of feature films in a major channel's programming**;
- And the final of the seventh season of the *Aventuriers de Koh Lanta*, in 65th place with 9.4 million viewers, testifies to the channel's ability to **breathe a long life into a game programme**.

Sports programmes

The autumn of 2007 was marked by a series of major sports events – the Rugby World Cup, the qualifying rounds of Euro 2008 Football, the Champions League, and Formula 1.

On Friday September 7, 2007 the 6th Rugby World Cup started with the France/Argentine match. TF1 Broadcasting had made preparations equal to the importance of the event together with LCI, Eurosport and the Group's internet sites. TF1 broadcast the 20 most attractive matches of the competition (10 of them in prime time), including all the matches of the French team, plus the two semi-finals and the final. All the matches played in France were broadcast in high-definition and 16/9 format.

The 20 matches attracted an average of 8.7 million viewers and 14.8 million for the French team matches in prime time. A Rugby World Cup had never before achieved such figures.

(1) Source : Médiamérie


CSI Miami

Foreign series

The US series and their heroes are now regular features and big attractions for viewers. They include the Les Experts franchise (*Les Experts, Les Experts Miami* and *Les Experts Manhattan*) as well as *Grey's Anatomy, Dr House* and *Esprits Criminels*.
TF1 also created an event by putting the unscreened episodes of season 2 of Heroes on-line on the www.tf1vision.fr internet site only 24 hours after their airing in the U.S.A. This operation was a success right from the outset, since 50,000 downloads were registered for the first episode. With this operation, TF1 aimed to promote legal downloading by offering a service tailored to viewers' expectations.

Reality TV

Last summer, TF1's reality TV attracted viewers by leveraging three key products.

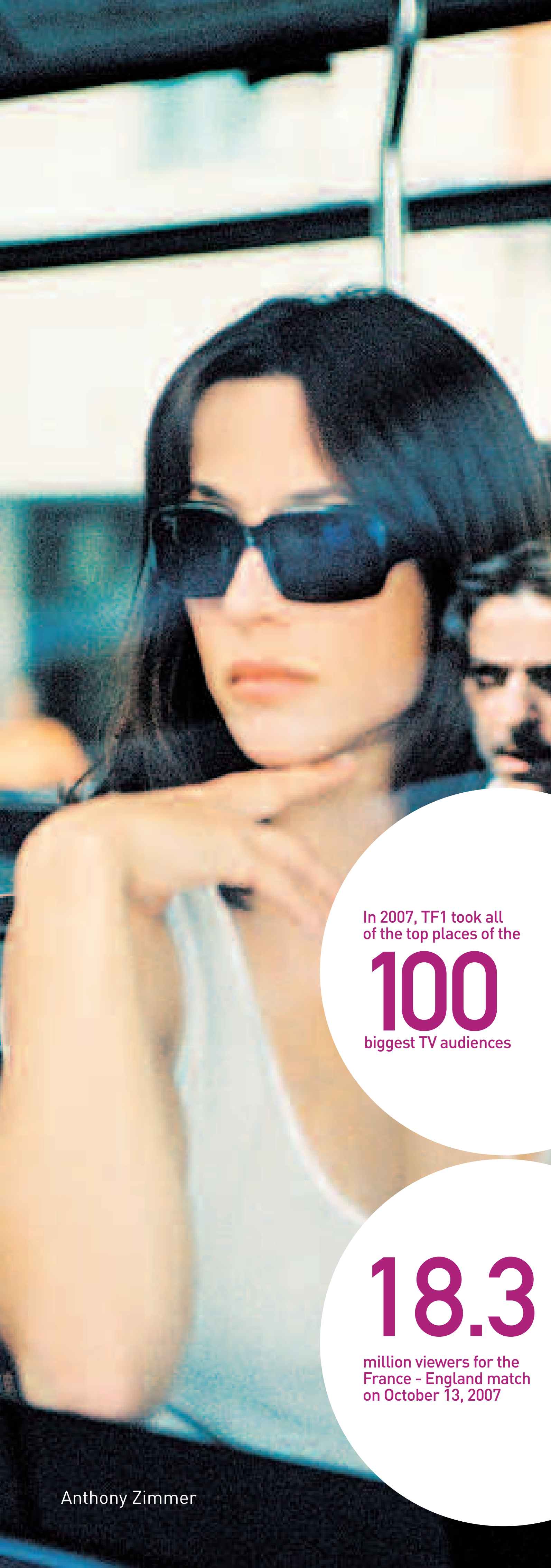
- ***Koh-Lanta*** had its best season with an average of 8.2 million viewers, that is, a 39% audience share among Individuals aged 4 years and above, and 50% among Women under 50.
- In late evening, the sixth season of ***L'Ile de la Tentation*** ramped up throughout the Summer, reaching 4.6 million viewers for the final, that is, a 40% audience share for the 4 years and above and 53% of Women under 50.
- ***Secret Story***, the new programme presented by Benjamin Castaldi, attracted an average of 3.1 million viewers in pre-prime time (49% audience share among Women under 50).

French fiction drama

TF1 refreshed the French fiction drama genre by offering viewers new heroes and new formats, but also continued with its successful brands. TF1 is determined to offer an increasingly broad palette of fiction dramas able to respond to new viewer expectations. Hence, the top audiences of the year included major series such as *Joséphine Ange Gardien* (11.3 million viewers – the best audience of the series since it started airing), *Père et Maire, Julie Lescaut, Une Femme d'Honneur* as well as *RIS Police Scientifique*, two episodes of the Summer saga, *Mystère*, and *Ali Baba et les 40 Voleurs*.

News

TF1 continues to be the News benchmark for viewers. Its strength lies in its capacity to mobilise the whole editorial team to offer reactive, reliable news aimed at bringing people together for the major happenings spread across the year – political programmes, presidential debates, election evenings, Rugby World Cup.
The TF1 News maintained their big lead in terms of audiences and market share in 2007. 7.1 million viewers and a 50.7 audience share for Individuals aged 4 years and over for the *One o'clock news* and 8.6 million viewers and a 38.8% audience share among Individuals aged 4 years and over for the *Eight o'clock news*.
For election year 2007, TF1 set up a full programming system to include debates (*J'ai une Question à Vous Poser*), interviews (*Face à la Une*), news programmes and four election evenings. The Ségolène Royal-Nicolas Sarkozy debate between the two voting rounds attracted 13.0 million viewers to TF1.



Anthony Zimmer

In 2007, TF1 took all of the top places of the

100

biggest TV audiences

18.3

million viewers for the France - England match on October 13, 2007

A SET-UP EQUAL TO THE EVENT

South Africa won the Rugby World Cup after six weeks of matches. A period of intense activity for TF1, which had exclusive rights for the 2007 tournament.

As producer and broadcaster of images for the whole world, TF1 had the responsibility of producing 42 of the 48 matches in high-definition and 16/9 format (the remaining six were produced in the United Kingdom).

HOW THAT WAS DONE

The 150 channels broadcasting the event did not all have the possibility of installing their own cameras, since not all stadiums were suited to that density. So TF1 produced all the matches of the World Cup by providing the international signal (for television channels of the whole world in high-definition and 16/9).

TF1 - PRODUCER AND WORLD RELAY FOR THE WORLD CUP

Supply the information and technical resources. At the head of a team comprising specialists of the TF1 Group channels, Claude Jacquet, TVH project director, negotiated and managed reservations and international client invoicing, and steered the whole of the technical set-up. TF1 and Eurosport also added "private" technical resources to personalise their broadcasting.

AND THE PACKAGING?

Packaging is a key element in highlighting the event (posting the score, names of players, slow-motion sequences, etc.). TF1 was also responsible for this for the international market. Artistic Management and Sports Management jointly created the whole design for the Rugby World Cup (jingles, statistics, results, etc.), which was subsequently approved by the International Rugby Board.

French thematic channels

On the strength of its television expertise, the TF1 Group has developed a large family of thematic channels able to satisfy the expectations of all audiences as well as all customers, be they subscribers or advertisers. Since the launch of Eurosport in 1991 and LCI in 1994, TF1 now has direct holdings in 12 thematic channels.

LCI

In 2007, La Chaîne Info stood out with its coverage of political news. Its team of political experts kept viewers apace of the highlights of the election campaign and analysed the challenges of the presidential elections and general elections. Once again, LCI focused this year on interactivity, sustainable development and cultural events with two new programmes: *Culturellement Show* and *Le Monde des Livres*.

During the year, LCI welcomed closed to 7,000 guests to its studios: politicians, industry bosses, artists, sports celebrities, representatives of associations and from the medical world.

As of January 2007, it is possible to watch LCI "à la carte" on a PC thanks to the LCI Intégrale player available on lci.fr. With this new application, La Chaîne Info has taken up the challenge of new technologies. It is now present on all media (cable, satellite, ADSL, DTT, the internet, mobile telephony), with the same ambition – to be available everywhere and respond to the new modes of news consumption.

At December 31, 2007, LCI reached 7.0 million households. During 2007, LCI picked up 900,000 new subscribers (+ 15%), increasing by close to 500,000 subscribing households in Belgium.

Furthermore, broadcast through ADSL has increased by 240,000 subscribing households and by 160,000 subscribing households through DTT.

In the general ranking, LCI moves up a place to become the 7th most watched channel*.

* excluding analogue TV channels
(Source: Médiamétrie – MédiaCabSat 13th Wave)

EUROSPORT France

In 2007, with its wealth of sports events (but without Olympic Games), Eurosport France cemented its leadership position in France.

The Eurosport channel, distributed to 7.3 million paying subscribers in France and French-speaking territories, won over close to 0.5 million subscribers in one year. This growth comes mainly from the performance of its distribution via satellite, pay DTT and ADSL. Among its subscribers are 0.6 million households in French-speaking Switzerland and 0.2 million in French-speaking Belgium.

With a 1.8% audience share among Individuals of 4 years and over, Eurosport has kept the **leading French thematic channel position on cable and satellite**. This success is due to a unique programming grid combining a wealth of international programming and specific French-speaking rights.

The year 2007 was marked by the broadcast of 48 matches of the Rugby World Cup.

The audiences of the eurosport.tf1.fr website rose to 1.7 billion pages viewed in 2007 (+54%).

The French version of the Eurosport 2 channel was launched on April 30, 2005 and now counts 1.9 million paying subscribers (+41% vs. 2006). The Eurosport 2 programming grid comprises sports events – live or recorded – magazines and news.

Lost

TMC

In 2007, TMC was repositioned editorially around three key directions: prime time airing of recent or unscreened series, intensifying of feature film programming, and development of scheduled unscreened and exclusive programmes.

In one year, the channel launched 10 new series for evening viewing: *Esprits Criminels, Dernier Recours, Cold Squad, Agence Matrix, LA Homicide, LA Dragnet, Lost, Close to Home, DOS* and *Surface.*

TMC has also strengthened its feature film programming: films in their first DTT broadcast, major international blockbusters, French family comedies, recent or "cult" films: *Le Flic de Beverly Hills, L'Arme Fatale, Matrix,* etc. TMC is also the DTT channel that gives the greatest exposure to French fiction dramas with programmes that are known and appreciated by the public: *Fargas, La Crim', Commissaire Moulin, Franck Keller* and more recently *Cordier.*

TMC has introduced a policy of a stream of events and emblematic magazines: *Sagas* with Flavie Flament, *Les Incontournables* by Christophe Dechavanne, *TMC Spécial Cannes* with Vincent Perrot and *TMC Spécial Festival TV de Monte Carlo* with Nathalie Vincent. These new programmes have enabled TMC to expand its audience and consolidate its identity as the family-oriented, cross-generational general-interest channel.

2007 was a record year for TMC, which passed two major milestones. It is now received by one French person out of two (55% of households). It is also the first broad-based channel to cross the threshold of 1% audience share nationally, to hit the 1.7% mark at the end of the year, on a par with Arte. So TMC has become the 7th ranking domestic channel. On DTT alone, TMC is also a leader with an annual DTT audience share of 3.5%.


Greys Anatomy

French thematic channels

TF6
In the autumn of 2007, TF6 further expanded its grid to offer a truly mini-general-interest programme of entertainment for young adults. Its programming is built on five pillars:
- special events such as: *Le Meilleur de la Pub, Music & Life ...*
- series: *Angel, Dr House, NY District...*
- feature films: *Rose Red, Le Manoir Hanté, Crocodile 2, Van Helsing ...*
- programmes such as: *Cauet Tivi, Le Hit TF6, Medical Detectives...*
- reality TV: *les Meilleurs Moments de la Téléréalité, Myriam & les Garçons, Miss Swan...*

At the end of December 2006, there were 6.0 million households subscribing to TF6, twice as many as a year earlier, thanks to the inclusion of the channel on the CanalSat platform with effect from March 21, 2007. TF6 thus confirms its position as the leading cable and satellite* channel for the audience aged 15 and more and becomes the 2nd thematic channel for Women under 50.

SÉRIE CLUB
The prime aim of Série Club is to offer more innovation and to pepper the channel with numerous events and new magazine formats to make it THE series channel.
Since the beginning of 2007, these strategic directions have translated into:
- the continuation of successful series: *Diagnostic meurtre, X Files, Stargate (SG1 – Atlantis), Invisible man ...*
- re-airing of successful French series: *Les Bœufs carottes, Dr Sylvestre, Passeurs d'enfants*,
- the advent of prestigious series: *The West Wing*,
- airing of major series such as *Into The West* in April 2007, produced by Steven Spielberg and receiving 16 nominations for the Emmy Awards.
- the weekly magazine *Infanity*, the live broadcast of the 59th *Emmy Awards*,
- the new visual identity and the new packaging that went live in October 2007.

At December 31, 2007, Série Club had 5.2 million subscriber households, that is, 2.8 million additional subscriber households in one year, thanks to the distribution on CanalSat platform since March 21, 2007.

*excluding national TV channels
(Source: Médiamétrie – MédiaCabSat 13th wave)

TV BREIZH

In 2007, TV Breizh continued to focus its programming on top attractions such as *Columbo* and *Arabesque* and on new programmes that are often exclusive to cable and satellite: *Angela's Eyes, Dernier recours, Miss Marple, New York Cour de Justice* and *Conviction*. The feature film offerings combine comedy blockbusters with great popular films: *Mr Bean, Les Visiteurs en Amérique, Beethoven, Volcano, Le Pic de Dante, Terminator, Apollo 13*... This attractive general-interest programming has enabled the channel to resist the increasingly tough and complex competition and consolidate its leadership position on cable and satellite for the main advertising targets. It has maintained its ranking as top channel for Women under 50.

TV Breizh continues to focus its television news, produced by its subsidiary Ouest Info, on Brittany and is pursuing its policy of synchronisation in the Breton language (films dubbed in 2007 include *Shakespeare in love, Les Incorruptibles, Beethoven*).

At December 31, 2007, TV Breizh was received by close to 6 million households (+750,000 subscriber households signed up during the year). This strong growth in the number of subscribers is linked to the international expansion of TV Breizh and to the inclusion of TV Breizh in the ADSL and mobile offerings.

DISCOVERY DIVISION

TF1's Discovery Division comprises three documentary channels: **Odyssée**, Histoire and Ushuaïa TV.

In 2007, Odyssée extended its editorial policy to travel, lifestyle and reportage themes. Odyssée has become the channel of "passage to everywhere" but also gives viewers the chance to re-visit TF1 successes such as *Histoires Naturelles* or *Vol de Nuit*.

Histoire joined the TF1 Group in July 2004. It is primarily a channel of historical documentaries. Histoire perseveres in keeping its promise of showing "the keys to the present through history" - focusing on the historic roots of the major events that define our contemporary world. With the weekly magazine, *Le journal de l'Histoire*, current affairs and debates are given pride of place on the channel. Histoire also sees itself as reflecting "the story of history" by narrating the sometimes romantic destiny of great characters of history. And entertainment comes through a diversity of programmes – feature films, TV drama, magazines and debates. In November 2007, Histoire introduced a new dynamic packaging for the channel.

Ushuaïa TV was launched in March 2005. It is the channel of wonder and respect for the planet. So all its programmes, documentaries or films respond to the editorial charter ("wonder, understand, respect") and reflect a constantly aesthetic approach.

Its success is based on the strength of an established brand communicating positive values (preservation of biodiversity, sustainable development, etc.) which are at the heart of current French preoccupations. So the channel is reinforcing its positioning in sustainable development: the magazine *Passage au Vert* was launched in November 2007.

In 2007, these channels substantially increased their distribution over cable and ADSL, in France as elsewhere. At the end of 2007, Odyssée had over 2 million subscriber households, Histoire over 4.6 million, and Ushuaïa TV more than 2.6 million.


Love Actually

BROADCASTING FRANCE
ADVERTISING

TF1's "multi-audiovisual" arm offers advertisers a multitude of ways of promoting their products and services thanks to its effective, complementary platforms.

TF1
More than ever, TF1 is the benchmark for a media plan. In a context of rapid growth in the audiovisual sector and a fragmentation of the offering, the advertising power of TF1, in classical form or sponsoring, assures advertisers maximum exposure of their products to all categories, helping them to rapidly grow their brand awareness and sales.
2007 was marked by the arrival of *Retail* on the free-to-air channels. With €292 million invested in national TV, the sector made its mark.

Thematic channels
TF1 Publicité markets the advertising space of 15 thematic channels, and since December 2007, 30 local TV channels of which 12 are broadcast on DTT. With this exhaustive and structured offering, advertisers can communicate on television in a more targeted fashion using vehicles with strong centres of interest.
Four of our channels are in the top 10[1]:

- Eurosport France, leading channel on cable and satellite for Men under 50, is the channel of live sports events; Eurosport 2 has been complementing its programming since 2005.
- LCI is the 100% news channel, the benchmark for deciders for over 10 years and 9th ranking channel on cable and satellite targeting the A/B+ audience.
- TV Breizh and TF6, mini-general-interest channels are, respectively, 2nd and 5th ranking channels on cable and satellite targeting Women under 50.

TF1 Publicité also offers high-profile theme channels that fit the times:

- the Discovery Division, with Odyssée, Ushuaïa TV and Histoire,
- the world of children: TFOU TV, Cartoon Network, Boomerang, Disney Channel, Playhouse Disney and Disney Cinemagic,
- feature films, with TCM, the legendary film channel,
- the weather channel

Local television – the choice of proximity
With the continuous growth of its business in mind, TF1 Publicité markets the 30 local channels of the TLA grouping on the national territory as well as IDF1, the Paris-region channel that will be transmitting as of March 2008. Viewers take this capability seriously, so the market is growing strongly with a potential audience of **13.6 million Individuals** across France. With offerings adapted to the needs of advertisers, this matrix offers possibilities at national and regional level, plus linking up with TF1's thematic channels for optimal coverage of the territory.

(1) Ranking excluding DTT, mediaplannig data Sept-Oct 2007 / MediaCabSat 13

Internet

In 2007, TF1 network was the top media site, thanks to its ten million or so individual visitors each month. TF1 network covers tf1.fr, a general-interest site and the real springboard of the TF1 channel's programmes, and the thematic sites such as

- news: *lci.fr, metrofrance.com, lachainemeteo.com*
- sport: *eurosport.fr, rugbyrama.fr, om.fr*
- women: *plurielles.fr, 1001listes.fr, teteamodeler.fr*
- children: *tfou.fr, CartoonNetwork.fr, boomrang.tv, totallyspies.com*
- entertainment: *Universal Music*[1] sites, *tcmcinema.fr, tvbreizh.com*
- discovery: *ushuaia.fr, histoire.fr, odyssee.fr*

TF1 Publicité is a major player in community website growth with its OverBlog and WAT ("We Are Talented") sites.
In addition, thanks to a partnership between the TF1 Group and Telecom Italia, the Aliceadsl portal is enriched with contents from lci.fr, eurosport.fr, tfou.fr, plurielles.fr and tf1.fr.

Digital innovation leads to advertising innovation, and the new broadcasting media such as the telephone or the ipod are also the new communications vehicles.
The first multi-audiovisual advertising company in France, TF1 Publicité creates the links thanks to the power of TF1 and then expands them with its thematic channels, internet and the new vehicles (podcasts, mobile telephone, etc.).
Above and beyond the quality of the vehicles marketed by TF1 Publicité, the company's added value resides more than ever in its ability to offer its clients modern, cutting-edge communications solutions. In a market where the consumer is increasingly difficult to target, advertisers are looking for appropriate, visible, innovative communications, but above all, effective communications.

(1)Since November 2007

RETAIL COMES TO TELEVISION IN 2007

With 9.1% growth in 2007, *Retail* has confirmed its status as the leading multimedia investor (€2.8 billion) and is placed **7th in contributors to gross revenue of national television, with 5.3% of investment in the medium**.

Opening up the television screens to this sector has created a new break-down of advertising, in which television has a 12.7% market share, making it the undisputed key partner for *Retail*. So *Retail* has come to television and especially to TF1, which notched up 58.6% of advertising investment.

The 58 advertisers on classical television opted mainly to communicate their brand (53% of investments) rather than their product – which indicates their **desire for brand differentiation and identification**.

A study carried out between second half 2006 and first half 2007 showed the following results[1]:

- on average, the TV campaigns of the general-public retailers helped raise their market share by 3% with those exposed;
- on average, the TV campaigns that sought new customers helped increase penetration by 5% with those exposed;
- on average, the TV campaigns that raised loyalty increased the visits per buyer 3% with those exposed;
- on average, the campaigns that expanded the average shopping basket, increased spending per visit 7% with those exposed.

(1)Source Nielsen Homescan Media

BROADCASTING FRANCE

Production companies

The TF1 Group is historically a producer of programmes. But it has surrounded itself with production subsidiaries so as to supply the channel with entertainment, news, fiction drama and documentary programmes as well as to fulfil its obligations of investing in French production.

Cinéma

TF1 Films Production
TF1 Films Production handles the investments linked to TF1's obligations to invest 3.2% of its revenue in the co-production of European films of which at least 2.5% in French-language productions. This subsidiary co-produces some 20 feature films each year and in so doing acquires the broadcasting rights destined for TF1 and the co-producer royalties giving it access to the receipts generated by the exploitation of the films. In 2007, five films co-produced by TF1 Films Production exceeded the one million box office mark: *Taxi4, La Môme, Ensemble c'est Tout, Le Prix à Payer* and Le *Coeur des Hommes 2*.
In 2007, TF1 Films Production committed close to €50 million to the production of European or French cinema products.

Le cœur des hommes 2

Le prix à payer

Television

GLEM
Glem is a production company specialised in entertainment programmes. Its activity revolves around three main areas:
- entertainment per se with programmes such as *NRJ Music Awards* and *Sacrée Soirée*;
- reality TV, with *Temptation Island*;
- tours, for example those of *Star Academy* and *André Rieu*;

Quai Sud
This company produces and, in association with Julien Courbet, hosts the prime time magazine formats (*Destins de Stars, Les Rois du Système D*) and those of the second part of the evening (*Sans Aucun Doute, Confessions Intimes*).

Alma Productions
Founded in June 2001, Alma Productions is in charge of the production of fiction dramas for TF1 and has several products to its credit such as *Marie Humbert, Mystères, Paris Enquêtes Criminelles* and *RIS*. Alma is also in charge of the production of *Seconde Chance*, the new daily access programme.

TAP – Tout Audiovisuel Production
TAP was founded in July 2001 and produces documentaries and reportages. It produces *Droit de Savoir, Appels d'Urgence, 50 Minutes Inside*, and has launched a new programme, derived from the reportages in *Droit de Savoir*, for TMC, called *90 minutes Enquêtes*, which has already built up an audience. 2007 saw the launch of *50 Minutes Inside* a people magazine programme shown on Saturdays at 6.50 p.m. on TF1.

BROADCASTING FRANCE

Other companies

TF1 has created several subsidiaries that have flourished on the fringes of Broadcasting France and built their success on innovative initiatives.

TF1 Entreprises

TF1 Entreprises groups together four businesses in the areas of publishing and licences:

- TF1 Licences markets brand licences to industrial companies (*Ushuaïa*, *Star Academy*, *Shaun Le Mouton*, *Barbapapa*...), designs and distributes by-products linked to shows and events (performer tours, etc.);
- TF1 Games publishes parlour games based on television programmes (*Qui Veut Gagner des Millions?*, *Ushuaïa*, *1 Contre 100*) and original concepts (*Composio, Cranium, LiveQuizz*). In 2007, TF1 Entreprises acquired 100% of the games developer Dujardin, one of France's leaders in board games (for example, *1000 Bornes*) : the combination of TF1 Games and Dujardin has become the leading French developer of board games, with a catalogue of over 200 games;
- TF1 Musique develops disc projects relative to musical operations, in partnership with music companies, and to brands and characters whose rights it controls. In 2007, the main operations focused on disc partnerships (*Madonna, Pascal Obispo, Christophe Maé, Rose*..), show partnerships (*Le Roi Soleil, West Side Story*, ...), the continued success of Olivia Ruiz and the release of the third album from Jenifer ("*Lunatique*") ;
- TF1 Publishing publishes magazines, children's books and comics. In 2007, TF1 Publishing decided to expand into publishing for young people (creation of the Toucan Jeunesse label: *Ribambelle, Spiderman collection, Léa Passion vétérinaire*), the Ushuaïa collections, which have been highly successful (*Ushuaïa les plus belles expéditions, Ushuaïa perpetual calendar, Encyclopédie des Animaux, Ushuaïa Junior collection* - 8 volumes, etc.).

Téléshopping

Téléshopping is one of the main distance-buying operators in France. The activities of this subsidiary hinge on the programmes broadcast on morning on TF1, the million catalogues sent in 2007 and the e-commerce site www.teleshopping.fr. Online sales in 2007 represented more than 30% of revenue.
In addition to this undoubted know-how in distance shopping, Téléshopping is solidifying its territorial coverage by developing a mini point-of-sale network (two Téléshopping stores now operational in Paris).

In June 2006, TF1 and Dogan TV, the Turkish television operator, signed an agreement to create a joint venture in home shopping in Turkey. 50/50 held by Dogan TV and TF1's Téléshopping subsidiary, the company's mission, since January 1, 2007, is to produce home shopping programmes, exploit a direct marketing service and develop e-commerce on this fast-growing market.

The fast growth of Téléshopping during the past three years was facilitated by its success in diversifying, which has strengthened its determination to grow its e-commerce business:

- 2004 launch of special-event-oriented sales on www.surinvitation.com.
- 2005 launch of the Infoshopping subsidiary dedicated to infomercials on the so-called complementary TV channels.
- End 2006 acquisition of *1001listes*, a company founded in 1999 and current leader in internet wedding lists.

E-TF1

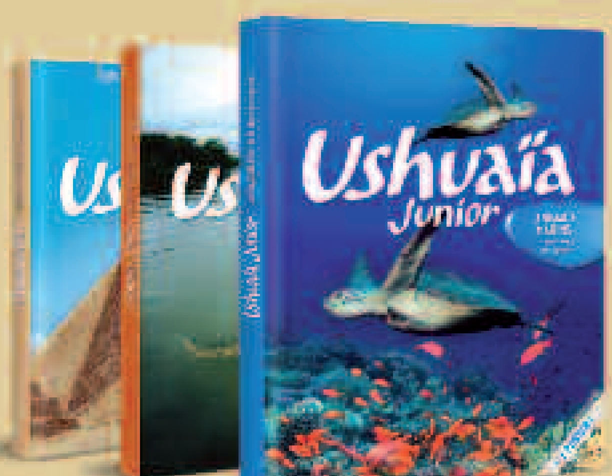
e-TF1, the Group's « new media » subsidiary, produces and distributes interactive, multimedia products in internet, audiotel, SMS, mobile multimedia, and interactive TV formats. That means e-TF1 builds its interactive products for all the Group's thematic areas (news, entertainment, sports, youth, cinema, etc.).

The internet strategy is based on increasing the audiences of the sites making up the TF1 network – they grew over 60% during the year, with 10.3 million individual visitors. The general-interest portal tf1.fr spearheads this strategy, combining the dual objective of developing a global power and increasing audiences with an advertising-oriented affinity with the thematic sites for sport (eurosport.fr), news (lci.fr), youth (tfou.fr) and women (plurielles.fr). The tf1.fr portal is marketed by TF1 Publicité and ranks 8th in internet advertising in France.

e-TF1 also supports the on-line developments of the other Group subsidiaries by rolling out its technical and marketing know-how to teleshopping.fr, surinvitation.com and TF1 Vision (the VOD platform with TF1 Vidéo).

WAT

WAT (*We Are Talented*) is a 100% TF1 subsidiary and the first French platform of multi-vehicle expression. By going to www.wat.tv, surfers can exhibit all their artistic productions online – videos, music, photos, scenarios – free of charge. The contents can then be viewed on various vehicles – the internet, mobile telephone and television – through the *Watcast* programme.



TÉLÉSHOPPING SPREADS ITS KNOW-HOW

Teleshopping on-line sales represented more than

€45 M

in 2007

The Téléshopping programme and enterprise celebrated their 20th birthday. As home shopping pioneers in France, its teams have been producing and airing a programme five mornings a week for two decades. They have continuously refreshed their offering and their presentation, but maintained the quality of customer service as their guiding light. For the past five years, Téléshopping has accelerated its growth, while sticking to the same philosophy and its distance sales business.

Today, the enterprise is grasping the best opportunities to grow – the launch of a new business, creation of other formats, acquisition of a new business – whatever the route taken, the modus operandi is the same: pooling of know-how and individual accountability.

With the acquisition of ***1001listes***, Téléshopping has grasped a dual opportunity: a brand with high customer familiarity and a leadership position in its internet "wedding list" business. The enterprise has another asset – a national sales network (30 of the 70 employees work in the regions). The activity of this start-up that was created in 1999 and 95% acquired in 2006 consists of offering gift lists for all life's important events – weddings, births, birthdays, etc. Customer can subscribe at the ***1001listes*** points of sale or directly on-line. The rest is managed via the internet. To ensure the offering is up to date, it is constantly enriched with new brands (partnerships with over 500 stores and chains). *"We are going to strengthen our offerings in France and Belgium*, says Pauline d'Orgeval, ***1001listes*** CEO, *and launch a wedding portal that will host our site as well as all the complementary local suppliers – caterers, reception venues, jewellers, photographers, etc.* »

INTERNATIONAL BROADCASTING
SPREADING ITS WINGS

Eurosport International

On the strength of its leadership position and underpinned by popular sports events (Athletics World Championship, Rugby World Cup, Skiing World Championship), the Eurosport Group continued to flourish in 2007.

The Eurosport channel is now distributed to **105 million households**, paying and free. This progression of over two million households in one year (+1.8%) comes mostly from its growth in Central and Eastern Europe.

It is broadcast in **20 languages in 59 countries**. It has conquered 4.8 million pay subscribers (+ 8.7%) to reach a total of over 61 million subscribers at the end of the year.

Eurosport is continuing its policy of pay distribution on all platforms in Europe. The channel is an unrivalled partner in the launch of commercial DTT offerings (Germany, the Netherlands, Sweden, etc.) and television over ADSL (France, Norway, Slovenia, Sweden, UK, etc.).

The Eurosport audience is 578,000 viewers per median quarter hour. It is down on 2006 (-2.4%) due to the Olympics year.

In 2007 (as in 2006), close to 22 million European viewers were loyal to Eurosport every day. This loyalty can be explained by:

- the most exhaustive offering on the market for major sports events, with over 100 disciplines as different as skiing championships, racing sports (motorcycle Grand Prix, WRC, Paris-Dakar, WTCC, etc.), tennis (three Grand Slam tournaments), football (UEFA Cup, Champions League…), athletics, cycling (all the major international competitions), combat sports and more
- an increasing proportion of live programmes – 45% of broadcasting time,
- improved quality of the programmes produced and commentated by Eurosport's technical and editorial teams.

Eurosport 2 was launched on January 10, 2005 and continued its expansion in 2007 with the launch of the Serbian version in October. It is now available in ten versions (English, French, German, Greek, Italian, Polish, Romanian, Russian, Turkish and Serbian) and enjoys enormous success with its 27 or so million households, almost all paying (+ 23%).

Surfers have hailed the expertise of the Eurosport teams in sports news and helped to strengthen the Group's leadership as benchmark producer of sports news sites at European level with 4.3 billion pages viewed and 821,000 visits a day (+ 88% vs. 2006).

This result is linked to the May 2007 partnership between Eurosport and *Yahoo!* on the English, German, Italian and Spanish sites. In 2007, Eurosport also launched a Swedish version site, which brings the number of language versions to eight.

Eurosport is also continuing its penetration into international sports events organisation. Other than the World Touring Car Championship™, Eurosport organises the World Karting Championship, the heats of the International Rally Championship and the heats of the equestrian show jumping *Global Champions Tour*.

France 24

France 24, held 50/50 by TF1 and France Télévisions, is the first French non-stop channel for international news, airing round the clock seven days a week. Launched in December 2006, it brings a French look and feel to world news.

France 24 stands out with its approach to news that respects diversity and is attentive to different political and cultural identities. It provides an in-depth analysis of the news covering not just the tip of the iceberg but showing what the public is not supposed to see, know or understand. And it gives pride of place to culture and lifestyle.

Since December 2006, France 24 has been offering its programmes in French and English and launched its programmes in Arabic on April 2, 2007. Next to come is Spanish. The channel is free and unscrambled and is positioned on all the digital platforms (satellite, cable, ADSL). The internet is at the heart of its strategy with a trilingual site since its launch. France 24 targets opinion leaders and was distributed from the outset in Europe, the Near and Middle East, Africa and in the cities of New York and Washington D.C. It will extend its coverage to reach the whole world.

More than

112

Million households[1] received Eurosport at the end to 2007.

(1) Including Eurosport France

Eurosport is broadcast in

59

countries

EUROSPORT EVENTS

Eurosport Events organises, develops and promotes international sporting events

Eurosport Events not only applies its skills in logistics, production, sales and global communications; it also distributes the media rights of its competitions worldwide and broadcasts them on the whole of the Eurosport network. Several championships, representing 44 sporting events, have been successfully developed. They include:

- the world touring car championship (*WTCC)*, one of the three FIA world championships, with F1 and Rally cars, in which Eurosport Events has developed a new category of touring cars – the *S2000*.
- *Formula Master*, a new single-seater series. Eurosport Events is involved in the production of these *cars through Motorsport Holding/MSC/NT*.
- With famous rally events such as the Safari in Kenya or the San Remo in Italy, *the Intercontinental Rally Challenge* (IRC) is making its mark as a brand in the world of rallying.
- Equestrian sport is in the spotlight with the *Global Champions Tour*, a new show jumping series that has received the status of international series for 2008 awarded by the International Equestrian Federation.
- As for sailing, Eurosport Events has taken a holding in *SailingOne*, the company that organises sailing competitions such as the *Trophée Clairefontaine*.

AUDIOVISUAL RIGHTS

Death Proof

The Broadcasting Rights division covers the business of trading and catalogue of audiovisual products, feature films or television films through TF1 International, plus the publishing of audiovisual content on DVD through TF1 Vidéo.

TF1 International

Created in 1995, TF1 International is the subsidiary dedicated to the acquisition and marketing of broadcasting rights in France and internationally. In this sense, it is a key added value catalyst of the heritage of rights accumulated by the TF1 Group.

TF1 International is one of the leading French marketers of international broadcasting rights and is present in all the major markets: Los Angeles, Cannes, Berlin, Venice, Toronto, etc...

In France, TF1 International is one of the main distributors of films to cinemas in 2007 (for example, *La Môme* with Marion Cotillard, *Hors de Prix* with Audrey Tautou and Gad Elmaleh,...).

Cassandra's Dream

CSI Las Vegas

TF1 Vidéo

TF1 Vidéo is the premier French publisher on the market. Its business has grown substantially since its creation.

Above and beyond mass distribution, traditional distribution networks and rental, TF1 Vidéo has, since 1997, been offering several ranges of video products via kiosks and in 1999 launched the commercial website: www.tf1video.fr.

Since the beginning of 2006, TF1 Vidéo has been offering its video products via video on demand on www.tf1vision.fr.

With a catalogue of over 3,500 items, TF1 Vidéo covers all categories, from film to sport, youth to humour. Among its more recent successes are: *La Môme, The Departed, Indigènes, CSI,* while previous years' successes were *Kill Bill, Brice de Nice, Florence Foresti, Le Dernier Trappeur, Gad Elmaleh, Nicolas Canteloup, Aviator, La Chute, Ushuaïa* and the *René Château Vidéo* classic catalogue, "la Mémoire du Cinéma Français."

All in all, TF1 Vidéo has sold more than 178 million videos since its creation.

More than

178

million videos sold by TF1 video since its creation

TFM

1st

French indepedent cinema distributor

TF1 VISION: VIDEO ON-LINE

2007 was the second year of operation of the group's video on demand platform. TF1 Vidéo launched this service, capitalising on its know-how in rights procurement, programme development and marketing, as well as the e-TF1 technical skills. From the outset, the power of the **TF1 Vision** offering was born of the key partnerships with the major film studios, especially those in the U.S.A. (Universal, Disney, Warner, Sony Columbia), but also in France (Europa Corp, Pathé, TF1 International, Marathon, etc.).

The site has evolved in response to a competitive and effervescent market. Aside from the ergonomics and size of the catalogue, the programming logic, the highlighting of new items, and packaged sales have proved successful. With the result that **TF1 Vision** is the first VOD site to have proposed exclusive catch-up TV with the series from TF1 Broadcasting (*Lost, Les maîtres du Zodiaque, Koh-Lanta*...), as well as Premium VOD with the season 2 of *Heroes*, available practically at the same time as its American distribution.

The commercial strength of **TF1 Vision** lies in its distribution method. On the web, the offering is presented on the www.tf1vision.fr site, but it is also prominent on the tf1.fr portal. Above all, TF1 Vision is referenced on IPTV (television and its services via internet) through the main operators: Alice, Free, Neuf, SFR... 2007 was the year of roll-out. 2008 will be the year of conquest.

« *2008 will clearly be a great year for TF1 Vision and video on demand. Indeed, on-line availability of audiovisual contents is spreading, and audience needs are growing. TF1 Vision offers the widest range of innovative programmes – premium programmes with the possibility to burn copies, as well as SVOD* (Subscription Video On Demand). *More than ever, VOD is a key part of the TF1 Group's global media strategy.* »

Pascal Lechevallier, Development Director, **TF1 Vision**

FINANCIAL REPORT 2007

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DIRECTORS' REPORT

presented by the Board of Directors
at the Combined Annual General Meeting on April 17, 2008 (Ordinary part)

Ladies and Gentlemen,
We are assembled here today at the Ordinary General Meeting, as required by French law and by our Articles of Incorporation, to report to you on our management during the past financial year, submit the accounts for the 2007 financial year for your approval, and review the situation and growth prospects of the company and the Group.
This report also includes information on our social and environmental management as well as on the organisation and composition of your company's Board of Directors.
As in previous years, the accounts for 2007 are presented for both the TF1 Group (consolidated accounts) and for the parent company, Télévision Française 1.
The consolidated accounts have been prepared in accordance with IFRS, while the accounts for TF1 SA according to accounting rules and principles applicable in France (French GAAP).

1

2007 activity and results

1.1 The Group

Consolidated income statement – analytical breakdown

(€m)	2007	2006
TF1 Channel		
Advertising revenue	1,718.3	1,707.9
Advertising costs	(81.1)	(80.9)
NET BROADCASTING REVENUE	**1,637.2**	**1,627.0**
Royalties and contributions		
- Authors	(66.4)	(66.6)
- CNC	(90.3)	(84.8)
Broadcasting costs		
- TDF, Satellites, Transmissions	(54.2)	(53.6)
Programming costs (Excl. World Cup)	**(974.3)**	**(946.5)**
Football and Rugby World Cup cost	**(49.9)**	**(113.6)**
GROSS MARGIN	**402.1**	**361.9**
Diversification and miscellaneous revenue and other products	1,038.0	938.4
Other operating charges	(1,005.6)	(888.0)
Net allocation to depreciation, amortisation and provisions	(129.3)	(111.5)
OPERATING PROFIT	**305.2**	**300.8**
Finance cost	**(21.4)**	**(11.6)**
Other financial income and expenses	**28.7**	**(4.9)**
Corporate income tax	(93.0)	(98.7)
Share of net income of companies consolidated under the equity method	8.3	13.1
NET PROFIT FROM CONTINUING ACTIVITIES	**227.8**	**198.7**
Profit of discontinued operations	0.0	253.6
NET PROFIT	**227.8**	**452.3**
Minority interests	0.0	(0.2)
NET PROFIT ATTRIBUTABLE TO THE GROUP	**227.8**	**452.5**

In 2007, TF1 Group consolidated revenue grew by 4.1% to €2,763.6 million.
While the TV advertising market was impacted by the economic slowdown, the TF1 channel's net advertising revenue increased 0.6% to reach €1,718.3 million, buoyed by Retail – the newcomer on the advertising scene in January 2007 – and a solid performance by Services and Cosmetics/Beauty Products.
The other Group activities (excluding TF1 channel advertising) grew 10.5% to €1,045.3 million, thanks to the good performance of the Teleshopping group, the French thematic channels, TF1 International, TF1 Vidéo and Eurosport International.
In 2007, grid costs were down 3.4% to €1,024.2 million. In 2006, TF1 had broadcast the Football World Cup for €113.6 million. In 2007, TF1 broadcast the Rugby World Cup for €49.9 million. Without the Football and Rugby World Cups, grid costs would have increased 2.9% for 2007.
Operating profit amounted to €305.2 million, up 1.5% compared to 2006, with a stable operating margin in excess of 11%.
The cost of debt amounted to (€21.4) million as a result of rising interest rates between 2006 and 2007 as well as of an average debt level for the group going from €314 million in 2006 to about €479 million in 2007.
Other financial products and costs were positive at €28.7 million vs. a (4.9) million charge a year earlier. This amount derives primarily from a re-assessment of the fair value of the financial assets of TF1's 9.9% holding in Canal+ France.
In 2007, the share of AB Group results in the TF1 accounts amounted to €8 million for the nine months of consolidated activity. In 2006, the €13.1 million share of companies consolidated under the equity method included, for example, the share of capital gains from the disposal of terrestrial frequencies recorded by Europa TV.
Net profit from continuing activities amounted to €227.8 million, up 14.6%, for a net margin of 8.2%, an improvement of 0.4 point.
At December 31, 2007, shareholders' funds totalled €1,394 million on total balance sheet assets of €3,651.7 million. Net debt stood at €597.3 million (i.e., 42.8% of shareholders' funds), an increase compared to December 31, 2006 (€378.5 million). This is linked to the payment of a dividend (€182 million) and the acquisition of a 33.5% holding in AB Group (€230 million).

	Consolidated revenue		Curent operating profit	
€m	2007	2006	2007	2006
BROADCASTING FRANCE	**2,220.5**	**2,153.6**	**252.0**	**245.9**
TF1 Channel	1,729.3	1,724.3	221.1	224.5
Téléshoppoing group	153.1	110.3	7.9	8.7
Thematic channels in France	188.6	153.9	2.0	(13.4)
TF1 Entreprises	40.5	38.3	1.6	6.3
In-house production companies	28.1	31.1	2.1	(1.2)
E-TF1	57.1	71.3	2.0	3.8
Others	23.8	24.4	15.3	17.2
AUDIOVISUAL RIGHTS	**268.1**	**240.9**	**17.2**	**24.9**
Catalogue	101.4	83.0	6.1	9.3
TF1 Video Group	166.7	157.9	11.1	15.6
INTERNATIONAL BROADCASTING	**274.8**	**259.2**	**38.2**	**30.0**
Eurosport International	272.6	259.1	32.3	29.7
France 24	2.2	0.1	-	0.3
Europa TV	-	-	5.9	-
OTHER ACTIVITIES	**0.2**	**-**	**(2.2)**	**-**
CONTINUING ACTIVITIES	**2,763.6**	**2,653.7**	**305.2**	**300.8**

Net cash flow generated by 2007 activity was stable at €325.4 million compared to €323.4 million in 2006. In view of the cash flow needs relative to financing and investment needs, the cash variation for 2007 stood at €241.9 million, that is, a cash position of €29.9 million at the end of the financial year.

Change in accounting policy
With effect from January 1, 2007, the TF1 Group has applied the op-

tion allowed under the amendment to IAS 19 (Employee Benefits) to recognise all actuarial gains and losses on defined-benefit plans directly in equity. Previously, the Group applied the "corridor" method, under which actuarial gains and losses greater than 10% of the higher of (i) the future obligation or (ii) the fair value of plan assets were recognised in profit or loss over the average remaining working lives of the employees. The retrospective application of this change in accounting policy has no material effect on the 2006 financial statements.

Changes in presentation

Changes in presentation and reclassifications are made when they provide information that is reliable and is more relevant to users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. If the effect of a change in presentation is regarded as material, comparative information must also be reclassified.

Change in presentation of deferred taxes in the balance sheet

TF1 has reviewed the presentation of deferred taxes historically used by the Group. With effect from December 31, 2007, TF1 offsets deferred tax assets and liabilities in the balance sheet if (i) the entity has a legally enforceable right to offset current tax assets and current tax liabilities and (ii) the deferred tax assets and deferred tax liabilities relate to income tax levied by the same tax authority. TF1 has applied this change in presentation to all the periods reported.

1.1.1 Broadcasting France

Revenue for Broadcasting France increased 3.1% in 2007 to €2,220.5 million. Current operating income increased 2.5% to €252 million, with an operating margin of 11.3%.

Advertising revenue for the TF1 channel was up 0.6%, and that of other activities in the division by 12.7%.

TF1 Channel (source: Médiamétrie)

In an environment characterised by a multiplicity of offerings, TF1 again stood out as leader by achieving, for the first time ever, the 100 top audiences in 2007.

All programme types can be found in this ranking. Sport, with the five best audiences, maintained its events-based, exclusive character: 18.3 million viewers watched the France-England semi-final on Saturday, October 13, 2007. American series (with the franchises for *Les Experts, Les Experts Manhattan,* as well as *Grey's Anatomy, Preuve à l'appui, Esprits Criminels* and *Dr House*, etc.) have taken root and now enjoy a leading place in the rankings, having become some of the channel's most popular programmes. The ranking is filled out by films led by a French film, *Tais-Toi*, but also with US blockbusters *(L'Age de Glace* and *La Recrue)*, fiction dramas, news and entertainment, solidifying TF1's special status as general-public leader.

For full year 2007, the TF1 channel achieved an audience share of 30.7% for Individuals of 4 years and over and 34.8% of Women under 50.

Advertising (Source: TNS Media Intelligence)

For the year 2007, the TF1 channel's market share reached 55%, up 0.2 point, resulting in a 0.6% increase in net advertising revenue for the channel.

The sectors that fuelled this growth included first and foremost the *Retail* industry, which made its debut in January 2007 as a new TV advertiser. For its first year on the screens, the sector made its mark with a 5.6% investment on the TF1 channel, putting it straight away in 7th place of all advertisers for a market share of 58.6%. *Services* (+8.2%), buoyed by the sub-sectors *Banking and Insurance*, *Cosmetics/Beauty* Products (+4.5%), and, a little further behind, *Food* (+1.4%) also contributed to advertising revenue growth.

On the other hand, other sectors had a mixed year. *Publishing,* which has suffered from persistent problems in the disc industry, reduced its investment by 23.8% over the year, *Telecommunications* (-21%), which had profited, in 2006, from the deregulation of phone enquiry services and the penetration of the « 118 » directory enquiry numbers into TV advertising, plus *Automobile* (5.8%) also exerted downward pressure on the 2007 figures.

Thematic channels France

The thematic channels France generated revenue of €188.6 million in 2007, a rise of 22.5%. The good audience score across the channels boosted advertising revenue 25.3% for the period. Revenue from cable, satellite and ADSL operators also rose, notably thanks to the channels' signing of new distribution contracts.

TMC is the leading thematic channel with national coverage and has become the 7th channel for the French population, on a par with Arte. Four of the 10 most watched channels on cable and satellite are TF1 Group channels (Eurosport, TV Breizh, TF6 and LCI).

The revenue, combined with a strict control of costs, has enabled the division to significantly improve operating performance, having exceeded break-even by €2 million.

The discontinuation of the games channel JET and the children's channel TFOU (now accessible on the Web), plus the signing of distribution contracts in France and the French-speaking world, should allow the division to continue to improve its operating margins.

NO. OF HOUSEHOLDS RECEIVING THE CHANNEL

Channels	at December 31, 2007 (in million)	at December 31, 2006 (in million)	Change	Audience share**
TMC*	20.8	14.8	+41%	4.0%
Eurosport France	7.3	6.8	+7%	1.8%
TV Breizh	6.0	5.2	+15%	1.5%
TF6	6.0	3.0	+100%	1.2%
LCI	6.9	6.1	+13%	1.0%
Série Club	5.2	2.5	+108%	0.6%
Odyssée	2.0	2.2	-9%	0.3%
Histoire	4.6	4.5	+2%	0.2%
Ushuaia TV	2.6	1.1	+136%	0.2%

* including free-to-air in south-east France (some 2.2 million households) and Digital Terrestrial Television.

** Source: Médiamat - Univers TNT, December 2007 for TMC and MédiaCabsat wave 13 for the other Group channels –extended offering, initialised base

DIRECTORS' REPORT

AB Group
In 2007, TF1 finalised the 33.5% financial holding in AB Group for €230 million. This operation illustrates TF1's strategy of building up its skills in content development and broadcasting: AB Group has a catalogue of French-speaking television programme rights of over 1,300 items representing 37,000 programming hours, including for example, the episodes of the *Navarro* and *Femme d'Honneur* series. Furthermore, today it develops and distributes 22 television channels, including RTL9 (65%), AB1, NT1, TMC (40%) with TF1 in France, AB3 and AB4 in Belgium.

The AB Group share of results in the TF1 2007 accounts amounted to €8 million for the nine months of consolidated activity.

Diversification activities

Téléshopping group
The Téléshopping group's revenue increased 38.7% to €153.1 million. It included *1001Listes*, acquired in December 2006, and Dogan Téléshopping, the home shopping activity launched in Turkey in January 2007.

The Téléshopping group also benefited from the continued dynamism of its Internet activity, which grew by 32% and whose share of product sales reached 34%. The "infomercials " on the RTL9, NT1, TMC, and Eurosport France channels and the " surinvitation.com" website dedicated to events-based sales, also saw their business increase substantially.

The Téléshopping group's 2007 operating income was €7.9 million.

TF1 Entreprises group
2007 revenue for TF1 Entreprises and its subsidiaries was up 5.7%.

The growth of the board game business following the expansion of the catalogue with the release of 28 items in 2007 (620,000 packages sold including notably *A Prendre ou à Laisser, 1 contre 100 and Cranium*… vs. 573,000 in 2006) compensated for the difficulties elsewhere on the disc and press markets.

Dujardin (*1000 Bornes*, box and multi-game set, etc.), acquired in July 2007, was consolidated in the accounts for the final two months of the year.

The TF1 Entreprises group's operating income amounted to €1.6 million in 2007 and suffered from the difficulties of the disc and press market.

Production
The production division (comprising TF1 Films Production, TF1 Publicité Production, Alma and Groupe Glem) generated revenue of €28.1 million in 2007 and improved its operating income by €3.3 million to achieve a positive result of €2.1 million.

E-TF1
E-TF1 recorded 2007 revenue of €57.1 million, down 19.9% compared to 2006, mainly due to the discontinuation of the programme *A Prendre ou à Laisser,* which had been very successful on the channel in 2006.

The other E-TF1 activities continue to do well thanks to the increasing number of visits to tf1 network.fr (+65% of individual visitors [1] between December 2006 and December 2007).
E-TF1 operating income was €2 million.

1.1.2 Audiovisual rights

The revenue of the audiovisual rights division increased 11.3% to €268.1 million. Its operating income fell to €17.2 million.

The catalogue business (essentially TF1 International) was up 22.1% to €101.4 million thanks to the success of the public release of films headed by *La Môme*, which was released in France and abroad in February and notched up 5.2 million spectators, as well as *Next, Departed, Scoop, The Fountain…*
However, the year was marked by the booking of write-downs resulting from releases that worked less well. Operating income came to €6 million.

TF1 Vidéo's contribution to the division's 2007 revenue came to €166.7 million, showing an improvement of 5.6% over 2006. This performance is in contrast to a declining DVD market in which TF1 Vidéo managed to sustain its global sales at a high level (22.7 million DVDs). Among the year's successes were *La Môme, Les Infiltrés* and *Indigènes.* TF1 Vidéo also continues to develop its VOD offering which grew fourfold between 2006 and 2007 to reach €1.9 million. Operating income was €11.1 million, down by €4.5 million, due to the losses from certain items under contract licence.

1.1.3 International broadcasting

Eurosport International's revenue rose 5.2% to €272.6 million. The increase in the number of subscriber households and the progress of various developments compensated for the fall in 2007 advertising revenue (due to a tough comparison with the 2006 airing of the Turin Winter Olympic Games).

Eurosport is present in 59 countries, including France and broadcast on all the pay distribution platforms in Europe. With a coverage of 112.4 million households, it is the third most widespread channel in Europe after CNN and TV5.

Eurosport International had 60.6 million paying subscribers at December 31, 2007, an addition of 4.8 million subscribers (+8.7%) in one year, with an increasing share coming from Central and Eastern Europe as well as Asia, where Eurosport has been broadcast since end 2006. The investments made to conquer this new geographic zone started to bear fruit in 2007 – at end December, 2.4 million households in Asia received the Eurosport channel.

To support the development of international sports events, the Eurosport group created a new company, Eurosport Events, in April 2007. In addition to organising the *FIA World Touring Car Championship,* the business of organising events continued to grow with the promotion of the *International Rally Challenge*, the European and World Go-Kart Championship, the *Global Champions Tour* (show jumping) and, since May 25, 2007, sailing (*Trophée Clairefontaine, Course des Falaises and the SolOceane* project – a one-man round-the-world race in a 50-foot single hull sailboat).

Eurosport international posted operating income of €32.3 million vs. €29.8 million in 2006 and an operating margin stable at 11.8%.

France 24 (50% held by TF1) started up at the end of 2006 and for 2007 posted a contribution to the division's revenue of €2.2 million and net earnings at break-even.

[1] *Source Mediamétrie/xiti/panel Nielsen Net Ratings/Cyberestat*

1.1.4 Miscellaneous activities

Métro France

Métro France, a company in which TF1 has a 34% holding, distributed an average of 750,000 copies/day in 10 French cities in 2007. Métro covered the Rugby World Cup with a daily sports supplement.

The share of Métro France Publications results in the TF1 accounts was €0.2 million.

Pilipili

In September 2007, TF1, Artémis (Pinault group) and Recruit (Japanese leader in the small-ad press) launched a free monthly city magazine in combination with a website, whose main activity is to publish shop and small business information ads linked to consumer invitations and advantages. The magazine is currently distributed in two French cities, Rennes and Grenoble.

1.1.5 The role of TF1 vis-à-vis its subsidiaries and relations with the parent company

(With regard to functions carried out by executives in the main subsidiaries, see page 7).

The TF1 Group comprises around 50 operating subsidiaries held directly or indirectly (see the group organisation chart on page 6). Most of them are located in France. The activities of the principal subsidiaries are described above.

The role of TF1 is the upstream definition of the group's main strategic directions. It gives guidance to the various structures, in particular seeking synergies and harmonising procedures.

From a financial point of view, TF1 verifies the level of capitalisation of its subsidiaries. The TF1 Group treasury department manages and consolidates the cashflow of all group subsidiaries, with the exception of TCM and Série Club, which manage their own cashflow and financing.

The regulated contracts between TF1 and its subsidiaries, described in the special report of the Statutory Auditors, cover:

- The permanent availability to subsidiaries of TF1 functions (general secretariat, legal monitoring, internal communications, research and statistics, management control, etc.). This availability is invoiced to each subsidiary on a pro rata basis of headcount and revenue. In financial year 2007, the total invoiced was €19 million. Other services requested by subsidiaries are invoiced at market rates;
- By virtue of an agreement dated October 12, 2005, effective January 1, 2005, LCI can, when major events occur, switch its channel to that of TF1, enabling it to assure immediate coverage. In 2007, LCI received a fixed annual fee of €5 M;
- The other agreements (notably the long-term loan to Eurosport) are detailed in the special report of the Statutory Auditors.

The regulated contracts between TF1 and Bouygues, described in the special report of the Statutory Auditors, cover:

- The permanent availability of Bouygues functions (human resources, finance, IT, communications, social development, etc.). This availability is invoiced on a pro rata basis of TF1 headcount, permanent capital and consolidated revenue compared to those of Bouygues. In financial year 2007, the amount invoiced was €4.6 million. Other services requested are invoiced at market rates;
- By virtue of a contract governed by the Code des Assurances (Insurance Code), Bouygues Executive Management Committee members benefit from an additional pension worth 0.92% of the reference salary per year of participation in the scheme. Patrick Le Lay and Nonce Paolini are members of that Committee;
- The other agreements (share management and use of aeroplanes with Bouygues) are detailed in the special report of the Statutory Auditors.

1.2 The TF1 parent company

In 2007, TF1 SA recorded revenue of €1,651.4 million, made up of advertising operations (€1,637.2 million), and miscellaneous revenues (€14.2 million). Operating income came to €242.3 million, an increase of 2.4%. Financial income improved by €28.0 million. Net income for the financial year amounted to €203.7 million, a decline of 18.8%.

Expenses not allowable as deductions in calculating corporate income tax, as identified by Article 223 of the General Tax Code (GTC), amounted in 2007 to €245,853. No expenses fell within the terms of Articles 39-4 and 39-5 of the GTC.

Appropriation and distribution of TF1 profits

In the resolutions submitted for your approval, you are asked to approve the company and consolidated accounts for financial year 2007. Having noted the existence of distributable profits of €302,803,577.81, taking into account the net income for the period of €203,747,737.59 and the retained earnings of €99,055,840.22, you are also asked to vote on the following appropriation and distribution proposed by the Board of Directors:

- Appropriation to Other Reserves €15,999,105.58
- Distribution of a net dividend of €181,398,918.20
  (i.e. a net dividend of €0.85 per share with a nominal value of €0.20)
- Appropriation of the balance to Retained Earnings €105,405,554.03

The dividend will become payable on April 30, 2008.
In accordance with paragraph 2, section 3 of Article 158 of the General Tax Code, this dividend is eligible for the 40% allowance provided for individuals fiscally domiciled in France.

You are asked to authorise the appropriation to Retained Earnings of the dividends arising on the TF1 shares that TF1 is authorised to hold as treasury shares, in accordance with Article 225-210 of the Code of Commerce.

You are reminded that the dividends distributed for the last three financial years were as follow:

For the year ended	Net dividend per share	Allowance
31/12/2004	€ 0.65 *	Yes *
31/12/2005	€ 0.65 **	Yes **
31/12/2006	€ 0.85 **	Yes **

(*) dividend eligible for a 50% allowance for individuals fiscally domiciled in France in accordance with Article 158.3.2 of the General Tax Code
(**) dividend eligible for a 40% allowance for individuals fiscally domiciled in France in accordance with Article 158.3.2 of the General Tax Code

DIRECTORS' REPORT

FIVE YEAR FINANCIAL RECORD

	2003	2004	2005	2006	2007
1 - SHARE CAPITAL AT THE END OF THE ACCOUNTING PERIOD					
a) Share capital (in €)	43,030,830	42,951,946	42,810,426	42,824,426	42,682,098
b) Number of shares issued	215,154,149	214,759,729	214,052,129	214,122,129	213,410,492
c) Number of bonds convertible into shares	-	-	-	-	-
2 - INCOME STATEMENT (IN €)					
a) Revenue (excluding VAT)	1,473,209,669	1,572,077,137	1,579,618,085	1,649,601,932	1,651,380,074
b) Profit before income tax, profit sharing, depreciation amortisation and provisions	350,491,202	388,424,004	410,573,959	355,728,097	331,000,742
c) Corporate income tax	106,216,908	130,525,658	104,129,231	76,931,481	71,971,099
d) Employees profit sharing	10,395,547	12 885 824	10,146,927	8,185,797	7,978,095
e) Profit after income tax, profit sharing depreciation, amortisation and provisions	101,673,966	155,794,175	182,330,515	250,816,043	203,747,738
f) Total dividends	139,021,195	138,639,275	138,970,385	181,790,003	181,398,918 (1)
3 - EARNINGS PER SHARE (IN €)					
a) Profit after income tax and profit sharing but before depreciation, amortisation and provisions	1.09	1.14	1.38	1.26	1.18
b) Net profit after depreciation, amortisation and provisions	0.47	0.73	0.85	1.17	0.95
c) Dividend per share	0.65	0.65	0.65	0.85	0.85 (1)
4 - EMPLOYEES					
a) Number of employees	1,436	1,485	1,508	1,540	1,573
b) Total payroll costs (in €)	96,459,545	101,314,664	105,746,613	111,770,510	116,739,407
c) Total of employee benefit costs (in €)	46,200,725	48,465,021	51,454,510	52,182,591	57,127,130

(1) Submitted for approval at the General Meeting

1.3 Strategy and outlooks

The consolidated turnover should increase 2.4% to €2,830 million in 2008.

The TF1 Group strategy has four major thrusts, as follows:

1.3.1 To improve performance

- Continue to optimise our resources in terms of:
  - Organisation and work methods
  - Synergies and cross-functional processes
  - Programme operating costs, as a way of life
  - Skills, by bringing new talent on board

- While further combining growth and profitability through
  - Enhanced selectivity
  - Quest for activities with faster ROI
  - Control of development costs
  - Leveraging our know-how in new arenas

We have set two objectives for the 4/5 year timeframe:
- 50% of the group's revenue from diversified activities
- EBITDA / revenue ~ 20%

- By leveraging the new regulations;

- By developing our revenue and profitability growth potential.

1.3.2 To be the developer of the future

- Expand our unscrambled offering
  - underpin TF1's leadership
  - make TMC the fifth domestic channel
  - prepare our "complementary channel"
  - acquire an additional channel?

- Consolidate our pay-per-view offering
  - expand Eurosport in the East and in Asia
  - complete editorial overhaul of the Histoire, Odyssée and Ushuaïa channels
  - reinvent the LCI model while optimising links with TF1

- Continue to make TF1 THE major events television channel by improving image quality (16/9, HD, sub-titled original versions, programmes sub-titled for the hard-of-hearing, auto-description,...)

1.3.3 To invest to control our contents

- Through long-term contracts with the American majors and the main French producers as well as for the rights to sporting events

- Through win-win partnerships with producers
  - in daily programming (Endemol, etc.)
  - in fiction drama (re-activate co-production)

- Through active internal production
  - introduce TF1 Formats: market-watch, co-development, creation
  - boost the production division

1.3.4 To participate in global media and put the new media at the heart of our offering to build new relationships with all our audiences

- Multiply cross fertilisation between our channels, the Web, mobile TV and TVIP
- Continue to penetrate the arena of pure-players of Web 2.0 and e-commerce

1.4 Post balance sheet events

There are no post balance sheet events.

1.5 Research and Development costs

At TF1, the Research and Development (R&D) activities are primarily related to experimental development. These outlays are generally committed with a view to launching new products or services or to broadcasting new programmes.

For the TF1 Group, these new products, services or programmes can be broken down as follows:

R&D costs related to programmes:
TF1 Group activity includes significant creation and innovation in terms of entertainment programmes, TV dramas and the production of films whose results are difficult to forecast. This innovation and creation of new programme concepts can include the following phases:

- acquisition of a format, programme concept, screenplay;
- execution of a sociological study of these new programmes among viewers;
- consulting services;
- research of shooting location, casting, set design, production of an episode,...

Therefore, R&D costs related to programmes include:

- these different costs assuming that these new formats (TV drama, shows, entertainment, etc.) have never been broadcast in this form, whether they are broadcastable or not, insofar as they impact the costs for the fiscal year (rejected or broadcast);
- the cost of screenplays related to new concepts (not previously broadcast), rejected during the fiscal year.

R&D costs related to innovative technology projects:
The TF1 Group has set up a team dedicated to studying and developing technological innovations. Its mission is to:

- stay abreast of general-public technologies and their usage;
- propose new ideas for products leveraging emerging technologies;
- produce and test prototypes;
- carry out marketing, consumer and economic studies,...

In 2007, this team worked mainly on

- television broadcasting for mobile terminals (DVB-H standard),
- video via the Internet (streaming, P2P, non-Web boxes),
- non-linear consumption: VOD, PVR,
- design of multi-media products (TV/Web/mobile),
- new advertising formats.

New activities based on an innovative concept
(launch investment and costs) that has not yet been commercially exploited by the Group. For example, in 2007, TF1 Group launched:

- Pilipili, a free monthly city magazine;

and invested in a company developing an innovative concept:

- Nomao, which is developing a new Internet community service enabling users to discover and share with their friends 'in' places, restaurants, bars, curiosities;

In 2007, the TF1 Group spent some €17.9 million on research and development.

2

Human resources and environment update

2.1 Human resources

2.1.1 Workforce

The breakdown of TF1 Group's workforce (at December 31) is as follows:

Permanent staff

Employees	Supervisory staff	Managers	Journalists	Total
99	759	2,288	622	3,768*

* of which 197 employees work abroad + 3 employees of Eurosport média

Fixed-term staff

Number of staff on fixed-term contracts	196
Number of staff with a qualification contract	42
Number of staff with an apprenticeship contract	51

Temporary staff
Sector negotiations on the implementation of a national professional agreement aimed at providing temporary staff employed by broadcasters with a collective status resulted in an agreement signed on December 22, 2006 between the Private Television Syndicate (made up of Canal+, M6 and TF1), all public service broadcasters, and the majority of trade unions (CFDT, CFTC, CGC and FO). Subsequently, harmonisation agreements on use of fixed-term contracts within TF1, LCI and Eurosport were concluded with the trade unions in the course of 2007.

TF1 continues to carry out a determined policy of integration of temporary employees so as to diminish the insecurity associated with fixed-term contracts, sector-practice temporary contracts, and temporary work. Since 2002, this policy has led to the hiring of almost 580 non-permanent staff (temporary technical employees, free-lance journalists, fixed-fee contract workers and producers). Since 2006, the TF1 Group has been below the threshold of 10% of the total workforce in terms of use of temporary staff. It should be noted that the number of temporary employees at TF1 SA represents only 2.87% of the total workforce.

In parallel, TF1 has instituted a genuine social policy for this category of staff:

- Employee savings: access to TF1 or Bouygues capital increases, access to profit sharing under the conditions stipulated in the agreement;
- Healthcare coverage: Non-permanent staff have access to a healthcare coverage system under certain conditions. The sector agreement extended on April 1, 2007 demanded an overhaul of the Group's healthcare insurance system for this population. A system has been introduced to integrate the minimum base stipulated in the agreement while maintaining the main guarantees (sickness, childbirth, etc.) for the temporary staff under contract to the Group. TF1 wished to preserve the social benefits for this population;
- Other: specific agreements on the use of temporary staff (via sector-practice temporary contracts) upgrading of annual rates, and access to the works council's social and cultural activities.

The breakdown at group level of equivalent full-time staff represented by temporary workers over the 12-month period was as follows:

Temporary staff	Free-lance journalists	Fixed-fee contract workers	Producers
268.68	38.84	95.86	14.05

Hiring and departures in 2007:

Number of staff hired on fixed-term contracts	491
Number of retirement departures	1
Number of retirements	0
Number of redundancies	13
Number of negotiated departures	90

The hiring policies are closely linked to the 3-year strategic plans set by general management after coordination with the various Group operating and functional entities. They are adjusted in real time to support the changes in the company's environment and are aimed at providing the high level of professionalism necessary to maintain a leadership position in the company's various markets as well as to motivate teams and individuals.

The hiring policy is designed to constantly integrate young talented people to prepare them for the jobs of the future as well as experienced professionals to strengthen the teams in place or initiate new activities.

As a result of the policy of integration of temporary workers, acquisition or incorporation of companies, the number of new hires (491) in the TF1 Group was substantial. Headcount rose by 266 (after deductions for departures).

The increase in overtime hours is partly due to the large number of hours worked by temporary staff on the shooting of TV dramas by Alma Productions *(RIS* and *Zodiaque 2).*

Number of hours	Amount
63,136	€ 1.98 million

Use of outside staff (temporary workers) by the TF1 Group continued to be very low in 2007, corresponding to a full-time worker equivalent of 21.19, i.e., 0.56% of the permanent workforce.

2.1.2 Working hours

Agreements on adapting and reducing working hours have been reached in all group companies. They govern the different staff categories according to their status (agreements on permanent staff – production, technical and administrative staff and journalists – and temporary staff).

Non-management staff work 37 hours a week and benefit from 14 supplementary work days off per year. Management staff work 213 to 216 days annually and benefit from 12 or 13 supplementary work days off per year. Supplementary workdays off do not apply to executives.

All TF1 Group companies are governed by ARTT ("35 hour working week") agreements, which enable staff to manage their time off, the only proviso being that it does not undermine the smooth running of operations.

After one year's application of 2006 addendum 7 to the agreement on adapting and reducing working hours, applicable to staff in the technical department for services operating seven days a week, the results point to a better overview and reliability of their time planning, improved salary conditions for various constraints such as Sunday work and a better organisation of working week-ends.

To give all staff the possibility to acquire new skills – in their personal development and with no specific links to their jobs – they can convert supplementary workdays off into personal development. This is not considered as part of the company training plan.

As in 2005 and 2006, TF1 decided to maintain Whit Monday as a holiday and to pay its contribution with regard to 'Solidarity Day.'

Annual work time: the table below is a summary of the different agreements on adapting and reducing working hours at TF1 Group companies.

PTAS* status	PTAS* annual work time
Non-management in constant hours and cycles (Employees and supervisory staff)	From 1,569 to 1,576 hours
Managers in cycles	From 1,584 to 1,591 hours
Managers with a fixed number of annual days	From 213 to 216 days
Executives	NA

* production, technical and administrative staff.

Journalist status	Journalists' annual work time
Journalists with a fixed number of annual days	from 208 to 215 days
Executives	NA

TF1 Group absenteeism and reasons:

Absentee rate (as a % of the no. of employees)	4.10
Total days of absence	44,897
Number of days absent without pay	1,474
Number of days absent for sickness	20,841
Number of days absent for occupational accident or work-related travel accident	1,024
Number of days absent on maternity/paternity leave	17,765
Number of days absent for special leave	3,793

At 31 December 2007, 234 permanent staff were employed part time – 82% of them women and 18% men. Part-time at TF1 is primarily a personal choice.

2.1.3 Compensation

Compensation is reviewed each year through a mechanism that can combine general increases and merit increases with means and possibilities of tailored employee savings.

At privatisation of TF1 in 1987, 10% of its capital was offered to employees under preferential conditions. Consequently, 1,384 employees or former employees became shareholders, representing 2.33% of the capital. At December 31, 2007, employee shareholding represented 3.4% of the capital.

In 1988, TF1 set up a company savings plan for all group employees.

At December 31, 2007, 3,112 employees participated in the company savings plan, that is, 90% of permanent staff of the companies belonging to the group plan. The contribution made by the company was €3,750 per year per employee – the maximum authorised - representing €8.1 million paid by TF1 and its subsidiaries. 46.24% of employees make the maximum contribution to the plan.

Two capital increases reserved for employees took place in 2007: « Bouygues partage » (leveraged operation with a 20% discount and a contribution) and « Bouygues Confiance 4" (leveraged operation with a 20% discount). This new capital increase operation enabled 67.36% of employees (including non-permanent staff) to participate.

To help employees prepare their retirement, the Bouygues Group set up a retirement savings fund. It provides for a company contribution of between 20% and 50% of the sum invested by employees. At December 31, 2007, 12.06% of employees had signed up.

Profit-sharing has been paid out to all employees since 1989. In 2007, the profit-sharing reserve (relating to 2006) amounted to €11.3 million, the average net amount per employee being €2,251. In a certain number of cases, this can represent the equivalent of a 14th month's salary.

Average gross monthly compensation for permanent employees per professional category in TF1 in 2007 (in €):

Employees	Supervisory staff	Managers	Journalists	All categories
2,052	3,100	5,295	5,476	4,803

In 2007, the average annual salary increase was 5.12% for the TF1 Group. This figure corresponds to the comparison of employees in service on December 31, 2006 and December 31, 2007.

Summary of TF1 Group social charges in 2007

Employee contributions	Employer contributions	Total
€58.89 million	€119.90 million	€178.80 million

2.1.4 Equal opportunities for men and women

Statistics for 2007 for the whole TF1 Group:

Average gross monthly starting salary (in €) *	Employees	Supervisory staff	Managers	Journalists
Women	1,566	1,877	2,512	2,328
Men	1,281	2,004	2,488	2,500

* employees aged between 18 and 26 and with less than one year's service

New hires	Total
Women	232
Men	259
Total	491

Promotions*	Total
Women	221
Men	253
Total	474

* with or without change of professional category

Number of trainees in 2007*	Total
Women	1,273
Men	1,292
Total	2,565

* in occupational training

Number of training hours in 2007	Total
Women	39,264
Men	44,361
Total	83,625

2.1.5 Industrial relations and report on collective agreements

Practically all Group companies have organisations of employee delegates, works councils, Health and Safety Committees and trade union delegates. As a sign of sustained, constructive dialogue with union organisations, 74 negotiation meetings took place in the TF1 Group in 2007, and 8 company agreements were signed.

In application of the agreement on the resources available to TF1 SA unions signed in July 2006, at the beginning of 2007 the union representatives were given specific training on the use of IT resources put at their disposal (to create and update their Intranet site, for example) enabling the unions to communicate using appropriate, up-to-date tools.

In general, the agreements within the group offer social benefits in the area of social protection, departure bonus, time off, union rights, etc. that go well beyond guarantees provided by the labour code.

Union landscape in the group in 2007 (permanent members):

	Works Council	Personnel delegates	Individual delegates	Board of Directors	Total
CFTC	13	23	30	19	85
CFTC/FO/CGC	6	9	1	5	21
CGT	1	1	0	0	2
CFDT	3	5	1	1	10
Independent	1	1	0	0	2
CFTC/CFDT	0	0	4	2	6
Total	24	39	36	27	126

Number of meetings with employee representatives (Works Council + Personnel delegates + Health & Safety Committee + Board of Directors)	340
Number of negotiations with union delegates	74
Number of collective agreements during the year	8

	2007
Number of occupational accidents with time off	28
Number of fatal occupational accidents (work or work-related travel)	0
Number of health and safety meetings	65
Employees trained in safety	366

2.1.6 Health, hygiene and safety conditions

In 2007, TF1 continued to focus particularly on preventing occupational hazards, raising awareness among all parties.

Safety training courses were run for 371 employees from different staff categories in 2007. Fire-prevention training courses are held on a regular basis, and fire drills for all staff are conducted as required by relevant legislation.

Other training programmes covering specific risks have also been implemented – accreditation for electrical risks and training in manipulation and posture, for example.
There are also courses aimed at improving employee working conditions:
- “managing personal equilibrium in a professional context” (understanding stress mechanisms and identifying their origins so as to better control stress),
- “eye relax” enabling employees to acquire the right reflexes to avoid visual and physical fatigue,

These courses meet employee expectations and have been a great success.

Finally, a course on IT security was launched at the end of 2006 available to all employees.

On February 1, 2007, management decided to designate its buildings as non-smoking. This means that all smoker areas inside the company have been eliminated. This measure, decided on in co-operation with the employee delegates and the works doctor, was accompanied by the installation of shelters located on the patio and the terraces to provide smokers with a suitable place without disturbing non-smokers and without having to go outside the entrance to the company building to smoke.

The master occupational-hazard document has been updated with the help of the company doctor and the members of the CHSCT (Health and Safety Committee). This document lists all the hazards in each of the company’s units and all the associated preventive measures (instructions, training courses, etc.).

For TF1, the good health of its employees is a top priority. The two medical teams comprising two company doctors and four nurses provide daily care (nurses treated staff on 7,847 occasions, and the doctor examined 3,561 employees in 2007) and specific care for employees with jobs involving particular risks (they vaccinated 1,109 employees and prepared 169 first-aid kits for staff bound for high-risk zones in 2007). This service also covers the freelancers working for the group, as the professional bodies representing this staff category have no medical centres providing regular check-ups
Finally, certain preventive actions were taken by the medical department, including prevention of cardio-vascular problems, monitoring of avian flu with the creation of specific protocols, a campaign on the prevention of breathlessness, etc.

2.1.7 Professional training

The purpose of the training is to ensure that staff have the requisite high level of technical, personal and managerial skills to carry out their responsibilities and to prepare staff for new positions.

Discussions concerning Process News 2 have added momentum to training efforts for technical teams and journalists.

Management training has long been a priority, with courses for new managers and team leaders. New modules have been introduced this year, particularly in the areas of the role of management lines of authority and managing the work-life balance

As a priority area, a major budget was devoted to technical training for IT staff.

Then there are the “professional skills” courses enabling staff to develop their specific expertise in fields as diverse as journalism, management, law and marketing.

Finally, language courses and theme days to discover the professions practised within the Group were continued.

In 2007, a budget of €7.2 million was dedicated to training within the Group, i.e., 3.14% of total salary costs.

2,565 TF1 Group employees received training during 2007.

A total of 48,984 hours of training was dispensed in the TF1 Group. Moreover, 24,254 hours of additional training was given to 57 TF1 Group trainees through sandwich courses and individual training leave.

244,435 hours for individual training requests were made available in the TF1 Group. 364 requests were accepted in 2007, i.e., 9,919 hours consumed by 364 employees, that is to say an average of 27.25 hours per employee.

The Group’s apprenticeship tax for 2007 amounted to €1,627,752 .

TF1 pursues an active graduate trainee recruitment policy. Trainees represent an important source of new recruitment for TF1, which has established close partnerships with schools and universities. In 2007, the Group received 748 trainees (school trainee periods, holiday contracts, observation periods).

TF1 has built up close relationships with a number of teaching establishments, including:
- Lycée Jacques Prévert, Boulogne (Audiovisual diploma),
- Lycée René Cassin, Bayonne (Audiovisual diploma),
- University of Paris I – Panthéon - Sorbonne (Masters),
- ESCP-EAP, Paris (Masters, Media),
- University of Paris IX- Dauphine (Masters, Telecommunications and New Media),
- Institut National des Télécommunications, Evry (Management and Telecommunications),
- Ecole Nationale Supérieure des Télécoms, Paris,
- Audencia, Nantes.

2.1.8 Disabled workers

For a number of years, TF1 has been implementing a policy in favour of disabled workers, underpinned by objectives: direct employment, maintaining employment, use of sheltered workshops and employee awareness of disability.

The TF1 Group makes regular use of Adapted Enterprises (EA) or Work Support Establishments or Services (ESAT), which offer productive activities and medical-social support for disabled adults, for the provision of services – packaging the in-house magazine, recycling of IT material, organisation of cocktail parties, mail shots for game contests, etc.

Number of disabled workers at	
TF1 SA	25
the Group	38.50
Pre-tax amount paid to sheltered workshops for	
TF1 SA	€140,591
the Group	€174,787

In parallel, TF1 renewed its membership of Tremplin, an association whose objective is to favour the professional development, qualification and employment of young disabled people seeking a skills acquisition contract, work experience, a fixed-term contract or a permanent job. The aim is to create a reservoir of candidates for the company and respond to the company's needs.

TF1 is also a member of Club Etre, an association of large enterprises aimed at sharing experiences and discussing issues encountered, for example within the framework of new legislation.

All buildings meet legal standards governing public buildings for disabled access.

TF1 is committed to meeting its responsibilities concerning broadcast contents and its products, for example through the accessibility of its programmes – 60% of programmes were sub-titled in 2007 – and is also examining an audio description project.

This action has a high priority for the Group. A company agreement on the subject will be negotiated during the first half of 2008.

2.1.9 Community work

(see pages 22, 23, 24 of the annual report)

2.1.10 Example of territorial impact of the Group's activity

(see page 24 of the annual report : Nouvelle Cour et Fondation d'Entreprise TF1)

2.1.11 Importance of subcontracting

The TF1 Group makes almost no use of subcontracting. However, it does entrust third parties with some services such as security, building maintenance, catering, etc. Within the framework of these different partnerships, the TF1 Group asks each of its service providers to contractually adhere to the social and environmental regulations, etc. in force.

2.2 Environment

Perception of the environmental challenges for the TF1 Group

Today, the international scientific community is agreed on global warming. The work of the inter-governmental expert group on climate change has confirmed the occurrence of abnormal global warming, whose spread is accelerating and of which human beings are the prime cause.
Tertiary sector enterprises, whose ecological impact was traditionally considered to be small compared to other sectors of industry, are gradually becoming aware of their share in greenhouse gas emissions that are responsible for global warming. That is because they are the source of transport, the purchase of electronic equipment and the consumption of electricity.

Above and beyond this awareness, the TF1 Group decided to undertake a process of analysis and reduction of its greenhouse gas emissions. To be sure of having a tangible and effective plan of action, TF1, in partnership with ADEME (the public institution for the environment and energy control), carried out an estimation of its emissions in 2006 and 2007, using the Carbon Assessment method. This initial assessment, focused on the production of information and internal resources. A task force has been set up to prepare a plan of action so as to reduce greenhouse gases with a target comparable to that of Europe's Factor 4.

With respect to all the other environmental topics, the Group carries out a determined policy in all areas over which it has control. In all its buildings, consumption of energy, liquids, raw materials (paper), CO_2 emissions and waste management are subject to action plans and continuous improvement to constantly exceed legal demands. These processes, which reflect management's determination to apply best practices, include mobilisation of suppliers and awareness-building among employees.

But it is, of course, as opinion leader that TF1 must work in favour of protecting the environment. Through daily weather forecasts that transmit messages from ADEME, the major prime-time programmes (Ushuaia nature), thematic channel programmes (*Passage au Vert* on Ushuaia TV, *Terre Mère* on LCI), talk shows and news topics, awareness campaigns targeting young people (*Bouge toi pour ta Planète* on TFOU), the Group's various companies are educating viewers and raising awareness of environmental respect.

2.2.1 The Environmental Management System

Management of Operations Services, responsible for the environmental policy at the Group's Paris region sites, has been implementing a management system dedicated to the environment since 2005. Based on a commitment to continuous prevention and improvement, the Environmental Management system leverages TF1's

quality processes and in particular the dynamics of the 'plan/do/check/act' cycle of the ISO 9001 system and the like.
The "environment" road map is scrutinised monthly by a dedicated committee that approves objectives, ensures implementation of actions, measures their efficiency and provides feedback.

Scope and nature of the measures:
The Environmental Management System, the defined objectives and the consumption metrics were applied to the buildings occupied by TF1 SA, TF1 Publicité, e-TF1, LCI and Eurosport, as well as the subsidiaries sharing the buildings with them. These buildings are located at Boulogne and Issy les Moulineaux and represent a total surface of around 70,000 m².

Method of measuring the indicators:
- Electric and water consumption are read off counters installed in the buildings and compared with supplier invoices;
- Waste is weighed by the service providers (who invoice by weight);
- Greenhouse gas emissions are estimated by the appointed service provider according to the Carbon Assessment method.

So as to better target the in-house consumer profiles, TF1 will be upgrading its building management tool in 2008 to further integrate the counters in the distribution networks (electricity, water, gas) and consequently better control consumption through a more finely-tuned management of the installations.

2.2.2 New Economic Regulations (NRE) legislation information

1. Water consumption

Water consumption (essentially used in the air conditioning system, wash rooms and kitchens) was 64,400 m³, down 3.5% over 2006.
Automatic detectors fitted to electric water hatches have been installed on the wash basins in the wash rooms to limit consumption.
Since 2006, service providers using water and gas (cleaners, kitchen) have been made aware, through a contract modification, of the importance of reducing consumption.

The end of 2007 saw the launch of a campaign of feasibility tests to cut the water supply to the air-refrigerating towers during the winter. Implementation should lead to a 15% reduction in the total volume consumed by the towers.

2. Consumption of raw materials

For an audiovisual Group like TF1, the main consumption of raw materials concerns paper.
Various means of reducing consumption have been implemented – shifting to electronic publications, two-sided printing, encouraging people to print less and the use of the two-sides facility of the multifunction copiers. These measures saved close to 20% of paper in 2007 compared to 2006 (97 tons vs. 120)
The paper now used is either recycled or from certified forests. Its weight has been reduced (from 90g per sheet to 75g).

3. Energy consumption

The TF1 Group requires electricity for the company's everyday activity, the air conditioning systems in the various buildings and for its broadcasting business (studio lighting, machine rooms, final production, etc.).
Electricity consumption declined 3.8% over 2006 and more than 5% since 2005. This downward trend is thanks to the many efforts made and must be continued in the years ahead.

Projects were launched in 2007 to reduce the energy consumption of office lighting. These projects will result in replacing all the lamps in the Point du Jour site over three years, which should save over 50% of the energy consumed on lighting.

4. Measures taken towards improved energy efficiency

Various actions were carried out as part of the framework of the "environment" road map to stabilise electricity consumption:
- Cutting lights in the car parks;
- Programmed studio switch-off;
- Completion of installation of presence detectors in the wash rooms;
- A plan to reduce lighting and air-conditioning in the studios;
- Televisions and computers switched off by security staff doing their rounds, lighting and air-conditioning in stand-by mode on the non technical floors at 10 pm;
- A study on the replacement of all lighting was continued in 2007. With a grant from ADEME under the European Greenlight project, it will provide quantitative and qualitative recommendations on the lighting installations in all service and technical zones so as to improve visual comfort while reducing energy consumption;
- A process is on-going to replace so-called dichroic lamps by LED lamps. This will reduce unit consumption from 36W to 8W yet significantly lengthen the life expectancy of a lamp (from one to five years).

5. Renewable energy

The contract proposed by EDF that contained a renewable energy section was not accepted since it entailed a considerable cost increase. Using the studio roof to create a plant terrace and install solar panels is under study.

6. Conditions of use of the soil

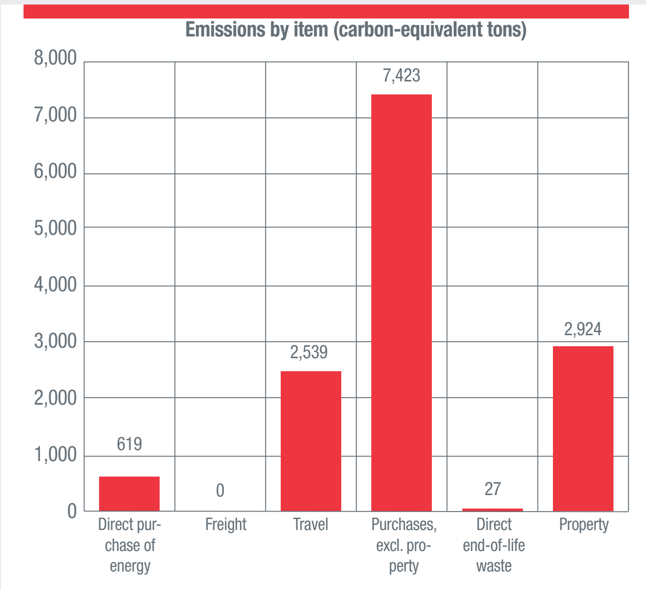
Not applicable

7. Emissions into the air, water and soil.

An initial Carbon Assessment was carried out with the support of the ADEME. Greenhouse gas emissions are linked to external factors (electricity consumption of television sets) and internal factors (audiovisual production, purchase of IT and broadcasting equipment, direct electricity consumption, etc.). The plan of action will cover both sources.

External down-stream greenhouse gas emissions, that is, electricity consumption of viewers' television sets, based on TF1 viewing time, has been estimated at 52,000 carbon-equivalent tons per annum.

Annual emissions of internal greenhouse gases – from production to sending the signal – have been estimated at about 12,000 carbon-equivalent tons, broken down as follows:



Action plan covering internal greenhouse gas emissions, with the support of the Bouygues Group:

- A new purchasing and amortisation policy that includes ecological criteria for IT equipment;
- Encouraging the use of company cars with low emissions and carbon compensation;
- Continued efforts to save energy.

Action plan covering external greenhouse gas emissions:

- TF1 will work with the industry to promote an energy-saving design of television sets, posting the energy consumption level in the shops;
- In anticipation of the impact of regulations on the gradual elimination of gases that damage the ozone layer (EC regulation N° 2037/2000 of the European Parliament and of the Council of June 29, 2000, with a 2015 deadline), TF1 decided on a plan to replace the air-conditioning equipment concerned (around 1,600 heat pumps and air-conditioning cabinets and five iced-water production systems) starting in 2006. This 5-year programme is part of a plan to completely overhaul the building;
- Gases used in cooling equipment are among the fluids recommended by the prevailing regulations. Every precaution is taken when purging worn-out equipment and before scrapping.

8. Noise and odour pollution

Eurosport is based in a housing area and has insulated noisy equipment on the roof since 2001. Now supplier equipment (cooling systems, air-refrigeration towers, air treatment facilities, generators) is expected to achieve particular performance levels in terms of noise pollution. An acoustics specialist is called in to verify the quality of these products.
When renovating the headquarters generators, a ventilation system will be installed on the generator exhausts to improve the air mixture and consequently the impact of exhaust gases.

9. Waste handling

Miscellaneous waste, paper, salvaged neon light bulbs, etc. represented practically the same weight – 1,600 tons – as in 2006 and 2005.

Office waste:
While taking into consideration the specifics of the TF1 Group sites, waste sorting has been developed where feasible. Eurosport has installed dual-container waste bins (paper/other waste). At TF1 Headquarters, the calculation of waste volume to be removed and the logistics necessary has led to Management of Operations Services installing a waste compressor that has been in operation since August 2003. Sorting is then managed by a service company (La Corbeille Bleue), which re-sells the waste collected for recycling. The service provided includes detailed sorting by hand and recycling 80% of the content. Only plastics are excluded. A special container has been installed for paper which has already been sorted.

Neon light bulbs and toners:
Exprimm (the company responsible for on-site electrical maintenance) collects the neon light bulbs. 100% of changed neon light bulbs are recovered and sent for recycling. Toner cartridges are also collected and recycled. Copier filters are changed regularly.

Batteries:
A battery collector has been installed in each of the photocopying areas. Employees are encouraged to use it for their personal batteries, too. The weight of batteries collected is stable (1 ton). The news reportage department has replaced the 50,000 batteries consumed every year by rechargeable batteries.

Kitchen oil:
This is stored in special containers and removed by a specialised company.

Treated industrial waste
It is treated by the Boulogne Billancourt municipality. Service providers are made aware of the problem of waste. They do not use wipes for cleaning, nor products that are not biodegradable.

Grey goods
Some of the scrapped IT, broadcasting and telephone equipment is still in working order. It is given to associations on condition that they respect the regulations on waste management when it is no longer in working order. Some items are also sold to a broker who takes charge of the destruction of non-usable parts according to legal standards.

Products	What is their destinity ?
Paper	Paper tissues and table cloths
Batteries (including car batteries)	Once the iron, manganese, zinc and mercury are removed, they are re-used in industry
Used kitchen oils	After filtering, they are used as fuel
Bottle stoppers	Production of plastic transport pallets (18kg of stoppers = 1 pallet)
Printer toner	After dismantling and cleaning, refilled with toner and re-sold
Old IT equipment	Restored for use, donated to associations, des truction of non-usable items
Furniture	Destruction of non-usable items or restored. Donations to associations when in satisfactory condition
Wet waste	Destruction

For the most part, there is no damage to eco-balance from Group activities in France.

11. Outlays to anticipate the consequences of the activity on the environment. Resources dedicated to reduce risks to the environment.
The plan to completely renovate the Point du Jour building is a major challenge for the control of energy consumption and in general for the improvement of the environmental performance of the site.

12. Organisation established to handle accidents causing pollution outside of company property
Not applicable

13. Measures taken to ensure compliance with legal provisions
Upstream of action plans, legal monitoring of environmental questions, but also those of safety, hygiene and security, is rigorous. A cross functional group has been set up for this purpose and includes Legal, Social Affairs, Operations Services and Safety.

In 2005, TF1 initiated a programme to update its technical/regulatory documents on Listed Installations for the Protection of the Environment (ICPE). The programme continued to operate in 2006 and 2007.
The installations affected by this legislation are defined in a list and - depending on the activity produced, its importance and the level of risk or inconvenience involved - they are subject to authorisation or declaration.
Consequently, an approved supervisory firm has been given the assignment to deliver a full diagnosis of installations subject to this regulation, update the regulatory texts and propose preventive steps to avoid any risk of pollution for the neighbourhood.

TF1 possesses several such installations, for example,
- Battery-charging zones
- Generators
- Cooling units
- Cooler towers

Following the diagnosis, all these installations were found to comply with ICPE regulations and to generate no pollution of any kind vis-à-vis the neighbourhood.

14. Environmental assessment or certification
Above and beyond its legal obligations, TF1 has the quality of the air (dust content, hygrometry) and water (coffee machines) checked five or six times a year.
TF1 works on environmental subjects with certified service providers (ISO 9001 and/or 14001 for waste, the maintenance of electrical systems, purchase of furniture, etc.).
It is not currently intended that the Environmental Management System itself, even though it is based on acknowledged standards, should be audited.
It is to be noted that TF1 is already included in the four main stock market indices concerned with socially responsible investment: the DJSI, FTSE4Good, Aspi Eurozone and Ethibel Pioneer Investment. While TF1's inclusion in these indices does not constitute an assessment or certification, it does at least offer a positive indication of TF1's consideration of social and environmental demands.

15. Internal environment-oriented departments
To handle questions of 'risk management', 'hygiene and security' or 'the environment,' TF1 has opted for a 'networked' organisation rather than dedicated departments. This structure enables the implication of operations and to maintain the cross-functional nature of these subjects. The same principle applies to the task force responsible for implementing actions subsequent to the Carbon Assessment.
A co-ordinator ensures that the skills of the task forces, the progress of the plan and organisation of reviews are in harmony.

16. Staff training and communications.
The internal communications plan covering subjects linked to sustainable development has now started up. Related subjects appear regularly in the in-house publications (the monthly "Coups d'oeil" and the quarterly "Regards") and on the Intranet.

3

Risk factors

3.1 Industrial and environmental risks

The « Réagir » committee set up in 2003 continues its work of monitoring and prevention of major risks associated with the Group's key processes. It also regularly updates the rapid recovery plans that could be set in motion subsequent to any exceptional event that would, for example, cause the transmission signal to be interrupted or prevent access to the TF1 building. In 2006, the risk management organisation added resources and strengthened its structure.

– An outside, protected back-up site is operational for the three following processes: broadcasting programmes, producing the TV news (TF1 & LCI) and creating the advertising screens for the TF1 channel. The company's vital functions are included in the security plan via processes of recovery of the activity for the different services linked to the channel – selling advertising space, accounting, cash, wages, and IT operations. Procedural tests are carried out from time to time so that any necessary adjustments can be made. The outside back-up facility underwent a technical modification during 2005 and 2006, including the installation of a new back-up control room at a second outside location when the digital final control room was launched. At the end of first quarter 2008, all back-up resources will be brought together at a single location.

– Broadcasting of TF1 programmes – Risk of interruption in signal transmission. TF1's programmes are currently broadcast to French homes:
- by analog terrestrial network, via the 112 main transmission sites and 3,146 TDF re-transmission sites,
- by digital terrestrial network, via the 112 main transmission sites,
- by satellite, namely Atlantic Bird 3 for unscrambled broadcasts,
- by cable (the cable operators "must-carry analogue" obligation),
- by fibre optics for broadcasting via Internet service providers.

For the analog broadcasting, TDF ensures the transmission (providing broadcasting sites with the TF1 signal) and broadcasting of programmes for TF1 (and all the national channels) jointly via its terrestrial free-to-air network. Globecast ensures the distribution of satellite broadcasts.
TDF is by far the main national operator broadcasting the television signal and there is no real substitute for the TDF network in the form

of alternative offerings.

TF1 is therefore dependent on TDF for the broadcasting of its signal and cannot call on other transmission methods if the TDF network breaks down.

TDF provides secure transmission to its transmitters through a dual transmission system (free-to-air and satellite). Therefore, if a radio wave feeding a transmitter fails, it is possible to switch to the satellite signal (and vice versa)

Analog and digital broadcasting sites are largely secure as a result of the many broadcasting transmitters. However, incidents do occur with the antenna system (antenna, wave guides and frequency multiplexers), while the electricity supply can defy TDF's watchfulness (responsibility of EDF)

Power cuts have therefore occurred in the broadcasting of our signal for either technical reasons (defective transmitters/electricity supply) or reasons internal to TDF (mainly strikes). The penalties provided for in the contract are in no way commensurate with TF1's potential operating losses during these incidents (loss of audience, impact on TF1's image, advertisers requesting reductions, loss of merchandising rights, etc.).

The loss that TF1 could suffer if a transmitter fails is obviously proportionate to the number of television viewers served by the defective transmitter. A failure in the Paris region (10 million viewers) could have major economic repercussions. This is why TF1 has negotiated a deal to ensure that TDF's services intervene very quickly in the event of a failure and requested reinforced safety measures. To date, apart from one incident at a local distribution site, no transmitter failures have occurred.

Eurosport has an entity in the UK that secures the broadcasting of its programmes.

3.2 Regulation-related risks

– Authorisation to transmit: TF1 is an audiovisual communications service subject to authorisation. The company's initial authorisation to use frequencies for a duration of 10 years starting April 4, 1987 (Law of September 30, 1986) expired in 1997. Based on decision No. 96-614 of September 17, 1996, the channel received a first five-year renewal of this authorisation, without a bid for candidatures, effective starting April 16, 1997.

The TF1 channel's authorisation to transmit was automatically renewed for the years 2002 to 2007 by a decision of the CSA of November 20, 2001. Under the provisions of Article 82 of the modified Law of September 30, 1986, this authorisation could be automatically extended to 2012 on the basis of the "simulcast" broadcast of the digital terrestrial free-to-air channel. The CSA, by a decision dated June 10, 2003, modified the TF1 authorisation and its convention to integrate the specifications relative to digital terrestrial television broadcasting of the programme.

It should be noted that the TF1 Group is subject to a variety of commitments covering general obligations to broadcast and invest in production, either through its schedule of conditions or as a result of regulations applicable to its activity. A change to the regulations could raise the current constraints imposed on TF1, with a possible negative impact on the company's profitability.

– Specific regulations: Law No. 2005-102 of February 11, 2005 concerning equal opportunity, participation and citizenship of disabled persons, established the principle obliging the channel, within a period of five years, to make all its programmes accessible to hearing-impaired people, with the exception of advertising messages. Note that the CSA can accept the fact that some programmes are not subject to this obligation due to their characteristics (a concession included in the convention). TF1's accounts take the gradual introduction of this new requirement into consideration.

– The Law on "Modernising future audiovisual and television broadcasting": On March 5, 2007, the Law modifying the Law of September 30, 1986 came into force. This Law sets out the schedule for introducing free-to-air high definition and mobile television and the discontinuation of free-to-air analogue broadcast by November 30, 2011(closing down footprint by footprint starting March 31, 2008).

The law grants two types of compensation to the historic private free-to-air operators for the switching off of analogue – an automatic extension of authorisation for five years (if the channels are members of a Public Interest Grouping responsible for implementing the measures leading to the extinction of analogue) and the granting of an additional DTT channel in 2011 (linked to specific production and broadcasting obligations). Moreover, the historic private free-to-air operators will benefit from a five year extension of their authorisations, in order to compensate them for the obligation imposed on them to provide 95% DTT coverage of the French population.

– Other projects for modernising the audiovisual regulations: It should be noted that the Public Authorities have announced several advances relative to audiovisual regulations. The first is covered by the mission letter sent in August 2007 by the President of the Republic to the Minister of Culture covering the relaxing of rules for broadcasting advertising messages on television, a revision of the decrees concerning the ordering of audiovisual products, and a revision of anti-concentration measures. Furthermore, the President of the Republic announced, in a press conference of January 8, 2008, the elimination of advertising on public service television that could take effect on January 1, 2009. The Public Authorities are working out the terms of compensation for loss of income for the public service, which could be partially compensated for by a tax on the commercial channels.

A draft law could be presented to Parliament in the spring of 2008. Any increase in the constraints currently imposed on TF1 by the prevailing regulations could have a negative impact on the company's profitability.

3.3 Customer risk

TF1 Publicité automatically monitors the financial health of advertisers wishing to invest in the TF1 Group's channels served by TF1 Publicité. The risk of non-payment by TF1 Publicité's advertisers is historically less than 0.1% of total annual revenue.
Eurosport has efficient processes in place to recover cable and satellite operator debts. The risk of non-payment by distributors is historically low thanks to the processes implemented to verify the financial health of its customers.
TF1 Vidéo and TF1 Entreprises have taken out credit insurance to

protect themselves against customer bad debts.
There are no other significant single customer risks in the group's other subsidiaries which could affect the group's profitability permanently.

3.4 Market risks

A detailed analysis of market risks (interest rate, exchange rate, liquidity, shares) is provided in the notes to the consolidated accounts .

3.5 Insurance cover

As indicated in the report on internal control procedures, the Group has instituted a pro-active policy of risk identification and prevention and a corresponding unit has been established. This unit implements a regularly updated prevention plan. The group's insurance policies are then negotiated through brokers dealing with major companies such as XL, AIG, Gan, AXA, Albingia…

The existence of this prevention plan makes it easier for TF1 Group to obtain insurance contracts with these first-rate insurance companies.

The means of identifying and preventing risks developed for the Group and its subsidiaries by this dedicated unit are aimed at improving control of risks of damage but also at optimising contracts and the relations with insurers with regard to the premiums and the guarantee conditions.

The group has two main types of insurance:

- Non-life insurance (cover: €359.4 million for direct damage, 2007 premium of some €525 K, deductible of around €25 K). This policy provides insurance cover for TF1, its existing or future subsidiaries, in France and worldwide, everywhere that TF1 operates. The policy provides cover against material damage caused to TF1 property and the operating losses resulting from this damage. The cover applies particularly in cases involving terrorist acts;
- Public liability insurance (cover: around €53 million depending on the risks, premium of some €150 K, deductible of €750 to €76 K depending on the nature of the damage). This policy covers the consequences if the public liability of TF1 and its existing or future subsidiaries is called into question.

Cover is established for injury caused to third parties within the framework of Operating, Product and Professional Liability.

Since 1997, TF1 has also subscribed to a liability insurance for Directors. The insured are TF1's corporate officers, its representatives on the Boards of Directors of subsidiary companies or associate companies (companies in which TF1 has at least 50% of the voting rights either directly or indirectly).

In addition, the insurance provides cover for de facto managers and employees who would be liable for any professional error committed in their executive, supervisory or management capacity.
All TF1 Group insurance contracts have been renewed.
At the present time, TF1 does not cover any of its risks through captive insurance or re-insurance companies.

3.6 Litigation

External counsel analyses individual disputes likely to harm TF1's interests. Where necessary, litigation gives rise to risk provisioning.
No individual disputes or litigation are, to the Group's or company's knowledge, likely to significantly impact the company's or Group's revenues, income, financial situation or assets.

Litigation known at this time by the company and the Group has been regularly provisioned in their accounts. The provisions have been assessed with care. Details of the provisions for litigation are included in the notes to the TF1 consolidated accounts. The main risks identified with respect to litigation, are summarized below:

Risks associated with the rights of individuals (privacy of an individual's private life, libel)
No case currently in progress presents a major financial risk for TF1.

Risks associated with intellectual property rights (royalties, related rights)
SPPF, a civil-law company of disc producers, has filed a suit against TF1 disputing the fact that TF1 was authorised to use discs in accordance with the legal licence introduced into French legislation in 1985 and demands compensation for the loss it claims to have incurred during the period 1997/2005 (€33 million); Subsequent to this filing, negotiations were initiated in the course of 2007 with all the industry stakeholders to settle past events in a way that conforms with the provisions appearing in the accounts, but also to agree on new processes for the future. The negotiations are ongoing.

Risks associated with competition rights
No case currently in progress presents a major financial risk for TF1.

4 Corporate governance and the Chairman's report on internal control procedures

4.1 Information concerning TF1 SA

4.1.1 General information

Name:	TELEVISION FRANCAISE 1 - TF1
Registered office:	1, quai du Point du Jour 92100 Boulogne Billancourt
Trade register:	326 300 159 RCS Nanterre
Siret N°:	326 300 159 00067
APE code:	6020A
Form:	Public limited company ("Société Anonyme") under French law, with a Board of Directors
Date of incorporation:	September 17, 1982
Date of expiry:	January 31, 2082
Financial year:	January 1 to December 31

4.1.2 Corporate Object

The object of TF1 is as follows:
Operation of an audiovisual communications service, such as authorised by laws and regulations in force, comprising notably the conception, production, programming and distribution of television broadcasts including all advertising.

All industrial, commercial, financial, investment and real estate transactions directly or indirectly connected to the above. Also any related or complementary activities likely to further the development of the company's objectives or assets, in particular:

- to study, to produce, to acquire, to sell, to rent and to use any recorded images and/or sound tracks, reports and films intended for television, cinema or radio broadcasting,
- to sell and produce advertising,
- to provide services of all types for sound and television broad casting, all of these directly or indirectly, on its own account or for a third party, alone or with others, by way of creation of new companies, contribution, limited partnership, subscription, pur chase of company stock or rights, merger, alliance, association in hidden partnerships or management or in-kind exchange of all assets, entitlements or otherwise.

Its activity is to comply with its contract conditions and the legal provisions in force.

4.1.3 Statutory appropriation of income

5% of the income of a financial year, as reduced by any previous losses, shall be deducted to constitute legal reserve funds. This deduction ceases to be obligatory when the reserve funds reach one tenth of the company's registered capital. This process shall resume when, for whatever reason, the legal reserve falls below this one tenth.

Distributable income comprises the income of the financial year, less previous losses and amounts credited to reserves, in application of the law and the Articles of Incorporation, and the income carried forward from the previous financial year.

This profit is distributed between all shareholders proportionally to the number of shares held by each one of them.

4.1.4 General meetings

All shareholders may participate in the General Meetings, irrespective of the number of shares they own.
All shareholders may vote by correspondence. A shareholder may only be represented at the General Meeting by his/her spouse or another shareholder.

A. Formalities to be completed before participating in the General Meeting

Shareholders wishing to attend, to vote by correspondence or to be represented must:

- Holders of registered shares: be included in the shareholders' register of the company no later than midnight (Paris time) on Monday April 14, 2008;
- Holders of bearer shares: arrange for the authorised intermediary who manages their share account to provide a certificate of participation that specifies the inscription or accounting record of their shares no later than midnight (Paris time) on Monday April 14, 2008.

B. Participation in the General Meeting:

1. Shareholders wishing to attend the General Meeting may request an admission card as follows:

- for holders of registered shares: request the admission card from TF1 - C/O BOUYGUES - Service Titres- 32 avenue Hoche - 75008 Paris (tel: +33 (0)1.44.20.11.07 - fax: +33 (0)1.44.20.12.42)
- for holders of bearer shares: ask the authorised intermediary who manages their share account to ensure that the admission card be sent to them by TF1 in view of the certificate of participation that has been delivered. Any holder of bearer shares who has not received the invitation by midnight (Paris time) on Monday April 14, 2008 at 0 o'clock Paris time, can have the certificate of participation delivered directly by the authorised intermediary who manages their share account.

2. Shareholders who will not personally attend the General Meeting and wish to be represented or vote by correspondence may:

- for holders of registered shares: return the single proxy/correspondence form sent to them with the invitation to TF1 - Service Titres - C/O BOUYGUES - 32 avenue Hoche - 75008 Paris;
- for holders of bearer shares: ask the authorised intermediary who manages their share account to provide the single proxy/correspondence form and return it, together with the participation certificate, to TF1 - Service Titres - C/O BOUYGUES - 32 avenue Hoche - 75008 Paris

The forms for voting by correspondence must be physically received by TF1 - Service Titres - C/O BOUYGUES -32 avenue Hoche - 75008 Paris no later than midnight (Paris time) Monday April 14, 2008.

3. In accordance with article R225-85 of the Code of Commerce, when a shareholder has already cast his/her vote by correspondence, sent a proxy, requested the admission card or a participation certificate to attend the General Meeting, he/she can no longer opt for a different form of participation.

C. Requests for inclusion of proposed resolutions

In accordance with articles R225-71 and R225-73 of the Code of Commerce, requests for the inclusion of proposed resolutions in the agenda of the General Meeting emanating from shareholders who have shown, under legal conditions, that they possess or represent the fraction of share capital required, must be sent to the registered offices by return-receipted registered mail, within 25 days of the publication of the notice of the meeting.

4.1.5 Crossing the Statutory threshold

Any person, acting alone or with others, who attains a holding of at least 1%, 2%, 3% and 4% of capital or of voting rights, shall, within five days of registration of the shares enabling him/her to reach or to exceed this threshold, declare to the Company by return-receipted registered mail, at its registered offices, the total number of shares and voting rights he/she possesses.

This declaration must be made, complying with the above conditions, each time the threshold of 1%, 2%, 3% and 4% is crossed upward or downward.

If not declared under the above conditions, the shares exceeding the fraction which ought to have been declared are deprived of the right to vote under the conditions laid down by law, if requested at a shareholders' meeting by one or more shareholders possessing 5% at least of the registered capital.

4.2 Administration and Audit

Board of Directors (February 2008)

Patrick LE LAY (June 7, 1942)
Member of TF1 Director Selection Committee
Chairman of TF1 board since May 22, 2007
Appointed April 17, 1987 (expiry date of present appointment:

2009 Annual General Meeting)
Chairman of Serendipity Investment SAS
Director of Bouygues SA
Director of Colas SA
Director of F4 SA
Director of Fondation d'Entreprise TF1
Chairman of Incunables and Co SAS
Member of the Supervisory Board of France 24 SA
Permanent representative of TF1 – member of Groupe AB SAS Board
Permanent representative of TF1 – Director of WB Télévisions SA (Belgium)
Appointments held during the last five years, but not currently
Chairman and Chief Executive Officer of TV Breizh SA until October 24, 2006
Director of TV Breizh SA until June 30, 2007
Director of Prima TV SA until 2006
Permanent representative of TF1 for Téléma SAS until April 27, 2006
Permanent representative of TV Breizh SA for TVB Nantes until November 14, 2006
Chairman of TF1 Publicité SAS until October 15, 2004
Permanent representative of TF1 International SA for TF1 Films Production until April 28, 2005
Permanent representative of TF1 for Film par Film SA until March 9, 2004
Permanent representative of TF1 for SICCIS SA until March 28, 2004
Chairman and Chief Executive Officer of TF1 until May 22, 2007
Permanent representative of TF1 Développement SA for TPS Gestion SA until 2006
Permanent representative of TPS SPORT SNC for TPS MOTIVATION SA until 2006

Nonce PAOLINI (April 1, 1949)
Chief Executive Officer of TF1 since May 22, 2007
Member of TF1 Director Selection Committee
Appointed May 22, 2007 (expiry date of present appointment: 2009 Annual General Meeting)
Director of TF1 Digital
Director of Bouygues Telecom
Chairman of TF1 Management SAS
Chairman- Director of Fondation d'entreprise TF1
Permanent representative of TF1 Management of LCI SCS
Permanent representative of TF1 – Director of Extension TV SA
Permanent representative of TF1 – Director of Médiamétrie SA
Permanent representative of TF1 – Director of TF6 Gestion SA
Member of Monte Carlo Participation SAS Board of Directors
Appointments held during the last five years, but not currently
Chief Executive Officer of TF1 Digital SA until December 7, 2007
Joint Chief Executive Officer of Bouygues Telecom until April 30, 2007
Director of Fondation d'Entreprise Bouygues Telecom until April 30, 2007
Chairman of Réseau Clubs Bouygues Télécom board until June 25, 2004 and Director of Réseau Clubs Bouygues Télécom until April 30, 2007
Chairman of Teleciel board until July 8, 2004 and Director of Teleciel until April 30, 2007
Chief Executive Officer of PVE until 2004

Patricia BARBIZET (April 17, 1955)
Chairman of TF1 Audit Committee
Member of TF1 Compensation Committee
Co-opted July 12, 2000 (expiry date of present appointment: 2009 Annual General Meeting)
Independent Director
Main appointments
Chief Executive Officer (non-representative) of Financière Pinault SCA
Director of TAWA (UK)
Member of the Supervisory Board of Financière Pinault SCA
Member of the Supervisory Board of Yves Saint Laurent SAS
Member of the Supervisory Board of Gucci (Netherlands)
Member of the Management Board (non-representative) of Chateau Latour SC
Director - Chief Executive Officer of Artemis SA
Director - Senior Executive Vice President of Pinault-Printemps-Redoute SA
Director - Chief Executive Officer of Palazzo Grassi (Italy)
Director of Théâtre Marigny SA
Director of Bouygues SA
Director of FNAC SA
Director of Air France SA
Director - Permanent representative of Artémis for Sebdo Le Point SA
Director - Permanent representative of Artémis for AGEFI SA
Chairman of the Board of Piasa SA
Board Member and Chairman of Christies International PLC (UK)
Appointments held during the last five years, but not currently
Chairman of the Board of Théâtre Marigny SA until June 22, 2005
Director - Permanent representative of Artémis for Bouygues SA until December 13, 2005
Member of the Supervisory Board of Yves Saint Laurent Parfums SA until February 24, 2004
Chairman of the Supervisory Board of Pinault-Printemps-Redoute SA until May 19, 2005
Director – Chief Executive Officer of Piasa SA until April 26, 2007
Director of AFIPA (Swiss) until October 31, 2006

Martin BOUYGUES (May 3, 1952)
Chairman and Chief Executive Officer of Bouygues
Chairman of TF1 Director Selection Committee
Appointed September 1, 1987 (expiry date of present appointment: 2009 Annual General Meeting)
Director of Bouygues SA
Director of Société de Distribution d'Eau de la Cote d'Ivoire (SODECI) SA
Director of Compagnie Ivoirienne d'Electricité (CIE) SA
Chairman of SCDM SA
Permanent representative of SCDM Président for SCDM Participations SAS
Permanent representative of SCDM Président for ACTIBY SAS
Member of the Supervisory Board of Paris-Orléans SADCS
Appointments held during the last five years, but not currently
Director of HSBC SA until October 1, 2007

Olivier BOUYGUES (September 14, 1950)
Joint Chief Executive Officer of Bouygues SA
Chief Executive Officer of SCDM SA
Appointed April 12, 2005 (expiry date of present appointment: 2009 Annual General Meeting)
Chairman of SCDM Energie SAS
Permanent representative of SCDM Director for Bouygues SA
Director of Eurosport SA
Permanent representative of SCDM for SCDM Energie SAS
Manager (not a Partner) of SIB
Chairman and Chief Executive Officer- Director of SECI SA
Director of Bouygues Telecom SA
Director of Colas SA
Director of Bouygues Construction SA
Manager (not a Partner) of SIR SNC
Director – Chairman of Board of Directors of Finagestion SA
Director of Cefina SAS
Director of Sénégalaise des Eaux SA
Director of Société de Distribution d'Eau de la Côte d'Ivoire (SODECI) SADI

Director of Compagnie Ivoirienne d'Electricitié (CIE) SA
Director of Alstom SA
Chairman of SAGRI-E SAS
Chairman of SAGRI-F SAS
Appointments held during the last five years, but not currently
Director of Novasaur SA until February 22, 2006

Claude COHEN (June 24, 1941)
Chairman of TF1 Publicité since October 15, 2004
Chief Executive Officer of TF1 Publicité between March 1, 1987 and October 14, 2004
Co-opted October 7, 1997 (expiry date of present Appointment: 2009 Annual General Meeting)
Director of Eurosport SA
Chairman of TF1 Hors Média SAS
Chief Executive Officer and Director of Fondation d'Entreprise TF1
Permanent representative of TF1 Publicité Director for Metro France Publications SAS
Permanent representative of TF1 Director for Top Tickets SAS
Permanent representative of TF1 Publicité Director for Sky Art Média (USA)
Appointments held during the last five years, but not currently
Managing partner of TF1 Publicité Production SARL until December 30, 2003
Chairman of TF1 Direct Marketing SAS until April 22, 2003

Philippe MARIEN (June 18, 1956)
Chief Financial Officer of Bouygues
Member of TF1 Audit Committee
Permanent Representative of Bouygues, Director of TF1 (expiry date of present Appointment: 2009 Annual General Meeting)
Chief Executive Officer of SCDM SAS
Bouygues SA
32, avenue Hoche – 75008 Paris
Director, represented by Lionel Verdouck, of Bouygues Bâtiment International SA
Director, represented by Georges Colombani, of Technique de Gestion Industrielle (SOTEGI) SA
Director, represented by Pierre Marfaing, of C2S SA
Director, represented by Lionel Verdouck, of Bouygues Travaux Publics SA
Director, represented by Olivier Poupart-Lafarge, of Bouygues Immobilier SA
Director, represented by Jean-François Guillemin, of Colas SA
Director, represented by Lionel Verdouck, of Bouygues Bâtiment Ile de France SA
Director, represented by Robert Brard, of CATC SA
Director, represented by Philippe Metges, of 32 Hoche GIE

Philippe MONTAGNER (December 4, 1942)
Director – Chairman and Chief Executive Officer of Bouygues Telecom SA
Chairman of TF1 Compensation Committee
Permanent representative of Société Française de Participation et de Gestion (SFPG), Director of TF1 since July 31, 2007 (expiry date of present appointment: 2009 Annual General Meeting)
Supervisor of Bouygues SA
Director of ETDE SA
Director of Réseau Clubs Bouygues Telecom SA
Director of Bouygues Immobilier SA
Vice Chairman - Member of the Supervisory Board of Ginger Groupe Ingénierie Europe.
Appointments held during the last five years, but not currently
Director – Chairman and Chief Executive Officer of Infomobile SA until 2005
Director of Société d'Aménagement Urbain et Rural (SAUR) until 2005
Director of TPS Gestion SA until 2006
Director of TF1 until May 22, 2007

Jean-Pierre PERNAUT (APRIL 8,1950)
Vice President since February 1993
Elected February 23, 1988 as Employee Representative (expiry date of present Appointment: 2008 Annual General Meeting)

Céline PETTON (February 20, 1971)
Archivist since November, 1994
Elected April 23, 2002 as Employee Representative (expiry date of present Appointment: 2008 Annual General Meeting)

Alain POUYAT (February 28, 1944)
Chief Executive Officer of Information Systems and New Technology of Bouygues
Member of TF1 Director Selection Committee
Co-opted March 18, 1998 (expiry date of present Appointment: 2008 Annual General Meeting)
Director of Bouygues Télécom SA
Director of ETDE SA
Director of C2S SA
Director of Société Parisienne d'Etudes Informatiques et de Gestion SA
Appointments held during the last five years, but not currently
Director of Bouygues SA until 2006
Director and Supervisor of Wanadoo SA until December 31, 2004
Permanent representative of Bouygues for Infomobile SA until August 31, 2004

Haïm SABAN (October 15, 1944)
Appointed April 23, 2003 (expiry date of present Appointment: 2009 Annual General Meeting)
Director and Chief Executive Officer of Saban Capital Group Inc. (USA)
Independent Director
Director of Titanium Acquisition Corporation Inc. (USA)
Director - Chairman of ProsiebenSat. 1 Media AG (Germany)
Director of The Directv Group Inc. (USA)
Director - Chief Executive Officer of KSF Corp. Inc. (USA)
Chief Executive Officer - Management Committee Member of German Media Partners, LP (British Virgin Islands)
Director - Chief Executive Officer of German Media Partners Management Ltd. (British Virgin Islands)
Director - Treasurer of Saban Family Foundation Inc. (USA)
Director - Treasurer of 50 Ways to Save Our Children Inc. (USA)
Chairman and Director of Saban Charitable Support Fund, a support fund of the Jewish Community Foundation Inc. (USA)
Director of National Mentoring Partnership Inc (USA)
Director of the Management Committee of the Brookings Institution Inc. (USA)
Member, Board of Directors of Friends of the Israel Defense Forces Inc. (USA)
Appointments held during the last five years, but not currently
Member - Board of Directors of University of California, Board of Regents until 2004
Member, Board of Managers of GT Brands Holdings, LLC (USA) until 2005

Statutory Auditors

	Date of first appointment	Expiry date of present appointment
SALUSTRO REYDEL Member of KPMG International 1, COURS VALMY 92923 LA DEFENSE CEDEX	General Meeting of January 14, 1988	General Meeting approving the 2010 annual accounts
Cabinet MAZARS & GUERARD Immeuble Exaltis 61, rue Henri Regnault 92075 LA DEFENSE CEDEX	General Meeting of May 15, 2001	General Meeting approving the 2012 annual accounts
Alternate Auditors		
Michel SAVIOZ 1, COURS VALMY 92923 LA DEFENSE CEDEX	General Meeting of April 12, 2005	General Meeting approving the 2010 annual accounts
Thierry COLIN Immeuble Exaltis 61, rue Henri Regnault 92075 LA DEFENSE CEDEX	General Meeting of May 15, 2001	General Meeting approving the 2012 annual accounts

The General Meeting of April 25, 2006 renewed the term of office of Alain POUYAT as Director for two years. The elections of Jean-Pierre PERNAUT and Céline PETTON as Employee Representatives were noted.

The General Meeting of April 12, 2007 renewed the terms of office of Patricia BARBIZET, Martin BOUYGUES, Olivier BOUYGUES, Claude COHEN, Patrick LE LAY, Philippe MONTAGNER, Etienne MOUGEOTTE, Olivier POUPART LAFARGE and Haïm SABAN as Directors for two years.

Modifications to the composition of the Board of Directors proposed to the Combined General Meeting of April 17, 2008

Renewal of the terms of office of a Director:
On the recommendation of the Board of Directors, after review by the Director Selection Committee, it will be proposed that the Combined General Meeting of April 17, 2008 renew the term of office of Alain Pouyat for a period of two years. The General Meeting will take note of the election of two Directors representing employees, in compliance with the provisions of the Articles of Incorporation.

4.3 Chairman's report on corporate governance

The role of the Board of Directors
Your company's Board of Directors has its natural place side by side with that of its executives and shareholders. The Board carries out a key role in defining your company and Group's strategy and major directions, monitoring their execution and scrutinising the company's practices.

Your Directors carry out their discussions on the company's corporate governance while ensuring the respect of the demands they consider crucial, that is, compliance with legislative provisions, respect for equality among shareholders, and the quest for the efficiency of the Board of Directors.

Right from the beginning of a privatised TF1 in 1987, and in the interest of its shareholders, TF1 and its Directors have innovated by setting down a certain number of rules that are reflected in today's recommendations for corporate governance and which can be considered as best corporate governance practices, such as creating a compensation committee and settling on two years for the term of office of Directors and the Chairman.

In 2003, the Directors strengthened the resources at their disposal to enhance the transparency of their management by taking the following steps:

- adopting the text of the internal procedures of the Board of Directors which, for example, imposes new obligations on the Directors as well as a certain number of ethics rules (holding registered shares based on their function, declaration of their transactions concerning TF1 shares, diligence in attending Board meetings, presence at the General Meeting, information on conflict of interest situations, etc.);
- creating an Audit Committee and a Director Selection Committee;
- designating an Independent Director.

In 2007,

- As of financial year 2007, the Directors have taken into consideration the recommendations on compensation for executives of listed companies formulated on January 9, 2007 by the Mouvement des Entreprises de France (MEDEF) and the Association Française des Entreprises Privées (AFEP). The Board of Directors has included these recommendations in its internal procedures and those of the Director Selection Committee;
- On the recommendation of Patrick Le Lay, the Directors decided to separate the functions of Chairman and Chief Executive Offi cer and appointed Nonce Paolini as Chief Executive Officer.
  This allows for a smooth operational transition in the executive management of your company.

Early 2008, during the February 20 Board meeting, the Directors again complemented the internal procedures:

- By arranging for the Board to determine the number of free shares or shares derived from the exercise of options that the Chairman of the Board and the Chief Executive Officer are required to hold for the duration of their terms of office. This provision was first applied at the time of the attribution of deferred options during the same meeting;
- By adding provisions prohibiting the attribution of options or free shares on the departure of an executive and the use of hedging operations with the aim of exercising options or selling free shares.

Board Directors are responsible for ensuring that they have the resources and information at their disposal needed for the decision-making process. Their recommendations follow discussions and their decisions are consensual. For large projects, the Directors may request that some of their number form ad hoc committees to validate projects and assess the impact they have on the accounts and financial situation of the Group.

Internal procedures describe the modus operandi, the powers, attributions and assignments of the Board and the special committees established within it. They also set the principles of the annual assessment of how the Board works.

The assessment focuses on the composition of the Board, the schedule and length of meetings, the subjects covered, the quality of the

discussions, the work of the committees and the information received by the Directors.
The internal procedures are accessible via the website,

TF1's position on the currently prevailing corporate governance regime.
Each year the Directors scrutinise their practices and in particular the modus operandi of their Board, they assess the true role of the Board and evaluate the appropriateness of its organisation.

The Directors consider the functioning of the Board and its committees to be satisfactory.

TF1 intends to comply with the recommendations that appear in the European Commission Recommendation of February 15, 2005 concerning the role of Directors, as well as the provisions of the report entitled "Corporate governance of listed companies" published in October 2003 under the aegis of the AFEP and the MEDEF. The internal procedures of the Board of Directors take their inspiration from these principles. However, the company does not comply exactly with some of the recommendations (e.g. holding meetings of non-Executive Directors without the presence of Executive Directors; committees comprising at least three members).

Composition of the Board of Directors
Each year the Board of Directors assesses its composition.

Internal procedures stipulate that a Director Selection Committee makes periodic checks on questions of composition, organisation and operation of the Board with a view to making proposals.

The Board considers that its current composition, with a relatively high proportion of Directors representing Bouygues – TF1's principal shareholder – or exercising executive functions at Bouygues or TF1, takes into account that, in application of the Privatisation Law of September 30, 1986, a group of acquirers led by Bouygues was designated as holder of 50% of TF1's share capital. Bouygues therefore became the key participant in the TF1 privatisation and as such took on a number of obligations, notably that of the continuity of operations of TF1. This justifies the fact that Bouygues determines the governance policy of TF1.

Having examined the situation of each Director, the Board considers that Patricia Barbizet and Haïm Saban are 'Independent Directors' in terms of the AFEP-MEDEF report, which imposes criteria of independence which include not being a client, service provider or merchant banker for the company.

The TF1 Board of Directors is currently composed of 12 Directors, of whom three are women, and includes:
- 6 Directors representing the sole remaining shareholder of the original group of acquirers and responsible for the respect of the obligations agreed to by that group;
- 2 Directors representing executive management;
- 2 Directors qualified as independent according to the MEDEF definition and that of the European Commission;
- 2 Directors representing employees, elected, in conformity with Article 10 of the Articles of Incorporation, by electoral colleges of employees in application of Article 66 of Law No. 86-1067 of September 30, 1986

The Board has not nominated a censor.

It should be noted that Martin BOUYGUES, Philippe MARIEN, Olivier BOUYGUES, Patricia BARBIZET, Patrick LE LAY, and Alain POUYAT are officers or Directors of various companies of the Bouygues Group.

Two Directors, Jean-Pierre PERNAUT and Céline PETON, are employee representatives, elected by electoral colleges of employees in application of Article 66 of the Law of September 30, 1986.

To the best knowledge of the company, during the past five years, no member of the Board of Directors has been:
- condemned for fraud,
- associated with a bankruptcy, impoundment or liquidation;
- incriminated or publicly sanctioned by any statutory or regulatory authority, including professional organisations
- prevented by a Court from acting as a member of a Board of Directors, a Management Board or a Supervisory Board of a broadcaster or from acting in the management of a broadcaster.

The complementary competencies of your Directors bring to your Board of Directors the qualities that coincide with its rules of organisation and composition. Your Board of Directors is balanced, diverse, experienced and responsible.

A proposal will be made to the General Meeting of April 17, 2008 to renew, for a period of two years the term of office of Alain POUYAT which expires at the end of that General Meeting, and to note the results of the election on March 13, 2008 of Directors representing employees.

Organisation and actions of the Board of Directors
The Board of Directors' function is to:
- Determine the company's and the Group's direction and strategy;
- Conduct significantly-sized operations, undertake major investments and carry out internal restructuring;
- Monitor their execution;
- Provide information to shareholders and the financial markets;
- Carry out any checks and verifications which it considers appropriate;
- Decide the compensation of corporate officers.

Together with the invitation to a Board meeting and at least eight days prior to it, the Directors receive the minutes of the previous meeting. All documents and pertinent information necessary for deliberations and decision-making (subject to regulatory and social constraints and with potential risks identified) are made available to them during meetings. Directors are also provided with the minutes of the meetings of the Audit Committee, the Compensation Committee and the Director Selection Committee.
Information received periodically by Directors covers the company and the Group, including strategic and business plans, information for monitoring activity, revenue, the financial situation, cashflow and liabilities, events affecting or likely to affect significantly the Group's consolidated profits and significant issues pertaining to human resources and headcount changes.

Each Director can, moreover, obtain supplementary information on his/her own initiative; the Chairman is permanently available to the Board to provide explanations and substantive information.

Each Director has one vote. In the case of a tie, the Chairman of the meeting has the casting vote. The employee representatives designated by the works council, the secretary general, the director of legal affairs and the finance and administration director attend Board meetings. The Statutory Auditors are invited to attend all the Board meetings that examine the financial situation.

DIRECTORS' REPORT

Board meetings are in principle held quarterly, with the possibility of additional meetings being convened for particular presentations or to examine exceptional issues. In 2007, the TF1 Board of Directors met on five occasions.

For 2007, the Board's main decisions were the following:

- Meeting of February 20: approval of the 2006 annual accounts and preparation of the General Meeting; completion of the "Ceres" project (sale of TPS to Canal+); cancellation of buy-back shares and noting of new share capital. One Director was absent, five Group Directors, four members of the Works Council and the Statutory Auditors were present.
- Meeting of April 17: Election of the Chairman and Chief Executive Officer; a new allocation of Directors' fees starting April 1, 2007, authorisation to launch to share buy-back programme. Three Directors were absent, six Group Directors and three members of the Works Council were present.
- Meeting of May 22: review of 2007 first quarter accounts; splitting of the functions of Chairman and Chief Executive Officer and nomination of the new Chief Executive Officer. One Director was absent, six Group Directors, four members of the Works Council and the Statutory Auditors were present.
- Meeting of July 31: review of the 2007 first half accounts; composition of the Board. One Director was absent, four Group directors, three members of the Works Council and the Statutory Auditors were present.
- Meeting of November 12: review of the 2007 third quarter accounts, analysis of business and results outlook for full-year 2007, three-year plan; cancellation of buy-back shares and noting of the new share capital. One Director was absent, four Group Directors, three members of the Works Council and the Statutory Auditors were present.

The Directors and all persons invited to attend Board meetings are obliged to treat as strictly confidential any information disclosed at the Board meetings.

Directors' fees for 2007 were allocated as follows, while it should be noted that the total sum granted by the General Meeting was not disbursed:

- Each Director: the theoretical annual amount is €18,000. 50% of the fee is for the Directors' responsibilities and 50% for attending Board meetings.
- Committee members:
  Audit Committee: €2,250 per member, per quarter;
  Compensation Committee: €1,350 per member, per quarter;
  Director Selection Committee: €1,350 per member, per quarter;
- For the specific office of Chairman: €6,000 per month.

Separating the functions of Chairman of the Board and Chief Executive Officer

To ensure a smooth operational transition in your company's executive management, the Directors decided, at the recommendation of Patrick Le Lay, to separate the functions of Chairman of the Board and Chief Executive Officer. The Board appointed Nonce Paolini as Chief Executive Officer and did not consider it necessary to specify a particular limit to the powers of the Chief Executive Officer. The age limit for carrying out the functions of the Chairman of the Board is set at 68 years; that of Chief Executive Officer, at 65 years, is in conformity with legislation.

Potential conflicts of interest

To the knowledge of TF1, there are no potential conflicts of interest of any member of the Board of Directors between their duties to TF1 and their private interests and/or other duties.

Article 5 of the Board's internal procedures specifically provides that Directors are required to inform the Chairman of the Board of Directors of any conflict of interest situation, even a potential one, and do not take part in a vote or deliberation which concerns them either directly or indirectly.

Other information

No restrictions are imposed on the members of the Board of Directors concerning the disposal of shares held in the company, with the exception of:

- the statutory obligation of the Chairman of the Board and the Chief Executive Officer to hold a number of free shares or actions from the exercising of options until the end of their terms of office
- the statutory obligation of each Director to own at least one share in the company. The internal procedures of the Board of Directors recommend that each Director not representing employees owns at least 100 shares for the duration of his/her term in office; and also contain rules to prevent insider dealing.

With the exception of the employment contracts of the employee representatives, there is no service contract linking the members of the Board of Directors to TF1 or to any of its subsidiaries and stipulating the granting of benefits.

Directors have received no loan nor guarantee from TF1.

Directors have been informed of the obligation that came into on November 25, 2004, to declare any dealing in TF1 shares undertaken by them, or by persons having close personal links with them. These dealings should be reported within five days of the transaction in accordance with Article 222-14 of the General Rules of the French stock exchange authority (Autorité des Marchés Financiers - AMF). TF1 communicates this information, which includes the individual's name, to the AMF, and makes it public in a communiqué.

Board committees

The three specialised committees within the Board are: the Audit Committee, the Compensation Committee, and the Director Selection Committee. The Board determines the composition and powers of the committees, which carry out their activities under their own responsibility, and designates their members from among the

The committees are presided over by individuals who are not members of executive management of the company and have a casting vote. The committees are composed of two to three Directors. Any individual occupying the function of Chairman, Chief Executive Officer or Joint Chief Executive Officer of TF1 is not entitled to be a member of the Audit Committee or the Compensation Committee. Your Directors consider that these provisions guarantee the independence and efficiency of these committees.

The three committees meet at the initiative of their respective chairmen or at the request of the Chairman of the Board of Directors and can deliberate provided two of their members are present. Decisions are made by simple majority of the members and they report on their work at the subsequent meeting of the Board of Directors.

Audit Committee

This Committee was created on February 24, 2003 and is currently composed, since February 20, 2008, of Patricia BARBIZET, Chairman, and Philippe MARIEN.

Its mission is to:

- examine the individual accounts and consolidated accounts before presentation to the Board;

- ensure the appropriateness and consistency of accounting methods adopted to prepare the accounts;
- verify internal procedures for collecting and monitoring the information leading to their preparation;
- report and make recommendations on the above when the accounts are approved or whenever an event occurs to justify it;
- express an opinion on the re-appointment or appointment of Statutory Auditors;
- take note of the conclusion of internal audit assignments and validate its annual programme.

Four meetings are foreseen to examine the quarterly, half-yearly and annual accounts as well as to monitor cashflow and internal audit reports, before being submitted to the Board.

The Committee met four times in 2007 and once in the first two months of 2008, on each occasion in the presence of the Executive Vice President, Administration and Finance, the Director of Accounting, the Head of Internal Audit and the Statutory Auditors. The Committee's attendance rate was 100%. Minutes are taken of each meeting and submitted to the Board of Directors.

Compensation Committee

This Committee was created in 1989. It is currently made up of Philippe MONTAGNIER, Chairman, and Patricia BARBIZET.

Its role is to:

- propose to the Board of Directors the compensation for corporate officers and the benefits of whatever kind made available to them;
- examine the share option subscription(s) for corporate officers and employees;
- make proposals for systems of compensation and incentives for the group's executives;
- submit to the Board of Directors the proposed report required by the Code of Commerce:
  - – on compensation and benefits of any kind granted to the corporate officers by the company and controlled companies;
  - – on share options granted and exercised by the corporate officers and the 10 company employees who are the main beneficiaries;
  - – on options granted to and exercised by employees of companies majority controlled by TF1.

The Committee met three times in 2007 and once in the first two months of 2008, with a 100% attendance rate. For the attention of the Board members, the committee prepared an overview of compensation trends of Directors as well as recommendations on the granting of options to subscribe to TF1 shares in 2008. The Directors are provided with a report of each meeting.

Director Selection Commitee

This Committee was created on February 24, 2003. It is currently composed of Martin BOUYGUES, Chairman, Patrick LE LAY, Nonce PAOLINI and Alain POUYAT.

Its role is to:

- periodically examine questions concerning the composition, organisation and operation of the Board of Directors and to make recommendations to the latter;
- examine:
  - – possible candidates for Directorships, ensuring that the Board of Directors contains independent Directors;
  - – plans to create Board committees and propose their responsibilities and members;
  - – all measures to be taken to ensure the necessary succession in case an office becomes vacant.

The Committee met three times in 2007 and once in the first two months 2008, on each occasion with full attendance. It gave its advice on the renewal of Directors' terms of office. Minutes were submitted to the Board.

Attendance of Directors at Board meetings in 2007

Patrick LE LAY	100 %
Martin BOUYGUES	100 %
Claude COHEN	100 %
Olivier BOUYGUES	60 %
Patricia BARBIZET	60 %
Philippe MONTAGNER (SFPG)	50 %
Nonce PAOLINI*	100 %
Olivier POUPART-LAFARGE	100 %
Alain POUYAT	100 %
Haïm SABAN	40 %
Céline PETTON	100 %
Jean-Pierre PERNAUT	80 %

* Attendance since his nomination on May 22, 2007.

4.4 Chairman's report on internal control procedures

Introduction

Context

In accordance with the Law on Financial Security of August 1, 2003, and in compliance of Article L225-37 of the Code of Commerce, the purpose of this report is to describe internal control procedures set up by the company. It focuses on TF1 SA's role as producer and broadcaster of the TF1 channel, but also its mission of co-ordination and participation in implementing control procedures in the subsidiaries over which it exercises exclusive or majority control.
TF1 monitors the harmonisation of the main financial procedures of the whole Group while respecting the specific characteristics of each business to preserve the appropriateness of the analyses and the speed of decisions. It also implements procedures for identifying risks for the whole scope of its responsibilities to work out appropriate procedures and controls for each critical cycle. The TF1 Group is particularly sensitive to the importance of internal controls, especially concerning accounting or financial matters, where reliability of information is crucial.

This report is the result of a the collection of information and analyses carried out in co-operation with the different contributors to internal control in TF1 and its subsidiaries, resulting in the factual description of the control environment and the procedures in place. This document has been co-ordinated by the internal audit department. The report has been subjected to a validation process through the Finance Department, Legal Affairs as well as the Executive Committee. The document has also been communicated to the Statutory Auditors and the Audit Committee and subsequently presented to the Board by the Chairman.

Internal control objectives and principles

To produce this report on the 2007 financial year, TF1 has chosen to base itself on the framework of internal control published on January 22, 2007 subsequent to the work carried out by the task force set up under the aegis of the AMF to analyse and present its internal control system.
According to that framework, which is compatible with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) benchmark used to produce this report in previous years, internal controls are defined as a method to ensure:

- compliance with laws and regulations
- application of instructions and directions set by governance bodies
- proper functioning of company internal processes, for example those concerned with safeguarding assets
- reliability of financial reporting (its key control factors being set out in detail in the "Application guide on control of accounting and financial information published by their issuers").

In addition, this system should also contribute to monitoring the activity, effectiveness of operations and efficient use of the company's resources. However, no such system can provide an absolute guarantee of achieving targets and overall control of the risks the Group might be subjected to.

The TF1 Group is committed to the continuous and dynamic adaptation of its internal control system to its activity that will enable its appropriateness and efficiency to be gauged.

4.4.1 Basic internal control principles

4.4.1.1 Organisation and modus operandi

The principles of the Group's corporate governance, its organisational structure through the definition of modus operandi and the widespread transmission of its values and rules constitute the general internal audit environment.

Organisation

The organisation, composition and functioning of the Board of Directors and specialised committees which assist it (Audit Committee, Compensation Committee and Director Selection Committee), as described in the section of the report on the preparation and organisation of the work of the Board of Directors and the Committees, are compliant with corporate governance rules and conducive to effective internal controls.
Indeed, the key decisions, for example the acquisition of audiovisual rights (football rights, contracts with the major film studios, etc.) are taken at the highest level and mirror the principles of transparent and rigorous management.

In 2007, the structure of the governance of TF1 was modified with the separation of the functions of the Chairman of the Board and the company Chief Executive Officer.
As a consequence, the Board, under the authority of its Chairman, determines the company's directions and monitors their implementation, also ensuring, with the help of the Audit Committee, the proper institution of internal control systems within the Group.
The Chief Executive Officer takes operational and functional responsibility of Group activities to implement the strategy established by the Board of Directors and specifically, he arranges for implementation of Group internal control systems. As part of his mission, the Chief Executive Officer is supported by the Executive Committee, which brings together the Directors of each TF1 Group division and functional directors bi-monthly. The Executive Committee enables the Chief Executive Officer to cascade the major internal control directions and to make each member accountable for implementation and monitoring of internal control systems in their area of responsibility.

Furthermore, powers are delegated on the basis of guidelines set by the Group to achieve the twin objective of making operational staff accountable and controlling commitments at the appropriate level. With regard to the latter point, a separation of functions is designed to permit an independent control by making every effort to dissociate functions related to operations, protection of assets and their recording in the accounts.

Objectives

The three-year plan reflects the mid-term strategic directions, and the resulting annual plan makes up the framework of commitments made by the managers of the different Group entities. As such, this plan is also a key element of the internal control environment. It defines the objectives in terms of sales levels and costs, as well as the resources, entities and organisation to be mobilised.
The three-year plan also involves the respect of a structured approach to achieving these objectives, determined by the Financial Control and Strategic Planning Department of TF1 SA. The plans from the various TF1 Group entities and companies are reviewed by Finance and Executive Management.

A summary of these plans is presented to the Chairman of the TF1 Board and then to Group Bouygues management. During the third quarter of the year, a document summarising the whole of the TF1 Group three-year plan process is submitted to the Board of Directors for approval.

Rules and principles

The TF1 Group focuses on the respect of rules and values distributed through internal procedures (those of TF1 SA and of its subsidiaries), operating guidelines (the Eticnet guidelines, etc.) as well as through the dissemination of the code of conduct deployed by the Bouygues Group.

The aim of the Group's code of conduct is to induce managers and staff to adhere to a set of key common values, without replacing common sense, the respect and sense of responsibility of everyone. With this code, the Group is committed to respecting the most stringent standards of business conduct. It also includes an alarm mechanism to enable Group employees to point out irregularities appearing in certain pre-defined areas that they have become aware of in carrying out their jobs.

It is also to be noted that in 2006, TF1 joined the United Nations' Global Compact, demonstrating its will to adopt and promote and encourage respect of the principles and values of human rights, the environment, working standards and the fight against corruption.

TF1 is active in a sector that is subject to constant change, mainly as a result of technological advances. It therefore ensures a high level of skills among its employees, notably through an ambitious policy of selection and on-going training, which contributes to a positive internal control environment
Finally, the Bouygues Management Institute organises regular seminars which TF1 executives attend. The objective of these seminars is to encourage managers to reflect on their role, responsibilities and the respect of ethical principles in their daily work and to rally all Group leaders around common values.

Continuous improvement

Above and beyond the various control processes in place, the Group makes a constant effort to continuously improve its internal control system. In this respect, in 2007 Bouygues launched and managed an internal control system combining the main businesses of the Group, including TF1.

The Group decided to implement a real corporate project, which was presented to 300 Group managers in September 2007. The aim is to introduce a co-ordinated approach so as to:

- create momentum and facilitate exchange among the various Group businesses, on the basis of principles common to the different entities,
- enrich and complement the Group's key principles of internal control and exchange best practices common to all businesses.

This is a long-term project and will continue through 2008. Its goal is to build a common methodology and develop a follow-up system of internal control and risk management. This common base will be complemented by TF1 taking the specifics of its activities into consideration.

This approach works through an organisation that is made up of two task forces that meet bi-monthly and comprise two representatives of each Group Bouygues business. These groups cover:

- "internal finance and accounting control", specialised in processes linked to managing the organisation and production of financial and accounting information,
- "internal control general principles", specialised in the five key elements of internal control specified in the AMF reference framework.

A parent company project team leads these task forces, with the help of a Group Statutory Auditor in the area of internal control of finance and accounting information. A co-ordinating committee and a steering committee complement this organisation.
Eventually, this project will propose a structure and appropriate tools to monitor the goals defined by the Group and the business lines.

4.4.1.2 Internal dissemination of information

To ensure that staff receive information on the Group and its development, the Human Resources and Internal Communications Department issues a quarterly magazine (Regards) and a monthly newsletter (Coups d'œil).
In 2006, a new Intranet portal "Declic" was rolled out, allowing employees to understand the environment in which they operate and that of the Group. It also enables all employees to access information on the Group (organisation, programmes, etc.), information about the audiovisual sector published in the press, as well as offers of career development and training and the Intranet sites of the other companies in the Group as well as the parent company.
"Declic" also enables managers to gather information necessary for managing their teams, notably on skills training or to prepare the annual interview, etc.
Also, the organisation of staff conferences from time to time, the introduction (in 2007) of an annual conference and the monthly and quarterly committees of the TF1 Group's top managers help share and communicate information on trends, challenges and Group strategy.

The Information System (IS) function of TF1 SA's Technical and IS Department, together with operations and functions, defines the information systems required to generate information and securely and efficiently manage operations.
TF1 uses specific applications developed in-house and also software packages available on the market. These applications are analysed, monitored and operated rigorously to ensure their availability, integrity, security, and compliance with legal obligations.
With regard to applications dedicated to financial and accounting data, this work is carried out in close co-operation with the central Accounting and Tax Department, Financial Control and Strategic Planning Department and the Treasury and Financing Department.

Also, for the past few years, the IS Department has been working on the formalisation of a data security policy to build a common security benchmark for the Group. This effort continues on a daily basis as the constant technological advances are fed into the security principles and rules.

4.4.1.3 Risk management

The Bouygues Group has initiated a wide-ranging risk management process, particularly in the areas of quality, safety and the environment and sustainable development. In this context, Bouygues leads two committees, which regularly bring together the business managers of the group to discuss these questions.

Furthermore, in 2004, TF1 set up a process, in collaboration with external consultants, to identify risks and define a decision-making system for crisis management. This effort gave birth to an organisation called "REAGIR," whose aim is to design and update the main systems to resume key processes in the event of an incident.
In the course of 2007, with the objective of continuing to improve the risk management system, TF1 created a task force bringing together one representative from each of the Group's main activities to update and enrich the work started in 2004. Furthermore, the task force will develop proposals to streamline the organisation and systems for monitoring and controlling risks cross-functionally throughout the TF1 Group's activities.

The main risks and the systems designed to control them are described in the Directors' Report, Section 3. "Risk Factors", which also includes the Group's policy concerning insurance. In addition, financial market risks (rates, exchange, etc.) are covered in Note 29 to the consolidated financial statements.
The main business risks that TF1 tries to identify and constantly cover are linked to major processes – the acquisition and compliance control of audiovisual content, control of broadcasting and the activities.

Procurement processes

Through a process of standardisation of procurement contracts, TF1 takes care to make secure the supply of tangible and intangible products (and their related financial terms and conditions), to guarantee service continuity, and to ensure that suppliers are properly insured.
To continue the streamlining of existing procurement processes, TF1 decided to set up a Procurement Department in November 2007. The prime goal is to implement a procurement policy to enable operational and financial improvement of the process across all the activities of Group companies.

Contracts for the purchase of broadcasting rights are signed by TF1 to secure programme grids for the coming years. These contracts are legally and economically complex and involve substantial amounts. These investment projects are initiated based on the channel's editorial policy and are subject to a procedure of approval and investment authorisation for each type of programme.
Furthermore, and where possible, framework agreements are signed upstream of the procurement process so as to control the costs of

certain programmes and ensure supply. The Group centralises and shares its multi-channel rights (free-to-air, cable and satellite, video and new media) as much as possible to strengthen its position in its negotiations with producers.
In addition, to streamline operations and leverage synergies within the Group in the area of programme rights, TF1 decided at the end of 2007 to create an Economic Interest Grouping (GIE).

Programme compliance control
The programmes broadcast by the channel are subject to control by the CSA in the framework of the convention signed by the channel. Consequently, TF1 set up a programme compliance department which carries out upstream control of programmes to be broadcast. This effort, which in certain cases is subject to the Secretary General's advice, also helps to minimise the various legal risks inherent in broadcasting television programmes.

Furthermore, programmes targeting children are submitted to psychologists who are responsible for pre-viewing the more sensitive programmes, for example.
A TF1 Publicité team pre-views all advertising spots after receiving the opinion of the BVP (Office for the Verification of Advertising). TF1 Publicité ensures respect of the various regulatory provisions concerning advertising messages on multiple media. This includes:

- Advertising film compliance with the regulations and editorial policy of the medium,
- The maximum duration of advertising space broadcast each day and by rolling hour,
- Respect of invoicing rules (the so-called Sapin Law N°93-122 of January 29, 1993).

Control of broadcasting and activities
TF1's Technical and IS Department is responsible for creating the programmes it is given charge of, for designing, implementing and maintaining technical and information systems, and for managing the property, logistics and central services.
The department guarantees broadcasting continuity by assuring the availability and implementation of the necessary human and technical resources. For several years, it has also been responsible for managing the identification, control and prevention of major risks to TF1, and continues to analyse and manager risks operationally, for example through the "REAGIR" committee.
The « REAGIR » committee monitors and prevents major risks associated with the Group's key processes. It maintains and upgrades the various procedures based on the principle of continuous improvement covering the security of the people, assets, infrastructure, systems and data. It also updates and regularly tests the plans for rapid resumption of activities that could be discontinued by an exceptional event such as the interruption of the broadcast signal or non-accessibility of the TF1 building.

An external, protected back-up site has been operational since 2001 for the following three processes: programme broadcasting, production of the television news programmes (TF1 & LCI) and development of publicity spots for the TF1 channel.
In 2006, this back-up facility was improved with the installation of a digital process similar to that of the main broadcasting facility on a second external site. This installation and associated procedures make it possible, if necessary, to switch over from the main site with no noticeable disturbance of programmes. In the course of 2008, all back-up resources will be brought together at this single new external site.

The company's vital functions are included in the security plan through a process of resumption of activity, for example, for the various departments concerned with broadcasting, selling advertising space, accounting, treasury, payroll and IS operation. Procedures are tested from time to time so as to adapt the system if necessary. The team in charge of this project also extended the range of risk factors to health risks that could hamper normal operations. They have been quantified and their impact assessed. The associated safety procedures are also tested.
Furthermore, the implementation of a website and a (no-charge) telephone number enables employees to be informed in real time in case of an emergency and to keep in touch with the company when the situation requires.

4.4.1.4 Control activities

Other than the risk management mechanism, the TF1 Group also has a number of processes and systems that contribute to implementing the directions defined by General Management and which enable the goals the be achieved.
The Group gives particular focus to financial, legal and human resource processes through assignments fulfilled by TF1 SA functions. They monitor and support the various TF1 Group entities in their areas of expertise. They also disseminate the cross-functional procedures, monitor their respect, and participate in approving procedures that are specific to the different Group business lines.

Finance Department (DGAF)
The Finance Department includes the central financial departments and plays a control role through cross-functional procedures, methods and the principles it spreads throughout the Group.

Central Accounts and Tax Department (DCCF)
The Central Accounts and Tax Department is responsible for defining the accounting principles, guaranteeing the reliability of the processes for collating and processing financial information and the consistency of accounting methods.
It ensures that parent company and consolidated financial statements give a true and fair view of the activity of Group companies and in compliance with existing standards and regulations. The DCCF ensures that this information is supplied in the correct format and in a sufficiently timely manner for its effective use.
The DCCF includes the TF1 SA accounting department and the consolidation department as well as giving functional guidance to the subsidiaries' accounting departments.
It helps to co-ordinate and constantly update the teams by setting and distributing rules, procedures and methods applicable throughout the Group. The DCCF ensures implementation of the principle of separation of tasks between authorisers and payers.

Financial Control and Strategic Planning Department
TF1 and its exclusively controlled subsidiaries are subject to a financial and strategic planning process as well as a centralised budget control. For subsidiaries controlled jointly with a partner, this process is adjusted on a case by case basis while respecting the Group's principles.
The TF1 Group's three-year financial and strategic planning process constitutes a commitment from the Group's unit managers to General Management. This process is decentralised at each company/unit level and is organised and led by Group Financial Control and Strategic Planning. The three-year plan and the annual budget are updated at least twice a year to adjust for end-year trends and review, if necessary, the three-year forecasts.
Each structure and activity produces a monthly management chart

and presents it to Financial Control at meetings that are scheduled at the beginning of each year.
After a control, validation and analysis, Financial Control and Strategic Planning produce a Group consolidated management chart that is annotated and presented to General Management. A summary of this document is then sent to Group Bouygues General Management.

Treasury and Finance Department
The Treasury and Finance Department is responsible for managing operations connected with finance, investment, hedging of foreign exchange and interest rate risks and secure payment methods for all companies in the Group, with the exception of some subsidiaries in which TF1 does not have exclusive or majority control. This centralised organisation enables:
- the consolidation of interest and exchange rate risks,
- the maintenance of a level of expertise equal to the complexity of the issues,
- the maintenance of the confidentiality of procedures and security of payment,
- the delegation of powers to a limited number of employees who alone are authorised by General Management to handle a limited number of financial operations for the entire Group companies according to authorisation thresholds and procedures.

The Treasury and Finance Department is responsible for ensuring that the Group has sufficient long-term sources of financing at its disposal:
- through monthly analysis and update of cash forecasts a reporting to General Management,
- through negotiation and maintenance of lines of sufficient backup credit with an average of five years' maturity.

Human Resources and Internal Communications
The Human Resources Department plays a key role in the selection, induction and development of human resources necessary for the efficient functioning of the various TF1 Group entities.
It monitors compliance with the French Labour Code and changes in labour policy in conjunction with the various employee representative bodies. It also co-ordinates the Group's professional training, which has the objective of developing the technical, interpersonal and managerial skills required in the exercise of each employee's responsibilities.

Within the framework of the management cycle, the Human Resources Department, together with operations and functions, plans human resource needs. These needs are formalised and are an integral part of the three-year financial and strategic planning process fixed by General Management.
Any request for hiring a permanent employee is subject to a formal approval procedure.

General Secretariat and Legal Affairs Department
The Group General Secretariat co-ordinates and drives two main functions that are organised as follows:
- The Legal Affairs Department, which is responsible for defining and supervising the group's policy on contracts, monitoring the various aspects of company law and development within the Group, as well as centrally co-ordinating insurance and property matters, for example, by ensuring that coverage, premiums and deductibles correspond to the risks in question.
- The Regulatory and Judicial Affairs Department, which co-ordinates relations with external organisations and authorities, ensures that TF1's regulatory obligations are met and closely follows all litigation. Risks and litigation and monitored in close co-operation with Finance so that they are reflected in the financial statements.

For several years, the General Secretariat and Legal Affairs Department have been involved in a process to secure and control commitments. This is manifested, for example, by the definition of a Group contract policy and the standard contract models for all recurring commitments. Furthermore, Legal Affairs pays particular attention (in partnership with brokers acting for leading companies) to optimising and maintaining the insurance policies signed by TF1 and its subsidiaries so as to be covered against the consequences of potential risks.
Finally, the General Secretariat monitors and participates in the application of a consistent policy of delegation of powers. In particular, the subsidiaries over which TF1 exercises exclusive control are granted delegation of power based on guiding principles defined at Group level. With regard to subsidiaries with joint control, internal control is organised based on the TF1 Group's expertise and in compliance with agreements between shareholders.

4.4.1.5 Monitoring the control system
Internal control systems must themselves be monitored continuously by corporate management and by means of ad hoc assessments, carried out by people who have no direct authority over, or responsibility for, the operation in question.

Audit Committee
Created in 2003, the Audit Committee is composed of at least two Directors (TF1 Directors who are executives or employee representatives are excluded).
In the presence of the Statutory Auditors and before presentation to the Board of Directors, it examines the quarterly, half-yearly and annual accounts. It takes this opportunity to ensure the appropriateness and the consistency of accounting methods adopted to draw up the accounts and verify the internal procedures for the collection and control of the information used.
In addition, it notes the conclusions of the Internal Audit assignments and validates the Internal Audit annual work plan.

The Statutory Auditors' role is to ensure the fair presentation of the company's financial and net asset statements according to accounting rules and principles. In so doing, they are made aware of the organisation and operation of the information systems and internal control procedures, which they take into account in their audit activity.

Internal Audit
Since 2004, the TF1 Group has had its own internal audit department, which has taken over the assignments previously handled by the central audit system of the Bouygues Group, with the exception of assignments covering the reliability, security and operation of information systems, which are still the responsibility of the latter.

The TF1 Group's Internal Audit service carries out assignments in the different group entities and in various areas (finance, operations, organisation) according to an annual plan approved by General Management and the Audit Committee.
Assignments are carried out according to a rigorous methodology. They result in a report containing recommendations, which in turn give rise to an action plan and follow-up.
Internal audit is an analysis, control and information tool that enables the identification, control and improvement of risk control.

As part of its programme and schedule of assignments, Internal Audit verifies the application of internal control principles and rules. How they are introduced and applied remain the direct responsibility of the Group departments. In addition, Internal Audit actively monitors best practices in control and helps make employees aware of internal control principles.

4.4.2 Published accounting and financial information control process

TF1 is particularly sensitive to the challenges of internal control, especially in the areas of finance and accounting, where the reliability of information is of major importance.
This section summarises the main control processes in the generation of published finance and accounting information.

4.4.2.1 Finance IS

The IS Department works closely with the Finance Department to deploy and supervise the TF1 Group's major financial information systems, notably the accounting, management, treasury and consolidation tools. Also business applications are deployed in certain entities.

In the areas of finance and accounting, TF1 operates specific internally developed systems as well as packaged software. The latter are subject to rigorous analysis, monitoring and operation to ensure their availability, integrity, security and compliance with legal obligations.

In the broad framework of its Data Security Policy, the Group has set up systems integrating technical firewalls against attacks from outside (notably an anti-virus emergency plan). And, since 2003, the TF1 Group has embarked on a process to make the top technical, legal, financial and human resources managers aware of data security and the systems they will need to use. In 2006, a compulsory workshop on data security was introduced for all company employees.
Finally, the increasing use of advanced information technologies makes corporate data protection and confidentiality crucial. The Eticnet guidelines take this factor into consideration; its dissemination and regular updating tend to strengthen the process of making employees accountable.

TF1 SA has developed and deployed at Group level its own management tool, which interfaces with the accounting software. It is based on the principle of a single recording of operations necessary for financial information. Processes for automated handling provide for the generation of data tailored to the needs of financial control, accounting and treasury.
The IT management system guarantees the control of commitments and payments, thanks to:

- the approval cycle for commitments, pre-defined in the IT application and limited to only those who are authorised,
- the electronic validation cycle for sourced and digitised invoices reflecting the said commitments.

This management tool is complemented and/or fuelled by several applications that respond to different business needs of the Group, such as the system dedicated to the processes of monitoring contracts for the acquisition and management of broadcasting rights.

All the Group's means of payment are subject to security procedures, which themselves are complemented by a banking interface, accounted for daily and formalised monthly.
All means of payment require a double signature, with an annual update of powers reserved for all bank accounts.

4.4.2.2 Process of preparation and consolidation of accounts

The tools and processes up-stream of the closing of the accounts are there to guarantee that events are accounted for correctly and according to principles of reality and comprehensiveness and also that they are reported in the accounts for the financial year in which they took place.

Process for quarterly closing of TF1 accounts
Using the Group's management application, quarterly automated processing enables the Central Accounts and Tax Department to validate and then automatically generate the closing entries in the accounting software, guaranteeing the convergence of the results from management and accounting processing.
As part of the procedure for closing the TF1 accounts, the inventory entries are jointly analysed and validated by the accounting and financial control departments. Periodically, the management data used for control purposes (reporting, etc.) are reconciled with the accounting system data.

Provisions are made following an analysis of risks carried out jointly by Finance, the General Secretariat, Legal Affairs and Human Resources and the operational/functional departments concerned.
Central Accounts and Tax ensure respect of the process in relation to the treatment of intangible fixed assets and goodwill. With regard to the latter, whenever necessary and at least once a year depending on the information provided by the Financial Control Department and the various operational entities, Central Accounts and Tax identifies any loss in value of intangible assets and potential depreciation of financial assets. This process and its results are validated together with the Statutory Auditors.

All items in the balance sheet and income statement are rigorously analysed by comparing them with the same period of the previous year. Changes are commented, and this clarifies the activity of the companies.

Consolidation procedure
The Central Accounts and Tax Department consolidates all TF1 Group companies at each quarterly closing on the basis of a pre-defined consolidation scope and a timetable and instructions communicated to the Group's different organisations and units.
The accounting options decided on are validated with the Statutory Auditors in advance of the quarterly closings and presented to the Audit Committee.
As of January 1, 2005, the TF1 Group accounts are prepared in compliance with IFRS standards adopted by the European Union. Depending on local standards and tax regulations, reclassifications and adjustments are carried out by certain Group subsidiaries.

The consolidation tool deployed throughout the TF1 Group is a software package used by a large number of listed companies. The use of this consolidation tool allows for a rigorous analysis and control of the preparation of the accounts, which are therefore regulated by standard procedures.

The Central Accounts and Tax Department also has a monitoring and co-ordination role. It regularly distributes to Group accounting staff the rules and methods to be applied in preparing company and consolidated accounts.

4.4.2.3 Procedure for validating the accounts

The quarterly consolidated accounts are presented to the Chief Executive Officer by the Finance Department and then to the Chairman of the Board.

At December 31 of each year, the accounts of TF1 and all its subsidiaries are audited by the Statutory Auditors. Each quarter, the consolidated accounts and the accounts of the main subsidiaries are subject to a review.

Before presentation to the Board of Directors, the Audit Committee reviews the consolidated accounts and receives a presentation of the conclusions of the Statutory Auditors. Subsequently, the Group accounts are presented and approved by the Board of Directors.
In addition, the Audit Committee reviews the proposed announcement of the quarterly results prior to validation by the Board of Directors and release to the market.

4.4.2.4 Procedure for managing the publishing of financial information

Besides the Chairman of the Board and the Chief Executive Officer, only duly authorised persons may communicate financial information to the market. These are, in particular, the Vice President Finance and the staff of the Financial Communications and Investor Relations Department.

This department generates the activity summaries of TF1 and its subsidiaries for the Board of Directors. It distributes and communicates financial information on the TF1 Group and its strategy through, for example:

- Management reports of the Board of Directors,
- Reference documents, quarterly and half-yearly reports,
- Financial press releases,
- Presentations for financial analysts and investors.

These documents are drawn up according to a structured process which respects the obligations concerning financial information and using financial information coming from the Group's subsidiaries and departments. Before distribution, they are monitored and approved by Legal Affairs, Human Resources, Finance and, in some cases, by the Board of Directors.

Before being submitted to the AMF in compliance with general regulations, the reference document is monitored by the Statutory Auditors, who verify the consistency of financial information and the accounts with historic financial data and who also review the totality of the document.

Each subject to be communicated is accompanied by an explanation approved by Chief Executive Officer, updated regularly and acting as a support to relations with the various stakeholders in the market.
To guarantee investors equal access to information, the various communications products are also made available in English and distributed through the following channels:

- Information for an outside audience, once published, is put on line on the www.tf1finance.fr website. However, anyone wishing to receive this information by mail will receive it free of charge;
- All press releases are published in a national business daily, a national weekly and on a general-public financial website and on the AMF website. As of January 2007, TF1 complies with the so-called European "Transparency" directive covering new obligations on publishing financial information;
- Analyst meetings and General meetings are re-transmitted fully direct on the Internet or by telephone, with no access restrictions. A recording of these meetings is put on line on the group's website;
- Two people from the TF1 Group travel abroad where meetings are held to guarantee the correct information is delivered with strictly equal access. The documents presented at these meetings are immediately published on the www.tf1finance.fr website.

Conclusion and outlook

In the course of 2007, the TF1 Group has endeavoured to integrate the internal control benchmark published by the AMF into its own process analysis system. This effort will continue throughout the coming year, supported by the internal control process managed and led by Bouygues and bringing together the Group's main business lines.
In line with its principle of continuous improvement, 2008 should represent a new step for TF1 in streamlining its processes, notably by way of several projects and task forces that have been set up in the main organisation and in its subsidiaries.
These include strengthening the business control organisation and systems, as well as those dedicated to risk analysis and monitoring. Furthermore, the Group will make headway in implementing its project of introducing a new tool to optimise financial information.
This will be done in a spirit of maintaining a dynamic vision of internal control, based on the skills, the sense of responsibility and the involvement of all employees.

4.5 TF1 SA subsidiaries and holdings

Main acquisitions and disposals

Finalisation of the merger of the TPS activities with the pay television activities of VIVENDI UNIVERSAL

On January 4, 2007, TF1, M6 and Vivendi signed the final agreement on the merger of the Canal+ Group's pay television activities in France and TPS within Canal+ France, an entity controlled by Vivendi.
With this transaction, TF1 sold its 66% holding in TPS to Canal+ France and in return received 9.9% of the capital of Canal+ France.

Acquisition of holding in AB Group

Following the decision of the CSA of March 27, 2007, TF1 and the Berda family finalised the acquisition of a 33.5% holding in the capital of AB Group on April 2, 2007, for €230 million. AB Group owns a catalogue of French-language television programming rights of over 1,300 items and produces free television channels in France and pay television channels available over satellite, cable, Digital Terrestrial Television and ADSL.

Acquisition of a holding in ARONET

On May 4, 2007, TF1 acquired a 67.4% holding in the capital of ARONET for a total of €0.3 million. ARONET produces "Embauche.com" or "Embauche.fr", the first "low-cost" Internet site for job ads and job seekers, dedicated to non-managers.

Opening of the capital of TOP TICKET.S

TF1, ARTEMIS and RECRUIT TF1 hold 45%, 45% and 10% respectively of the capital of the company TOP TICKET.S, which they created to publish the free city magazine "Pilipili", which is already distributed in Grenoble and Rennes.

EUROPA: disposal of TF1's holding (29%)

TF1 disposed of its 29% holding in Europa TV for €32.6 million. Europa TV produces the channels “Sport Italia” and “SI Live 24”.

Exit from the capital of PINK TV
For the sum of €0.1 million, TF1 has disposed of its 11.4% holding in the capital of PINK TV.

Other commitments

Creation of the FONDATION D'ENTREPRISE TF1
TF1 has created a company foundation to help young people from so-called sensitive neighbourhoods who, without material support, are hindered in their efforts to succeed in their chosen profession in the audiovisual arena. It also aims to help adults aged between 18 and 35 in their professional projects linked to the audiovisual sector.

The administrative authorisation for TF1 to create the foundation was given on June 5, 2007 and published in the official journal on June 16, 2007.

The annual financial resources of the foundation of €0.7 million come from the membership fees of TF1 and TF1 Publicité and are committed for five years.

Creation of an economic interest grouping called “TF1 – Acquisitions de droits”
On July 1, 2007, TF1 formed a capital-free economic interest grouping with its subsidiaries TV Briezh, Histoire, Odyssée, Ushuaia TV and TFOU to profit from greater flexibility in acquiring broadcasting rights.

5

Capital (Article 6 of the Articles of Incorporation) at December 31, 2007

	Operation	Issue price per share		Number of shares		Total share capital
		Nominal	Premium	Issued	Total	after operation
24/07/87	Privatisation of TF1	FRF 10	0	0	21,000,000	FRF 210,000,000
29/10/99	Increase of employee capital	FRF 10	FRF 969.21	118,316	21,118,316	FRF 211,183,160

	Operation	Nominal value per share		Number of shares		Total share capital
		Nominal	Increase	Issued	Total	after operation
01/01/00	**Conversion of capital to Euro**					
	a) Capital increase	FRF 10	FRF 3.11914	0	21,118,316	FRF 277,054,144.17
	b) Conversion	€ 2	0	0	21,118,316	€ 42,236,632
20/06/00	Division of nominal value	€ 0.2	0	0	211,183,160	€ 42,236,632

	Operation	Issue price per share		Number of shares		Total share capital
		Nominal	Premium	Issued	Total	after operation
20/12/01	Increase of employee capital	€ 0.2	€ 23.21	812,919	211,996,079	€ 42,399,216
From 01/01/02 to 30/06/02	Exercise of share options in plan n°2	€ 0.2	€ 7.77	1,249,000	213,505,079	€ 42,701,016
certified on 04/09/02	Exercise of share options in plan n°3	€ 0.2	€ 9.82	260,000		
From 01/07/02 to 31/12/02	Exercise of share options in plan n°2	€ 0.2	€ 7.77	275,500	214,050,579	€ 42,810,116
certified on 24/02/03	Exercise of share options in plan n°3	€ 0.2	€ 9.82	270,000		
From 01/01/03 to 31/12/03	Exercise of share options in plan n°2	€ 0.2	€ 7.77	242,070	215,154,149	€ 43,030,830
certified on 23/02/04	Exercise of share options in plan n°3	€ 0.2	€ 9.82	861,500		
From 01/01/04 to 30/11/04	Exercise of share options in plan n°2	€ 0.2	€ 7.77	263,430	215,573,679	€ 43,114,736
certified on 30/11/04	Exercise of share options in plan n°3	€ 0.2	€ 9.82	156,100		

	Operation	Amount of capital change		Number of shares		Total share capital
		Nominal	Premium	Cancelled	Total	after operation
30/11/04	Cancellation of treasury shares	€ 0.2		313,950	214,759,729	€ 42,951,946
	Cancellation of shares bought by the company	€ 0.2		500,000		
15/02/05	Cancellation of shares bought by the company	€ 0.2		700,000	214,059,729	€ 42,811,946

	Operation	Issue price per share		Number of shares		Total share capital
		Nominal	Premium	Issued	Total	after operation
From 16/02/05 to 27/05/05	Exercise of share options in plan n°2	€ 0.2	€ 7.77	30,000	214,722,129	€ 42,944,426
certified on 27/05/05	Exercise of share options in plan n°3	€ 0.2	€ 9.82	632,400		

	Operation	Amount of capital change		Number of shares		Total share capital
		Nominal	Premium	Cancelled	Total	after operation
27/05/05	Cancellation of shares bought by the company	€ 0.2		670,000	214,052,129	€ 42,810,426

	Operation	Issue price per share		Number of shares		Total share capital
		Nominal	Premium	Issued	Total	after operation
From 22/02/06 to 19/05/06	Exercise of share options in plan n°4	€ 0.2	€ 23.07	382,000	214,449,129	€ 42,889,826
certified on 22/05/06	Exercise of share options in plan n°7	€ 0.2	€ 20.00	15,000		

	Operation	Amount of capital change		Number of shares		Total share capital
		Nominal	Prime	Cancelled	Total	after operation
22/05/06	Cancellation of shares bought by the company	€ 0.2		200,000	214,249,129	€ 42,849,826

	Operation	Issue price per share		Number of shares		Total share capital
		Nominal	Premium	Issued	Total	after operation
From 05/07/06 to 20/09/06 certified on 21/11/06	Exercise of share options in plan n°4	€ 0.2	€ 23.07	1,731,000	215,980,129	€ 43,196,026

	Operation	Amount of capital change		Number of shares		Total share capital
		Nominal	Premium	Cancelled	Total	after operation
21/11/06	Cancellation of shares bought by the company	€ 0.2		1,928,000	214,052,129	€ 42,810,426

	Operation	Issue price per share		Number of shares		Total share capital
		Nominal	Premium	Issued	Total	after operation
From 22/11/06 to 31/12/06	Exercise of share options in plan n°7	€ 0.2	€ 20.00	70,000	214,122,129	€ 42,824,426

	Operation	Amount of capital change		Number of shares		Total share capital
		Nominal	Premium	Cancelled	Total	after operation
20/02/07	Cancellation of shares owned by the company	€ 0.2		251,537	213,870,592	€ 42,774,118

	Operation	Issue price per share		Number of shares		Total share capital
		Nominal	Premium	Issued	Total	after operation
From 24/01/07 to 16/07/07	Exercise of share options in plan n°7	€ 0.2	€ 20.00 € 21.06	339,900 100,000	214,310,492	€ 42,862,098

	Operation	Amount of capital change		Number of shares		Total share capital
		Nominal	Premium	Cancelled	Total	after operation
12/11/07	Cancellation of shares owned by the company	€ 0.2		900,000	213,410,492	€ 42,682,098

The shares issued represent 100% of the existing capital and voting rights.

There is no founder share, nor beneficiary share, nor convertible or exchangeable bond, nor voting right certificate, nor double voting right.

No clause in the Articles of Incorporation limits the free negotiability of shares making up the capital.

The company is authorised to make use of legal provisions for identification of holders of shares, granting the right to vote in its own shareholder meetings immediately or at a later date. To know the geographical location of holders of its capital, TF1 periodically reviews its registered and bearer shareholder base, identified through Euroclear.

AUTHORISATIONS FOR FINANCIAL OPERATIONS SUBMITTED TO THE COMBINED GENERAL MEETING OF APRIL 17, 2008.

The table below shows the financial transactions which the company can carry out subsequent to the Combined General Meeting of April 17, 2008 providing that meeting gives it the necessary authorisations and delegations. This table shows the use which has already been made during the year of the authorisations previously granted and having the same purpose.

The maximum nominal amount of immediate and/or deferred capital increases that can be made by virtue of authorisations granted is fixed at €120 million.

The maximum nominal amount of debt securities that may be issued by virtue of authorisations granted is fixed at €1,200 million.

Authorised operations concerning the capital of TF1

	Maximum nominal amount of capital increases	Maximum nominal amount of debt securities	Validity of authorisation	Time remaining (2)	General Meeting	Resolution No.
Securities entitling the holder to debt securities (delegation of powers)	-	€1,200 M	26 months	14 months	CGM 17/04/2007	25
Shares or securities with maintained PSR (3) (delegation of powers)	€120 M	€1,200 M	26 months	14 months	CGM 17/04/2007	18
Shares or securities with elimination of PSR (3) (delegation of powers)	€120 M (1) (5)	€1,200 M (1)	26 months	14 months	CGM 17/04/2007	20
Shares to be issued through attribution of free shares shares following incorporation of any sum whose capitalisation is possible (delegation of powers)	€1,000 M	-	26 months	14 months	CGM 17/04/2007	19
Shares and securities remunerating shares tendered (delegation of powers)	(1) (4)	-	26 months	14 months	CGM 17/04/2007	23
Shares and securities remunerating shares tendered in share exchange offers (delegation of powers)	€120 M (1)	-	26 months	14 months	CGM 17/04/2007	24
Share subscription bonds in a period of public offer for company shares (delegation of powers)	€100 M	-	18 months	18 months	CGM 17/04/2008	14
Shares reserved for employees participating in a company savings scheme, with elimination of PSR (3) (delegation of powers)	(4)	-	26 months	14 months	CGM 17/04/2007	26
Shares to be issued for attribution of free shares, without PSR (3) (delegation of powers)	(4)	-	38 months	38 months	CGM 17/04/2008	15
Shares to be issued for options to subscribe to shares, without PSR (3) (delegation of powers)	(4)	-	26 months	14 months	CGM 17/04/2007	29
Purchase of shares reserved for employees participating in a company savings scheme	-	-	-	unlimited	OGM 12/06/1992	11
Share buy-back programme	(4)	-	1 year	1 year	CGM 17/04/2008	12
Capital reduction through cancellation of buy-back shares	(4)	-	18 months	18 months	CGM 17/04/2008	13

(1) It is specified that:
– the total nominal amount of capital increases authorised (Resolutions 18, 20, 23 and 24 of 2007 CGM) may not exceed €120 million, even if the Board of Directors decides to increase the number of shares to be issued (Resolution 21 of 2007 CGM – to a maximum equal to 15 % of the initial issue, during a period of 30 days following the close of subscriptions)
– the total nominal amount of securities (Resolutions 18 and 20 of 2007 CGM) may not exceed €1,200 million
(2) As of the vote of the CGM of April 17, 2008
(3) PSR: Preferential Subscription Rights
(4) Not exceeding an aggregate limit of 10% of the capital
(5) The Board of Directors is authorised (Resolution 22 of 2007 CGM), for a period of 26 months from the CGM of April 17, 2007, to waive – to a maximum equal to 10% of the share capital - the conditions laid down in Resolution 20 of 2007 CGM for setting the issue price for shares [and / or securities] for public offerings, without preferential subscription rights, in accordance with two possible methods

The Board of Directors is authorised (Resolution 16 of 2008 CGM), for a period of 18 months from the CGM of April 17, 2008, to use delegations and authorisations granted, and in conformity with legal and regulatory provisions in force at the time, for the purpose of increasing by all legal means the share capital during a period of a public offering for the company's shares, within the limits laid down in Resolutions 18, 19, 20, 21 22, 23, 24 et 26 of April 17, 2007 CGM.

In the course of 2007:

- the company bought back 900,000 of its own shares for €18.7 million; these shares were cancelled;
- the company did not use previous authorisations to issue securities through public offerings.

DIRECTORS' REPORT

In compliance with the authorisation granted by the shareholders at the Combined General Meeting of April 23, 2002 (Resolution 9 of the ordinary part of the meeting) and by decision of the Board meeting of September 8, 2003, TF1 issued, on November 12, 2003 on the international market, bonds with a nominal amount of €500 million represented by 500,000 bonds in the denomination of €1,000 each, with the following conditions:

Amount:	€500 million
Settlement date:	November 12, 2003
Date from which interest runs:	November 12, 2003
Maturity:	November 12, 2010
Issue price:	99.381% of the total nominal amount
Coupon:	4.375% per annum, payable in arrears on 12 November of each year with the first payment on November 12, 2004
Normal redemption	At par in full at maturity
Early redemption	Except in case of change of tax regime applicable to bonds, TF1 refrains during the whole term from making early reimbursement of bonds. TF1 reserves the right to proceed to purchase bonds on or off the market. Bonds bought in this way will be cancelled.
Nature and form of bonds	In bearer and registered form. The bonds – issued under French legislation – will be accepted through Euroclear France, Clearstream Luxembourg and Euroclear.
Rank of debt	The bonds constitute direct, unconditional, unsubordinated and unsecured obligations of TF1 and rank and will rank equally and rateably both among themselves and (subject to such exceptions as are from time to time mandatory under French law) with all other present and future unsecured and unsubordinated obligations of TF1.

5.1 Share amount / category

There are no investment certificates, preference shares or shares with double voting rights ouble.

5.2 Purchase on the stock market

The General Meetings of April 17, 2007 and prior years authorised the Board of Directors to buy shares in the company within a limit of 10% of the number of shares making up the company capital on the date of exercise of the share buy-back programme. These authorisations permit the Board of Directors to buy shares in the company to cancel them.
By virtue of these authorisations, between August 1 and 7, 2007, TF1 purchased 900,000 shares for an average unit price of €20.81 per share, representing a total amount of €18.7 million. All of these shares were cancelled. As of November 12, 2007, the capital of TF1 stands at €42,682,098.40.

5.3 Share management

TF1, as issuing company, manages its own securities department and financial department.

5.4 Shareholders

To the best knowledge of the Board of Directors, the Company's share ownership broke down as follows:

	Situation at 31 December 2007			Situation at 31 december 2006			Situation at 31 december 2005		
	Number of shares	% of capital	% voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Bouygues	91,806,565	43.0 %	43.0 %	91,797,585	42.9 %	42.9 %	91,797,585	42.9 %	42.9 %
Société Générale	0	0.0 %	0.0 %	0	0.0 %	0.0 %	2,040,000	1.0 %	1.0 %
Total core shareholders (1)	**91,806,565**	**43.0 %**	**43.0 %**	**91,797,585**	**42.9 %**	**42.9 %**	**93,837,585**	**43.8 %**	**43.8 %**
Others France (2) (3)	51,062,880	23.9 %	23.9 %	58,065,839	27.1 %	27.1 %	62,061,577	29.0 %	29.0 %
of which employees (4)	*7,645,335*	*3.6 %*	*3.6 %*	*7,275,885*	*3.4 %*	*3.4 %*	*7,704,501*	*3.6 %*	*3.6 %*
Treasury shares	0	0.0 %	0.0 %	251,537	0.1 %	0.1 %	251,537	0.1 %	0.1 %
Europe (ex France) (3)	35,506,507	16.6 %	16.6 %	37,318,765	17.4 %	17.4 %	37,735,904	17.6 %	17.6 %
Others (3)	35,034,540	16.4 %	16.4 %	26,688,403	12.5 %	12.5 %	20,165,526	9.4 %	9.4 %
Total	**213,410,492**	**100.0 %**	**100.0 %**	**214,122,129**	**100.0 %**	**100.0 %**	**214,052,129**	**100.0 %**	**100.0 %**

(1) Core as declared to Euronext on February 23, 1994
(2) Including non-identified holders
(3) Estimations by Euroclear
(4) Mainly employees profit sharing plan

The number of shareholders is estimated at more than 100,000.

There is no double voting right.

To the best knowledge of the company, there are no TF1 shares pledged and TF1 has pledged none of its subsidiaries' shares.

The 251,537 treasury shares were purchased in the framework of a share buy-back programme described in the note stamped with visa No. 01-436 by the Commission des Opérations de Bourse (Stock Exchange Commission) on April 24, 2001. This operation related to the capital increase reserved for Group employees carried out by TF1 in December 2001. These shares were purchased on December 20, 2001 at a price of €29.26 to compensate for the dilution effect (in voting rights) resulting from this capital increase reserved for employees.
The Board meeting of February 20, 2007 cancelled these 251,537 treasury shares. As of that date, the company no longer holds any of its own shares.

Operations relative to TF1 shares carried out by corporate officers or the persons mentioned in Article L. 621-18-2 of the « Code Monétaire et Financier » during 2007 (Art. 223-26 of the AMF general regulations)

	Patrick LE LAY	Claude COHEN	Jean-Pierre PERNAUT
Function	Chairman of the Board	Director	Director
Financial instrument	TF1 shares	TF1 shares	TF1 shares
Nature of the operation	Disposal	Subscription (options exercised)	Disposal
Date of the operation	09/10/2007	01/06/2007	25/05/2007
Number of shares	10,000	100,000	5,000
Unit price	€21.30	€21.26	€26.41
Value of the operation	€213,000	€2,126,000	€132,050
Nature of the operation		Disposal	
Date of the operation		01/06/2007	
Number of shares		100,000	
Price of the operation		€26.50	
Value of the operation		€2,650,000	

Crossing the statutory threshold:
Few threshold crossings above 2% were declared in 2007. These were limited to declarations of crossing the threshold by Harris Associate L.P. which successively crossed the thresholds of 2%, 3%, 4% and 5%. As of August 2, 2007, Harris Associate L.P. declared that it held 5.84% of the TF1 capital.

To the best knowledge of the company, there are no shareholders other than Bouygues and Harris Associate L.P. holding over 5% of TF1's capital or voting rights.

Concerted Actions
At the beginning of 2006, Société Générale sold the 1.0% it held in TF1 at December 31, 2005 on the open market. The effect of this disposal was to put an end to the agreement of February 19, 1987 between the Société Générale group and Bouygues and, in consequence, to the concerted action (declared to Euronext on February 23, 1994 – Euronext note No. 94-600) between Bouygues and the Société Générale group relative to TF1.

Shareholders' agreement

France 24 (ex CFII) agreement
TF1 and France Télévisions have signed a shareholders' agreement for the purpose of governing their relations in the company France 24.

Shareholders' agreement between Vivendi, TF1 and M6
According to the shareholders' agreement signed on January 4, 2007, TF1 and M6 have a right of joint exit in case of the disposal of exclusive control of Canal+ France by Vivendi/Canal+ Group and the right to dispose of their shares in priority on the market in case of a stock market introduction of Canal+ France. TF1 and M6 are not represented on the Supervisory Board of Canal+ France and have no right whatsoever concerning the management of the company.

AB Group
In accordance with the terms of the contract protocol, TF1 has the right to designate one third of the members of the Board of Directors of AB Group companies.
The shares of AB Group cannot be disposed of until April 2, 2009. Also, TF1 has a right of veto on all disposals of assets in the scope of holdings of the AB Group that it might sell. Beyond that date, TF1 has a pre-emption right over all assets disposed of.
After April 2, 2009, and should the Berda family plan to dispose of shares of AB Group, TF1 has the right of first refusal and, subsequently, a right of joint disposal.
Should the Berda family plan to sell shares of AB Group to certain competitors, TF1 also has the right to acquire the Group AB holding in Tele Monte Carlo SA (TMC).

5.5 Share subscription and share purchase plans and allocation of free shares (situation at 31/12/2007)

Historical information on share subscription and share purchase plans

	PLAN N° 5	PLAN N° 6	PLAN N° 7	PLAN N° 8
Date of AGM	18.04.2000	18.04.2000	23.04.2002	23.04.2002
Date of Board Meeting	06.12.2000	11.12.2001	24.02.2003	31.08.2004
Date of Grant	06.12.2000	11.12.2001	12.03.2003	16.09.2004
Type of plan	Subscription	Subscription	Subscription	Subscription
Total no. of shares available for subscription or for purchase	840,000	2,071,300	2,300,500	1,008,000
- by corporate officers	-	550,000	550,000	0
- by the ten principal staff	100,000	370,000	390,000	100,000
Option exercisable as from	06.12.2003	11/12/2004	12/03/2006	16.09.2007
Maturity date	06.12.2007	11/12/2008	12/03/2010	16.09.2011
Purchase or subscription price	€53.04	€27.80	€20.20	€23.46
Terms of exercice	Exercice after 3 years Sales after 4 years	Exercice after 3 years Sales after 4 years	Exercice after 3 years Sales after 4 years	Exercice after 3 years Sales after 4 years
No of shares subscribed at 31/12/07	0	0	524,900	0
Share subscription or purchase options that have been cancelled	840,000	209,000	60,000	66,000
Remaining share subscription or purchase options	0	1,862,300	1,715,600	942,000

Earlier matured plans: Plan N°1 lapsed on October 10, 2002; Plan N°2 lapsed on April 8, 2004; Plan N°3 lapsed on March 18, 2005; Plan N°4 lapsed on September 20, 2006

Free allocation of TF1 shares

Date of General Meeting	April 12, 2005	
Date of Board Meeting	February 21, 2006	
Date of allocation	March 8, 2006	
Type of shares	existing shares	
Number of shares allocated	minimum:191,025	maximum: 445,725
- of which to corporate officers	minimum: 82,500	maximum: 192,500
- of which to the 10 employees receiving the largest number of shares	minimum: 52,875	maximum:123,375
Acquisition period	from March 8, 2006 to March 31, 2008	
Retention period	from April 1, 2008 to March 31, 2010	
Date of disposal	as of April 1, 2010	
Fair value of probable number of shares allocated, according to original estimate	€7.5 million	
Presence criteria	a minimum of 191,025 shares allocated on condition that the beneficiaries are present in the company at March 31, 2008	
Performance criteria	254,700 additional shares allocated depending on performance as measured by 2007 consolidated net income and the relative performance of the TF1 share compared with the SBF 120 index – these two criteria being independent of each other	
Number of shares acquired at 31/12/2007	minimum: 0	maximum:0
Number of allocated shares cancelled	minimum:14,625	maximum: 34,125
Number of shares being acquired	minimum: 176,400	maximum: 411,600

The options for the subscription of shares and the free attribution of shares described above are currently the only instruments issued by TF1 having a potentially dilutive effect. Only the plan covering the allocation of free shares and the plans for subscription of shares whose price is lower than the average TF1 share price during the fiscal year (Plan No. 7 – see note 27 to the consolidated accounts) were effectively dilutive at December 31, 2007.
The potential dilutive impact on income is mentioned in the consolidated income statement. It is calculated from the net dilution, that is, the number of additional shares resulting from the exercise of the dilutive instruments, minus the number of shares issued at the average market price, based on the cash collected on issuing these instruments.
If all the options granted were to be exercised and if all allocated shares were to be acquired, the share capital of TF1 would increase by 4,931,500 shares to comprise 218,341,332 shares after this gross dilution.

If only the plans covering options to subscribe to effectively dilutive shares (Plan No. 7) were to be exercised and if the totality of allocated free shares were to be acquired, the share capital of TF1 would increase by 2,127,200 shares to comprise 215,537,692 shares after this gross dilution.
There is no other form of potential capital.

Information on share subscriptions or share purchase options				
Share subscription or share purchase options granted to corporate officers (excluding employee representatives) and options exercised	No. of options granted or shares subscribed or bought	Price	Terms of exercise	PLAN N°
Options granted during the year to each corporate officer by the company or by any group company	0	-	-	-
Options exercised during the year by each corporate officer	-	-	-	-
- LE LAY Patrick	0	-	-	-
- COHEN Claude	100,000	€21.26	12.03.2010	7
- PAOLINI Nonce	0	-	-	-

Share subscription or share purchase options granted to the 10 employees who received the largest number of options (excluding corporate officers who are not employee representatives) and options exercised	No. of options granted or shares subscribed or bought	Price	PLAN N°
Options granted during the year to the 10 employees who received the largest number of options	0	-	-
Options exercised during the year by the 10 employees who received the largest number of options	182,500	€20.2	7

5.6 Gross compensation for corporate officers

Description of the procedures to set the compensation of TF1 corporate officers: after the opinion of the Compensation Committee, which takes into account the recommendations of the AFEP/MEDEF of January 9, 2007, on compensation of corporate officers of listed companies, the Board of Directors defines the criteria for attribution of the variable portion and fixes the compensation of TF1 corporate officers.

Gross compensation of corporate officers

		Year	Compensation		Variable compensation		Variable/Fixed compensation		Fixed Benefits in kinds		Board of Directors' fees	
			Due	Paid	Due	Paid	Due	Paid	Due	Paid	Due	Paid
LE LAY Patrick (1)	Chairman and CEO then Chairman of Board since 22.05.07	2007	€920,000	€920,000	€920,000	€1,380,000	100.00%	150.00%	€3,792	€3,792	€95,250	95 250 €
		2006	€920,000	€920,000	€1,380,000	€1,216,000	150.00%	132.17%	€4,140	€4,140	€93,300	93 300 €
PAOLINI Nonce	CEO since 22.05.07	2007	€379,167	€379,167	€96,515	-	25.45%	0.00 %	€3,358	€3,358	€12,747	12 747 €
MOUGEOTTE Etienne (2)	Vice Chairman until 10.07.07	2007	€1,299,691	€1,299,691	€700,000	€700,000	53.86%	53.86%	€77,172	€77,172	€11,300	11 300 €
		2006	€954,239	€954,239	€700,000	€700,000	73.36%	73.36%	€51,816	€51,816	€21,300	21 300 €
COHEN Claude	Chairman of TF1 Publicité	2007	€650,000	€650,000	€450,000	€450,000	69.23%	69.23%	€3,252	€3,252	€18,000	18 000 €
		2006	€650,000	€650,000	€450,000	€450,000	69.23%	69.23%	€3,252	€3,252	€16,500	16 500 €

(1) 100% of remuneration (in line with the AMF recommendation). In 2007, the amount reinvoiced by Bouygues SA to TF1 was €2,380,167 (€1,998,000 in 2006)
(2) of which TF1 Films Production paid €83,239 in 2006 (no payment in 2007)
and LCI paid €83,239 in 2007 (no payment in 2006)

Patrick LE LAY

Gross fixed compensation for Patrick Le Lay remained unchanged.
Gross variable compensation for Patrick Le Lay for 2007 was a function of the following quantitative criteria of business performance: audience level, advertising revenue level, achievement of commitments made, etc.)
Depending on their nature, these bonuses are weighted and capped individually, in the knowledge that
the aggregate variable part corresponding to these accumulated bonuses is capped at 150% of the fixed salary.

Additional pension

Under a contract governed by the Code des Assurances, Bouygues offers the members of its Executive Management Committee an additional pension of 0.92% of the reference salary for each year of service in the scheme. Patrick LE LAY is a member of that Committee.
No other benefit or commitment has been made by the company or its subsidiaries to Patrick LE LAY with regard to his retirement.

Nonce PAOLINI

Gross fixed compensation paid by TF1 to Nonce Paolini since May 22, 2007 amounted to €379,167.
Gross variable compensation for Nonce Paolini for 2007 was a function of the following criteria:

- Growth of TF1 consolidated operating income, a measure of short-term performance,
- Consolidated net profit attributable to the TF1 Group, a measure of global performance,
- TF1 consolidated free cash flow before working capital needs,
- The measure of growth potential in new activities and the return to shareholders.

Additional pension

Under a contract governed by the Code des Assurances, Bouygues offers members of its Executive Management Committee a complementary pension of 0.92% of the reference salary for each year of service in the scheme. Nonce Paolini is a member of that committee.

No other benefit or commitment has been made by the company or its subsidiaries to Nonce Paolini with regard to his retirement.

Etienne MOUGEOTTE

Gross fixed compensation for Etienne Mougeotte for 2007 included retirement benefits and paid leave.

Gross variable compensation for Etienne Mougeotte for the year 2007 was based on the following criteria as in the previous year:

- quantitative business performance (audience level, advertising revenue level, achievement of commitments made, etc.);
- qualitative (quality of management, human resource management, personal contribution to the TF1 Group's growth, contribution to the added value of the enterprise, etc.).

This variable part is capped at 54% of fixed salary.

Additional pension

As Director, Etienne MOUGEOTTE benefits under his employment contract from the additional pension scheme applicable under TF1's collective agreement, so that on his retirement he is eligible to receive the benefits provided under the agreement.

The Board of Directors accrued the sum of €1.5 million for the benefit of Etienne Mougeotte, of which he will receive 10% per year for the 10 years following his retirement. This allocation is subject to the procedure applying to regulated agreements.

Claude COHEN

Gross fixed compensation for Claude Cohen was raised to €650,000 per year in 2007

Gross variable compensation for Claude Cohen for the year 2007 was based on the following criteria as in the previous year:

- quantitative business performance (audience level, advertising revenue level, achievement of commitments made, etc.)
- qualitative (quality of management, human resource management, personal contribution to the TF1 Group's growth, contribution to the added value of the enterprise, etc.)

This variable part is capped at 70% of fixed salary.

Additional pension

As Director, Claude COHEN benefits under her employment contract from the additional pension scheme applicable under TF1's collective agreement, so that on her retirement she is eligible to receive the benefits provided under the agreement.

No other allowance or commitment has been made by the Company or its subsidiaries to Claude COHEN by reference to her retirement.

Directors' fees

In 2007, the total amount of Directors' fees of €350,000 was not utilised, fees of € 314,656.25 only being paid, as follows:

BARBIZET Patricia	€27,625.00
BOUYGUES Martin	€23,250.00
BOUYGUES Olivier	€14,531.25
COHEN Claude	€18,000.00
LE LAY Patrick (1)	€139,642.00
MONTAGNER Philippe	€12,383.93
PAOLINI Nonce (2)	€24,943.32
PERNAUT Jean-Pierre (employee representative)	€16,843.75
PETTON Céline (employee representative)	€18,000.00
POUPART LAFARGE Olivier	€32,000.00
POUYAT Alain	€19,350.00
SABAN Haïm	€13,375.00

(1) incl. €72,000 paid by TF1 for the specific office of Chairman, €24,392 paid by BOUYGUES and €20,000 paid by COLAS SA.
(2) incl. €12,196 paid by Bouygues Telecom

Martin Bouygues is also Director, Chairman and Chief Executive Officer of the listed company, Bouygues SA.

Olivier Bouygues is also permanent representative of SCDM, Director of Bouygues SA and Joint Chief Executive Officer of the listed company, Bouygues SA.

Patrick LE LAY is also Director of the listed companies, Bouygues SA and COLAS SA.

Philippe Montagner is also Chief Executive Officer for Telecommunications of the listed company, Bouygues SA.

Olivier Poupart Lafarge is also Director and Joint Chief Executive Officer of the listed company, Bouygues SA.

Alain Pouyat is also Director and Chief Executive Officer of Information Systems and New Technology of the listed company, Bouygues SA.

Bouygues has reported all sums paid to the six people mentioned above in its reference document.

Directors' fees for employee representative Directors were paid to the CFTC (€16,843.75) and FO (€18,000), both trade unions.

5.7 The share

The TF1 share is quoted on Eurolist of Euronext, A compartment - ISIN code: FR000005490. There is currently no request for it to be admitted to any other stock exchange.

At December 31, 2007, the TF1 share was included in the following stock market indices: CACnext20, SBF 120 and FTSE Eurotop 300. The TF1 share is also included in the following sustainable development indices: DJSI STOXX, FTSE4Good Europe and ASPI Eurozone.

In January 2007, S&P downgraded the TF1 rating to A- / A-2, outlook stable.

Dividends are available to shareholders from their date of payment, either at TF1 for registered shares or at financial institutions for managed registered shares and bearer shares. Dividends that are not claimed within five years are remitted to the Government.

Dividends and yield

Year	Dividend paid (1) (€)			Share price (1) (€) (closing price)			Yield (based on closing price)
	Net	Tax	Total	High	Low	Close	
1997	0.24	0.12	0.36	9.4	7.4	9.4	3.9 %
1998	0.34	0.17	0.51	17.1	9.4	15.2	3.3 %
1999	0.46	0.23	0.69	54.9	14.8	52.0	1.3 %
2000	0.65	0.325	0.975	94.2	45.9	57.5	1.7 %
2001	0.65	0.325	0.975	63.1	19.1	28.4	3.4 %
2002	0.65	0.325	0.975	36.9	19.6	25.5	3.8 %
2003	0.65	0.325	0.975	29.8	18.6	27.7	3.5 %
2004	0.65	-	0.65	31.1	21.3	23.95	2.7 %
2005	0.65	-	0.65	26.1	20.5	23.44	2.8 %
2006	0.85	-	0.85	29.1	23.3	28.11	3.0 %
2007	0.85(2)	-	0.85	28.5	17.5	18.30	4.6 %

(1) Adjusted for 10 for1 split.
(2) Submitted for approval at the General Meeting.

Share price movement and volumes traded

At December 31, 2007, the TF1 share closed at €18.3, a decline of 35.4% over the year compared to a rise of 1.54% of the CAC 40 index, of 0.47% of the SBF 120 index and a drop of 6.12% of the CAC NEXT 20 index.

Between January 1 and December 31, 2007, daily exchanges of TF1 shares amounted to an average of 1.5 million, an 54.6% increase compared to volumes traded in 2006. On August 1, more than 11.8 million shares changed hands, the highest volume traded throughout the year.

On December 31, 2007, the market capitalisation of the TF1 Group was €3.9 billion. This represents a PER (price earnings ratio) calculated on the basis of 2007 published net income (€228.7 M) of 17.3 compared to a PER of 30.3 at December 31, 2006.
The movement in TF1's share price and trading volumes over the last three years and in the current year has been as follows:

Year	Month	High (1)	Low (1)	Close	Number of shares traded (2)	Market (3) capitalisation (€m) (3)
		€	€	€		
2004	January	31.4	27.5	29.0	28,489,074	6,239.5
	February	29.5	27.4	27.7	26,108,348	5,959.6
	March	28.6	24.5	25.8	27,522,667	5,559.6
	April	27.8	25.5	25.8	34,864,258	5,546.4
	May	26.7	23.8	25.4	24,092,844	5,471.9
	June	26.7	24.8	25.9	23,261,329	5,577.6
	July	26.3	23.0	23.7	21,711,933	5,104.4
	August	23.8	21.1	23.1	22,966,019	4,975.2
	September	25.2	22.4	22.8	28,604,328	4,921.3
	October	24.3	22.2	23.6	26,326,170	5,083.2
	November	24.8	23.2	24.0	24,121,214	5,163.0
	December	24.1	22.8	23.9	24,372,189	5,143.5
2005	January	25.6	23.9	24.6	22,718,500	5,293.8
	February	26.1	24.2	24.5	23,749,674	5,248.6
	March	25.3	23.9	24.4	17,955,057	5,222.9
	April	24.6	21.4	21.9	32,457,198	4,687.7
	May	22.7	21.3	22.0	24,366,144	4,711.3
	June	22.9	21.5	22.0	24,254,582	4,704.9
	July	23.5	21.1	23.0	26,359,466	4,927.5
	August	23.2	21.3	21.8	17,686,990	4,662.1
	September	22.1	21.4	22.1	25,913,716	4,724.1
	October	22.8	20.5	21.4	23,589,013	4,580.7
	November	21.9	20.8	21.3	20,492,835	4,563.6
	December	24.3	21.2	23.4	43,245,715	5,017.4
2006	January	26.6	23.2	26.1	33,088,384	5,582.5
	February	27.8	24.2	25.3	27,557,444	5,411.2
	March	26.5	24.9	25.0	22,569,684	5,351.3
	April	26.8	24.1	26.3	20,838,349	5,629.6
	May	27.1	24.7	25.8	31,547,069	5,520.4
	June	26.3	23.9	25.5	18,022,954	5,458.3
	July	26.2	24.3	24.9	19,585,520	5,340.6
	August	26.1	24.4	25.0	16,297,638	5,344.9
	September	25.7	24.1	25.2	18,802,734	5,392.0
	October	27.2	24.9	26.6	24,205,681	5,698.1
	November	28.6	26.4	27.9	17,336,124	5,980.6
	December	29.2	27.6	28.1	17,345,711	6,019.0
2007	January	28.6	25.9	26.0	24,322,641	5,567.2
	February	27.0	24.6	25.4	40,876,799	5,432.3
	March	26.0	24.1	25.1	29,942,991	5,368.2
	April	26.3	24.4	25.3	27,198,680	5,410.9
	May	27.2	24.2	26.4	36,505,319	5,646.2
	June	27.2	25.1	25.7	33,113,504	5,507.0
	July	26.2	24.1	24.7	22,184,538	5,292.7
	August	22.2	19.5	21.4	59,150,231	4,585.6
	September	21.7	18.7	18.8	30,724,167	4,028.4
	October	22.6	18.5	19.1	52,025,746	4,092.7
	November	19.3	17.4	18.9	40,912,297	4,033.5
	December	19.5	17.9	18.3	17,972,877	3,905.4

Source : Euronext Paris SA
(1) Highs and lows are those recorded at stock market sessions.
(2) Trading volumes represent transactions recorded both on and off the central CAC system.
(3) Based on the last closing price of each month multiplied by the number of shares at the end of the month.

6

Resolutions

Your Statutory Auditors will provide you with their reports on the accounts for the year 2007 and on the agreements relative to Article L. 225-38 of the Code of Commerce.

In the resolutions that are submitted to you, we propose that you:

- approve the company accounts and consolidated accounts for 2007, the appropriation and distribution of earnings and the agreements and operations stipulated in Article L. 225-38 of the Code of Commerce, as mentioned in the special report of the Statutory Auditors,
- discharge the Directors,
- ratify the appointment of Nonce Paolini as Director by the Board of Directors at their meeting of May 22, 2007,
- ratify the appointment of the SOCIETE FRANCAISE DE PARTICIPATION ET DE GESTION – SFPG, represented by Philippe Montagner, as Director by the Board of Directors at their meeting of July 31, 2007,
- ratify the appointment of the company Bouygues, represented by Philippe Marien, as Director by the Board of Directors at their meeting of February 20, 2008,
- renew for two years the term of office of Director Alain Pouyat, which expires at the end of the present meeting,
- take note of the election of Directors representing employees,
- nominate KPMG SA as Statutory Auditors to replace Salustro Reydel,
- nominate Bertrand Vialatte as Alternate Auditor for six financial years to replace Michel Savioz,
- authorise implementation of a share buy-back programme allowing your company to buy its own shares on the stock market. The purpose of the buy-back programme is either appropriation to employees or their cancellation, subject to adoption of the 13th resolution (extraordinary part) to buy back a number of shares corresponding to those to be issued in the framework of share option plans or one or several capital increases reserved for employees. Such a purchase would be limited to 10% of the capital. The maximum purchase price per share would be set at €35 and the minimum sale price per share would be €13.

You are kindly requested to cast your vote on the resolutions proposed.

The Board of Directors

CONSOLIDATED BALANCE SHEET

ASSETS (€m)	Note	**Dec. 31, 2007**	**Dec. 31, 2006**
Intangible assets		209.7	158.3
Audiovisual rights	*7-1*	*179.8*	*127.8*
Other intangible assets	*7-2*	*29.9*	*30.5*
Goodwill	8	509.7	505.2
Property, plant and equipment	9	158.3	153.0
Investments in associates	10	253.4	40.2
Autres actifs financiers	12-2	691.6	657.1
Non-current tax assets	26-2	21.8	18.8
Total non-current assets		**1,844.5**	**1,532.6**
Inventories		520.4	569.1
Programmes and broadcasting rights	*11*	*499.8*	*551.6*
Raw materials and supplies		*20.6*	*17.5*
Trade and other debtors	12-3	1,232.5	1,278.7
Current tax assets		14.4	1.7
Foreign exchange derivative instruments	29.2.1.2	0.3	1.4
Interest rate derivative instruments	29.2.1.1	0.9	1.9
Financial assets used for treasury management purposes		3.8	-
Cash and cash equivalents	12-4	34.9	275.2
Total current assets		**1,807.2**	**2,128.0**
Held-for-sale assets		**-**	**-**
TOTAL ASSETS		**3,651.7**	**3,660.6**

SHAREHOLDERS' EQUITY & LIABILITIES (€m)	Note	**Dec. 31, 2007**	**Dec. 31, 2006**
Share capital	13-1	42.7	42.8
Share premium and reserves		1,123.5	862.8
Net profit attributable to the Group		227.8	452.5
Shareholders' equity attributable to the Group	**13**	**1,394.0**	**1,358.1**
Minority interests		-	(0.1)
Total shareholders' equity		**1,394.0**	**1,358.0**
Non-current debt	15	617.6	505.6
Non-current provisions	16-1	34.7	34.7
Non-current tax liabilities	26-2	0.8	0.5
Total non-current liabilities		**653.1**	**540.8**
Current debt	15	14.8	148.7
Foreign exchange derivative instruments	29.2.1.2	7.3	2.6
Interest rate derivative instruments	29.2.1.1	4.5	1.3
Trade and other creditors	14-2	1,513.1	1,554.5
Current tax liabilities		4.5	1.6
Current provisions	16-2	60.4	53.1
Total current liabilities		**1,604.6**	**1,761.8**
Liabilities relating to held-for-sale assets		**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,651.7**	**3,660.6**

CONSOLIDATED INCOME STATEMENT

(€m)	Note	2007	2006
Net advertising revenue		1,900.2	1,870.9
- TF1 channel		*1,718.3*	*1,707.9*
- Other channels		*181.9*	*163.0*
Diversification revenue		863.4	782.8
Revenue	**17**	**2,763.6**	**2,653.7**
Other operating revenue	17	0.2	0.4
External production costs	18	(627.6)	(608.7)
Other purchases and changes in inventory	19	(562.1)	(581.4)
Staff costs	20	(437.5)	(382.7)
External expenses	21	(546.6)	(504.7)
Taxes other than income taxes		(141.5)	(136.1)
Depreciation and amortisation, net		(88.4)	(85.5)
Provisions and impairment, net		(40.9)	(26.0)
Other operating income and expenses	22	(14.0)	(28.2)
Current operating profit		**305.2**	**300.8**
Other non-current operating income and expenses		-	-
Operating profit		**305.2**	**300.8**
Income associated with net debt	23	9.6	21.5
Expenses associated with net debt	23	(31.0)	(33.1)
Cost of net debt		**(21.4)**	**(11.6)**
Other financial income and expenses	24	28.7	(4.9)
Income tax expense	26	(93.0)	(98.7)
Share of profits/losses of associates	10	8.3	13.1
Net profit from continuing operations		**227.8**	**198.7**
Post-tax profit from discontinued/ held-for-sale operations	**4**	**-**	**253.6**
Net profit		**227.8**	**452.3**
Attributable to the Group		**227.8**	**452.5**
Attributable to minority interests		-	(0.2)

Weighted average number of shares outstanding (in thousands)	27	213,763	213,874
Earnings per share (in euros)	27	1.07	2.12
Diluted earnings per share (in euros)	27	1.06	2.11
Earnings per share from continuing operations (in euros)	27	1.07	0.93
Diluted earnings per share from continuing operations (in euros)	27	1.06	0.92

CONSOLIDATED CASH FLOW STATEMENT

(€m)	Note	2007	2006 (1)
Consolidated net profit (including minority interests)		227.8	198.7
Depreciation, amortisation, provisions and impairment (excluding current assets)		95.8	101.7
Intangible assets and goodwill		*74.9*	*81.5*
Property, plant & equipment		*21.2*	*20.4*
Financial assets		*3.0*	*(0.1)*
Provisions		*(3.3)*	*(0.1)*
Other non-cash income and expenses		(10.3)	(11.8)
Effect of fair value remeasurement		(33.1)	0.9
Share-based payment expense		4.7	5.1
Net (gain)/loss on asset disposals		(0.6)	0.9
Share of (profits)/losses of associates		(8.3)	(13.1)
Dividend income from non-consolidated companies		(2.1)	(2.1)
Sub-total		**273.9**	**280.3**
Net interest expense		23.9	14.0
Income tax expense (including deferred taxes)		93.0	98.7
Operating cash flow		**390.8**	**393.0**
Income taxes paid		(99.8)	(112.0)
Change in operating working capital needs		34.4	42.4
Net cash generated by operating activities		**325.4**	**323.4**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(102.0)	(75.5)
Cash inflows from disposals of property, plant & equipment and intangible assets		3.2	1.4
Cash outflows on acquisitions of financial assets		(1.3)	(7.2)
Cash inflows from disposals of financial assets		0.2	-
Effect of changes in scope of consolidation	28-2	(233.2)	(113.2)
Dividends received		2.1	2.1
Change in loans and advances receivable		(1.3)	(0.4)
Net cash used in investing activities		**(332.3)**	**(192.8)**
Cash received on exercise of share options		9.0	50.8
Purchases and sales of treasury shares		(18.7)	(54.5)
Dividends paid during the year		(181.8)	(139.0)
Cash inflows from new debt contracted	28-3	119.7	132.7
Repayment of debt (including finance leases)	28-3	(140.5)	(11.3)
Net interest paid (including finance leases)		(22.7)	(12.5)
Net cash used in financing activities		**(235.0)**	**(33.8)**
CHANGE IN CASH POSITION OF CONTINUING OPERATIONS		**(241.9)**	**96.8**
Cash position at beginning of period		**271.8**	**175.0**
Change in cash position during the period		(241.9)	96.8
Cash position at end of period	**28-1**	**29.9**	**271.8**
CHANGE IN CASH POSITION OF DISCONTINUED AND HELD-FOR-SALE OPERATIONS	**4**		
Cash position at beginning of period		**-**	**(57.4)**
- Change in cash position during the period		-	57.4
Trésorerie à la clôture de l'exercice		**-**	**-**

(1) The presentation of 2006 comparatives has been modified in order to show cash flows relating to discontinued and held-for-sale operations in a separate section at the foot of the cash flow statement.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€m)	Note	Share capital	Share premium	Treasury shares	Reserves	Income and expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Minority interests	**Consolidated shareholders' equity**
BALANCE AT JANUARY 1, 2006		**42.8**	**24.1**	**(7.4)**	**989.0**	**2.6**	**1,051.1**	**(1.3)**	**1,049.8**
Capital increase (share options exercised)		0.4	50.4	-	-	-	50.8	-	50.8
Share-based payment		-	-	-	5.1	-	5.1	-	5.1
Purchase of treasury shares		-	(0.9)	(58.9)	-	-	(59.8)	-	(59.8)
Cancellation of treasury shares		(0.4)	(53.8)	54.2	-	-	0.0	-	-
Dividends paid	13-2-1	-	-	-	(139.0)	-	(139.0)	-	(139.0)
Other transactions with shareholders		-	-	-	-	-	-	1.4	1.4
Net income attributable to the Group		**-**	**-**	**-**	**452.5**	**-**	**452.5**	**(0.2)**	**452.3**
Income and expense recognised directly in equity	**13-3**	**-**	**-**	**-**	**-**	**(2.6)**	**(2.6)**	**-**	**(2.6)**
BALANCE AT DECEMBER 31, 2006		**42.8**	**19.8**	**(12.1)**	**1,307.6**	**-**	**1,358.1**	**(0.1)**	**1,358.0**
Capital increase (share options exercised)		0.1	8.9	-	-	-	9.0	-	9.0
Share-based payment		-	-	-	4.7	-	4.7	-	4.7
Purchase of treasury shares		-	-	(18.7)	-	-	(18.7)	-	(18.7)
Cancellation of treasury shares		(0.2)	(25.9)	26.1	-	-	0.0	-	0.0
Dividends paid	13-2-1	-	-	-	(181.8)	-	(181.8)	-	(181.8)
Other transactions with shareholders		-		-	(0.3)	-	(0.3)	0.1	(0.2)
Net income attributable to the Group		**-**	**-**	**-**	**227.8**	**-**	**227.8**	**-**	**227.8**
Income and expense recognised directly in equity	**13-3**	**-**	**-**	**-**	**-**	**(4.8)**	**(4.8)**	**-**	**(4.8)**
BALANCE AT DECEMBER 31, 2007		**42.7**	**2.8**	**(4.7)**	**1,358.0**	**(4.8)**	**1,394.0**	**(0.0)**	**1,394.0**

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	2007	2006
Consolidated net profit for the period	**227.8**	**452.3**
Fair value adjustments to financial instruments and other financial assets	(3.9)	(2.6)
Change in cumulative translation difference	(0.2)	-
Actuarial gains and losses on employee benefits	(1.1)	-
Taxes on items credited or debited directly to equity	0.4	-
Income and expense recognised directly in equity	**(4.8)**	**(2.6)**
Total recognised income and expense	**223.0**	**449.7**
Attributable to the Group	223.0	449.9
Attributable to minority interests	-	(0.2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Significant events of 2007

1-1. Acquisition by TF1 of a 33.5% interest in the AB Group

Following a decision issued on March 27, 2007 by the CSA, the French audiovisual regulator, TF1 and the Berda family completed (on April 2, 2007) the acquisition by TF1 of a 33.5% interest in the capital of the AB Group, which comprises the AB SAS group and the WB Télévision SA group. The acquisition price was €230 million. The AB Group owns a catalogue of French-language television rights representing over 1,300 titles, and produces free-to-air TV channels in France and pay-TV channels available via satellite, cable, digital terrestrial TV or ADSL.

The interest in the AB Group has been accounted for as an associate (equity method) with effect from April 1, 2007.

At December 31, 2007, the investment in the AB Group is shown in the balance sheet under "Investments in associates" at a carrying amount of €238.3 million. This amount comprises:

- The acquisition value of €230.3 million as of April 1, 2007, comprising goodwill and TF1's share of the identifiable assets, liabilities and contingent liabilities plus directly attributable acquisition costs and the effect of deferred settlement terms.
- TF1's €8 million share of the net profit of the AB Group for the nine months ended December 31, 2007 (see note 3-1-1).

2 Accounting policies

2-1. Declaration of compliance and basis of preparation

The consolidated financial statements of the TF1 Group for the year ended December 31, 2007 should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2006 and December 31, 2005 as published in the 2006 Document de Référence filed with the Autorité des Marchés Financiers (AMF) on March 23, 2007 under reference number D.07-0216. The consolidated financial statements of the TF1 Group are prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements of the TF1 Group for the year ended December 31, 2007 have been prepared in accordance with IFRS as endorsed by the European Union.

The consolidated financial statements of the TF1 Group include the financial statements of TF1 SA and its subsidiaries and jointly controlled entities, and the TF1 Group's interests in associated undertakings, and are presented in millions of euros. They were adopted by the Board of Directors on February 20, 2008, and will be submitted for approval by the shareholders at the forthcoming Ordinary General Meeting to be held on April 17, 2008.

2-2. New and amended international accounting standards

2-2-1. New standards, amendments and interpretations effective within the European Union and mandatorily applicable to periods beginning on or after January 1, 2007

The TF1 Group has adopted all the new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Union that are applicable to the Group's operations with effect from January 1, 2007.

The new standards, amendments and interpretations that apply to the TF1 Group are as follows:

- IFRS 7 (Financial Instruments: Disclosures)

Applicable to annual periods beginning on or after January 1, 2007

- Amendment to IAS 1 (Capital Disclosures)

Applicable to annual periods beginning on or after January 1, 2007

- IFRIC 8 (Scope of IFRS 2 – Share-Based Payment)

Applicable to annual periods beginning on or after May 1, 2006

- IFRIC 10 (Interim Financial Reporting and Impairment)

Applicable to annual periods beginning on or after November 1, 2006

The TF1 Group has applied IFRS 7 and the amendment to IAS 1 in the presentation of its financial statements for the year ended December 31, 2007. IFRIC 8 and IFRIC 10 have no impact on the TF1 Group financial statements.

The new standards, amendments and interpretations that do not apply to the TF1 Group are as follows:

- IFRIC 7 (Applying the Restatement Approach under IAS 29 – Financial Reporting in Hyperinflationary Economies)

Applicable to annual periods beginning on or after March 1, 2006

- IFRIC 9 (Reassessment of Embedded Derivatives)

Applicable to annual periods beginning on or after June 1, 2006

2-2-2. New standards, amendments and interpretations for which early adoption is allowed

The TF1 Group has decided not to early adopt the following pronouncements, issued by the IASB and endorsed by the European Union, which are not mandatorily applicable until after January 1, 2007:

- IFRS 8 (Operating Segments)

Applicable to annual periods beginning on or after January 1, 2009

- IFRIC 11 (Group and Treasury Share Transactions)

Applicable to annual periods beginning on or after March 1, 2007

2-2-3. Standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union

Standards whose application could have an impact on the TF1 Group financial statements:

- Revised IAS 1 (Presentation of Financial Statements)

Applicable to annual periods beginning on or after January 1, 2009

- Revised IFRS 3 (Business Combinations)

Applicable to business combinations with an acquisition date in the first annual period beginning on or after July 1, 2009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- Revised IAS 27 (Consolidated and Separate Financial Statements)

Applicable to annual periods beginning on or after July 1, 2009

- Amendment to IFRS 2 (Share-Based Payment): vesting conditions and cancellations

Applicable to annual periods beginning on or after January 1, 2009

Amendment and interpretations whose application is unlikely to have a material impact on the TF1 Group financial statements:

- Amendment to IAS 23 (Borrowing Costs)

Applicable to annual periods beginning on or after January 1, 2009

- IFRIC 12 (Service Concession Arrangements)

Applicable to annual periods beginning on or after January 1, 2008

- IFRIC 13 (Customer Loyalty Programmes)

Applicable to annual periods beginning on or after July 1, 2008

- IFRIC 14 IAS 19 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction)

Applicable to annual periods beginning on or after January 1, 2008

2-3. Change in accounting policy

With effect from January 1, 2007, the TF1 Group has applied the option allowed under the amendment to IAS 19 (Employee Benefits) to recognise all actuarial gains and losses on defined-benefit plans directly in equity. Previously, the Group applied the "corridor" method, under which actuarial gains and losses greater than 10% of the higher of (i) the future obligation or (ii) the fair value of plan assets were recognised in profit or loss over the average remaining working lives of the employees. The retrospective application of this change in accounting policy has no material effect on the 2006 financial statements.

2-4. Changes in presentation

Changes in presentation and reclassifications are made when they provide information that is reliable and is more relevant to users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. If the effect of a change in presentation is regarded as material, comparative information must also be reclassified.

Change in presentation of deferred taxes in the balance sheet

TF1 has reviewed the presentation of deferred taxes historically used by the Group. With effect from December 31, 2007, TF1 offsets deferred tax assets and liabilities in the balance sheet if (i) the entity has a legally enforceable right to offset current tax assets and current tax liabilities and (ii) the deferred tax assets and deferred tax liabilities relate to income tax levied by the same tax authority. TF1 has applied this change in presentation to all the periods reported (see note 26-2-2).

2-5. Selection of accounting treatments, exercise of judgment and use of estimates

Preparation of the consolidated financial statements requires TF1 management to exercise judgement in the selection of accounting treatments and to use estimates for the measurement of assets, liabilities, income and expenses, which may have a material impact on the amounts reported in the financial statements.

2-5-1. Principal accounting treatments involving exercise of judgement

The principal accounting treatments involving the exercise of judgment are listed below, along with a reference to the note that describes the main analytical methods used in applying each treatment:

- Recognition and measurement of audiovisual rights (see note 2-9-1)
- Recognition and measurement of programmes, broadcasting rights and sports transmission rights (see note 2-13)
- Goodwill and impairment testing (see notes 2-8 and 2-11)
- Classification of financial instruments (see notes 2-12 and 2-18)
- Revenue recognition (see note 2-21)

2-5-2. Use of estimates

Preparation of the consolidated financial statements requires the TF1 Group to make various estimates and use various assumptions regarded as realistic or reasonable. Events or circumstances may result in changes to these estimates or assumptions, which could affect the value of the Group's assets, liabilities, equity or net profit.

The principal accounting policies requiring the use of estimates are:

- Impairment of audiovisual rights (note 7-1): the criteria used to test audiovisual rights for impairment include an analysis of projected future revenues.
- Impairment of goodwill (note 8): the carrying amount of goodwill in the TF1 consolidated financial statements is reviewed annually using the method described in note 2-11. These impairment tests are sensitive to five-year financial forecasts and to the discount rates used to estimate the value in use of cash-generating units (CGUs).
- Impairment of programmes and broadcasting rights (note 11): impairment testing of programmes and broadcasting rights is based on the probability of transmission, assessed mainly on the basis of future programming schedules.
- Measurement of provisions for retirement benefit obligations (note 16-1-2): these provisions are calculated by the TF1 Group itself using the projected unit credit method, as described in note 2-20-1. This calculation is sensitive to assumptions regarding the discount rate, the salary inflation rate and the employee turnover rate.
- Provisions (note 16): provisions are established to cover probable outflows of resources to third parties with no corresponding inflow of resources for the Group. They include provisions for all kinds of litigation and claims, the amount of which is estimated based on assumptions regarding the most likely outcomes. In determining these assumptions, TF1 management may rely on the assessments of external advisors.
- Fair value of financial instruments (notes 12-5 and 14-3): the fair value of financial instruments is determined by reference to market prices. Where no quoted market price is available, fair value is estimated using other valuation methods such as the discounted cash flow method.

2-6. Consolidation methods

Subsidiaries

Companies over which TF1 exercises exclusive control are accounted for using the full consolidation method. Exclusive control is presumed to exist where the parent company has the power directly or

indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Subsidiaries are included in the consolidation from the date on which control is effectively transferred to the Group. Divested subsidiaries are excluded from the consolidation from the date on which the Group ceases to have control.
Under the full consolidation method, all assets, liabilities, equity, income and expenses are combined on a line-by-line basis. Minority interests in equity and in net profit are identified separately under "Minority interests" in the consolidated balance sheet and the consolidated income statement.

Jointly controlled entities
A jointly controlled entity is one in which the power to govern the financial and operating policies of the entity is contractually shared by TF1 with one or more other parties, none of which exercises exclusive control. TF1 accounts for interests in such entities using the proportionate consolidation method. Under this method, TF1 includes its own share of the subsidiary's assets, liabilities, equity, income and expenses in the relevant lines of its own consolidated financial statements.

Associates
An associate is an enterprise in which TF1 exercises significant influence, which means that TF1 has the power to participate in the financial and operating policy decisions of the investee without exercising control. Significant influence is presumed to exist if the parent company holds, directly or indirectly, 20% or more of the voting power of the investee.
TF1 accounts for investments in associates using the equity method. Under this method, the investment in the associate is initially recorded in the balance sheet at cost. The carrying amount is then increased or decreased by the Group's share of the associate's profits or losses and of other changes in the equity of the associate subsequent to the acquisition date.

2-7. Foreign currency translation

2-7-1. Translation of the financial statements of foreign entities

The financial statements of foreign operations are translated into euros, the reporting currency of the TF1 Group. All assets and liabilities of foreign entities are translated at the closing exchange rate; income and expenses are translated at the average rate for the period. Translation differences arising from this treatment, and from retranslating the opening equity of foreign entities at the closing exchange rate, are taken to equity under "Share premium and reserves". On disposal of a foreign entity, these differences are taken to profit or loss as part of the gain or loss on disposal.

Specific treatment on transition to IFRS
The TF1 Group applied the option allowed under IFRS 1, under which existing cumulative translation differences arising from the translation of the financial statements of foreign subsidiaries into euros were deemed to be zero. The balance as of January 1, 2004 under French generally accepted accounting principles ("French GAAP") was reclassified to reserves, with no impact on shareholders' equity attributable to the Group. Consequently, the gain or loss on a subsequent disposal of any consolidated entity or associate will exclude translation differences that arose before the date of transition to IFRS.

2-7-2. Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies carried out by subsidiaries and jointly controlled entities are initially translated into the functional currency of the subsidiary or entity using the exchange rate at the transaction date. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate. Any resulting translation differences are taken to profit or loss. Non-monetary assets and liabilities denominated in a foreign currency are recognised at historical cost and translated using the exchange rate at the transaction date.

2-8. Business combinations and goodwill

Business combinations subsequent to January 1, 2004
Business combinations are accounted for using the purchase method. Under this method, the identifiable assets, liabilities and contingent liabilities of the acquiree that satisfy the IFRS recognition criteria are recognised at their fair value at the acquisition date, except for non-current assets held for sale which are recognised at fair value less costs to sell in accordance with IFRS 5.

The cost of a business combination is the aggregate of:
- the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree; plus
- any costs directly attributable to the business combination.

Any excess of the cost of a business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date is recognised as goodwill.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the TF1 Group recognises any adjustments to these provisional values within twelve months following the acquisition date. If the adjustment between provisional and final fair value accounting materially affects the presentation of the financial statements, the comparative information for the period preceding the final accounting for the combination is restated as though the final accounting had been completed at the acquisition date.

If the share of the fair value of the identifiable assets and liabilities acquired exceeds the cost of the combination, the excess is recognised immediately in the income statement as negative goodwill.

Subsequent to initial recognition, goodwill is measured at cost less any impairment losses, determined using the method described in note 2-11. Any impairment losses are charged as an operating item in the income statement, and may not be subsequently reversed.

Specific treatment on transition to IFRS
In accordance with the option allowed under IFRS 1, the TF1 Group elected not to remeasure goodwill arising on business combinations effected prior to January 1, 2004.

2-9. Intangible assets

Separately acquired intangible assets are initially recognised at acquisition cost or (if acquired in a business combination) at fair value as of the acquisition date.
Subsequent to the acquisition date, intangible assets are measured at initial recognition cost less accumulated amortisation and impairment losses.
Intangible assets with finite useful lives are amortised over their expected useful lives.
Intangible assets with indefinite useful lives are not amortised.

2-9-1. Audiovisual rights

This item includes shares in films and audiovisual programmes produced or co-produced by TF1 Films Production, TF1 Vidéo, Glem and Téléma; distribution and trading rights owned by TF1 International, TCM DA, TF1 Entreprises and CIBY DA; and music rights owned by Une Musique and Baxter.

Audiovisual rights are recognised as an asset in the balance sheet at historical cost under "Audiovisual rights" on the following dates:

- date of end of shooting or censor's certificate for film co-productions;
- date of signature of contract for acquired audiovisual distribution and/or trading rights and music rights..

Amortisation periods for these categories of audiovisual rights are as follows:

- shares in film co-productions: amortised in line with revenues, with a minimum of three years straight-line;
- audiovisual distribution rights: amortised in line with revenues, with a minimum of three years straight-line;
- audiovisual trading rights: straight-line basis over five years;
- music rights: amortised over two years, 75% in the first year and the remaining 25% in the second year.

The amortisation method used for films co-produced by TF1 Films Production and Téléma is consistent with industry practice (amortisation in line with revenues subject to a minimum of straight-line amortisation over three years).

A provision for impairment is recorded individually if estimated future revenues do not cover the net carrying amount.

2-9-2. Other intangible assets

Other acquired intangible assets are carried at acquisition cost less accumulated amortisation and impairment losses. These mainly comprise operating licences (other than broadcasting licences and audiovisual rights), trademarks and similar rights, and software.
These assets are amortised on a straight-line basis over their expected useful lives, except for certain trademarks owned by the TF1 Group and regarded as having an indefinite useful life, which are not amortised.

2-10. Property, plant and equipment

2-10-1. Property, plant and equipment owned outright

Property, plant and equipment is carried at acquisition cost net of accumulated depreciation and impairment losses.
Depreciation is charged on a straight-line basis over the expected useful life of the asset, taking account of any residual value of the asset:

Buildings:	25 to 50 years
Technical installations:	3 to 7 years
Other property, plant and equipment:	2 to 10 years

Land is not depreciated.
Where an asset is made up of components with different useful lives, these components are recorded as separate items within property, plant and equipment.
Gains or losses on disposals of property, plant and equipment represent the difference between the sale proceeds and the net carrying amount of the asset, and are included in "Other operating income and expenses".

2-10-2. Property, plant and equipment acquired under finance leases

Property, plant and equipment held under leases which transfer substantially all the risks and rewards of ownership of the asset to the TF1 Group is recognised as an asset in the balance sheet at the inception date of the lease, at the lower of the fair value of the leased asset or the present value of the minimum lease payments.
Lease payments are apportioned between the finance charge and the reduction of the outstanding liability; the finance charge is recognised in the income statement under "Expenses associated with net debt", a component of "Cost of net debt".
Assets held under finance leases are depreciated over the same periods as assets of the same type owned outright.

2-11. Impairment of non-current assets

At each balance sheet date, TF1 assesses whether there are internal or external events or circumstances which indicate that a non-current asset may have been impaired. If there is such an indication, or if the asset is required to be tested for impairment annually (goodwill, and intangible assets with indefinite useful lives), the recoverable amount of the asset is estimated.
The recoverable amount of an asset is the higher of value in use or fair value less costs to sell. The value in use of assets to which independent cash flows can be directly allocated is determined individually. All other assets are grouped within cash-generating units (CGUs) to determine their value in use. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
The value in use of an asset or a CGU is measured using the discounted cash flow (DCF) method, applying a pre-tax discount rate back-calculated from the post-tax discount rate of the asset or CGU in question.
The fair value less costs to sell of an asset or CGU is measured, where possible, by reference to the price in a binding sale agreement in an arm's length transaction. If there is no sale agreement and no organised market, fair value less costs to sell is based on an estimate of the potential proceeds from a sale of the asset or CGU in an arm's length transaction.

An impairment loss is recognised where the recoverable amount of an asset or CGU is less than its carrying amount. Impairment losses on finite-lived and indefinite-lived items of property, plant and equipment and intangible assets may be reversed subsequently if the recoverable amount of the asset becomes greater than its carrying amount again. The only impairment losses that may not be reversed are those relating to goodwill.

2-12. Financial assets

Financial assets may be classified in one of four categories: available-for-sale securities, loans and receivables measured at amortised cost, held-to-maturity investments, and assets at fair value through profit or loss. In accordance with IAS 1, financial assets are classified as either current assets or non-current assets. Financial assets are recognised at the settlement date.

2-12-1. Available-for-sale financial assets

These assets are initially recognised at fair value, which corresponds to acquisition cost plus transaction costs. At subsequent balance sheet dates, available-for-sale financial assets are remeasured at fair value. Changes in fair value are recognised in equity, and are not transferred to the income statement until the asset in question is sold.

The TF1 Group classifies in this category equity interests in companies over which the Group exercises neither control nor significant influence. The fair value of listed securities is determined using the fair value measurement principles described in note 12-5. Unlisted securities whose fair value cannot be measured reliably are carried at cost.

Available-for-sale financial assets are tested individually for impairment. If there is objective evidence of impairment, an impairment loss is recognised in the income statement; these impairment losses may not be subsequently reversed.

2-12-2. Loans and receivables

These financial assets are initially recognised at fair value plus directly attributable transaction costs. At each subsequent balance sheet date, they are measured at amortised cost using the effective interest method.

This category includes trade debtors, other debtors, loans receivable, deposits and caution money, loans and advances to non-consolidated equity investments, cash, and current account advances to associates and non-consolidated entities.

Loans and receivables are assessed individually for objective evidence of impairment. An asset is regarded as impaired if the carrying amount is greater than the estimated recoverable amount as determined in impairment tests. Impairment losses are recognised in profit or loss, but may be reversed if the recoverable amount increases in subsequent periods.

2-12-3. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold until maturity. They are measured and carried at amortised cost calculated using the effective interest method.

Held-to-maturity investments are assessed individually for objective evidence of impairment, and regarded as impaired if the carrying amount is greater than the estimated recoverable amount as determined in impairment tests. Impairment losses are recognised in profit or loss.

2-12-4. Financial assets at fair value through profit or loss

These assets are measured at fair value, with changes in fair value recognised in profit or loss.

This category includes:

- assets classified as held for trading, which comprise assets acquired for the purpose of reselling them in the near term at a profit or which are part of a portfolio of financial instruments that are managed together and for which there is a pattern of short-term profit taking;
- assets designated by the Group on initial recognition as financial instruments at fair value through profit or loss.

2-13. Programmes and broadcasting rights

In order to secure programming schedules for future years, the TF1 Group enters into binding contracts, sometimes for a period of several years, under which the Group acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

These contracts are valued as follows:

Programmes and broadcasting rights:
Rights acquisition contracts not yet recognised in inventory at the balance sheet date are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts), less any advance payments made under the contract. Advance payments are recognised in the balance sheet as a supplier prepayment in “Trade and other debtors”.

Sports transmission rights:
Acquisitions of sports transmission rights under irrevocable orders placed before the balance sheet date are priced at the contractual amount less any sums already paid at that date.
A programme is treated as ready for transmission and recognised in inventory under “Programmes and broadcasting rights” when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions). Any programme acquisition advance payments made before these conditions are met are treated as supplier prepayments.

The line “Programmes and broadcasting rights” in the balance sheet includes:

- in-house productions, made by TF1 Group companies for the TF1 channel;
- external productions, comprising broadcasting rights acquired by the TF1 Group’s channels and co-production shares of broadcasts made for the TF1 Group’s channels.

External productions that have not been broadcast, and the rights to which have expired, are expensed as a component of current operating profit.

The value of programmes and broadcasting rights is measured as follows:

- in-house production: at overall production cost (direct costs plus portion of indirect production costs);
- broadcasting rights and co-productions: at purchase cost, less consumption for the year calculated at each balance sheet date.

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TF1 SA programmes (which account for most of the Group's programme inventory) are deemed to have been consumed as transmitted. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of transmission. If they are acquired for two or more transmissions, consumption is calculated as follows, according to the type of programme:

Programme type	Drama with a running time of at least 52 minutes	Films, TV movies, serials and cartoons	Other programmes and broadcasting rights
1st transmission	80% (1)	50%	100%
2nd transmission	20% (1)	50%	-

(1) If the value of first and second transmissions is not stipulated in the contract

"Other programmes and broadcasting rights" in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management.

2-14. Financial assets used for treasury management purposes

Financial assets used for treasury management purposes are securities held for trading purposes which although they are monetary investments do not qualify as cash equivalents. They are classified as financial assets at fair value through profit or loss held for trading.

2-15. Cash and cash equivalents

The line "Cash and cash equivalents" in the balance sheet comprises cash, cash equivalents, and debit balances on treasury current accounts.

Cash consists of bank current accounts and sight deposits. Cash equivalents are assets held in order to meet short-term treasury needs. Investments qualify as cash equivalents if they are readily convertible into cash, are subject to an insignificant risk of changes in value, and have a maturity of less than three months. Treasury current accounts represent cash invested with non-consolidated equity investees or with associates, plus the uneliminated portion of treasury current accounts with companies consolidated by the proportionate consolidation method.

Cash and treasury current accounts are classified in the "Loans and receivables" category and carried at amortised cost.

2-16. Held-for-sale assets and discontinued/held-for-sale operations

A non-current asset or a group of assets and liabilities is classified as "held-for-sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is highly probable. If material, such assets and asset groups are reported separately from other assets or asset groups, and are measured at the lower of their carrying amount or fair value less costs to sell.

An operation is treated as discontinued or held-for-sale when it is a separate line of business that is material to the Group, and either (i) the criteria for classification as a held-for-sale asset are met or (ii) it has been sold by the TF1 Group.

Discontinued and held-for-sale operations are presented on a separate line in the income statement for each of the periods reported, showing the post-tax profit or loss of discontinued or held-for-sale operations until the date of sale and the post-tax gain or loss arising from the sale of such operations or from remeasuring the assets and liabilities of such operations at fair value less costs to sell.

If material, cash flows relating to discontinued and held-for-sale operations are shown in a separate section at the foot of the consolidated cash flow statement for all the periods reported.

2-17. Treasury shares

Treasury shares acquired by the TF1 Group are deducted from consolidated equity. No gains or losses arising on the purchase, sale or cancellation of treasury shares are recognised in the income statement.

2-18. Financial liabilities

Financial liabilities are classified in one of two categories: financial liabilities at fair value through profit or loss and financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss comprise:
- liabilities regarded as held for trading, comprising liabilities incurred principally with a view to selling or repurchasing them in the near term;
- liabilities designated by the Group on initial recognition as financial instruments at fair value through profit or loss.

The TF1 Group's non-derivative financial liabilities mainly comprise a bond issue, borrowings, treasury current accounts with credit balances, bank overdrafts, and finance lease obligations, and are measured at amortised cost.

2-18-1. Bond issue

Bond issues are initially recognised at the amount of the issue proceeds net of issue costs.
Subsequently, bond issues are measured at amortised cost using the effective interest method. The effective interest rate takes account of issue costs and redemption premium, which are deducted from the nominal value of the bond issue in the balance sheet and amortised using the effective interest method over the term of the bond issue. Amortisation and interest charges are recognised in the income statement under "Expenses associated with net debt". The portion of accrued interest falling due within less than one year is recorded in "Current debt".

Where a bond issue is wholly or partially hedged by an interest rate instrument, the hedged portion is accounted for under fair value hedge accounting rules (see note 2-19-1). As a result, changes in the fair value of the hedged portion of the debt are recognised in the income statement under "Expenses associated with net debt" or "Income associated with net debt".

2-18-2. Other financial liabilities

Other current and non-current financial liabilities comprise borrowings, treasury current accounts with credit balances, bank overdrafts and finance lease obligations, and are measured at amortised cost.

Commitments to buy out minority shareholders are recognised as a financial liability. Any excess of the amount of the liability over the carrying amount of the related minority interests is recognised as goodwill.

2-19. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value as of the inception date of the contract, and are subsequently measured at fair value in accordance with IAS 39.

The TF1 Group uses derivative financial instruments such as swaps, interest rate options, forward currency purchases and currency options to hedge its exposure to fluctuations in interest rates and exchange rates. Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

2-19-1. Derivative financial instruments designated as hedges

For hedge accounting purposes, a hedge may be classified into one of two categories:

- fair value hedges, which hedge the exposure to changes in fair value of a recognised asset or liability, or a firm commitment, such as a fixed-rate loan or borrowing or an asset or liability denominated in a foreign currency;
- cash flow hedges, which hedge the exposure to variability in cash flows attributable to:
  – an asset or liability such as a floating-rate loan or borrowing;
  – a highly probable forecast transaction; or
  – foreign exchange risk relating to a firm commitment.

At the inception of a hedge, TF1 formally designates the financial instrument to which hedge accounting will apply, and documents:
* the hedging relationship;
* the effectiveness of the hedging relationship, by conducting effectiveness tests both at inception and throughout all the financial reporting periods during which the hedge is designated.

Hedging instruments that qualify for hedge accounting are accounted for as follows:

- fair value hedges: changes in the fair value of the hedging instrument are recognised in profit or loss for the period symmetrically with changes in the fair value of the hedged item. The hedging instrument and the hedged item are both recognised in the balance sheet at fair value;
- cash flow hedges: the gain or loss (net of taxes) arising on the effective portion of the hedging instrument is recognised in equity, and the gain or loss on the ineffective portion is recognised in profit or loss. The amounts recognised in equity are taken to profit or loss in the period in which the hedged transaction affects the income statement.

2-19-2. Derivative financial instruments not designated as hedges

Gains and losses arising from changes in the fair value of derivative instruments not designated as hedges as defined in IAS 39 are recognised in the income statement.

2-20. Provisions and contingent liabilities

A provision is recorded when a legal or constructive obligation to a third party arising from a past event will certainly or probably result in an outflow of resources that can be measured reliably. Provisions are reviewed at each balance sheet date, and adjusted where necessary to reflect the best estimate of the obligation as of that date.
Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

2-20-1. Non-current provisions

The main types of non-current provisions are:

Provisions for retirement benefits

The group's employees are entitled to retirement benefits under defined-contribution and defined-benefit plans, which may be partially managed by the Group's pensions funds.

The employees of TF1 Group subsidiaries in France belong to general and top-up French pension schemes. These are defined-contribution plans, under which the TF1 Group's obligation is limited to the payment of a periodic contribution based on a specified percentage of staff costs. These contributions are expensed in profit or loss for the period under "Staff costs".
The pension cost recognised for defined-benefit plans is determined using the projected unit credit method at the expected retirement date, based on final salary, and taking account of:

- vested benefit entitlements under collective agreements for each category of employee based on length of service;
- staff turnover rate, calculated using historical average data for employees leaving the Group;
- salaries and wages, including a coefficient for employer's social security charges as currently payable;
- an annual salary inflation rate;
- life expectancy of employees, determined using statistical tables;
- a discount rate, applied to the obligation and reviewed annually.

The Group's obligation is partially covered by an insurance contract. The provision for retirement benefits recognised in the balance sheet represents the total obligation less the value of this contract.

Actuarial gains and losses arise on defined-benefit post-employment benefit plans as a result of changes in the actuarial assumptions used to measure the obligation and plan assets from one period to the next, and of differences between actual market conditions and the expected market conditions used in the assumptions. With effect from January 1, 2007, the TF1 Group has recognised actuarial gains and loss directly in equity (net of deferred taxes) in the period in which they occur, in accordance with the option offered by the amendment to IAS 19 (see note 2-3).

Provisions for long-service leave

These provisions cover entitlement to additional compensated absence awarded by some TF1 Group companies to employees based on length of service. The calculation of the cost of vested compensated absence rights takes into account length of service, salary at the time the rights will be taken up, and staff turnover. The provision is discounted at the same rate as the provision for retirement benefit obligations.

2-20-2. Current provisions

Current provisions mainly comprise provisions for disputes. The provision is measured as the probable outflow of resources resulting from ongoing disputes arising from an event prior to the balance sheet date.

Provisions for disputes include the estimated amount payable to third parties in respect of disputes, and provisions for charges relating to disputes with the tax and social security authorities. The amount shown on reassessment notices issued by the authorities is provided for unless the company concerned regards it as highly probable that it will successfully defend its position against the authorities. The undisputed portion of reassessment notices is recognised as a liability as soon as the amount is known.

2-21. Revenue recognition

The TF1 Group recognises revenue when:

- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the amount of revenue can be measured reliably;
- at the transaction date, it is probable that the amount of the sale will be recovered.

Revenue recognition policies specific to certain types of business activity are as follows:

- Sales of advertising airtime are recognised on transmission of the commercial. Revenue from exchanges of goods or services is recognised if the goods or services exchanged are dissimilar in nature, and the revenue from the exchange has economic substance and can be measured reliably. Revenue from exchanges of goods and services is measured at the fair value of the goods or services received, after adjusting for cash flows associated with the exchange;
- Sales of audiovisual rights under licence are recognised when the licensee has acknowledged that the programme conforms with the terms of the licence (technical acceptance);
- Revenue from sales of merchandise and products by the Group's publishing and distribution activities is reported net of (i) provisions for expected goods returns and (ii) paybacks made in connection with some distribution contracts;
- Fees charged by theme channels to cable and satellite operators that broadcast them are calculated on a per subscriber basis or, less frequently, as a fixed annual fee invoiced to the operator.

  Subscriber-based fees are recognised monthly on the basis of statements received from the operator. Fixed annual fees are recognised as revenue on a straight-line basis over the course of the year.

Other operating revenues mainly comprise sales-based royalties invoiced under licence agreements.

2-22. Other non-current operating income and expenses

This item comprises a very limited number of income and expense items, which are unusual and occur infrequently but are material to the consolidated financial statements. TF1 reports these items on a separate line in order to give users of the financial statements a better understanding of the Group's on-going operational performance.

2-23. Cost of net debt

Cost of net debt represents expenses associated with net debt, net of income associated with net debt.

Expenses associated with net debt comprise:

- interest expense on current and non-current debt;
- interest expense associated with cash and cash equivalents and with financial assets used for treasury management purposes;
- amortisation of financial assets and liabilities measured at amortised cost;
- gains or losses arising on interest rate hedges;
- expenses arising from the remeasurement of financial assets and financial liabilities at fair value, such as changes in the fair value of interest rate derivative instruments and changes in the fair value of cash equivalents and financial assets used for treasury management purposes;
- expenses arising on the disposal of financial assets.

Interest expense is recognised in the income statement in the period in which it is incurred.

Income associated with net debt comprises:

- interest income associated with cash and cash equivalents and with financial assets used for treasury management purposes;
- revenue generated by cash equivalents and financial assets used for treasury management purposes;
- expenses arising from the remeasurement of financial assets and financial liabilities at fair value, such as changes in the fair value of interest rate derivative instruments and changes in the fair value of cash equivalents and financial assets used for treasury management purposes;
- income generated by the disposal of financial assets.

2-24. Deferred taxation

Deferred taxation is recognised using the liability method on all temporary differences existing at the balance sheet date between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base, except in the specific cases mentioned in IAS 12 (primarily 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, using tax rates that have been enacted or

substantively enacted by the balance sheet date.
Deferred tax assets arising on deductible temporary differences and on the carry-forward of unused tax losses are recognised only to the extent that it is probable that they can be offset against future taxable profits.
Taxes on items recognised directly in equity are taken to consolidated reserves.

2-25. Earnings per share

Basic earnings per share is obtained by dividing net profit for the period by the weighted average number of shares outstanding during the period.
All shares conferring unrestricted rights upon the shareholder are included. Shares in the parent company held by the company itself or by consolidated companies are excluded from the average number of shares outstanding.
Diluted earnings per share is calculated by including all financial instruments giving future access to the capital of the parent company, whether these instruments are issued by the parent company itself or by a subsidiary. The dilutive effect is calculated separately for each instrument, based on the conditions prevailing at the balance sheet date. Anti-dilutive instruments are excluded.
Non-dilutive share subscription option plans are excluded from this calculation.

2-26. Share-based payment

TF1 has awarded share subscription option plans and consideration-free share allotment plans to its employees (see notes 30 and 31).
In accordance with IFRS 2 (Share-Based Payment), the cost of these equity-settled share-based payment plans is recognised as an expense in "Staff costs", with the credit entry recognised in equity.
The total expense relating to share subscription option plans is measured at the grant date of the options using the Black-Scholes model, and is recognised over the vesting period.
The total expense relating to consideration-free shares is measured by reference to the quoted market price of TF1 shares at the allotment date (adjusted for any specific terms and conditions liable to affect fair value), and recognised over the vesting period on a straight line basis.
In accordance with IFRS 1 and IFRS 2, only plans granted after November 7, 2002 and not vested as of January 1, 2004 are measured and recognised as an expense (in "Staff costs").

2-27. Segment reporting

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold and the specific economic environment. The primary level of segment reporting adopted by TF1 is the business segment, because risks and returns on investment are affected by the nature of the products or services sold. The secondary level of segment reporting is the geographical segment.

Management assesses performance on the basis of current operating profit. Segmental results, assets and liabilities include items directly or indirectly attributable to the relevant segment. Segmental capital expenditure represents total acquisitions of property, plant and equipment and intangible assets as recognised in the corresponding balance sheet line items. Inter-segment sales and transfers are conducted on an arm's length basis.

The business segments used in primary-level segment reporting are:

Broadcasting France
This segment includes the TF1 channel, associated and spin-off activities regarded as inseparable from this channel, and other free-to-air or pay-TV channels broadcasting primarily to France. Activities inseparable from TF1 include the in-house advertising airtime sales agency, and companies involved in the production or co-production of programmes intended exclusively for the TF1 channel, such as Ushuaïa, Alma Productions and Glem.

Broadcasting International
This segment comprises subsidiaries involved in the development and broadcasting of pay-TV programmes primarily broadcast outside France, in particular Eurosport and France 24.

Audiovisual Rights
Subsidiaries whose principal activity is the production, publishing or distribution of audiovisual rights not exclusively intended for TF1 Group channels are included in this segment. Production activities include delegated productions or co-productions of films. Publishing and distribution activities include all media (CD, DVD, etc) and all channels (cinemas, TV channels and all retail distribution channels).

Other activities
This segment comprises all activities not included in any of the segments described above.

Until 2006, the TF1 Group reported a fifth business segment (Distribution). This segment comprised the subscription-based distribution of the TPS pay-TV offering, which has been transferred to Canal+ France. For details of this transaction, see note 4, "Operations discontinued or held for sale in 2006".

2-28. Grants

The grants received by TF1 mainly comprise investment and operating grants awarded by the French State to the France 24 news channel and grants received by the Group's production companies from funds set up to support the audiovisual industry (in particular grants awarded by the French National Centre for Cinematography).
Grants are recognised in the balance sheet of the receiving entity once the grant has been definitively awarded, except for operating grants made to France 24 approved at the end of one financial year for the subsequent financial year.
Investment grants awarded to France 24 are deducted from the carrying amount of the assets they finance. These grants are recognised as the asset is depreciated, by means of a reduction in the depreciation charge.
Operating grants awarded to France 24 are initially recognised in "Trade and other creditors", and are taken to the income statement as and when the expenses they offset are recognised.
Grants awarded by audiovisual industry support funds are initially recorded as deferred income in "Trade and other creditors" on the liabilities side of the balance sheet once the grant has been definitively awarded. They are taken to the income statement under "Other operating income and expenses" in line with the amortisation of the productions to which they relate, starting from the date on which the production is completed or licensed for distribution.

3 Significant changes in scope of consolidation

The consolidated financial statements of TF1 for the year ended December 31, 2007 include the financial statements of the companies listed in note 36. The changes in scope of consolidation during 2007, as described below, do not materially affect the comparability of the consolidated financial statements.
The effects of the 2006 divestment of TPS are disclosed separately, in accordance with IFRS 5 (see note 4).
The cash effect of significant changes in scope of consolidation during the period is described in note 28-2.

3-1. Newly-consolidated entities and increases in percentage interest in 2007

3-1-1. Acquisition by TF1 of a 33.5% interest in the AB Group

With effect from April 2, 2007, the TF1 Group has exercised significant influence over the AB Group, as demonstrated by (i) its interest of 33.5% in the capital of the AB Group and (ii) its representation on the AB Group's Board of Directors. Consequently, the Group has accounted for AB Group as an associate (i.e. by the equity method) since that date, in accordance with IAS 28.

The investment in the AB Group was recognised in the consolidated balance sheet on April 1, 2007 at the acquisition cost of €230.3 million, including goodwill, directly attributable acquisition costs and the effect of deferred settlement terms. It is reported under "Investments in associates" in the balance sheet.

In accordance with IAS 28, the carrying amount of the investment has been increased or decreased by TF1's share of the AB Group's profits or losses, which is recognised in the income statement under "Share of profits/losses of associates". Given the timescale for the production of the annual financial statements of the AB Group, TF1's share of the net profit or loss of the AB Group for the period has been recognised on the basis of the latest available accounts of the AB Group, i.e. with a three-month time-lag.

Based on the accounts of the AB Group for the period ended September 30, 2007, the AB Group's contribution to the TF1 consolidated income statement for the nine months ended December 31, 2007 was €8 million, including the effect of fair value remeasurements of the identifiable assets of the AB Group.

3-1-2. Acquisition of exclusive control over Téléma

Since April 17, 2000, TF1 International SAS had held a 49% interest in the capital of Téléma, which was accounted for using the proportionate consolidation method with effect from that date. Since January 1, 2007, TF1 has accounted for Téléma using the full consolidation method, TF1 International having acquired the remaining 51% of the capital and voting rights for €5.6 million. At the acquisition date, the excess of acquisition cost over the book value of the minority interests acquired was allocated to the catalogue in an amount of €4.2 million, net of tax. The contribution to TF1's consolidated net profit for the year ended December 31, 2007 was not material.

3-1-3. Acquisition of a 100% interest in Dujardin

In July 2007, TF1 Entreprises acquired a 100% interest in the capital of Dujardin, one of France's leading producers of card and board games, for €5.4 million. The company is accounted for by the full consolidated method, based on a provisional purchase accounting valuation. The contribution to TF1's consolidated net profit for the year ended December 31, 2007 was not material.

3-1-4. Top Tickets

TF1 SA has formed an alliance with the Artemis Group and the Recruit investment fund to create Top Tickets, a company that produces PiliPili, a freesheet carrying advertisements for local businesses and events, launched in September 2007. TF1's 45% interest in Top Tickets is accounted for by the proportionate consolidation method in the consolidated financial statements for the year ended December 31, 2007.

3-2. Newly-consolidated entities and increases in percentage interest in 2006

3-2-1. Acquisition of *1001Listes*

In December 2006, the TF1 Group – via its Téléshopping subsidiary – acquired a 95% interest in *1001Listes* from the Butler Capital Partners and Cita FCPR1 investment funds and the company's founder, Pauline d'Orgeval. Founded in 1999, *1001Listes* is market leader in online wedding lists, with annual revenues of over €20 million.

1001Listes was accounted for by the full consolidation method in the TF1 consolidated financial statements at December 31, 2006 on the basis of the balance sheet for the most recent financial year and a provisional purchase accounting valuation. The company made no contribution to the TF1 consolidated income statement for the year ended December 31, 2006.

During the year ended December 31, 2007, TF1 completed the allocation of the purchase price to the identifiable assets and liabilities acquired, on the basis of which no material fair value adjustment was made to the acquired assets and liabilities. The final amount of goodwill arising on this acquisition is €25.5 million.

3-2-2. Increase in the percentage interest in TV Breizh

Minority investors holding 24% of TV Breizh were bought out during 2006, increasing TF1's controlling interest to 98.3%.

3-3. Finalisation of the sale of Europa TV during 2007

The 29% interest in Europa TV held by TF1 SA was sold to Holland Coordinator & Service Company Italia on December 20, 2006, based on a valuation of €32.2 million and subject to conditions precedent. Following approval by AGCOM (the Italian communications authority) on June 6, 2007, the sale was completed on June 14, 2007, generating an additional gain on disposal of €5.9 million. This gain was recognised in the first half of 2007, and is reported in "Other operating income and expenses".

3-4. Divestments and reductions in percentage interest in 2006

3-4-1. Transfer of Canal+ France

In accordance with the terms described in note 4, TF1 and M6 ceased to exercise joint control over TPS SNC and its subsidiaries and over TPS Gestion with effect from September 1, 2006. Consequently, these companies were included in the consolidation only until that date. The profits of these companies for the eight-month period to August 31, 2006 are reported on the line "Post-tax profit from discontinued/held-for-sale operations".

3-4-2. Divestment of Prima TV

On December 20, 2006, TF1 sold a 44% interest in Prima TV to Holland Coordinator & Service Company Italia for €13.6 million, retaining a residual 5% interest. This residual interest is carried in the balance sheet at its equity method valuation as at September 30, 2006 of €1.4 million.

3-5. Internal reorganisations with no impact on the consolidated financial statements

As part of the ongoing rationalisation of the legal structure of companies holding direct or indirect interests in TF1 Group companies, the following transactions were carried out:

2007:

- Merger of Eurosales into Eurosport SA.
- Merger of Glem Films into TF1 Films Production.

2006:

- Formation on July 1, 2006 of TMC Régie, a 100%-owned subsidiary of TMC set up to sell advertising airtime on the TMC and NT1 channels (AB Group). In addition, Monégasque des Ondes (MDO) was merged into TMC.
- First-time consolidation of Europa Network, an entity to which the broadcasting frequencies held by Europa TV were transferred at the end of 2005.
- Merger of TF1 Développement and Syalis into TF1 Expansion.

4 Operations discontinued or held for sale in 2006

Following the merger of the French pay-TV activities of the Canal+ Group and TPS, which received clearance from the Minister of the Economy, Finance and Industry on August 30, 2006, TF1 and M6 ceased to exercise joint control over TPS SNC and its subsidiaries and over TPS Gestion with effect from September 1, 2006.

In the consolidated income statement, the impact of this discontinued/held-for-sale operation is reported on a separate line. For the year ended December 31, 2006, this line includes the income and expenses of TPS for the first eight months of 2006 and the gain realised on the sale of TPS. The amounts involved were:

- the post-tax gain of €211.8 million on the transfer of the assets of TPS to Canal+ France, computed as the difference between the net value of the transferred assets and the fair value of the financial assets received in exchange, minus transaction costs;
- income and expenses from discontinued/held-for-sale operations for the eight months ended August 31, 2006, of a net amount of €41.8 million.

The table below shows the post-tax profit generated by the divested TPS activity:

(€m)	8 months ended August 31, 2006
Revenue	**235.1**
External production costs	(56.3)
Other purchases and changes in inventory	(15.7)
Staff costs	(23.6)
External expenses	(85.3)
Taxes other than income taxes	(4.6)
Depreciation and amortisation, net (1)	0.0
Provisions and impairment, net	(5.9)
Other operating income and expenses	1.2
Current operating profit	**44.9**
Cost of debt	(1.4)
Income from cash and cash equivalents	(0.4)
Cost of net debt	(1.8)
Other financial income and expenses	(0.6)
Income tax expense	(0.7)
Post-tax profit from discontinued or held-for-sale operations	**41.8**

(1) In accordance with IFRS 5, the TF1 Group ceased depreciating and amortising the non-current assets of TPS when it was classified as held-for-sale. Unrecognised depreciation and amortisation expense for the eight months to August 31, 2006 amounts to €14.6 million.

5 Interests in jointly controlled entities

The TF1 Group owns interests in jointly controlled entities, a list of which is provided in note 36.

The table below shows the share of the assets, liabilities, revenue and operating profit of these entities as included in the consolidated financial statements.

TF1 share	TF6 / Série Club		TMC		France 24		TCM		Other	
(€m)	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Non-current assets	22.2	22.3	15.6	15.5	0.2	0.2	12.4	15.7	0.4	4.7
Current assets	8.8	9.8	12.5	14.6	18.2	62.9	3.7	7.7	1.4	5.3
Total assets	**31.0**	**32.1**	**28.1**	**30.1**	**18.4**	**63.1**	**16.1**	**23.4**	**1.8**	**10.0**
Shareholders' equity	23.4	23.8	5.1	5.1	-	-	2.8	9.2	(3.0)	0.2
Non-current liabilities	0.5	(1.1)	11.1	10.9	0.1	-	6.0	4.7	(1.1)	-
Current liabilities	7.1	9.4	11.9	14.1	18.3	63.1	7.3	9.5	5.9	9.8
Total liabilities and equity	**31.0**	**32.1**	**28.1**	**30.1**	**18.4**	**63.1**	**16.1**	**23.4**	**1.8**	**10.0**
Revenue	**16.9**	**14.3**	**12.7**	**6.9**	**2.2**	**0.1**	**3.9**	**7.5**	**3.8**	**9.9**
Current operating profit	**1.3**	**1.5**	**0.9**	**(1.6)**	**-**	**0.3**	**0.4**	**5.8**	**(3.2)**	**(2.0)**

Data relating to TPS, which was accounted for by the proportionate consolidation method until August 31, 2006, are presented in note 4.

6 Segment information

6-1. Information on business segments

The contribution of each business segment to the consolidated financial statements was as follows:

(€m)	Broadcasting France		Audiovisual Rights		Broadcasting international		Other Activities		Distribution		Eliminations [6]		Total	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
REVENUE														
Third-party revenue	2,220.5	2,153.6	268.1	240.9	274.8	259.2	0.2	-	-	-	-	-	2,763.6	2,653.7
Inter-segment revenue	5.2	3.7	10.1	10.7	17.9	14.9	-	-	-	-	(33.2)	(29.3)	-	-
Total Revenue	**2,225.7**	**2,157.3**	**278.2**	**251.6**	**292.7**	**274.1**	**0.2**	**-**	**-**	**-**	**(33.2)**	**(29.3)**	**2,763.6**	**2,653.7**
PROFIT														
Current operating profit	**252.0**	**245.9**	**17.2**	**24.9**	**38.2**	**30.0**	**(2.2)**	**-**	**-**	**-**	**-**	**-**	**305.2**	**300.8**
Depreciation and amortisation, net	(31.5)	(33.4)	(50.1)	(46.0)	(6.7)	(6.1)	(0.1)	-	-	-	-	-	(88.4)	(85.5)
Provisions and impairment, net	(20.4)	(3.7)	(17.4)	(20.7)	(3.1)	(1.6)	-	-	-	-	-	-	(40.9)	(26.0)
Share of profits/losses of associates [1]	8.0	-	-	-	0.1	10.9	0.2	2.2	-	-	-	-	8.3	13.1
Post-tax profit from discontinued and held-for-sale operations [2]	-	-	-	-	-	-	-	-	-	253.6	-	-	-	253.6
BALANCE SHEET														
Segmental assets [3]	381.9	331.2	121.7	111.3	373.8	374.0	0.3	-	-	-	-	-	877.7	816.5
Segmental shareholders' equity and liabilities [4]	73.9	67.9	14.9	15.5	6.3	4.4	-	-	-	-	-	-	95.1	87.8
Investments in associates	240.9	1.7	-	-	0.5	26.7	12.0	11.8	-	-	-	-	253.4	40.2
Capital expenditure [5]	81.4	30.9	58.4	44.0	8.0	16.8	0.4	-	-	-	-	-	148.2	91.7

(1) The share of profits/losses of associates recorded for each segment is as follows:
- Broadcasting France: the €8m share of profits for the year ended December 31, 2007 relates to the AB Group.
- Broadcasting International: the share of profits for the year ended December 31, 2006 relates to Europa TV and its subsidiary Europa Network. TF1's interest in this sub-group was sold on June 14, 2007.
- Other Activities: the share of profits relates to Metro France Publications.

(2) Post-tax profit from discontinued and held-for-sale operations for the year ended December 31, 2006 comprises the net profit generated by TPS.
(3) Segmental assets include audiovisual rights, other intangible assets, goodwill, and property, plant and equipment.
(4) Segmental shareholders' equity and liabilities include current and non-current provisions.
(5) See the Capital Expenditure table below for a reconciliation of capital expenditure with the consolidated cash flow statement.
(6) Inter-segment sales and transfers are conducted on an arm's length basis.

Capital expenditure

Reconciliation with the consolidated cash flow statement:

(€m)	**2007**	**2006**
Capital expenditure	148.2	91.7
Investment grants received	(15.5)	(21.8)
Change in creditors related to acquisitions of intangible assets	(34.0)	12.4
Change in creditors related to acquisitions of property, plant & equipment	3.3	(6.8)
Cash outflows on acquisitions of property, plant & equipment and intangible assets	**102.0**	**75.5**

6-2. Information on geographical segments

For geographical segment reporting purposes, segmental revenue is allocated according to the location of the customer, while segmental assets and capital expenditure are allocated according to the location of the asset.

(€m)	France		Continental Europe		Other		Total	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Third-party revenue	2,461.8	2,375.4	268.2	240.6	33.6	37.7	2,763.6	2,653.7
Segmental assets	860.5	814.9	16.8	1.0	0.4	0.6	877.7	816.5
Capital expenditure	147.1	90.4	1.0	0.5	0.1	0.8	148.2	91.7

7 Intangible assets

7-1. Audiovisual rights

Movements during the year ended December 31, 2007 were as follows:

2007 (€m)	January 1	Increases	Decreases	Change in scope of consolidation, reclassification	December 31
Gross value	898.7	113.9	(7.3)	65.6	1,070.9
Amortisation	(729.6)	(62.6)	1.6	(61.0)	(851.6)
Impairment	(41.3)	(15.6)	7.8	9.6	(39.5)
Audiovisual rights	**127.8**	**35.7**	**2.1**	**14.2**	**179.8**

Movements during the year ended December 31, 2006 were as follows:

2006 (€m)	January 1	Increases	Decreases	Change in scope of consolidation, reclassification	December 31
Gross value	848.2	54.6	(8.0)	3.9	898.7
Amortisation	(671.4)	(60.1)	5.5	(3.6)	(729.6)
Impairment	(28.3)	(18.4)	5.4	-	(41.3)
Audiovisual rights	**148.5**	**(23.9)**	**2.9**	**0.3**	**127.8**

The tables below show the maturity of audiovisual rights acquisition contracts entered into by TF1 to secure future programming schedules:

2007 (€m)	Less than 1 year	1-5 years	More than 5 years	**Total**
Audiovisual rights	16.7	-	-	**16.7**

2006 (€m)	Less than 1 year	1-5 years	More than 5 years	**Total**
Audiovisual rights	9.9	-	-	**9.9**

7-2. Other intangible assets

2007 (€m)	January 1	Increases	Decreases	Change in scope of consolidation, reclassification	December 31
Astra satellite advance	18.9	-	-	-	18.9
Concessions, patents and similar rights	40.2	1.6	(3.2)	3.3	41.9
Other	9.0	2.8	-	(3.3)	8.5
Gross value	**68.1**	**4.4**	**(3.2)**	**-**	**69.3**
Astra satellite advance	(7.0)	(2.7)	-	-	(9.7)
Amortisation	(29.3)	(1.8)	3.0	(0.2)	(28.3)
Impairment	(1.3)	(0.1)	-	-	(1.4)
Amortisation and impairment	**(37.6)**	**(4.6)**	**3.0**	**(0.2)**	**(39.4)**
Other intangible assets, net	**30.5**	**(0.2)**	**(0.2)**	**(0.2)**	**29.9**

2006 (€m)	January 1	Increases	Decreases	Change in scope of consolidation, reclassification	December 31
Astra satellite advance	18.9	-	-	-	18.9
Concessions, patents and similar rights	42.4	1.0	(3.9)	0.7	40.2
Other	5.1	1.8	-	2.1	9.0
Gross value	**66.4**	**2.8**	**(3.9)**	**2.8**	**68.1**
Astra satellite advance	(4.3)	(2.7)	-	-	(7.0)
Amortisation	(29.2)	(2.7)	3.5	(0.9)	(29.3)
Impairment	(1.6)	(0.1)	0.4	-	(1.3)
Amortisation and impairment	**(35.1)**	**(5.5)**	**3.9**	**(0.9)**	**(37.6)**
Other intangible assets, net	**31.3**	**(2.7)**	**-**	**1.9**	**30.5**

No trademarks of material value were owned as at December 31, 2007 or 2006.

8 Goodwill

For impairment testing purposes, goodwill has been allocated to cash generating units (CGUs) as follows:

(€m)	Broadcasting France	Broadcasting International	Audiovisual rights	Distribution	Other activities	Total
Goodwill at Jan. 1, 2007	**168.9**	**336.3**	**-**	**-**	**-**	**505.2**
Acquisitions	5.8	-	-	-	-	5.8
Disposals	(0.3)	-	-	-	-	(0.3)
Impairment	-	-	-	-	-	-
Other	(1.0)	-	-	-	-	(1.0)
Goodwill at Dec. 31, 2007	**173.4**	**336.3**	**-**	**-**	**-**	**509.7**
Gross value	183.7	336.3	-	-	-	520.0
Accumulated impairment	(10.3)	-	-	-	-	(10.3)

(€m)	Broadcasting France	Broadcasting International	Audiovisual rights	Distribution	Other activities	Total
Goodwill at Jan. 1, 2006	**145.1**	**336.3**	**-**	**-**	**-**	**481.4**
Acquisitions	27.3	-	-	-	-	27.3
Disposals	-	-	-	-	-	-
Impairment	(3.5)	-	-	-	-	(3.5)
Other	-	-	-	-	-	-
Goodwill at Dec. 31, 2006	**168.9**	**336.3**	**-**	**-**	**-**	**505.2**
Gross value	182.8	336.3	-	-	-	519.1
Accumulated impairment	(13.9)	-	-	-	-	(13.9)

Based on impairment tests conducted using the methods described in note 2-11, no material impairment of goodwill was identified as of December 31, 2007.

The main movement in the year ended December 31, 2007 relates to the goodwill arising on the acquisition of Dujardin, provisionally measured at €3.5 million.

The methods used to determine the recoverable amount of CGUs to which material amounts of goodwill are allocated are described below.

Broadcasting France CGU

The recoverable amount of the Broadcasting France CGU was determined by calculating the value in use using the DCF method, based on five-year cash flow projections compiled from plans and budgets approved by management. The pre-tax discount rate used (10.1%) was back-calculated from a post-tax discount rate of 7.6%. Cash flows beyond the five-year projection timeframe were extrapolated at a perpetual growth rate consistent with the growth potential of the markets in which the CGU's entities operate, and with their competitive positions in those markets.

An analysis of the sensitivity of this calculation to changes in key parameters identified no probable scenario in which the recoverable amount of the CGU would fall below its carrying amount.

Eurosport International CGU

The recoverable amount of the Eurosport International CGU was determined by calculating the value in use using the DCF method, based on five-year cash flow projections compiled from plans and budgets approved by management. The pre-tax discount rate used (9.5%) was back-calculated from a post-tax discount rate of 7.6%. Cash flows beyond the five-year projection timeframe were extrapolated at a perpetual growth rate consistent with the growth potential of the markets in which Eurosport International operates, and with its competitive position in those markets.

An analysis of the sensitivity of this calculation to changes in key parameters identified no probable scenario in which the recoverable amount of the CGU would fall below its carrying amount.

9 Property, plant and equipment

Movements in property, plant and equipment during the year ended December 31, 2007 were as follows:

2007 (€m)	January 1	Increases	Decreases	Change in scope of consolidation, reclassification	December 31
Land	45.7	-	-	-	45.7
Buildings	58.3	-	-	-	58.3
Technical facilities	154.7	10.1	(1.3)	2.4	165.9
Technical facilities held under finance leases	13.8	-	-	-	13.8
Other property, plant & equipment	93.3	11.7	(1.9)	2.4	105.5
PP&E held under finance leases	1.6	-	(1.1)	-	0.5
PP&E under construction	1.5	4.5	-	(2.8)	3.2
Gross value	**368.9**	**26.3**	**(4.3)**	**2.0**	**392.9**
Buildings	(10.8)	(2.5)	1.6	-	(11.7)
Technical facilities	(127.2)	(10.5)	1.3	(0.2)	(136.6)
Technical facilities held under finance leases	(11.7)	(0.8)	-	-	(12.5)
Other property, plant & equipment	(64.9)	(8.9)	1.5	(1.0)	(73.3)
PP&E held under finance leases	(1.3)	(0.1)	0.9	-	(0.5)
Depreciation	**(215.9)**	**(22.8)**	**5.3**	**(1.2)**	**(234.6)**
Net value	**153.0**	**3.5**	**1.0**	**0.8**	**158.3**

Movements in property, plant and equipment during the year ended December 31, 2006 were as follows:

2006 (€m)	January 1	Increases	Decreases	Change in scope of consolidation, reclassification	December 31
Land	45.7	-	-	-	45.7
Buildings	58.0	0.3	-	-	58.3
Technical facilities	146.0	10.1	(2.3)	0.9	154.7
Technical facilities held under finance leases	13.2	-	-	0.6	13.8
Other property, plant & equipment	88.6	9.7	(5.8)	0.8	93.3
PP&E held under finance leases	1.6	-	-	-	1.6
PP&E under construction	2.2	2.7	-	(3.4)	1.5
Gross value	**355.3**	**22.8**	**(8.1)**	**(1.1)**	**368.9**
Buildings	(9.9)	(2.5)	1.6	-	(10.8)
Technical facilities	(119.2)	(10.5)	2.3	0.2	(127.2)
Technical facilities held under finance leases	(10.5)	(1.2)	-	-	(11.7)
Other property, plant & equipment	(62.9)	(7.9)	5.4	0.5	(64.9)
PP&E held under finance leases	(1.1)	(0.2)	-	-	(1.3)
Depreciation	**(203.6)**	**(22.3)**	**9.3**	**0.7**	**(215.9)**
Net value	**151.7**	**0.5**	**1.2**	**(0.4)**	**153.0**

10 Investments in associates

The table below gives a breakdown of investments in associates:

(€m)	**AB Groupe**	**Metro France Publications**	**Europa TV (1)**	**Prima TV (2)**	**Other (3)**	**Total**
Country	France / Belgium	France	Italy	Italy	France	
Dec. 31, 2005	**-**	**11.2**	**15.8**	**12.6**	**-**	**39.6**
Share of net profit/(loss)	-	0.6	10.9	1.6	-	13.1
Change in scope of consolidation	-	-	-	(14.2)	1.7	(12.5)
Dec. 31, 2006	**-**	**11.8**	**26.7**	**-**	**1.7**	**40.2**
Share of net profit/(loss)	8.0	0.2	-		0.1	8.3
Change in scope of consolidation	230.3	-	(26.7)		1.3	204.9
Dec. 31, 2007	**238.3**	**12.0**	**-**	**-**	**3.1**	**253.4**

(1) The 29% interest in Europa TV was accounted for as an associate in the consolidated financial statements for the year ended December 31, 2006. The conditions for the sale of this interest having been fulfilled in June 2007, the effects of the sale were finally recognised in the financial statements as of that date (see note 3-3).
(2) The interest in Prima TV was partially divested in December 2006. The residual interest is included in “Other financial assets”.
(3) Other associates comprise JFG Networks, Sky Art Media and Sailing One.

The table below gives summary information about investments in associates:

TF1 Group share	AB Groupe (1)		Metro France Publications		Prima TV (2)		Europa TV & Europa Network	
(€m)	2007	2006	2007	2006	2007	2006	2007	2006
Non-current assets	43.2	-	0.2	0.2	-	20.6	-	-
Current assets	38.7	-	10.9	8.6	-	30.1	-	45.5
Total assets	**81.9**		**11.1**	**8.8**		**50.7**		**45.5**
Shareholders' equity	27.2	-	1.0	0.8	-	22.9	-	(12.8)
Non-current liabilities	14.1	-	0.1	0.1	-	-	-	-
Current liabilities	40.6	-	10.0	7.9	-	27.8	-	58.3
Total liabilities & equity	**81.9**		**11.1**	**8.8**		**50.7**		**45.5**
Revenue	**53.5**	**-**	**13.7**	**13.2**	**-**	**8.5**	**-**	**1.5**
Operating profit/(loss)	**14.1**	**-**	**0.2**	**0.7**	**-**	**19.9**	**-**	**10.9**

(1) 2007 figures based on September 30, 2007 financial statements (most recent accounts available, 33.5% interest).
(2) 2006 figures based on September 30, 2006 financial statements (49% interest).

Data relating to other associates are not material for the years ended December 31, 2007 and 2006.

No evidence of impairment of investments in associates was identified in 2007 or 2006.

11 Programmes and broadcasting rights

The table below shows the movement in programme and broadcasting rights inventory, valued in accordance with the accounting policy described in note 2-13.

(€m)	Jan. 1 2006	Other movements, net	Change in scope of consolidation, reclassification	Dec. 31, 2006	Other movements, net	Change in scope of consolidation, reclassification	Dec. 31, 2007
Antenne TF1	641.3	27.0	4.6	672.9	(27.3)	1.2	646.8
TF6	2.9	1.1	-	4.0	(1.2)	-	2.8
Série Club	1.3	0.4	-	1.7	(0.6)	-	1.2
Odyssée	0.8	(0.1)	-	0.7	(0.5)	-	0.2
Histoire	0.5	(0.0)	-	0.5	(0.1)	-	0.4
TV Breizh	4.8	5.2	-	10.0	(2.0)	-	8.0
TFOU	0.0	0.6	-	0.6	0.3	-	0.9
JET	0.0	0.8	-	0.8	(0.8)	-	-
Ushuaïa TV	0.7	(0.2)	-	0.5	0.5	-	1.0
Monégasque des Ondes / TMC	2.2	(0.5)	-	1.7	0.6	0.6	2.9
Gross value	**654.5**	**34.4**	**4.6**	**693.5**	**(31.1)**	**1.8**	**664.2**
Impairment	(144.0)	0.9 (1)	1.2	(141.9)	(22.5) (2)	-	(164.4)
Net value	**510.5**	**35.3**	**5.8**	**551.6**	**(53.6)**	**1.8**	**499.8**

(1) €47.7 million of charges to impairment losses net of €48.6 million of reversals of impairment losses
(2) €82.0 million of charges to impairment losses net of €59.5 million of reversals of impairment losses

The table below shows the maturity of broadcasting and sports transmission rights acquisition contracts entered into by TF1 to secure future programming schedules:

2007 (€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Programmes and broadcasting rights (1)	462.8	754.5	119.9	1,337.2
Sports transmission rights	222.5	498.7	91.0	812.2
Total	**685.3**	**1,253.2**	**210.9**	**2,149.4**

(1) In 2007, some of these contracts were expressed in foreign currencies: €7.8 million in Swiss francs, €36.9 million in pounds sterling and €405.7 million in US dollars.

2006 (€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Programmes and broadcasting rights (1)	486.0	701.9	102.3	1,290.2
Sports transmission rights	197.3	583.8	169.3	950.4
Total	**683.4**	**1,285.7**	**271.6**	**2,240.6**

(1) In 2006, some of these contracts were expressed in foreign currencies: €12.2 million in Swiss francs, €53.7 million in pounds sterling and €429.5 million in US dollars.

Programmes and broadcasting rights:
In 2007, this relates mainly to TF1 SA (€1,232.4 million, compared with €1,206.8 million in 2006).

Sports transmission rights:
These commitments relate mainly to TF1 SA (€568.1 million in 2007 and €696.3 million in 2006) and Eurosport (€244.1 million in 2007 and €254.1 million in 2006).

12 Financial assets

12-1. Categories of financial assets (excluding derivatives)

The table below shows financial assets (excluding derivatives), by category:

2007 (€m)	Financial assets at fair value through profit or loss		Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
	Designated at fair value on initial recognition	Held for trading				
Other financial assets	665.6	-	21.0	5.0	-	691.6
Trade and other debtors	-	-	-	1,232.5	-	1,232.5
Financial assets used for cash management purposes	-	3.8	-	-	-	3.8
Cash and cash equivalents	-	11.8	-	23.1	-	**34.9**

2006 (€m)	Financial assets at fair value through profit or loss		Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
	Designated at fair value on initial recognition	Held for trading				
Other financial assets	628.8	-	25.0	3.3	-	657.1
Trade and other debtors	-	-	-	1,278.7	-	1,278.7
Financial assets used for cash management purposes	-	-	-	-	-	-
Cash and cash equivalents	-	225.8	-	49.4	-	**275.2**

12-2. Other financial assets

(€m)	2007	2006
Canal+ France financial asset	665.6	628.8
Investments in non-consolidated companies	21.0	25.0
Loans and advances to non-consolidated companies	1.5	-
Loans	0.3	0.3
Deposits and caution money	3.2	3.0
Net value – other financial assets	**691.6**	**657.1**

12-2-1. Canal+ France financial asset

The Canal+ France financial asset received in exchange for the transfer of TPS shares in the transaction described in note 4 was designated by TF1 on initial recognition as a financial asset at fair value through profit or loss. This asset represents a 9.9% interest in the capital of Canal+ France plus a put option exercisable in February 2010. This option will enable TF1 to sell all its Canal+ France shares at the greater of:

- a minimum price of €745.8 million (for TF1's share);
- an independent valuation at the exercise date.

It is reported in the balance sheet at fair value, determined on the basis of the minimum price of €745.8 million, discounted at the interest rate derived from the agreement signed on January 6, 2006.

During the year ended December 31, 2007, the fair value of this financial asset increased by €36.8 million, taking the value of the asset (Canal+ France shares plus put option) to €665.6 million as of that date. This change in fair value was recognised in the income statement under "Other financial income and expenses".

12-2-2. Equity investments in non-consolidated companies

The main investments in non-consolidated companies, valued at acquisition cost, break down as follows:

(€m)	% interest	Gross value 2007	Gross value 2006	Provision 2007	Provision 2006	Net value 2007	Net value 2006
A1 International (1) (2)	50.0%	**12.8**	12.8	**-**	-	**12.8**	12.8
En Direct Avec	13.3%	**4.0**	4.0	**(4.0)**	-	**-**	4.0
Sylver (1)	49.0%	**3.7**	3.7	**-**	-	**3.7**	3.7
Soread	11.6%	**1.6**	1.6	**(1.6)**	(1.6)	**-**	-
Prima TV	5.0%	**1.4**	1.4	**-**	-	**1.4**	1.4
Swonke (1)	100.0%	**0.4**	0.9	**(0.4)**	(0.4)	**-**	0.5
SHIP	27.4%	**0.8**	0.8	**(0.8)**	(0.8)	**-**	-
Place des tendances (1)	80.0%	**0.6**	-	**-**	-	**0.6**	-
TF1 Publications (1)	99.9%	**0.5**	0.5	**(0.5)**	(0.5)	**-**	-
Tricom (1)	100.0%	**0.4**	0.4	**-**	-	**0.4**	0.4
LVH	50.0%	-	0.8	**-**	(0.8)	**-**	-
Pink TV	11.4%	-	0.5	**-**	(0.5)	**-**	-
Other		**2.5**	2.3	**(0.4)**	(0.1)	**2.1**	2.2
Equity investments in non-consolidated companies		**28.7**	29.7	**(7.7)**	(4.7)	**21.0**	25.0

(1) Although these subsidiaries are more than 20% owned, they are not consolidated because of the immateriality of their potential contribution to the consolidated financial statements.
(2) A1 International: TF1 made a capital injection into this company in 2005 giving it a 50% interest. Al International is a holding company whose sole object is to own a 3% interest in the capital of The Weinstein Company, a major U.S. film studio.

Impairment testing of equity investments in non-consolidated companies indicated no evidence of impairment in either 2007 or 2006.

12-3. Trade and other debtors

(€m)	2007	2006
Impairment as of January 1	(61.7)	(53.6)
Additional provisions booked during the year	(16.8)	(17.0)
Written off	10.2	6.7
Recovered during the year	0.8	0.9
Change in scope of consolidation, reclassifications	(0.2)	1.3
Impairment as of December 31	**(67.7)**	**(61.7)**

(€m)	Gross value 2007	Impairment 2007	Net value 2007	Net value 2006
Trade debtors	718.1	(11.0)	707.1	702.0
Supplier prepayments (1)	219.6	(3.0)	216.6	207.6
Other operating debtors (2)	191.9	-	191.9	260.7
Other debtors	145.4	(53.7)	91.8	84.4
Prepayments	25.1	-	25.1	24.0
Trade and other debtors	**1,300.1**	**(67.7)**	**1,232.5**	**1,278.7**

(1) This line includes advance payments in respect of acquisitions of programmes a nd sports transmission rights.
(2) Primarily amounts due to the government, local authorities, employees and social security authorities.

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12-4. Cash and cash equivalents

This item comprises:

(€m)	2007	2006
Cash	20.1	47.0
Money-market mutual funds (1)	11.8	225.8
Treasury current accounts (2)	3.0	2.4
Cash and cash equivalents	**34.9**	**275.2**

(1) In 2006, "Money-market mutual funds" included the advance paid by Vivendi on January 6, 2006 under the terms of the agreement signed with a view to a merger between TPS and Canal+ France. This advance was repaid to Vivendi with interest (total amount repaid: €101.9 million) on January 4, 2007, the completion date of the merger.
(2) These accounts are with associates, jointly controlled entities and non-consolidated companies.

12-5. Fair value of financial assets

The fair value of financial instruments is determined by reference to a market price derived from trading on a national stock exchange or an over-the-counter market. If no quoted market price is available, fair value is estimated by alternative valuation methods, such as the discounted cash flow method. In any event, the estimation of fair value is based to some extent on interpretation of the market information used in the valuation. Consequently, these estimates do not necessarily reflect the amounts that might actually be received or paid in the event that these instruments were to be closed out in the market. The use of different estimates, methods and assumptions can have a significant effect on fair value estimates.

The methods used are as follows:

- Canal+ France financial asset: the fair value of this asset is determined on the basis of the minimum price of €745.8 million, discounted at the interest rate derived from the agreement signed on January 6, 2006.

- Equity investments in non-consolidated companies:
  - Listed companies: fair value is determined on the basis of the published stock market price on the balance sheet date.
  - Unlisted companies: if fair value cannot be measured reliably, the investment is carried at acquisition cost. The equity investments in non-consolidated companies held by TF1 are carried at cost.

- Derivative instruments: the fair value of interest-rate and foreign exchange instruments is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets, on the basis of market data as of the balance sheet date.

Because of their short maturities, the carrying amount of trade and other debtors, cash, and treasury current accounts is regarded as a reasonable approximation of their fair value.

13 Consolidated shareholders' equity

13-1. TF1 share capital

As of December 31, 2007, the share capital of TF1 SA comprised 213,410,492 ordinary shares, all fully paid. Movements in share capital during 2007 were as follows:

Number of shares	Total shares outstanding	Treasury shares
January 1, 2006	214,052,129	251,537
Capital increase	2,198,000	-
Repurchase of shares	-	2,128,000
Cancellation of treasury shares	(2,128,000)	(2,128,000)
January 1, 2007	214,122,129	251,537
Capital increase	439,900	
Repurchase of shares		900,000
Cancellation of treasury shares	(1,151,537)	(1,151,537)
December 31, 2007	213,410,492	-
Par value	€0.2	€0.2

13-2. Changes in shareholders' equity not affecting the income statement

13-2-1. Dividends

The table below shows the amount of dividend paid by the TF1 Group in the years ended December 31, 2007 and 2006, and the amount of dividend submitted by the Board of Directors for approval by the Ordinary General Meeting of the shareholders to be held on April 17, 2008.

	To be paid in 2008 (*)	Paid in 2007	Paid in 2006
Total dividend (€m)	181.4	181.8	139.0
Dividend per ordinary share (€)	0.85	0.85	0.65

(*) Proposed dividend

Because this dividend is subject to approval by the shareholders, it was not recognised as a liability in the consolidated financial statements as at December 31, 2007.

13-2-2. Share-based payment

The matching entry for the movement in this reserve during the period is charged to "Staff costs" in the income statement (see note 20).

13-2-3. Treasury shares

The treasury shares reserve comprises the cost of TF1 SA shares held by the TF1 Group.

During 2007 and 2006, TF1 carried out share repurchases followed by cancellation of the repurchased shares, details of which are as follows:

	No. of shares	Acquisition cost (€m)
2007	900,000	18.7
2006	2,128,000	54.2

In March 2006, TF1 bought its own shares forward to hedge upside risk in the TF1 share price in respect of shares allotted unconditionally under consideration-free share allotment plan no.1 (see note 31), and contracted purchase options to cover shares allotted subject to conditions.

The cost of the forward purchase of shares (€4.7 million) is recorded under "Treasury shares" in the consolidated statement of changes in shareholders' equity; the delivery date of the shares bought forward is April 2008. The option premium (€0.9 million) is included on the "Purchase of treasury shares" line in the consolidated statement of changes in shareholders' equity.

13-3. Cash flow hedge reserve

(€m)	**2007**	**2006**
Reserve at January 1	**-**	**2.6**
Cash flow hedges recognised in profit or loss for the period (1)	1.4	0.1
Change in fair value of new cash flow hedges contracted during the period	(1.9)	(2.2)
Change in fair value of existing portfolio of cash flow hedges during the period	(2.9)	-
Pre-hedging balancing payment recognised in profit or loss for the period	(0.5)	(0.5)
Reserve at December 31	**(3.9)**	**-**

(1) The amounts transferred from equity to profit or loss are recognised as a component of operating profit. The gain arising during the year ended December 31, 2007 from closing out derivative instruments was €1.4 million.

14 Financial liabilities

14-1. Categories of financial liabilities (excluding derivatives)

The table below shows financial liabilities, excluding derivatives, by category:

2007 (€m)	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	**Total**
	Designated at fair value on initial recognition	Held for trading		
Non-current debt	-	-	617.6	**617.6**
Current debt	-	-	14.8	**14.8**
Trade and other creditors	-	-	1,513.1	**1,513.1**

2006 (€m)	PFinancial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	**Total**
	Designated at fair value on initial recognition	Held for trading		
Non-current debt	-	-	505.6	**505.6**
Current debt	-	-	148.7	**148.7**
Trade and other creditors	-	-	1,554.5	**1,554.5**

14-2. Trade and other creditors

(€m)	2007	2006
Trade creditors	723.2	736.4
Advance payments received	8.6	7.1
Tax and employee-related liabilities (1)	345.0	351.0
Amounts due in respect of non-current assets	93.9	65.6
Other creditors	300.4	309.2
Audiovisual industry support fund grants (2)	12.0	8.0
Current accounts	15.6	17.4
Deferred and prepaid income and similar items (3)	14.4	15.7
Operating and other grants (4)	-	44.1
Trade and other creditors	**1,513.1**	**1,554.5**

(1) Tax and employee-related liabilities mainly comprise VAT and corporate income taxes payable.

(2) Audiovisual industry support fund grants included in creditors mainly comprise grants awarded by the French National Centre for Cinematography to TF1 Films Production, Alma Productions and TF1 International.

(3) Mainly comprises prepaid income.

(4) Operating grants comprise grants awarded by the French State to France 24.

14-3. Fair value of financial liabilities

Because of their short maturities, the carrying amount of bank overdrafts, trade and other creditors and current debt is regarded as a reasonable approximation of their fair value.
The fair value of derivative instruments is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets, on the basis of market data as of the balance sheet date.

15 Net debt

Net debt as reported by the TF1 Group comprises the following items:

(€m)	2007	2006
Cash and cash equivalents	34.9	275.2
Financial assets used for treasury management purposes	3.8	0.0
Total cash and cash equivalents (A)	**38.7**	**275.2**
Fair value of interest rate derivative instruments (B)	**(3.6)**	**0.6**
Non-current debt (1)	617.6	505.6
Current debt (2)	14.8	148.7
Total debt (C)	**632.4**	**654.3**
Net debt (C) – (B) – (A)	**597.3**	**378.5**

(1) The TF1 Group has issued €500 million of fixed-rate bonds maturing 2010. Of this issue €300 million is hedged against interest rate risk. The effective interest rate of the bonds at December 31, 2007 was 4.53% before hedging and 4.30% after hedging (4.53% before hedging and 3.82% after hedging at December 31, 2006).

(2) In 2006, this line included the matching liability for the advance paid by Vivendi in January 2006 in connection with the merger between TPS and Canal+ France. This advance was repaid to Vivendi with interest (total amount repaid: €101.9 million) on January 4, 2007.

16 Provisions

16-1. Non-current provisions

16-1-1. Breakdown of non-current provisions

Movements during 2007 were as follows:

2007 (€m)	Jan. 1	Charges	Reversals: used	Reversals: unused	Other	Dec. 31
Retirement benefit obligations	27.8	5.5	(5.5)	(1.6)	1.3	27.5
Long-service leave	6.6	1.4	(0.6)	(0.6)	0.0	6.8
Other non-current provisions	0.3	0.2	(0.1)	0.0	0.0	0.4
Non-current provisions	**34.7**	**7.1**	**(6.2)**	**(2.2)**	**1.3**	**34.7**

From January 1, 2007 onwards, other movements in provisions for retirement benefit obligations including actuarial gains and losses on these obligations, which are recognised directly in equity (see note 2-3). The amount recognised directly in equity for the year ended December 31, 2007 was a net actuarial loss of €1.1 million.

Movements during 2006 were as follows:

2006 (€m)	Jan. 1	Charges	Reversals: used	Reversals: unused	Other	Dec. 31
Retirement benefit obligations	25.6	3.8	(1.2)	(0.7)	0.3	27.8
Long-service leave	6.3	1.3	(0.5)	(0.5)	0.0	6.6
Other non-current provisions	0.6	0.5	(0.3)	0.0	(0.5)	0.3
Non-current provisions	**32.5**	**5.6**	**(2.0)**	**(1.2)**	**(0.2)**	**34.7**

16-1-2. Provisions for retirement benefit obligations

Main actuarial assumptions

	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Discount rate	4.2%	3.8%	3.4%
Expected rate of return on plan assets	3.8%	3.8%	4.0%
Salary inflation rate	2.0%	2.0%	2.0%

Expense recognised in the income statement

(€m)	2007	2006
Current service cost	(1.7)	(1.7)
Interest expense on obligation	(1.2)	(1.0)
Expected return on plan assets	0.2	0.1
Recognised actuarial gains/(losses), net	-	(0.9)
Expense recognised	**(2.7)**	**(3.5)**
Of which: charged to provisions	*1.6*	*(1.9)*
recognised in "Staff costs"	*(4.3)*	*(1.6)*
Actual return on plan assets	**0.2**	**0.1**

Amounts recognised in the balance sheet

The amounts recognised in the balance sheet for the TF1 Group's retirement benefit obligations breaks down as follows:

(€m)	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004
Present value of obligation	32.2	30.5	28.2	26.4
Fair value of plan assets	(4.7)	(2.7)	(2.6)	(2.5)
Unfunded obligation (provision)	**27.5**	**27.8**	**25.6**	**23.9**

Changes in the fair value of the retirement benefit obligation

(€m)	Dec. 31, 2007	Dec. 31, 2006
Defined-benefit plan obligation at start of period	**30.5**	**28.2**
Current service cost for the period	1.7	1.7
Interest cost (unwinding of discount)	1.2	1.0
Benefits paid	(2.5)	(1.6)
Actuarial (gains)/losses recognised directly in equity	1.1	0.9
Changes in scope of consolidation	0.2	0.3
Defined-benefit plan obligation at end of period	**32.2**	**30.5**

Change in the fair value of plan assets

(€m)	Dec. 31, 2007	Dec. 31, 2006
Fair value of insurance policy assets at start of period	**2.7**	**2.6**
Employer contributions paid	3.5	-
Benefits paid	(1.7)	-
Expected return on plan assets	0.2	0.1
Actuarial gains/(losses)	-	-
Fair value of insurance policy assets at end of period	**4.7**	**2.7**

16-2. Current provisions

Movements in current provisions during 2007 are as follows:

2007 (€m)	Jan. 1	Charges	Reversals: used	Reversals: unused	Change in scope of consolidation, reclassification	Dec. 31
Provisions for disputes with government and public bodies	9.4	0.4	-	-	-	9.8
Provisions for disputes with employees	0.8	0.5	(0.1)	(0.1)	-	1.1
Provisions for disputes with customers	4.5	0.2	(0.2)	-	-	4.5
Provisions for other disputes and contractual risks	34.2	3.9	(1.3)	(4.9)	0.2	32.1
Provisions for restructuring	-	-	-	-	-	-
Other	4.2	6.3	(3.5)	(0.3)	6.3	12.9
Current provisions	**53.1**	**11.2**	**(5.1)**	**(5.4)**	**6.5**	**60.4**

No material contingent liabilities were identified as of the balance sheet date.

17 Operating revenues

Operating revenues comprise

(€m)	2007	2006
Advertising revenues	1,900.2	1,870.9
Distribution of consumer products	355.1	306.2
Cable and satellite revenues	271.0	239.3
Production/distribution of audiovisual rights	128.6	114.1
Revenue from other activities	108.7	123.2
Revenue	**2,763.6**	**2,653.7**
Royalty income	0.2	0.4
Operating revenues	**2,763.8**	**2,654.1**

18 External production costs

External production costs comprise costs incurred on programmes acquired from third parties and broadcast on TF1 Group channels (TF1, and the theme channels TV Breizh, TMC, TF6, Série Club, Odyssée, TFOU, Histoire and Ushuaïa TV).

The increase in this item between 2006 and 2007 was mainly due to higher external programming costs for TF1 SA.

19 Other purchases and changes in inventory

This line consists of the following items:

(€m)	2007	2006
Purchases of services	(352.5)	(418.6)
Purchases of broadcasting rights	(86.0)	(79.5)
Purchases of goods	(93.6)	(68.9)
Other	(30.0)	(14.4)
Other purchases and changes in inventory	**(562.1)**	**(581.4))**

20 Staff costs

Staff costs comprise:

(€m)	2007	2006
Staff remuneration	(299.4)	(259.3)
Social security charges	(120.4)	(105.6)
Other staff costs	(1.5)	(1.2)
Statutory employee profit-sharing	(11.5)	(11.5)
Share-based payment expense	(4.7)	(5.1)
Staff costs	**(437.5)**	**(382.7)**

Defined-contribution plan expenses are included in "Social security charges", and amounted to €31 million in 2007 (€28.8 million in 2006).

Expenses relating to lump-sum retirement benefits and long-service leave under the collective agreements applicable to TF1 Group companies are recognised as increases in non-current provisions (see note 16-1). Lump-sum retirement benefits paid during the period are recorded in "Staff remuneration".

A breakdown of Group employees is provided in the Directors' Report.

Share-based payment expense includes the cost of share subscription option plans and consideration-free share allotment plans, calculated in accordance with IFRS 2.

20-1. Cost of TF1 share options

The cost of share options recognised in "Staff costs" breaks down as follows:

(€m)	Grant date	Minimum retention period	Total fair value	Staff costs 2007	2006
Plan No.7	March 12, 2003	3 years	10.2	-	0,7
Plan No.8	September 16, 2004	3 years	4.6	1.1	1,5
Total				**1.1**	**4.9**

The assumptions used in calculating the cost of share options, based on the Black-Scholes model, were as follows:

	Reference share price	Exercise price	Expected volatility	Average maturity	Risk-free rate	Payout ratio	Liquidity discount	Fair value per option
Plan No.7	€20.48	€20.20	29%	6.8 years	3.49%	2.60%	-15%	€4.69
Plan No.8	€23.66	€23.46	26%	6.6 years	3.65%	2.75%	-15%	€4.83

The average maturity used is lower than the contractual life of the option in order to take account of exercises by grantees ahead of the contractual expiry date. The volatility assumptions used are consistent with the implied volatility reflected in the price offered at the date of grant by leading banks for TF1 share options with the same maturity.

20-2. Cost of consideration-free TF1 share allotment plan

(€m)	Allotment date	Vesting date	End of lock-up period	Total fair value	Charge to staff costs 2007	Charge to staff costs 2006
Plan No.1	March 8, 2006	March 31, 2008	March 31, 2010	7.5	3.6	2.9

The cost of this plan, which is being recognised over the vesting period of the plan (March 8, 2006 to March 31, 2008), represents the probable number of shares to be allotted as estimated on inception of the plan (276,986 shares) multiplied by the opening share price on the date of the Board meeting that awarded the plan (opening share price on February 21, 2006: €26.94), giving a total expense of €7.5 million.

20-3. Cost of Bouygues Group employee benefit plans

The cost of employee benefits under plans awarded to TF1 Group employees by the Bouygues Group for the year ended December 31, 2007 was immaterial.

21 External expenses

External expenses comprise:

(€m)	2007	2006
Subcontracting	(181.1)	(166.0)
Rent and associated charges	(50.1)	(49.9)
Agents' fees and professional fees	(122.4)	(109.5)
Advertising, promotion and public relations	(106.1)	(104.6)
Other external expenses	(86.9)	(74.7)
External expenses	**(546.6)**	**(504.7)**

22 Other operating income and expenses

Other operating income and expenses comprise:

(€m)	2007	2006
Royalties and paybacks to rights-holders	(86.7)	(83.2)
Reversal of unused provisions	8.4	4.0
In-house production capitalised, cost transfers	20.3	31.2
Bad debts written off	(3.9)	(3.6)
Operating grants (1)	45.3	19.6
Other operating income and expenses	2.6	3.8
Other operating income and expenses	**(14.0)**	**(28.2)**

(1) The increase in operating grants released to income is due to the start-up of France 24 in December 2006; 2007 was the first full year of trading for France 24.

23 Cost of net debt

Cost of net debt comprises the following items:

(€m)	2007	2006
Interest income	2.6	2.8
Change in fair value of the hedged portion of the bond issue	3.0	12.4
Change in fair value of interest rate derivatives	0.9	1.1
Income and revenues from financial assets	3.1	5.2
Income associated with net debt	**9.6**	**21.5**
Interest expense on debt	(26.8)	(21.4)
Change in fair value of interest rate derivatives	(4.2)	(11.7)
Expenses associated with net debt	**(31.0)**	**(33.1)**
Cost of net debt	**(21.4)**	**(11.6)**

24 Other financial income and expenses

Other financial income and expenses comprise:

(€m)	2007	2006
Change in fair value of Canal+ France financial asset	36.8	-
Dividends	2.1	2.1
Gains and losses on financial assets	(3.7)	(4.5)
Change in value of forward currency purchase contracts	(3.4)	(2.6)
Effect of discounting of assets and liabilities	(2.3)	-
Other	(0.8)	0.1
Other financial income and expenses	**28.7**	**(4.9)**

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25 Net income and expense on financial assets and financial liabilities

The table below shows details of income, expenses, gains and losses arising on financial assets and liabilities, split between items affecting financial income/expense and operating profit:

(€m)	Financial income/expens 2007	Financial income/expens 2006	Operating profit 2007	Operating profit 2006
Net income/(expense) on loans and receivables at amortised cost	1.5	2.4	(15.5)	(7.6)
Net income/(expense) on financial assets at fair value	41.2	6.8	-	-
- financial assets designated as fair value through profit or loss	*36.8*	-	-	-
- financial assets held for trading	*4.4*	*6.8*	-	-
Net income/(expense) on available-for-sale financial assets	(2.2)	(2.8)	(0.4)	(0.3)
Net income/(expense) on financial liabilities at amortised cost	(29.6)	(22.1)	-	-
Net income/(expense) on derivatives	(3.6)	(0.8)	0.9	0.4
Total	**7.3**	**(16.5)**	**(15.0)**	**(7.5)**

26 Income tax expense

26-1. Current and deferred taxes

26-1-1. Income statement

(€m)	2007	2006
Current income taxes	(97.4)	(109.0)
Deferred taxes	4.4	10.3
Income tax expense	**(93.0)**	**(98.7)**

The tax rate used in the deferred tax calculation for the year ended December 31, 2007 was 34.43% (standard rate).

26-1-2. Tax proof

(€m)	2007	2006
Net profit	**227.8**	**452.5**
Income tax expense	93.0	98.7
Post-tax profit from discontinued and held-for-sale operations	-	(253.6)
Share of profits/(losses) of associates	(8.3)	(13.1)
Minority interests	-	(0.2)
Net profit from continuing operations before tax, minority interests and associates	**312.5**	**284.3**
Standard tax rate in France	**34.4%**	**34.4%**
Fair value adjustments	(3.9%)	-
Recognition of tax losses available for carry-forward indefinitely	-	-
Unrecognised tax losses arising in the period	1.1%	0.8%
Unrecognised tax losses from prior period used for offset during the year	(0.8%)	(0.2%)
Offset of tax credits	(1.0%)	(0.7%)
Other differences, net	-	0.4%
Effective tax rate	**29.8%**	**34.7%**

TF1 made a group tax election on January 1, 1989, and has renewed this election regularly since that date.

26-2. Deferred tax assets and liabilities

26-2-1. Change in net deferred taxes

(€m)	2007	2006
Net deferred tax asset as of January 1	**18.3**	**8.5**
Recognised in equity	0.4	0.0
Recognised in profit or loss	4.4	10.3
Other	(2.1)	(0.5)
Net deferred tax asset as of December 31	**21.0**	**18.3**

The only deferred taxes recognised directly in equity are those arising on actuarial gains/losses on employee benefits.

26-2-2. Main sources of deferred taxation

The main sources of deferred taxation are as follows:

(€m)	2007	2006
Drama programmes provision	7.1	7.5
Provisions for retirement benefit obligations	9.2	9.5
Provisions for deferred charges	6.3	7.8
Provisions for trade debtors	2.3	2.4
Other provisions	10.2	9.7
Statutory employee profit-sharing scheme	3.7	3.9
Unused tax losses	9.1	9.1
Other deferred tax assets	5.8	6.5
Offset of deferred tax assets and liabilities (1)	(31.9)	(37.6)
Deferred tax assets	**21.8**	**18.8**
Accelerated tax depreciation	(19.7)	(25.3)
Depreciation of head office building	(8.7)	(9.0)
Remeasurement of assets	(1.9)	-
Other deferred tax liabilities	(2.4)	(3.8)
Offset of deferred tax assets and liabilities (1)	31.9	37.6
Deferred tax liabilities	**(0.8)**	**(0.5)**
Net deferred tax asset at December 31	**21.0**	**18.3**

(1) Adjustment to offset deferred tax assets and liabilities (see note 2-4), impacting 2006 published data.

Unrecognised deferred tax assets amounted to €33.7 million at December 31, 2007 (versus €41.5 million at December 31, 2006), and comprised tax losses and deferred tax depreciation the recovery of which is not sufficiently probable to justify recognition.

27 Earnings per share

Basic earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year.

Because potentially dilutive ordinary shares have no adjusting effect on net profit for the year, diluted earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year adjusted for the effects of all potentially dilutive ordinary shares. Diluted earnings per share takes account of the dilutive effect of consideration-free share allotment plans and of share subscription option plans that are in the money (i.e. the exercise price is less than the quoted market price of TF1 shares).

(€m)	2007	2006
Net profit for the year (€m)		
Net profit from continuing operations (attributable to the Group)	227.8	198.7
Net profit from discontinued/held-for-sale operations	-	253.6
Net profit attributable to the Group	227.8	452.5
Weighted average number of shares outstanding	**213,762,607**	**213,873,724**
Basic earnings per share (in euros)		
Basic earnings per share from continuing operations	1.07	0.93
Basic earnings per share from discontinued/ held-for-sale operations	-	1.19
Basic earnings per share	1.07	2.12
Average number of ordinary shares after dilution	**214,238,195**	**214,824,930**
Diluted earnings per share (in euros)		
Diluted earnings per share from continuing operations	1.06	0.92
Diluted earnings per share	1.06	2.11

The average number of ordinary shares after dilution is obtained by taking account of the following dilutive effects:

(Number of shares)	2007	2006
Weighted average number of ordinary shares for the year	213,762,607	213,873,724
Dilutive effect of share option plans	219,264	694,882
Dilutive effect of consideration-free share allotment plans	256,324	256,324
Average number of ordinary shares after dilution	214,238,195	214,824,930

In 2007, only share subscription option plan no.7 (awarded March 12, 2003) was in the money (i.e. the adjusted exercise price was lower than the average TF1 share price during the period). In 2006, share subscription option plans no.7 (awarded March 12, 2003) and no.8 (awarded September 16, 2004) were in the money.

28 Notes to the consolidated cash flow statement

The presentation of the cash flow statement used in the 2006 published financial statements has been changed so as to show cash flows relating to discontinued/held-for-sale operations separately at the foot of the cash flow statement. The 2006 published cash flow statement analysed changes in a cash position that included both the cash position of continuing operations and the cash effect of discontinued and held-for-sale operations.

28-1. Definition of cash position

The cash flow statement analyses changes in the cash position of continuing operations only. Changes in the cash position of discontinued and held-for-sale operations are presented separately at the foot of the cash flow statement.

The cash position analysed in the cash flow statement comprises cash and cash equivalents, treasury current accounts (debit and credit balances), and bank overdrafts. A reconciliation between the net cash position in the cash flow statement and the “Cash and cash equivalents” line in the balance sheet is presented below:

(€m)	2007	2006
Cash and cash equivalents in the balance sheet	34.9	275.2
Treasury current account credit balances	(2.1)	(1.6)
Bank overdrafts	(2.9)	(1.8)
Net cash position at end of period per cash flow statement	**29.9**	**271.8**

28-2. Effect of changes in scope of consolidation

The effect of changes in the scope of consolidation on the cash position is as follows:

(€m)	2007	2006
Cash and cash equivalents acquired	2.6	26.8
Financial assets acquired	233.9	1.4
Other assets acquired	23.4	7.2
Minority interests acquired	(0.0)	(1.4)
Other liabilities assumed	(15.1)	(36.1)
Net assets acquired/(liabilities assumed) **(A)**	244.7	(2.1)
Goodwill **(B)**	5.8	27.3
Cash outflow (A) + (B)	**250.4**	**25.2**
Cash acquired	10.8	(26.8)
Cash of companies joining the scope of consolidation in the period but not acquired	-	(1.0)
Net cash outflow/(inflow)	**261.2**	**(2.6)**

The effect of divestments of subsidiaries on the cash position is as follows:

(€m)	2007	2006
Cash received	27.8	13.6
Cash divested	0.2	-
Subscription to TPS Gestion share issue	-	(129.4)
Net cash inflow/(outflow)	**28.0**	**(115.8)**

The effect of changes in the scope of consolidation on the cash position in 2007 and 2006 breaks down as follows:

(€m)	2007	2006
Net cash inflow/(outflow) on acquisitions	(261.2)	2.6
Net cash inflow/(outflow) on divestments	28.0	(115.8)
Effect of changes in scope of consolidation	**(233.2)**	**(113.2)**

28-3. Change in debt

The impact on the TF1 Group's cash position during 2007 of changes in debt breaks down as follows:

(€m)	2007	2006
Repayment of debt (finance lease obligations) (1)	(0.9)	(1.4)
Bond issue	120.0	-
Advance received from Vivendi in January 2006 in connection with the transfer of TPS (2)	(101.9)	99.0
Loans received from associates	(36.3)	36.3
Other movements	(1.7)	(12.5)
Net change	**(20.8)**	**121.4**

(1) Represents the debt repayment component of lease payments made during the period.
(2) Advance of €99 million received in 2006, repaid with interest on January 4, 2007 (total amount repaid €101.9 million).

29 Risk management

29-1. Capital management strategy

Gearing

The TF1 Group uses gearing (defined as the ratio of net debt to equity) as a key financial indicator. Gearing provides investors with an indication of the Group's level of indebtedness relative to the level of equity capital. It is calculated on the basis of net debt as defined in note 15 and of shareholders' equity as shown in the balance sheet, including reserves used to recognise changes in the fair value of cash flow hedges and of available-for-sale financial assets.

29-2. Risk management strategy

TF1's market risks (interest rate and foreign exchange risk) and liquidity risks are managed by the Administration & Finance Department.

29-2-1. Market risk

At the end of each year, the Finance Department sets all budget exchange rates and interest rates for the following year. These rates are used in preparing the Group's budgets, and become the target rates for hedging purposes.

The Financing and Treasury Department manages these currency and interest rate hedges centrally for the Group. It tracks the financial markets on a daily basis, and prepares a monthly update of the positions to be hedged after netting between Group entities.

The TF1 Group manages its exposure to exchange rate and interest rate risk by using hedging instruments such as swap contracts, forward purchases and sales, and currency and interest rate options. Derivative instruments are used solely for hedging purposes and are never used for speculative purposes.

29-2-1-1. Interest rate risk

Interest rate risk hedging and sensitivity:

As at December 31, 2007, the fixed/floating rate split of financial assets and liabilities was as follows:

2007 (€m)	Fixed-rate	Floating-rate	Total
Financial liabilities (1)	(509.9)	(127.0)	(636.9)
Financial assets (2)	3.8	35.8	39.6
Net position before hedging	**(506.1)**	**(91.2)**	**(597.3)**
Interest rate hedge – swap: pay floating rate	300.0	(300.0)	-
Interest rate hedge – swap: pay fixed rate	-	-	-
Net position after hedging	**(206.1)**	**(391.2)** (3)	**(597.3)**

(1) Includes financial instruments with a fair value of €4.5 million used to hedge net debt.
(2) Includes financial instruments with a fair value of €0.9 million used to hedge net debt.
(3) Floating rate capped at 3.80% on €150 million.

As of December 31, 2007, the net position after hedging comprises fixed-rate debt of €206.1 million and floating-rate debt of €391.2 million (including €150 million of floating-rate debt capped at 3.80%).

An immediate reduction of 1% (100 basis points) in short-term interest rates would reduce the cost of net debt over a full year by €3.9 million. An immediate rise of 1% (100 basis points) in short-term interest rates would increase the cost of net debt over a full year by €2.4 million (due to the effect of the 3.80% cap on floating-rate debt).

2006 (€m)	Fixed-rate	Floating-rate	No exposure (4)	Total
Financial liabilities (1)	(539.0)	(113.6)	(3.0)	(655.6)
Financial assets (2)	-	275.2	1.9	277.1
Net position before hedging	**(539.0)**	**161.6**	**(1.1)**	**(378.5)**
Interest rate hedge *SWAP*: pay floating rate	300.0	(300.0)	-	-
Interest rate hedge *SWAP* : pay fixed rate	(100.0)	100.0	-	-
Net position after hedging	**(339.0)**	**(38.4)** (3)	**(1.1)**	**(378.5)**

(1) Includes financial instruments with a fair value of €1.3 million used to hedge net debt.
(2) Includes financial instruments with a fair value of €1.9 million used to hedge net debt.
(3) Floating rate capped at 3.80% on €150 million.
(4) Items reclassified as floating-rate in 200.7

Interest rate derivatives in 2007:

2007 (€m)	Derivatives not designated as hedges	Derivatives designated as fair value hedges	Derivatives designated as cash flow hedges	Fair value
Interest rate derivatives (assets)	0.9	-	-	**0.9**
Interest rate derivatives (liabilities)	-	(4.5)	-	**(4.5)**
Total	**0.9**	**(4.5)**	**-**	**(3.6)**

The net fair value of interest rate derivatives in the balance sheet is -€3.6 million. A shift of +1% (100 basis points) in the yield curve would change the fair value of the interest rate hedging portfolio to -€9.6 million, while a shift of -1% (100 basis points) in the yield curve would change the fair value of the interest rate hedging portfolio to +€3.6 million.

Interest rate derivatives designated as fair value hedges:
The unfavourable change in the fair value of interest rate derivatives designated as fair value hedges and recognised as liabilities in the balance sheet, amounting to €3.2 million for the year ended December 31, 2007, is included in "Expenses associated with net debt" (see note 23). There were no material mismatches between the impact of the fair value hedges on profit or loss and the impact of the hedged items on profit or loss.

Interest rate derivatives in 2006:

2006 (€m)	Derivatives not designated as hedges	Derivatives designated as fair value hedges	Derivatives designated as cash flow hedges	Fair value
Interest rate derivatives (assets)	1.9	-	-	**1.9**
Interest rate derivatives (liabilities)	-	(1.3)	-	**(1.3)**
Total	**1.9**	**(1.3)**	**-**	**0.6**

Maturity of interest rate derivatives:

2007 (€m)	Less than 1 year	1 to 5 years	Total	Fair value
Swap: pay floating rate		300.0	**300.0**	(4.5)
Cap (3.80% floating rate cap)	150.0		**150.0**	0.9
Total	**150.0**	**300.0**	**450.0**	**(3.6)**

2006 (€m)	Less than 1 year	1 to 5 years	Total	Fair value
Swap: pay fixed rate	100.0	-	**100.0**	1.6
Swap: pay floating rate	-	300.0	**300.0**	(1.3)
Cap (3.80% floating rate cap)	-	150.0	**150.0**	0.3
Total	**100.0**	**450.0**	**550.0**	**0.6**

Maturity and fixed/floating rate split of net debt (after hedging):

2007 (€m)	Less than 1 year	1 to 5 years	Total
Fixed-rate	(9.5)	(200.4)	(209.9)
Floating-rate	(7.0)	(420.0)	(427.0)
Total debt	**(16.5)**	**(620.4)**	**(636.9)**
Fixed-rate	3.8	-	3.8
Floating-rate	35.8	-	35.8
Financial assets	**39.6**	**-**	**39.6**
Net debt	**23.1**	**(620.4)**	**(597.3)**
- fixed-rate	*(5.7)*	*(200.4)*	*(206.1)*
- floating-rate (1)	*28.8*	*(420.0)*	*(391.2)*

(1) Includes €150 million capped at 3.80%.

2006 (€m)	Less than 1 year	1 to 5 years	Total
Fixed-rate	(137.1)	(201.9)	(339.0)
Floating-rate	(7.4)	(306.2)	(313.6)
No exposure	(5.5)	2.5	(3.0)
Total debt	**(150.0)**	**(505.6)**	**(655.6)**
Fixed-rate	-	-	-
Floating-rate	275.2	-	275.2
No exposure	1.9		1.9
Financial assets	**277.1**	**-**	**277.1**
Net debt	**127.1**	**(505.6)**	**(378.5)**
- fixed-rate	*(137.1)*	*(201.9)*	*(339.0)*
- floating-rate (1)	*267.8*	*(306.2)*	*(38.4)*

(1) Includes €150 million capped at 3.80%.

29-2-1-2. Foreign exchange risk

Foreign exchange derivatives (2007):

2007 (€m)	Derivatives not designated as hedges	Derivatives designated as fair value hedges	Derivatives designated as cash flow hedges	Fair value
Foreign exchange derivatives (assets)	0.3	-	-	**0.3**
Foreign exchange derivatives (liabilities)	(3.3)	-	(4.0)	**(7.3)**
Total	**(3.0)**	**-**	**(4.0)**	**(7.0)**

The net fair value of foreign exchange derivatives is -€7 million. A uniform unfavourable movement of €0.01 in the exchange rate against all other currencies would change this fair value to -€8.3 million.

Foreign exchange derivatives designated as cash flow hedges:
The change in the fair value of the portfolio of derivatives designated as cash flow hedges between December 31, 2006 and December 31, 2007, plus the transfer to profit or loss of cash flow hedges closed out during 2007, resulted in an overall reduction of €2.5 million in the fair value of cash flow hedges during the year. This compares with an increase of €3.4 million in the fair value of the hedged items. The resulting ineffectiveness of €0.9 million was recognised in the income statement on the line "Income associated with net debt" (see notes 13-3 and 23).

Foreign exchange derivatives (2006):

2006 (€m)	Derivatives not designated as hedges	Derivatives designated as fair value hedges	Derivatives designated as cash flow hedges	Fair value
Foreign exchange derivatives (assets)	1.4	-	-	**1.4**
Foreign exchange derivatives (liabilities)	(1.1)	-	(1.5)	**(2.6)**
Total	**0.3**	**-**	**(1.5)**	**(1.2)**

The main purpose of foreign exchange derivative instruments is to hedge foreign-currency programme purchases and revenues. The table below breaks down these instruments by currency for 2007:

At 2007 closing exchange rates (in millions)	Currency	Nominal amount of hedge (in currency)	Nominal amount of hedge (in euros)	Fair value (in euros)	Of which designated as cash flow hedges (in euros)
Forward purchases	USD	99.3	67.5	(6.0)	(4.0)
Knock-out forward purchases [(1)]	USD	37.5	25.5	(1.3)	-
Forward sales	NOK	90.0	11.3	0.3	-
Total hedges			**104.3**	**(7.0)**	**(4.0)**

(1) A knock-out forward purchase offers a guaranteed minimum exchange rate, but also allows the holder to benefit from favourable exchange rate movements up to an agreed upper limit or "barrier". Once this barrier is crossed, the contract rate returns to the guaranteed minimum.

At 2006 closing exchange rates (in millions)	Currency	Nominal amount of hedge (in currency)	Nominal amount of hedge (in euros)	Fair value (in euros)	Of which designated as cash flow hedges (in euros)
Forward purchases	USD	121.2	92.0	(1.9)	(1.1)
Knock-out forward purchases	USD	47.6	36.1	(0.7)	(0.4)
Forward sales	NOK	180.0	21.8	1.4	-
Forward sales	SEK	42.0	4.6	-	-
Total hedges			**154.5**	**(1.2)**	**(1.5)**

Maturity of derivatives:

At 2007 closing exchange rates (€m)	Currency	Nominal amount of hedge	Less than 1 year	1 to 5 years
Forward purchases	USD	67.5	44.2	23.3
Knock-out forward purchases	USD	25.5	22.1	3.4
Forward sales	NOK	11.3	11.3	-
Total hedges		**104.3**	**77.6**	**26.7**

29-2-2. Liquidity risk

The Financing and Treasury Department is responsible for ensuring that the Group has access to adequate and sustainable sources of financing. This involves:

- analysis and monthly updating of cash flow projections for all Group companies;
- negotiating and maintaining an adequate cushion of financing facilities with an average maturity of 5 years.

Maturity of financial liabilities (excluding derivatives):

The table below provides a schedule of undiscounted future repayments (principal and interest) of financial liabilities, based on residual contractual maturities:

2007 (€m)	**Carrying amount**	Less than 1 year	1 to 5 years	**Residual contractual amount**
Bond issue (including accrued interest)	**498.1**	**22.0**	544.0	**566.0**
Finance lease obligations	**2.1**	**0.7**	1.4	**2.1**
Bank borrowings	**123.2**	**3.2**	120.0	**123.2**
Trade and other creditors	**1,513.1**	**1,513.1**	-	**1,513.1**
Other financial liabilities	**9.0**	**7.9**	1.1	**9.0**
Total	**2,145.5**	1,546.9	666.5	**2,213.4**

2006 (€m)	Carrying amount	Less than 1 year	1 to 5 years	Residual contractual amount
Bond issue (including accrued interest)	**501.5**	22.0	566.0	**588.0**
Finance lease obligations	**2.7**	0.8	1.9	**2.7**
Bank borrowings	**2.8**	2.8	-	**2.8**
Trade and other creditors	**1,554.5**	1,554.5	-	**1,554.5**
Other financial liabilities	**147.3**	141.1	6.2	**147.3**
Total	**2,208.8**	1,721.2	574.1	**2,295.3**

Confirmed credit facilities:

The Group has confirmed credit facilities of €955.5 million expiring in one to five years, and also a €500 million bond issue maturing in 2010.

Drawdowns under these facilities at December 31, 2007 were €120 million, representing a utilisation rate of 13% (versus zero at December 31, 2006).

2007	Authorised facilities expiring				Drawdowns expiring				Available
(€m)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total	facilities
Confirmed bilateral credit facilities	-	955.5	-	**955.5**	-	120.0	-	**120.0**	835.5
Finance leases	0.7	1.4		**2.1**	0.7	1.4	-	**2.1**	-
Sub-total	0.7	956.9	-	**957.6**	0.7	121.4	-	**122.1**	835.5
Bond issue	-	500.0	-	**500.0**	-	500.0	-	**500.0**	-
Total	0.7	1,456.9	-	**1,457.6**	0.7	621.4	-	**622.1**	835.5

2006	Authorised facilities expiring				Drawdowns expiring				Available
(€m)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total	facilities
Confirmed bilateral credit facilities	-	955.5	-	**955.5**	-	-	-	**-**	955.5
Finance leases	0.8	1.4	0.5	**2.7**	0.8	1.4	0.5	**2.7**	-
Sub-total	0.8	956.9	0.5	**958.2**	0.8	1.4	0.5	**2.7**	955.5
Bond issue	-	500.0	-	**500.0**	-	500.0	-	**500.0**	-
Total	0.8	1,456.9	0.5	**1,458.2**	0.8	501.4	0.5	**502.7**	955.5

29-2-3. Credit and counterparty risk

The TF1 Group is exposed to credit risk in the event of counterparty default. The Group applies policies intended to limit its exposure to counterparty risk. These policies involve rigorous selection of counterparties, based on various criteria such as ratings issued by rating agencies and balance sheet analysis, and depending on the due date of the transaction.

TF1 Publicité systematically vets the financial soundness of advertisers who wish to purchase airtime on the TF1 Group channels for which it acts. Eurosport has effective procedures for collecting amounts owed by cable and satellite operators. The risk of non-payment by these operators is historically low thanks to procedures for vetting their financial soundness. TF1 Vidéo and TF1 Entreprises contract credit insurance to protect against non-payment by customers.

The bank loans contracted by the TF1 Group do not contain any clauses requiring maintenance of financial ratios or repayment clauses triggered by credit ratings.

In order to limit counterparty risk, TF1 places investments only with high-quality institutions.

Maximum exposure to credit risk

(€m)	Net value 2007	Net value 2006
Trade and other debtors	1,232.5	1,278.7
Foreign exchange derivatives	0.3	1.4
Interest rate derivatives	0.9	1.9
Cash and cash equivalents	34.9	275.2
Total	**1,268.6**	**1,557.2**

Ageing of unimpaired past due receivables

2007	Carrying amount	Non past due receivables	Past due receivables			
(€m)			Total	< 6 months	6 to 12 months	> 12 months
Trade debtors	718.1	611.0	107.1	83.9	2.2	21.0
Provisions for trade debtors	(11.0)	-	(11.0)	(3.0)	(0.6)	(7.4)
Trade debtors, net	**707.1**	**611.0**	**96.1**	**80.9**	**1.6**	**13.6**

The ageing of trade debtors as of December 31, 2006 was similar to that reported as of December 31, 2007.

29-2-4. Equities risk

TF1 is exposed to minimal risk in respect of fluctuations in the prices of equity instruments held by the Group, given the carrying amount of such instruments in the balance sheet.

29-2-5. Emerging markets risk

Neither the operations nor the results of the TF1 Group have been affected by any crisis in emerging markets.

30

Share options

30-1. Details of share option plans

	Plan No.5	Plan No.6	Plan No.7	Plan No.8
Date of Shareholders' Meeting	Apr. 18, 2000	Apr. 18, 2000	Apr. 23, 2002	Apr. 23, 2002
Date of Board Meeting	Dec. 6, 2000	Dec. 11, 2001	Feb. 24, 2003	Aug. 31, 2004
Date of grant	Dec. 6, 2000	Dec. 11, 2001 2001	Mar. 12, 2003	Sep. 16, 2004
Type of plan	subscription	subscription	subscription	subscription
Number of shares that may be subscribed or purchased	840,000	2,071,300	2,300,500	1,008,000
- of which: corporate officers	*0*	*550,000*	*550,000*	*0*
- of which: the 10 employees granted the highest number	*100,000*	*370,000*	*390,000*	*100,000*
Options exercisable from	Dec. 6, 2003	Dec. 11, 2004	Mar. 12, 2006	Sep. 16, 2007
Expiration date	Dec. 6, 2007	Dec. 11, 2008	Mar. 12, 2010	Sep. 16, 2011
Subscription/purchase price	€53.04	€27.80	€20.20	€23.46
Terms of exercise	Exercisable after 4 years			
Number of shares subscribed at December 31, 2007	0	0	439,900	0

30-2. Movements in number of options outstanding

	2007		2006	
	Number of options	Weighted average subscription/ purchase price (€)	Number of options	Weighted average subscription/ purchase price (€)
Options outstanding at Jan. 1	**5,764,300**	**27.53**	**8,198,300**	**26.39**
Options granted	-	-	-	-
Options cancelled or lapsed	(51,500)	26.22	(231,000)	28.74
Options exercised	(439,900)	20.44	(2,198,000)	23.15
Options expired	(753,000)	53.04	(5,000)	23.27
Options outstanding at Dec. 31	**4,519,900**	**24.01**	**5,764,300**	**27.53**
Options exercisable at Dec. 31	*4,519,900*	*24.01*	*4,808,000*	*28.34*

The weighted average TF1 share price on date of exercise is €26.18 for options exercised in 2007 and €25.42 for options exercised in 2006. The average residual life of options outstanding as at December 31, 2007 is 24 months (December 31, 2006: 33 months).

31 Consideration-free share allotment plan

The terms of the TF1 Group's first consideration-free share allotment plan are as follows:

	Plan no.1
Date of Board approval	February 21, 2006
Allotment date	March 8, 2006
End of vesting period	March 31, 2008
End of lock-up period of shares acquired under the plan	March 31, 2010

Number of consideration-free shares allotted on inception:	445,725
- with no conditions (other than being an employee of the Group on March 31, 2008)	*191,025*
- subject to performance-related or market-related conditions	*254,700*

Probable number of consideration-free shares allotted, as estimated on inception:	276,986
Allotments cancelled in 2006:	20,662
Allotments cancelled in 2007:	-
Probable number of consideration-free shares allotted, as adjusted at December 31, 2007	256,324

On February 14, 2006, the Compensation Committee decided to hedge upside risk in the TF1 share price by contracting TF1 equity derivatives with a bank. These derivatives comprised buying TF1 SA shares forward to cover shares allotted unconditionally, and contracting purchase options to cover shares allotted subject to conditions (see note 13-2-3).

32 Off balance sheet commitments

Off balance sheet commitments are stated at the amount of the outflow or inflow of resources specified in the contract. In the case of renewable contracts, the commitment is measured on the basis of the period until the next renewal date.

A commitment is reciprocal if the future commitment given by the TF1 Group is inseparable from the commitment given by the other party to the contract. In such cases, the commitment given and the commitment received are measured on the basis of the net cash outflow for the TF1 Group.

Image transmission:
Image transmission commitments relate to the supply of television broadcasting services (Télédiffusion de France), and to the leasing of satellite capacity and transponders from private-sector companies.

Operating leases:
This line shows (in both commitments given and commitments received) the minimum future lease payments under non-cancellable operating leases in place at the balance sheet date. Only leases that are material to the consolidated financial statements are included. Most of the leases included relate to property, in particular the premises occupied by TF1 SA and the French companies of the Eurosport group.

Guarantees:
This item covers guarantees provided in connection with commercial contracts and leases.

Other commitments:
These mainly comprise various equipment and service contracts entered into as part of the ongoing operations of Group companies.
None of the non-current assets held by TF1 (intangible assets, property, plant and equipment or financial assets) is subject to any pledge or mortgage.

Under the agreements between Vivendi, TF1 and M6, the commitments and warranties provided by TF1 and M6 in respect of the obligations of TPS are covered by a counter-guarantee from Vivendi with effect from January 4, 2007. Consequently, the commitments provided by TF1 and M6 are not disclosed under either "Commitments given" or "Commitments received" as at December 31, 2006.

The tables below give details of the TF1 Group's off balance sheet commitments by type and maturity. No material off balance sheet commitments, as defined in the applicable accounting standards, are omitted from the above disclosures.

32-1. Commitments given

(€m)	Less than 1 year	1 to 5 years	More than 5 years	**Total 2007**	**Total 2006**
Image transmission	80.5	159.3	-	**239.8**	**280.0**
Operating leases	16.2	60.5	54.2	**130.9**	**141.7**
Guarantees	35.3	9.7	1.0	**46.0**	**2.5**
Other commitments	20.2	69.0	13.9	**103.1**	**52.1**
Commitments given	**152.2**	**298.5**	**69.1**	**519.8**	**476.3**

32-2. Commitments received

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2007	Total 2006
Image transmission	80.5	159.3	-	**239.8**	**280.0**
Operating leases	16.2	60.5	54.2	**130.9**	**141.7**
Guarantees	43.0	-	-	**43.0**	**8.0**
Confirmed bilateral credit facilities	-	835.5	-	**835.5**	**955.5**
Other commitments	15.9	3.5	-	**19.4**	**15.8**
Commitments received	**155.6**	**1,058.8**	**54.2**	**1,268.6**	**1,401.0**

33 Related-party information

33-1. Executive compensation

Total compensation paid during 2007 to key executives of the Group (the 14 members of the TF1 Management Committee mentioned in the Annual Report and corporate officers who held office during part of 2007) was €10.7 million, comprising:

(€m)	2007	2006 (1)
- Fixed compensation	7.3	4.6
- Variable compensation	3.3	2.8
- Benefits in kind	0.1	n/s

(1) 10 key executives in 2006

Additional information:

- The portion of total share option expense and consideration-free share expense for the year relating to these key executives was €2.5 million.
- The portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €4.8 million, including €1.5 million held in trust for Etienne Mougeotte, paid in 2008.

The Bouygues Group offers the members of its Executive Committee, who include Patrick Le Lay and Nonce Paolini, a complementary pension of 0.92% of the reference salary for each year of service in the scheme, which represents a post-employment benefit. The expense (invoiced to TF1 by Bouygues) relating to the contribution paid in 2007 to the investment fund of the insurance company which manages the scheme was €0.5 million.
Apart from loans of shares made to key executives who are also members of the Board of Directors in connection with their duties, no material loans or guarantees were extended to key executives or members of the Board of Directors.

33-2. Transactions with other related parties

Transactions with other related parties are summarised in the table below:

(€m)	Income		Expense		Debtors		Creditors	
	2007	2006	2007	2006	2007	2006	2007	2006
Parties with an ownership interest (Bouygues SA)	-	-	(8.4)	(8.0)	-	-	3.3	3.0
Jointly-controlled entities	3.2	2.9	(23.1)	(23.0)	17.9	19.7	(4.2)	(3.0)
Associates	1.6	1.1	(4.5)	(1.7)	0.9	2.1	3.0	38.7
Other related parties	19.0	16.7	(7.2)	(7.3)	3.9	5.5	2.3	2.6
Total	**23.8**	**20.7**	**(43.2)**	**(40.0)**	**22.7**	**27.3**	**4.4**	**41.3**

34 Dependence on licences

TF1 requires a licence to carry on its activities as a national broadcaster. An initial licence to use pre-allocated frequencies was granted to TF1 for a 10-year period from April 4, 1987, under the Law of September 30, 1986. This licence expired in 1997.
Decision no. 96-614 of September 17, 1996 renewed this licence for a further five-year period from April 16, 1997, with no competitive tendering procedure.
In accordance with Article 28-1 of the Law of September 30, 1986 as amended by the Law of August 1, 2000, TF1 was granted a second automatic renewal of its licence for the years 2002 to 2007, in a CSA decision of November 20, 2001.
Under Article 82 of the Law of September 30, 1986, as amended, this licence has been automatically extended for 5 years (until 2012) under the arrangements for the "simulcast" switchover of the channel to digital terrestrial television. In a decision of June 10, 2003, the CSA amended the TF1 licensing decision and the agreement with TF1 so as to incorporate provisions relating to the switchover of programming to digital terrestrial television.

The following subsidiaries or jointly-controlled entities hold digital terrestrial television licences, awarded on June 10, 2003 for a ten-year period: LCI, Eurosport France, TMC and TF6.

35 Post balance sheet events

No significant event has occurred since the balance sheet date of December 31, 2007.

36 Scope of consolidation

COMPANY	COUNTRY	ACTIVITY	2007 % control (1)	2007 consolidation Method	2006 % control (1)	2006 consolidation Method
TF1 SA	France	Broadcasting	Parent company		Parent company	
BROADCASTING FRANCE						
TF1 PUBLICITE	France	TF1 advertising airtime sales house	100.00%	FC	100.00%	FC
TF1 FILMS PRODUCTION	France	Co-production of films	100.00%	FC	100.00%	FC
TELESHOPPING	France	Home shopping	100.00%	FC	100.00%	FC
TV BREIZH	France	Theme channel	100.00%	FC	98.28%	FC
UNE MUSIQUE	France	Music publishing	100.00%	FC	100.00%	FC
TF1 PUBLICITE PRODUCTION	France	Commercials and promos	100.00%	FC	100.00%	FC
TF6	France	Theme channel	50.00%	PC	50.00%	PC
TF1 ENTREPRISES	France	Merchandising, spin-offs, games	100.00%	FC	100.00%	FC
ALMA PRODUCTIONS	France	Programme production	100.00%	FC	100.00%	FC
EUROSPORT France SA	France	Marketing the Eurosport channel in France	100.00%	FC	100.00%	FC
EUROSHOPPING	France	Import-Export	100.00%	FC	100.00%	FC
TF1 DIGITAL	France	Holding company of the theme channel division	100.00%	FC	100.00%	FC
E-TF1	France	Creation/broadcasting of internet services	100.00%	FC	100.00%	FC
LA CHAINE INFO	France	News channel	100.00%	FC	100.00%	FC
GLEM	France	Programme production	100.00%	FC	100.00%	FC
BAXTER	France	Music publishing	100.00%	FC	100.00%	FC
GLEM FILMS	France	Co-production of films	-	-	100.00%	FC
TF6 GESTION	France	TF6 management company	50.00%	PC	50.00%	PC
SERIE CLUB	France	Theme channel (drama series)	50.00%	PC	50.00%	PC
TOUT AUDIOVISUEL PRODUCTIONS	France	Programme production	100.00%	FC	100.00%	FC
MONTE CARLO PARTICIPATIONS (2)	France	TMC holding company	50.00%	PC	50.00%	PC
TOP SHOPPING	France	Retailing	100.00%	FC	100.00%	FC
LES NOUVELLES EDITIONS TF1	France	Book publishing	51.00%	FC	51.00%	FC
ODYSSEE	France	Theme channel	100.00%	FC	100.00%	FC
APHELIE	France	Real estate leasing	100.00%	FC	100.00%	FC
YAGAN PRODUCTIONS	France	Audiovisual rights	100.00%	FC	100.00%	FC
TF1 HORS-MEDIA	France	Off-media promotion	100.00%	FC	100.00%	FC
QUAI SUD	France	Programme production	91.64%	FC	83.32%	FC
TFOU	France	Theme channel	100.00%	FC	100.00%	FC
HISTOIRE	France	Theme channel	100.00%	FC	100.00%	FC
USHUAIA TV	France	Theme channel	100.00%	FC	100.00%	FC
TELE MONTE CARLO (2)	Monaco	Theme channel	40.00%	PC	40.00%	PC
INFOSHOPPING	France	Infomercials	99.99%	FC	99.99%	FC
SHOPPING A LA UNE	France	Online retailing	100.00%	FC	100.00%	FC
WAT	France	Creation of internet services	100.00%	FC	100.00%	FC
JET (Jeux Et Television)	France	Theme channel	100.00%	FC	100.00%	FC
TMC REGIE (2)	France	TMC advertising airtime sales house	40.00%	PC	40.00%	PC
TF1 JET MULTIMEDIA	France	Entertainment service content producer	-	-	50.00%	PC
1001 LISTES	France	Creation of Internet services	95.32%	FC	95.00%	FC
JFG NETWORKS	France	Creation of Internet services	26.00%	EM	20.02%	EM
PLANETE MEDIA	France	Print media publishing	-	-	83.53%	FC
SKY ART MEDIA	USA	Print media publishing	27.54%	EM	24.00%	EM
OUEST INFO	France	TV news images agency	100.00%	FC	-	-
ONE CAST	France	Audiovisual broadcasting and transmission service	100.00%	FC	100.00%	FC
SF2J	France	Producer of card and board games	100.00%	FC	-	-
DOGAN TELESHOPPING	Turkey	Teleshopping	50.00%	PC	-	-
DUJARDIN	France	Producer of card and board games	100.00%	FC	-	-
DUJARDIN INTERNATIONAL	France	Producer of card and board games	100.00%	FC	-	-
AB GROUP (including WB TV)	France / Belgium	Production, programming and broadcasting of audiovisual programmes	33.50%	EM	-	-

FC = full consolidation method; PC = proportionate consolidation method; EM = equity method

COMPANY	COUNTRY	ACTIVITY	2007 % control (1)	2007 consolidation Method	2006 % control (1)	2006 consolidation Method
DISTRIBUTION						
TTF1 EXPANSION	France	Development of digital technology	100.00%	FC	100.00%	FC
SACAS	France	Development of digital technology	100.00%	FC	100.00%	FC
TF1 SATELLITE	France	Development of digital technology	100.00%	FC	100.00%	FC
AUDIOVISUAL RIGHTS						
CIBY DROITS AUDIOVISUELS	France	Exploitation of audiovisual rights	100.00%	FC	100.00%	FC
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	FC	100.00%	FC
CIC	France	Exploitation of video rights	100.00%	FC	100.00%	FC
TF1 VIDEO	France	Exploitation of video rights	100.00%	FC	100.00%	FC
TF1 INTERNATIONAL	France	Exploitation of audiovisual rights	100.00%	FC	100.00%	FC
TELEMA	France	Audiovisual production	100.00%	FC	49.00%	PC
TCM DA	France	Exploitation of audiovisual rights	50.00%	PC	50.00%	PC
TCM GESTION	France	Management company of TCM DA	49.96%	PC	49.96%	PC
TF IMAGE 2	France	Exploitation of audiovisual rights	100.00%	FC	-	-
REGIE CASSETTE VIDEO	France	Exploitation of video rights	100.00%	FC	100.00%	FC
BROADCASTING INTERNATIONAL						
EUROSPORT SA	France	Marketing the Eurosport channel outside France	100.00%	FC	100.00%	FC
EUROSPORT BV	Netherlands	Marketing the Eurosport channel in the Netherlands	100.00%	FC	100.00%	FC
EUROSPORT TELEVISION LTD	UK	Marketing the Eurosport channel in the UK	100.00%	FC	100.00%	FC
EUROSPORT TV AB	Sweden	Marketing the Eurosport channel in Sweden	100.00%	FC	100.00%	FC
EUROSPORT MEDIA GMBH	Germany	Marketing the Eurosport channel in Germany	100.00%	FC	100.00%	FC
EUROSALES SCS	France	Eurosport advertising airtime sales house	-	-	100.00%	FC
KIGEMA SPORT ORGANISATION LTD	UK	Motor race organiser	100.00%	FC	100.00%	FC
SRW EVENTS LTD	UK	Motor race organiser	100.00%	FC	100.00%	FC
EUROSPORT ITALIA	Italy	Marketing the Eurosport channel in Italy	100.00%	FC	100.00%	FC
EUROPA TV	Italy	Production and distribution of Sportitalia channel	-	-	29.00%	EM
EUROPA NETWORK SRL	Italy	Broadcasting	-	-	29.00%	EM
EUROSPORT ASIA LTD	Hong Kong	Marketing the Eurosport channel in Asia	100.00%	FC	100.00%	FC
EUROSPORT MEDIA SA	Switzerland	Marketing the Eurosport channel in Switzerland	100.00%	FC	-	-
EUROSPORT SA SPAIN	Spain	Marketing the Eurosport channel in Spain	100.00%	FC	-	-
EUROSPORT FINLAND	Finland	Marketing the Eurosport channel in Finland	100.00%	FC	-	-
APT EUROSPORTNEWS DISTRIBUTION LTD	Hong Kong	Marketing the Eurosport channel in Asia	98.00%	FC	-	-
EUROSPORT NORVEGE AS	Norway	Marketing the Eurosport channel in Norway	100.00%	FC	-	-
EUROSPORT POLSKA	Poland	Marketing the Eurosport channel in Poland	100.00%	FC	-	-
EUROSPORT DANMARK APS	Denmark	Marketing the Eurosport channel in Denmark	100.00%	FC	-	-
EUROSPORT EVENTS	France	Sports event organiser	100.00%	FC	-	-
SAILING ONE	France	Organisation and promotion of yacht races	34.00%	EM	-	-
FRANCE 24	France	French 24-hour news channel	50.00%	PC	50.00%	PC
FRANCE 24 ADVERTISING	France	France 24 advertising airtime sales house	50.00%	PC	-	-
OTHER ACTIVITIES						
METRO FRANCE PUBLICATIONS (3)	France	Print media publishing	34.30%	EM	34.30%	EM
TOP TICKETS	France	Print media publishing	45.00%	PC	-	-

(1) There are no material differences between the percentage of control and the percentage interest.
(2) Monte Carlo Participations, Tele Monte Carlo and TMC Régie: under the terms of the agreement of July 6, 2004 between TF1 and AB Group, these companies are jointly controlled.
(3) Metro France Publications: under the terms of the shareholders' agreement of November 14, 2003 between TF1 and Metro International S.A., Metro International has exclusive control over Publications Metro France. TF1 only exercises significant influence over this company, in which it has a 34.3% interest.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2007

To the Shareholders,

In accordance with our appointment by your Shareholders' Annual General Meeting, we have audited the accompanying consolidated financial statements of Television Française 1 S.A. for the year ended December 31, 2007.
The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I – Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities, the financial position of the Group as at December 31, 2007 and the results of the operations of all the entities consolidated for the year then ended, in accordance with the International Financial Reporting Standards adopted by the European Union.

Without qualifying our opinion, we draw attention to:

- Note 2-3 to the consolidated financial statements which describes the change in accounting method implemented during the period due to the application of the option allowed by the amendment to IAS 19, Employee Benefits, concerning reporting actuarial gains and losses.
- Note 2-4 to the consolidated financial statements which describes the change in presentation of deferred taxes in the balance sheet.

II – Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

- Note 2-11 to the consolidated financial statements presents the methods used to account for the impairment of long-term assets. Based on the information available to us, we examined the methods used to perform impairment tests and the cash flow forecasts and verified that the information given in the note was appropriate.
- Programs and broadcasting rights are accounted for in accordance with the accounting policies described in note 2-13 to the consolidated financial statements. This note sets out the methods used to account for the use of programs and broadcasting rights and the principle used to determine impairment. Based on the information available to us, we examined the methods used to determine the net value of programs and broadcasting rights and we verified that the information provided in the note was appropriate.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

III – Specific Verification

In accordance with professional standards applicable in France, we have also verified the information given in the group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense and Courbevoie, March 12, 2008

The Statutory Auditors

SALUSTRO REYDEL
Member of KPMG International — Jean-Pierre CROUZET (Partner)
Eric LEFEBVRE (Partner)

MAZARS & GUERARD
MAZARS — Gilles RAINAUT (Partner)

PARENT COMPANY INCOME STATEMENT

(French GAAP)

(€m)	Note	2007	2006
Operating income		**1,824.6**	**1,798.4**
Advertising revenue	2.11 and 4.1	1,637.2	1,627.0
Technical services revenue		5.1	7.6
Other revenue		9.1	15.0
Stored production		(0.7)	0.4
Capitalised production		0.0	0.4
Operating grants		0.0	0.1
Reversals of depreciation, amortisation, provisions and impairment		71.3	43.0
Cost transfers	4.7	99.7	94.8
Other income		2.9	10.1
Operating expenses		**(1,582.3)**	**(1,561.8)**
Purchases of raw materials and other supplies	4.2	(622.6)	(626.9)
Change in inventory		(6.5)	51.9
External expenses		(447.7)	(507.6)
Taxes other than income taxes	4.3	(109.6)	(107.1)
Wages and salaries	4.4	(126.7)	(116.8)
Social security charges	4.5	(57.1)	(52.2)
Depreciation, amortisation, provisions and impairment			
- amortisation of co-productions already transmitted		(40.0)	(62.3)
- amortisation and depreciation of other non-current assets		(10.7)	(10.0)
- amortisation of deferred charges		(0.2)	(0.2)
- impairment of intangible assets and current assets		(75.2)	(48.5)
- provisions for liabilities and charges		(4.2)	(7.4)
Other expenses	4.6	(81.8)	(74.7)
OPERATING PROFIT		**242.3**	**236.6**
Share of profits/losses of joint operations		**0.0**	**0.0**
Financial income		98.3	143.9
Financial expenses		(70.3)	(54.6)
NET FINANCIAL INCOME	4.8	**28.0**	**89.3**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**270.3**	**325.9**
Exceptional income		**61.0**	**54.6**
Exceptional income from operating transactions		0.3	0.1
Exceptional income from capital transactions		36.9	17.0
Reversals of provisions and impairment		23.8	37.5
Exceptional expenses		**(47.6)**	**(44.6)**
Exceptional expenses on operating transactions		(0.0)	(0.3)
Exceptional expenses on capital transactions		(40.1)	(31.6)
Depreciation, amortisation, provisions and impairment		(7.5)	(12.7)
EXCEPTIONAL ITEMS	4.9	**13.4**	**10.0**
Employee profit-sharing		(8.0)	(8.2)
Income tax expense	4.10 and 4.11	(72.0)	(76.9)
NET PROFIT		**203.7**	**250.8**

PARENT COMPANY BALANCE SHEET

(French GAAP)

ASSETS (€m)	Note	Dec. 31, 2007 Net	Dec. 31, 2006 Net
Intangible assets	2.2 and 3.1	**94.7**	**75.3**
Concessions and similar rights		41.1	0.0
Trademarks		0.0	0.0
Purchased goodwill		0.0	0.0
Other intangible assets		0.0	0.0
Co-productions available for transmission		15.0	29.6
Co-productions available for retransmission		30.6	35.0
Co-productions in progress		8.0	10.7
Property, plant and equipment	2.3 and 3.2	**40.6**	**35.9**
Land		0.0	0.0
Buildings		0.0	0.0
Technical facilities		15.9	15.9
Other property, plant and equipment		21.8	18.8
Property, plant and equipment under construction		2.9	1.2
Non-current financial assets	2.4 and 3.3	**1 248,3**	**1 039,6**
Investments in subsidiaries and affiliates		1,011.2	790.4
Loans and advances to subsidiaries and affiliates		0.0	0.0
Other long-term investment securities		0.1	7.4
Loans receivable		236.0	241.0
Other non-current financial assets		1.0	0.8
NON-CURRENT ASSETS		**1,383.6**	**1,150.8**
Inventories and work in progress	2.5 and 3.4	**435.7**	**465.6**
Raw materials and other supplies		0.2	0.2
Goods purchased for resale		0.0	0.0
Broadcasting rights (initial transmission)		212.2	225.4
Broadcasting rights (retransmission)		222.8	239.4
Broadcasting rights in progress		0.5	0.6
Advance payments	3.5	206.3	208.9
Trade debtors	2.6 and 3.6.1	395.1	385.3
Other debtors	3.6.2	118.6	114.3
Short-term investments and cash & equivalents	2.7 and 3.7	525.6	465.8
Prepaid expenses	3.8	5.5	4.4
CURRENT ASSETS		**1,686.8**	**1,644.3**
Deferred charges		0.6	0.8
Bond redemption premium		1.3	1.7
Unrealised foreign exchange losses		0.0	0.0
TOTAL ASSETS		**3,072.3**	**2,797.6**

LIABILITIES AND SHAREHOLDERS' EQUITY (€m)	Note	Dec. 31, 2007	Dec. 31, 2006
Share capital		42.7	42.8
Share premium		3.8	20.8
Revaluation reserve		0.0	0.0
Legal reserve		4.3	4.3
Long-term capital gains reserve		0.0	0.0
Other reserves		819.0	759.0
Retained earnings		99.1	90.0
Net profit for the year		203.7	250.8
Investment grants	2.8	0.0	0.0
Restricted provisions: programme amortisation	2.9	43.5	59.8
SHAREHOLDERS' EQUITY	3.9	**1,216.1**	**1,227.5**
PROVISIONS FOR LIABILITIES AND CHARGES	2.10 and 3.10	**34.8**	**43.5**
Bond issues		505.1	504.6
Bank borrowings (1)		120.0	0.3
Other borrowings (2)		339.1	231.0
Trade creditors		402.3	403.8
Tax and employee-related liabilities		179.0	165.1
Amounts payable in respect of non-current assets		59.2	19.1
Other liabilities		213.3	198.7
Deferred income		3.1	3.6
LIABILITIES	3.11	**1,821.1**	**1,526.2**
Unrealised foreign exchange gains		0.3	0.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,072.3**	**2,797.6**
(1) Including bank overdrafts		*0.0*	*0.0*
(2) Including intra-group current accounts		*339.0*	*128.1*

PARENT COMPANY CASH FLOW STATEMENT

(French GAAP)

CASH FLOW STATEMENT (€m)	2007	2006
1 - Operating activities		
• • Net profit for the year	203.7	250.8
• Depreciation, amortisation, provisions and impairment (1) (2)	1.2	10.3
• Investment grants released to the income statement	0.0	0.0
• Net (gain)/loss on disposals of non-current assets	(7.8)	(1.4)
Operating cash flow before changes in working capital	**197.1**	**259.7**
• Acquisitions of co-productions(2)	(18.1)	(30.3)
• Amortisation and impairment of co-productions(2)	23.1	37.8
• Inventories	30.0	(47.7)
• Trade and other debtors	(19.8)	(6.8)
• Trade and other creditors	27.0	39.7
• Deferred charges	0.0	0.0
• Advance payments received from third parties, net	2.6	48.0
Change in operating working capital needs	**44.8**	**40.7**
NET CASH GENERATED BY OPERATING ACTIVITIES	**241.9**	**300.4**
2 - Investing activities		
• Acquisitions of property, plant & equipment and intangible assets (1) (2)	(59.0)	(14.3)
• Disposals of property, plant & equipment and intangible assets (1) (2)	1.8	0.2
• Acquisitions of investments in subsidiaries and affiliates	(239.0)	(63.9)
• Disposals of investments in subsidiaries and affiliates	32.8	13.7
• Net change in amounts payable in respect of non-current assets	40.0	2.3
• Net change in other non-current financial assets	4.7	4.3
NET CASH USED IN INVESTING ACTIVITIES	**(218.7)**	**(57.7)**
3 - Financing activities		
• Change in shareholders' equity	(9.7)	(3.3)
• Net change in debt	228.5	69.7
• Dividends paid	(181.8)	(139.0)
NET CASH USED IN FINANCING ACTIVITIES	**37.0**	**(72.6)**
TOTAL CHANGE IN CASH POSITION	**60.2**	**170.1**
Cash position at beginning of period	465.4	43.8
Impact of reclassification of current accounts in opening balance sheet		251.5
Change in cash position	60.2	170.1
Cash position at end of period	525.6	465.4

(1) Excluding programme co-production shares

(2) Acquisitions, consumption, disposals and retirements of programme co- production shares, accounted for as non-current assets in the parent company financial statements, are included in "Changes in operating working capital needs" in this cash flow statement in order to provide a fair representation of cash flows comparable with that presented in the consolidated financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The parent company financial statements for the year ended December 31, 2007 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

1 Significant events

Acquisition by TF1 of a 33.5% interest in the capital of AB Group

Following a decision issued on March 27, 2007 by the CSA, the French audiovisual regulator, TF1 and the Berda family completed (on April 2, 2007) the acquisition by TF1 of a 33.5% interest in the capital of the AB Group, which comprises the AB SAS group and the WB Télévision SA group. The acquisition price was €230 million. The AB Group owns a catalogue of French-language television rights representing over 1,300 titles, and produces free-to-air TV channels in France and pay-TV channels available via satellite, cable, digital terrestrial TV or ADSL.

2 Accounting policies

2-1. Comparability of the financial statements

There have been no changes in accounting policy relative to the year ended December 31, 2007.
With effect from December 31, 2006:

- Assets side of the balance sheet: treasury current accounts, previously classified in “Other debtors”, were reclassified as cash in order to achieve consistency with the classification of treasury current account credit balances, included in “Other borrowings”.
- Liabilities side of the balance sheet: current accounts that do not represent debt were reclassified as “Other liabilities” in order to achieve consistency with the classification of current account debit balances, included in “Other debtors”.

2-2. Intangible assets

2-2-1. General principles

In order to secure programming schedules for future years, TF1 SA enters into binding contracts under which it acquires programme co-production shares and the other party agrees to deliver the programme in question.
Programme co-production shares are recognised as intangible assets on technical acceptance or opening of rights.
Payments made before the conditions for recognition are met are recognised in the balance sheet under “Advance payments”.
Programmes acquired for a single transmission are fully amortised on transmission.
Where programmes are acquired for two or more transmissions and these transmissions are not valued separately in the contract, they are amortised as follows, according to the type of programme:

	Programme type		
	Dramas with a running time of at least 52 minutes	Cartoons	Other programmes
- 1st transmission	80%	50%	100%
- 2nd transmission	20%	50%	

“Other programmes” in the table above refers to children’s programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, and dramas with a running time of less than 52 minutes.
A provision for impairment is recorded once it becomes probable that a programme with a co-production share will not be transmitted. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management.

2-2-2. Co-productions available for transmission

Co-production shares in programmes not yet broadcast on the TF1 channel are recorded on this line at acquisition cost.

2-2-3. Co-productions available for retransmission

Co-production shares in programmes broadcast once but still available for one or more repeat broadcasts are recorded on this line, and are valued at 50% or 20% of acquisition cost depending on the type of programme (drama, cartoons, other), or at their contractual value.

2-2-4. Co-productions in progress

This line is used to record screenplays and other texts that have not yet gone into production. The amount reported represents the sums actually paid as at the balance sheet date. Future contractual payments are disclosed as off balance sheet commitments.

2-3. Property, plant and equipment

Depreciation periods and methods are summarised below:

Technical facilities	Straight-line or reducing-balance	3 to 7 years
Other property, plant and equipment	Straight-line	2 to 10 years

2-4. Non-current financial assets

Investments in subsidiaries and affiliates are measured at acquisition cost, comprising the purchase price and transaction costs.
If the value in use of an investment (determined by reference to the trading and profitability prospects of the subsidiary or affiliate) falls below acquisition cost, a provision for impairment is recorded. If necessary, this provision may be supplemented by a provision for impairment of the current account with the subsidiary or affiliate and a provision for liabilities and charges.

2-5. Inventories and work in progress

2-5-1. General principles

In order to secure programming schedules for future years, TF1 SA enters into binding contracts (in addition to co-production share acquisition contracts) under which it acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

A programme is recognised in inventory once technical acceptance and opening of rights have occurred.

Rights payments made before these conditions are met are recognised in the balance sheet under “Advance payments”.

Programmes acquired for a single transmission are regarded as having been consumed in full on transmission.
Where programmes are acquired for two or more transmissions and these transmissions are not valued separately in the contract, consumption is calculated as follows, according to the type of programme:

	Programme type		
	Dramas with a running time of at least 52 minutes	Films, TV movies, serials and cartoons	Other programmes
- 1st transmission	80%	50%	100%
- 2nd transmission	20%	50%	

"Other programmes" in the table above refers to children's programmes (other than cartoons), entertainment shows, plays, factual and documentary programmes, news, and dramas with a running time of less than 52 minutes.
Some acquired broadcasting rights are amortised on the basis of the valuation of each broadcast as defined in the contract.
A provision for impairment is recorded once it becomes probable that a programme will not be transmitted. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management.

2-5-2. Broadcasting rights (initial transmission)

Rights that are open but which relate to programmes not yet transmitted on the TF1 channel are recorded on this line at acquisition cost or overall production cost (direct costs plus a portion of indirect production costs, excluding borrowing costs recognised as an expense).

2-5-3. Broadcasting rights (retransmission)

Rights relating to programmes available for one or more repeat broadcasts are recorded on this line, and are valued at 50% or 20% of acquisition cost depending on the type of programme (drama, cartoons, other), or at their contractual value.

2-6. Trade debtors

Invoices that are disputed at the balance sheet date are provided for in full (excluding VAT). General provisions for bad debt risks are also recorded on the following basis:

- 100% of all invoices (excluding VAT) unpaid since before January 1, 2005.
- 50% of all invoices (excluding VAT) issued during 2005 and still unpaid.

Risks on invoices issued since December 31, 2005 and still unpaid at December 31, 2007 are immaterial.

2-7. Short-term investments

Short-term investments are measured at acquisition cost. A provision for impairment is recorded if the recoverable amount falls below acquisition cost.

2-8. Investment grants

Once they have been definitively awarded, investment grants are released to the income statement at the same rate as the depreciation charged on the asset financed by the grant.

2-9. Restricted provisions

This item mainly comprises accelerated tax depreciation on co-production shares for programmes not yet transmitted, calculated from the first day of the month following the end of shooting in accordance with the rules defined by the French tax authorities on July 3, 1970. The monthly percentages used are:

Month 1	20%
Month 2	15%
Months 3 to 9	5%
Months 10 to 24	2%

2-10. Provisions for liabilities and charges

A provision is recorded when a legal or constructive obligation to a third party arising from a past event will certainly or probably result in an outflow of resources that can be measured reliably. Provisions are reviewed at each balance sheet date, and adjusted where necessary to reflect the best estimate of the obligation as of that date. Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

2-10-1. Retirement benefits

TF1 SA's obligation in respect of retirement benefits is limited to the level of benefits stipulated in the relevant collective agreements. It is calculated using the projected unit credit method at the expected retirement date based on final salary, and recognised as a liability in "Provisions for liabilities and charges".

2-10-2. Long-service leave

Additional compensated absence is awarded by TF1 SA to employees based on length of service. The calculation of the cost of vested compensated absence rights takes into account length of service, salary at the time the rights will be taken up, and staff turnover. The resulting liability is discounted, and is recognised in "Provisions for liabilities and charges".

2-10-3. Other provisions for risks and charges

These mainly comprise provisions for disputes. The provision is measured as the probable outflow of resources resulting from ongoing disputes or litigation arising from an event prior to the balance sheet date. They include provisions for tax and social security disputes. The amount shown on reassessment notices issued by the authorities is provided for unless the company regards it as highly probable that it will successfully defend its position against the authorities. The undisputed portion of reassessment notices is recognised as a liability as soon as the amount is known.

2-11. Advertising revenue

Advertising revenue reported in the income statement represents the revenues of TF1 Publicité, net of commission payable to TF1 Publicité.

2-12. Off balance sheet commitments

Image transmission commitments represent fees payable to the transmission service operator until the expiry date of the contract. Caution money and guarantees paid under commercial contracts or leases are disclosed as off balance sheet commitments.
Confirmed bank credit facilities undrawn at the balance sheet date are also disclosed as off balance sheet commitments.

2-13. Financial instruments

TF1 uses financial instruments to hedge its exposure to fluctuations in interest rates and exchange rates. Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.
Gains and losses on financial instruments used for hedging purposes are measured and recognised symmetrically with the recognition of gains and losses on the hedged item, except for premiums on currency and interest rate options, which are recognised in the income statement at the time of payment.

The table below shows the maturity of co-production share acquisition contracts entered into by TF1 to secure future programming schedules.

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2007	Total 2006
Co-production shares	9.2	0.4	3.7	13.3	26.1

3

Notes to the balance sheet

3-1. Intangible assets

Intangible assets mainly comprise programme co-production shares, movements in which are shown below:

(€m)	2007	2006
Co-productions in progress	12.2	16.8
Co-productions available for transmission	29.6	48.6
Co-productions available for retransmission	35.2	43.6
CO-PRODUCTIONS AT JANUARY 1	**77.0**	**109.0**
Investissements	31,4	49,3
Consumption on 1st transmission	(37.2)	(57.1)
Consumption on 2nd transmission	(2.7)	(5.2)
Total consumption on transmission	(39.9)	(62.3)
Expired	(3.0)	(6.8)
Retired or abandoned	(8.0)	(9.1)
Resold (net book value)	(2.3)	(3.1)
Decreases	(53.2)	(81.3)
CO-PRODUCTIONS AT DECEMBER 31	**55.2**	**77.0**
Co-productions break down as follows:		
Co-productions in progress	9.5	12.2
Co-productions available for transmission	15.0	29.6
Co-productions available for retransmission	30.7	35.2
Total	**55.2**	**77.0**
PROVISIONS FOR IMPAIRMENT		
Balance at January 1	**1.7**	**1.8**
Charges during the period	0.1	0.2
Reversals during the period	(0.2)	(0.3)
Balance at December 31	**1.6**	**1.7**

As at December 31, 2007, the risk of non-transmission for co-produced programmes was €22.1 million, of which:

- €1.6 million was covered by provisions for impairment;
- €20.5 million was covered by restricted provisions previously established in accordance with the policy described in note 2.9.

3-2. Property, plant and equipment

The table below shows movements in property, plant and equipment during the year:

(€m)				
Gross value	**Jan. 1, 2007**	**Increases**	**Decreases**	**Dec. 31, 2007**
Technical facilities	74.1	5.3	(0.2)	79.2
Other property, plant and equipment	64.7	8.4	(0.4)	72.7
PP&E under construction	1.3	2.8	(1.2)	2.9
Total	**140.1**	**16.5**	**(1.8)**	**154.8**
Depreciation	**Jan. 1, 2007**	**Charged**	**Reversed**	**Dec. 31, 2007**
Technical facilities	58.2	5.4	(0.3)	63.3
Other property, plant and equipment	46.0	5.2	(0.3)	50.9
Total	**104.2**	**10.6**	**(0.6)**	**114.2**

3-3. Non-current financial assets

This item breaks down as follows:

(€m) Gross value	Investments in subsidiaries & affiliates	Other long-term investment securities	Loans receivable	Other	Total
December 31, 2006	**991.4**	**7.4**	**241.0**	**0.8**	**1,240.6**
Increases					
AB SAS: acquisition	229.6				229.6
WB Television SA: acquisition	3.0				3.0
Teleshopping: capital increase	5.0				5.0
TV Breizh: acquisition and capital increase	5.2				5.2
JFG Networks: acquisition and capital increase	0.8				0.8
Purchase of treasury shares		18.7			18.7
Deposits and caution money				0.2	0.2
Decreases					
Sale of shares in Europa TV	(24.3)				(24.3)
Sale of Pink TV	(0.5)				(0.5)
Reimbursement of Swonke share premium	(0.5)				(0.5)
Cancellation of treasury shares		(26.0)			(26.0)
Aphélie loans			(5.0)		(5.0)
December 31, 2007	**1,209.7**	**0.1**	**236.0**	**1.0**	**1,446.8**
Provisions for impairment					
December 31, 2006	**201.0**				**201.0**
Charges during the period	0.3				0.3
Reversals during the period	(2.8)				(2.8)
December 31, 2007	**198.5**				**198.5**
Net value at December 31, 2007	**1,011.2**	**0.1**	**236.0**	**1.0**	**1,248.3**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

"Loans receivable" mainly comprises:

- A participating loan of €60.5 million (including principal of €31.0 million) to Aphélie. After capitalisation of the interest to 2009, this loan may be used to exercise the option to buy a property held under a finance lease, on the terms described in note 5.1.
- A long-term loan to Aphélie, bought by TF1 from a syndicate of banks on March 31, 2000 (balance outstanding at December 31, 2007: €15.4 million).
- A loan to Eurosport (balance outstanding at Dec. 31, 2007: €160.0 million).

"Other long-term investment securities" mainly comprise treasury shares acquired under a share buy-back programme. These shares were cancelled during 2007 (see note 3.9, "Shareholders' equity").

3-4. Inventory and work in progress

This item mainly comprises broadcasting rights yet to be consumed, and breaks down as follows:

(€m)	Acquired rights	In-house production	Total 2007	Total 2006
Broadcasting rights (initial transmission)	256.0	1.6	257.6	231.8
Broadcasting rights (retransmission)	326.3		326.3	299.5
Broadcasting rights in progress		0.6	0.6	0.9
INVENTORY AT JANUARY 1	**582.3**	**2.2**	**584.5**	**532.2**
Purchases during the year	621.8	347.7	969.5	1,034.2
Consumption on 1st transmission	(509.3)	(347.8)	(857.1)	(889.5)
Consumption on 2nd transmission	(56.4)		(56.4)	(54.2)
Total consumption on transmission	(565.7)	(347.8)	(913.5)	(943.7)
Expired	(40.2)		(40.2)	(29.3)
Retired or abandoned	(19.1)	(0.5)	(19.6)	(8.8)
Resold	(3.4)		(3.4)	(0.1)
Total consumption	(628.2)	(348.3)	(976.7)	981.9)
INVENTORY AT DECEMBER 31	**575.7**	**1.6**	**577.3**	**584.5**
CHANGE IN INVENTORY	**(6.6)**	**(0.6)**	**(7.2)**	**52.3**
Closing inventory breaks down as follows:				
Broadcasting rights (initial transmission)	234.2	1.1	235.3	257.6
Broadcasting rights (retransmission)	341.5		341.5	326.3
Broadcasting rights in progress		0.5	0.5	0.6
TOTAL	**575.7**	**1.6**	**577.3**	**584.5**
PROVISIONS FOR IMPAIRMENT				
Balance at January 1	**119.0**		**119.0**	**114.5**
Transfers	(0.3)	0.3	0.0	0.2
Charged during the period	74.0		74.0	40.6
Reversed during the period	(51.2)		(51.2)	(36.3)
Balance at December 31	**141.5**	**0.3**	**141.8**	**119.0**

The table below shows the maturity of broadcasting and sports transmission rights acquisition contracts entered into by TF1 to secure future programming schedules:

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total 2007	Total 2006
Programmes and broadcasting rights	434.2	734.6	116.3	1,285.1	1,240.3
Sports transmission rights	152.0	325.1	91 .0	568.1	696.3
Total	**586.2**	**1,059.7**	**207.3**	**1,853.2**	**1,939.6**

Some of these contracts are expressed in foreign currencies: €309.0 million in USD and €36.8 million in GBP.

3-5. Advance payments

This item mainly comprises advance payments on programme broadcasting rights contracts (€136.5 million) and on sports transmission contracts (€69.4 million).

3-6. Debtors

3-6-1. Trade debtors

TF1 Publicité acts as agent for TF1 SA selling advertising airtime in return for commission indexed to revenues. The amount owed by TF1 Publicité to TF1 SA at December 31, 2007, net of accrued commercial discounts recorded in "Other liabilities", was €167.9 million.
The net amount owed at December 31, 2006 was €160.0 million.

3-6-2. Other debtors

This item mainly comprises VAT recoverable of €63.2 million and current accounts with subsidiaries of €28.9 million.

3-6-3. Provisions for impairment of debtors

(€m)	Jan. 1, 2007	Transfers	Charged	Reversed	Dec. 31, 2007
Advance payments	8.7		0.4	(7.6)	1.5
Trade debtors	0.1			(0.1)	0.0
Other debtors	3.8			(2.4)	1.4
Total	**12.6**		**0.4**	**(10.1)**	**2.9**

3-6-4. Loans receivable and debtors by due date

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current assets	10.0	226.8	0.2	237.0
Current assets (1)	1,032.4	6.9		1,039.3
Total	**1,042.4**	**233.7**	**0.2**	**1,276.3**

(1) excluding advance payments

3-7. Short-term investments and cash and equivalents

This item breaks down as follows:

(€m)	2007	2006
Gross value		
Short-term investments	**0.0**	**175.9**
Bank deposits and funds in transit	2.8	12.3
Treasury current account debit balances	534.5	279.0
Cash in hand	0.4	0.5
Accrued interest receivable	2.0	2.3
Cash and equivalents	539.7	294.1
Total	**539.7**	**470.0**
Provisions for current accounts		
Balance at January 1	**4.2**	**0.0**
Transfers (1)		41.0
Charged	10.3	4.2
Reversed	(0.4)	(41.0)
Balance at December 31	**14.1**	**4.2**
Net value	**525.6**	**465.8**

(1) Reclassification of provision for treasury current accounts.

At December 31, 2006, short-term investments comprised money-market mutual funds and did not include any unrealised capital gains, all potential gains having been realised as at December 31, 2006.

The December 31, 2006 figure included the advance of €99 million received from Vivendi under the terms of the agreement signed with a view to a merger between the French pay-TV activities of Canal+ France and TPS, and the accrued interest on this advance (€2.9 million).

3-8. Prepaid expenses

Prepaid expenses amounted to €5.5 million at December 31, 2007, compared with €4.4 million at December 31, 2006.

3-9. Shareholders' equity

The share capital is divided into 213,410,492 ordinary shares with a par value of €0.2, fully paid.

Movements in shareholders' equity during the year are shown in the table below:

(€m)	January 1, 2007	Appropriation of profit (AGM of April 17, 2007)	Other movements		December 31, 2007
			Other movements	Decreases	
Share capital	42.8	-	0.1	(0.2)	42.7
Share premium	20.8	-	8.9	(25.9)	3.8
Legal reserve	4.3	-	-	-	4.3
Long-term capital gains reserve	-	-	-	-	-
Retained earnings	90.0	9.1	-	-	99.1
Other reserves	759.0	60.0	-	-	819.0
Net profit for the year	250.8	(250.8)	203.7	-	203.7
Sub-total	**1,167.7**	**(181.7)**	**212.7**	**(26.1)**	**1,172.6**
Restricted provisions	59.8	-	7.5	(23.8)	43.5
Total	**1,227.5**	**(181.7)(1)**	**220.2**	**(49.9)**	**1,216.1**
Number of shares	**214,122,129**		**439,900(2)**	**(1,151,537)(3)**	**213,410,492**

(1) Dividends paid from May 2, 2007 (2) Exercise of share subscription options
(3) Cancellation of 251,537 shares on February 20, 2007 and of 900,000 shares on November 12, 2007

3-10. Provisions for liabilities and charges

Provisions are established using the methods described in note 2-10. Movements during the year were as follows:

(€m)	Jan. 1, 2007	Charged	Reversed (used)	Reversed (unused)	Dec. 31, 2007
Provisions for disputes	15.7	0.4	(0.9)	(4.6)	10.6
Provisions for subsidiaries and affiliates	1.7	0.8	(1.5)	-	1.0
Provisions for bad debts	2.7	-	-	-	2.7
Provisions for retirement benefit obligations	18.0	2.9	(4.5)	(0.4)	16.0
Provisions for long-service leave	4.3	0.8	(0.4)	(0.2)	4.5
Other provisions	1.1	-	(1.0)	(0.1)	0.0
Total	**43.5**	**4.9**	**(8.3)**	**(5.3)**	**34.8**

Provisions for bad debts mainly comprise TF1 SA's share of the risk of non-recovery of a debt owed to TF1 Publicité.
Provisions for subsidiaries and affiliates consist of TF1 SA's share of the losses of subsidiaries established in the form of partnerships.

The €16.0 million provision for retirement benefit obligations is the discounted value of the obligation of €19.6 million minus the fair value of plan assets of €3.6 million.

No material contingent liabilities (i.e. disputes liable to result in a possible outflow of resources) were identified as of the balance sheet date.

3-11. Liabilities

3-11-1. Bond issues

In November 2003, TF1 issued €500 million of bonds redeemable at par in a single instalment after 7 years (in 2010). The issue bears interest at 4.375%, and is partially hedged (€300 million) against interest rate risk.

3-11-2. Bank borrowings

TF1 SA had confirmed credit facilities totalling €955.5 million with various banks as at December 31, 2007, of which €120.0 million had been drawn down at that date, leaving an undrawn amount of €835.5 million.

3-11-3. Other borrowings

This item includes surplus cash invested on behalf of subsidiaries under cash pooling agreements, amounting to €339.0 million (versus €91.8 million at December 31, 2006).
As at December 31, 2006, it also included the matching liability for the advance paid by Vivendi under the terms of the agreement signed with a view to a merger between the French pay-TV activities of Canal+ France and TPS. The advance was repaid on the completion date of the merger (January 4, 2007), with interest; the total amount repaid was €101.9 million.

3-11-4. Other liabilities

This item mainly comprises credit notes and accrued discounts in favour of TF1 Publicité of €194.7 million (versus €191.1 million at December 31, 2006).

3-11-5. Liabilities by maturity

(€m)	Less than 1 year	1-5 years	More than 5 years	**Total**
Bond issue	5.1	500.0		505.1
Other liabilities	1,192.9	120.0		1,312.9
Total	**1,198.0**	**620.0**		**1,818.0**

4 Notes to the income statement

4-1. Revenue

The advertising revenue of €1,637.2 million recorded in operating income (€1,627.0 million in 2006) represents the revenues of TF1 Publicité, net of commission payable to TF1 Publicité.

4-2. Purchases of raw materials and other supplies and changes in inventory

These items relate solely to broadcasting rights consumed, and showed a net total of €628.2 million in 2007 (€574.8 million in 2006). See note 3-4.

4-3. Taxes other than income taxes

The main item included on this line is TF1 SA's contribution to the French cinematographic industry support fund, which amounted to €90.3 million in 2007 (€84.8 million in 2006).

4-4. Wages and salaries

Payments to freelances recorded on this line amounted to €3.4 million in 2007 (€4.6 million in 2006) out of a total of €126.7 million (€116.8 million in 2006).

4-5. Social security charges

This includes TF1 SA's contribution to the company savings plan (employee share ownership plan), which amounted to €4.7 million in 2007 (€4.2 million in 2006).

4-6. Other expenses

This item includes payments to copyright-holders of €66.4 million in 2007 (€66.6 million in 2006).

4-7. Cost transfers

This item mainly comprises costs incurred by TF1 SA on behalf of its subsidiaries.

4-8. Net financial income

Net financial income breaks down as follows:

(€m)	**2007**	**2006**
Dividends	38.2	47.4
Net interest paid	(2.4)	(1.0)
Losses on loans/advances to subsidiaries & affiliates	-	-
Provisions for impairment of investments (1)	2.5	3.7
Provisions for impairment of current accounts	(9.9)	36.4
Other provisions	(0.8)	(1.6)
Foreign exchange gains/(losses)	(1.1)	0.5
Proceeds from disposals of short-term investments	1.9	4.3
Amortisation of bond redemption premium	(0.4)	(0.4)
Net financial income	**28.0**	**89.3**

(1) see note 3-3

"Other provisions" includes provisions recorded to cover losses incurred by subsidiaries established in the form of partnerships.
Interest paid to related companies in 2007 amounted to €11.3 million (€4.8 million in 2006). Interest received from related companies in 2007 amounted to €31.7 million (€20.8 million in 2006).

4-9. Exceptional items

Exceptional items comprise:

(€m)	2007	2006
Retirements of programmes and losses on disposals	(11.0)	(16.0)
Net change in provisions (including accelerated tax depreciation)	16.3	24.9
Net gain/(loss) on disposals of non-current financial assets	7.8	1.2
Othe	0.3	(0.1)
Exceptional items, net	**13.4**	**10.0**

4-10. Income tax expense

This item comprises:

(€m)	2007	2006
Income taxes	(92.4)	(106.3)
Gain on group tax election	20.4	29.4
Income tax expense	**(72.0)**	**(76.9)**

Net income tax expense on exceptional items was €1.9 million.

TF1 made a group tax election on January 1, 1989, which is still in place. In 2007, the election included 48 companies, compared with 38 in 2006.
With effect from January 1, 2006, the group tax election agreement stipulates that income tax savings arising from tax losses incurred by member companies are no longer repaid to the company involved. The difference between the standard French tax rate of 34.43% and the effective tax rate of 26.1% is mainly due to tax-exempt income in 2007 (primarily dividends and long-term capital gains and losses) and tax savings arising from the losses of group tax election member companies.

4-11. Deferred tax position

(€m)	Future increases in tax liability	Future reductions in tax liability
Restricted provisions	14.84	-
Accrued employee benefits deductible in future years	-	8.50

5 Other information

5-1. Off balance sheet commitments

The table shows off balance sheet commitments at December 31, 2007 by type and maturity:

(€m) Commitments given	Less than 1 year	1-5 years	More than 5 years	Total 2007	Total 2006
Property finance leases	19.2	9.7		28.9	47.4
Operating leases	9.0	38.5	45.0	92.5	100.9
Image transmission contracts	63.1	126.2		189.3	253.0
Guarantees	3.5	33.7	13.5	50.7	32.6
Other (1)	10.8	37.2		48.0	9.7
Total	**105.6**	**245.3**	**58.5**	**409.4**	**443.6**

(1) Other commitments given comprise mainly:
- the financial contribution of €29.9 million to GIP France Télé Numérique, whose mission is to implement the phasing-out of analogue television;
- the fair value of a swap of €300 million (see note 3-11-1), amounting to €4.2 million;
- the fair value of forward currency purchases, amounting to €7.0 million,
- a forward purchase of TF1 shares for €4.9 million to hedge upside share-price risk on the consideration-free allotment of shares (Plan no.1, see note 5-5).

(€m) Commitments received	Less than 1 year	1-5 years	More than 5 years	Total 2007	Total 2006
Property finance leases	19.2	9.7		28.9	47.4
Operating leases	9.0	38.5	45.0	92.5	100.9
Image transmission contracts	63.1	126.2		189.3	253.0
Confirmed credit facilities		835.5		835.5	955.5
Other	0.7			0.7	1.7
Total	**92.0**	**1,009.9**	**45.0**	**1,146.9**	**1,358.5**

TF1 SA had not contracted any complex commitments as of December 31, 2007.

Under the agreements between Vivendi, TF1 and M6, the commitments and warranties provided by TF1 and M6 in respect of the obligations of TPS are covered by a counter-guarantee from Vivendi with effect from January 4, 2007.

Consequently, the commitments provided by TF1 are not disclosed under either “Commitments given” or “Commitments received” as at December 31, 2006 and 2007.

Property finance lease commitments:
In June 1994, TF1 contracted a finance lease with GIE Aphélie relating to the TF1 headquarters building at 1, Quai du Point du Jour, Boulogne, which it has occupied since 1992. The lease had a term of 15 years and was for an amount of €164.6 million excluding interest, split as follows:

- land €45.7 million
- buildings €57.9 million
- fixtures & fittings €61.0 million

Since June 30, 2001, TF1 has had an option to buy the property at net book value. This lease replaced the previous 12-year commercial lease between TF1 and GAN.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

Original value		164.6
Lease payments (1)		177.8
- accumulated to start of year	159.9	
- during the year	17.9	
Notional depreciation expense (2)		93.5
- accumulated to start of year	91.1	
- during the year	2.4	
Expected future lease payments (3)		
- less than 1 year	19.2	
- more than 1 year but less than 5 years	9.7	
- more than 5 years		
Net book value of property at end of contract		67.1

(1) Includes accumulated capital repayments of €76.9 million.
(2) Depreciation expense that would have been recognised had the asset been purchased outright by TF1 SA.
(3) Calculated using a notional interest rate of 6.25% for payment dates for which the interest rate is not yet known.

5-2. Use of hedging instruments

5-2-1. Hedging of currency risk

In the course of its business, TF1 SA makes and receives payments in foreign currencies. The company buys and sells currency forward and buys currency call options to protect itself against exchange rate fluctuations. These hedging instruments, which are contracted on the currency markets, cover the majority of payments to be made and received in 2008 under contracts already signed as at December 31, 2007.

At December 31, 2007, the equivalent value of these hedging instruments was €79.3 million, comprising:

- €64.0 million of forward purchases of USD;
- €15.3 million of knock-out forward purchases of USD.

5-2-2. Hedging of interest rate risk

In pursuance of the TF1 Group's interest rate risk management policy (as described in the TF1 consolidated financial statements for the year ended December 31, 2007), TF1 has contracted the following instruments:

- a €300 million interest rate swap, contracted in 2003;
- two €50 million interest rate swaps, both contracted in 2005 and expiring in November 2007;
- three €50 million caps, each contracted in 2006.

The net gain on these interest rate hedges in the year ended December 31, 2007 was €1.2 million, recorded as financial income.

5-3. Employees

The table below shows the split of employees by grade at the balance sheet date, based on the classifications defined in the collective agreement for the French communication and audiovisual production industry:

	2007	2006	2005
Clerical and administrative	16	20	22
Supervisory	445	454	466
Managerial	867	817	772
Journalists	245	249	248
Total	**1,573**	**1,540**	**1,508**

5-4. Executive compensation

Total compensation paid during 2007 to key executives of TF1 SA (the 14 members of the TF1 Management Committee mentioned on page 7 of the Annual Report and corporate officers who held office during part of 2007) was €10.7 million.
The portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €4.8 million, including €1.5 million held in trust for Etienne Mougeotte, paid in 2008. The Bouygues Group offers the members of its Executive Committee, who include Patrick Lelay and Nonce Paolini, a complementary pension of 0.92% of the reference salary for each year of service in the scheme, which represents a post-employment benefit.
The expense (invoiced to TF1 by Bouygues) relating to the contribution paid in 2007 to the investment fund of the insurance company which manages the scheme was €0.5 million.
Apart from loans of shares made to key executives who are also members of the Board of Directors in connection with their duties, no material loans or guarantees were extended to key executives or members of the Board of Directors.

5-5. Share options and allotment of consideration-free shares

Information about the granting of share options and the allotment of consideration-free shares to employees is given in section 5.5 of the Directors' Report ("Share subscription option plans and consideration-free share allotment plans").

5-6. Directors' fees

Directors' fees paid in 2007 amounted to €0.3 million.

5-7. Amounts involving related companies

(€m)			
ASSETS		**LIABILITIES**	
Non-current financial assets	235.9	Debt	339.0
Trade debtors	475.6	Trade creditors	23.1
Other debtors	27.5	Other liabilities	230.7
Cash & equivalents and current accounts	520.4		
EXPENSES		**INCOME**	
Operating expenses	127.8	Operating income	1,735.8
Financial expenses	25.9	Financial income	77.1

5-8. List of investments at December 31, 2007

INVESTMENTS IN SUBSIDIARIES AND AFFILIATES	Number of shares	%	Estimated value (€)
TF1 EXPANSION	2,691,349	100.00	362,651,255
EUROSPORT	150,000,000	100.00	314,346,852
GROUPE AB	6,536,559	33.50	33,256,120
TF1 ENTREPRISES	200,000	100.00	31,292,321
TF1 FILMS PRODUCTION	169,995	100.00	20,687,311
TF1 INTERNATIONAL	4,500,000	100.00	18,207,580
EUROSPORT FRANCE	150,000	100.00	15,546,288
MONTE CARLO PARTICIPATIONS	12,642,250	50.00	12,551,507
TELESHOPPING	341,830	100.00	10,689,580
FRANCE 24	18,500	50.00	10,251,173
TF1 PUBLICITE	30,000	100.00	6,469,524
TV BREIZH	307,972	100.00	6,339,118
TCM DA	5,100	34.00	4,124,306
ALMA PRODUCTIONS	5,000	100.00	3,922,526
E TF1	999	99.90	2,141,512
YAGAN	53,269	100.00	1,300,259
USHUAIA TV	9,999	99.99	1,170,245
PUBLICATIONS METRO FRANCE	343	34.30	992,702
MEDIAMETRIE	1,000	10.75	842,645
TOUT AUDIOVISUEL PRODUCTION	5,000	100.00	838,222
PRIMA TV	325,000	5.00	809,741
TF1 DIGITAL	687,496	100.00	700,100
TF1 PUBLICITE PRODUCTION	2,313	100.00	485,517
JFG NETWORKS	1,054	26.02	282,490
SOPARMEDIA	625	12.56	249,029
MEDIAMETRIE EXPANSION	600	5.00	108,741
PREFAS 1	40,000	100.00	40,000
PREFAS 2	40,000	100.00	40,000
PREFAS 3	40,000	100.00	40,000
PREFAS 4	40,000	100.00	40,000
PREFAS 5	40,000	100.00	40,000
PREFAS 6	40,000	100.00	40,000
PREFAS 7	40,000	100.00	40,000
PREFAS 8	40,000	100.00	40,000
PREFAS 9	40,000	100.00	40,000
PREFAS 10	40,000	100.00	40,000
PREFAS 13	40,000	100.00	40,000
PREFAS 15	40,000	100.00	40,000
PREFAS 16	40,000	100.00	40,000
TF1 MANAGEMENT	40,000	100.00	36,242
@TF1	39,999	100.00	34,929
SAGIT	39,994	99.99	31,993
TCM GESTION	848	33.92	16,238
SMR6	15,000	20.00	10,395
ODYSSEE	1	0.20	2,096
LES NOUVELLES EDITIONS TF1	25	1.00	761
TELEMA	1	0.01	505
TF6	1,600	0.02	298
DUJARDIN-REGAIN GALORE	1	0.00	79
SACAS	1	0.04	74
SERIE CLUB	1	0.004	56
EUROSHOPPING TRADING	1	0.02	18
TRICOM	1	0.003	10
TRICOM ET CIE	2	0.07	4
LCI	1	0.0003	3
TF6 GESTION	1	0.001	1
TOTAL INVESTMENTS IN SUBSIDIARIES AND AFFILIATES			**860,910,365**

The estimated value equals the share of net assets held by TF1 SA.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

5-9. List of subsidiaries and affiliates

Company/Group	Currency	Share capital	Equity other than share capital and net profit	Share of capital held	Gross book value of investment	Net book value of investment	Outstanding loans and advances	Guarantees provided	Revenues for most recent financial year	Net profit/ (loss) for most recent financial year	Dividends received during the year
	in thousands of euros (or of other currency as specified)				in thousands of euros						
I - SUBSIDIARIES (at least 50% of the capital held by TF1 SA)											
- TF1 PUBLICITE		2,400	287	100.00%	3,038	3,038	-	-	1,812,524	3,782	8,040
- TF1 FILMS PRODUCTION		2,550	17,787	99.997%	1,768	1,768	-	-	41,824	350	-
- TÉLÉ-SHOPPING		5,127	215	100.00%	5,130	5,130	-	-	107,369	5,348	6,032
- TF1 PUBLICATIONS		75	(1 471)	99.88%	519	-	1,372	-	-	7	-
- TF1 ENTREPRISES		3,000	430	100.00%	3,049	3,049	-	-	37,018	27,862	18,240
- TF1 US	USD	28	-	100.00%	24	24	-	-	-	-	-
- SWONKE		18	36	100.00%	410	-	-	-	-	(34)	-
- e-TF1		1,000	(38)	99.90%	999	999	-	-	64,310	1,181	-
- TF1 DIGITAL		11,000	(8,392)	100.00%	146,209	47,077	24,620	-	7,157	(1,908)	-
- @ TF1		40	(2)	100.00%	40	40	-	-	-	(2)	-
- SAGIT		40	(5)	99.99%	40	40	-	-	-	(1)	-
- EUROSPORT		15,000	286,903	100.00%	234,243	234,243	160,000	-	259,264	12,443	-
- EUROSPORT France		2,325	11,452	100.00%	126,825	126,825	-	-	64,511	1,769	-
- ONE CAST		40	(69)	100.00%	13,440	40	2,487	-	797	(531)	-
- TF1 EXPANSION		269	135,874	100.00%	291,290	291,290	396,829	-	-	226,510	-
- TF1 INTERNATIONAL		15,210	415	100.00%	66,431	9,731	38,623	-	103,710	2,583	-
- TV BREIZH		40	-	100.00%	26,680	12,680	295	-	24,734	6,299	-
- YAGAN PRODUCTIONS		53	525	100.00%	53	53	-	-	5,605	722	-
- USHUAIA TV		10	-	99.99%	10	10	-	-	4,779	1,161	-
- TAP		80	280	100.00%	80	80	-	-	10,827	479	300
- ALMA PRODUCTIONS		80	2,330	100.00%	80	80	5,141	-	31,837	1,512	1 000
- GLEM		80	(2,525)	100.00%	14,052	80	3,573	-	23,594	(641)	-
- TF1 PUBLICITE PRODUCTION		37	579	100.00%	37	37	-	-	13,179	(131)	-
- JET JEUX ET TELEVISION		40	(3,566)	100.00%	40	-	10,332	-	2,909	(7,567)	-
- TF1 INSTITUT		40	(127)	100.00%	40	40	223	-	350	(119)	-
- TF1 MANAGEMENT		40	(2)	100.00%	40	40	-	-	-	(2)	-
- TF1 MOBILE		40	(4,117)	100.00%	40	40	3,811	-	668	258	-
- WAT		40	(3,249)	100.00%	40	40	6,285	-	296	(3 382)	-
- PREFAS 1		40	-	100.00%	40	40	-	-	-	- -	
- PREFAS 2		40	-	100.00%	40	40	-	-	-	-	-
- PREFAS 3		40	-	100.00%	40	40	-	-	-	-	-
- PREFAS 4		40	-	100.00%	40	40	-	-	-	-	-
- PREFAS 5		40	-	100.00%	40	40	-	-	-	-	-
- PREFAS 6		40	-	100.00%	40	40	-	-	-	-	-
- PREFAS 7		40	-	100.00%	40	40	-	-	-	-	-
- PREFAS 8		40	-	100.00%	40	40	-	-	-	-	-
- PREFAS 9		40	-	100.00%	40	40	-	-	-	-	-
- PREFAS 10		40	-	100.00%	40	40	-	-	-	-	-
- TOP TICKET.S (EX PREFAS 11)		40	-	45.00%	18	18	2,250	-	427	(5,002)	-
- PREFAS 13		40	-	100.00%	40	40	-	-	-	-	-
- PREFAS 15		40	-	100.00%	40	40	-	-	-	-	-
- PREFAS 16		40	-	100.00%	40	40	-	-	-	- -	

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Company/Group	Currency	Share capital	Equity other than share capital and net profit	Share of capital held	Gross book value of investment	Net book value of investment	Outstandingt loans and advances	Guarantees provided	Revenues for most recent financial year	Net profit/ (loss) for most recent financial year	Dividends received during the year
	in thousands of euros (or of other currency as specified)						in thousands of euros				
II - AFFILIATES (10% to 50% of the capital held by TF1 SA)											
- MEDIAMETRIE		930	10,322	10.75%	15	15	-	-	43,727	(3,415)	7
- MERCURY INTERN. FILM		511	249	50.00%	255	255	-	-	47	26	-
- A1 INTERNATIONAL		25,409	-	50.00%	12,756	12,756	-	-	-	(2,609)	-
- France 24		37	20,490	50.00%	18	18	-	-	4,460	(25)	-
- MONTE CARLO PARTICIPATION		25,285	(629)	50.00%	12,642	12,642	14,733	-	797	448	-
- TCM GESTION		40	(4)	33.92%	14	14	-	-	2	12	-
- TCM DROITS AUDIOVISUELS		240	8,042	34.00%	82	82	6,768	-	12,458	3,849	-
-PUBLICATIONS METRO FRANCE		100	2,252	34.30%	12,000	12,000	-	-	40,075	542	-
- S M R 6		75	(53)	20.00%	15	15	5	-	130	30	-
- JFG NETWORKS		40	971	26.02%	2,240	2,240	-	-	1,125	74	-
- SOPARMEDIA		1,990	(5)	12.56%	250	-	-	-	-	(2)	-
- GROUPE AB		30,243	26,456	33.50%	229,642	229,642	-	-	7,738	42,573	-
- WB TELEVISION		62	(809)	33.55%	3 000	3 000	-	-	430	(1,816)	-
III - OTHER EQUITY INVESTMENTS (less than 10% of the capital held by TF1 SA)											
- GIE CHALLENGER FORMATION		10	-	6.67%	1	1	-	-	3,613	-	-
- PRIMA TV		6,500	(295)	5.00%	1,407	1,407	-	-	22,183	9,990	-
- MEDIAMETRIE EXPANSION		1,829	178	5.00%	91	-	-	-	-	168	-
- LES NOUVELLES EDITIONS TF1		40	26	1.00%	-	-	-	-	129	10	2
- EUROSHOPPING TRADING		75	(1)	0.02%	-	-	-	-	9,242	15	-
- TRICOM & CIE		45	7	0.07%	-	-	-	-	-	(47)	-
- TF6		80	(5)	0.02%	-	-	856	-	22,484	1,416	-
- TF6 GESTION		80	8	0.001%	-	-	96	-	4	11	-
- SERIE CLUB		50	546	0.004%	2	2	-	-	8,805	806	-
- SED ODYSSEE		8	(62)	0.20%	-	-	-	-	4,541	1,102	-
- LA CHAINE INFO		4,500	49	0.0003%	-	-	-	-	53,071	(3,603)	-
- SACAS		38	593	0.04%	60	60	-	-	-	(446)	-
- TELEMA		1,000	3,900	0.01%	3	3	-	-	4,010	152	-
- TRICOM		450	(80)	0.003%	-	-	-	-	-	(43)	-
- APHELIE		2	(26,462)	0.05%	-	-	86,574	-	18,720	9,540	-
- DUJARDIN (EX REGAIN GALORE)		463	1 881	0..0%	-	-	-	-	2,448	(871)	-
- NT1		40	(7,207)	0.04%	-	-	-	-	4,379	(10,826)	-
TOTAL SUBSIDIARIES & AFFILIATES						**1,209,678**	**1,011,164**				

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Post balance sheet events

No significant event has occurred since the balance sheet date of December 31, 2007.

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended December 31, 2007

To the Shareholders,

In accordance with our appointment by your Shareholders' Annual General Meeting, we hereby report to you, for the year ended December 31, 2007, on:

- the audit of the accompanying financial statements of Television Française 1 S.A. ("the Company);
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I – Opinion on the financial statements

We conducted our audit in accordance with the auditing standards generally accepted in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities as of December 31, 2007 and of the results of its operations for the year then ended, in accordance with the accounting principles generally accepted in France.

II – Justification of our assessments

In accordance with the provisions of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

- Note 2-4 to the financial statements describes the method used to determine the value in use of investments for which an impairment charge or provision may be recorded. Based on the information available to us, we examined the method used to determine the value in use of the investments and verified that the information provided in the note was appropriate.
- Co-production shares and broadcasting rights are accounted for in accordance with the policies described in Notes 2-2 and 2-5 to the financial statements, which set out the associated amortisation methods and principle used to determine impairment. Based on the information available to us, we examined the method used to determine the net present value of the co-production shares and broadcasting rights and verified that the information provided in the note was appropriate.

The assessments were made in the context of our audit of the financial statements taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

III – Specific verifications and information

We have also performed the specific verifications required by law in accordance with the auditing standards generally accepted in France.

We have no matters to report regarding:

- the fair presentation and the consistency with the financial statements of the information disclosed in the Management Report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements,
- the fair presentation of the information disclosed in the Management Report concerning the compensation and benefits granted to certain executive officers and the commitments made to them when they are appointed, or retire or change post.

In accordance with French law, we ascertained that the information relating to the acquisition of shares and controlling interests and the identity of shareholders were provided in the Management Report of the Board of Directors.

Paris La Défense and Courbevoie, March 12, 2008

The Statutory Auditors

SALUSTRO REYDEL
Member of KPMG International — Jean-Pierre CROUZET (Partner)
Eric LEFEBVRE (Partner)

MAZARS & GUERARD
MAZARS — Gilles RAINAUT (Partner)

STATUTORY AUDITORS' REPORT ON RELATED-PARTY AGREEMENTS

Year ended December 31, 2007

Dear Shareholders,

In our capacity as Statutory Auditors of Television Française 1 S.A. ("the Company"), we hereby present our report on related-party agreements and commitments.

Agreements and commitments authorised by the Company in 2007:

In accordance with Article L.225-40 of the French Commercial Code we have been informed of the agreements and commitments previously authorised by your Board of Directors.
We are not required to ascertain whether any other agreements or commitments exist but to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were informed. It is not our role to determine whether they are beneficial or appropriate. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code, to assess the merit of these agreements and commitments with a view to approving them.
We conducted our work in accordance with the auditing standards generally accepted in France. Those standards require that we plan and perform our work to enable us to verify that the information provided to us is consistent with the documents from which it is derived.

With subsidiaries of the Group
The common services agreements entered into by the Company and its subsidiaries were extended, as of January 1, 2007, to the Company's new subsidiaries: TV Breizh, TF1 Mobile, Jeux et Télévision (JET), OneCast, We Are Talented (WAT) and TF1 Institut.

These agreements provide for the invoicing of the specific services rendered at the request of the Company's subsidiaries by the various departments (management, human resources, legal and finance), as well as a share of the Company's residual service costs, plus the amount invoiced by Bouygues to the Company under the terms of the common services agreement. The share invoiced by the Company to its subsidiaries is determined by applying specific allocation criteria (number of employees and revenue) to each type of cost.

For financial year 2007, in addition to the specific services invoiced at market rates, the Company invoiced the following share of the residual administrative costs to its subsidiaries, as defined in the agreements:

(€ thousands)	Amount (excluding VAT)
TV BREIZH	159
TF1 MOBILE	5
JET	26
ONECAST	10
WAT	51
TF1 INSTITUT	10
TOTAL	**261**

Related parties: the Company directly owns more than 10% of TV Breizh, TF1 Mobile, JET, OneCast, WAT and TF1 Institut.

With Eurosport France
Eurosport France acquired some of the direct broadcasting rights and all of the non-exclusive deferred broadcasting rights for the 2007 Rugby World Cup from the Company for €1,000,000 (excl. VAT).

Related party: the Company directly owns more than 10% of Eurosport France.

With La Chaîne Info – LCI
La Chaîne Info acquired the deferred broadcasting rights to extracts from all the 2007 Rugby World Cup matches, which it will broadcast in special features and news bulletins, for €110,000 (excl. VAT) from the Company.

Related party: the Company indirectly owns more than 10% of LCI via its wholly-owned subsidiary TF1 Digital.

With E-TF1
On July 13, 2007 the parties entered into a lease rider to revise the fees payable by E-TF1 to the Company. The amended revenue-based lease fee structure, effective as of 1 January 2007, is as follows:
- 5% of revenue (excl. VAT) generated by E-TF1 for amounts ranging between €0 and €10 million inclusive.
- 2.5% of revenue (excl. VAT) generated by E-TF1 for amounts ranging between €10 and €20 million inclusive.
- 0.5% of revenue (excl. VAT) generated by E-TF1 for amounts above €20 million.

For financial year 2007, the Company received lease payments of €957,000.

Related party: the Company directly owns more than 10% of E-TF1.

Agreements and commitments approved in previous years which were applicable during the period

In addition, in accordance with Article R. 225-30 of the French Commercial Code, we have been informed of the following agreements and commitments, which were approved during previous years and were applicable during the period:

With Bouygues
COMMON SERVICES AGREEMENT of October 8, 1997
This agreement provides for the invoicing of the specific services rendered at the Company's request by Bouygues' shared services and a share of the residual shared service cost. For financial year 2007, the amount invoiced by Bouygues was €4,576,000 (excl. VAT). This amount includes a credit note of €62,000 (excl. VAT) corresponding to an adjustment in respect of financial year 2006.

MANAGEMENT OF THE COMPANY'S INVESTMENTS BY BOUYGUES GROUP'S SECRETARIAT
This agreement enables the Company to use the services provided by Bouygues group's investment department. The department keeps the register of shareholders and the records of Annual General Meetings and makes dividend payments. For financial year 2007, the fees received by Bouygues for these services amounted to €60,000 (excl. VAT).

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

Year ended December 31, 2007

USE OF AIRCRAFT OWNED BY BOUYGUES
This agreement offers the Company the possibility of using Bouygues' Air Transport department, which operates the aircraft fleet of the Bouygues group.

For financial year 2007, the amount invoiced by Bouygues for this purpose was €391,000 (incl. VAT).

SUPPLEMENTARY RETIREMENT BENEFITS GRANTED TO MANAGEMENT
Under a contract governed by the French Insurance Code, Bouygues SA grants the members of its Board of Directors a supplementary retirement benefit of 0.92% of their reference salary per year of presence in the pension plan. Patrick Le Lay and Nonce Paolini are members of the Board.

For financial year 2007, the amount invoiced by Bouygues to the Company under this agreement was €540,000.

With GIE BOUYGUES CONSTRUCTION ACHATS
Under a services contract effective as of March 1, 2006, the Company engaged GIE BOUYGUES CONSTRUCTION ACHATS to audit the Purchasing function of the TF1 Group.

The engagement was performed on TF1, TF1 DIGITAL, TF1 VIDÉO, Télé-Shopping, LCI, e-Tf1, TF1 International, TF1 Entreprises and EUROSPORT and comprised three phases:

I review of current purchasing function,
II purchasing test on a group of similar purchases by the TF1 Group,
III proposal regarding organisation of the purchasing function.

A contract rider was signed in order to finalise the contractual terms of the services provided during phase (ii) of the contract, which was to be completed by the end of December 2007, for a maximum additional amount of €200,000.

For financial year 2007, the amount invoiced by GIE BOUYGUES CONSTRUCTION ACHATS to the Company was €234,000 (excl. VAT) compared with €65,000 (excl. VAT) for 2006.

With BOUYGUES RELAIS
From November 22, 2005 until March 1, 2007, BOUYGUES RELAIS granted the Company a bridging loan on its confirmed credit facilities for a maximum amount of €100 million.

The Company may use this funding as a day-to-day overdraft from BOUYGUES RELAIS. Interest is calculated on the basis of the amounts drawn at a rate equal to EONIA, plus 0.10%.

During the first two months of 2007, the Company did not use these confirmed credit facilities.

With Mr Etienne Mougeotte
The Board of Directors allocated a retirement indemnity of €1,500,000 to Mr Etienne Mougeotte, which will be paid in ten equal annual instalments from the date of his retirement.

As at December 31, 2007, the Company had not yet paid the amount provided for this purpose.

With subsidiaries of the TF1 Group
The common services agreements provide for the invoicing of the specific services rendered, at the request of the subsidiaries, by the various departments (management, human resources, legal and finance) and a share of the Company's residual administrative service costs, plus the amount invoiced by Bouygues to the Company under the terms of their common services agreement. The share invoiced by the Company to its subsidiaries is determined by applying specific allocation criteria (number of employees and revenue) to each type of cost.

For financial year 2007, in addition to the specific services invoiced at market rates, the Company invoiced the following share of the residual service costs to its subsidiaries, as defined in the agreements:

(€ thousands)	Amount (excluding VAT)
TF1 PUBLICITÉ	7,576
TF1 ENTREPRISES	548
TF1 VIDEO	1,403
UNE MUSIQUE	29
E-TF1	1,052
TELESHOPPING	1,037
INFOSHOPPING	163
TOP SHOPPING	41
EUROSHOPPING	81
SHOPPING A LA UNE	48
TF1 HORS MEDIA	13
TF1 FILMS PRODUCTION	378
YAGAN PRODUCTIONS	76
TPP	271
EUROSPORT	2,877
EUROSPORT FRANCE	564
LCI	829
ODYSEE	86
HISTOIRE	69
USHUAIA TV	35
TAP	125
ALMA PRODUCTION	252
TF1 INTERNATIONAL	1,031
GLEM	188
TOTAL	**€18,772**

With EUROSPORT
EUROSPORT renegotiated the two loans that it had contracted from the Company and entered into a new loan for €160 million to replace the previous loans.

The loan is effective as of October 1, 2006 for a period of 5 years and must be fully repaid by September 30, 2011 at the latest. The principal will be repaid on maturity, although early repayment (without penalties, but on an irrevocable basis) is possible in minimum tranches of €10 million.

Quarterly interest due is calculated on the basis of a fixed rate derived from the fixed rate / 3-month Euribor swap at September 28, 2006, plus a margin of 0.375%.

For financial year 2007, the interest earned by the Company under this agreement amounted to €6,602,000.

With La Chaîne Info – LCI

Under an agreement dated October 12, 2005, when major events occur, LCI may switch its coverage to the Company's channel to ensure that the Company has immediate coverage of the events.

For financial year 2007, LCI received a fixed fee of €5,000,000 under this agreement.

With FRANCE 24

The Company entered into a cash management agreement with FRANCE 24 at an annual fixed price of €10,000 (excl. VAT).

For financial year 2007, the Company invoiced €10,000 (excl. VAT) to FRANCE 24 under this agreement.

With TF1 DIGITAL

On April 20, 2006, the Company signed a business management lease with TF1 DIGITAl for a period of six years as of 1 January 2006. Under the lease, the Company entrusted TF1 DIGITAL with the operational management of the Belgian branch of its business activities, including management of all the operating, user and programme broadcasting rights held by the Company in connection with its internal productions and co-production contracts and / or the purchase of audiovisual rights for Belgium.
The business assets leased include the Company's "TF1" logo, the TF1 brand, the associated customer base and the benefits of all the agreements and contracts entered into with third parties for the operation of those assets.
In this respect, TF1 DIGITAL pays the Company a fee equal to 5% of the revenue generated by the service distributors. The fee is capped for financial years 2007 to 2009 at €102,000 (excl. VAT), €139,000 (excl. VAT) and €182,000 (excl. VAT) respectively and at €211,000 (excl. VAT) for 2010 and 2011.

For financial year 2007, TF1 Digital paid lease fees of €87,000 (excl. VAT).

Paris La Défense and Courbevoie, March 12, 2008

The Statutory Auditors

SALUSTRO REYDEL
Member of KPMG International — Jean-Pierre CROUZET (Partner)
Eric LEFEBVRE (Partner)

MAZARS & GUERARD
MAZARS — Gilles RAINAUT (Partner)

STATUTORY AUDITORS' REPORT

prepared in accordance with Article L.225-235 of the French Commercial Code on the Report by the Chairman of the Board on the Internal Control Procedures relating to the Preparation and Processing of Accounting and Financial Information

To the Shareholders,

In our capacity as Statutory Auditors of Television Française 1 S.A. ("the Company"), and in accordance with Article L.225-235 of the French Commercial Code, we hereby report on the report prepared by the Chairman of the Company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2007.
It is the Chairman's responsibility to describe in his report the preparation and organisation of the Board's work and the internal procedures implemented by the Company. It is our responsibility to report to you on the information contained in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of the accounting and financial information.

We conducted our work in accordance with French generally accepted auditing standards. Those standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report on the internal control procedures relating to the preparation and processing of accounting and financial information. The procedures consisted mainly in:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report and existing documentation are based;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining whether any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we may have found during the course of our engagement have been properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information in respect of the Company's internal control procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of the French Commercial Code.

Paris La Défense and Courbevoie, March 12, 2008

The Statutory Auditors

SALUSTRO REYDEL
Member of KPMG International — Jean-Pierre CROUZET (Partner)
Eric LEFEBVRE (Partner)

MAZARS & GUERARD
MAZARS — Gilles RAINAUT (Partner)

PROPOSED TEXT OF THE RESOLUTIONS TO BE PRESENTED TO THE COMBINED ANNUAL GENERAL MEETING OF APRIL 17, 2008

ORDINARY PART

First resolution

(Approval of the company accounts)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, having heard the Board of Directors' report on the activity and situation of the company for the financial year ended December 31, 2007, the attached report of the Chairman of the Board of Directors, the Statutory Auditors' reports on the said year's accounts and on the report of the Chairman of the Board of Directors, approves these reports and the annual accounts for 2007 comprising the Balance Sheet, the Income Statement and the Notes to the Financial Statements as submitted, as well as the operations reflected in these accounts and summarised in these reports.

The General Meeting approves the Directors' management of the Company for the 2007 financial year.

Second resolution

(Approval of the consolidated accounts)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, having noted that the Board's report on the Group is included in the Directors' report and aware of the information contained in the Board's report and in the Statutory Auditors' report on the activity and situation of the Group for the financial year ended December 31, 2007 and on the consolidated accounts for the said financial year, approves these reports together with the consolidated accounts for 2007 comprising the Balance Sheet, the Income Statement and the Notes to the Financial Statements as submitted to them, as well as the operations reflected in these accounts and summarised in these reports.

Third resolution

(Approval of agreements covered by Article L. 225-38 of the French Commercial Code)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, having noted the Statutory Auditors' special report on the agreements covered by Articles L. 225-38 of the French Commercial Code, approves the said agreements and the operations contained therein.

Fourth resolution

(Appropriation and distribution of profits)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, having noted the existence of distributable profits of €302,803,577.81, taking into account the net income for the period of €203,747,737.59 and the retained earnings of €99,055,840.22, approves the following appropriation and distribution proposed by the Board of Directors:

Appropriation to Other Reserves	**€ 15,999,105.58**
Distribution of a dividend (i.e. a net dividend of €0.85 per share with a nominal value of €0.20)	**€ 181,398,918.20**
Appropriation of the balance to Retained Earnings	**€ 105,405,554.03**

Ex-dividend date on Euronext Paris	**April 25, 2008**
Record date	**April 29, 2008**
Date of payment of dividend	**April 30, 2008**

The General Meeting notes that, in accordance with paragraph 2, section 3 of Article 158 of the General Tax Code, this dividend is eligible for the 40% allowance provided for individuals fiscally domiciled in France.

The General Meeting authorises the appropriation to Retained Earnings of the dividends arising on the TF1 shares that TF1 is authorised to hold as treasury shares, in accordance with Article 225-210 of the French Commercial Code.

The General Meeting notes that the dividends distributed for the last three financial years were as follows:

For the year ended	Net dividend per share	Allowance
31/12/2004	€ 0.65 *	yes *
31/12/2005	€ 0.65 **	yes **
31/12/2006	€ 0.85 **	yes **

(*) dividend eligible for a 50% allowance for individuals fiscally domiciled in France in accordance with Article 158.3.2 of the General Tax Code

(**) dividend eligible for a 40% allowance for individuals fiscally domiciled in France in accordance with Article 158.3.2 of the General Tax Code

Fifth resolution

(Ratification of the appointment of a Director)

The General Meeting ratifies the appointment of Nonce Paolini as Director by the Board of Directors at its meeting of May 22, 2007, replacing Philippe Montagner, resigning Director. His term of office will be for the remaining duration of the term of office of his predecessor, ending at the close of the General Meeting called to approve the 2008 accounts.

Sixth resolution

(Ratification of the appointment of a Director)

The General Meeting ratifies the appointment of Société Française de Participation et de Gestion (SFPG), represented by Philippe Montagner, as Director by the Board of Directors at its meeting of July 31, 2007, replacing Etienne Mougeotte, resigning Director. His term of office will be for the remaining duration of the term of office of his predecessor, ending at the close of the General Meeting called to approve the 2008 accounts.

Seventh resolution

(Ratification of the appointment of a Director)

The General Meeting ratifies the appointment of Bouygues, represented by Philippe Marien, as Director by the Board of Directors at its meeting of February 20, 2008, replacing Olivier Poupart Lafarge, resigning Director. His term of office will be for the remaining duration of his predecessor, ending at the close of the General Meeting called to approve the 2008 accounts.

Eighth resolution

(Renewal of a Director's term of office)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, renews the term of office of Alain Pouyat, which expires at the end of this Meeting, for a further two years.

His new term of office shall end at the close of the General Meeting called to approve the 2009 accounts.

Ninth resolution

(Noting of the election of Directors representing employees)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, after having taken cognisance of the names of the Directors representing employees elected by the electoral colleges on March 13, 2008 and communicated by the Chairman of the Board prior to the reading of this resolution, notes their election and their designation as Directors representing employees.

The terms of office of the Directors representing employees shall be two years and shall end at the time of the next announcement of the results of the election for the Directors representing employees, in accordance with Article 10 of the Articles of Association.

Tenth resolution

(Nomination of a Statutory Auditor)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, appoints:

- KPMG SA
  Immeuble Le Palatin – 3, Cours du Triangle
  92939 La Défense Cedex - 775 726 417 RCS Nanterre

as Statutory Auditor, replacing the resigning Statutory Auditor, Salustro Reydel. The term of office will be for the remaining duration of the resigning Statutory Auditor, ending at the close of the General Meeting called to approve the 2010 accounts.

Eleventh resolution

(Nomination of an Alternate Auditor)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, appoints:

- Bertrand VIALATTE
  Born on August 3, 1960 at Saint Pol sur Ternoise, France
  Nationality: French
  Address: 1, Cours Valmy 92923 Paris la Défense Cedex

as Alternate Auditor, replacing the resigning Alternate Auditor, Michel Savioz. His term of office will be for the remaining duration of the resigning Alternate Auditor, ending at the close of the General Meeting called to approve the 2010 accounts.

Twelfth resolution

(Share buy-back)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, after hearing the report of the Board of Directors and in accordance with the provisions of Article L. 225-209 and the following articles of the French Code of Commerce, of regulation No. 2273/2003 dated December 22, 2003 of the European Commission in application of Directive 2003/6/CE dated January 28, 2003, and of Articles 241-1 to 241-8 of the General Regulations of the French stock exchange authority and any provision that may subsequently replace the above, authorises the Board of Directors – with delegation of powers under conditions stipulated by legislation and the company's Articles of Incorporation – to initiate the purchase by the company of its own shares up to a limit of 10% of the share capital whenever it deems appropriate. It is noted that, on the day this General Meeting is called, the 10% limit represents 21,341,049 shares.

The General Meeting rules that the Board of Directors may make these purchases, or arrange for them to be made:

- to cancel shares so acquired, as well as any shares that may have been purchased through previously authorised share buy-back programmes; this involves an authorisation given by an Extraordinary General Meeting;
- in the framework of employee participation in the fruits of company growth or with a view to allocating shares to employees and/or corporate officers, notably for share option plans or group savings schemes;
- through an independent investment services provider, acting in the name of and for the account of the company but without being influenced by the company, within the terms of a liquidity contract conforming to a code of conduct recognised by the French stock exchange authority or any other applicable provisions;
- for the delivery or exchange of shares, particularly when issuing or exercising rights attached to marketable securities entitling the holder to receive shares of the company, immediately or subsequently, or on the occasion of external growth operations, mergers, spin-offs or contributions;
- for any other purpose authorised or to be authorised by prevailing legislation or regulations. In this case, the company will advise shareholders by means of a communiqué or any other means provided for by prevailing regulations.

And to do this, the Board of Directors is authorised to keep the purchased shares, sell or transfer them by any method conforming with current rules and regulations – notably through disposal on the open market or off-market, by public offering or share exchange offer, options or derivatives – and/or cancel them, as well as those purchased under previous buy-back authorisations, subject to authorisation by an Extraordinary General Meeting.

The maximum unit purchase price is €35 and the minimum unit selling price €13. It is to be noted that these prices will not be applicable to the buy-back of shares used to satisfy the exercise of options (or to allocate free shares to employees), in which case the selling price or value will be determined according to the specific provisions applicable.

The maximum amount of funds the company may devote to this ope-

ration is € 960,347,214.
The General Meeting delegates powers to the Board of Directors to adjust these prices and this amount to take account of any operations that might impact the value of the share – notably those affecting the capital, and in particular, splitting or re-classifying shares, capital increases through incorporation of reserves or allocation of free shares. The prices and the amount will be adjusted by application of a coefficient equal to the difference between the number of shares making up the share capital before the operation and the number after the operation.
The General Meeting rules that shares may be purchased, sold or transferred by any method, including the use of options, derivatives or coupons, and notably by purchasing call options under the conditions specified by the financial market authorities. The General Meeting further rules that the proportion of the capital that can be transacted as block trades can account for the entire buy-back programme.
The General Meeting rules that the company may use this resolution and carry through the buy-back programme even in the event of a public offering on shares or securities issued or initiated by the company.
The Board of Directors is vested with full powers, including that of delegation under conditions specified by the law and the Articles of Incorporation, to execute the present resolution, to specify the terms, if necessary, and determine the process, place orders, conclude agreements, file all documents and in general do whatever is needed to fulfil this resolution.
As laid down by the law, the Board of Directors' report to the Annual General Meeting will advise shareholders of any purchases, transfers, disposals or cancellations of shares in this connection.
The present authorisation is valid until the next General Meeting of the company, convened to approve the accounts for financial year 2008.
It cancels, to the extent it has not been utilised, any prior authorisation having the same purpose.

EXTRAORDINARY PART

- Authorisation to be granted to the Board of Directors to reduce the share capital by cancelling treasury shares held by the company.
- Powers delegated to the Board of Directors to issue share options during a public offering for shares in the company.
- Authorisation given to the Board of Directors to proceed with the free attribution of existing shares or shares yet to be issued for the benefit of company employees and officers.
- Authorisation given to the Board of Directors to use the delegations and authorisations to increase the capital during a public offering for shares in the company.
- Powers for registration and formalities.

Legal informations

MEMORANDUM AND ARTICLES OF ASSOCIATION

Updated following the Board Meeting of November 12, 2007
Modification of article 6: "Authorised capital"

ARTICLE 1
LEGAL FORM

A public liability company governed by current and future legislation in force, and by these Articles and Memorandum of Incorporation, has been formed between the owners of shares hereinafter created and of any shares subsequently created.

ARTICLE 2
OBJECT

The object of the company is:
To operate an audiovisual communication service, as authorised by the laws and regulations in force, comprising the conception, production, programming and broadcasting of television programmes, and including all advertising messages and announcements.
To carry out any industrial, commercial, financial, securities or property operations, within or outside France, directly or indirectly connected to this object and to any similar, related or complementary objects, or any operations likely to facilitate their realisation or development or to any company asset, including:

- Devising, producing, acquiring, selling, renting and exploiting all recordings of images and/or sound, news reports, and films intended for television, the cinema or broadcasting,
- Undertaking advertising sales transactions,
- Providing services of all kinds for sound broadcasting and television,

All of these directly or indirectly, on its own behalf or on behalf of third parties, either alone or with third parties, through the creation of new companies, contributions, limited partnerships, subscriptions, the purchase of company shares or rights, mergers, partnerships, joint ventures, acquisitions, gifts or the management of any property or rights, or otherwise.
Its action is undertaken in compliance with its contract conditions and the laws in force.

ARTICLE 3
NAME

Its corporate name is: ''TELEVISION FRANÇAISE 1”or its abbreviated form: ''TF1”.
All legal and other documents issued by the company must mention the corporate name, immediately preceded or followed by the words "Société anonyme" (French “Société Anonyme”) or the corresponding French initials "SA".

ARTICLE 4
REGISTERED OFFICE

The Registered office is located at 1, Quai du Point du Jour, 92100 BOULOGNE BILLANCOURT –FRANCE.
It may be transferred to any other location in the same or an adjoining "department" (French administrative unit) purely by the decision of the Board of Directors, subject to ratification by the next Ordinary General Meeting, or anywhere else in France through a decision by the Extraordinary General Meeting of Shareholders.
If a transfer is decided by the Board of Directors, the latter shall be authorised to modify the Articles of Incorporation in consequence.

ARTICLE 5
DURATION

The duration of the company is set at ninety-nine (99) years as from the date of its registration in the Trade and Companies Register, except in the event of earlier dissolution or an extension decided by the Extraordinary General Meeting of Shareholders.

ARTICLE 6
AUTHORISED CAPITAL

The authorised capital is set at €42,682,098.40 divided into 213, 410,492 shares each with a nominal value of €0.20.

ARTICLE 7
FORM – PAYMENT - FRACTIONAL SHARES

I The company's shares may be registered or bearer shares.
All persons, acting alone or in concert, who acquire at least 1%, 2%, 3% and 4% of the capital or voting rights shall be bound, within five days of the registration on their account of the shares causing them to attain or exceed this threshold, to declare to the Company the total number of shares and the number of voting rights they possess by means of a registered letter sent to the Registered office.
This declaration must be undertaken under the conditions stipulated above every time the threshold of 1%, 2%, 3% and 4% is overstepped in either direction.
If they have not been declared in accordance with the above conditions, shares exceeding the proportion that should have been declared shall forfeit their voting rights as provided by law.
This provision is additional to the legal provisions for declarations relative to the overstepping of shareholding thresholds.

II Cash shares shall be paid up under legal conditions.

III Holders of fractional shares resulting from the exchange, consolidation, allotment or subscription of shares shall be responsible for their aggregation and any necessary purchases or sales of shares and/or rights.

ARTICLE 8
ASSIGNMENT AND TRANSFER OF SHARES

Shares shall be freely negotiable within the limit of the laws or regulations in force, including the conditions stipulated by Laws no. 86-1067 of September 30, 1986, no. 86-1210 of November 27, 1986 and no. 89-25 of January 17, 1989.
Subject to the international commitments made by France, no person of foreign nationality within the meaning of Article 40 of Law no. 86-1067 of September 30, 1986 may undertake an acquisition whose effect is to directly or indirectly increase the share of capital held by foreigners to more than 20 per cent of the share capital or voting rights in the company's General Meetings.
Furthermore, a single natural person or legal entity may not directly or indirectly own a participation greater than that stipulated by the laws and regulations in force.
More generally, shareholders are bound to respect the specific provisions of the laws in force relative to the ownership or acquisition of the company's shares.

ARTICLE 9
RIGHTS AND OBLIGATIONS PERTAINING TO SHARES

I All shares include a right to a share of the company's profits and assets in proportion to the portion of equity they represent.

In addition, they include the right to vote and to be represented in General Meetings pursuant to the laws and regulations in force.

All shares include the right, during the company's existence and in the event of liquidation, to payment of the same net amount with every allotment or repayment, so that, should the occasion arise, all shares shall be treated as one indistinct entity regarding any tax exemptions and any tax which may be borne by the company.

II Shareholders shall be liable up to the nominal amount of the shares they possess: above this sum, all calls for capital shall be prohibited.

Rights and obligations shall be attached to the share, whoever the owner. Ownership of a share shall, as a matter of law, involve acceptance of the company's Articles of Incorporation and the decisions of the General Meeting.

ARTICLE 10
BOARD OF DIRECTORS

I The company shall be managed by a Board of Directors of twelve members subject to the dispensations provided by law. In application of Article 66 of Law no. 86-1067 of September 30, 1986, two of the seats on the Board of Directors shall be allocated to staff representatives; one of these two seats shall be reserved for engineers, executives and those in a similar category.

II During the existence of the company, Board Members who are not staff representatives shall be appointed or reappointed to their duties by the Ordinary General Meeting of Shareholders.

III The duration of a Board Member's duties shall be two years.

The duties of a Member who is not a staff representative shall terminate at the end of the Ordinary General Meeting ruling on the accounts of the previous business year, held during the year during which the Board Member's term of office expires.

The duties of a Member who is a staff representative shall terminate after the announcement of the votes of the electoral colleges appointing Board Members representing the staff; this appointment must normally take place within the two weeks preceding the General Meeting covering the previous business year, held during the year in which the Board Member's term of office expires.

Members of the Board may always stand for re-election.

Board Members who are not staff representatives may be dismissed at any time by the Ordinary General Meeting.

Board Members representing the staff may only be dismissed through the decision of the President of the Regional Court, sitting in relief proceedings, for misconduct during the exercise of their duties, at the request of the majority of the Members of the Board. The decision shall be immediately enforceable.

Except in the event of termination at the employee's initiative, the termination of an employment contract of a Board Member elected by the employees may only be pronounced by the trial board of the Industrial Tribunal sitting in relief proceedings. The decision shall be immediately enforceable.

IV Board Members who are not staff representatives may be natural persons or legal entities; upon their appointment, the latter must name a permanent representative who shall be subject to the same conditions and obligations and assume the same responsibilities as if he were a Member of the Board in his own right, without prejudice to the joint and several liability of the legal entity he represents; the permanent representative's term of office shall run for the duration of that of the legal entity he represents; he must be reappointed each time such legal entity's term of office is renewed.

If the legal entity terminates the term of office of its representative, it shall be bound to notify such cancellation to the company immediately by recorded letter, together with the identity of its new permanent representative; likewise in the event of the permanent representative's death, resignation or prolonged indisposition.

V If one or several seats of Members of the Board who are not staff representatives become vacant between two General Meetings due to their death or resignation, the Board of Directors may appoint one or more members on a temporary basis.

If one or several seats of Members of the Board who are staff representatives become vacant between two General Meetings due to their death, resignation, dismissal or the termination of their employment contract, the vacant seat shall be filled by the alternate.

Appointments of Members of the Board made by the Board of Directors shall be subject to ratification by the next Ordinary General Meeting. Should no such ratification take place, decisions taken and acts accomplished previously by the Board shall remain valid.

Should only one or two Members of the Board remain at their post(s), he or they, or failing this the Statutory Auditor(s), must immediately convene an Ordinary General Meeting of Shareholders in order to fill the vacant positions on the Board.

Any Member of the Board appointed to replace another shall only do so for the remaining period of his predecessor's term of office.

ARTICLE 11
SHARES OF MEMBERS OF THE BOARD

Members of the Board must each own one share.

Members of the Board appointed during the existence of the company need not own any shares at the time they are appointed, but must become shareholders within three months, failing which they will automatically be considered to have resigned.

ARTICLE 12
OFFICERS OF THE BOARD

The Board of Directors shall appoint one of its members who is a natural person as Chairman, and set the period of his duties, though this may not exceed his term of office as a Member of the Board.

The Chairman of the Board of Directors shall organise and direct the work of the Board, and report on this to the General Meeting of Shareholders. He shall ensure the proper functioning of the company's management bodies, and in particular ensure that the Members of the Board are capable of fulfilling their duties.

If it sees fit, the Board of Directors may appoint one or several Vice Chairmen, whose period of duties it shall also fix without this exceeding their terms of office.

The Board may also appoint a Secretary, who need not be one of its members.

In the absence or indisposition of the Chairman, a Board meeting may be chaired by the Vice Chairman fulfilling the duties of Chief

MEMORANDUM AND ARTICLES OF ASSOCIATION

Executive Officer, or the longest-serving Vice Chairman. Failing this, the Board shall appoint one of its members to act as Chairman for the meeting.
The Chairman, Vice Chairmen and Secretary may all stand for re-election.
As from the date when shares are admitted to the official listing or to the Second Market of the Paris Stock Exchange, the age limit for performing the duties of Chairman of the Board of Directors is set at 68.

ARTICLE 13
DELIBERATIONS OF THE BOARD

I The Board of Directors shall meet as often as the interests of the company require, at the behest of its Chairman. The Chairman of the Board must also, as provided by law, convene such a meeting at the request of a third of its members or of the Chief Executive Officer, if the latter's duties are not assumed by the Chairman of the Board, even if the last meeting was held less than two months previously.
The meeting shall take place at the Registered office, or in any other place indicated in the notification to attend.
Notifications to attend may be communicated by any means, and may even be oral.

II For deliberations to be valid, the effective presence of at least half the Members of the Board shall be required.
Decisions shall be taken with a majority of votes from the members present or represented; each Board Member shall dispose of one vote, and may not represent more than one of his colleagues.
Should there be an equal number of votes, the Chairman shall have the casting vote.
Members of the Board may participate in Board meetings by means of video conference facilities, as provided by the laws and regulations.
For the calculation of the quorum and majority, Board Members participating in Board meetings via video conference facilities shall be considered as present.

ARTICLE 14
POWERS OF THE BOARD OF DIRECTORS

The Board of Directors shall decide upon the strategy for the company's activities and ensure that it is put into practice.
Subject to the powers expressly conferred by law on Shareholders' Meetings or the Chairman of the Board of Directors or the Chief Executive Officer, if the latter's duties are not assumed by the Chairman of the Board, and within the limits of the company's object, it shall deal with all matters relating to the proper functioning of the company and settle any related decisions through its deliberations.
It shall undertake any checks and verifications that it deems appropriate.
In general, it shall take any decisions and exercise any prerogatives falling within the scope of its competence by virtue of the laws and regulations in force, or these Articles of Incorporation.
It may decide to create committees in charge of examining questions that it or its Chairman submits for their opinion. It shall fix the composition and remit of such committees.
It may entrust to one or several of its members special duties for one or several determined purposes.

ARTICLE 15
REMUNERATION OF MEMBERS OF THE BOARD

I Members of the Board may receive Directors' fees whose amount, fixed by the Ordinary General Meeting of Shareholders, shall be maintained until a decision is made to the contrary and which shall be posted in the accounts under operating expenses.

II The Board shall decide by a majority vote upon the division of these fees between its members, in a manner it considers appropriate.

III Members of the Board may also have the right to special remuneration authorised by the Board and submitted to the approval of the General Meeting, subject to a special report by the Statutory Auditors, for assignments or mandates entrusted to them, and to the reimbursement of their travelling expenses occasioned by management requirements.

ARTICLE 16
GENERAL MANAGEMENT - DELEGATION OF POWERS

I The General Management of the company is assumed, under his responsibility, either by the Chairman of the Board Directors, who shall then take the title of Chairman and Chief Executive Officer, or by another natural person, whether or not a Member of the Board, appointed by the Board of Directors, for whom it shall set the period of his duties, this person taking the title of Chief Executive Officer. The Chief Executive Officer may be dismissed at any time by the Board of Directors.
The Board of Directors shall choose between these two methods of General Management upon each appointment/reappointment of the Chairman of the Board or of the Chief Executive Officer if the latter's duties are not assumed by the Chairman of the Board. This choice shall remain valid until the expiry of one of these terms of office or, should the case arise, until the Chairman of the Board decides to no longer assume the functions of Chief Executive Officer, or upon the decision of the Board of Directors for a shorter period, which may not be less than one year.
Any change in the General Management method shall not entail a modification of the Articles of Incorporation.

II The Chief Executive Officer or the Chairman of the Board, if he assumes the duties of Chief Executive Officer, shall be vested with the widest powers to act on behalf of the company in all circumstances. He shall exercise these powers within the limits of the company object and subject to the powers expressly accorded to Shareholders' Meetings and the Board of Directors. He shall represent the company in its relations with third parties.
He may delegate any powers to any proxy of his choice within the limit of those conferred by law and the Articles of Incorporation herein. Any limitation of such powers by the decision of the Board of Directors shall be without effect as regards third parties.

III The Board of Directors may, on the proposal of the Chief Executive Officer or the Chairman of the Board, if he assumes the duties the duties of Chief Executive Officer, mandate a natural person, whether or not a Member of the Board, to assist the former; this person shall have the title of Deputy Chief Executive Officer.
The maximum number of Deputy Chief Executive Officers appointed in this way is that fixed by the laws in force.
Each Deputy Chief Executive Officer may be dismissed at any time by the Board of Directors on the proposal of the Chief Executive Officer, or the Chairman of the Board, if he assumes the duties of Chief Executive Officer. In the event of the death, resignation or dismissal of the Chief Executive Officer or the Chairman of the Board, if he assumes the duties the duties of Chief Executive Officer, each Deputy Chief Executive Officer shall retain his functions and remit, unless the Board of Directors de-

cides otherwise, until the appointment of another person assuming the duties of Chief Executive Officer.

In agreement with the Chief Executive Officer, or the Chairman of the Board, if he assumes the duties of Chief Executive Officer, the Board of Directors shall decide on the scope and duration of the powers delegated to each Deputy Chief Executive Officer.

As regards third parties, each Deputy Chief Executive Officer shall possess the same powers as the Chief Executive Officer or the Chairman of the Board, if he assumes the duties of Chief Executive Officer.

ARTICLE 17
REGULATED AGREEMENTS AND UNDERTAKING

Any agreement and undertaking made, whether directly or via an intermediary, between the company and its Chief Executive Officer, one of its Deputy Chief Executive Officers, one of its Board Members, one of its shareholders possessing a proportion of voting rights greater than 10% or, if it involves a shareholding company, the company controlling it within the meaning of Article L. 233-3, must have obtained the prior authorisation of the Board of Directors, if it does not relate to a standard transaction or is not made under normal terms and conditions.

The same shall apply to any agreements and undertakings (other than those concerning a standard transaction or made under normal terms and conditions) in which any of the persons indicated in the preceding paragraph has an indirect interest.

Prior authorisation shall also be required for any agreements and undertakings (other than those concerning a standard transaction or made under normal terms and conditions) taking place between the company and another company if one of the company's Board Members, the Chief Executive Officer or one of the Deputy Chief Executive Officers is the owner, an associate with unlimited liability, manager, member of the Board, member of the supervisory board or, in general, an executive of the other company.

Prior authorisation shall also be required for any commitment entered into in favour of the Chairman, the Chief Executive Officer or a Deputy Chief Executive Officer by the company or by any entity that controls or is controlled by the company within the meaning of items II and III of Article L. 233-16 of the French Code of Commerce, where such commitment relates to compensation, bonuses or benefits that are or may become payable when or after they cease to hold office or there is a change in the terms of their office.

In the event of the appointment as Chairman, Chief Executive Officer or Deputy Chief Executive Officer of a person who has a contract of employment with the company or with any entity that controls or is controlled by the company within the meaning of items II and III of Article L. 233-16 of the French Code of Commerce, prior authorisation shall also be required for any terms of said contract that relate to compensation, bonuses or benefits that are or may become payable when or after that person ceases to hold office or there is a change in the terms of their office.

ARTICLE 18
STATUTORY AUDITORS

The company shall be audited by two Statutory Auditors who shall be appointed and exercise their assignment in accordance with the law.

Two Alternate Statutory Auditors shall also be appointed to take the place of the Statutory Auditors in the event of refusal, unforeseen difficulty, resignation or death.

ARTICLE 19
GENERAL MEETINGS

Collective decisions of the shareholders shall be taken in General Meetings, qualified as Ordinary or Extraordinary depending on the nature of the decisions they are required to take.

Each regularly constituted General Meeting shall represent the shareholders as a whole.

The deliberations of General Meetings shall be binding on all shareholders, even if absent, dissenting or legally incapable.

ARTICLE 20
NOTIFICATION TO ATTEND AND VENUE FOR GENERAL MEETINGS

General Meetings shall be convened and reach decisions as provided by law.

General Meetings shall be held at the Registered office or any other place indicated in the notification to attend.

ARTICLE 21
ACCESS TO MEETINGS - POWERS

Any shareholder may participate in General Meetings in person or by proxy irrespective of the number of shares they own, on condition that they provide proof of identity and of ownership of their shares in the form and at the places indicated in the notice of the meeting at least five days before the date of the General Meeting, in accordance with the legal requirements regarding the participation of shareholders in General Meetings. However, the Board of Directors may reduce or waive this time limit provided that it does so for all shareholders.

Shareholders may only be represented by their spouse or by another shareholder duly mandated as their proxy or, in the case of shareholders not resident in French territory, by an intermediary registered as a shareholder pursuant to Article L. 228-1 of the French Code of Commerce.

Shareholders that are legal entities shall participate in Meetings through their legal representatives or any person appointed for this purpose by the latter.

Any shareholder may, as provided by the law and regulations, vote by proxy or by correspondence at any General Meeting, either on paper or - upon the decision of the Board of Directors published in the notification of the meeting and notification to attend, or, should the case arise, in the personal notification of the meeting - by remote transmission.

ARTICLE 22
QUORUM - VOTING – NUMBER OF VOTES

I In Ordinary and Extraordinary General Meetings, the quorum shall be calculated on the entire number of shares constituting the authorised capital, excluding non-voting shares as provided by law.

Where votes by correspondence are concerned, only slips received by the company before the Meeting, within the time limit and pursuant to the conditions provided by law, shall be taken into consideration for calculating the quorum.

Shareholders participating in the Meeting by video conference, Internet or by telecommunication means enabling them to be identified, the nature and conditions of which comply with the laws and regulations in force, shall be considered as present for the purposes of calculating the quorum and the majority.

II Voting rights attached to shares are proportional to the capital they represent. At equal nominal value, each equity or dividend share entitles the holder to one vote.

MEMORANDUM AND ARTICLES OF ASSOCIATION

III If shares are held in usufruct, the voting rights attached to these shares shall belong to the beneficial owners in Ordinary General Meetings and to the bare owners in Extraordinary General Meetings.

ARTICLE 23
ORDINARY GENERAL MEETINGS

I The Ordinary General Meeting shall be called upon to take all decisions that do not modify the Articles of Incorporation.
It shall meet at least once a year, within the time limits indicated by the law and regulations in force, to rule on the financial statements of the previous business year.

II The Ordinary General Meeting may not deliberate validly, upon the first notification to attend, unless the shareholders present, represented or having voted by correspondence possess at least a fifth of the voting shares.
Upon a second notification to attend, no quorum shall be required.
It shall rule with a majority of the votes at the disposal of the shareholders present or represented, including shareholders having voted by correspondence.

ARTICLE 24
EXTRAORDINARY GENERAL MEETINGS

I The Extraordinary General Meeting shall have the sole power to modify the Articles of Incorporation in all their provisions. However, it may not increase the commitments of shareholders, subject to operations resulting from the exchange or consolidation of shares decided and carried out in accordance with regulatory requirements.

II In the absence of specific legal provisions, the Extraordinary General Meeting may not deliberate validly, unless the shareholders present, represented or having voted by correspondence possess, upon the first notification to attend, at least a quater, and upon the second notification, at least a fifth of the voting shares.
Failing this latter quorum, the second Meeting may be adjourned to another date no later than two months after the original date for which it was convened.
Subject to the same specific provisions, it shall rule with a two-thirds majority of the votes at the disposal of the shareholders present or represented, including shareholders having voted by correspondence.

ARTICLE 25
BUSINESS YEAR

The business year shall begin on January 1 and end on December 31 each year.
Exceptionally, the current year shall extend from 1 September 1987 to 31 December 1988.

ARTICLE 26
DETERMINATION, APPROPRIATION AND DISTRIBUTION OF PROFITS

After the deduction of amortisation and provisions, any credit balance on the profit and loss account, summarising the revenues and charges for the year, represents the net profit.
Five percent shall be deducted from profits, after deduction of any previous losses, and appropriated to the legal reserve fund. This is no longer compulsory when the legal reserve reaches one tenth of the registered capital. This deduction shall be resumed if for any reason the legal reserve falls below this one tenth.
Distributable income shall comprise the year's profits plus retained earnings brought forward, minus previous losses and amounts credited to reserves, as required by law and these Articles of Incorporation.
This income shall be distributed between all shareholders in proportion to the number of shares they each own.
However, after deduction of the appropriations to reserves required by law, the General Meeting may appropriate any amount it deems necessary to any optional ordinary or extraordinary reserve funds, or carry it forward to future years.
Dividends are primarily taken out of the year's profits. The General Meeting may, in addition, decide to appropriate sums from available reserves, provided it explicitly specifies the reserves in question.
The Ordinary General Meeting of Shareholders may grant shareholders, in respect of all or part of the dividend and interim dividend, the option of taking the dividend and interim dividend in the form of either cash or shares.
Except in the case of a reduction in capital, no distribution to shareholders shall be allowed if the effect is or would be to reduce shareholders' equity below the amount of capital plus reserves required by the law and by these Articles of Incorporation for any distribution to be permitted. Revaluation reserves are not distributable but can be partially or fully incorporated into capital.
Any loss shall be carried forward, following the General Meeting's approval, and shall be deducted from the profits of subsequent years until such time as it is extinguished.

ARTICLE 27
DISSOLUTION - LIQUIDATION

Apart from dissolution provided for by law, the company shall be dissolved on expiry of the term as defined in the Articles of Incorporation or by the decision of the Extraordinary General Meeting of Shareholders.
One or several liquidators shall then be appointed by this Extraordinary General Meeting acting under the quorum and majority conditions stipulated for Ordinary General Meetings.
The liquidator shall represent the company. He shall be invested with the widest powers to realise the assets, even by private treaty. He shall be authorised to pay creditors and distribute the remaining balance.
The General Meeting of Shareholders may authorise him to continue any ongoing business or to undertake new business transactions for the purposes of liquidation.
The net assets remaining after repayment of the shares at their par value shall be distributed between the shareholders in the same proportions as their interest in capital.

ARTICLE 28
DISPUTES

All disputes in connection with company matters arising during the company's existence or during liquidation, either between the shareholders and the company or the Members of its Board, or between the company and the Members of its Board, or between the shareholders themselves and relating to company matters, will be referred to the competent courts.

LEGAL CONTEXT

Shareholders

According to the terms of Article 39 of Law No. 86-1067 of September 30, 1986, as modified, no person or organisation, operating alone or together, may directly or indirectly hold more than 49% of the capital or voting rights in a company authorised to provide a national television service free-to-air and whose average annual audience (free-to-air, cable and satellite) is over 2.5% of total television audiences. A decree by the Council of State will specify the means of calculating channel audiences.

Under the terms of Article 39 of Law No. 86-1067 of September 30, 1986 as amended, when an individual or entity holds, directly or indirectly, more than 15% of the capital or voting rights of a company licensed to operate a national television service by terrestrial analogue route, shall not hold, directly or indirectly, more than 15% of the capital of another company holding a similar authorisation.

Under the terms of Article 40 of Law No. 86-1067 of September 30, 1986 as amended, no individual or entity of foreign nationality shall purchase an interest leading to foreign nationals holding, directly or indirectly, more than 20% of the capital of a company licensed to operate a national television service by terrestrial analogue route.

Under the terms of Article 41 of the Law of September 30, 1986, as amended by the Law of July 9, 2004, one and the same person can hold, directly or indirectly, a maximum number of seven authorisations for a national television service by digital terrestrial route.

Licensing conditions

TF1 is an audiovisual communications service subject to licence. The initial period of licence for use of frequencies, for duration of 10 years from April 4, 1987 (Law of September 30, 1986), expired in 1997.

By reason of decision No. 96-614 of September 17, 1996, TF1 received a first renewal of its licence from April 16, 1997, without other candidates being considered, for five years.

In compliance with Article 28-1 of the Law of September 30, 1986, as modified by the Law of August 1, 2000, TF1 benefited from a second "automatic" renewal of its licence for the years 2002 to 2007, by decision of the CSA (the French audiovisual regulatory body) on November 20, 2001.

Under the terms of Article 82 of the Law of September 30, 1986, as amended, this authorisation can be automatically extended for five years (to 2012), by reason of the simultaneous broadcasting ("simulcast") of the channel's programmes by digital terrestrial transmission. By a decision of June 10, 2003, the CSA modified TF1's licence in order to incorporate the provisions relating to the broadcasting of programmes on digital terrestrial television.
According to the terms of Article 99 of the Law of September 30, 1986, as modified by Law No. 2007-309 of March 5, 2007, this authorisation is automatically extended for five years provided the channel is a member of a Public Interest Grouping (GIP) responsible for implementing the measures towards the extinction of the analogue signal and the continuity of channel reception by viewers. On April 26, 2007, TF1 signed the convention creating such a GIP.

Furthermore, according to the terms of Article 96-2 of the Law of September 30, 1986, as modified by Law No. 2007-309 of March 5, 2007, this authorisation is also automatically extended by five years subsequent to the extinction of the analogue signal, provided the channel commits to ensure the broadcast of its programmes over digital free-to-air to 95% of the French population. TF1 has now made this commitment to the CSA.

Consequently, TF1's authorisation, based on the Law of March 5, 2007, can be defined as follows:

1. Period of TF1's authorisation:	➨	2012
2. Five-year extension of the authorisation based on Article 99:	➨	2017
3. Five-year extension of the authorisation based on Article 96-2:	➨	2022

Main legal provisions and obligations

Texts:
- Contract conditions set forth by Decree No 87-43 of January 30, 1987 and the Decision regarding licensing use of frequencies of November 20, 2001, given to Television Française 1, until January 1, 2007,
- Law No. 86-1067 of September 30, 1986 as amended by Law No. 94-88 of February 1, 1994, by Law No. 2000-719 of August 1, 2000, by Law No. 2005-102 of February 11, 2005 and by Law No. 2007-309 of March 5, 2007,
- European Directive on Television Without Frontiers of October 3, 1989, as modified most recently on December 11, 2007,
- Decree No. 2001-609 of July 9, 2001, amended by Decree No. 2001-1326 of December 28, 2001 (production obligations of free-to-air analogue channels),
- Decree No. 90-66 of January 17, 1990, as amended by Decree No. 92-279 of March 27, 1992 and by Decree No. 2001-1330 of December 28, 2001 (broadcasting obligations),
- Decree No. 92-280 of March 27, 1992, as amended by Decree No. 2001-1331 of December 28, 2001 (obligations relating to advertising and sponsorship).

In terms of general obligations concerning broadcasting and investment in production, the main prevailing provisions are the following:
- a maximum of 192 cinema films per year may be broadcast, of which a maximum of 104 shall begin between 8.30 p.m. and 10.30 p.m. No cinema film shall be broadcast on Wednesday and Friday evenings, Saturday all day, or Sunday before 8.30 p.m.,
- broadcasting quotas apply for the whole broadcasting time and for peak viewing hours, to cinema and audiovisual works. 60% of broadcast material shall be of European origin and 40% of French origin,
- a minimum of two-thirds of the annual broadcasting airtime shall be devoted to French-speaking programmes,
- obligation to broadcast annually a minimum of 1,000 hours of children's programmes including 50 hours of magazines and documentaries,
- obligation to broadcast annually 800 hours of television news bulletins and television news magazines,
- obligation to invest 16% of the previous year's net annual sales for the commissioning of French-speaking audiovisual works, of which 10.66% from independent producers, and to broadcast 120 hours of French-speaking or European unreleased audiovisual works, starting between 8 p.m. and 9 p.m.,
- obligation to invest 0.6% of the previous year's net annual sales for the commissioning of French-speaking and Euro-

pean cartoons (obligation as to French-speaking content included in the previous 16%). The rights relating to two thirds of the broadcasting rights acquired cannot exceed four years,

- prohibition on use of in-house production for fiction programmes; use of in-house production authorised for news and for up to 50% of annual volume of other programmes,
- obligation to invest 3.2% of the previous year's net annual sales(with at least 2.5% dedicated to French-speaking cinema works and at least 75% commissioned from independent producers) in the co-production of European cinema works. This investment is to be achieved through a subsidiary of the broadcaster (TF1 Films Production) operating as a minority participator. The co-production element must be approximately equal to the broadcasting right element.
- obligation, within a period of five years following the publication of Law No. 2005-102 of February 11, 2005, to make accessible to the deaf and hearing-impaired all of the channel's programmes, with the exception of advertising. It is to be noted that the CSA may exempt a section of programming from this obligation due to its nature (this concession is included in the convention).

Compliance with legal obligations is controlled and may be subject to financial sanctions by the CSA, pursuant to the provisions of Articles 42 to 42-11 of the above Law of September 30, 1986.
As regards the commitment to protect children and young people, the Channel has undertaken to adopt a 5-category sign code to indicate the acceptability of programmes broadcast for this sector.

Close of analogue broadcasting on November 30, 2011

Law No. 2007-309 of March 5, 2007 modifying the Law of September 30, 1986 established the principle and set the schedule for discontinuing free-to-air analogue broadcasting on November 30, 2011.
According to this Law, a gradual close-down of free-to-air broadcasting could start on March 31, 2008, whereby the CSA must set a closing date for each zone concerned (service by service, transmitter by transmitter) nine months in advance, taking into consideration the access households have to the equipment needed, the availability of Digital Terrestrial Television (DTT) services, and the specific circumstances of the border zones.
It should also be noted that, when the analogue service is completely switched off, the Law in question provides for the granting of an additional channel (a so-called "compensatory channel") for the analogue channels.
Furthermore, the frequencies freed up by the close-down of analogue will be reassigned by the Prime Minister to government departments and to the CSA. The majority of frequencies freed up will still be assigned to audiovisual services.
Finally, the text lays down the conditions for extending free-to-air digital broadcasting. Thus, the free-to-air unscrambled analogue channels will have to cover 95% of the population with digital free-to-air, while the new DTT channels will be granted an automatic five-year extension of their authorisation if they further commit to broadcast beyond the zone specified in their authorisation. It should be noted that all the DTT channels have agreed to this commitment.
All the free DTT channels must be broadcast over the whole of the country, whatever the mode of reception, and be distributed by a common satellite distributor.

High Definition and personal mobile television

On July 3, 2007, the CSA launched a request for candidates for the use of radio-electric facilities to provide national television services broadcast free-to-air in digital mode and high definition.
With its decision of November 21, 2007, the CSA selected TF1, as well as M6, to receive such an authorisation (constituting only an extension of the initial authorisation). These channels, plus France 2, should begin their programming in high definition in the spring of 2008.
In accordance with the new provisions of the Law of March 5, 2007, the CSA launched a request for candidates for 16 personal mobile television services on November 8, 2007. The CSA gave the following provisional schedule:

- January 15, 2008: final date for presenting applications to run the services
- February 2008: publication of the short-list of candidates and start of the examinations and public hearings relating to their applications
- April 2008: selection of the successful candidate
- June 2008: formal authorisation of the service providers

The CSA will also grant public sector companies the right to use the radio-electric facilities, in application of the provisions of Article 26 of the Law of September 30, 1986.

- This authorisation will be made within two months of the multiplex operator's appointment.

The criteria to be taken into consideration by the CSA for allocating its authorisations are as follows:

- The programme offering formats most tailored to personal mobile television
- Commitments on the production and broadcasting of audiovisual and film products
- Commitments concerning geographic coverage and reception quality
- The widest marketing of services to the general public
- The capacity to respond to the expectations of a broad cross-section of the general public and to encourage the rapid growth of personal mobile television
- The need to ensure real competition between, and diversity of, operators
- The safeguarding of the pluralism of socio-cultural expression
- The previous experience of the candidates
- The financing of, and operating prospects for the service.

Modifications to the legal context

On August 1, 2007, the President of the Republic asked the Minister of Culture and Communication to thoroughly review the legislative and regulatory provisions that apply to the audiovisual sector so as to enable the emergence of top class French audiovisual communications groups.
As part of this process, Ms. Catherine Albanel, Minister of Culture, launched the "Audiovisual Assizes" on October 8, 2007 and announced the start of four study projects:

- public sector audiovisual services
- relations between producers and broadcasters
- advertising
- anti-concentration rules

In addition, during his January 8, 2008 press conference, the President of the Republic announced the opening of discussions on the elimination of advertising from public sector audiovisual services. The authorities have announced that this reform could take effect as of January 1, 2009.

Legal informations
PERSON RESPONSIBLE

Person responsible for the Reference Document:
Mr. Nonce Paolini, Chief Executive Officer.

Certification of the person responsible for the reference document

Having taken all reasonable care to ensure that such is the case, I hereby certify that the information in this document gives, to the best of my knowledge, a true and fair view of the Group and there are no omissions likely to alter the significance of those statements.

I hereby declare that to the best of my knowledge, the consolidated financial statements contained in the 2007 financial report have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of TF1 Group and its consolidated subsidiaries, and that the Board of Directors' report, pages 48-85, gives a fair description of the main events, financial statements of the company and of all consolidated subsidiaries as well as the main risks and uncertainties that they are facing.

I have obtained from the Statutory Auditors a letter certifying that they have verified all information contained in the Reference Document relating to the Group's financial position and accounts and have reviewed the entire document.

Boulogne, March 25, 2008
Nonce Paolini
Chief Executive Officer

Fees of group statutory auditors (Fully consolidated companies)

2007 (in €K)	Others	Ernst & Young	Mazars & Guerard		KPMG (ex-Salustro-Reydel)		Total
Audit	**(59)**	**(27)**	**(779)**	**100%**	**(902)**	**83.8%**	**(1,765)**
Statutory audit, certification and consolidated accounts examination	(59)	(27)	(739)	94.9%	(805)	74.8%	(1,629)
Internal control					(45)	4.2%	(45)
Specific operations (acquisitions, sales…)			(40)	5.1%	(44)	4.1%	(84)
Other assignments					(8)	0.7%	(8)
Other	**4**	**0**	**0**		**(174)**	**16.2%**	**(170)**
Inc. legal, tax and employment advice	4				(17)	1.6%	(13)
Other (if >10% audit fees)					(157)	14.6%	(157)
TOTAL	**(55)**	**(27)**	**(779)**	**100%**	**(1,076)**	**100%**	**(1,935)**

Information and investor relations

Philippe Denery
Deputy General Manager and Chief Financial Officer
Tel.: (33) 1 41 41 44 11
Fax: (33) 1 41 41 29 10
E-mail: pdenery@tf1.fr

Legal documents can be consulted at:
TF1
Legal Affairs Department
1, Quai du Point du Jour
92656 BOULOGNE CEDEX
E-mail: ibrosset@tf1.fr

Documents available for public consultation:
Documents such as the internal rules of the Board of Directors, the annual reference document, the other reports of the Board of Directors to the General Meeting of April 17, 2007 may be consulted on the company website (www.tf1finance.fr).
Anybody wishing to obtain additional information on the TF1 Group may, without obligation, ask for documents at TF1 – Legal Affairs Department, 1 quai du point du jour, 92100 Boulogne, Tel : (33) 1.41.41.28.27.
You can also receive information on the Group TF1 and obtain on demand historical data about the company:
By mail:
TF1
Investor Relations Department
1, Quai du Point du Jour
92656 BOULOGNE Cedex

By internet:
http://www.tf1finance.fr
Email: comfi@tf1.fr

Diary of financial announcements for 2008

January 24	Full Year 2007 revenue
February 20	Full Year 2007 accounts
February 21	Analysts meeting
April 17	Shareholders' General Meeting
April 30	Dividend payment
May 14	First quarter 2008 revenue & accounts
July 31	First half 2008 revenue & accounts
August 1	Analysts meeting
November 13	Third quarter 2008 revenue & accounts

This timetable is subject to change.

Information and investor relations

In application of article 28 of Regulation (EC) N° 809/2004 of the Commission of April 29, 2004, the following information is included by reference in the present reference document:

The consolidated accounts for the year ended December 31, 2006, the relevant report of the statutory auditors and the Group's management report appearing on pages 92 to 133, page 134 and pages 46 to 91 of the reference document registered with the AMF on March 23, 2007 with number D.07-0216.
The consolidated accounts for the year ended December 31, 2005, the relevant report of the statutory auditors and the Group's management report appearing on pages 90 to 132, page 133 and pages 46 to 89 of the reference document registered with the AMF on March 28, 2006 with number D.06-0173

POSTAL ADDRESSES OF MAIN SUBSIDIARIES AND PARTICIPATIONS

February 2008

1, Quai du Point du Jour
92656 BOULOGNE BILLANCOURT CEDEX – FRANCE
TF1 PUBLICITE
TF1 DIGITAL
CIBY 2000
TFOU
SOCIETE D'EXPLOITATION DU MULTIPLEX R6 – SMR6
ONECAST
TF1 HORS MEDIA
TELEMA

Le Levant – 305, avenue le Jour se Lève
92656 BOULOGNE BILLANCOURT CEDEX – FRANCE
e-TF1
WAT

Central Park – 9, rue Maurice Mallet
92130 ISSY LES MOULINEAUX – FRANCE
UNE MUSIQUE
TF1 VIDEO
COMPAGNIE INTERNATIONALE DE COMMUNICATION – CIC
TF1 ENTREPRISES
TF1 INTERNATIONAL
TFM DISTRIBUTION

125, rue Jean-Jacques Rousseau
92130 ISSY LES MOULINEAUX – FRANCE
YAGAN PRODUCTION

Immeuble Arcs de Seine – 18, Quai du Point du Jour
92656 BOULOGNE BILLANCOURT CEDEX – FRANCE
GLEM
TOUT AUDIOVISUEL PRODUCTION – TAP
TF1 PRODUCTION
TF1 FILMS PRODUCTION
ALMA PRODUCTION
TF1 PUBLICITE PRODUCTION
HISTOIRE
USHUAIA TV
SOCIETE D'EXPLOITATION ET DE DOCUMENTAIRES – ODYSSEE

54, avenue de la Voie Lactée
92656 BOULOGNE BILLANCOURT CEDEX – FRANCE
LA CHAINE INFO – LCI

L'Amiral – 3, rue Gaston et René Caudron
92798 ISSY-LES-MOULINEAUX CEDEX – FRANCE
EUROSPORT
EUROSPORT France
EURSOSPORT EVENTS

120, avenue Charles de Gaulle
92200 NEUILLY SUR SEINE – FRANCE
TF6
SERIE CLUB

Quai Péristyle
56100 LORIENT – FRANCE
TV BREIZH

3 rue du Commandant Rivière
75008 PARIS – FRANCE
TCM DA

Tour Maine Montparnasse – 33 avenue du Maine
75015 PARIS – FRANCE
LES NOUVELLES EDITIONS TF1

47, rue de la Chapelle
75018 PARIS – FRANCE
QUAI SUD TELEVISION

35, rue Greneta
75002 PARIS – FRANCE
PUBLICATIONS METRO FRANCE

45, Boulevard Victor Hugo – Bâtiment 264
93534 AUBERVILLIERS CEDEX – FRANCE
TELESHOPPING
SHOPPING A LA UNE
TOP SHOPPING
INFO SHOPPING
EUROSHOPPING TRADING

6 bis, quai Antoine 1er
MONACO
TELE MONTE CARLO (TMC)

69, rue de Richelieu
75002 PARIS – FRANCE
1001 LISTES

Immeuble Aphelion – 5, rue Léon Delagrange
92130 ISSY LES MOULINEAUX – FRANCE
FRANCE 24

REFERENCE DOCUMENT CROSS-REFERENCE TABLE

Subjects of the first appendix of EC regulation 809/2004

The French version of the Annual Report was filed by the "Autorité des Marchés Financiers" (AMF - French stock exchange commission) on March 26, 2008, in accordance with the articles 212-13 of the General Regulation of the AMF. This document may not be used to support a financial operation unless it is accompanied by an operation note certified by the AMF.

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