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Directors' Report presented by the Board of Directors

at the Combined Annual General Meeting on April 17, 2007 (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 2006 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 2006 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 2006 activity and results

1.1 The Group

CONSOLIDATED PROFIT AND LOSS ACCOUNT – ANALYTICAL BREAKDOWN

(€m)	**2006**	2005	2004
TF1 Channel			
Advertising revenue	1,707.9	1,647.5	1,645.5
Advertising costs	(80.9)	(86.5)	(86.3)
NET BROADCASTING REVENUE	**1,627.0**	**1,561.0**	**1,559.2**
Royalties and contributions			
- Authors	(66.6)	(63.2)	(63.9)
- CNC	(84.8)	(81.7)	(81.5)
Broadcasting costs			
- TDF, Satellites, Transmissions	(53.6)	(54.9)	(56.5)
Programming costs (Excl. 2006 Football World Cup)	**(946.5)**	**(919.4)**	**(893.2)**
2006 Football World Cup cost	**(113.6)**		
GROSS MARGIN	**361.9**	**441.8**	**464.1**
Diversification and miscellaneous revenue and other products	938.4	850.2	852.7
Other operating charges	(888.0)	(815.2)	(822.3)
Net allocation to depreciation, amortisation and provisions	(111.5)	(123.6)	(113.5)
OPERATING PROFIT	**300.8**	**353.2**	**381.0**
Finance cost	(11.6)	(12.3)	(17.2)
Other financial income and expenses	(4.9)	0.6	4.4
Corporate income tax	(98.7)	(115.5)	(137.5)
Share of net income of companies consolidated under the equity method	13.1	(5.5)	(5.0)
NET PROFIT FROM CONTINUING ACTIVITIES	**198.7**	**220.5**	**225.7**
Profit of discontinued operations	253.6	14.2	(2.5)
NET PROFIT	**452.3**	**234.7**	**223.2**
Minority interests	(0.2)	(1.6)	(1.5)
NET PROFIT ATTRIBUTABLE TO THE GROUP	**452.5**	**236.3**	**224.7**

In 2006, TF1 Group consolidated revenue grew by 5.8% to €2,653.7 M. The channel's advertising revenue was up 3.7% to €1,707.9 M, sustained by growth in investment by the Telecommunications and Services sectors. Annual revenue from diversifications was up 9.9% compared to 2005, primarily thanks to the dynamism of the Téléshopping group, the French thematic channels, TF1 International and Eurosport International.

Operating profit amounted to €300.8 M, a drop of 11.3% compared to 2005. This decline is due primarily to the 15.3% increase in the TF1 channel's grid costs (of which €113.6 M were non-recurring broadcasting costs for the 2006 Football World Cup). Without the Football World Cup, grid costs would have increased 2.9%.

The cost of net debt was down 5.7% to €11.6 M, which corresponds to an average net debt of €314 M for the full year 2006.

The share of net income of companies consolidated under the equity method is €13.1 M. This includes the share of capital gains from the disposal of free-to-air frequencies registered with Europa TV.

Net profit from continuing activities came to €198.7 M, a decrease of 9.9% compared to 2005. This reflects the evolution of operating income. The impact of the merger of TPS with the pay television activities in France of Group Canal+ on TF1 2006 consolidated income was €253.6 M (including the share of TPS income for eight months). Therefore, consolidated income attributable to the TF1 Group was €452.5 M for the year.

At December 31, 2006, the group's shareholders' funds totalled €1,358.0 M, on total balance sheet assets of €3,698.2 M. Net debt stood at €378.5 M, that is, 27.9% of shareholders' funds.

Net cash flow generated by 2006 activity amounted to €323.4 M compared with €248.8 M in 2005. In view of the cash needs relative to financing and investment requirements, the cash variation for 2006 stood at €154.2 M that is a cash position at the end of the financial year of €271.8 M.

Contributions to the consolidated profit and loss account	Consolidated revenue			Current operating profit		
(€m)	**2006**	2005	2004	**2006**	2005	2004
BROADCASTING FRANCE	**2,153.6**	**2,037.2**	**2,012.7**	**245.9**	**291.9**	**341.3**
TF1 Channel	1,724.3	1,661.5	1,654.1	224.5	263.0	331.8
Téléshopping Group	110.3	89.4	83.6	8.7	8.2	9.4
Thematic channels in France	153.9	139.4	128.3	(13.4)	(16.8)	(17.1)
TF1 Entreprises	40.3	32.4	36.4	5.9	6.6	8.3
In-house production companies	31.1	30.2	47.5	(1.2)	3.3	(11.8)
E-TF1	71.3	69.2	48.6	3.8	6.3	2.5
Others	22.4	15.1	14.2	17.6	21.3	18.2
AUDIOVISUAL RIGHTS	**240.9**	**232.9**	**230.0**	**24.9**	**22.6**	**13.9**
Catalogue	83.0	72.4	61.0	9.3	5.8	(2.9)
TF1 Vidéo Group	157.9	160.5	169.0	15.6	16.8	16.8
INTERNATIONAL BROADCASTING	**259.2**	**243.4**	**238.9**	**30.0**	**29.9**	**26.7**
Eurosport International	259.1	243.4	238.9	29.7	29.9	26.7
FRANCE24 (ex CFII)	0.1	0.0	0.0	0.3	0.0	0.0
OTHER ACTIVITIES	**0.0**	**(5.1)**	**19.6**	**0.0**	**(5.4)**	**(0.9)**
CONTINUING ACTIVITIES	**2,653.7**	**2,508.4**	**2,501.2**	**300.8**	**339.0**	**381.0**

1.1.1 Broadcasting France

Revenue for Broadcasting France increased 5.7% in 2006 compared to 2005. Advertising revenue for the TF1 channel was up 3.7%, while that of the other activities in the division rose by 14.3%. However, operating income declined by 15.9%, primarily as a result of the increase in grid costs associated with the airing of the 2006 Football World Cup.

The activities of TJM, WAT and JET, launched at the end of 2005 and during 2006 and consolidated for the first time in 2006, generated an operating loss of €8.8 M in 2006.

TF1 Channel

In 2006, TF1 boasted 98 of the 100 biggest television audiences for the year, which is the best performance since 1991. TF1 continues to offer the most action-packed television programmes.

French TV drama broadcasts on TF1 took 47 of those places, including eight places for the totality of the first-season episodes of *RIS*. Prestige TV dramas such as *Marie Besnard* and *Monsieur Léon* also captured a high position in the ranking.
The FIFA Football World Cup took the eight top places in the ranking and enabled TF1 to achieve an absolute audience record since the introduction of the Médiamat, with 22.2 million viewers for the July 5 semi-final between France and Portugal.
US series (*CSI: Las Vegas, CSI: Miami, CSI: Manhattan*) came in with 14 places, with a record 10.3 million viewers for *CSI: Miami* on May 10, 2006. This result justifies the choice of innovative programming and shows that US series are now among the most attractive programmes. TF1 is the only channel to attract over 9 million viewers to a US series certain evenings.

Finally, feature films broadcast on TF1 took 12 places, thanks to the performance of a wide diversity of movies (*Pirates of the Caribbean, Monsieur Batignole, Astérix et Obélix*). TF1 is the only channel to have broadcast films attracting over 12 million viewers (*Les Bronzés font du Ski* at 12.4 million, *Les Bronzés* at 12.3 million).

In 2006, the average prime-time audience on TF1 increased by more than 300,000 viewers compared to 2005, to reach a figure of 7.6 million. This is the best score since 1994.
The prime-time audience share rose 0.8 point compared to 2005, to reach 34.1% of Individuals aged 4 years and over.

This performance testifies to the specific nature of TF1, which has consistently been the leader by far and the only channel able to attract 10 million viewers and more on a regular basis. And this in a digital audiovisual environment where viewers are increasingly appealed to by new spots and services.

TF1's advertising revenue increased 3.7% in 2006. The channel's market share totalled 54.8%, up 0.4 point[1]. This increase reflects the following sector trends:

- The decline of the mass consumption sectors on television, which started in September 2004, continued. In 2006, advertising investment in the Food and Home Maintenance sectors slowed down by 2.9%[1] and 3.5%[1], respectively, compared to 2005. On the other hand, the Beverage sector increased by 5.5%[1] and Cosmetics/Beauty products by 1.6%[1].
  TF1 continues to be the reference channel for the "business" sectors with a market share in excess of 55%[1] for each of these sectors.

(1) Source: TNS Media Intelligence

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- Investments in the Telecommunications and Services sectors continues to progress. Telecommunications is a real growth engine and has become the fourth biggest investor in television advertising (after Food, Cosmetics/Beauty products and Publishing). This is because of the strong competition between operators on the different sub-markets – telecommunications convergence, telephone enquiries, SMS and interactivity.

- The Services sector represents the second growth engine of television advertising in terms of volume (6th biggest investor) with an increase of 30.2%[1] to €500.4 M[1] in 2006. Banks (half of the sector investments) advanced by 33.0%[1]; insurance (one third of sector investments) shot up 63.0%[1].

Thematic channels France
The thematic channels France generated revenue of €153.8 M in 2006, an increase of 10.3%. Advertising revenue for these channels was up 14% for the year. In this context, TV Breizh stands out. A combination of good audience results and an increase in the number of subscribers enabled the channel to record a hike of 37% of its revenue.

NO. OF HOUSEHOLDS RECEIVING THE CHANNEL AT

Channels	December 31, 2006 (in million)	December 31, 2005 (in million)	Change
Eurosport France	6.8	6.5	+4.6%
TV Breizh	5.2	4.6	+13.0%
LCI	6.1	5.4	+13.0%
TMC*	14.8	9.2	+60.9%
TF6	3.0	2.8	+7.1%
Série Club	2.5	2.2	+13.6%
Odyssée	2.2	2.2	-
Histoire	4.5	4.3	+4.7%
Ushuaia TV	1.1	1.2	- 8.3%

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

The healthy audience figures and the restructurings undertaken enabled the thematic channels to reduce their operating loss in 2006 by €3.4 M to €13.4 M. This operating loss includes the launch costs of the games channel JET (€3.5 M). TV Breizh reached operating break-even point in 2006.

Securing distribution contracts for these channels in France and the French-speaking area (Belgium, for example), good audiences and stringent cost controls should enable this division to reach operating break-even in 2007 and to generate a 10% operating margin in 2008.

Diversification activities

Téléshopping group
The Téléshopping group's revenue increased 23.5% to €110.4 M in 2006, profiting from the dynamic internet business that surged 52%. The latter represents 27% of the Téléshopping group's sales of goods.

The group's expansion – with two stores in Paris, its "infomercial " activity on RTL9, NT1, TMC, and Eurosport France, the website "surinvitation.com" dedicated to private sales events – generated revenue of €11 M in 2006.

In 2007, Téléshopping will take advantage of the launch of its home shopping activity in Turkey (in association with the Dogan group) as well as the integration of the company *1001listes*, which was acquired in December 2006.

The Téléshopping group's 2006 operating income was €8.7 M.

TF1 Entreprises group
Revenue for TF1 Entreprises and its subsidiaries was up 24.4% in 2006, in particular thanks to music operations, sales of parlour games and the growth of below the line operations.

The number of parlour games sold more than doubled (572,900 packages sold in 2006), fuelled by the game derived from the programme *A Prendre ou à Laisser* (210,000 packages) and the *Cranium* range (110,000 packages).

For its first year of operations, TF1 Hors Média generated revenue of €2 M. This subsidiary's activity was marked primarily by major marketing events and field communications operations.

The TF1 Entreprises group's operating income amounted to €5.9 M in 2006. It was impacted by the less good performance of the press sector.

Production
The production division (comprising TF1 Films Production, TF1 Publicité Production and the Glem group) generated revenue of €31.1 M in 2006 and an operating loss of €1.3 M (including a €3.5 M share provision).

E-TF1
E-TF1 generated 2006 revenue of €71.3 M, an increase of 3.0% over 2005, which itself grew strongly. Revenue from advertising and the sale of content continued to grow, fuelled by the site's expanding audience.
Indeed, visits to the tf1.fr network have increased substantially: +72%[3] individual visitors between December 2005 and December 2006.

E-TF1 operating income was €3.8 M.

(1) Source: TNS Media Intelligence.
(2) US home shopping format.
(3) Source: Médiamétrie / Xiti / panel NielsenNetRatings / Cyberestat

1.1.2 Audiovisual rights

The revenue of the audiovisual rights division increased 3.4%. Its operating margin climbed to 10.3%.

The **catalogue business** (essentially TF1 International) was up 14.6% thanks to the sales of feature films (*Bruce Almighty, Aviator, La Chute*) and TV dramas (*Femmes de Loi*), as well as the public release of *Hors de Prix* and *The Departed* at the end of 2006.

In 2006, the **TF1 Vidéo group** sold over 23 million DVDs, i.e., an increase of 13% over 2005. However, its revenue declined slightly (by 1.6%) due to the fall in the average price of DVDs. The biggest successes in 2006 were *Le Roi Soleil* (over 610, 000 copies sold), *Gad Elmaleh* (over 500,000 copies sold) and *Florence Foresti* (over 400,000 copies sold).

TF1 Vidéo operating income was €15.6 M, that is, an operating margin of 9.9%.

1.1.3 International broadcasting

Eurosport International generated €259.1 M of revenue, up 6.5%. Subscriber receipts improved 7.6%, thanks to growth on the European market, with 103.4 million households (excluding France) receiving the Eurosport channel, but also thanks to the quality of the Eurosport group's channels and the brand image, which helped increase the number of paying subscribers.
Advertising revenue increased 6.8%, boosted by the Turin Olympics, which attracted 140 million European viewers.
The other activities (*WTCC - World Touring Car Championship™*) also contributed to the growth in 2006 revenue.

Eurosport International recorded stable operating income at €29.7 M, that is, a margin of 11.5%. This result takes into consideration the increase in the cost of broadcasting rights linked to the Turin Olympics and the cost of developing new activities - WTCC, Eurosport 2 and Eurosport in Asia.

France 24 (held 50-50 by TF1 and France Télévisions) was launched on December 6, 2006. It is consolidated in TF1's 2006 consolidated accounts proportionately to the Group's holding. However, its impact on the accounts is not significant.

1.1.4 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 5).

The TF1 Group comprises around 50 operating subsidiaries held directly or indirectly (see the group organisation chart on page 4). 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, Téléma 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 2006, the total invoiced was €16 M. 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 2006, LCI received a fixed annual fee of €5 M;
- The other agreements (Eurosport: long-term loan) 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 2006, the amount invoiced was €3.77 M. 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 is a member of that Committee;
- The other agreements (share management and use of aeroplanes with Bouygues) are detailed in the special report of the statutory auditors.

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1.2 The TF1 parent company

In 2006, TF1 SA recorded revenue of €1,649.6 M, a rise of 4.4%, made up of advertising operations (€1,627.0 M), and miscellaneous revenues (€22.6 M). Operating income came to €236.6 M, a decline of 19.4%. Financial income improved by €89.3 M. Net income for the financial year amounted to €250.8 M, a rise of 37.6%.

Expenses not allowable as deductions in calculating corporate income tax, as identified by Article 223 of the General Tax Code (GTC), amounted in 2006 to €203,320. No expenses fell within the terms of Articles 39-4 and 39-5 of the GTC.

With effect from December 31, 2006:

- Assets side of the balance sheet: Treasury current accounts, previously classified in “Other debtors”, have been reclassified as cash. The amount involved is €274.8 m (€251.5 m at December 31, 2005). This is consistent with the classification of treasury current account credit balances, which are included in “Other borrowings”.
- Liabilities side of the balance sheet: Current accounts that do not represent debt have been reclassified as “Other liabilities”. The amount involved is €4.3 m (€8.7 m at December 31, 2005). This is consistent with the classification of current account debit balances, which are included in “Other debtors”.

FIVE YEAR FINANCIAL RECORD	2002	2003	2004	2005	2006
I - SHARE CAPITAL AT THE END OF THE ACCOUNTING PERIOD					
a) Share capital (in €)	42,810,116	43,030,830	42,951,946	42,810,426	42,824,426
b) Number of shares issued	214,050,579	215,154,149	214,759,729	214,052,129	214,122,129
c) Number of bonds convertible into shares	-	-	-	-	-
II – INCOME STATEMENT (IN €)					
a) Revenue (excluding VAT)	1,435,159,747	1,473,209,669	1,572,077,137	1,579,618,085	1,649,601,932
b) Profit before tax, profit sharing, depreciation amortisation and provisions	308,600,140	350,491,202	388,424,004	410,573,959	355,728,097
c) Corporate income tax	86,651,600	106,216,908	130,525,658	104,129,231	76,931,481
d) Employees profit sharing	8,650,777	10,395,547	12,885,824	10,146,927	8,185,797
e) Profit after income tax, profit sharing depreciation, amortisation and provisions	198,022,521	101,673,966	155,794,175	182,330,515	250,816,043
f) Total dividends	138,303,875	139,021,195	138,639,275	138,970,385	182,003,810(1)
III - EARNINGS PER SHARE (IN €)					
a) Profit after income tax and profit sharing but before depreciation, amortisation	1.00	1.09	1.14	1.38	1.26
b) Net profit after depreciation, amortisation and provisions	0.93	0.47	0.73	0.85	1.17
c) Dividend per share	0.65	0.65	0.65	0.65	0.85(1)
IV - EMPLOYEES					
a) Number of employees	1,383	1,436	1,485	1,508	1,540
b) Total payroll costs (in €)	98,927,602	96,459,545	101,314 664	105,746,613	111,770,510
c) Total of employee benefit costs (in €)	43,279,320	46,200,725	48,465,021	51,454,510	52,182,591

(1) Submitted for approval at the General Meeting

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 2006. Having noted the existence of distributable profits of €340,845,843.42, taking into account the net income for the period of €250,816,042.65 and the retained earnings of €90,029,800.77, you are also asked to vote on the following appropriation and distribution proposed by the Board of Directors:

- Appropriation to Other Reserves €60,000,000.00
- Distribution of a net dividend of €181,790,003.20 (i.e. a net dividend of €0.85 per share with a nominal value of €0.2)
- Appropriation of the remainder to Retained Earnings €99,055,840.22

The dividend will become payable on May 2, 2007.
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	Tax credit	Allowance
31/12/2003	€0.65	€0.325 *	None
31/12/2004	€0.65 **	None	Yes **
31/12/2005	€0.65 ***	None	yes ***

(*) depending on the tax situation of the beneficiary, tax credits (based on a 50% rate)
(**) 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

1.3 2007 outlook

During the past few years, two events have influenced the TF1 Group's strategic directions:

- Internet and mobile telephone companies have changed the face of the pay television market by offering images. They have significant financial resources at their disposal and are therefore transforming the market in which TF1 operates;
- After divesting TPS, the TF1 Group is focusing on its historic business – that of developing content. The sale of TPS, which was finalised in the first few days of 2007, was completed in such a way as to assure the future of the Group's thematic channels by guaranteeing them equitable compensation.

In this new context, the TF1 Group strategy can be expressed as follows:

- strengthen the "share of voice" of the TF1 Group,
- develop new activities,
- assure access to multi-platform rights for all forms of operation,
- implement a strategy of multi-media contents based on the major themes (news, sport, feature films, etc.),
- strengthen and expand international activities,
- increase profitability,
- play a leadership role in all the sectors we are engaged in.

Since January 1, 2007, TF1 has benefited from the opening of the TV advertising market to the retail sector. For the whole year, the TF1 channel's advertising revenue should increase between 6% and 8%.
The increase in the TF1 channel's grid costs will be around 2.5% to 3% (not including the Rugby World Cup) for the year 2007.

1.4 Post balance sheet events

Patrick Le Lay proposed to the Board, if the AGM on April 17th 2007 renews its term of office and if the Board of Directors that will take place after the AGM renews him as TF1's Chairman and CEO, to distinguish the functions of the Chairman of the Board and CEO of TF1 as of May 2007. He will propose to the Board of Directors that will take place in May, the name of Nonce Paolini, currently CEO of Bouygues Telecom, to become TF1's CEO.

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, etc.

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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, etc.

In 2006, this team worked mainly on

- new advertising products: new video formats, outdoor;
- non-linear image consumption: free or pay VOD, hard-disk recorder (Personal Video Recorder);
- products for mobile consumption (mobile telephone TV, podcast, etc.)

- new activities based on an innovative concept (launch investment and costs) that has not yet been commercially exploited by the Group. In 2006, TF1 launched:

- WAT, the 1st French web platform to which surfers can transfer videos, musical compositions, photos and texts;
- JET, the 1st multi-media television channel dedicated to games; and invested in two companies developing innovative concepts:
- Overblog, the 2nd biggest blog platform in France;
- En Direct Avec, which offers advice live with jockeys just before a horse race.

In 2006, The TF1 Group spent some €13.7 M on research and development.

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2. Human resources and environment update

2.1 Human resources

2.1.1 Workforce: *Statistics for the whole of the group*

Recruitment policies stem directly from the three-year strategic plans that Senior Management has issued after consulting the group's operational and functional teams. These policies are adjusted in real time to accommodate developments in the company's environment whenever changes warrant them.
The goal of these policies is to deliver the high professional standards that befit TF1's leadership in its various markets, and to nurture individual and team motivation.
Recruitment involves integrating young talent (and equipping it for the jobs of tomorrow) and seeking seasoned professionals (to bolster existing teams or to launch new lines of business) on an on-going basis.
Mirroring the fact that professional mobility is one of the key issues shaping the TF1 Group's human resources policy, 257 employees changed jobs in 2006 (raising the total since 2001 to almost 1,400). This policy reflects the group's determination to bolster each and every employee's career prospects through individual coaching and hands-on career management.

Meetings with all HR managers take place twice a month to review mobility requests from employees. The same type of meeting has also been established for employees on fixed term contracts.

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

Permanent staff

Employees	Supervisory staff	Managers	Journalists	Total
39	743	2,146	570	**3,498** *

* of which 185 employees work abroad + 3 employees of Eurosport média
NB:
- These figures differ from those included in the notes to the consolidated accounts, which give only the workforce of companies consolidated by the Group.
- The company TPS has not been included (no longer part of TF1 since the transfer to the Canal+ Group).

Fixed-term staff

Number of staff on fixed-term contracts	**195**
Number of staff with a qualification contract	**29**
Number of staff with an apprenticeship contract	**43**

As a result of its long-term policy of upgrading temporary workers to permanent staff status, the level of temporary staff within the TF1 Group continues to decline and now represents only 9.05% (excluding freelancers) of the total workforce (vs. 11.5 % in 2005 and 12.3 % in 2004).

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

Temporary staff	Free-lance journalists	Fixed-fee contract workers	Producers
250.09	**54.58**	**82.25**	**15.91**

Hiring and departures in 2006:

Number of staff hired on fixed-term contracts	**459**
Number of retirement departures	**1**
Number of retirements	**3**
Number of redundancies	**11**
Number of negotiated departures	**87**

As a result of the policy of integration of temporary workers, acquisition or incorporation of companies, the number of new hires (459) in the TF1 Group was substantial. Headcount rose by 253 (after deductions for departures).

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

Number of hours	Amount
56,491	**€1.78 M**

Despite a slight increase, use of outside staff (temporary workers) by the TF1 Group continued to be marginal in 2006; it corresponds to a full-time worker equivalent of 22.79, i.e., 0.65% 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.
2006 saw the signing of an addendum to the agreement on adapting and reducing working hours, applicable to staff in the technical department for services operating seven days a week. This agreement gave employees a better view of their time planning. It also improved salary conditions for various constraints such as Sunday work.

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, TF1 decided to maintain Whit Monday as a holiday and to pay its contribution with regard to ‘Solidarity Day.’

New regulations having been published at the end of 2005 concerning accumulated work time accounts, negotiations on their application resumed in the course of 2006 and should be finalised early 2007.

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

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)	**3.99**
Total days of absence	**40,767**
Number of days absent without pay	**747**
Number of days absent for sickness	**18,010**
Number of days absent for occupational accident or work-related travel accident	**1,254**
Number of days absent on maternity/paternity leave	**17,378**
Number of days absent for special leave	**3,378**

At 31 December 2006, 202 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, 2006, employee shareholding represented 3.4% of the capital.

In 1988, TF1 set up a company savings plan for all group employees. Today, there are two corporate investment funds for TF1 Group.

At December 31, 2006, 2,901 employees participated in the company savings plan, that is, 88.58% of permanent staff of the companies belonging to the group plan. The contribution made by TF1 and its subsidiaries (€3,750 per year per employee – the maximum authorised by the law at December 31, 2006) represents €8.4 M.

In 1999 and 2001, TF1 carried out a capital increase reserved for employees in the framework of two new corporate investment funds:

- 1,628 employees (75.34% of group employees) joined the first of these, 'TF1 Avenir.' It is to be noted that the performance index of this fund, which matured on October 29, 2004, was 235.90 %,
- and 1,944 employees (53.92% of group employees) joined the second one, 'TF1 Avenir 2.' This plan matured on December 20, 2006 and did not produce a capital gain, while recognising that the employee's personal contribution was guaranteed.

TF1 Group employees also subscribed to Bouygues capital increases reserved for Bouygues Group employees for the years 1999/2000 (maturing January 5, 2005, and a 39.8% performance index), 2001/2002 (maturing January 2, 2007, and a 737% performance index) and 2005/2006. 59.18% of employees subscribed to the latest capital increase.

To help employees prepare their retirement, the Bouygues Group set up a retirement savings fund on February 1, 2006. It provides for a company contribution of between 20% and 50% of the sum invested by employees. At December 31, 2006, 29.06% of employees had signed up.

Profit-sharing has been paid out to all employees since 1989. In 2006, the profit-sharing reserve (relating to 2005) amounted to €13.4 M, the average net amount per employee being €2,750.

Average gross monthly compensation for permanent employees per professional category in TF1 in 2006 (in €):

Employees	Supervisory staff	Managers	Journalists	**All categories**
2,093	3,064	5,228	5,489	4,770

In 2006, 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, 2005 and December 31, 2006.

Summary of TF1 Group social charges in 2006:

Employee contributions	Employer contributions	**Total**
€50.43 M	€98.90 M	**€149.33 M**

2.1.4 Equal opportunities for men and women

Statistics for 2006 for the whole TF1 Group:

Average gross monthly starting salary (in €) *

	Employees	Supervisory staff	Managers	Journalists
Women	1,324	1,800	2,388	2,089
Men	1,271	1,981	2,427	2,096

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

New hires	
Women	225
Men	234
Total	**459**

Promotions*	
Women	212
Men	231
Total	**443**

* with or without change of professional category

Number of trainees in 2006*	
Women	1,026
Men	1,109
Total	**2,135**

* in occupational training

Number of training hours in 2006	
Women	34,748
Men	35,247
Total	**69,995**

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, 64 negotiation meetings took place in the TF1 Group in 2006, and 9 company agreements were signed.

A new agreement on the resources made available to TF1 SA unions was signed by the majority unions in July 2006. It stipulates – in addition to the attribution of union activity according to the results of the employee elections - the availability of IT resources (internet, intranet, TF1 e-mail system, etc.) to enable the unions to communicate using appropriate, up-to-date tools, as well as regular training in support of this agreement. The agreement was implemented during 4th quarter 2006.

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 2006 (permanent members):

	Works Council	Personnel delegates	Individual delegates	Board of Directors	Total
CFTC	13	22	30	19	84
CFTC/CGC	0	0	0	0	0
CFTC/FO/CGC	6	9	0	2	17
CGT	1	1	0	0	2
CFDT	4	6	1	0	11
Independent	0	0	0	0	0
CFTC/CFDT	0	0	3	2	5
Total	**24**	**38**	**34**	**23**	**119**

Number of meetings with employee representatives (Works Council + Personnel delegates + Health & Safety Committee + Board of Directors)	302
Number of negotiations with union delegates	64
Number of collective agreements during the year	9

	2006
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	54
Employees trained in safety	588

2.1.6 Health, hygiene and safety conditions

In 2006, TF1 continued to focus particularly on preventing occupational hazards, raising awareness among all parties. Safety training courses were run for 588 employees from different staff categories in 2006. Fire-prevention training courses are held on a regular basis, and fire drills for all staff are conducted as required by relevant legislation.

There are also job-specific courses in first aid (with the addition of a stress-management module to improve psychological support for staff working in high-risk zones), and in driving in difficult situations (now available for News division staff entrusted with assignments).

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, 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 and will be available to all employees.

In application of the Evin law, smoking is prohibited in all indoor locations with public access and all work locations, including offices, meeting rooms and the company canteen. This measure was extended to the cafeteria in 2006. After examining the new ruling on tobacco specified by the November 15, 2006 Decree, management decided to designate its buildings as non-smoking as of February 1, 2007. 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 two shelters located on the patio and on a terrace 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 7,978 occasions, and the doctor examined 3,640 employees in 2006) and specific care for employees with jobs involving particular risks (they vaccinated 1,240 employees and prepared 191 first-aid kits for staff bound for high-risk zones in 2006). 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 has the requisite high level of technical, personal and managerial skills to carry out their responsibilities and to prepare staff for new positions.

A major staff training drive aimed primarily at technicians was mounted ahead of the introduction of a digitised final production room and new broadcasting technology.

Safety training continued to be a priority area again in the past year. 588 people were trained in safety issues.

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 or managing ones personal balance in a professional environment.

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 2006, a budget of €7.1 M was dedicated to training within the Group, i.e., 3.33% of total salary costs.

2,135 TF1 Group employees received training during 2006.

A total of 47,468 hours of training was dispensed in the TF1 Group. Moreover, 17,109 hours of additional training was given to 49 TF1 Group trainees through sandwich courses and individual training leave.

179,286 hours for individual training requests were made available in the TF1 Group. 239 requests were accepted in 2006, i.e., 5,419 hours consumed by 225 employees, that is to say an average of 24 hours per employee.

The Group's apprenticeship tax for 2005 amounted to €1.41 M.

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 2006, the Group received 604 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. In 2006, this policy was underpinned by the establishment of four objectives: direct employment, maintaining employment, use of sheltered workshops and awareness.

Number of disabled workers at TF1 SA	**13**
Pre-tax amount paid to sheltered workshops for TF1 SA	**€160,271.36**

Despite the company's good will, the number of disabled workers has decreased, since the effect of the 2005 Law was to reduce the number of employees recognised as disabled.

The TF1 Group today has 22 disabled workers (of which two permanent employees and one on a fixed-term contract hired in 2006). It also 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, orders for maintenance/cleaning products, mail shots for games, etc.

In 2006, TF1 renewed its membership of Tremplin (an association of major French companies) whose objective is to favour the professional development and qualification of disabled students. The aim is to create a reservoir of candidates for the company and present the company's needs to them.
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 the new legislation.
TF1's employment/disability commission, which was created in February 2004 (and made up of members of the Health and Safety Committee, the works doctor and representatives of management), continues to act to improve the integration of disabled workers in the enterprise.

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

2.1.9 Community work (see pages 21-22 of the annual report).

2.1.10 Example of territorial impact of the Group's activity

For reasons of efficiency and rationalisation, the shareholders of TMC made the choice in 2006 to relocate all the broadcasting activity of TMC to Monaco (after having merged the companies TMC and MDO).

The broadcasting equipment is currently being upgraded and will be aligned with the "full digital" standards of the TF1 Group.

The relocation had as effect:

- the relocation of some employees from Paris to Monaco and at the same time the redeployment of new functions (Finance, Legal),
- a change of career for some employees (for example, a former secretary and camera operator) and a change of function (became, respectively, trailer manager and broadcast manager).

In 2007, it is planned to diversify the Monaco site's activity, for example, with the potential broadcasting of two additional channels. This is in compliance with the commitments made to the Principality.

For the coming year, therefore, TMC will underpin its social and economic influence in Monaco.

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

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 French Environment and Energy Control Agency), carried out an estimation of its emissions in 2006, using the Carbon Assessment method. The results of this initial assessment, focusing on the production of information and internal resources, will be unveiled at the end of first quarter 2007. A task force will then be set up to elaborate a plan of action so as to reduce greenhouse gases within the framework of European commitments.

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 (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:
In 2006, 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. Compared with 2005, consumption by TPS, disposed of in 2006, has been removed from the figures.

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 (invoiced by weight);
- Greenhouse gas emissions are estimated by the assigned service provider according to the “Carbon Assessment”.

So as to better target the in-house consumer profiles, TF1 will be upgrading its building management tool in 2007 to further integrate the counters in the distribution networks (electricity, water, gas).

2.2.2 NRE (New Economic Regulations) legislation information

1. Water consumption

Water consumption (used essentially in the air conditioning system, wash rooms and kitchens) was 69,000 m³. Major work in 2006 on the air-cooling towers and the water softening system meant a higher consumption than in 2005.
Automatic detectors fitted to electric water hatches have been installed on the wash basins in the wash rooms to limit consumption.
In 2006, service providers using water and gas (cleaners, kitchen) were made aware of the importance of reducing consumption through a contract modification.

2. Consumption of raw materials

For an audiovisual Group like TF1, the main consumption of raw materials concerns paper. In 2006, 118 tons (around 10 tons a month) were consumed at the Point du Jour location at Boulogne.
The paper used is now recycled or from certified forests. Its weight has been reduced (from 90g per sheet to 75g).
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.

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.).
For the first time, electricity consumption declined at the main site, exceeding the objective of stable consumption planned for 2006 by falling 2.4%. This downward trend is thanks to the great effort made to this effect and must be continued in the years to come.

Gas and steam are used in the heating of the Levant site at Boulogne.
Gas consumption was higher at 67,000 m³ against 61,000 m³ in 2005. These two amounts are not, however, really comparable as the method of meter reading was changed between the two years.
Steam consumption was 888 tons in 2006 against 700 tons in 2005, the increase being caused by the greater need for heating in January and April 2006.

4. Measures taken towards improved energy efficiency

Various actions were carried out in the framework of the “environment” road map to stabilise electricity consumption, which was planned for 2006:
- 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;
- Energy-saving lighting system installed during renovation of the newscast studio (choice of projectors with motorised cut-out, operations staff awareness to reduce usage time, innovative service lighting) to achieve a 25% energy saving compared to the old version;
- At the end of 2006, a study on the replacement of all lighting was initiated. With a grant from ADEME in the framework of the European Greenlight project, it will provide quantitative and qualitative recommendations on the lighting installations in all service or technical zones so as to improve visual comfort while reducing energy consumption;
- A process is on-going to approve the replacement of so-called dichroic lamps by LED lamps. This will reduce unit consumption from 36 W to 8 W yet significantly lengthen the life expectancy of a lamp (by one to five years).

5. Renewable energy

The contract proposed by EDF that contains a renewable energy section has not been accepted since it would entail a considerable increase in costs. The installation of solar cells on the ATRIUM building, where a major part of activity is to be transferred in 2009 after substantial work, is under study.

6. Conditions of use of the soil

Not applicable

7. Emissions into the air, water and soil

An initial Carbon Assessment has been carried out. The study is not fully completed. The most important internal emission items seem to cover professional transport and home/workplace travel, the purchase of broadcasting and IT equipment, and electricity consumption in the technical zones. It will be the role of the task force to propose measures to reduce these emissions by seeking innovative solutions and raising the awareness of users, with due respect given to the processes and their constant quest for quality.

In anticipation of the impact of regulations on the gradual elimination of gases that damage the ozone layer (EC regulation No. 2037/2000 of the European Parliament and of the Council of June 29, 2000, with a 2015 deadline), TF1 has 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.

Gas used in cooling equipment is one of 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 - in 2006 as in 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 sorted paper.

Neon light bulbs and toners:
The company Exprimm (responsible for on-site electrical maintenance) collects the neon light bulbs. 100% of changed neon light bulbs are recuperated 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 reproduction areas. Employees are encouraged to use it for their personal batteries, too. The weight of batteries collected is stable (1 ton).

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 overhauled IT, broadcast 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 destiny?
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, destruction of non-usable items
Furniture	Destruction of non-usable items or restored. Donations to associations when in satisfactory condition
Wet waste	Destruction

10. Measures to limit damage to eco-balance

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

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general for the improvement of the environmental performance of the site. The substantial work planned for refurbishing a second site by 2009 is currently being budgeted. Calls for tender will include environmental specifications.

In addition, there are a number of continuing projects where TF1 is constantly seeking to use products and techniques which are environmentally friendly, either because of their material composition or because they use less energy, for instance:

- in the restoration of the car parking area, by the use of solvents and paint materials which contain no harmful elements;
- in the control of power to lights, by the systematic replacement of magnetic units by electronic ones in the case of all the lighting which uses fluorescent lamps (thus reducing energy consumption by 40%);
- the complete renewal of the air-cooling towers in order to boost the output by ventilation only (and thus to reduce the risk of propagation by the outflow of steam).

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 the technical/regulatory documents on Listed Installations for the Protection of the Environment (ICPE). The programme continued to operate in 2006.
The installations affected by this legislation are defined in a list; 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 office 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 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 three main stock market indexes concerned with socially responsible investment: the DJSI, FTSE4Good and Aspi Eurozone. While TF1's inclusion in these stock market indexes 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 work groups, the progress of the plan and organisation of reviews are complementary.

16. Staff training and communications

In view of the importance and complexity of the issue of climate change, a presentation was organised for journalists of the TF1 News division, animated by energy and climate specialists. To extend this process to all employees, the Al Gore film *An Inconvenient Truth* was shown in the auditorium, together with a presentation on TF1's environmental efforts.
An initial promotional campaign on fair trade was carried out in partnership with a catering company. This will be repeated in 2007.
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.
A special issue of REGARDS will be dedicated to sustainable development in 2007. An issue on Solidarity was produced in 2006.

3

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

3.1 Information concerning TF1 SA

3.1.1 General information

Name:	TELEVISION FRANCAISE 1 - TF1
Registered office:	1, Quai du point du jour, 92100 Boulogne
Trade register:	326 300 159 RCS NANTERRE
Siret N°:	326 300 159 00067
APE code:	922D
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

3.1.2 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 broadcasting,

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, purchase 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.

3.1.3 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.

3.1.4 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 Thursday April 12, 2007;
- 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 Thursday April 12, 2007.

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 Thursday April 12, 2007 at midnight 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 -

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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) Saturday April 14, 2007.

2. In accordance with article 136-III of the Decree of March 23, 1967, modified, 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 128 and 130 of the Decree of March 23, 1967, modified, 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 20 days of the publication of the notice of the meeting.

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.

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3.2 Administration and Audit

BOARD OF DIRECTORS (FEBRUARY 2007)

Patrick LE LAY (June 7, 1942)
Chairman and Chief Executive Officer of TF1 since October 11, 1988
Member of TF1 Director Selection Committee
Appointed April 17, 1987 (expiry date of present appointment: 2007 Annual General Meeting)

Director of TV Breizh SA
Director of Bouygues SA
Director of Colas SA
Chairman of Incunables and Co SAS
Member of the Supervisory Board of France 24 SA

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 Prima TV SA until 2006
Permanent representative of TF1 for Téléma SAS until April 24, 2006
Permanent representative of TV Breizh SA for TVB Nantes until November 27, 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 SOGEDIF EIG until November 4, 2002
Permanent representative of TF1 for Société d'Administration et de Gestion de l'Audiovisuel Sportif (SAGAS) SA until 2002
Chairman and Chief Executive Officer of Société Européenne de Télétransmissions Sportives (SETS) SA until May 23, 2002
Director of TF1 International SAS until April 3, 2002
Permanent representative of TF1 for Film par Film SA until March 9, 2004
Permanent representative of management company TF1 for e-TF1 SCS until April 29, 2002
Permanent representative of TF1 for SICCIS SA until March 28, 2004
Permanent representative of TF1 Développement SA for TPS Gestion SA until 2006
Permanent representative of TPS SPORT SNC for TPS MOTIVATION SA until 2006

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: 2007 Annual General Meeting)

Independent Director

Chief Executive Officer (non-representative) of Financière Pinault SCA
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 of AFIPA SA (Switzerland)
Director - Senior Executive Vice President of Pinault-Printemps-Redoute SA
Director - Chief Executive Officer of Palazzo Grassi (Italy)

Director of Théâtre Marigny SA
Director - Chairman and Chief Executive Officer of Piasa 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
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
Member of the Supervisory Board of Yves Saint Laurent Couture SAS until November 4, 2002
Chairman of the Supervisory Board of Pinault-Printemps-Redoute SA until May 19, 2005
Member of Conseil des Marchés Financiers until September 25, 2002

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: 2007 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
Director of HSBC SA
Chairman of SCDM SA
Permanent representative of SCDM Président for SCDM Participations SAS
Permanent representative of SCDM Président for ACTIBY SAS

Olivier BOUYGUES (September 14, 1950)
Joint Chief Executive Officer of Bouygues SA
Chief Executive Officer of SCDM SA
Appointed April 2, 2005 (expiry date of present appointment: 2007 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 Novasaur 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

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: 2007 Annual General Meeting)

Director of Eurosport SA
Chairman of TF1 Hors Média SAS
Director of Metro France Publications SAS

Appointments held during the last five years, but not currently
Managing partner of TF1 Publicité Production SARL until December 30, 2003
Director of Société d'Administration et de Gestion de l'Audiovisuel Sportif (SAGAS) SA until 2002
Chairman of TF1 Direct Marketing SAS until April 22, 2003

Philippe MONTAGNER (December 4, 1942)
Director – Chairman and Chief Executive Officer of Bouygues Telecom SA
Appointed January 23, 1995 (expiry date of present Appointment: 2007 Annual General Meeting)

Supervisor of Bouygues SA
Director of ETDE 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 of Bouygues SA until June 25, 2002
Director – Chairman and Chief Executive Officer of Infomobile SA until 2005
Permanent representative of Bouygues for BDT SA until 2002
Director of Société d'Aménagement Urbain et Rural (SAUR) until 2005
Director of TPS Gestion SA until 2006

Directors' Report presented by the Board of Directors

Etienne MOUGEOTTE (March 1, 1940)
Senior Executive Vice President of TF1 since July 11, 1989
Member of TF1 Director Selection Committee
Appointed January 12, 1991 (expiry date of present Appointment: 2007 Annual General Meeting)

Chairman and Chief Executive Officer of TF1 Digital SA
Director of Eurosport SA
Director of Eurosport France SA
Director of Histoire SA
Director of LV & CO SA
Permanent representative of TF1 Digital for La Chaîne Info SCS
Permanent representative of TF1 for TF6 Gestion SA
Permanent representative of TF1 for Les Nouvelles Editions TF1 SAS
Permanent representative of TF1 for TV Breizh SA
Permanent representative of TF1 for Extension TV SA
Permanent representative of TF1 for Médiamétrie SA
Permanent representative of TF1 for Monte Carlo Participation SAS
Permanent representative of TF1 for Télé Monte Carlo SAS (Monaco)
Member and Vice Chairman of the Supervisory Board of France 24 SA

Appointments held during the last five years, but not currently
Chairman and Chief Executive Officer of TF1 Films Production SA until April 28, 2005
Chairman and Chief Executive Officer of Glem SA (now Glem) until May 5, 2003
Chairman of Groupe Glem SA (now Glem) until December 15, 2003
Permanent representative of TF1 for Groupe Glem SA (now Glem) until June 1, 2005
Permanent representative of Groupe Glem SA for Glem SA until September 30, 2004
Permanent representative of Groupe Glem SA for Baxter SA until January 26, 2004
Permanent representative of Groupe Glem SA for Glem Film SA until January 26, 2004
Chairman of Alma Productions (formerly Mery Productions) SAS until December17, 2003
Chairman and Chief Executive Officer of Tricom SA until December 30, 2002
Permanent representative of management company Tricom for Tricom & Compagnie SCS until December 30, 2002
Permanent representative of TF1 Films Production for Film Par Film SA until November 3, 2003
Director of Société d'Administration et de Gestion de l'Audiovisuel Sportif (SAGAS) SA until 2002
Director of Protecrea SA until March 13, 2002
Director of TF1 Cinéma SA (formerly Banco Production) until March 28, 2004
Director of Siccis SA until March 28, 2004
Chairman of TF1 Films Production SAS
Permanent representative of TF1 for Monégasque des Ondes SA (Monaco) until June 29, 2006
Permanent representative of TF1 for TVB Nantes SA until November 11, 2006
Permanent representative of TF1 for Télévision par Satellite Gestion SA until 2006

Olivier POUPART-LAFARGE (October 26, 1942)
Joint Chief Executive Officer of Bouygues
Chief Executive Officer of SCDM SAS
Chairman of TF1 Compensation Committee
Member of TF1 Audit Committee
Appointed April 17, 1987 (expiry date of present Appointment: 2007 Annual General Meeting)

Director of Bouygues SA
Director of Bouygues Telecom SA
Director of Colas SA
Director of BIC SA
Permanent representative of Bouygues for Bouygues Construction SA
Permanent representative of Bouygues for Bouygues Immobilier SA

Appointments held during the last five years, but not currently
Director of SCDM SA until 2003
Director of Novasaur SA until May 9, 2005
Permanent representative of Bouygues for Bouygues Travaux Publics SA until April 20, 2005
Permanent representative of Bouygues for Bouygues Batiment International SA until December 6, 2004
Permanent representative of Bouygues for Société Financière et Immobilière de Boulogne SA until 2003
Permanent representative of Bouygues for Bouygues Offshore SA until 2003
Permanent representative of Bouygues for Caisse Auxiliaire de Trésorerie et de Crédit SA until 2002
Permanent representative of Bouygues for Société Technique de Gestion Industrielle (SOTEGI) SA until 2002
Permanent representative of Bouygues for BYMAGES 2 SA until 2002
Director – Chairman of Bouygues Management UK Ltd. PVLC until 2004
Director of Société d'Aménagement Urbain et Rural SA (SAUR) until 2005
Permanent representative of Bouygues Bâtiment SA for Bouygues until 2004

Alain POUYAT (February 28, 1944)
Chief Executive Officer of Information Systems and New Technology of Bouygues

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: 2007 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)
Member, Board of Managers of GT Brands Holdings, LLC (USA)
Director - Treasurer of Saban Family Foundation Inc. (USA)
Director - Treasurer of 50 Ways to Save Our Children Inc. (USA)
Chairman and Chief Executive Officer 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

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)

Statutory Auditors

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
MAZARS & GUERARD Immeuble Exaltis 61, rue Henri Regnault 92075 LA DEFENSE CEDEX	General Meeting of May 15, 2001	General Meeting approving the 2006 annual accounts
Alternate auditors	**Date of first appointment**	**Expiry date of present appointment**
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 2006 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, 2005 renewed the terms of office of Patricia BARBIZET, Martin BOUYGUES, Claude COHEN, Patrick LE LAY, Philippe MONTAGNER, Etienne MOUGEOTTE, Olivier POUPART-LAFARGE and Haïm SABAN as Directors for two years. Olivier BOUYGUES was appointed as Director for two years replacing Michel DERBESSE.

3.3 Chairman's annual report on corporate governance

Your Directors continue to give much thought to corporate governance while bearing in mind three requirements that they consider to be key – compliance with legal provisions, respect of equality of treatment of shareholders, and the quest for 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 prac-

Directors' Report presented by the Board of Directors

tices, such as creating a Compensation Committee fixing at two years 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 shares based on their function and registered, 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.

Directors are responsible for ensuring that they have the resources and information at their disposal needed for the decision-making process. 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.

Wishing to comply with corporate governance requirements, each year the Directors review corporate governance practices, especially the operating methods of their Board, and assess the appropriateness of the Board's organisational structure.

At the Board meeting of February 20, 2007, the Board of Directors decided to include in its internal procedures and that of the Director Selection Committee the respect of recommendations formulated by the MEDEF and the AFEP on January 9, 2007 concerning global compensation of corporate executives of listed companies.

TF1's position on the currently prevailing corporate governance.

TF1 intends to comply with the recommendations that appear in the European Commission Recommendation of February 5, 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 'Association française des entreprises privées' (AFEP) and the 'Mouvement des entreprises de France' (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 (meeting of outside Directors without the presence of internal Directors; make-up of committees of 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' according to 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:

- 5 Directors representing the sole remaining shareholder of the group of acquirers and responsible for the respect of the obligations agreed to by the group of acquirers;
- 3 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 conformance 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, Olivier Poupart-Lafarge, 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, with the exception of Patricia Barbizet in the Executive Life case;
- 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, 2007 to renew, for a period of two years, 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, which expire at the end of said General Meeting.

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.

Board meetings are in principle held quarterly, with the possibility of additional meetings being convened for particular presentations or to examine exceptional issues. In 2006, the TF1 Board of Directors met on six occasions.

The Board's main decisions in 2006 were:
- Meeting of February 21: approval of the 2005 annual accounts and convening of the General Meeting;
- Meeting of April 25: corporate governance; obligation to declare transactions by executives involving company shares – update of the internal procedures; authorisation to launch the share buy-back programme;
- Meeting of May 22: review of first quarter 2006 accounts and the strategic directions and business lines of the group; "CERES" project; TPS merger and the Pay TV activities of the Vivendi Universal group; cancellation of buy-back shares and noting the new share capital;
- Meeting of August 29: review of first half 2005 accounts; football – Euro 2008;
- Meeting of November 21: review of third quarter accounts, analysis of business activity and forecast annual results for 2006, three-year plan; cancellation of buy-back shares and noting the new share capital;
- Meeting of December 4: project to take a share holding of 33.5% in the AB Group.

The Directors and any other person invited to attend Board of Directors' meetings are obliged to treat as strictly confidential any information disclosed at the meeting.

Directors' fees for 2006 were allocated as follows:
- Each Director: the standard annual amount is €15,250. 50% of the fee is for the Directors' responsibilities and 50% for attending Board meetings.
- Committee members:
  Audit Committee: €2,000 per member, per quarter;
  Compensation Committee: €1,200 per member, per quarter;
  Selection Committee: €1,200 per member, per quarter;
- For the specific office of Chairman: €6,000 per month.

Unity of the functions of Chairman of the Board and CEO
Because of the way if functions and the strong involvement of Patrick Le Lay in operations, the Board did not consider it appropriate to separate the functions of Chairman of the Board and CEO nor to impose any particular limit to the powers of the CEO. The age limit for exercising the functions of Chairman of the Board is set at 68.

Potential conflicts of interest
Article 5 of the Board's internal procedures specifically raises the issue of conflict of interest situations: "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."

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.

Directors' Report presented by the Board of Directors

Other information

No restrictions are imposed on the members of the Board of Directors concerning the disposal of their holding in the capital of the issuer, with the exception of 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 of the issuer for the duration of his/her term in office; they 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 effect 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 trade in accordance with Article 222-14 of the General Rules of the French stock exchange authority (Autorité des Marchés Financiers - AMF). TF1 continues to communicate 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 Directors.

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 of Patricia BARBIZET, Chairman, and Olivier POUPART-LAFARGE. Patricia BARBIZET is an independent Director.

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 or annual accounts as well as monitor cashflow and internal audit, before being submitted to the Board.

The Committee met four times in 2006 and once in first quarter 2007, on each occasion in the presence of the Executive Vice President, Administration and Finance, the Director of Accounting, the Director of Management Control, 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 Olivier POUPART-LAFARGE, Chairman, and Patricia BARBIZET, independent Director.

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 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 once in 2006 and once in first quarter 2007, with a 100% attendance rate. In particular, the Committee prepared for the Board an overview of the movement in the salaries of Directors as well as recommendations on the granting, at no cost, of a maximum of 445,725 TF1 shares to 32 employees. Minutes are taken of each meeting and submitted to the Board.

Director Selection Committee

This Committee was created on February 24, 2003. It is currently composed of Martin BOUYGUES, Chairman, Patrick LE LAY and Etienne MOUGEOTTE.

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 once in 2006 and once in first quarter 2007, on both occasions 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 2006	
Patrick Le Lay	100%
Martin Bouygues	83%
Claude Cohen	100%
Olivier Bouygues	100%
Patricia Barbizet	83%
Philippe Montagner	100%
Etienne Mougeotte	100%
Olivier Poupart-Lafarge	100%
Alain Pouyat	83%
Haim Saban	33%
Céline Petton	100%
Jean-Pierre Pernaut	100%

3.4 Chairman's 2006 report on internal control procedures

In accordance with the Law on Financial Security, 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.
In particular, 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 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.
The work has been carried out in the framework of a common benchmark, where each subsidiary was supported in its reflection on its internal control system and the possible areas of improvement.
This approach, which underpins the overall Group internal control environment, is part of a dynamic process of continuous adaptation, which will in time enable TF1 to assess the appropriateness and effectiveness of its internal control.

3.4.1 – Internal control objectives

To analyse and present its internal controls system, TF1 has opted to keep the "COSO" (Committee of Sponsoring Organisations of the Treadway Commission) methodology for its 2006 report. This constitutes the benchmark for best practice currently adopted by the market's major players.
According to this benchmark, internal controls are defined as a process effected by an entity's Board of Directors, management and other personnel and designed to provide reasonable assurance regarding the achievement of the following objectives:

- reliability of financial reporting,
- compliance with applicable laws and regulations,
- optimisation of operations.

To achieve these objectives, the Group relies on procedures to ensure that management activity, operations and staff behaviour take place within a framework determined by applicable laws and regulations, representative social bodies and the company's internal values, standards and rules.

Furthermore, these procedures should enable the company to ensure:

- the safeguard of company assets,
- the prevention and detection of fraud and errors,
- the prevention and control of risks from the business,
- the accuracy and completeness of accounting records and the timely preparation of reliable financial statements.

As with any control system, there is no absolute guarantee that the risk of error or fraud is completely under control or eliminated.

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3.4.2 - Environment and control

3.4.2.1. General control environment

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

- The organisation and composition 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.

- 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.

- Powers are delegated on the basis of guidelines set by the Group to ensure that the Group fulfils its obligations towards outside parties. Delegation pursues the twin objectives of making operational staff take on responsibility and adequately fulfilling commitments.
  The 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.
  The parent company functions (Finance, Human Resources, Legal, etc.) support and supervise the different TF1 Group entities in their areas of expertise. They also distribute, and assure the respect of, the cross-functional procedures and participate in the validation of procedures specific to the different group business lines.

- The TF1 Group also focuses on the respect of ethical values distributed through its internal procedures and operating guidelines (the Eticnet guidelines on proper use of IT resources), as well as through the distribution of the ethics guidelines deployed by the Bouygues Group in December 2006. The aim of the Group's code of conduct is to induce managers and staff to adhere to key common values, without replacing common sense and 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.
  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.
  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.

- TF1 is active in a sector that is subject to constant change, mainly as a result of technology 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.

3.4.2.2. Risk assessment

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 system, called "REAGIR," brings together several departments (Technical, HR, Legal, etc.) with the aim of designing and updating the main systems to resume key processes in the event of disturbances. It is responsible for maintaining and upgrading the different procedures through regular preventive measures, but also on the basis of the principle of continuous improvement in safety of people and goods, infrastructures, systems and data.
The main business risks that TF1 tries to identify and constantly cover are linked to three major processes – the acquisition and production of audiovisual content, the broadcasting of programmes and the marketing of advertising space.

3.4.2.3. Control activities

3.4.2.3.1. *Channel management and control of programme compliance*

The programmes broadcast are subject to monitoring by the CSA in the framework of the convention the TF1 channel signed. As a result, TF1 has set up a department of programme compliance, which carries out up-stream control of programmes to be broadcast. This work, in certain instances carried out with the advice of the General Secretariat, also enables to channel to minimise the various legal risks inherent in broadcasting television programmes.

3.4.2.3.2. *Technology and Internal Resources Department*
TF1's Technology and Internal Resources Department (DTMI) is responsible for producing broadcast programmes, the design, implementation and maintenance of IT and technical systems, as well as the management of the property portfolio, logistics operations and general services.
DTMI guarantees broadcasting continuity by ensuring that the necessary human and technical resources are available and utilised.

For several years, this department has been responsible for steering the identification, control and prevention of TF1's major risks and handling the analysis and operational management of risks. Since 2004, this has meant the organisation and driving of the "REAGIR" Committee.
Finally, the DTMI monitors emerging technologies and services and provides the benefits of its know-how by pooling technical, IT, operations and logistics procurement.

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

Central Accounts and Tax Department (DCCF)
The DCCF is responsible for defining the applicable accounting principles and guaranteeing the reliability of the systems 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.
In addition, the DCCF provides - for the entire Group - tax know-how and consultancy services and co-ordination of the work of the statutory auditors and of any tax inspections.

Management Control Department
The Management Control Department presents segmented financial data according to economic criteria in order to analyse performance, plan activity and results as well as, in a more general manner, steer operations of TF1 SA and its subsidiaries.
It carries out detailed analysis of the Group and, as part of this process, combines similar economic units into relevant categories: subsidiaries, sales departments, technical or functional entities, programme units or divisions as appropriate.
The effectiveness of the system in each entity depends on the complementary working relationship between the individual operational manager, who draws up and commits to a plan validated by the General Management, and the member of the management control team who reports to the operational manager and who assists him/her at every stage in the process. The latter controls the commitments to and compliance with the plan, proposes corrective measures and ensures their implementation. He/she controls commitments and the respect of the plan, proposes corrective measures and assures their implementation. He/she also assures the application of Group procedures and standards in liaison with central functions.

Financial Communications and Investor Relations department
The Financial Communications Department is instructed by the Chairman to provide the market with TF1 Group financial information. It ensures that the information is communicated on a timely basis, according to the applicable rules and after ensuring its validity before release.

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 (TCM etc.). These have their own treasury department, which ensure their own funding.

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 list of financial operations for the entire Group companies, according to defined authorisation thresholds and procedures.

3.4.2.3.4. *Human Relations Department*
The Human Resources Department plays a key role in the selection, induction and development of human resources for the efficient functioning of the various TF1 Group entities.
The Human Resources Department monitors compliance with the French Labour Code and changes in labour policy in conjunction with the various employee representative bodies. The Human Relations Department 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.

3.4.2.3.5. *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 within the Group, as well as centrally co-ordinating insurance and property matters, for example, by ensuring coverage, premiums and franchises 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.

The General Secretariat also assumes a role in co-ordinating and driving all legal matters forward. Lawyers can be assigned centrally or to different subsidiaries.

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.

3.4.2.4. Information and Communications
The DTMI defines the IT systems needed to generate information and manage operations securely and efficiently, this in liaison with the operational and functional management concerned.
Extensive financial information systems, notably accounting, management and consolidation tools, are deployed throughout the Group. Specific business applications are used where necessary in certain entities of the group.

In close co-operation with the DGAAF, the DTMI provides:
- support and training for users,
- monitoring to ensure that information is handled in the same way: supervision and configuration of common tools.

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.
The strategy of developing and steering information systems is executed through project committees and the Software Committee, which include the main TF1 functions.

To ensure that staff receive information on the Group and its development, the Internal Communications department, reporting to Human Relations, provides a magazine every four months and a monthly newsletter.

In 2006, a new Intranet portal "Declic" was rolled out, allowing employees to understand the environment in which they operate and managers to collect the information they need to manage their teams. 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 mobility and training and the Intranet sites of the other companies in the Group or the parent company.
Also, the organisation of employee conferences enables staff to exchange views on the Group's development, challenges and strategy.

3.4.2.5. Steering internal control
Internal control systems must themselves be monitored continuously by 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.

3.4.2.5.1. *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 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. To guarantee its independence, Internal Audit reports to the highest level of the Group, and this represents one of the elements of implementation of corporate governance principles.

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.

Through its expertise, Internal Audit naturally plays a support role on occasions in the elaboration of the internal control framework, but schedule and application ultimately remain the responsibility of the Group departments.
Internal Audit can be consulted when elements impacting internal control are adapted and elaborated.

3.4.2.5.2. *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.

3.4.3 - Description of internal control procedures

The Group's internal control processes may evolve in function of the nature of risks to TF1 and the degree of its exposure to them. This chapter gives an overview of the main internal control procedures currently in use.

3.4.3.1 Procedures to secure broadcasting and information systems

Securing broadcasting
The "REAGIR" committee set up in 2003 continues to monitor and prevent potential major risks associated with key processes of the Group. It also updates and regularly tests the plans for rapid resumption of activities that could be discontinued by any exceptional event such as, for example, the interruption of the broadcast signal or non-access to the TF1 building.
An external, protected back-up site is operational for the following processes: programme broadcast, production of the television news programmes (TF1 and LCI), production of publicity spots for the TF1 channel. 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. The procedures are tested from time to time so as to adapt the security mechanism if necessary.
In 2005 and 2006, the external security mechanism was upgraded with the installation of a new back-up production facility at a second external site because of the launch of a digitised final production room. In the course of 2007, all security resources will be brought together at a single site.

The team in charge of this project has 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 were tested in December 2006.
Furthermore, in November 2006, all employees were informed of the implementation of a website and (no charge) telephone number to obtain real-time information in case of an emergency. These two communications tools enable employees to keep in touch with the company when the situation requires.

During 2006, TF1 also launched a project to formalise an internal Information Security Policy. This is part of the REAGIR plans and will continue during the coming year so as to build a common security benchmark for the Group.

Programme compliance and respect of obligations
To supervise proper application of TF1's contract conditions, a programme compliance department monitors all programmes prior to broadcast. Programmes targeting children are submitted to psychologists who are charged with viewing the more sensitive cartoons, for example.
A TF1 Publicité team views all advertising spots after the BVP (Office for the Verification of Advertising) has expressed its view.

The other contract obligations (advertising quotas, investment in production, broadcast quotas, for example) are monitored continuously through technical and information systems and a full report on compliance with the contract conditions is produced each year by the Group's General Secretariat and forwarded to the CSA.

Security of Information Systems
Within the framework of an extensive security policy, the Group has introduced mechanisms that include protective techniques against hostile external activity (for example, the anti-virus emergency plan). In addition, the TF1 Group has, since 2003, organised an awareness programme for the Group's leading technical managers, legal advisers and human resources managers highlighting the issues of the security of information and the systems they are required to use. This awareness-raising process, which will be intensified in the future, is an extension of communications on this subject ('Eticnet' guidelines, internal procedures). Finally, the increasing use of new information technologies makes protection and confidentiality of company data crucial. The Eticnet guidelines take this factor into consideration; they are updated regularly and distributed to emphasise employee responsibility in this area.

3.4.3.2 Procedures for procurement, commitments and payments

Through a process of standardisation of procurement contracts, TF1 secures supply and financial conditions and guarantees and ensures that suppliers subscribe to an insurance policy.

Contracts for the purchase of broadcasting rights are signed by TF1 to secure programme grids for the coming years. They are economically and legally complex and cover 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 specific to each type of programme. The contracts concerning these investments go through an approval cycle that, depending on the amount of the

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commitment and the nature of the contract, calls on the purchasing programme unit and/or the channel's management (operational and management), the General Secretariat, the Deputy General Manager, Administration and Finance and in some cases General Management.

Furthermore, framework agreements are signed as early as possible to control the purchasing costs of certain programmes and to secure supply. The Group makes every effort to centralise and share, where possible, multi-channel rights (free-to-air, thematic channels, video and new media) so as to improve its negotiating position with producers.

Also, the TF1 DTMI department has the objective of optimising hardware procurement and the technical services and general services contracts. As a result, the DTMI centralises purchasing of IT hardware and the maintenance service contracts. The major, ad hoc or multi-year technical contracts follow a validation procedure that involves the operational or functional managers concerned.

Furthermore, the management software guarantees control of commitments to outlays and their payment, thanks to:

- the approval cycle for commitments, pre-defined in the software and limited to people authorised to initiate orders,
- the electronic approval cycle for invoices covering these commitments, once sourced and digitised.

A specific software package for financial monitoring of broadcasting rights allows programme stock to be managed, advances paid and the contracts monitored.

All the Group's payment methods are subject to security procedures - practically all are covered by contractual agreements with banks. These security procedures are complemented by a daily bank-accounting reconciliation, formalised monthly.
All means of payment require a double signature, with an annual update of powers for all bank accounts.

3.4.3.3. Procedures established by central departments

3.4.3.3.1 *Human Resources*
The strategy of hiring, training and compensation at the TF1 Group is based on the three-year plan from General Management, after concertation with the Group's various operational and functional entities. Any request for a full-time employee is subject to a formal approval procedure.

3.4.3.3.2 *General Secretariat and Legal Affairs*
The General Secretariat and the Legal Affairs department have for the past few years been working on securing the control of commitments, leading to the definition of a Group contract policy and the creation of models for standard contracts for all recurring commitments.
Following the introduction of an IT platform for storing and consulting the main contracts in several Group companies, a structured legal affairs tool is now coming towards the end of its development phase and is expected to be deployed in stages during first half 2007. Other than the database of signed contracts, this Legal Affairs portal will include models of 'standard' contracts and make them accessible to legal staff. It will help optimise management of litigation. Furthermore, it will include legal documentation from outside the Group or developed in-house on specific subjects.

The Legal Affairs department is also responsible for optimising and assuring consistency of the insurance contracts taken out by TF1 and its subsidiaries to guarantee the Group against potential damage – and this in partnership with brokers acting on behalf of top class companies.

The measures to identify and prevent risk developed for the Group and its subsidiaries by a dedicated team and supported by on-going awareness programmes for legal staff, are aimed at improving the control of the risk of damage as well as optimising contract and relations with insurers concerning premiums and guarantees.
The various entities of the General Secretariat monitor legal risks together with Administration and Finance so that they can be reported in the financial statements.

3.4.3.3.3 *Administration and Finance*

A – Management control
TF1 and the subsidiaries over which it exercises exclusive control are subject to a similar budget planning and control process. In the case of subsidiaries controlled jointly with a partner, the process is adapted on a case by case basis while respecting the principles of the group.

Financial planning process
The TF1 Group's planning process constitutes a commitment from the unit managers vis-à-vis Group Executive Management. A three-year plan includes areas for development and financial forecasts based on a common framework that includes an income statement and a simplified balance sheet. It is complemented by a cash flow statement, ratios and indicators of profitability and operations.
The annual budget results from the three-year plan and is calculated on a monthly basis to enable monthly budgetary controls to be prepared. It constitutes the budgetary control benchmark for the year ahead.

The three-year planning process is decentralised to each company and/or unit level. It is organised and driven by the group's Management Control Department.
The three-year plan and the annual budget are updated twice a year so as to fine-tune the year-end trends and to re-forecast the three-year projections.

The plans from the different entities are consolidated by the Management Control Department. They are approved by the

DGAAF, and the subsequent consolidation is presented for approval to General Management. A summary of these plans is then presented to Bouygues Group Executive Management.
During the fourth quarter, a document summarising the Group's plan is submitted to the Board of Directors for approval.

Budgetary control and indicators

Each business unit draws up its monthly indicators and analyses the differences between the actual figures and the targets set at the time of the annual budget to assess their potential future impact.
The indicators of each unit and entity are presented to the Management Control Department at monthly meetings and according to a schedule prepared at the beginning of each year.
After checking and approval, the Management Control Department generates consolidated indicators, which are commented and presented to TF1 General Management around the 15th of the following month.
A summary of the document is then dispatched to Bouygues Group General Management.

Management control tool

TF1 SA has developed, and deployed Group-wide, its own management tool that interfaces with the accounting software.

This tool is based on the principle of a single recording of the operations needed for financial information. The automated processes allow for reports adapted to the needs of management control, accounting and treasury.
The prime functionalities of the tool are:

- sourcing and validation of commitments,
- monitoring and control of the execution of services,
- recording of invoices for the commitment and approval of payment.

Each month an automatically processed statement enables the accounts to be generated; this is compared with the plan put forward so that the budgetary control – the basis of the analysis - can be produced.
Each quarter this automated process enables the accounting department to validate and then automatically generate the closing entry in the accounting software. This guarantees the convergence between the results from management processing and accounting.

This management tool is complemented and/or expanded by several Group software packages – inter-Group processing and invoicing software, procurement and management of broadcasting rights software. In particular the latter ensures the monitoring of rights acquisition contracts.
The applications developed in response to business needs generally interface with the group management tool.

B – Accounts closing and consolidation

The tools and processes upstream of the closing of the accounts are in place to guarantee the validity and completeness of accounting for events in the appropriate accounts and that they are reported in the accounts of the fiscal year in which they took place.

Procedure for quarterly closing of TF1 accounts

As part of the procedure of closing TF1 accounts, the closing entries are analysed and validated jointly by the accounting and management control departments.
Provisions are made following an analysis of risks carried out jointly with Legal Affairs, with Human Resources and when necessary with the operational and/or functional management involved.
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 on, thus clarifying the activities of the companies.

Consolidation procedure

The TF1 Group's consolidated accounts are prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union.
The DCCF consolidates all TF1 Group's companies at each quarterly closing. The accounting options to be considered are validated with the statutory auditors in advance and presented to the Audit Committee. The accounts are submitted to the statutory auditors to obtain their comments and then presented to the Audit Committee before being finally approved by the Board of Directors.

Accounting and consolidation tools

The whole of the TF1 Group uses a proprietary accounting software package that processes general accounting and analytical accounting. This tool guarantees compliance with financial security principles through the strict definition of who is entitled to authorisation and access rights.

The consolidation tool deployed throughout the TF1 Group companies is a software package used by a large number of listed companies. Using this consolidation tool allows for analysis and rigorous control of the preparation of the accounts, which are thus regulated by standard procedures.
The DCCF also has a monitoring and co-ordination role. It regularly distributes to Group accounting staff the applicable rules and methods in preparing company and consolidated accounts.
This occurs through seminars and training in new IT tools, accounting benchmarks or new procedures, which help to steer the development of the Group's accounting and ensure a consistent overall system.

Statutory Audit of the accounts

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.

Directors' Report presented by the Board of Directors

Accounting Standards: IAS / IFRS

Since January 1, 2005, the TF1 Group has been using IFRS as its accounting framework and makes the reclassifications and restatements necessary to prepare company accounts in accordance with local standards, to comply with the demands of the French fiscal regulations.

C – Financial communications

Besides the Chairman, only the persons duly authorised by him may communicate financial information to the market. These are, in particular, the DGAAF 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,

- 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 using financial information coming from the Group's subsidiaries and departments. They are approved by the financial managers of the entities, the Human Resources Department, the Director of Legal Affairs, and then by the DGAAF.

After verification of the information on the financial situation and the accounts by the statutory auditors, the Group's reference document is submitted to the AMF in compliance with general regulations. Comments are written for each topic to be communicated and approved by General Management. They are updated regularly and serve as a vehicle for relations with investors and brokers.

To guarantee investors equal access to information, 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. Anyone wishing to receive the information by mail can so request. The Financial Communications Department will send it free of charge;
- All financial press releases are published in a national business daily, a national weekly and on a general-public financial website and on the AMF and Euronext websites. Starting in January 2007, TF1 will comply with the so-called European "Transparency" directive covering new obligations on publishing financial information;
- Analyst Meetings and General Meetings are re-transmitted in full 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.

D – Control of treasury management

TF1 uses a treasury management software package, which handles the daily management of the accounts at value date, monitors financial transactions (investment of cash, financing overdrafts), and manages financial risks (interest and exchange) and the associated hedging operations.

Management of cash risk

The Treasury and Finance Department is responsible for ensuring that the Group has sufficient long-term sources of financing:

- Through analysis and monthly updating of the treasury forecasts of all Group companies. These analyses are summarised in indicators presented monthly to group General Management.
- Through the negotiation and permanent maintenance of a comfortable level of outstanding lines of finance with an average maturity of five years.

The Group's net consolidated treasury position, detailed by company, is reported daily to General Management.

Investment of excess cash

The Group's cash is invested according to solid and safe money management rules. These give security priority over return, with no risk of capital loss. This objective implies rigorous selection of investment instruments, close supervision of counterparty and market risks (regular analysis of the detailed portfolios of mutual funds, maximum diversification of the investment instruments used, requests for capital guarantees from the banks, daily monitoring of the return compared to the market benchmark, etc.).

Exchange rate and interest rate hedging

The interest rate and currency exchange rate fluctuations have a direct impact on operations of some of the Group's companies, primarily TF1 SA, Eurosport and TF1 International.

The role of the Treasury and Finance Department is to limit this impact, bearing in mind the best reading of the market and the budgetary constraints set by each company.

When the plan is drawn up, the DGAAF sets the 'budget' rates for the coming year. These will be the objectives to achieve in hedging exchange and interest rates.

At least once a month, the Treasury and Finance Department decides on operations in terms of timetable, amount, instruments to be used and levels of intervention, within a hedging strategy approved by the Administration and Finance management.

In real time (with full monthly update), it summarises the currency commitments of the different entities, consolidates them and determines the Group's exposure to exchange rate risk. It then applies the approved strategy to hedge the positions.

Using derivatives is strictly reserved for hedging and never for speculation.
Execution of operations linked to derivatives is secured by the authorisation of a limited number of people to negotiate with banks, by a systematic search for alternatives and rigorous selection of banking counterparties, immediate confirmation of operations carried out (with double signature) and accounting for operations by an independent back office accountant who reports to the Group Accounting Department.

Controlling client risk
Although examination is generally carried out by the business units, the expertise of the Treasury and Finance Department can be called on when examining the solvency of new clients.
Managing outstanding payments and the reminder process are the responsibility of each company or department.
In case of specific exposure, the Group protects itself from the risk of non-payment by signing an additional insurance policy with credit insurance companies (for example at TF1 Vidéo, TF1 Entreprises, etc.).

3.4.3.4. Specific procedures for TF1 Publicité
TF1 has entrusted TF1 Publicité (SAS) with responsibility for marketing its advertising space. The activity of this subsidiary is thus intrinsically linked with that of the TF1 Channel.
TF1 Publicité applies Group standards but has introduced additional procedures because of the specific nature of its business, primarily covering the following areas:

- Definition of the marketing framework: the rules for marketing advertising space are defined in the general sales terms and conditions submitted to external legal advisers to ensure they respect prevailing laws and regulations. They are approved by the Chairman of TF1 Publicité. They are revised annually when sales terms and conditions are drawn up;
- Planning and reporting: the advertising revenue targets, set by TF1 Publicité General Management in conjunction with Group companies whose advertising space TF1 Publicité is responsible for filling, are presented to the Chairman of TF1. Daily reporting from the TF1 Publicité general manager to the Chairman of TF1 provides an accurate revenue outlook and analyses the deviation from the targets. Corrective measures necessary to rectify any substantial departure are immediately adopted and implemented.
- Revenue generation chain: the advertising revenue generation chain is managed by an IT tool specifically developed for TF1 advertising. All stages in the sale of advertising space up to invoicing go through this software, which avoids duplication and the risk of error. Access is secured and limited to a list of authorised persons. The advertising revenue generated by this IT tool goes through several controls to ensure strict consistency between total advertising broadcast time and the time invoiced and the correct application of sales terms and agreements.
- Control of client risk: monitoring collection of advertising revenue is crucial and is therefore subject to a strict, systematic procedure. Furthermore, TF1 Publicité undertakes financial examinations and can impose specific payment conditions depending on the solvency criteria of the advertiser.
- Respect of legal obligations: TF1 Publicité assures conformity with the different regulatory and legislative measures concerning the broadcast of advertising messages on multiple vehicles. This control covers:
  - conformity of advertising films with regulations and the editorial policy of the vehicle,
  - the maximum duration of advertising space broadcast per day and per hour,
  - compliance with invoicing rules (the so-called 'Sapin Law' N°93-122 of January 29, 1993).

3.4.4 – Conclusion and outlook

Continuous improvement of processes, standards and information systems remains one of the Group's priority objectives and responds to the dual preoccupation of control and monitoring of operations and of their effectiveness.

In 2007, the TF1 Group will continue this process of continuous improvement of systems, notably through a number of projects that have already been initiated in its main entity and its main subsidiaries. For example, the Group will complete its study of a new tool aimed at maximising the convergence of reporting formats needed to steer the business and at optimising production of financial information, both for closing and for planning.

In addition, the new internal control reference framework published in January 2007 will be included in TF1's own analysis of the control processes in the accounting and finance areas.
This will be done in a spirit of maintaining a dynamic vision of internal control within the TF1 Group, based on the skills, the sense of responsibility and involvement of all employees.

Additional information follows with details on particular risks:

➔ Industrial and environmental risks
Broadcasting of TF1 programmes – Risk of interruption in signal transmission
TF1's programmes are currently broadcast to French homes:

- by radio waves, via the 112 main transmission sites and 3,161 TDF re-transmission sites,
- by satellite, namely Atlantic Bird 3 for unscrambled broadcasts,
- by cable (the cable operators "must-carry analogue" obligation).

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.

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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).
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 escape TDF's notice (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.

➔ Regulation-related risks
The legal regulation to which TF1 is subject is described in the section "Legal environment“p.169.

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 broadcast of the programme.

TF1 Group must also respect a certain number of general obligations relative to broadcasting and production investment. Any extension of these constraints could have a negative impact on the company’s profitability.

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).

It should be noted that on March 5, 2007 a law was enacted - entitled “Modernising future audiovisual and television broadcasting” - which modifies the Law of September 30, 1986.
This legislation sets out the provisions for introducing free-to-air high-definition television and also the conditions for the discontinuation of free-to-air analogue broadcast in France. In this regard, it provides for a final close down of free-to-air analogue broadcasting on November 30, 2011, with a staged closing down process, starting on March 31, 2008. The law grants two types of compensation to the historic private free-to-air operators – an automatic extension of authorisation for five years (if the channels are members of a Public Interest Grouping) 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.

➔ 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 clients.

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 durably affect the group's profitability.

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

➔ 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 Zurich, Chubb, Gan, Allianz, Generali, etc.

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: €362.2 M for direct damage, 2006 premium of some €550 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 M depending on the risks, premium of some €170 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 trade union representatives, its representatives on the Board 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.

3.5 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. Any litigation of which the company or the group is aware has been fully provisioned in the accounts. Provision amounts are conservatively evaluated.

Provision charges in respect of litigation are detailed in the notes to the consolidated accounts. TF1 limits itself to the description in the notes owing to the confidential nature of these disputes.

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 competition rights

No case currently in progress presents a major financial risk for TF1.

4 TF1 SA subsidiaries and holdings

Main acquisitions and disposals

4.1 Project to acquire a holding in AB Group

On December 4, 2006, TF1 signed an agreement for a projected financial holding of 33.5% for an amount of €230 M in AB Group, one of the leading independent players in the audiovisual sector and present in five countries (Belgium, France, Germany, Luxembourg and Switzerland).

The activities of AB Group are threefold: production and distribution of television channels – 22 television channels produced and distributed, including RTL9 (65%), AB1, NT1, TMC (40%) with TF1 in France; production of a variety of programmes; and exploitation of a catalogue of broadcasting rights (1,300 products / 37,000 programme hours) and merchandising.

The DGCCRF considered that this operation did not constitute concentration and was therefore not notifiable. AB Group has informed the CSA of the agreement with TF1. This is because the CSA must reach a conclusion concerning the modification of the capital of the AB channels that possess authorisations – that is, AB1, NT1 and TMC and check if it represents a substantial change or not to the data based on which the CSA delivered these authorisations. Examination of the subject is in progress.

4.2 Acquisition of holding in JFG NETWORKS

On July 31, 2006, TF1 took a 20% holding in the capital of JFG NETWORKS, an SAS (simplified stock company), for €1.4 M. JGF has developed OVERBLOG, the second biggest blog platform in France.

4.3 Acquisition of a holding in "En Direct Avec" (EDA)

On November 22, 2006, TF1 paid €4 M for a 13.3% holding in the capital of EDA, an SAS (simplified stock company). EDA's business offering is an audiotel service which connects customers to celebrities.

4.4 TF1's holding in TV Breizh increased to 100%

TF1 has raised its holding in the capital of TV Breizh to 100%, having bought out the minority holdings of 32,579 shares for an amount of €1.03 M on December 5, 2006 and 3,876 shares for an amount of €0.59 M on January 22, 2007.

4.5 Completion of the merger of the TPS activities with the pay television activities of VIVENDI

On August 30, 2006, the merger of the TPS activities with the pay television activities of VIVENDI was authorised, with respect to the control of concentrations, by the decision of the Ministry of the Economy, Finance and Industry, on condition that the commitments agreed to by Vivendi and the Canal+ Group are respected.

On January 4, 2007, TF1, M6 and Vivendi signed the final merger of the pay television activities in France of the Canal+ Group and TPS as part of Canal+ France, a new entity controlled by Vivendi.

In this transaction, TF1 transferred 66% of TPS to Canal+ France insofar as, together with M6, it transferred 100% of the capital of the company TPS Gestion which in turn owns 100% of the capital of TPS. This transaction is evaluated at €900 M and remunerated by Canal+ France shares representing, after the total transfer, 9.9% of the capital for TF1 and 5.1% for M6.

The impact of this operation on TF1's consolidated income at December 31, 2006 was €253.6 M.

TF1 and M6 each have an option to sell to Vivendi their holding in Canal+ France. This option can be exercised in February 2010 at the market price as determined by an expert, with a minimum of €1.13 billion, for 15% of Canal+ France (corresponding to a market value of €7.5 billion for 100% of Canal+ France).

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.

5 Capital (article 6 of the Articles of Incorporation)

	Operation	Issue price per share		Number of shares		Total share capital
		Nominal	Premium	Issued	Total	after increase
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	Nominale value per share		Number of shares		Total share capital
		Nominal	Increase	Issued	Total	after increase
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 increase
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	Issue price per share		Number of shares		Total share capital
		Nominal	Premium	Issued	Total	after reduction
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		Nombre d'actions		Total share capital
		Nominal	Premium	Issued	Total	after increase
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	Issue price per share Nominal	Premium	Number of shares Issued	Total	Total share capital after reduction
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 Nominal	Premium	Number of shares Issued	Total	Total share capital after increase
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	Issue price per share Nominal	Premium	Number of shares Issued	Total	Total share capital after reduction
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 Nominal	Premium	Number of shares Issued	Total	Total share capital after increase
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	Issue price per share Nominal	Premium	Number of shares Issued	Total	Total share capital after reduction
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 Nominal	Premium	Number of shares Issued	Total	Total share capital after increase
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	Issue price per share Nominal	Premium	Number of shares Issued	Total	Total share capital after reduction
20/02/07	Cancellation of shares owned by the company	€0.2		251,537	213,870,592	€42,774,118

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, 2007.

The table below shows the financial transactions which the company can carry out subsequent to the Combined General Meeting of April 17, 2007 providing that 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 M.
The maximum nominal amount of securities that may be issued by virtue of authorisations granted is fixed at €1,200 M.

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	26 months	CGM 17/04/2007	25
Shares or securities with maintained PSR (3) (delegation of powers)	€120 M	€1,200 M	26 months	26 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	26 months	CGM 17/04/2007	20
Shares to be issued through attribution of free shares following incorporation of any sum whose capitalisation is possible (delegation of powers)	€1,000 M	-	26 months	26 months	CGM 17/04/2007	19
Shares and securities remunerating shares tendered (delegation of powers)	(1) (4)	-	26 months	26 months	CGM 17/04/2007	23
Shares and securities remunerating shares tendered in share exchange offers (delegation of powers)	€120 M (1)	-	26 months	26 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 17/04/2007	28
Shares reserved for employees participating in a company savings scheme, with elimination of PSR (3) (delegation of powers)	(4)	-	26 months	26 months	CGM 17/04/2007	26
Shares to be issued for attribution of free shares, without PSR (3) (delegation of powers)	(4)	-	38 months	14 months	CGM 12/04/2005	31
Shares to be issued for options to subscribe to shares, without PSR (3) (delegation of powers)	(4)	-	26 months	26 months	CGM 17/04/2007	29
Purchase of shares reserved for employees participating in a company savings scheme	-	-	-	unlimited	OGM 12/06/92	11
Share buy-back programme	(4)	-	1 year	1 year	CGM 17/04/2007	16
Capital reduction through cancellation of buy-back shares	(4)	-	18 months	18 months	CGM 17/04/2007	17

(1) It is specified that:
- the total nominal amount of capital increases authorised (Resolutions 18, 20, 23 and 24) may not exceed €120 M, even if the Board of Directors decides to increase the number of shares to be issued Resolution 21 – 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) may not exceed €1,200 M

(2) As of the vote of the CGM of April 17, 2007
(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), 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 for setting the issue price for shares [and / or securities] for public offerings, without preferential subscription rights, in accordance with two possible methods

Directors' Report presented by the Board of Directors

The Board of Directors is authorised (Resolution 27), for a period of 18 months from the CGM of April 17, 2007, 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.

During 2006:

- the company bought back 2,128,000 of its own shares for €54.24 M; these shares were cancelled;
- the company did not use prior authorisations to issue securities through public offerings;
- the Board of Directors used the authorisation to allocate, either free existing shares or free shares to be issued, to employees and directors, or some of them, of the company or the companies in the Group; it allocated a minimum of 191,025 free existing shares to 32 beneficiaries on condition of their presence on March 31, 2008 and an additional 254,700 shares on condition of performance; the accounting value of the allocated shares was €7.46 M. It is specified that these free shares will not be definitively allocated until expiration of the acquisition period of two years.

In compliance with the authorisation granted by the shareholders at the Combined General Meeting of April 23, 2002 (9th Resolution 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 M 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	A 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.

5.2 Purchase on the stock market

The Combined General Meetings of April 25, 2006 and prior years authorised the Board of Directors to buy shares in the company up to 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 May 4 and 19, 2006, TF1 purchased 200,000 shares at an average price of €26.48 per share, and between May 22 and October 19, 2006 1,928,000 shares at an average price of €25.38 per share, representing a total cost of €54.24 M. All of these shares were cancelled. As of November 21, 2006, the TF1 capital stands at €42,810,425.80.

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 2006			Situation at 31 December 2005			Situation at 31 December 2004		
	Number of Shares	% of capital	% of voting rights	Number of Shares	% of capital	% of voting rights	Number of Shares	% of capital	% of voting rights
Bouygues	91,797,585	42.9%	42.9%	91,797,585	42.9%	42.9%	89,017,073	41.5%	41.5%
Société Générale	-	-	-	2,040,000	1.0%	1.0%	3,100,000	1.4%	1.5%
Total core shareholders (1)	**-**	**-**	**-**	**93,837,585**	**43.9%**	**43.9%**	**92,117,073**	**42.9%**	**43.0%**
Others France (2) (3)	58,065,839	27.1%	27.2%	62,061,577	29.0%	29.0%	75,985,606	35.4%	35.4%
of which employees	7,275,885	3.4%	3.4%	7,704,501	3.6%	3.6%	7,138,603	3.3%	3.3%
Treasury shares	251,537	0.1%	0.0%	251,537	0.1%	0.0%	251,537	0.1%	0.0%
Europe (ex France) (3)	37,318,765	17.4%	17.4%	37,735,904	17.6%	17.7%	35,583,907	16.6%	16.6%
Others (3)	26,688,403	12.5%	12.5%	20,165,526	9.4%	9.4%	10,821,606	5.0%	5.0%
Total	**214,122,129**	**100.0%**	**100.0%**	**214,052,129**	**100.0%**	**100.0%**	**214,759,729**	**100.0%**	**100.0%**

(1) Core as declared to Euronext on February 23, 1994 (avis Euronext no. 94-600)
(2) Including non-identified holders (around 7% in 2005, 9% in 2004, 12% in 2003)
(3) Estimates by Euroclear

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 these shares.

Declaration of transactions of corporate officers relative to TF1 company shares

Function	**Patrick LE LAY** Chairman & CEO	**Etienne MOUGEOTTE** Senior Executive Vice-President	**Claude COHEN** Chairman of TF1 Publicité
Financial instrument	TF1 shares	TF1 shares	TF1 shares
Nature of the operation	Subscription (options exercised)	Subscription (options exercised)	Subscription (options exercised)
Date of the operation	19/09/2006	18/09/2006	11/07/2006
Number of shares	200,000	100,000	1,200
Price per share	€23.27	€23.27	€23.27
Value of the operation	€4,654,000	€2,327,000	€27,924
Nature of the operation	Disposal	Disposal	Subscription (options exercised)
Date of the operation	19/09/2006	18/09/2006	12/07/2006
Number of shares	200,000	100,000	98,800
Price of the operation	€24.35 per share	€24.50	€23.27
Value of the operation	€4,870,380	€2,450,000	€2,299,076
Nature of the operation			Disposal
Date of the operation			12/07/2006
Number of shares			98,800
Price of the operation			€26.03
Value of the operation			€2,571,764

Crossing the statutory threshold: very few threshold crossings above 2% were declared in 2006. These were limited to declarations of crossing the 2% threshold upwards and downwards by Société Générale Option Europe as part of its trading activity.

To the best knowledge of the company, there are no shareholders other than Bouygues holding over 5% of TF1's capital or voting rights.

Concerted action

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.

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Directors' Report presented by the Board of Directors

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 shareholder 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.

5.5 Share subscription and share purchase plans and allocation of free shares (situation at 31/12/2006)

Historical information on share subsription and share purchase plan

	PLAN N° 4	PLAN N° 5	PLAN N° 6	PLAN N° 7	PLAN N° 8
Date of AGM	12.06.1995	18.04.2000	18.04.2000	23.04.2002	23.04.2002
Date of Board Meeting	20.09.1999	06.12.2000	11.12.2001	24.02.2003	31.08.2004
Date of grant	20.09.1999	06.12.2000	11.12.2001	12.03.2003	16.09.2004
Type of plan	Suscription	Suscription	Suscription	Suscription	Suscription
Total no. of shares available for subscription or for purchase	2,300,000	840,000	2,071,300	2,300,500	1,008,000
- by corporate officers	400,000	-	550,000	550,000	0
- by the ten principal staff	620,000	100,000	370,000	390,000	100,000
Option exercisable as from	20.09.2002	06.12.2003	11.12.2004	12.03.2006	16.09.2007
Maturity date	20.09.2006	06.12.2007	11.12.2008	12.03.2010	16.09.2011
Purchase or subscription price	23.27	53,04	27.80	20.20	23.46
Terms of exercise	Exercise after 3 years Sale after 5 years	Exercise after 3 years Sale after 4 years	Exercise after 3 years Sale after 4 years	Exercise after 3 years Sale after 4 years	Exercise after 3 years Sale after 4 years
No. of shares subscribed at 31/12/06	2,113,000	0	0	85,000	0
Share subscription or purchase options that have been cancelled or lapsed	187,000	87,000	174,000	57,000	52,500
Remaining share subscription or purchase options	0	753,000	1,897,300	2,158,500	955,500

Plan N° 1 lapsed on October 10, 2002.
Plan N° 2 lapsed on April 8, 2004.
Plan N° 3 lapsed on March 18, 2005

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 M	
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 31/12/2006	minimum 0	maximum 0
Number of allocated shares cancelled	minimum 14,250	maximum 33,250
Number of shares being acquired	minimum 176,775	maximum 412,475

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 Nos. 7 and 8 – see note 8-10-2 of the notes to the consolidated accounts) were effectively dilutive at December 31, 2006.

The potential dilutive impact on income is mentioned in the consolidated profit and loss account. 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 6,176,775 shares to comprise 220,298,904 shares after this gross dilution.

If only the plans covering options to subscribe to effectively dilutive shares (Plan Nos. 7 and 8) were to be exercised and if the totality of allocated shares were to be acquired, the share capital of TF1 would increase by 3,526,475 shares to comprise 217,648,604 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	200,000	€23.27	20.09.2006	4
COHEN Claude	100,000	€23.27	20.09.2006	4
MOUGEOTTE Etienne	100,000	€23.27	20.09.2006	4

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	410,000	€23.27	4
	70,000	€20.20	7

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Directors' Report presented by the Board of Directors

Information on free share	Minimum number of shares granted	Maximum number of shares granted	Fair value of the shares granted	Final date of granting
Free shares granted to each corporate officer during the year by the issuer or any Group company				
- LE LAY Patrick	45,000	105,000	€1,758 K	01/04/2008
- COHEN Claude	22,500	52,500	€879 K	01/04/2008
- MOUGEOTTE Etienne	15,000	35,000	€586 K	01/04/2008
Free shares granted to the ten employees who receive the highest number of shares so granted	52,875	123,375	€2,065 K	01/04/2008

5.6 Gross compensation of corporate officers

		Year	Compensation		Variable compensation		Variable/Fixed compensation		Fixed Benefits in kinds		Board of Director's fees	
			Due	Paid	Due	Paid	Due	Paid	Due	Paid	Due	Paid
LE LAY	Chairman	2006	€920,000	€920,000	€1,380,000	€1,216,000	150.00%	132.17%	€4,140	€4,140	€93,300	€93,300
Patrick (1)	& CEO	2005	€920,000	€920,000	€1,216,000	€1,132,667	132.17%	123.12%	€4,140	€4,140	€93,300	€93,300
MOUGEOTTE	Senior Executive	2006	€954,239	€954,239	€700,000	€700,000	73.36%	73.36%	€51,816	€51,816	€21,300	€21,300
Etienne (2)	Vice President	2005	€954,239	€954,239	€700,000	€610,000	73.36%	63.93%	€50,076	€50,076	€21,300	€21,300
COHEN	Chairman of	2006	€650,000	€650,000	€450,000	€450,000	69.23%	69.23%	€3,252	€3,252	€16,500	€16,500
Claude	TF1 Publicité	2005	€611,000	€611,000	€450,000	€427,000	73.65%	69.89%	€21,542	€21,542	€16,500	€16,500

(1) 100% of the remuneration (in line with the AMF recommendation). In 2006, the amount reinvoiced by Bouygues SA to TF1 SA was €1,998,000 (2005 €1,914,667)
(2) of which TF1 Films Production paid €83,239 (2005 and 2006)

Patrick Le Lay
Gross fixed compensation for Patrick Le Lay remained unchanged in 2006.

Gross variable compensation for Patrick Le Lay for the year 2006 was a function of the following criteria:
(a) the difference between the movement of the Bouygues share price and that of the CAC 40 index;
(b) the difference between the movement of the TF1 share price and that of the SBF 120 index;
(c) the evolution of Group share of net consolidated income compared to the 'net consolidated income objective' as determined by the Board of Corporate officers in 2005 when the annual plan was approved;
(d) several qualitative objectives: management quality, personal contribution to Group growth, contribution to the added value of the enterprise, 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 allowance or commitment has been made by the Company or its subsidiaries to Patrick LE LAY by reference to his retirement.

Etienne Mougeotte
Gross fixed compensation for Etienne Mougeotte remained unchanged in 2006.

Gross variable compensation for Etienne Mougeotte for the year 2006 was based on the following criteria as in the previous year:
(a) quantitative business performance (audience level, advertising revenue level, achievement of commitments made, etc.);
(b) 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 74% of fixed salary.

Additional pension
As Director, Etienne MOUGEOTTE benefits under his employment contract from the additional pension scheme applicable under TF1's agreement, so that on his retirement he is eligible to receive the benefits provided under the agreement.

Starting in 2006, the Board of Directors accrued the sum of €1.5 M 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 2006.

Gross variable compensation for Claude Cohen for the year 2006 was based on the following criteria as in the previous year:
(a) quantitative business performance (audience level, advertising revenue level, achievement of commitments made, etc.);
(b) 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 his employment contract from the additional pension scheme applicable under TF1's 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 2006, Directors' fees of €343,517.00 were paid as follows:

BARBIZET Patricia	€27,925.00
BOUYGUES Martin	€19,925.00
BOUYGUES Olivier	€16,500.00
SABAN Haim	€11,000.00
COHEN Claude	€16,500.00
LE LAY Patrick (1)	€136,442.00
MONTAGNER Philippe	€16,500.00
MOUGEOTTE Etienne	€21,300.00
PERNAUT Jean-Pierre (employee representative)	€16,500.00
PETTON Céline (employee representative)	€16,500.00
POUPART-LAFARGE Olivier	€29,300.00
POUYAT Alain	€15,125.00

(1) incl. €24,392 paid by BOUYGUES and €18,750.00 paid by COLAS SA

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.
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 five above-mentioned persons in its reference document.

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, 2006, the TF1 share was included in the following stock market indices: CAC NEXT 20, 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 credit	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 (2)	-	0.85	29.1	23.3	28.11	3.0%

(1) Adjusted for 10 for 1 split.
(2) Submitted for approval at the General Meeting.

Share price movement and volumes traded
At December 31, 2006, the TF1 share closed at €28.11, an increase of 19.9% over the year compared to a rise of 17.5% of the CAC 40 index, of 20.8% of the SBF 120 index and of 32.0% of the CAC NEXT 20 index.

Directors' Report presented by the Board of Directors

Between January 1 and December 31, 2006, daily exchanges of TF1 shares amounted to an average of 1.0 million, an 11% drop compared to volumes traded in 2005. On February 23, more than 3.9 million shares changed hands, the highest volume traded throughout the year.

On December 31, 2006, the market capitalisation of the TF1 Group was €6.02 billion. This represents a PER (price earnings ratio) calculated on the basis of 2006 published net income as adjusted for discontinued activities - €198.9 M) of 30.3 compared to a PER of 21.3 at December 31, 2005.

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 capitalisation (3)
		€	€	€		€M
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	5,563.2

Source: Euronext Paris SA

Note: The prices have been rebased to take account of the 10-for-1 split in June 2000.

(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 2006 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 2006, 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,
- renew for two years the terms of office of Directors Patricia BARBIZET, Martin BOUYGUES, Olivier BOUYGUES, Claude COHEN, Patrick LE LAY, Philippe MONTAGNER, Etienne MOUGEOTTE, Olivier POUPART-LAFARGE and Haïm SABAN, which expire at the end of the present meeting,
- renew for six years the terms of office MAZARS & GUERARD as statutory auditors and Thierry COLIN as alternate auditor, which expire at the end of the present meeting,
- 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 17th 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 €45 and the minimum sale price per share would be €15.

You are kindly requested to cast your vote on the resolutions proposed.

The Board of Directors

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Consolidated income statement

(€m)	Note	**2006**	2005	2004
Net advertising revenue		1,870.9	1,790.4	1,781.1
- TF1 channel		*1,709.9*	*1,647.5*	*1,645.5*
- Other channels		*163.0*	*142.9*	*135.6*
Diversification revenue		759.8	697.5	699.9
Technical services revenue		23.0	20.5	20.2
Revenue	*2.24 & 8.1*	**2,653.7**	**2,508.4**	**2,501.2**
Other operating revenue	*2.24*	0.4	0.5	3.2
External production costs	*8.2*	(608.7)	(648.9)	(560.4)
Other purchases and changes in inventory	*8.3*	(581.4)	(395.8)	(453.6)
Staff costs	*8.4*	(382.7)	(362.1)	(352.7)
External expenses	*8.5*	(504.7)	(475.3)	(474.5)
Taxes other than income taxes		(136.1)	(130.1)	(124.0)
Depreciation and amortisation, net		(85.5)	(80.3)	(75.1)
Provisions and impairment, net		(26.0)	(43.3)	(38.4)
Other operating income and expenses	*8.6*	(28.2)	(34.1)	(44.7)
Current operating profit		**300.8**	**339.0**	**381.0**
Other non-current operating income and expenses	*2.25 & 3.2.4.1*		14.2	
Operating profit		**300.8**	**353.2**	**381.0**
Cost of debt	*8.7*	(19.4)	(17.3)	(20.7)
Income from cash and cash equivalents	*8.7*	7.8	5.0	3.5
Cost of net debt	*2.26 & 8.7*	(11.6)	(12.3)	(17.2)
Other financial income and expenses	*8.8*	(4.9)	0.6	4.4
Income tax expense	*8.9*	(98.7)	(115.5)	(137.5)
Share of profits / losses of associates	*7.4*	13.1	(5.5)	(5.0)
Net profit from continuing operations		**198.7**	**220.5**	**225.7**
Post-tax profit of discontinued operations	*8.11*	**253.6**	**14.2**	**(2.5)**
Net profit		**452.3**	**234.7**	**223.2**
Minority interests		(0.2)	(1.6)	(1.5)
Net profit attributable to the Group		**452.5**	**236.3**	**224.7**
Average number of shares outstanding (in thousands)		213,874	214,044	214,229
Earnings per share (€)	*2.27 & 8.10.1*	2.12	1.10	1.05
Diluted earnings per share (€)	*2.27 & 8.10.2*	2.11	1.10	1.04
Earnings per share (continuing operations) (€)		0.93	1.04	1.06
Diluted earnings per share (continuing operations) (€)		0.92	1.04	1.06

Consolidated balance sheet

ASSETS (€m)	Note	**Dec. 31, 2006**	Dec. 31, 2005	Dec. 31, 2004 (1)
Intangible assets		158.3	179.8	125.1
Audiovisual rights	*2.12.1 & 7.1.1*	*127.8*	*148.5*	*92.8*
Other intangible assets	*2.12.2 & 7.1.2*	*30.5*	*31.3*	*32.3*
Goodwill	*2.13 & 7.2*	505.2	481.4	889.0
Property, plant and equipment	*2.14 & 7.3*	153.0	151.7	208.2
Investments in associates	*7.4*	40.2	39.6	45.1
Other financial assets	*2.15 & 7.5*	657.1	21.0	10.7
Non-current tax assets	*2.7 & 7.6*	56.4	57.1	52.4
Total non-current assets		**1,570.2**	**930.6**	**1,330.5**
Inventories		569.1	523.1	551.4
Programmes and broadcasting rights	*2.17 & 7.7*	*551.6*	*510.5*	*535.4*
Raw materials and supplies		*17.5*	*12.6*	*16.0*
Trade and other debtors	*2.18 & 7.8*	1,278.7	1,252.7	1,217.0
Current tax assets		1.7	9.1	1.6
Foreign exchange derivative instruments	*2.5*	1.4	3.2	0.9
Interest rate derivative instruments	*2.5 & 7.11*	1.9	11.9	11.3
Cash and cash equivalents	*2.20 & 7.9*	275.2	175.8	158.9
Total current assets		**2,128.0**	**1,975.8**	**1,941.1**
Assets of held-for-sale operations	*2.11 & 4*		**563.6**	
TOTAL ASSETS		**3,698.2**	**3,470.0**	**3,271.6**

SHAREHOLDERS' EQUITY AND LIABILITIES (€m)	Note	**Dec. 31, 2006**	Dec. 31, 2005	Dec. 31, 2004 (1)
Share capital		42.8	42.8	43.0
Share premium and reserves		862.8	772.0	707.0
Net profit attributable to the Group		452.5	236.3	224.7
Shareholders' equity attributable to the Group		**1,358.1**	**1,051.1**	**974.7**
Minority interests		(0.1)	(1.3)	0.8
Total shareholders' equity		**1,358.0**	**1,049.8**	**975.5**
Long-term debt	*2.21 & 7.11*	505.6	513.3	524.3
Non-current provisions	*2.22.1 & 7.12*	34.7	32.5	30.1
Non-current tax liabilities	*2.7 & 7.13*	38.1	48.6	62.6
Total non-current liabilities		**578.4**	**594.4**	**617.0**
Short-term debt	*2.21 & 7.11*	148.7	26.0	57.1
Foreign exchange derivative instruments	*2.5*	2.6	-	4.1
Interest rate derivative instruments	*2.5 & 7.11*	1.3	-	2.5
Trade and other creditors	*7.14*	1,554.5	1,403.5	1,533.0
Current tax liabilities		1.6	0.7	24.3
Current provisions	*2.22.2 & 7.15*	53.1	46.0	58.1
Total current liabilities		**1,761.8**	**1,476.2**	**1,679.1**
Liabilities of held-for-sale operations	*2.11 & 4*		**349.6**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,698.2**	**3,470.0**	**3,271.6**

(1) The balance sheet at December 31, 2004 is shown as published. Consequently, TPS is not reported at that date as held-for-sale.

Consolidated statement of changes in shareholders' equity

(€m)	Note	Share capital	Share premium	Treasury shares	Reserves	Changes in fair value and other	Translation reserve	Shareholders' equity attributable to the Group	Minority interests	Consolidated shareholders' equity
BALANCE AT JANUARY 1, 2004		**43.0**	**63.7**	**(7.4)**	**783.2**	**3.6**	**0.0**	**886.1**	**1.4**	**887.5**
Cash flow hedges						(0.6)		(0.6)		(0.6)
Change in translation reserve								0.0		0.0
Net profit for the period					224.7			224.7	(1.5)	223.2
Total recognised income and expense		**0.0**	**0.0**	**0.0**	**224.7**	**(0.6)**	**0.0**	**224.1**	**(1.5)**	**222.6**
Dividends paid					(139.1)			(139.1)	(0.4)	(139.5)
Capital increase (share options exercised)		0.1	3.6					3.7		3.7
Share-based payment					3.8			3.8		3.8
Treasury shares		(0.1)	(17.3)		18.5			1.1		1.1
Other movements					(5.0)			(5.0)	1.3	(3.7)
BALANCE AT DECEMBER 31, 2004		**43.0**	**50.0**	**(7.4)**	**886.1**	**3.0**	**0.0**	**974.7**	**0.8**	**975.5**
Cash flow hedges						(0.1)		(0.1)		(0.1)
Change in translation reserve								0.0		0.0
Net profit for the period					236.3			236.3	(1.6)	234.7
Total recognised income and expense		**0.0**	**0.0**	**0.0**	**236.3**	**(0.1)**	**0.0**	**236.2**	**(1.6)**	**234.6**
Dividends paid	7.10.2				(138.7)			(138.7)	(0.3)	(139.0)
Capital increase (share options exercised)		0.1	6.4					6.5		6.5
Share-based payment	7.10.2				4.9			4.9		4.9
Treasury shares	7.10.2	(0.3)	(32.3)					(32.6)		(32.6)
Other movements					0.1			0.1	(0.2)	(0.1)
BALANCE AT DECEMBER 31, 2005		**42.8**	**24.1**	**(7.4)**	**988.7**	**2.9**	**0.0**	**1,051.1**	**(1.3)**	**1,049.8**
Cash flow hedges						(2.6)		(2.6)		(2.6)
Change in translation reserve								0.0		0.0
Net profit for the period					452.5			452.5	(0.2)	452.3
Total recognised income and expense		**0.0**	**0.0**	**0.0**	**452.5**	**(2.6)**	**0.0**	**449.9**	**(0.2)**	**449.7**
Dividends paid	7.10.2				(139.0)			(139.0)	0.0	(139.0)
Capital increase (share options exercised)		0.4	50.4					50.8		50.8
Share-based payment	7.10.2				5.1			5.1		5.1
Treasury shares	7.10.2	(0.4)	(53.8)					(54.2)		(54.2)
Other movements					(5.6)			(5.6)	1.4	(4.2)
BALANCE AT DECEMBER 31, 2006		**42.8**	**20.7**	**(7.4)**	**1,301.7**	**0.3**	**0.0**	**1,358.1**	**(0.1)**	**1,358.0**

Consolidated cash flow statement

(€m)	Note	Year ended December 31 **2006**	2005	2004
Consolidated net profit (including minority interests)		452.3	234.6	223.2
Depreciation, amortisation, provisions and impairment (excluding current assets)		101.7	113.0	97.5
Intangible assets and goodwill		*81.5*	*60.1*	*59.6*
Property, plant and equipment		*20.4*	*44.0*	*48.4*
Financial assets		*(0.1)*	*0.5*	*(6.6)*
Provisions for liabilities and charges		*(0.1)*	*8.4*	*(3.9)*
Other non-cash income and expenses		(11.8)	(13.0)	(7.7)
Effect of fair value remeasurement		0.9	(9.1)	(0.3)
Share-based payment expense		5.1	4.9	3.8
Net (gain)/loss on asset disposals		(252.7)	(19.3)	8.1
Share of (profits)/losses of associates		(13.1)	5.6	5.0
Dividend income from non-consolidated companies		(2.1)	(1.4)	(1.7)
Operating cash flow after net interest expense and income taxes		**280.3**	**315.3**	**327.9**
Net interest expense		14.0	20.3	25.8
Income tax expense (including deferred taxes)		98.7	116.6	136.2
Operating cash flow before net interest expense and income taxes		**393.0**	**452.2**	**489.9**
Income taxes paid		(112.0)	(156.4)	(148.3)
Change in operating working capital needs		42.4	(47.0)	(10.0)
Net cash generated by operating activities		**323.4**	**248.8**	**331.6**
Including discontinued operations	*2.11 & 4*	**-**	***34.1***	***48.4***
Cash outflows on acquisitions of property, plant and equipment and intangible assets		(75.5)	(113.8)	(70.4)
Cash inflows from disposals of property, plant and equipment and intangible assets		1,4	1.7	4.4
Cash outflows on acquisitions of financial assets		(7.2)	(0.2)	(3.3)
Cash inflows from disposals of financial assets		-	1.3	2.2
Effect of changes in scope of consolidation	9.2	(55.8)	8.4	(57.6)
Dividends received		2.1	1.4	1.7
Change in loans and advances receivable		(0.4)	(13.2)	0.2
Net cash used in investing activities		**(135.4)**	**(114.4)**	**(122.8)**
Including discontinued operations	*2.11 & 4*	**-**	***(23.8)***	***(7.1)***
Cash received on exercise of share options		50.9	6.6	3.7
Purchases and sales of treasury shares		(54.5)	(32.6)	1.3
Dividends paid during the year		(139.0)	(138.9)	(139.4)
Cash inflows from new debt contracted	9.3	132.7	50.2	15.0
Repayment of debt (including finance leases)	9.3	(11.3)	(24.2)	(104.2)
Net interest paid (including finance leases)		(12.6)	(20.2)	(25.2)
Net cash used in financing activities		**(33.8)**	**(159.1)**	**(248.8)**
Including discontinued operations	*2.11 & 4*	**-**	***(9.5)***	***(41.3)***
Effects of changes in exchange rates		-	-	-
Effects of changes in accounting policies		-	-	(1.9)
Effects of changes in fair value		-	-	
Including discontinued operations	*2.11 & 4*	**-**	**-**	***(0.1)***
TOTAL CHANGE IN CASH POSITION		**154.2**	**(24.7)**	**(41.9)**
Including discontinued operations		**-**	***0.8***	***(0.1)***
Cash position at beginning of period		**117.6**	**142.3**	**184.2**
Change in cash position		154.2	(24.7)	(41.9)
Cash position at end of period	9.1	271.8	117.6	142.3

Notes to the 2006 consolidated financial statements

1 Significant events of 2006

1-1. Transfer of TPS to Canal+ France

On January 6, 2006, agreement was reached between Vivendi, TF1 and M6 on the terms for a merger of the French pay-TV activities of the Canal+ Group and TPS. Under the agreement, TPS Gestion (which owned 100% of TPS) was to be transferred to Canal+ France, an entity wholly controlled by Vivendi. TF1 was to take a 9.9% stake in this entity, together with a put option exercisable in February 2010 at the greater of (i) an independent valuation or (ii) a minimum price of €745.8 m (valuing 100% of Canal+ France at €7.5 bn).

This agreement was subject to approval from the French competition authorities. On August 30, 2006, the merger received competition clearance from the Minister of the Economy, Finance and Industry, subject to undertakings made by Vivendi and Canal+ France.

Under the agreements governing the transitional period between clearance from the French competition authorities and the transfer to Canal+ France of the entire interest in TPS Gestion (100% owner of TPS) on January 4, 2007, TF1 and Métropole Télévision-M6 ceased to govern the operating and financial policies of TPS with effect from September 1, 2006, and hence ceased to exercise joint control over TPS. Consequently, the consolidated financial statements of TF1 only include income and expenses generated by TPS over the first 8 months of the year (see note 4: "Discontinued operations").

On November 30, 2006, in accordance with the terms of the agreement, TF1 subscribed €129.4 m to a share issue carried out by TPS Gestion.

The consolidated financial statements of TF1 for the year ended December 31, 2006 include an overall net gain of €253.6 m on this transaction. The parameters used in determining the net gain on the transaction were based on the terms of the draft shares-for-assets exchange agreement transferring TPS Gestion (which owns 100% of TPS) to Canal+ France. This agreement was signed on December 19, 2006 and approved by an Extraordinary General Meeting of Canal+ France shareholders on January 4, 2007.
With effect from January 4, 2007, the capital ownership structure of Canal+ France is: Vivendi 65%, Lagardère 20%, TF1 9.9% and M6 5.1%. The principal entities included in Canal+ France are: 100% of Canal Satellite, Multithématiques, Média Overseas, Canal+ Distribution and TPS, and 49% of Canal+ SA.

On January 4, 2007, TF1, M6 and Vivendi signed a shareholders' agreement under which TF1 and M6 have a joint exit right in the event that Vivendi/Canal+ Group divest exclusive control over Canal+ France, and a priority right to sell their shares in the event of a stock market flotation of Canal+ France.

TF1 has no representative on the Canal+ France Supervisory Board and no rights to exercise any control over the management of the company.

Finally, the transfer having now been completed, the €99m advance paid by Vivendi to TF1 on January 6, 2006 and frozen with effect from that date has been repaid to Vivendi (plus interest).

1-2. Acquisition of a 33.5% interest in the AB Group

On December 4, 2006, TF1 agreed, subject to conditions precedent, to acquire a 33.5% interest in the AB Group for €230 m.
Claude Berda will retain exclusive control over the AB Group with a 66.5% interest, and will remain as its Chairman.
The AB Group:
- owns a catalogue of French-language television rights representing over 1,300 titles and 37,000 hours of programming;
- produces free-to-air TV channels: TMC (40% owned) and NT1 (100% owned) in France, and AB 3 and AB 4 in Belgium;
- produces pay-TV channels available via satellite, cable, digital terrestrial TV or ADSL, including RTL 9 (65% owned);
- Two of the six members of the AB Group Board of Directors will be appointed by TF1.

Because the conditions had not been met as of December 31, 2006, this acquisition has no impact on the consolidated financial statements as at that date.

2 Accounting policies

Declaration of compliance and basis of preparation

Since European Council Regulation 1606/2002 came into effect, listed companies in the European Union have been required to prepare consolidated financial statements in accordance with International Financial Reporting Standards as adopted in the European Union. The consolidated financial statements of the TF1 Group for the year ended December 31, 2006 have therefore been prepared in accordance with International Financial Reporting Standards, International Accounting Standards (IAS), and International Financial Reporting Interpretations Committee (IFRIC) and SIC interpretations (collectively referred to as "IFRS"), as adopted by the European Union and applicable to accounting periods commencing on or after January 1, 2006.

For December 31, 2006, the different notes to the financial statements are shown with comparatives for 2005. Notes relating to 2004 appear in the 2005 reference document.

The consolidated financial statements of the TF1 Group include the financial statements of TF1 SA and its subsidiaries, and the TF1 Group's interests in associated undertakings. They are presented in millions of euros.
They were adopted by the Board of Directors on February 20, 2007, and will be submitted for approval by the shareholders at the forthcoming Ordinary General Meeting to be held on April 17, 2007.

New and amended standards and interpretations applicable in 2006
TF1 has applied all new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and by IFRIC adopted by the European Union that are applicable to its operations from January 1, 2006 onwards. The Group has elected to apply the fair value option offered by IAS 39, resulting in a new accounting policy for certain financial instruments designated on initial recognition as "fair value through profit or loss". This new accounting policy has no retrospective impact on the financial statements for previous periods because, in accordance with the transitional provisions of IAS 39, TF1 has elected to restrict application of the new policy to assets initially recognised during 2006.

The new or amended standards and interpretations listed below, which are mandatorily applicable in 2006, have no material impact for the TF1 Group:

- Amendments to IAS 39 and IFRS 4 (Financial Guarantee Contracts and Credit Insurance);
- Amendment to IAS 39 (Cash Flow Hedges of Forecast Intragroup Transactions);
- IFRS 6 (Exploration for and Evaluation of Mineral Resources);
- Amendments to IAS 1 and IFRS 6 (exemption from requirement to provide comparative information);
- Amendment to IAS 19 (Actuarial Gains and Losses, Group Plans and Disclosures): the TF1 Group did not elect immediate recognition of actuarial gains and losses in equity, and continued to use the corridor method as applied in 2005;
- Amendment to IAS 21 (The Effect of Changes in Foreign Exchange Rates);
- IFRIC 4 (Determining whether an Arrangement contains a Lease);
- IFRIC 5 (Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds);
- IFRIC 6 (Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment).

New and amended standards and interpretations not applicable as of December 31, 2006
The following standards and interpretations had been issued by the IASB at the balance sheet date but had not yet become effective:

- IFRS 7 (Financial Instruments: Disclosures)

Applicable to annual periods beginning on or after January 1, 2007

- 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 8 (Scope of IFRS 2 – Share-Based Payment)

Applicable to annual periods beginning on or after May 1, 2006

- IFRIC 9 (Reassessment of Embedded Derivatives)

Applicable to annual periods beginning on or after June 1, 2006

- IFRIC 10 (Interim Financial Reporting and Impairment)

Applicable to annual periods beginning on or after November 1, 2006

- IFRIC 11 (Group and Treasury Share Transactions)

Applicable to annual periods beginning on or after March 1, 2007

- IFRIC 12 (Service Concession Arrangements)

Applicable to annual periods beginning on or after January 1, 2008

- IFRS 8 (Operating Segments)

Applicable to annual periods beginning on or after January 1, 2009
Of these new pronouncements, IFRIC 10, 11 and 12 and IFRS 8 had not yet been adopted by the European Union at the balance sheet date.

TF1 has begun to assess these new pronouncements, and at this stage does not believe that applying them would have a material impact on the financial statements.

Measurement basis used in the preparation of the consolidated financial statements
The consolidated financial statements have been prepared in accordance with the historical cost convention, except for certain categories of assets and liabilities measured by other methods in compliance with IFRS.

2-1. Selection of accounting treatments, exercise of judgement 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.

2-1-1. Principal accounting treatments involving exercise of judgement

The principal accounting treatments involving the exercise of judgement are listed below, with a reference to the note in which the treatment is described:

- Revenue recognition (note 2-24),

Notes to the 2006 consolidated financial statements

- Classification of financial instruments (notes 2-5 and 2-6),
- Recognition and measurement of audiovisual rights (note 2-12-1),
- Recognition and measurement of programmes, broadcasting rights and sports transmission rights (note 2-17),
- Goodwill and impairment testing (notes 2-13 and 2-16).

2-1-2. Use of estimates

Preparation of the consolidated financial statements requires the TF1 Group to make various estimates and use 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 7-1-1): the criteria used to test audiovisual rights for impairment include an analysis of projected future revenues;
- Impairment of goodwill (note 7-2): the carrying amount of goodwill in the TF1 consolidated financial statements is reviewed annually using the method described in note 2-16 below. 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 7-7). 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 7-12-1): these provisions are calculated by the TF1 Group itself using the projected unit credit method, as described in note 2-22-1. This calculation is sensitive to assumptions regarding the discount rate, the salary inflation rate and the employee turnover rate;
- Provisions (notes 7-12 and 7-15): provisions are established to cover probable outflows of resources to third parties with no corresponding inflow of resources. 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.

2-2. 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, TF1's share of the net assets of the associate is recognised on a separate line in the consolidated balance sheet, and TF1's share of the net profit or loss of the associate is recognised on a separate line in the income statement.

2-3. 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 consolidated 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.

2-4. 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.

2-5. Current and non-current 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.
Financial assets are recognised at the settlement date.
In accordance with IAS 1, financial assets are classified as either current assets or non-current assets.

2-5-1. Available-for-sale securities

Available-for-sale securities comprise equity interests in companies over which TF1 exercises neither control nor significant influence.
These assets are initially recognised at fair value, which corresponds to acquisition cost plus transaction costs.
At subsequent balance sheet dates, available-for-sale securities are remeasured at fair value.

The fair value of listed securities is determined on the basis of the stock market price quoted on the balance sheet date. Changes in fair value are recognised in equity, and are not transferred to the income statement until the securities in question are sold.

Unlisted securities whose fair value cannot be measured reliably are carried at cost.
Available-for-sale securities are tested 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.

2-5-2. Loans and receivables at amortised cost

This category includes loans and advances to non-consolidated equity investments, other loans and receivables, current account advances to associates and non-consolidated entities, deposits and caution money, trade debtors and other debtors.
These 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.
Loans and receivables are assessed for objective evidence of impairment, and are 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.

2-5-3. 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. Held-to-maturity investments are measured and carried at amortised cost calculated using the effective interest method, and are assessed for objective evidence of impairment.

An investment is regarded as impaired if its carrying amount is greater than the estimated recoverable amount as determined in impairment tests. Impairment losses are recognised in profit or loss.

2-5-4. Financial assets at fair value through profit or loss

This 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 (primarily cash and cash equivalents and other financial assets used for treasury management purposes);
- assets designated by the TF1 Group on initial recognition as financial instruments at fair value through profit or loss.

These assets are measured at fair value, with changes in fair value recognised in profit or loss.

2-6. Derivative financial instruments

TF1 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.

These 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 fair value of interest rate and currency contracts is estimated on the basis of valuations obtained from the bank with which the instrument is contracted, or of financial modelling techniques in common use in the financial markets based on market data as of the balance sheet date.

Notes to the 2006 consolidated financial statements

2-6-1. 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 currency 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.

2-6-2. 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.

2-7. 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.

2-8. Share-based payment

TF1 has awarded share subscription option plans and consideration-free share allotment plans to its employees (see notes 10-6 and 10-7).
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-Merton 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.

2-9. 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.

2-10. 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.
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.

Distribution
This segment mainly comprises subscription-based distribution of the TPS pay-TV offering, broadcast largely by satellite.
The net profit of this business, which was transferred to Canal+ France in the transaction described in note 1, is disclosed on a separate line in the income statement for the years ended December 31, 2006, 2005 and 2004 (see notes 2-11 and 4).

Broadcasting International
This segment comprises subsidiaries involved in the development and broadcasting of pay-TV programmes primarily broadcast outside France, in particular Eurosport.

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.

2-11. Held-for-sale and discontinued 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.
A discontinued operation is a component of an entity that has either been disposed of or is classified as held-for-sale, and is either a major line of business for the Group or a subsidiary acquired exclusively with a view to resale.
If material, information relating to discontinued operations is reported separately in the income statement and cash flow statement for all periods included in the financial statements.

2-12. 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.

2-12-1. Audiovisual rights

This item includes shares in films and audiovisual programmes produced or co-produced by TF1 Films Production, TF1 Vidéo, Glem, Glem Film 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.

2-12-2. 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

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the TF1 Group and regarded as having an indefinite useful life, which are not amortised.

2-13. Goodwill

Goodwill arising on a business combination is the excess of the cost of the combination over the share of the fair value of the identifiable assets and liabilities acquired. 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.

Subsequently, goodwill is measured at cost less any impairment losses, determined using the method described in note 2-16 below. Impairment losses are charged as an operating item in the income statement, and may not be subsequently reversed.

2-14. Property, plant and equipment

2-14-1. 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 facilities:	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".

2-14-2. 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 "Cost of net debt".

Assets held under finance leases are depreciated over the same periods as assets of the same type owned outright.

2-15. Other financial assets

Other financial assets mainly comprise loans, equity investments in non-consolidated companies, and other financial instruments. Equity investments in non-consolidated companies are classified as available-for-sale, and accounted for as described in note 2-5.

2-16. 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 if the recoverable amount of an asset or CGU is less than its carrying amount. Only impairment losses relating to finite-lived property, plant and equipment and intangible assets may be subsequently reversed, if the recoverable amount of the asset becomes greater than its carrying amount again.

2-17. 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 a portion of indirect production costs);
- broadcasting rights and co-productions: at purchase cost, less consumption for the year calculated at each balance sheet date.

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	Dramas with a running time of at least 52 minutes	Films, TV movies, serials and cartoons	Other programmes and broadcasting rights
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

"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.

2-18. Trade and other debtors

These financial assets are classified as "Loans and receivables at amortised cost", and as such are accounted for using the measurement rules described in note 2-5-2.

This item includes advance payments in respect of acquisitions of programmes and sports transmission rights.
Irrecoverable receivables are written off to profit or loss as soon as they are identified as irrecoverable.

2-19. 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. These assets come within the category of "assets at fair value through profit or loss", and are accounted for using the measurement rules described in note 2-5-4.

2-20. Cash and cash equivalents

The line "Cash and cash equivalents" in the balance sheet comprises cash, cash equivalents and 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.

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Cash and cash equivalents are classified as held for trading, with changes in fair value taken to profit or loss.

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.

The cash position presented in the cash flow statement includes cash, cash equivalents, and treasury current accounts.

2-21. Debt

2-21-1. Bond issues

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 "Cost of debt". The portion of accrued interest falling due within less than one year is recorded in "Short-term 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 2-6-1). As a result, changes in the fair value of the hedged portion of the debt are recognised in the income statement under "Cost of debt".

2-21-2. Other debt

This item mainly comprises finance lease obligations (see note 2-14-2).
Commitments to buy out minority shareholders are recognised as debt. Any excess of the amount of the debt over the carrying amount of the related minority interests is recognised as goodwill.

2-22. 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.

2-22-1. Non-current provisions

The main types of non-current provisions are:

Provisions for retirement benefits
These cover the Group's obligations to pay retirement benefits to its employees, in the form of lump-sum benefits specified in the relevant collective agreements. The obligation is calculated using the projected unit credit method at the expected retirement date, based on final salary. The calculation takes account of the following factors:

- 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.

Actuarial gains or losses that exceed the greater of (i) 10% of the amount of the obligation or (ii) 10% of the value of plan assets are amortised over the expected average remaining working lives of active employees.
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.

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.

2-22-2. Current provisions

Current provisions mainly comprise provisions for disputes. The provision is measured as the probable outflow of resources resulting from on-going 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.

2-23. 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.

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 under "Other operating income and expenses" 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.

2-24. Operating revenue

The TF1 Group recognises operating 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.

2-25. 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.

2-26. Cost of net debt

"Cost of net debt" represents cost of debt minus income generated by cash, cash equivalents and assets used for treasury management purposes.

Cost of debt comprises:
- gross interest expense on current and non-current debt;
- amortisation of financial assets and liabilities measured at amortised cost;
- gains or losses arising on interest rate hedges;
- changes in the fair value of interest rate derivative instruments;
- gains and losses arising from the remeasurement of loans and debt at fair value.

Income generated by cash, cash equivalents and financial assets used for treasury management purposes comprises:
- interest income and expense on cash, cash equivalents and financial assets used for treasury management purposes;
- revenues from cash equivalents and financial assets used for treasury management purposes;

Notes to the 2006 consolidated financial statements

- gains and losses on disposal and changes in fair value arising on cash equivalents and financial assets used for treasury management purposes.

Interest expense is recognised in the period in which it is incurred.

2-27. Earnings per share

Basic earnings per share areis 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.

2-28. Changes in presentation and reclassifications

The presentation or classifications used in the financial statements are amended where the new presentation or classification provides information that is reliable and more relevant to users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. If the changes in presentation have a material effect on the financial statements, comparative information is also amended. The principal amendments made by the TF1 Group in the financial statements for the year ended December 31, 2006 relate to the presentation of the statement of changes in consolidated shareholders' equity and to segment information.

3 Changes in scope of consolidation

3-1. Scope of consolidation

The consolidated financial statements of TF1 for the year ended December 31, 2006 include the financial statements of the companies listed in note 11.
With the exception of the divestment of TPS (see note 1-1), the changes in scope of consolidation during 2006 (as described below) do not materially affect the comparability of the consolidated financial statements. The effects of the divestment of TPS are disclosed separately, in accordance with IFRS 5 (see note 4).

3-2. Changes in scope of consolidation

3-2-1. Newly-consolidated entities and increases in percentage interest in 2006

3-2-1-1. 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 m.
1000listes 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.

3-2-1-2. Formation of TF1 JET Multimédia
At the end of 2005, e-TF1 combined with the Lyons-based company JET Multimédia to form TF1 Jet Multimédia, which started trading as a distributor of mobile phone content at the beginning of 2006. TF1 and Jet Multimédia each hold 50% of the shares and voting rights of TF1 Jet Multimédia, which TF1 has accounted for by the proportionate consolidation method since the first quarter of 2006.

3-2-1-3. Acquisition of Planète Média SAS
In June 2006, the TF1 Group acquired 60% of Planète Média SAS, and then subscribed to a capital increase that increased its interest to 83.5%. Planète Media SAS publishes *Côté Mômes*, a free news magazine for parents which is distributed in toy stores.
The company is included in the TF1 consolidated financial statements for the year ended December 31, 2006 by the full consolidation method with effect from the acquisition date, based on a provisional purchase accounting valuation.

3-2-1-4. Acquisition of an interest in JFG Networks

In July 2006, TF1 acquired a 20% interest in JFG Networks by buying shares and subscribing to a reserved capital increase. JFG Networks operates the Over-Blog website (www.over-blog.com), France's second largest blog platform with over 4.5 million unique visitors and 500,000 blogs, 30% of which are active (at the end of January 2007).
Under the terms of the deal, TF1 has an option to increase its interest to 35% in 2007.
JFG Networks was accounted for as an associate at December 31, 2006.

3-2-1-5. Acquisition of an interest in Sky Art Media

TF1 has acquired a 24% interest in Sky Art Media, which publishes the *Whitewall* art magazine. Sky Art Media was accounted for as an associate in the TF1 consolidated financial statements for the year ended December 31, 2006, and did not have a material effect on the Group's results for the year.

3-2-1-6. Increases in percentage interest

Minority investors holding 24% of TV Breizh were bought out during 2006, increasing TF1's controlling interest to 98.3%.

Minority investors holding 8.32% of Quai Sud were bought out during 2006, increasing TF1's controlling interest to 83.32%.

3-2-1-7. Other changes in scope of consolidation

The following companies, set up to house new activities, were also consolidated for the first time by TF1 in 2006, from the date on which they commenced trading:

- WAT ("We Are Talented", formerly Buzz), a French multimedia social networking platform that went live in June 2006 (full consolidation);
- JET (Jeux et Télévision), an interactive games channel, launched in October 2006 (full consolidation).

Finally, the film production company Pierre Javaux Productions, acquired by Ciby 2000 at the start of 2006, was merged into Ciby 2000 in May 2006.

3-2-2. Newly-consolidated entities and increases in percentage interest in 2005

3-2-2-1. Acquisition of interest in Tele Monte Carlo (TMC)

During the first quarter of 2005, TF1 and AB Group completed the acquisition of TMC from the Pathé group, following approval of the transaction by the French audiovisual regulator, the CSA. TF1 and AB now each own 50% of a holding company, Monte Carlo Participations (MCP), which in turn owns an 80% interest in the TMC channel and its subsidiary Monégasque Des Ondes (MDO). The Principality of Monaco has retained the remaining 20% of the capital.

TMC holds an analogue terrestrial frequency for the Provence-Alpes-Côte d'Azur (south-east) region of France, and a national digital terrestrial broadcasting licence.
All three companies (TMC, MDO and MCP) have been consolidated by TF1 using the proportionate consolidation method with effect from January 1, 2005.

3-2-2-2. Establishment of the French International News Channel (now France 24)

France 24, formerly the French International News Channel (Chaîne Française d'Information Internationale), established by decree in December 2005 and held in equal shares by TF1 and France Télévision, has been consolidated by TF1 using the proportionate consolidation method since December 31, 2005.

3-2-2-3. Acquisition of minority interests

In November 2005, Eurosport SA bought out the 40% minority interests in its subsidiary Kigema Sport Organisation (KSO), which in turn owns Super Racing Weekend (SRW). These two companies are now fully consolidated (100% interest).

The acquisition during the first quarter of 2005 of an additional stake in TV Breizh increased the TF1 Group's interest in this subsidiary from 71.1% to 73.8%.

3-2-2-4. Other changes

The following companies were also newly consolidated by TF1 in 2005, using the full consolidation method (100% interest):

- Ushuaïa TV: theme TV channel founded by TF1, which began broadcasting in March 2005;
- TF1 Hors Média: entity specialising in developing non-media (below the line) promotional activities, incorporated in September 2005;
- Infoshopping ("infomercial" production), Shopping à la une (online shopping) and Top Shopping (stores): new businesses launched in 2005 by Téléshopping;
- Eurosport Italie: distribution subsidiary for the Eurosport channel in Italy, previously not consolidated because it generated no revenues, which now trades as an in-house advertising airtime sales agency;
- Eurosport Asia Ltd (Hong Kong): subsidiary formed in 2005 to distribute the channel in Asia.

At end 2005, Ciby 2000 absorbed the feature-length film production company Les Films du Levant, which it had previously acquired.

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Cash flows relating to acquired assets and liabilities
The impact of acquisitions on cash flows was as follows:

(€m)	2006	2005
Cash and cash equivalents	26.8	7.5
Financial assets, including investments in associates	1.4	-
Other assets	7.2	17.4
Minority interests	(1.4)	0.0
Other liabilities	(36.1)	(11.9)
Net assets acquired (A)	(2.1)	13.0
Goodwill (B)	27.3	24.9
Cash outflow (A) + (B)	25.2	37.9
Cash acquired	(26.8)	(7.5)
Cash of companies newly consolidated but not acquired during the period	(1.0)	(0.5)
Net cash outflow	(2.6)	29.9

The aggregate contribution of newly-acquired companies to the consolidated income statement in 2006 and 2005 was as follows:

(€m)	2006	2005
Revenue	0.4	5.1
Operating profit	(2.6)	(4.5)
Net profit	(2.4)	(5.1)

3-2-3. Divestments and reductions in percentage interest in 2006

3-2-3-1. Transfer of TPS to Canal+ France
As explained in note 1-1, 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 of discontinued operations" (see note 4).

3-2-3-2. 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 m, retaining a residual 5% interest.

This residual interest is carried in the balance sheet at its equity method valuation as at December 31, 2006 of €1.4 m.

3-2-4. Divestments and reductions in percentage interest in 2005

3-2-4-1. Divestment of Visiowave
At the end of the first half of 2005, TF1 completed the sale of its entire 80% interest in the capital of Visiowave to General Electric Security. The pre-tax gain of €14.2 m arising on the sale was recognised in the income statement in "Other non-current operating income and expenses".

3-2-4-2. Divestment of Studios 107
On May 25, 2005, TF1 and AMP signed an agreement under which TF1 sold 100% of the shares of Studios 107 to AMP.

Visiowave and Studios 107 were deconsolidated with effect from March 31, 2005.

Cash flows relating to divested assets and liabilities
The impact of divestments on cash flows is shown below:

(€m)	2006	2005
Cash proceeds of divestments	13.6	38.9
Net debt/(cash) divested	57.4	(0.6)
Subscription to TPS Gestion capital increase (see note 1-1)	(129.4)	-
Net cash inflow/(outflow)	(58.4)	38.3

3-2-5. Internal reorganisations with no impact on the consolidated financial statements

As part of the on-going rationalisation of the legal structure of companies holding direct or indirect interests in TF1 Group companies, the following transactions were carried out:

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.

2005:
- Transfer of SACAS to TF1 Expansion;
- Conversion of GIE Aphélie from an economic interest grouping to a general partnership, and transfer of the interests in Aphélie held by TF1 SA and Calif to TF1 Expansion;
- Transfer by Eurosport SA of its shares in Eurosport France to TF1 SA.

4 Discontinued operation

Under the terms of the agreement described in note 1-1, TPS was accounted for as a discontinued operation until August 31, 2006. The consolidated financial statements for the year ended December 31, 2006 and comparative periods have therefore been presented in accordance with IFRS 5 and with the accounting policy described in note 2-12.

- In the consolidated income statement, the impact of the discontinued operation is reported on a separate line for the years ended December 31, 2004, 2005 and 2006. In the income statement for the year ended December 31, 2006, this line records the income and expenses of TPS for the first eight months of the year, and the gain realised on the sale of TPS (see note 8-11).
- In the consolidated balance sheet at December 31, 2005, the impact of the discontinued operation is reported on two separate lines: "Assets of held-for-sale operations" and "Liabilities of held-for-sale operations".

The impact on the income statement and the balance sheet comprises (i) the contribution of the discontinued operation to the consolidated financial statements and (ii) the elimination of intragroup transactions between continuing operations and the discontinued operation. All other line items in the income statement for 2004, 2005 and 2006 therefore report information as though TPS had already been sold; all other line items in the balance sheet report information on this basis for 2005 and 2006 only.

The detailed impact of the discontinued operation (excluding the gain on disposal) on the income statement for the years ended December 31, 2004, 2005 and 2006 was as follows:

(€m)	**2006** (8 months)	2005 (12 months)	2004 (12 months)
Revenue	**235.1**	**365.5**	**348.4**
External production costs	(56.3)	(77.1)	(84.0)
Other purchases and changes in inventory	(15.7)	(56.7)	(62.6)
Staff costs	(23.6)	(35.3)	(30.4)
External expenses	(85.3)	(139.1)	(137.1)
Taxes other than income taxes	(4.6)	(7.2)	(6.2)
Depreciation and amortisation, net (1)	0.0	(23.4)	(25.5)
Provisions and impairment, net	(5.9)	(5.5)	(4.9)
Other operating income and expenses	1.2	(4.2)	4.3
Current operating profit	**44.9**	**17.0**	**2.0**
Cost of debt	(1.4)	(1.8)	(1.8)
Income from cash and cash equivalents	(0.4)	(1.5)	(1.5)
Cost of net debt	**(1.8)**	**(3.3)**	**(3.3)**
Other financial income and expenses	**(0.6)**	**1.6**	**(2.5)**
Income tax expense	(0.7)	(1.1)	1.3
Post-tax profit of discontinued operations	**41.8**	**14.2**	**(2.5)**

(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 m.

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Details of the impact of the discontinued operation on the balance sheet as of December 31, 2005 are presented below:

ASSETS (€m)	Dec. 31, 2005 (Net)
Intangible assets	6.4
Goodwill	420.3
Property, plant and equipment	46.5
Other financial assets	0.3
Non-current tax assets	4.3
NON-CURRENT ASSETS	**477.8**
Programmes and broadcasting rights	30.2
Trade and other debtors	114.4
Current tax assets	(1.6)
Foreign exchange derivative instruments	0.2
Cash and cash equivalents	(57.4)
CURRENT ASSETS	**85.8**
TOTAL ASSETS OF HELD-FOR-SALE OPERATIONS	**563.6**

LIABILITIES (€m)	Dec. 31, 2005 (Net)
Long-term debt	10.4
Non-current provisions	0.6
Non-current tax liabilities	0.9
NON-CURRENT LIABILITIES	**11.9**
Short-term debt	37.9
Foreign exchange derivative instruments	0.2
Interest rate derivative instruments	0.4
Trade and other creditors	270.1
Current provisions	29.1
CURRENT LIABILITIES	**337.7**
TOTAL LIABILITIES OF HELD-FOR-SALE OPERATIONS	**349.6**

- In the cash flow statement for the year ended December 31, 2006, the contribution of TPS cash flows to the net change in the Group's cash position is included on the line "Effect of changes in scope of consolidation".

5 Interests in jointly controlled entities

The TF1 Group owns interests in jointly controlled entities, a list of which is provided in note 11.
For information about the TPS sub-group, accounted for by the proportionate consolidation method until August 31, 2006, see note 4.

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		Other	
(€m)	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Non-current assets	22.3	22.3	15.5	34.0	20.7	28.8
Current assets	9.8	7.2	14.6	15.6	75.9	17.6
Total Assets	**32.1**	**29.5**	**30.1**	**49.6**	**96.6**	**46.4**
Shareholders' equity	23.8	24.0	5.2	13.2	9.5	9.9
Non-current liabilities	(1.1)	(1.6)	10.9	11.1	4.8	4.7
Current liabilities	9.4	7.1	14.1	25.4	82.4	31.7
Total Liabilities and Equity	**32.1**	**29.5**	**30.1**	**49.6**	**96.6**	**46.4**
Revenue	14.3	10.2	6.9	5.1	17.5	7.0
Current operating profit	1.5	1.9	(1.6)	(4.5)	4.1	3.0

For 2006, the "Other" column includes amounts for France 24, comprising current assets of €62.9 m and current liabilities of €63.1 m.

6 Segment information

The contribution of each business segment to the consolidated financial statements was as follows:

(€m)	Broadcasting France			Distribution			Audiovisual rights			Broadcasting international			Other activities/ Eliminations			Consolidated total		
	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004
REVENUE																		
Third-party revenue	2,153.6	2,037.2	2,012.7	-	-	-	240.9	232.9	230.0	259.2	243.4	238.9	-	(5.1)	19.6	2,653.7	2,508.4	2,501.2
Inter-segment revenue	3.7	2.7	2.3	-	-	-	10.7	15.0	6.0	14.9	15.1	15.1	(29.3)	(32.8)	(23.4)	-	-	-
Total revenue	2,157.3	2,039.9	2,015.0	-	-	-	251.6	247.9	236.0	274.1	258.5	254.0	(29.3)	(37.9)	(3.8)	2,653.7	2,508.4	2,501.2
PROFIT																		
Current operating profit	**245.9**	**292.5**	**341.3**	**-**	**-**	**-**	**24.9**	**22.6**	**13.9**	**30.0**	**29.9**	**26.7**	**-**	**(6.0)**	**(0.9)**	**300.8**	**339.0**	**381.0**
Other non-current operating income/expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	14.2	-	-	14.2	-
Depreciation and amortisation, net	(33.4)	(33.4)	(36.3)	-	-	-	(46.0)	(41.0)	(31.7)	(6.1)	(5.2)	(4.9)	-	(0.7)	(2.2)	(85.5)	(80.3)	(75.1)
Provisions and impairment, net	(3.7)	(33.7)	(27.0)	-	-	-	(20.7)	(9.1)	(9.3)	(1.6)	(0.5)	0.4	-	-	(2.5)	(26.0)	(43.3)	(38.4)
Share of profits/losses of associates	-	-	-	-	-	-	-	-	-	10.9	(6.0)	(2.5)	2.2	0.5	(2.5)	13.1	(5.5)	(5.0)
Post-tax profit of discontinued operations	-	-	-	253.6	14.2	(2.5)	-	-	-	-	-	-	-	-	-	253.6	14.2	(2.5)
CASH FLOW																		
Net cash generated by operating activities	**239.6**	**132.3**	**216.4**	**-**	**34.1**	**48.4**	**58.5**	**64.3**	**59.8**	**25.3**	**22.8**	**15.4**	**-**	**(4.7)**	**(8.3)**	**323.4**	**248.8**	**331.7**
Net cash generated by/(used in) investing activities	52.9	(56.2)	(78.5)	(137.3)	(23.8)	(7.1)	(50.6)	(47.7)	(23.6)	(0.4)	(21.4)	(7.6)	-	34.7	(2.8)	135 .4	(114.4)	(119.6)
Net cash generated by/(used in) financing activities	(16.1)	8.6	(179.6)	-	(9.5)	(41.3)	(11.1)	(8.7)	(34.8)	(6.6)	(117.1)	(7.0)	-	(32.4)	11.6	(33.8)	(159.1)	(251.1)
BALANCE SHEET																		
Segmental assets (1)	331.2	311.1	299.7	-	-	475.5	111.3	126.3	70.2	374.0	375.5	359.7	-	-	17.2	816.6	812.9	1,222.3
Segmental shareholders' equity and liabilities (2)	67.9	55.1	45.9	-	3.6	28.6	15.5	17.3	10.9	4.4	2.5	2.0	-	-	0.8	87.8	78.5	88.2
Investments in associates	1.7	-	-	-	-	-	-	-	-	26.7	15.8	21.8	11.8	23.8	23.3	40.2	39.6	45.1
Capital expenditure (3)	30.9	30.0	33.3	-	23.6	8.1	44.0	89.4	24.4	16.8	12.5	3.5	-	0.7	2.8	91.7	156.2	72.1

(1) Segmental assets include audiovisual rights, other intangible assets, goodwill, and property, plant and equipment.
(2) Segmental shareholders' equity and liabilities include current and non-current provisions.
(3) See the table below for a reconciliation of capital expenditure with the consolidated cash flow statement.

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Notes to the 2006 consolidated financial statements

Capital expenditure
Reconciliation with the consolidated cash flow statement:

(€m) Year ended December 31:	2006	2005	2004
Capital expenditure	91.7	156.2	72.1
Investment grants received	(21.8)		
Change in creditors related to acquisitions of intangible assets	12.4	(42.7)	(3.5)
Change in creditors related to acquisitions of property, plant and equipment	(6.8)	0.3	1.8
Cash outflows on acquisitions of property, plant and equipment and intangible assets	**(75.5)**	**113.8**	**70.4**

6-1. 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			Consolidated total		
	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004
Third-party revenue	2,375.4	2,252.4	2,223.7	240.6	228.1	230.8	37.7	27.9	46.7	2,653.7	2,508.4	2,501.2
Assets	815.0	811.9	1,218.6	1.0	0.9	3.7	0.6	0.1	-	816.6	812.9	1,222.3
Capital expenditure	90.4	154.8	68.8	0.5	1.3	3.3	0.8	0.1	-	91.7	156.2	72.1

7

Notes to the consolidated balance sheet

7-1. Intangible assets

7-1-1. Audiovisual rights

Movements during the year ended December 31, 2006 were as follows:

(€m)	Jan. 1, 2006	Change in scope of consolidation reclassification	Increases	Decreases	Dec. 31, 2006
Gross value	848.2	3.9	54.6	(8.0)	898.7
Amortisation	(671.4)	(3.6)	(60.1)	5.5	(729.6)
Impairment	(28.3)	-	(18.4)	5.4	(41.3)
Net value	**148.5**	**0.3**	**(23.9)**	**2.9**	**127.8**

Movements during the year ended December 31, 2005 were as follows:

(€m)	Jan. 1, 2005	Change in scope of consolidation reclassification	Increases	Decreases	Dec. 31, 2005
Gross value	730.1	18.1	102.1	(2.1)	848.2
Amortisation	(620.5)	0.5	(52.9)	1.5	(671.4)
Impairment	(16.8)	(12.1)	(6.9)	7.5	(28.3)
Net value	**92.8**	**6.5**	**42.3**	**6.9**	**148.5**

7-1-2. Other intangible assets

(€m) 2006	Jan. 1, 2006	Change in scope of consolidation reclassification	Increases	Decreases	Dec. 31, 2006
Astra satellite advance	18.9	-	-	-	18.9
Concessions, patents and similar rights	42.4	0.7	1.0	(3.9)	40.2
Other intangible assets	5.1	2.1	1.8	0.0	9.0
Gross value	**66.4**	**2.8**	**2.8**	**(3.9)**	**68.1**
Astra satellite advance	(4.3)	-	(2.7)	-	(7.0)
Amortisation	(29.2)	(0.9)	(2.7)	3.5	(29.3)
Impairment	(1.6)	-	(0.1)	0.4	(1.3)
Amortisation and impairment	**(35.1)**	**(0.9)**	**(5.5)**	**3.9**	**(37.6)**
Total other intangible assets	**31.3**	**(2.2)**	**1.4**	**0.0**	**30.5**

(€m) 2005	Jan. 1, 2005	Change in scope of consolidation reclassification	Increases	Decreases	Dec. 31, 2005
Astra satellite advance	10.4	-	8.5	-	18.9
Concessions, patents and similar rights	45.2	(0.5)	0.7	(3.0)	42.4
Other intangible assets	7.7	(4.5)	2.2	(0.3)	5.1
Gross value	**63.3**	**(5.0)**	**11.4**	**(3.3)**	**66.4**
Astra satellite advance	(2.6)	-	(1.7)	-	(4.3)
Amortisation	(29.2)	2.1	(2.4)	0.3	(29.2)
Impairment	(4.5)	0.4	(0.2)	2.7	(1.6)
Amortisation and impairment	**(36.3)**	**2.5**	**(4.3)**	**3.0**	**(35.1)**
Net value – continuing operations	**27.0**	**(2.5)**	**7.1**	**(0.3)**	**31.3**
Net value – TPS	**5.3**	**(0.1)**	**1.3**	**(0.1)**	**6.4**

No trademarks of material value were owned as at December 31, 2006 or 2005.

7-2. Goodwill

For impairment testing purposes, goodwill has been allocated to cash generating units (CGUs) as follows:

(€m)	Jan. 1, 2005	Change	Dec. 31, 2005	Change	Dec. 31, 2006
Broadcasting France	137.4	18.1	155.5	27.3	182.8
Eurosport international	327.5	8.8	336.3	-	336.3
Visiowave	14.2	(14.2)	-	-	-
Gross value	**479.1**	**12.7**	**491.8**	**27.3**	**519.1**
Broadcasting France	(10.4)	-	(10.4)	(3.5)	(13.9)
Eurosport international	-	-	-	-	-
Visiowave	-	-	-	-	-
Impairment	**(10.4)**	**-**	**(10.4)**	**(3.5)**	**(13.9)**
Net value – continuing operations	**468.7**	**12.7**	**481.4**	**23.8**	**505.2**
Net value – TPS	**420.3**	**-**	**420.3**		

Based on impairment tests conducted using the methods described in note 2-13, no material impairment of goodwill was identified as of December 31, 2006.

The main items of goodwill recognised in 2006 arose from the following acquisitions (see note 3-2-2):
- *1001listes*: €23.9 m
- Minority interests in TV Breizh: €3.2 m

The main items of goodwill recognised in 2005 arose from the following acquisitions:
- Télé Monte Carlo (TMC): €15.4 m
- Kigema Sport Organisation (KSO) and Super Racing Weekend (SRW): €8.8 m

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 (10.0%) was back-calculated from a post-tax discount rate of 7.4%. Cash flows beyond the five-year projection timeframe were extrapolated at a perpetual growth rate of 2.5%. This rate is 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.

Notes to the 2006 consolidated financial statements

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 (9.3%) was back-calculated from a post-tax discount rate of 7.4%. Cash flows beyond the five-year projection timeframe were extrapolated at a perpetual growth rate of 3.75%. This rate is 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.

7-3. Property, plant and equipment

Movements in property, plant and equipment during the year ended December 31, 2006 were as follows:

(€m)	Jan. 1, 2006	Change in scope of consolidation, reclassification	Increases	Decreases	Dec. 31, 2006
Land	45.7	-	-	-	45.7
Buildings	58.0	-	0.3	-	58.3
Technical facilities	146.0	0.9	10.1	(2.3)	154.7
Technical facilities held under finance leases	13.2	0.6	-	-	13.8
Other property, plant and equipment	88.6	0.8	9.7	(5.8)	93.3
PP&E held under finance leases	1.6	-	-	-	1.6
PP&E under construction	2.2	(3.4)	2.7	-	1.5
Gross value	**355.3**	**(1.1)**	**22.8**	**(8.1)**	**368.9**
Buildings	(9.9)	-	(2.5)	1.6	(10.8)
Technical facilities	(119.2)	0.2	(10.5)	2.3	(127.2)
Technical facilities held under finance leases	(10.5)	-	(1.2)	-	(11.7)
Other property, plant and equipment	(62.9)	0.5	(7.9)	5.4	(64.9)
PP&E held under finance leases	(1.1)	-	(0.2)	-	(1.3)
Depreciation	**(203.6)**	**0.7**	**(22.3)**	**9.3**	**(215.9)**
Net value	**151.7**	**(0.4)**	**0.5**	**1.2**	**153.0**

Movements in property, plant and equipment during the year ended December 31, 2005 were as follows:

(€m)	Jan. 1, 2005	Change in scope of consolidation, reclassification	Increases	Decreases	Dec. 31, 2005
Land	45.7	-	-	-	45.7
Buildings	58.0	-	0,3	-	58.3
Technical facilities	140.7	(2.3)	10.3	(2.7)	146.0
Technical facilities held under finance leases	12.7	0.6	-	(0.1)	13.2
Other property, plant and equipment	91.7	(6.3)	6.6	(3.4)	88.6
PP&E held under finance leases	1.6	-	0.3	(0.3)	1.6
PP&E under construction	1.9	(2.6)	2.9	-	2.2
Gross value	**352.3**	**(10.6)**	**20.1**	**(6.5)**	**355.3**
Buildings	(9.1)	-	(2.4)	1.6	(9.9)
Technical facilities	(112.5)	3.2	(12.3)	2.4	(119.2)
Technical facilities held under finance leases	(8.9)	-	(1.7)	0.1	(10.5)
Other property, plant and equipment	(62.5)	4.6	(8.2)	3.2	(62.9)
PP&E held under finance leases	(1.0)	-	(0.3)	0.2	(1.1)
Depreciation	**(194.0)**	**7.8**	**(24.8)**	**7.5**	**(203.6)**
Net value	**158.3**	**(2.8)**	**(4.7)**	**1.0**	**151.7**
Net value – TPS	**49.9**	**(2.0)**	**(1.2)**	**(0.2)**	**46.5**

7-4. Investments in associates

Investments in associates as reported in the balance sheet relate to the following companies:

(€m)	Metro France Publications	Europa TV	Prima TV	JFG Networks	SKY Art Media	Total investments in associates
Country	France	Italy	Italy	France	France	
January 1, 2005	11.1	21.8	12.2	-	-	**45.1**
Share of net profit/(loss)	0.1	(6.0)	0.4	-	-	(5.5)
December 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)	1.4	0.3	(12.5)
December 31, 2006	11.8	26.7	0.0	1.4	0.3	**40.2**

An agreement to sell the 29% investment in Europa TV, subject to conditions precedent, was signed with Holland Coordinator & Service Company Italia on December 20, 2006, valuing the 29% interest at €32.2 m. The investment in Europa TV was accounted for as an associate in the TF1 consolidated financial statements at December 31, 2006, because the conditions for the sale had not been met at that date.

Part of the investment in Prima TV was sold in December 2006 (see note 3-2-3-2). The residual interest held at December 31, 2006 is reported in "Other financial assets" (see note 7-5).

The table below gives summary financial information about investments in associates:

TF1 Group share (€m)	Métro France Publications		Prima TV		Europa TV and Europa Network	
	2006	2005	2006(1)	2005	2006	2005
Non-current assets	0.2	0.2	20.6	0.6	-	0.3
Current assets	4.5	6.8	30.0	7.0	45.5	6.8
Total Assets	**4.7**	**6.9**	**50.7**	**7.6**	**45.5**	**7.1**
Shareholders' equity	0.8	0.1	22.9	3.0	(12.8)	(4.5)
Non-current liabilities	-	1.2	-	-	-	-
Current liabilities	3.9	5.7	27.7	4.6	58.3	11.6
Total Liabilities	**4.7**	**6.9**	**50.7**	**7.6**	**45.5**	**7.1**
Revenue	**11.9**	**9.3**	**8.5**	**9.8**	**1.5**	**3.8**
Operating profit/(loss)	**0.7**	**0.1**	**19.9**	**-**	**10.9**	**(6.2)**

(1) figures as of September 30, 2006 (49% interest)

Impairment tests conducted on investments in associates (in particular Métro France Publications) did not indicate any evidence of impairment during 2005 or 2006.
Information about JFG Networks and Sky Art Media was not material as at December 31, 2006.

7-5. Other financial assets

(€m)	Dec. 31, 2006	Dec. 31, 2005
Investments in and loans to non-consolidated companies	25.0	6.1
Canal+ France financial asset	628.8	-
Loans	0.3	12.8
Deposits and caution money	3.0	2.1
Net value – other financial assets	**657.1**	**21.0**
Net value – TPS	**-**	**0.3**

The Canal+ France financial asset received in exchange for the transfer of TPS shares in the transaction described in note 1-1 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 m (for TF1's interest);
- an independent valuation at the exercise date.

As at December 31, 2006, the fair value of this asset was determined on the basis of the minimum price of €745.8 m, discounted at the interest rate derived from the agreement signed on January 6, 2006.
TF1 has designated the Canal+ France financial asset received in this transaction as fair value through profit or loss (see note 2-5-4).

Impairment testing of equity investments in non-consolidated companies indicated no evidence of impairment in either 2005 or 2006.

Notes to the 2006 consolidated financial statements

Equity investments in non-consolidated companies comprise:

(€m)	2006 Gross value	2006 Impairment	2006 Net value	2005 Net value	Country	% interest
A1 International (1)	12.8	-	12.8	-	Netherlands	50.0%
En Direct Avec	4.0	-	4.0	-	France	13.3%
Sylver (1)	3.7	-	3.7	3.7	France	49.0%
Soread	1.6	(1.6)	-	-	Morocco	1.3%
Prima TV	1.4	-	1.4	-	Italy	5.0%
Swonke (1)	0.9	(0.5)	0.4	0.4	Netherlands	100.0%
LVH (1)	0.8	(0.8)	-	-	France	50.0%
SHIP	0.8	(0.8)	-	-	France	27.4%
TF1 Publications (1)	0.5	(0.5)	-	-	France	99.9%
Pink TV	0.5	(0.5)	-	-	France	11.4%
Tricom (1)	0.4	-	0.4	-	France	100.0%
Other	2.4	(0.1)	2.3	2.0		
Total	**29.8**	**(4.7)**	**25.0**	**6.1**		

(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.

A1 International: TF1 made a capital injection into this company in 2005, giving it a 50% interest. A1 International is a holding company whose sole object is to own a 3.33% interest in the capital of The Weinstein Company, a major U.S. film studio.

7-6. Non-current tax assets

(€m)	Jan. 1, 2006	Change in scope of consolidation, reclassification	Increases	Decreases	Dec. 31, 2006
2006					
Deferred tax assets	57.1	0.0	-	(0.7)	56.4
Other	-	-	-	-	-
Total	**57.1**	**0.0**	**0.0**	**(0.7)**	**56.4**
2005					
Deferred tax assets	49.0	(0.1)	8.2	-	57.1
Other	-	-	-	-	
Total continuing operations	**49.0**	**(0.1)**	**8.2**	**-**	**57.1**
TPS	**3.4**	**-**	**0.9**	**-**	**4.3**

The main sources of deferred tax assets are as follows:

(€m)	2006	2005
Non-deductible provisions	36.9	33.9
comprising:		
drama programmes provision	*7.5*	*9.0*
provisions for retirement benefit obligations	*9.5*	*8.7*
provisions for trade debtors and deferred charges	*10.2*	*6.1*
other provisions	*9.7*	*10.1*
Statutory employee profit-sharing scheme	3.9	4.6
Unused tax losses	9.1	11.9
Other	6.5	6.7
Total	**56.4**	**57.1**

Movements in deferred tax assets during the period were as follows:

(€m) 2006	Jan. 1, 2006	Change in scope of consolidation	2006 movements	Dec. 31, 2006
Unused tax losses	11.9	-	(2.8)	9.1
Temporary differences	45.2	-	2.1	47.3
Total	**57.1**	**-**	**(0.7)**	**56.4**

(€m) 2005	Jan. 1, 2005	Change in scope of consolidation	2005 movements	Dec. 31, 2005
Unused tax losses	-	-	11.9	11.9
Temporary differences	49.0	(0.1)	(3.7)	45.2
Total	**49.0**	**(0.1)**	**8.2**	**57.1**

The main movement in 2005 was the recognition of deferred tax assets related to tax losses that became available for carry-forward indefinitely and for which offset against future profits is highly probable.

The table below shows the estimated period to recovery of deferred tax assets:

(€m) 2006	Less than 2 years	2 to 5 years	More than 5 years	Total
Deferred tax assets	44.8	2.1	9.5	56.4

Unrecognised deferred tax assets amounted to €41.5 m (compared with €42.4 m at December 31, 2005), and comprise tax losses and deferred tax depreciation the recovery of which is not sufficiently probable to justify recognition.

7-7. 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 2-17.

(€m)	Jan. 1, 2005	Change in scope consolidation, reclassificatio	Other movements, net	Dec. 31, 2005	Change in scope of consolidation, reclassification	Other movements, net	Dec. 31, 2006
TF1 channel	627.4	(4.3)	18.2	641.3	4.6	27.0	672.9
TF6	2.8	-	0.1	2.9	-	1.1	4.0
Série Club	1.6	-	(0.3)	1.3	-	0.4	1.7
Odyssée	0.8	-	-	0.8	-	(0.1)	0.7
Histoire	0.6	-	(0.1)	0.5	-	(0.0)	0.5
TV Breizh	3.8	-	1.0	4.8	-	5.2	10.0
TFOU	-	-	-	0.0	-	0.6	0.6
JET	-	-	-	0.0	-	0.8	0.8
Ushuaïa TV	-	0.7	-	0.7	-	(0.2)	0.5
Monégasque des Ondes/TMC	-	3.0	(0.8)	2.2	-	(0.5)	1.7
Gross value	**637.0**	**(0.6)**	**18.1**	**654.5**	**4.6**	**34.4**	**693.5**
Impairment	(123.6)	0.6	(21.0) (1)	(144.0)	1.2	0.9 (2)	(141.9)
Total net value – continuing operations	**513.4**	**0.0**	**(2.9)**	**510.5**	**5.8**	**35.3**	**551.6**
TPS	**22.0**	**-**	**8.2**	**30.2**	**-**	**-**	**-**

(1) €75.8 m of charges to impairment losses net of €54.8 m of reversals of impairment losses
(2) €47.7 m of charges to impairment losses net of €48.6 m 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:

2006 (€m)	Less than 1 year	1 to 5 years	More than 5 years	**Total 2006**
Programmes and broadcasting rights	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**

In 2006, some of these contracts were expressed in foreign currencies: €12.2 m in Swiss francs, €53.7 m in pounds sterling and €429.5 m in US dollars.

2005 (€m)	Less than 1 year	1 to 5 years	More than 5 years	**Total 2005**
Programmes and broadcasting rights	490.9	850.3	292.1	1,633.3
Sports transmission rights	212.5	456.8	270.7	940.0
Total	**703.4**	**1,307.1**	**562.8**	**2,573.3**

In 2005, some of these contracts were expressed in foreign currencies: €30.5 m in Swiss francs, €88.8 m in pounds sterling and €417.7 m in US dollars.

Programmes and broadcasting rights:
These contracts are valued in accordance with the accounting policy described in note 2-17, and relate primarily to TF1 SA (€1,206.8 m in 2006 and €1,277.2 m in 2005) and TPS (€236.2 m in 2005).

Sports transmission rights:
These commitments relate to TF1 SA (€696.3 m in 2006 and €608.9 m in 2005), Eurosport (€254.1 m in 2006 and €314.2 m in 2005) and TPS (€17.0 m in 2005).

7-8. Trade and other debtors

(€m)	Dec. 31, 2006 Gross value	Impairment	Net value	Dec. 31, 2005 Net value
Supplier prepayments	210.2	(2.6)	207.6	279.0
Trade debtors	713.4	(11.4)	702.0	667.3
Other operating debtors (1)	260.7	-	260.7	219.9
Other debtors (2)	132.1	(47.7)	84.4	58.4
Prepayments	24.0	-	24.0	28.1
Total – continuing operations	**1,340.4**	**(61.7)**	**1,278.7**	**1,252.7**

(1) Primarily amounts due to the government, local authorities, employees and social security authorities
(2) Primarily TF1 Vidéo guaranteed minimums

7-9. Cash and cash equivalents

This item comprises:

(€m)	Dec. 31, 2006	Dec. 31, 2005
Cash	47.0	35.0
Money-market mutual funds (1)	225.8	43.1
Treasury current account with TPS	-	92.9
Other treasury current accounts (2)	2.4	4.8
Total cash and cash equivalents – continuing operations	**275.2**	**175.8**
TPS cash and cash equivalents	-	3.9
Elimination of 66% of current account with TF1	-	(61.3)
Total cash and cash equivalents – held-for-sale operations	**-**	**(57.4)**

(1) "Money-market mutual funds" includes 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: €101.9m) on January 4, 2007, the completion date of the merger.
(2) These accounts are with associates and non-consolidated companies.

As of December 31, 2005 and 2006, the TF1 Group did not hold any financial assets for treasury management purposes.

7-10. Consolidated shareholders' equity

7-10-1. TF1 share capital

As of December 31, 2006, the share capital of TF1 SA comprised 214,122,129 ordinary shares, all fully paid. Movements in share capital during 2006 and 2005 were as follows:

Number of shares	Total shares outstanding	Treasury shares
January 1, 2005	**214,759,729**	**251,537**
Capital increase	662,400	-
Repurchase of shares	-	1,370,000
Cancellation of treasury shares	(1,370,000)	(1,370,000)
January 1, 2006	**214,052,129**	**251,537**
Capital increase	2,198,000	-
Repurchase of shares for cancellation	-	2,128,000
Cancellation of treasury shares	(2,128,000)	(2,128,000)
December 31, 2006	**214,122,129**	**251,537**
Par value	*€0.2*	*€0.2*

7-10-2. Changes in shareholders' equity not affecting the income statement

Dividends

The table below shows the amount of dividend paid by the TF1 Group in the years ended December 31, 2006 and 2005, and the amount submitted by the Board of Directors for approval by the Ordinary General Meeting of the shareholders to be held on April 17, 2007.

	To be paid in 2007 (*)	Paid in 2006	Paid in 2005
Total dividend (€m)	182.0	139.0	138.7
Dividend per ordinary share (€)	0.85	0.65	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, 2006.

Share-based payment

La contrepartie de cette variation figure en charges de personnel pour la variation de l'année (cf notes 8.4.1 et 8.4.2).

Treasury shares

The treasury shares reserve comprises the cost of TF1 SA shares held by the TF1 Group.
During 2006 and 2005, TF1 carried out share repurchases followed by cancellation of the repurchased shares, details of which are as follows:

Date	No. of shares	Acquisition cost (€m)
2005	**1,370,000**	**32.6**
2006	**2,128,000**	**54.2**

Other movements

These relate to the costs incurred in hedging upside risk in the TF1 share price on consideration-free share allotment plan No.1 (see note 10-7). TF1 has bought its own shares forward to cover shares allotted unconditionally, and has contracted purchase options to cover shares allotted subject to conditions. The cost of the forward purchase (€4.7 m) and the purchase option premium (€0.9 m) have been recognised as a deduction from consolidated reserves.

Change in fair value

This reserve account records the change in fair value of the effective portion of financial instruments accounted for as cash flow hedges.

7-11. Net debt

Net debt as reported by the TF1 Group comprises the following items:

(€m)	Dec. 31, 2006	Dec. 31, 2005
Cash and cash equivalents	275.2	175.8
Financial assets held for treasury management purposes	0.0	0.0
Total cash and cash equivalents (A)	**275.2**	**175.8**
Fair value of interest rate derivative instruments (B)	**0.6**	**11.9**
Non-current debt	505.6	513.3
Current debt [(1)]	148.7	26.0
Total debt (C)	**654.3**	**539.3**
Net debt (C) – (B) – (A)	**378.5**	**351.6**
TPS	**-**	**106.0**
Net debt: TF1 Group	**378.5**	**457.6**

(1) This line includes 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 m) on January 4, 2007.

The TF1 Group has issued €500 m of fixed-rate bonds maturing 2010. Of this issue, €300 m is hedged against interest rate risk. The effective interest rate of the bonds at December 31, 2006 was 4.53% before hedging and 3.82% after hedging (4.53% before hedging and 3.45% after hedging at December 31, 2005).

The fair value of this bond recognised in the balance sheet at December 31, 2006 was €497.5 m (€509.3 m in 2005). This value, determined by discounting future cash flows on the basis of interest rates as of December 31 and factoring in credit risk, breaks down as follows:

(€m)	Dec. 31, 2006	Dec. 31, 2005
Value on redemption (nominal value)	**500.0**	**500.0**
Issue premium and issue costs	(4.6)	(4.6)
Fair value of bond issue at the issue date	**495.4**	**495.4**
Amortisation of issue premium and issue costs (amortised cost)	1.9	1.3
Remeasurement of fair value of the liability	0.2	12.6
Fair value of bond issue	**497.5**	**509.3**

The table below shows the net debt of the TF1 Group by type and maturity at December 31, 2006:

(€m)	Maturity			
2006	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Bond issue	-	497.5	-	497.5
Finance lease obligations	-	1.4	0.5	1.9
Other	-	6.2	0.0	6.2
Subtotal: non-current debt	**-**	**505.1**	**0.5**	**505.6**
Finance lease obligations	0.8	-	-	0.8
Current accounts and other items	40.2	-	-	40.2
Accrued bond interest	4.0	-	-	4.0
Bank overdrafts	1.8	-	-	1.8
Other short-term debt (Vivendi advance)	101.9	-	-	101.9
Subtotal: current debt	**148.7**	**0.0**	**0.0**	**148.7**
Interest rate derivative instruments	-	1.3	-	1.3
Total debt	**148.7**	**506.8**	**0.1**	**655.6**
Cash	(47.0)	-	-	(47.0)
Short-term investments	(225.8)	-	-	(225.8)
Treasury current accounts	(2.4)	-	-	(2.4)
Interest rate derivative instruments	(1.6)	(0.3)	-	(1.9)
Consolidated net debt	**(128.1)**	**506.5**	**0.1**	**378.5**

The table below shows the net debt of the TF1 Group by type and maturity at December 31, 2005:

(€m)	Maturity			
2006	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Bond issue	-	509.3	-	509.3
Finance lease obligations	-	2.0	0.3	2.3
Other	-	0.8	0.9	1.7
Subtotal: non-current debt	**0.0**	**512.1**	**1.2**	**513.3**
Finance lease obligations	1.1	-	-	1.1
Confirmed bilateral credit facilities (1)	7.7	-	-	7.7
Current accounts and other items	13.5	-	-	13.5
Accrued bond interest	2.9	-	-	2.9
Bank overdrafts	0.8	-	-	0.8
Subtotal: current debt	**26.0**	**-**	**-**	**26.0**
Interest rate derivative instruments	0.0	-	-	0.0
Total debt	**26.0**	**512.1**	**1.2**	**539.3**
Cash	(35.0)	-	-	(35.0)
Short-term investments	(43.1)	-	-	(43.1)
Treasury current accounts	(97.7)			(97.7)
Interest rate derivative instruments	-	(11.9)	-	(11.9)
Net debt – continuing operations	**(149.8)**	**500.2**	**1.2**	**351.6**
(1) Includes Telema: €7.6 m				
TPS	**95.6**	**10.4**	**-**	**106.0**
Consolidated net debt	**(54.2)**	**510.6**	**1.2**	**457.6**

For an analysis of the TF1 Group's exposure to liquidity risk, see note 10-3-2 below.

The split of net debt between fixed-rate and floating-rate, after taking account of all interest rate hedges in place at the balance sheet date, is as follows:

	Dec. 31, 2006	Dec. 31, 2005
Fixed-rate debt	89.5%	80.5%
Floating-rate debt	10.3%	19.1%
No interest rate exposure	0.2%	0.4%

For an analysis of the sensitivity of the TF1 consolidated financial statements to interest rate movements, see note 10-3-4 below.
None of the debt carried by the TF1 Group is subject to pledges or guarantees, or secured against collateral.

7-12. Non-current provisions

These provisions are established in accordance with the accounting policy described in note 2-22.
Movements during 2006 were as follows:

2006 (€m)	Jan. 1, 2006	Change in scope of consolidation, reclassification	Charges and increases	Reversals used	Reversals unused	Dec. 31, 2006
Retirement benefit obligations	25.6	0.3	3.8	(1.2)	(0.7)	27.8
Long-service leave	6.3	-	1.3	(0.5)	(0.5)	6.6
Other provisions	0.6	(0.5)	0.5	(0.3)	-	0.3
Total – continuing operations	**32.5**	**(0.2)**	**5.6**	**(2.0)**	**(1.2)**	**34.7**

Movements during 2005 were as follows:

2005 (€m)	Jan. 1, 2005	Change in scope of consolidation, reclassification	Charges and increases	Reversals used	Reversals unused	Dec. 31, 2005
Retirement benefit obligations	23.9	0.2	4.7	(2.0)	(1.2)	25.6
Long-service leave	5.5	0.1	1.5	(0.5)	(0.3)	6.3
Other provisions	0.3	(0.1)	0.4			0.6
Total – continuing operations	**29.7**	**0.2**	**6.6**	**(2.5)**	**(1.5)**	**32.5**
TPS	**0.4**	**0.2**				**0.6**

7-12-1. Provisions for retirement benefit obligations

7-12-1-1. Main actuarial assumptions

	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004
Discount rate	3.8%	3.4%	3.6%
Expected rate of return on plan assets	3.8%	4.0%	4.0%
Salary inflation rate	2.0%	2.0%	2.0%

7-12-1-2. Expenses recognised in the income statement

(€m)	2006	2005
Current service cost	(1.7)	(1.7)
Interest expense on obligation	(1.0)	(0.9)
Expected return on plan assets	0.1	0.1
Actuarial gains/losses recognised, net	(0.9)	(1.2)
Expense recognised	**(3.5)**	**(3.7)**
of which: charged to provisions	*(1.9)*	*(1.5)*
benefits recognised in "Staff costs"	*(1.6)*	*(2.2)*
Actual return on plan assets	0.1	0.1

7-12-1-3. Amounts recognised in the balance sheet

The amount recognised in the balance sheet for the TF1 Group's retirement benefit obligations breaks down as follows:

(€m)	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004
Present value of obligation	30.5	28.2	26.4
Fair value of plan assets	(2.7)	(2.6)	(2.5)
Total provisions for retirement benefit obligations	**27.8**	**25.6**	**23.9**
TPS	**-**	**0.6**	**0.4**

7-12-1-4. Changes in the fair value of the retirement benefit obligation

(€m)	Dec. 31, 2006	Dec. 31, 2005
Defined-benefit plan obligation at start of period	**28.2**	**26.5**
Current service cost for the period	1.7	1.7
Interest cost (unwinding of discount)	1.0	0.9
Benefits paid	(1.6)	(2.2)
Actuarial (gains)/losses	0.9	1.3
Changes in scope of consolidation	0.3	
Defined-benefit plan obligation at end of period	**30.5**	**28.2**

7-12-1-5. Change in the fair value of plan assets

(€m)	Dec. 31, 2006	Dec. 31, 2005
Fair value of insurance policy assets at start of period	**2.6**	**2.6**
Employer contributions paid	-	-
Benefits paid	-	-
Expected return on plan assets	0.1	0.1
Actuarial gains/(losses)	-	(0.1)
Fair value of insurance policy assets at end of period	**2.7**	**2.6**

7-13. Non-current tax liabilities

Movements in deferred tax liabilities by source were as follows:

(€m) 2006	Jan. 1, 2005	Movement in 2005	Dec. 31, 2005	Movement in 2006	Dec. 31, 2006
Accelerated tax depreciation	48.3	(13.4)	34.9	(9.6)	25.3
Head office depreciation period	10.3	(0.6)	9.7	(0.7)	9.0
Other temporary differences	3.4	0.6	4.0	(0.2)	3.8
Total deferred tax liabilities	**62.0**	**(13.4)**	**48.6**	**(10.5)**	**38.1**

The main change in deferred tax liabilities during the year was due to a reduction in accelerated tax depreciation in the books of the parent company, TF1 SA.

7-14. Trade and other creditors

(€m)	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004
Trade creditors	736.4	694.1	690.7
Advance payments received	7.1	8.4	11.3
Tax and employee-related liabilities	351.0	340.1	294.1
Amounts due in respect of non-current assets	65.6	70.8	18.4
Other creditors	309.2	249.6	240.8
Operating grants	44.1	1.4	-
Audiovisual industry support fund grants	8.0	9.4	5.8
Current accounts	17.4	-	-
Deferred and prepaid income and similar items	15.7	29.7	19.2
Total continuing operations	**1,554.5**	**1,403.5**	**1,280.3**
TPS	**-**	**270.1**	**252.7**

Tax and employee-related liabilities mainly comprise VAT and corporate income taxes payable.

The change in "Other creditors" mainly reflects an increase in credit notes to be issued to advertisers and the inclusion in the consolidation of *1001listes* (liability in respect of down-payments on wedding lists).

Operating grants comprise partially paid and/or currently unused grants awarded by the French State to France 24.

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. The amount released to the income statement in 2006 was €11.0 m, compared with €12.3 m in 2005.

"Deferred and prepaid income and similar items" mainly comprises prepaid income.

Notes to the 2006 consolidated financial statements

7-15. Current provisions

Movements in current provisions during 2006 are as follows:

2006 (€m)	Jan. 1, 2006	Change in scope of consolidation, reclassification	Charges and increases	Reversals used	Reversals unused	Dec. 31, 2006
Provisions for disputes with government and public bodies	17.7	0.0	0.3	(4.0)	(4.6)	9.4
Provisions for disputes with employees	1.3	0.1	0.1	(0.4)	(0.3)	0.8
Provisions for disputes with customers	5.3	0.0	0.2	(0.9)	(0.1)	4.5
Provisions for other disputes and contractual risks	18.8	0.0	19.6	(3.8)	(0.4)	34.2
Provisions for restructuring	0.2	0.0	0.0	(0.2)	0.0	0.0
Other	2.7	0.3	1.8	(0.4)	(0.2)	4.2
Total current provisions	**46.0**	**0.4**	**22.0**	**(9.7)**	**(5.6)**	**53.1**

No material contingent liabilities (i.e. disputes liable to result in a possible outflow of resources) were identified as of the balance sheet date.

7-16. Debtors and creditors by maturity

The maturity of amounts included in debtors and creditors is as follows:

(€m) **2006**	Less than 1 year	1 to 5 years	More than 5 years	**Total**
Trade and other debtors	1,254.7	24.0	0.0	1,278.7
Trade and other creditors	1,554.9	0.0	0.0	1,554.5

(€m) **2005 Continuing operations**	Less than 1 year	1 to 5 years	More than 5 years	**Total**
Trade and other debtors	1,232.2	20.5	0.0	1,252.7
Trade and other creditors	1,403.5	0.0	0.0	1,403.5

8 Notes to the consolidated income statement

8-1. Operating revenue

Operating revenue comprises:

(€m)	Dec. 31, 2006	Dec. 31, 2005
Advertising revenue	1,870.9	1,790.4
Distribution of consumer products	306.2	281.7
Cable and satellite revenues	239.3	225.4
Production/distribution of audiovisual rights	114.1	98.0
Revenue from other activities	123.2	112.9
Total revenue	**2,653.7**	**2,508.4**
Royalty income	0.4	0.5
Total operating revenues	**2,654.1**	**2,508.9**

8-2. 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 decrease in this item between 2005 and 2006 was mainly due to lower external programming costs for TF1 SA.

8-3. Other purchases and changes in inventory

This line consists of the following items:

(€m)	2006	2005
Purchases of services	(418.6)	(249.4)
Purchases of broadcasting rights	(79.5)	(78.0)
Purchases of goods	(68.9)	(58.2)
Other	(14.4)	(10.2)
Total	**(581.4)**	**(395.8)**

The main reason for the increase in this item relative to 2005 was an increase in rights acquisition costs and production costs for sports programmes (Football World Cup and Formula 1).

8-4. Staff costs

Staff costs comprise:

(€m)	2006	2005
Salaries and wages	(259.3)	(236.1)
Social security charges	(105.6)	(106.1)
Other staff costs	(1.2)	(1.4)
Statutory employee profit-sharing	(11.5)	(13.6)
Share options	(5.1)	(4.9)
Total	**(382.7)**	**(362.1)**

The employees of TF1 Group subsidiaries in France belong to general and top-up French pension schemes. These companies contribute a fixed percentage of staff costs to these schemes to fund the benefits. The only obligation for the TF1 Group under these schemes is to pay the specified contributions.
The total expense recognised in the income statement was €28.8 m, representing the amount payable by the Group at the rates specified for each scheme.

Expenses relating to retirement benefit plans and long-service leave are equivalent to the change in the net value of the obligation (see note 7-12-1)

8-4-1. Cost of 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 2006	Staff costs 2005
Plan No.7	March 12, 2003	3 years	10.2	0.7	3.4
Plan No.8	September 16, 2004	3 years	4.6	1.5	1.5
Total				2.2	4.9

The assumptions used in calculating the cost of share options were as follows:

	Model used	Reference share price	Exercise price	Expected volatility	Average maturity	Risk-free rate	Payout ratio	Liquidity discount	Fair value per option
Plan No.7	Black-Scholes	€20.48	€20.20	29%	6.8 years	3.49%	2.60%	-15%	€4.69
Plan No.8	Black-Scholes	€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.

8-4-2. Cost of consideration-free share allotment plan

(€m)	Allotment date	Vesting date	End of lock-up period	Total fair value	Charge to "Staff costs" in 2006
Plan No.1	March 8, 2006	March 31, 2008	March 31, 2010	7.5	2.9

The cost recognised over the vesting period of the consideration-free share plan (March 8, 2006 to March 31, 2008) is calculated as the probable number of shares allotted to employees estimated at the inception of the plan (276,986 shares) multiplied by the opening quoted share price on the date of the Board meeting that allotted the shares (€26.94, the opening share price on February 21, 2006). This gives a total of €7.5 m.

8-4-3. Employees

Employees of the TF1 Group at each balance sheet date by business segment were as follows:

	2006	2005
Broadcasting France	2,727	2,501
International broadcasting	633	561
Audiovisual rights	176	171
Total employees	**3,536**	**3,233**

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The table below shows the split of employees by grade, based on the classifications defined in the collective agreement for the French communication and audiovisual production industry:

	2006	2005
Clerical, administrative and manual	75	34
Supervisory	745	805
Managerial	2,172	1,876
Journalists	544	518
Total employees	**3,536**	**3,233**

The tables above show the number of employees as of December 31, 2006 of companies over which TF1 has exclusive control. Total employees of proportionately-consolidated entities (based on 100%) were 313 as of December 31, 2006, against 702 as of December 31, 2005 (including 610 for TPS).

8-5. External expenses

External expenses comprise:

(€m)	2006	2005
Subcontracting	(166.0)	(148.4)
Rent and associated charges	(49.9)	(48.4)
Agents' fees and professional fees	(109.5)	(108.4)
Advertising, promotion and public relations	(104.6)	(103.8)
Other external expenses	(74.7)	(66.3)
Total	**(504.7)**	**(475.3)**

8-6. Other operating income and expenses

Other operating income and expenses comprise:

(€m)	2006	2005
Royalties and paybacks to rights-holders	(83.2)	(80.2)
Reversal of unused provisions	4.0	18.5
In-house production capitalised, cost transfers	31.2	22.5
Bad debts written off	(3.6)	(5.0)
Operating grants	19.6	13.0
Other operating income and expenses	3.8	(2.9)
Total	**(28.2)**	**(34.1)**

8-7. Cost of net debt

The cost of net debt comprises the following items:

(€m)	2006	2005
Interest expense on debt	(21.2)	(19.8)
Change in fair value of bond issue	12.4	0.3
Change in fair value of swap (bond issue)	(11.7)	(0.4)
Change in fair value of other swap contracts	1.1	2.6
Cost of debt	**(19.4)**	**(17.3)**
Proceeds on disposals of short-term investments, net of impairment losses	5.1	1.7
Income from short-term investments	0.1	0.1
Interest income/(expense) on cash, cash equivalents and current accounts	2.6	3.2
Income from cash and cash equivalents	**7.8**	**5.0**
Cost of net debt	**(11.6)**	**(12.3)**

8-8. Other financial income and expenses

Other financial income and expenses comprise:

(€m)	2006	2005
Dividends	2.0	1.4
Change in value of forward currency purchase contracts	(2.5)	4.4
Impairment of financial assets	(4.4)	(2.6)
Provisions for liabilities and charges – financial items	0.0	(1.5)
Other	0.0	(1.1)
Total	**(4.9)**	**0.6**

8-9. Income tax expense

(€m)	2006	2005
Current income taxes	(109.0)	(137.2)
Deferred income taxes	10.3	21.7
Total income tax expense	**(98.7)**	**(115.5)**

The tax rates used in the deferred tax calculation for the year ended December 31, 2006 were 34.43% (standard rate) and 8.26% (reduced rate).

Tax proof:		
(€m)	**2006**	**2005**
Net profit	**452.5**	**236.3**
Adjustments:		
Income tax expense	98.7	115.5
Post-tax profit of discontinued operations	(253.6)	(14.2)
Share of profits/(losses) of associates	(13.1)	5.5
Minority interests	(0.2)	(1.6)
Net profit from continuing operations before tax, minority interests and associates	**284.3**	**341.5**
Standard tax rate in France	**34.4%**	**34.9%**
Capital gain on Visiowave shares and current account	-	(2.0%)
Recognition of tax losses available for carry-forward indefinitely	-	(3.4%)
Tax losses not liable to tax	0.8%	1.5%
Unrecognised tax losses from prior period used for offset during the year	(0.2%)	-
Offset of tax credits	(0.7%)	(0.7%)
Effect of tax reassessments	-	3.4%
Other differences, net	0.4%	0.1%
Effective tax rate	**34.7%**	**33.8%**

TF1 made a group tax election on January 1, 1989, and has renewed this election regularly since that date. In 2006, the election included 38 companies, compared with 40 in 2005.

8-10. Earnings per share

8-10-1. Basic earnings per share

Basic earnings per share was calculated on the basis of net profit for the year attributable to ordinary shareholders of €452.5 m (2005: €236.3 m), and of the weighted average number of ordinary shares outstanding during the year.

	2006	2005
Number of shares on January 1	214,052,129	214,759,729
Effect of treasury shares	(251,537)	(251,537)
Increase in share capital on exercise of share options (time-weighted)	853,642	551,321
Reduction in share capital related to share repurchases (time-weighted)	(780,510)	(1,015,699)
Other effects	-	-
Weighted average number of ordinary shares	213,873,724	214,043,814

8-10-2. Diluted earnings per share

Because potentially dilutive ordinary shares have no adjusting effect on net profit for the year, diluted earnings per share was calculated on the basis of net profit for the year attributable to ordinary shareholders of €452.5 m (2005: €236.3 m), and the weighted average number of ordinary shares outstanding during the year adjusted for the effects of all potentially dilutive ordinary shares.

	2006	2005
Weighted average number of ordinary shares	213,873,724	214,043,814
Dilutive effect of share option plans	694,882	186,301
Dilutive effect of consideration-free share allotment plans	256,324	-
Average number of ordinary shares after dilution	214,824,930	214,230,115

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).
In 2005, only share subscription option plan No.7 (grant date March 12, 2003) was in the money relative to the average TF1 share price during the period. In 2006, this plan No.7 (grant date March 12, 2003) and plan No. 8 (grant date September 16, 2004) were in the money relative to the average TF1 share price during the period.

8-11 Post-tax profit of discontinued operations

This line item comprises:

- The post-tax gain of €211.8 m 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 (see note 7-5), minus transaction costs.
- Income from discontinued operations (net of expenses) for the eight months to August 31, 2006, amounting to €41.8 m. See note 4 for a breakdown of this amount.

9 Notes to the consolidated cash flow statement

9-1. Definition of cash position

The cash flow statement analyses movements in the net cash position, which includes net cash of continuing operations and the impact of held-for-sale operations on cash.

(€m)	Dec. 31, 2006	Dec. 31, 2005
Cash and cash equivalents in the balance sheet	275.2	175.8
Treasury current account credit balances (1)	(1.6)	-
Bank overdrafts	(1.8)	(0.8)
Impact of held-for-sale operations on cash (2)	-	(57.4)
Total net cash position at end of period per cash flow statement	**271.8**	**117.6**

(1) In 2006, the net cash position in the cash flow statement included treasury current account credit balances
(2) comprises: TPS cash and equivalents €3.9m
Treasury current account between TF1 and TPS (€61.3m)

9-2. Effect of changes in scope of consolidation

The effect of changes in the scope of consolidation on the cash position in 2006 and 2005 breaks down as follows:

(€m)	2006	2005
Net cash outflows on acquisitions of consolidated undertakings (see note 3-2)	2.6	(29.9)
Net cash inflows from divestments of consolidated undertakings (cf. note 3-2)	(58.4)	38.3
Effect of changes in scope of consolidation	(55.8)	8.4

9-3. Change in debt

The impact on the TF1 Group's cash position during 2006 and 2005 of changes in debt breaks down as follows:

(€m)	**2006**	**2005**
Credit facility drawdowns: TPS	-	35.7
Repayment of debt (finance lease obligations) (1)	(1.4)	(9.2)
Advance received from Vivendi in January 2006 in connection with the transfer of TPS (2)	99.0	-
Loans received from associates	36.3	-
Other movements	(12.5)	(0.5)
Net change	121.4	26.0

(1) Represents the debt repayment component of lease payments made during the period.
(2) Repaid with interest on January 4, 2007 (total amount repaid €101.9m).

10 Other information

10-1. 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.
The tables below give details of the TF1 Group's off balance sheet commitments by type and maturity at December 31, 2006:

Commitments given

(€m)	Less than 1 year	1 to 5 years	More than 5 years	**Total 2006**	**Total 2005**
Image transmission	69.8	210.3	0.0	280.0	386.6
Operating leases	13.0	65.7	63.0	141.7	40.7
Guarantees	2.1	0.2	0.2	2.5	1.4
Other commitments	10.9	25.3	15.9	52.1	126.5
Total	**95.8**	**301.4**	**79.1**	**476.3**	**555.2**

The 2005 figures also include €143.7 m relating to TPS contracts.

Commitments received

(€m)	Less than 1 year	1 to 5 years	More than 5 years	**Total 2006**	**Total 2005**
Image transmission	69.8	210.3	-	280.0	386.6
Operating leases	13.0	65.7	63.0	141.7	40.7
Guarantees	8.0	-	-	8.0	8.0
Confirmed bilateral credit facilities	-	955.5	-	955.5	859.9
Other commitments	8.3	7.5	-	15.8	79.3
Total	**99.1**	**1,238.9**	**63.0**	**1,401.0**	**1,374.5**

The 2005 figures also include €229.9 m relating to TPS contracts.

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 on-going 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.
Under the agreement described in note 1-2, TF1 has entered into a commitment to acquire an interest in the AB Group for €230 m in 2007, subject to conditions precedent.
The TF1 Group had not contracted any complex commitments as of December 31, 2006.
No material off balance sheet commitments, as defined in the applicable accounting standards, are omitted from the above disclosures.

10-2. Principal exchange rates

The principal exchange rates used for the translation of the financial statements of foreign subsidiaries for the year ended December 31, 2006 are as follows:

	Closing rate 2006	Average rate 2006	Closing rate 2005	Average rate 2005
1 Swiss franc	0.622316	0.634213	0.645745	0.647235
1 Pound sterling	1.489203	1.466482	1.459215	1.46404
1 Hong Kong dollar	0.097648	0.101914	0.109321	0.103872
1 Swedish krona	0.110615	0.108069	0.106513	0.10753
1 US Dollar	0.759301	0.791771	0.847673	0.807765

NB: the only TF1 subsidiary to use the Swiss franc as its functional currency, Visiowave, was deconsolidated with effect from March 31, 2005. Consequently, the Swiss franc exchange rates used for 2005 are those for the first quarter of 2005.

10-3. Market risks

10-3-1. Risk management policy
At the end of each year, the Administration and Finance Department sets all budget exchange rates and interest rates for the following year. These rates are approved by the General Management, and become the target rates for hedging purposes.
The markets are tracked daily in real time using dedicated financial information software.
Monthly meetings are held with the General Management to discuss unhedged positions and approve strategies aimed at achieving the budget rates.
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.

10-3-2. Liquidity risk
As the table below shows, the TF1 Group was still highly liquid as at December 31, 2006. The Group has confirmed credit facilities of €955.5 m, mostly expiring in one to five years, and a €500 m bond issue maturing in 2010.
As of December 31, 2006, 34.5% of available credit facilities were drawn down by the Group (i.e. €500 m) (compared with 39% as of December 31, 2005).

(€m) 2006 Description	Fixed/ Floating	Authorised facilities expiring < 1 year	1 to 5 years	> 5 years	Total	Drawdowns expiring < 1 year	1 to 5 years	> 5 years	Total	Available facilities
Confirmed bilateral credit facilities	Floating	-	955.5	-	955.5	-	-	-	0.0	955.5
Finance leases	Fixed	0.8	1.4	0.5	2.7	0.8	1.4	0.5	2.7	0.0
Total bank facilities	-	**0.8**	**956.9**	**0.5**	**958.2**	-	-	-	-	-
Bond issue	Fixed	-	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**

At December 31, 2005, the TF1 Group had confirmed credit facilities of €921.3 m, mostly expiring in one to five years, and a €500 m bond issue maturing in 2010.

(€m) 2005 Description	Fixed/ Floating	Authorised facilities expiring < 1 year	1 to 5 years	> 5 years	Total	Drawdowns expiring < 1 year	1 to 5 years	> 5 years	Total	Available facilities
Confirmed bilateral credit facilities	Floating	135.7	769.8	-	905.5	45.6	-	-	45.6	859.9
Finance leases	Floating	3.1	12.4	0.3	15.8	3.1	12.4	0.3	15.8	-
Total bank facilities	-	**138.8**	**782.2**	**0.3**	**921.3**	-	-	-	-	-
Bond issue	Fixed/floating	-	500.0	-	500.0	-	500.0	-	500.0	-
Total	-	**138.8**	**1,282.2**	**0.3**	**1,421.3**	**48.7**	**512.4**	**0.3**	**561.4**	**859.9**

10-3-3. Credit and counterparty risk

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.

10-3-4. Interest rate risk

Maturity and fixed/floating rate split of net debt:

2006 (€m)	Less than 1 year	1 to 5 years	More than 5 years	Total Dec. 31, 2006
Fixed-rate	37.1	501.9	-	539.0
Floating-rate	107.4	6.2	-	113.6
No exposure (1)	5.5	(2.5)	-	3.0
Total debt	**150.0**	**505.6**	**-**	**655.6**
Fixed-rate	-	-	-	-
Floating-rate	275.2	-	-	275.2
No exposure (2)	1.9	-	-	1.9
Cash, cash equivalents and floating-rate financial instruments	**277.1**	**-**	**-**	**277.1**
Net debt	**(127.1)**	**505.6**	**-**	**378.5**

(1) Includes fair value remeasurement of -€1.0 m
(2) Includes fair value remeasurement of +€1.7 m

2005 (€m)	Less than 1 year	1 to 5 years	More than 5 years	Total Dec. 31, 2005
Fixed-rate	1.1	502.3	-	503.4
Floating-rate	22.0	1.8	-	23.8
No exposure (3)	2.9	9.3	-	12.2
Total debt	**26.0**	**513.3**	**-**	**539.3**
Fixed-rate	-	-	-	-
Floating-rate	175.8	-	-	175.8
No exposure (4)	11.9	-	-	11.9
Cash, cash equivalents and floating-rate financial instruments	**187.7**	**-**	**-**	**187.7**
Net debt	**(161.7)**	**513.3**	**-**	**351.6**

(3) Includes fair value remeasurement of €9.3 m
(4) Includes fair value remeasurement of €11.3 m

Maturity of interest rate derivative instruments:

2006 (€m)	Less than 1 year	1 to 5 years	More than 5 years	Total	Fair value
Swap: pay fixed rate	100.0		-	**100.0**	1.6
Swap: pay floating rate (1)	-	300.0	-	**300.0**	(1.3)
Cap (3.80% floating rate cap)	-	150.0	-	**150.0**	0.3
Total					**0.6**

2005 (€m)	Less than 1 year	1 to 5 years	More than 5 years	**Total**	**Fair value**
Swap: pay fixed rate	-	100.0	-	100.0	1.0
Swap: pay floating rate (1)	-	300.0	-	300.0	10.9
Total					**11.9**

(1) The TF1 Group has converted €300 m of its bond issue to floating-rate using a swap designated as a fair value hedge.

Interest rate risk hedging and sensitivity:

2006 (€m)	Fixed-rate	Floating-rate(3)	No exposure	**Total Dec. 31, 2006**
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**	**1.1**	**378.5**

(1) Debt plus interest rate hedging derivatives
(2) Cash and cash equivalents plus interest rate hedging derivatives
(3) Floating rate capped at 3.80% for a €150 m total amount

2005 (€m)	Fixed-rate	Floating-rate(3)	No exposure	**Total Dec. 31, 2005**
Financial liabilities (1)	503.4	23.8	12.2	539.3
Financial assets (2)	-	(175.9)	(11.9)	(187.7)
Net position before hedging	**503.4**	**(152.1)**	**0.3**	**351.6**
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	**303.4**	**47.9**	**0.3**	**351.6**

(1) Debt plus interest rate hedging derivatives
(2) Cash and cash equivalents plus interest rate hedging derivatives

The TF1 Group's interest rate risk management policy is to lock in at fixed rate or capped floating rate the portion of total debt corresponding to the Group's financing needs (i.e. projected net debt) and to retain floating-rate exposure on any residual debt, so as to provide inherent balance sheet matching.
After taking account of interest rate hedges in place as of December 31, 2006, the Group had a net fixed-rate debt position of €303.4 m and a net floating-rate debt position of €47.9 m (capped at 3.80%).
Consequently, an immediate reduction of one point in the short-term interest rate would decrease net financial expense by €0.4 m. After taking account of floating-rate caps contracted in 2006, a rise of one point in the interest rate above the capped rate (3.80%) would generate a net gain of €1.0 m (including a profit of €1.5 m on the cap).

10-3-5. Foreign exchange risk

Foreign exchange derivative instruments:
The main purpose of foreign exchange derivative instruments is to hedge foreign-currency programme purchases. The table below breaks down these instruments by currency for 2006:

2006 (€m) *At 2006 closing exchange rates*	**Currency**	**Nominal amount of hedge**	**Fair value**	**Of which designated as fair value hedge**
Forward purchases	USD	92.0	(1.9)	(1.1)
Knock-out forward purchases (1)	USD	36.1	(0.7)	(0.4)
Forward sales	NOK	21.8	1.4	-
Forward sales	SEK	4.6	0.0	-
Total hedges			**(1.2)**	**(1.5)**

(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.

The main purpose of foreign exchange derivative instruments is to hedge foreign-currency programme purchases. The table below breaks down these instruments by currency for 2005:

2005 (€m) *At 2005 closing exchange rates*	**Currency**	**Nominal amount of hedge**	**Fair value**	**Of which designated as fair value hedge**
Forward purchases	USD	44.8	1.9	-
Knock-out forward purchases (1)	USD	12.3	0.8	-
Forward purchases	GBP	5.2	0.1	5.2
Knock-out forward purchases (1)	GBP	9.3	0.1	9.3
Forward purchases	CHF	7.1	0.0	-
Forward sales	other	11.1	0.1	-
Total hedges			**3.0**	**14.5**

(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.

Foreign exchange risk hedging and sensitivity:

2006 (€m) *At 2006 closing exchange rates*	**USD (1)**	**CHF**	**GBP (1)**	**Other currencies (2)**	**Total**
Assets	34.9	2.1	57.4	14.3	
Liabilities	(25.2)	(1.1)	(5.3)	(3.2)	
Off balance sheet	(367.6)	(7.6)	(53.8)	0.0	
Position before hedging	(358.0)	(6.6)	(1.8)	11.1	
Hedges (1)	128.2	0.0	0.0	(26.5)	
Net position after hedging	**(229.8)**	**(6.6)**	**(1.8)**	**(15.4)**	**(253.5)**
Sensitivity	(3.1)	(0.1)	0.0	(1.3)	(4.5)

(1) Net exposure in USD: In the course of their business, a number of TF1 Group entities (TF1, Eurosport) enter into rights acquisition contracts extending over several years, which explains the high level of off balance sheet exposure. These off balance sheet commitments are not hedged in full as it is highly probable that they will be offset by future recurring revenues in USD. The same applies to the Group's exposure to the GBP.
(2) The principal currencies involved are the Norwegian krone, the Swedish krona and the Danish krone. The net position after hedging arises from hedges for which the underlying hedged item is a future revenue stream not recognised as an off balance sheet commitment.

After taking account of hedges, the net consolidated foreign currency exposure (translated into euros at the closing exchange rate) is €253.5 m. Consequently, the risk of loss on the overall net foreign currency position from a uniform unfavourable movement of 1% in the exchange rate against all the currencies involved would be €4.5 m.

2005 (€m) *At 2005 closing exchange rates*	USD (1)	CHF	GBP (2)	Other currencies (3)	Total
Assets	12.8	(1.3)	8.0	11.3	
Liabilities	(20.1)	(2.3)	(4.8)	(2.5)	
Off balance sheet	(360.0)	(30.5)	(79.1)	-	
Position before hedging	(367.3)	(34.1)	(75.9)	8.8	
Hedges (1)	57.1	7.1	19.9	(11.1)	
Net position after hedging	**(310.2)**	**(27.0)**	**(61.4)**	**(2.3)**	**(400.9)**
Sensitivity	(2.6)	(0.2)	(0.8)	0.0	(3.6)

(1) Net exposure in USD: In the course of their business, a number of TF1 Group entities (TF1, TPS, Eurosportand Eurosport) enter into rights acquisition contracts extending over several years, which explainswhich explains the high level of off balance sheet exposure. These off balance sheet commitments are not hedged in full as it is highly probable that they will be offset by future recurring revenues in USD.
(2) Off balance sheet commitments expressed in GBP relate to the sports transmission rights for the Rugby World Cup and the English Premier League.
(3) The principal currencies involved are the Norwegian krone, the Swedish krona and the Danish krone. The net position after hedging arises from hedges for which the underlying hedged item is a future revenue stream not recognised as an off balance sheet commitment.

In 2005, after taking account of hedges, the net consolidated foreign currency exposure (translated into euros at the closing exchange rate) was €463.8 m. Consequently, the risk of loss on the overall net foreign currency position from a uniform unfavourable movement of 1% in the exchange rate against all the currencies involved would be €4.3 m.

10-3-6. Equity risk

TF1 is not exposed to any risk of fluctuations in the price of equity instruments held by the Group.

10-4. Related-party information

10-4-1. Executive compensation

The amount of compensation paid during 2006 to the ten (eight in 2005) senior executives of the Group, comprising three corporate officers and seven heads of corporate functions (five in 2005) was €7.8 m, comprising:

	2006	2005
Fixed compensation	€4.9 m	€4.0 m
Variable compensation	€2.8 m	€2.4 m
Benefits in kind	€0.1 m	€0.1 m

Additional information:

- The portion of total share option expense and consideration-free share expense for the year relating to these senior executives was €1.9 m;
- The portion of the total obligation in respect of retirement and other post-employment benefits relating to these senior executives was €3.8 m, including €1.5 m held in trust for Etienne Mougeotte until the date of his departure from the company at the latest.

The Bouygues Group offers the members of its Executive Committee, who include Patrick Le Lay, 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 2006 to the investment fund of the insurance company which manages the scheme was €0.3 m.

Apart from loans of shares made to senior executives who are also members of the Board of Directors in connection with their duties, no material loans or guarantees were extended to senior executives or members of the Board of Directors.

10-4-2. Transactions with other related parties

Transactions with other related parties are summarised below:

(€m)	Income		Expenses		Debtors		Creditors	
	2006	2005	2006	2005	2006	2005	2006	2005
Parties with an ownership interest (Bouygues SA)	0.0	0.0	(8.0)	(10.0)	0.0	0.0	3.0	4.0
Jointly-controlled entities	2.9	1.9	(23.0)	(25.0)	19.7	22.9	(3.0)	(3.7)
Associates	1.1	0.6	(1.7)	0.4	2.1	5.2	38.7	0.6
Other related parties (Bouygues Group)	16.7	20.4	(7.3)	(7.7)	5.5	6.4	2.6	2.3
Total	**20.7**	**22.9**	**(40.0)**	**(42.3)**	**27.3**	**34.5**	**41.3**	**3.2**

10-5. 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.

10-6. Share options

10-6-1. Details of share option plans

	Plan No.4	Plan No.5	Plan No.6	Plan No.7	Plan No.8
Date of Shareholders' Meeting	Jun. 12, 1995	Apr. 18, 2000	Apr. 18, 2000	Apr. 23, 2002	Apr. 23, 2002
Date of Board meeting	Sep. 20, 1999	Dec. 6, 2000	Dec. 11, 2001	Feb. 24, 2003	Aug. 31, 2004
Date of grant	Sep. 20, 1999	Dec. 6, 2000	Dec. 11, 2001	Mar. 12, 2003	Sep. 16, 2004
Type of plan	subscription	subscription	subscription	subscription	subscription
Number of shares that may be subscribed or purchased	2,300,000	840,000	2,071,300	2,300,500	1,008,000
of which: corporate officers	*400,000*	*0*	*550,000*	*550,000*	*0*
of which: the 10 employees granted the highest number of options	*620,000*	*100,000*	*370,000*	*390,000*	*100,000*
Options exercisable from	Sep. 20, 2002	Dec. 6, 2003	Dec. 11, 2004	Mar. 12, 2006	Sep. 16, 2007
Expiration date	Sep. 20, 2006	Dec. 6, 2007	Dec. 11, 2008	Mar. 12, 2010	Sep. 16, 2011
Subscription/purchase price	€23.27	€53.04	€27.80	€20.20	€23.46
Terms of exercise	Exercisable after 3 years				
	transferable after 5 years	transferable after 4 years			
Number of shares subscribed at December 31, 2006	2,113,000	0	0	85,000	0

10-6-2. Movements in number of options outstanding

	2006		2005	
	Number of options	Weighted average subscription/ purchase price (€)	Number of options	Weighted average subscription/ purchase price (€)
Options outstanding at January 1	8,198,300	26.39	9,002,700	25.07
Options granted	-	-	-	-
Options cancelled or lapsed	(231,000)	28.74	(142,000)	19.54
Options exercised	(2,198,000)	23.15	(662,400)	9.93
Options expired	(5,000)	23.27	-	-
Options outstanding at December 31	5,764,300	27.53	8,198,300	26.39
Options exercisable at December 31	*4,808,000*	*28.34*	*4,894,800*	*29.90*

The weighted average TF1 share price on date of exercise is €25.42 for options exercised in 2006 and €25.29 for options exercised in 2005.
The average residual life of options outstanding as at December 31, 2006 is 33 months (December 31, 2005: 36 months).

10-7. 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 during the period:	20,662
Probable number of consideration-free shares allotted, as adjusted at December 31, 2006	256,324

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Notes to the 2006 consolidated financial statements

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 7-10).

10-8. Emerging markets risk

The operations and results of TF1 have not been affected by crises in emerging markets.

10-9. Post balance sheet events

No significant event has occurred since the balance sheet date of December 31, 2006.

11
2006 scope of consolidation

COMPANY	COUNTRY	ACTIVITY	Dec. 31, 2006 % control (1)	Dec. 31, 2006 Consolidation method	Dec. 31, 2005 % control (1)	Dec. 31, 2005 Consolidation method
TF1 SA	*France*	*Broadcasting*	*Parent company*		*Parent company*	
BROADCASTING FRANCE						
TF1 PUBLICITE	France	TF1 advertising airtime sales house	100	FC	100	FC
TF1 FILMS PRODUCTION	France	Co-production of films	100	FC	100	FC
TELESHOPPING	France	Home shopping	100	FC	100	FC
TV BREIZH	France	Theme channel	98.28	FC	73.81	FC
UNE MUSIQUE	France	Music publishing	100	FC	100	FC
TF1 PUBLICITE PRODUCTION	France	Commercials and promos	100	FC	100	FC
TF6	France	Theme channel	49.98	PC	49.98	PC
TF1 ENTREPRISES	France	Merchandising, spin-offs, games	100	FC	100	FC
ALMA PRODUCTIONS	France	Programme production	100	FC	100	FC
EUROSPORT France SA	France	Marketing the Eurosport channel in France	100	FC	100	FC
EUROSHOPPING TRADING	France	Import-export	100	FC	100	FC
TF1 DIGITAL	France	Holding company of the theme channel division	100	FC	100	FC
E-TF1	France	Creation/broadcasting of internet services	100	FC	100	FC
LA CHAINE INFO	France	News channel	100	FC	100	FC
GLEM	France	Programme production	100	FC	100	FC
BAXTER	France	Music publishing	100	FC	100	FC
GLEM FILMS	France	Co-production of films	100	FC	100	FC
TF6 GESTION	France	TF6 management company	50	PC	50	PC
SERIE CLUB	France	Theme channel (drama series)	49.99	PC	49.99	PC
TOUT AUDIOVISUEL PRODUCTIONS	France	Programme production	100	FC	100	FC
MONTE CARLO PARTICIPATIONS (2)	France	TMC holding company	50	PC	50	PC
TOP SHOPPING	France	Retailing	100	FC	100	FC
LES NOUVELLES EDITIONS TF1	France	Book publishing	51	FC	51	FC
LA CHAINE DOCUMENTAIRE	France	Theme channel	100	FC	100	FC
APHELIE	France	Real estate leasing	100	FC	100	FC
TF1 PRODUCTION	France	Production division holding company	100	FC	100	FC
YAGAN PRODUCTIONS	France	Audiovisual rights	100	FC	100	FC
TF1 HORS-MEDIA	France	Off-media promotion	100	FC	100	FC
QUAI SUD	France	Programme production	83.32	FC	75	FC
TFOU	France	Theme channel	100	FC	100	FC
HISTOIRE	France	Theme channel	100	FC	100	FC
USHUAIA TV	France	Theme channel	100	FC	100	FC
TELE MONTE CARLO (2)	Monaco	Theme channel	40	PC	40	PC
INFOSHOPPING	France	Infomercials	100	FC	100	FC
SHOPPING A LA UNE	France	Online retailing	100	FC	100	FC
MONEGASQUE DES ONDES (2)	Monaco	TMC advertising airtime sales house	-	-	40	PC
WAT	France	Creation of internet services	100	FC	-	-
JET (Jeux Et Television)	France	Theme channel	100	FC	-	-
TMC REGIE (2)	France	TMC advertising airtime sales house	40	PC	-	-
TF1 JET MULTIMEDIA	France	Entertainment service content producer	50	PC	-	-
1001 LISTES	France	Creation of Internet services	95	FC	-	-
JFG NETWORKS	France	Creation of Internet services	20	EM	-	-
PLANETE MEDIA	France	Print media publishing	83.5	FC	-	-
SKY ART MEDIA	USA	Print media publishing	24	EM	-	-

COMPANY	COUNTRY	ACTIVITY	Dec. 31, 2006 % control (1)	Dec. 31, 2006 Consolidation method	Dec. 31, 2005 % control (1)	Dec. 31, 2005 Consolidation method
DISTRIBUTION						
TF1 DEVELOPPEMENT	France	Development of digital technology	-	-	100	FC
TPS (3)	France	Marketing of TPS programmes	-	-	66	PC
TPS GESTION (3)	France	TPS management company	-	-	66	PC
TF1 EXPANSION	France	Development of digital technology	100	FC	100	FC
SACAS	France	Development of digital technology	100	FC	100	FC
TF1 SATELLITE	France	Development of digital technology	100	FC	100	FC
AUDIOVISUAL RIGHTS						
CIBY DROITS AUDIOVISUELS	France	Exploitation of audiovisual rights	100	FC	100	FC
CIBY 2000	France	Exploitation of audiovisual rights	100	FC	100	FC
CIC	France	Exploitation of video rights	100	FC	100	FC
TF1 VIDEO	France	Exploitation of video rights	100	FC	100	FC
TF1 INTERNATIONAL	France	Exploitation of audiovisual rights	100	FC	100	FC
TELEMA	France	Audiovisual production	49	PC	49	PC
TCM DA	France	Exploitation of audiovisual rights	50	PC	50	PC
TCM GESTION	France	Management company of TCM DA	50	PC	50	PC
REGIE CASSETTE VIDEO	France	Exploitation of video rights	100	FC	100	FC
BROADCASTING INTERNATIONAL						
EUROSPORT SA	France	Marketing the Eurosport channel outside France	100	FC	100	FC
EUROSPORT BV	Netherlands	Marketing the Eurosport channel in the Netherlands	100	FC	100	FC
EUROSPORT TELEVISION LTD	UK	Marketing the Eurosport channel in the UK	100	FC	100	FC
EUROSPORT TV AB	Sweden	Marketing the Eurosport channel in Sweden	100	FC	100	FC
EUROSPORT MEDIA GMBH	Germany	Marketing the Eurosport channel in Germany	100	FC	100	FC
EUROSALES SCS	France	Eurosport advertising airtime sales house	100	FC	100	FC
KIGEMA SPORT ORGANISATION LTD	UK	Motor race organiser				
SRW EVENTS LTD	UK	Motor race organiser	100	FC	100	FC
EUROSPORT ITALIA	Italy	Marketing the Eurosport channel in Italy	100	FC	100	FC
EUROPA TV	Italy	Production and distribution of Sportitalia channel	29	EM	29	EM
EUROPA NETWORK SRL	Italy	Broadcasting	29	EM	-	-
EUROSPORT ASIA LTD	Hong Kong	Marketing the Eurosport channel in Asia	100	FC	100	FC
FRANCE 24	France	French 24-hour news channel	50	PC	50	PC
OTHER ACTIVITIES						
METRO FRANCE PUBLICATIONS (4)	France	Print media publishing	34.3	EM	34.3	EM
PRIMA TV	Italy	Multiplex operator	-	-	49	EM
SYALIS	France	Financing company	-	-	100	FC

FC: fully consolidated / PC: proportionately consolidated / EM: consolidated by the equity method

(1) There are no material differences between the percentage of control and the percentage interest.
(2) Monte Carlo Participations, Tele Monte Carlo, Monégasque des Ondes and TMC Régie: Under the terms of the agreement of July 6, 2004 between TF1 and the AB Group, these companies are jointly controlled.
(3) TPS Conso and TPS Gestion: Under the terms of the shareholders' agreement of July 19, 2002 between TF1 and M6, TPS was jointly controlled, and hence accounted for by the proportionate consolidation method.
(4) 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

Financial year ended december 31, 2006

To the Shareholders,

In accordance with our appointment by your Shareholders' Annual General Meeting, we have audited the accompanying consolidated financial statements of TF1, for the year ended December 31, 2006.
These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with the 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, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
In our opinion, the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the financial position and the results of operations of all the entities consolidated.

II - Basis of our conclusion

In conformity with the provisions of Article L. 823-9 of the French Commercial Code which require that we substantiate our conclusions, we bring to your attention the following matters:

- Note 2.16 presents the method used to depreciate non current assets. Based on the information available, we ensured that the approach adopted by the group was relevant, and that the assumptions made and resulting valuations were reasonable.

- Co-production shares and broadcasting rights are accounted for in accordance with the policy and methods described in Section 2.17 of the notes which, in particular, defines amortisation principles and how the provisions for depreciation are to be determined. We ensured that the approach adopted by the group was relevant, and that the assumptions made and resulting valuations were reasonable.

These conclusions were formed as part of our audit of the consolidated financial statements taken as a whole and have therefore contributed to the formation of our unqualified opinion, given in the first part of this report.

III - Specific verification

In accordance with the professional standards applicable in France, we also verified the information provided in the group's management report. We have no comments to make as to its fair presentation and its conformity with the consolidated financial statements.

Paris La Défense, March 9, 2007

The Statutory Auditors

SALUSTRO REYDEL — Jean-Pierre CROUZET
Member of KPMG International

MAZARS & GUÉRARD — Gilles RAINAUT
MAZARS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users.

Parent company income statement

(French GAAP)

(€m)	Note	2006	2005	2004
Operating income		**1,798.4**	**1,736.7**	**1,710.5**
Advertising revenue	*2.14 & 4.1*	1,627.0	1,561.0	1,559.2
Technical services revenue		7.6	2.3	1.6
Other revenue		15.0	16.3	11.3
Stored production		0.4	(0.9)	0.9
Capitalised production		0.4	0.1	0.0
Operating grants		0.1	0.0	0.0
Reversals of depreciation, amortisation, provisions and impairment		43.0	52.8	30.7
Cost transfers	*4.7*	94.8	95.4	98.9
Other income		10.1	9.7	7.9
Operating expenses		**(1,561.8)**	**(1,443.3)**	**(1,352.7)**
Purchases of raw materials and other supplies	*4.2*	(626.9)	(637.1)	(481.8)
Change in inventory		51.9	38.8	(52.6)
External expenses		(507.6)	(359.3)	(379.4)
Taxes other than income taxes	*4.3*	(107.1)	(103.8)	(99.9)
Wages and salaries	*4.4*	(116.8)	(113.9)	(107.8)
Social security charges	*4.5*	(52.2)	(51.4)	(48.5)
Depreciation, amortisation, provisions and impairment (net)				
- amortisation of co-productions already transmitted		(62.3)	(60.6)	(57.0)
- amortisation and depreciation of other non-current assets		(10.0)	(11.3)	(11.8)
- amortisation of deferred charges		(0.2)	(0.2)	(0.2)
- impairment of intangible assets and current assets		(48.5)	(66.7)	(30.2),
- provisions for liabilities and charges		(7.4)	(7.6)	(11.6)
Other expenses	*4.6*	(74.7)	(70.2)	(71.9)
OPERATING PROFIT		**236.6**	**293.4**	**357.8**
Share of profits/losses of joint operations		**0.0**	**0.0**	**0.0**
Financial income		143.9	104.5	81.1
Financial expenses		(54.6)	(104.0)	(141.6)
NET FINANCIAL INCOME / (EXPENSE)	*4.8*	**89.3**	**0.5**	**(60.5)**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**325.9**	**293.9**	**297.3**
Exceptional income		**54.6**	**59.3**	**36.8**
Exceptional income from operating transactions		0.1	0.1	0.1
Exceptional income from capital transactions		17.0	7.1	2.6
Reversals of provisions and impairment		37.5	52.1	34.1
Exceptional expenses		**(44.6)**	**(56.6)**	**(34.9)**
Exceptional expenses on operating transactions		(0.3)	(0.1)	(0.1)
Exceptional expenses on capital transactions		(31.6)	(29.4)	(15.3)
Depreciation, amortisation, provisions and impairment		(12.7)	(27.1)	(19.5)
EXCEPTIONAL ITEMS	*4.9*	**10.0**	**2.7**	**1.9**
Employee profit-sharing		(8.2)	(10.2)	(12.9)
Income tax expense	*4.10 & 4.11*	(76.9)	(104.1)	(130.5)
NET PROFIT		**250.8**	**182.3**	**155.8**

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Parent company balance sheet (French GAAP)

ASSETS (€m)	Note	Dec. 31, 2006 Net	Dec. 31, 2005 Net	Dec. 31, 2004 Net
Intangible assets	*2.2 & 3.1*	**75.3**	**107.2**	**137.1**
Concessions and similar rights		0.0	0.0	0.1
Trademarks		0.0	0.0	0.0
Purchased goodwill		0.0	0.0	0.0
Other intangible assets		0.0	0.0	0.0
Co-productions available for transmission		29.6	48.6	70.0
Co-productions available for retransmission		35.0	43.3	56.3
Co-productions in progress		10.7	15.3	10.7
Property, plant and equipment	*2.3 & 3.2*	**35.9**	**31.5**	**29.4**
Land		0.0	0.0	0.0
Buildings		0.0	0.0	0.0
Technical facilities		15.9	11.8	8.5
Other property, plant and equipment		18.8	18.2	19.9
Property, plant and equipment under construction		1.2	1.5	1.0
Non-current financial assets	*2.4 & 3.3*	**1,039.6**	**988.4**	**967.3**
Investments in subsidiaries and affiliates		790.4	722.6	599.4
Loans and advances to subsidiaries and affiliates		0.0	0.0	0.0
Other long-term investment securities		7.4	7.4	9.3
Loans receivable		241.0	257.7	357.9
Other non-current financial assets		0.8	0.7	0.7
NON-CURRENT ASSETS		**1,150.8**	**1,127.1**	**1,133.8**
Inventories and work in progress	*2.5 & 3.4*	**465.6**	**417.9**	**403.0**
Raw materials and other supplies		0.2	0.2	0.2
Goods purchased for resale		0.0	0.0	0.0
Broadcasting rights (initial transmission)		225.4	198.0	188.5
Broadcasting rights (retransmission)		239.4	218.8	212.7
Broadcasting rights in progress		0.6	0.9	1.6
Advance payments	*3.5*	208.9	256.9	216.3
Trade debtors	*2.6 & 3.6.1*	385.3	373.7	352.5
Other debtors	*3.6.2*	114.3	370.8	383.8
Short-term investments and cash	*2.7 & 3.7*	465.8	44.1	142.1
Prepaid expenses	*3.8*	4.4	4.5	4.1
CURRENT ASSETS		**1,644.3**	**1,467.9**	**1,501.8**
Deferred charges		0.8	1.0	1.3
Bond redemption premium		1.7	2.1	2.6
Unrealised foreign exchange losses		0.0	0.1	0.0
TOTAL ASSETS		**2,797.6**	**2,598.2**	**2,639.5**

LIABILITIES AND SHAREHOLDERS' EQUITY (€m)	Note	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004
Share capital		42.8	42.8	43.0
Share premium		20.8	24.1	50.0
Revaluation reserve		0.0	0.0	0.0
Legal reserve		4.3	4.3	4.3
Long-term capital gains reserve		0.0	0.0	25.0
Other reserves		759.0	759.0	734.0
Retained earnings		90.0	46.7	29.5
Net profit for the year		250.8	182.3	155.8
Investment grants	*2.8*	0.0	0.0	0.0
Restricted provisions: programme amortisation	2.9	59.8	84.1	117.9
SHAREHOLDERS' EQUITY	*3.9*	**1,227.5**	**1,143.3**	**1,159.5**
PROVISIONS FOR LIABILITIES AND CHARGES	*2.10, 2.11, 2.12, 2.13 & 3.10*	**43.5**	**43.8**	**34.9**
Bond issues		504.6	504.1	504.0
Bank borrowings (1)		0.3	0.3	16.4
Other borrowings (2)		231.0	170.5	158.8
Trade creditors		403.8	378.6	392.3
Tax and employee-related liabilities		165.1	165.4	179.6
Amounts payable in respect of non-current assets		19.1	16.9	23.4
Other liabilities		198.7	170.5	163.9
Deferred income		3.6	4.8	5.4
CURRENT LIABILITIES	*3.11*	**1,526.2**	**1,411.1**	**1,443.8**
Unrealised foreign exchange gains		0.4	0.0	1.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,797.6**	**2,598.2**	**2,639.5**
(1) Including bank overdrafts		0.0	0.3	16.4
(2) Including intra-group current accounts		128.1	170.5	158.8

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Parent company cash flow statement

(French GAAP)

(€m)	2006	2005	2004
1 – Operating activities			
• Net profit for the year	250.8	182.3	155.8
• Depreciation, amortisation, provisions and impairment (1) (2)	10.3	21.3	90.7
• Investment grants released to Income Statement	0.0	0.0	0.0
• Net (gain)/loss on disposals of non-current assets	(1.4)	5.2	0.0
Operating cash flow before changes in working capital	**259.7**	**208.8**	**246.5**
• Acquisitions of co-productions (2)	(30.3)	(30.4)	(58.2)
• Amortisation and impairment of co-productions (2)	37.8	26.4	42.3
• Inventories	(47.7)	(14.9)	(51.4)
• Trade and other debtors	(6.8)	(8.6)	55.6
• Trade and other creditors	39.7	(10.2)	26.1
• Deferred charges	0.0	0.0	0.0
• Advance payments received from third parties, net	48.0	(40.6)	(2.1)
Change in operating working capital needs	**(40.7)**	**(78.3)**	**12.3**
NET CASH GENERATED BY OPERATING ACTIVITIES	**300.4**	**130.5**	**258.8**
2 – Investing activities			
• Acquisitions of property, plant & equipment and intangible assets (1) (2)	(14.3)	(13.4)	(8.9)
• Disposals of property, plant & equipment and intangible assets (1) (2)	0.2	0.0	0.0
• Acquisitions of investments in subsidiaries and affiliates	(63.9)	(143.9)	(94.5)
• Disposals of investments in subsidiaries and affiliates	13.7	2.9	0.1
• Net change in amounts payable in respect of non-current assets	2.3	(6.5)	20.9
• Net change in other non-current financial assets	4.3	101.3	16.1
NET CASH USED IN INVESTING ACTIVITIES	**(57.7)**	**(59.6)**	**(66.3)**
3 – Financing activities			
• Change in shareholders' equity	(3.3)	(26.0)	(8.5)
• Net change in debt	69.7	11.7	(73.8)
• Dividends paid	(139.0)	(138.6)	(139.0)
NET CASH USED IN FINANCING ACTIVITIES	**(72.6)**	**(152.9)**	**(221.3)**
TOTAL CHANGE IN CASH POSITION	**170.1**	**(82.0)**	**(28.8)**
Cash position at beginning of period	43.8	125.8	154.6
Impact of reclassification of current accounts in opening balance sheet	251.5		
Change in cash position	170.1	(82.0)	(28.8)
Cash position at end of period	465.4	43.8	125.8

(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, 2006 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

1 Significant events

1-1 Transfer of TPS to canal+ France

On January 6, 2006, agreement was reached between Vivendi, TF1 and M6 on the terms for a merger of the French pay-TV activities of the Canal+ Group and TPS. Under the agreement, TPS Gestion (which owned 100% of TPS) was to be transferred to Canal+ France, an entity wholly controlled by Vivendi. TF1 was to take a 9.9% stake in this entity, together with a put option exercisable in February 2010 at the greater of (i) an independent valuation or (ii) a minimum price of €745.8 m (valuing 100% of Canal+ France at €7.5 bn).
This agreement was subject to approval from the French competition authorities. On August 30, 2006, the merger received competition clearance from the Minister of the Economy, Finance and Industry, subject to undertakings made by Vivendi and Canal+ France.
On November 30, 2006, in accordance with the terms of the agreement, TF1 (via the TPS holding companies) subscribed €129.4 m to a share issue carried out by TPS Gestion.
With effect from January 4, 2007, the capital ownership structure of Canal+ France is: Vivendi 65%, Lagardère 20%, TF1 9.9% and M6 5.1%. The principal entities included in Canal+ France are: 100% of Canal Satellite, Multithématiques, Média Overseas, Canal+ Distribution and TPS, and 49% of Canal+ SA.
On January 4, 2007, TF1, M6 and Vivendi signed a shareholders' agreement under which TF1 and M6 have a joint exit right in the event that Vivendi/Canal+ Group divest exclusive control over Canal+ France, and a priority right to sell their shares in the event of a stock market flotation of Canal+ France.
TF1 has no representative on the Canal+ France Supervisory Board and no rights to exercise any control over the management of the company.
Finally, the transfer having now been completed, the €99 m advance paid by Vivendi to TF1 on January 6, 2006 and frozen with effect from that date has been repaid to Vivendi (plus interest).

1-2 Acquisition of a 33.5% interest in the AB group

On December 4, 2006, TF1 agreed, subject to certain conditions, to acquire a 33.5% interest in the AB Group for €230 m. Claude Berda will retain exclusive control over the AB Group with a 66.5% interest, and will remain as its Chairman.
The AB Group:

- owns a catalogue of French-language television rights representing over 1,300 titles and 37,000 hours of programming;
- produces free-to-air TV channels: TMC (40% owned) and NT1 (100% owned) in France, and AB 3 and AB 4 in Belgium;
- produces Pay TV channels available via satellite, cable, digital terrestrial TV or ADSL, including RTL 9 (65% owned).

Two of the six members of the AB Group Board of Directors will be appointed by TF1.

2 Accounting policies

2-1 Comparability of the financial statements

With effect from December 31, 2006:

- Assets side of the balance sheet: Treasury current accounts, previously classified in "Other debtors", have been reclassified as cash. The amount involved is €274.8 m (€251.5 m at December 31, 2005). This is consistent with the classification of treasury current account credit balances, which are included in "Other borrowings".
- Liabilities side of the balance sheet: Current accounts that do not represent debt have been reclassified as "Other liabilities". The amount involved is €4.3 m (€8.7 m at December 31, 2005). This is consistent with the classification of current account debit balances, which are 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".

Notes to the parent company financial statements

Programmes acquired for a single transmission are fully amortised on transmission. Programmes acquired for two or more transmissions 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 at 20% or 50% of acquisition cost.

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.

If programmes are acquired for two or more transmissions, 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.

2-6 Trade debtors

General provisions for bad debt risks are also recorded on the following basis:

- 100% of all invoices (excluding VAT) unpaid since before January 1, 2004;
- 50% of all invoices (excluding VAT) issued during 2004 and still unpaid.

Risks on invoices issued since December 31, 2004 and still unpaid at December 31, 2006 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 on 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

The amount of these provisions is determined on the basis of an assessment of risks at each balance sheet date.

2-11 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".

2-12 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".

2-13 Other provisions for liabilities and charges

Provisions for disputes are established on the basis of estimates to cover claims, litigation and risks arising from the company's operations that will result in a probable outflow of resources. 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.

2-14 Advertising revenue

Advertising revenue reported in the Income Statement represents the revenues of TF1 Publicité, net of commission payable to TF1 Publicité.

2-15 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.

Notes to the parent company financial statements

2-16 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.

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)	2006	2005
Co-productions in progress	16.8	12.8
Co-productions available for transmission	48.6	70.0
Co-productions available for retransmission	43.6	56.4
CO-PRODUCTIONS AT JANUARY 1	**109.0**	**139.2**
ACQUISITIONS DURING THE YEAR	**49.3**	**50.3**
1st transmission cost	(57.1)	(54.9)
2nd transmission cost	(5.2)	(5.7)
Total transmission cost	(62.3)	(60.4)
Expired	(6.8)	(12.1)
Retired or abandoned	(9.1)	(4.9)
Resold (net book value)	(3.1)	(2.9)
DECREASES DURING THE YEAR	**(81.3)**	**(80.5)**
CO-PRODUCTIONS AT DECEMBER 31	**77.0**	**109.0**
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
Total	**77.0**	**109.0**
PROVISIONS FOR IMPAIRMENT		
Balance at January 1	**1.8**	**2.2**
Charges during the period	0.2	0.3
Reversals during the period	(0.3)	(0.7)
Balance at December 31	**1.7**	**1.8**

As at December 31, 2006, the risk of non-transmission for co-produced programmes was €22.0 m, of which:

- €0.2 m was covered by provisions for impairment;
- €21.8 m was covered by restricted provisions previously established in accordance with the policy described in note 2.9.

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 2006	Total 2005
Co-production shares	21.1	1.4	3.6	26.1	28.5

3-2 Property, plant and equipment

The table below shows movements in property, plant and equipment during the year:

(€m) **Gross value**	**Jan. 1, 2006**	**Increases**	**Decreases**	**Dec. 31, 2006**
Technical facilities	66.0	9.0	0.9	74.1
Other property, plant and equipment	60.7	5.5	1.5	64.7
PP&E under construction	1.5	1.1	1.3	1.3
Total	**128.2**	**15.6**	**3.7**	**140.1**
Depreciation	**Jan. 1, 2006**	**Charged**	**Reversed**	**Dec. 31, 2006**
Technical facilities	54.2	4.9	0.9	58.2
Other property, plant and equipment	42.3	5.1	1.4	46.0
Total	**96.5**	**10.0**	**2.3**	**104.2**

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, 2005	**927.3**	**7.4**	**257.7**	**0.8**	**1,193.2**
Increases					
TV Breizh: acquisition of shares	1.8				1.8
JFG Networks: acquisition /capital increase	1.4				1.4
TF1 Digital: capital increase	47.1				47.1
A1 International: capital increase	12.7		(12.4)		0.3
Monte Carlo Participations: capital increase	12.6				12.6
Soparmedia: capital increase	0.3				0.3
Newly-formed companies	0.6				0.6
Decreases					
Sale of shares in Prima TV	(12.4)				(12.4)
Aphélie loans			(4.3)		(4.3)
December 31, 2006	**991.4**	**7.4**	**241.0**	**0.8**	**1,240.6**
Provisions for impairment					
December 31, 2005	**204.7**				
Charges during the period					
Reversals during the period	(3.7)				
December 31, 2006	**201.0**				
Net value at December 31, 2006	**790.4**	**7.4**	**241.0**	**0.8**	**1,240.6**

"Loans receivable" mainly comprises:

- A participating loan of €56.4 m (including principal of €31.0 m) 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, 2006: €24.4 m).
- A loan to Eurosport (balance outstanding at December 31, 2006: €160.0 m).

"Other long-term investment securities" mainly comprise 251,537 TF1 shares with a total carrying value of €7.4 m. These shares were acquired under a share buy-back programme described in the Prospectus filed with the Commission des Opérations de Bourse (Stock Exchange Commission) as no. 01-436 on April 24, 2001.

3-4 Inventories 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 2006	Total 2005
Broadcasting rights (initial transmission)	230.9	0.9	231.8	229.5
Broadcasting rights (retransmission)	299.5	-	299.5	263.1
Broadcasting rights in progress	-	0.9	0.9	1.6
INVENTORY AT JANUARY 1	**530.4**	**1.8**	**532.2**	**494.2**
Purchases during the year	**626.7**	**407.5**	**1,034.2**	**899.6**
1st transmission cost	482.8	406.7	889.5	763.4
2nd transmission cost	54.2	-	54.2	42.4
Total transmission cost	537.0	406.7	943.7	805.8
Expired	29.3	-	29.3	45.3
Retired or abandoned	8.4	0.4	8.8	9.1
Resold	0.1	-	0.1	1.4
Total consumption during the year	**574.8**	**407.1**	**981.9**	**861.6**
INVENTORY AT DECEMBER 31	**582.3**	**2.2**	**584.5**	**532.2**
CHANGE IN INVENTORY	**51.9**	**0.4**	**52.3**	**38.0**
Closing inventory breaks down as follows:				
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
TOTAL	**582.3**	**2.2**	**584.5**	**532.2**
PROVISIONS FOR IMPAIRMENT				
Balance at January 1	**114.5**	**-**	**114.5**	**91.4**
Transfers	0.2	-	0.2	(0.2)
Charged during the period	40.6	-	40.6	65.7
Reversed during the period	(36.3)	-	(36.3)	(42.4)
Balance at December 31	**119.0**	**-**	**119.0**	**114.5**

The table below shows the maturity of broadcasting and sports transmission rights acquisition contracts entered into by TF1 to secure future programming schedules:

Some of these contracts are expressed in foreign currencies: €310.0 m in US dollars and €53.6 m in pounds sterling.

(€m)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total 2006**	**Total 2005**
Programmes and broadcasting rights	449.3	692.3	98.7	1,240.3	1,333.9
Sports transmission rights	135.1	420.3	140.9	696.3	608.9
Total	**584.4**	**1,112.6**	**239.6**	**1,936.6**	**1,942.8**

FINANCIAL REPORT

Notes to the parent company financial statements

3-5 Advance payments

This item mainly comprises advance payments on programme broadcasting rights contracts (€148.7 m) and on sports transmission contracts (€59.4 m).

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, 2006, net of accrued commercial discounts recorded in "Other liabilities", was €160.0m.
The net amount owed at December 31, 2005 was €175.4 m.

3.6.2. Other debtors

This item mainly comprises VAT recoverable of €59.2 m and current accounts with subsidiaries of €33.7 m.

3.6.3. Provisions for impairment of debtors

(€m)	Jan. 1, 2006	Transfers	Charged	Reversed	Dec. 31, 2006
Advance payments	1.4	(0.2)	7.5		8.7
Trade debtors	0.1		0.1	(0.1)	0.1
Other debtors	44.4	(41.0)(1)	0.4		3.8
Total	**45.9**	**(41.2)**	**8.0**	**(0.1)**	**12.6**

(1) Reclassification of provision for treasury current accounts

3.6.4. Loans receivable and debtors by due date

(€m)	Less than d'un an	1 to 5 years	More than 5 years	Total
Non-current assets	9.1	232.5	0.2	241.8
Current assets (1)	957.5	7.9		965.4
Total	**966.6**	**240.4**	**0.2**	**1,207.2**

(1) excluding advance payments

3-7 Short-term investments and cash

This item breaks down as follows:

(€m)	Dec. 31, 2006	Dec. 31, 2005
Gross value		
Short-term investments	**175.9**	**31.4**
Bank deposits and funds in transit	12.3	10.1
Treasury current account debit balances	279.0	-
Cash in hand	0.5	0.6
Accrued interest receivable	2.3	-
Cash and equivalents	**294.1**	**10.7**
Total	**470.0**	**42.1**
Provisions for current accounts		
Balance at January 1		
Transfers	41.0(1)	
Charged	4.2	
Reversed	(41.0)	
Balance at December 31	**4.2**	
Net value	**465.8**	**42.1**

(1) Reclassification of provision for treasury current accounts

Short-term investments comprise money-market mutual funds and do not include any unrealised capital gains, all potential gains having been realised as at December 31, 2006.

The December 31, 2006 figure includes the advance of €99 m received from Vivendi under the terms of the agreement signed with a view to a merger between the French pay-TV activities of TPS and Canal+ France, and the accrued interest on this advance (€2.9 m).

3-8 Prepaid expenses

Prepaid expenses amounted to €4.4 m at December 31, 2006, compared with €4.5 m at December 31, 2005.

3-9 Shareholders' equity

The share capital is divided into 214,122,129 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)	Jan. 1, 2006	Appropriation of profit (AGM of April 25, 2006)	Other movements Increases	Other movements Decreases	Dec. 31, 2006
Share capital	42.8	-	0.4 (2)	0.4 (3)	42.8
Share premium	24.1	-	50.5 (2)	53.8 (3)	20.8
Legal reserve	4.3	-	-	-	4.3
Long-term capital gains reserve	-	-	-	-	-
Retained earnings	46.7	43.3	-	-	90.0
Other reserves	759.0	-	-	-	759.0
Net profit for the year	182.3	(182.3)	250.8	-	250.8
Sub-total	**1,059.2**	**(139.0)**	**301.7**	**54.2**	**1,167.7**
Restricted provisions	84.1	-	12.7	37.0	59.8
Total	**1,143.3**	**(139.0) (1)**	**314.4**	**91.2**	**1,227.5**

(1) Dividends paid from May 2, 2006
(2) Exercise of share subscription options
(3) Cancellation of 200,000 shares on May 22, 2006 and of 1,928,000 shares on November 21, 2006

3-10 Provisions for liabilities and charges

Provisions are established using the methods described in notes 2-10, 2-11, 2-12 and 2-13. Movements during the year were as follows:

(€m)	Jan. 1, 2006	Charged	Reversed (used)	Reversed (unused)	Dec. 31, 2006
Provisions for disputes	17.4	3.5	4.3	0.9	15.7
Provisions for subsidiaries and affiliates	2.7	1.5	2.5	-	1.7
Provisions for bad debts	2.7	-	-	-	2.7
Provisions for retirement benefit obligations	16.5	2.4	0.6	0.3	18.0
Provisions for long-service leave	4.3	0.7	0.4	0.3	4.3
Other provisions	-	1.1	-	-	1.1
Total	**43.6**	**9.2**	**7.8**	**1.5**	**43.5**

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.

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 m 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 m) against interest rate risk.

3.11.2. Bank borrowings

TF1 SA had undrawn confirmed credit facilities totalling €955.5 m with various banks as at December 31, 2006.

3.11.3. Other borrowings

This item includes surplus cash invested on behalf of subsidiaries under cash pooling agreements, amounting to €91.8 m (vs. €170.5 m at December 31, 2005).
It also includes 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 TPS and Canal+ France. The advance was repaid on the completion date of the merger (January 4, 2007), with interest; the total amount repaid was €101.9 m.

3.11.4. Other liabilities

This item mainly comprises credit notes and accrued discounts in favour of TF1 Publicité of €191.1 m (vs. €167.1 m at December 31, 2005).

3.11.5. Liabilities by maturity

(€m)	Less than 1 year	1 to 5 years	More than 5 years	Total
Bond issues	4.6	500.0		504.6
Other liabilities	1,018.0			1,018.0
Total	**1,022.6**	**500.0**		**1,522.6**

4 Notes to the income statement

4-1 Advertising revenue

The advertising revenue of €1,627.0 m recorded in operating income represents the revenues of TF1 Publicité, net of commission payable to TF1 Publicité.

Notes to the parent company financial statements

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 €574.8 m in 2006 (€598.1 m in 2005). 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 €84.8 m in 2006, compared with €81.7 m in 2005.

4-4 Wages and salaries

Payments to freelances recorded on this line amounted to €4.6m (2005: €4.4 m) out of a total of €116.8 m (2005: €113.9 m).

4-5 Social Security Charges

This includes TF1 SA's contribution to the company savings plan (employee share ownership plan), which amounted to €4.2 m in 2006 and €3.9 m in 2005.

4-6 Other expenses

This item includes payments to copyright-holders of €66.6 m in 2006 (€63.2 m in 2005).

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)	2006	2005
Dividends	47.4	45.9
Net interest paid	(1.0)	(0.4)
Losses on loans/advances to subsidiaries & affiliates	-	(0.8)
Provisions for impairment of investments (1)	3.7	(13.4)
Provisions for impairment of current accounts	36.4	(29.7)
Other provisions	(1.6)	(3.5)
Foreign exchange gains/(losses)	0.5	1.3
Proceeds from disposals of short-term investments	4.3	1.5
Amortisation of bond redemption premium	(0.4)	(0.4)
Net financial income	**89.3**	**0.5**

(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 2006 amounted to €4.8 m (2005: €3.1 m). Interest received from related companies in 2006 amounted to €20.8 m (2005: €20.1 m).

4-9 Exceptional items

Exceptional items comprise:

(€m)	2006	2005
Retirements of programmes and losses on disposals	(16.0)	(17.1)
Net change in provisions (incl. accelerated tax depreciation)	24.9	25.0
Net gain/(loss) on disposals of non-current financial assets	1.2	(5.2)
Other	(0.1)	-
Exceptional items, net	**10.0**	**2.7**

4-10 Income tax expense

This item comprises:

(€m)	2006	2005
Income taxes	(106.3)	(104.1)
Gain on group tax election	29.4	
Income tax expense	**(76.9)**	**(104.1)**

Net income tax expense on exceptional items was €2.9 m.
TF1 made a group tax election on January 1, 1989, which is still in place. In 2006, the election included 38 companies, compared with 40 in 2005.
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 23.5% is mainly due to partially or wholly tax-exempt income in 2006 (dividends, reversals of provisions not deducted for tax purposes in prior years) 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	20.59	-
Accrued employee benefits deductible in future years	-	8.16

5 Other information

5-1 Off balance sheet commitments

The table below shows off balance sheet commitments at December 31, 2006 by type and maturity:

(€m) Commitments given	Less than 1 year	1 to 5 years	More than 5 years	Total 2006	Total 2005
Property finance leases	18.4	29.0		47.4	61.4
Operating leases	8.9	45.2	46.8	100.9	16.2
Image transmission contracts	63.7	189.3		253.0	291.2
Guarantees	2.0	19.2	11.4	32.6	210.9
Other	2.0	7.6	0.1	9.7	4.4
Total	**95.0**	**290.3**	**58.3**	**443.6**	**584.1**

(€m) Commitments received	Less than 1 year	1 to 5 years	More than 5 years	Total 2006	Total 2005
Property finance leases	18.4	29.0		47.4	61.4
Operating leases	8.9	45.2	46.8	100.9	16.2
Image transmission contracts	63.7	189.3		253.0	291.2
Confirmed credit facilities		955.5		955.5	715.5
Other	1.4	0.3		1.7	16.2
Total	**92.4**	**1,219.3**	**46.8**	**1,358.5**	**1,100.5**

TF1 SA had not contracted any complex commitments as of December 31, 2006.
No material off balance sheet commitments, as defined in the applicable accounting standards, are omitted from the above disclosures.
To hedge upside risk in the TF1 share price on consideration-free share allotment plan No.1 (see note 5-5), TF1 SA has bought its own shares forward at a cost of €4.7 m.
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.
Under the agreement described in note 1-2, TF1 has entered into a commitment to acquire an interest in the AB Group for €230 m in 2007, subject to certain conditions.

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 TF1 had occupied since 1992. The lease had a term of 15 years and was for an amount of €164.6 m excluding interest, split as follows:

- land €45.7 m
- buildings €57.9 m
- fixtures & fittings €61.0 m

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.

Original value		164.6
Lease payments (1)		159.9
- accumulated to start of year	143.5	
- during the year	16.4	
Notional depreciation expense (2)		91.1
- accumulated to start of year	88.7	
- during the year	2.4	
Expected future lease payments (3)		
- less than 1 year	18.4	
- more than 1 year but less than 5 years	29.0	
- more than 5 years		
Option to buy the property in 2009		67.1

(1) Includes accumulated capital repayments of €65.0m.
(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 2007 under contracts already signed as at December 31, 2006.

At December 31, 2006, the equivalent value of these hedging instruments in euros was €114.1 m, comprising:
- €81.1 m of forward purchases of USD;
- €25.2 m of knock-out forward purchases of USD;
- €7.8 m of forward purchases of GBP, relating to the TF1 subsidiary Eurosport.

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, 2006), TF1 has contracted the following instruments:
- a €300 m interest rate swap, contracted in 2003;
- two €50 m interest rate swaps, both contracted in 2005;
- three €50 m caps, each contracted in 2006.

Notes to the parent company financial statements

The net gain on these interest rate hedges in the year ended December 31, 2006 was €3.5 m, 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 audio-visual production industry:

	2006	2005	2004
Clerical and administrative	20	22	28
Supervisory	454	466	470
Managerial	817	772	742
Journalists	249	248	245
Total	**1,540**	**1,508**	**1,485**

5-4 Executive compensation

The amount of compensation paid during 2006 to the ten senior executives of TF1 SA, comprising three corporate officers and seven heads of corporate functions, was €7.8 m.

The portion of the total obligation in respect of retirement and other post-employment benefits relating to these senior executives was €3.8 m, including €1.5 m held in trust for Etienne Mougeotte until the date of his departure from the company at the latest.

The Bouygues Group offers the members of its Executive Committee, who include Patrick Le Lay, 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 2006 to the investment fund of the insurance company which manages the scheme was €0.3 m.

Apart from loans of shares made to senior executives who are also members of the Board of Directors in connection with their duties, no material loans or guarantees were extended to senior executives or members of the Board of Directors.

5-5 Share subscription options and allotment of consideration-free shares

Information about the granting of share subscription options and the allotment of consideration-free 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 2006 amounted to €0.3 m.

5-7 Amounts involving related companies

(€m)			
ASSETS		LIABILITIES	
Non-current financial assets	240.8	Debt	129.0
Trade debtors	470.4	Trade creditors	17.7
Other debtors	33.6	Other liabilities	210.0
Cash & equivalents and current accounts	273.7		
EXPENSES		INCOME	
Operating expenses	110.9	Operating income	1,726.6
Financial expenses	13.4	Financial income	115.4

5-8 List of investments at december 31, 2006

INVESTMENTS IN SUBSIDIARIES & AFFILIATES	Number of shares	% interest	Estimated value (€) *
EUROSPORT	150,000,000	100.00	301,903,429
TF1 EXPANSION	2,691,349	100.00	136,142,329
EUROPA TV	1,885,000	29.00	38,402,609
TF1 ENTREPRISES	200,000	100.00	21,670,231
TF1 FILMS PRODUCTION	169,995	100.00	18,942,757
EUROSPORT FRANCE	150,000	100.00	13,776,879
TF1 INTERNATIONAL	4,500,000	100.00	13,759,155
FRANCE 24	18,500	50.00	12,336,713
MONTE CARLO PARTICIPATIONS	12,642,250	50.00	12,329,500
TF1 PUBLICITE	30,000	100.00	10,727,173
TELESHOPPING	8,500	100.00	6,277,139
TCM DA	5,100	34.00	6,158,582
e-TF1	999	99.90	4,611,886
ALMA PRODUCTIONS	5,000	100.00	2,884,325
TF1 DIGITAL	687,496	100.00	2,607,865
MEDIAMETRIE	1,000	10.75	1,207,443
GLEM	5,000	100.00	1,159,068
PUBLICATIONS METRO FRANCE	343	34.30	806,852
TOUT AUDIOVISUEL PRODUCTION	5,000	100.00	657,928
TF1 PUBLICITE PRODUCTION	2,313	100.00	616,310
YAGAN PRODUCTION	53,269	100.00	590,117
PRIMA TV	325,000	5.00	310,412
SOPARMEDIA	625	12.56	249,944
JFG NETWORKS	798	20.02	161,195
MEDIAMETRIE EXPANSION	600	5.00	106,450
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 11	40,000	100.00	40,000
PREFAS 12	40,000	100.00	40,000
PREFAS 13	40,000	100.00	40,000
PREFAS 14	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	38,328
@TF1	39,999	100.00	36,191
SAGIT	39,994	99.99	35,378
TVB NANTES	2,040	51.00	17,973
TCM GESTION	848	33.92	12,296
SMR6	15,000	20.00	4,407
LES NOUVELLES EDITIONS TF1	25	1.00	2,406
ODYSSEE	1	0.20	1,853
TELEMA	1	0.01	490
TF6	1,600	0.02	460
EUROSHOPPING TRADING	1	0.02	109
SERIE CLUB	1	0.004	50
TRICOM ET CIE	2	0.07	33
TRICOM	1	0.003	11
TF6 GESTION	1	0.001	1
TOTAL INVESTMENTS IN SUBSIDIARIES AND AFFILIATES			**609,186,279**

* The estimated value equals the share of net assets held by TF1 SA.

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SHORT-TERM INVESTMENTS	Number of units	Unit market price at Dec. 31, 2006	Market value (€)
Medium-term notes (BMTN)	620	164,282.31	101,855,026
FORTIS EURO TRESORERIE	504	50,850.06	25,628,430
ETOILE MONE EURIBOR	235	105,806.82	24,864,603
BNP PARIBAS EURIBOR PRIME	34	519,738.17	17,671,098
CB CENTRALE USD	530	11,028.21	5,844,950
TOTAL SHORT-TERM INVESTMENTS			**175,864,107**
TOTAL INVESTMENTS			**785,050,386**

5-9 List of subsidiaries and affiliates

Company/Group	Currency	Share capital	Equity other than share capital or net profit	Share of capital held	Gross book value of investment	Net book value of investment	Outstanding loans and advances	Guarantees provided	Turnover for most recent financial year	Net profit for most recent financial year	Dividends received during the year
		In thousands of euros (or of specified currency)			In thousands of euros						
I - SUBSIDIARIES (at least 50% of the capital held by TF1 SA)											
- TF1 PUBLICITE		2,400	296	100.00%	3,038	3,038	9,189	-	1,784,805	8,031	8,100
- TF1 FILMS PRODUCTION		2,550	15,901	99.997%	1,768	1,768	-	-	43,139	493	-
- TÉLÉ-SHOPPING		127	115	100.00%	130	130	-	-	100,976	6,035	5,946
- TF1 PUBLICATIONS		75	(1,478)	99.88%	519	-	1,372	-	-	7	-
- TF1 ENTREPRISES		3,000	428	100.00%	3,049	3,049	-	-	37,492	18,242	17,616
- TF1 US	USD	28	-	100.00%	24	24	-	-	-	-	-
- SWONKE		18	416	100.00%	900	441	-	-	-	10	-
- e-TF1		1,000	(39)	99.90%	999	999	-	-	75,727	3,655	5,418
- TF1 DIGITAL		11,000	-	100.00%	146,209	47,077	15,263	-	4,587	(8,392)	-
- @ TF1		40	(2)	100.00%	40	40	-	-	-	(2)	-
- SAGIT		40	(4)	99.99%	40	40	-	-	-	(1)	-
- EUROSPORT		15,000	273,034	100.00%	234,243	234,243	160,000	-	239,290	13,869	-
- EUROSPORT France		2,325	11,321	100.00%	126,825	126,825	-	-	59,921	131	-
- ONE CAST		40	44	100.00%	13,440	40	-	-	-	(113)	-
- TF1 EXPANSION		269	125,430	100.00%	291,290	291,290	134,544	-	-	10,444	-
- TF1 INTERNATIONAL		15,210	1,227	100.00%	66,431	9,731	14,783	-	75,557	(2,678)	-
- TV BREIZH		3,404	(8,741)	98.28%	21,437	7,437	10,241	-	15,505	721	-
- YAGAN PRODUCTIONS		53	222	100.00%	53	53	-	-	5,113	315	309
- USHUAIA TV		10	-	99.99%	10	10	2,340	-	2,847	(1,542)	-
- TAP		80	275	100.00%	80	80	453	-	6,269	303	385
- ALMA PRODUCTIONS		80	1,465	100.00%	80	80	4,185	-	5,854	1,339	-
- GLEM		80	415	100.00%	14,052	80	871	-	30,539	664	-
- TF1 PUBLICITE PRODUCTION		37	(106)	100.00%	37	37	-	-	13,072	686	-
- JET JEUX ET TELEVISION		40	(2)	100.00%	40	40	5,124	-	695	(3,564)	-
- TF1 INSTITUT		40	(2)	100.00%	40	40	105	-	121	(125)	-
- TF1 MANAGEMENT		40	-	100.00%	40	40	-	-	-	(2)	-
- TF1 MOBILE		40	(2)	100.00%	40	40	5,296	-	1,302	(4,114)	-
- WAT		40	(2)	100.00%	40	40	3,271	-	50	(3,247)	-
- TVB NANTES		40	(4)	51.00%	20	20	-	-	-	-	-
- LA CHAINE FRANCILIENNE		40	-	66.00%	26	26	-	-	-	-	-
- 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	-	-	-	-	-
- PREFAS 11		40	-	100.00%	40	40	-	-	-	-	-
- PREFAS 12		40	-	100.00%	40	40	-	-	-	-	-
- PREFAS 13		40	-	100.00%	40	40	-	-	-	-	-
- PREFAS 14		40	-	100.00%	40	40	-	-	-	-	-
- PREFAS 15		40	-	100.00%	40	40	-	-	-	-	-
- PREFAS 16		40	-	100.00%	40	40	-	-	-	-	-

Notes to the parent company financial statements

Company/Group	Currency	Share capital	Equity other than share capital or net profit	Share of capital held	Gross book value of investment	Net book value of investment	Outstanding loans and advances	Guarantees provided	Turnover for most recent financial year	Net profit for most recent financial year	Dividends received during the year
	In thousands of euros (or of specified currency)				In thousands of euros						
II - AFFILIATES (10% to 50% of the capital held by TF1 SA)											
- MEDIAMETRIE		930	8,692	10.75%	15	15	-	-	40,174	1,607	21
- MERCURY INTERN. FILM		511	-	50.00%	255	255	-	-	-	-	-
- A1 INTERNATIONAL		25,409	-	50.00%	12,756	12,756	-	-	-	(2,609)	-
- France 24		37	-	50.00%	18	18	-	-	35,069	24,636	-
- MONTE CARLO PARTICIPATION		25,285	(313)	50.00%	12,642	12,642	12,717	-	1,372	(313)	-
- TCM GESTION		40	(3)	33.92%	14	14	-	-	2	(1)	-
- TCM DROITS AUDIOVISUELS		240	7,633	34.00%	82	82	6,564	-	19,705	10,241	2,609
- PUBLICATIONS METRO FRANCE		100	280	34.30%	12,000	12,000	-	-	34,590	1,973	-
- S M R 6		75	(52)	20.00%	15	15	5	-	111	(1)	-
- PINK TV		133	(3,371)	11.44%	497	-	2,455	-	4,589	(8,531)	-
- EUROPA TV		6,500	159,560	29.00%	24,296	22,031	-	-	5,039	(33,637)	-
- JFG NETWORKS		40	596	20.02%	1,400	1,400	-	-	787	169	-
- SOPARMEDIA		1,990	-	12.56%	250	250	-	-	-	-	-
III – OTHER EQUITY INVESTMENTS (less than 10% of capital held by TF1 SA)											
- GIE CHALLENGER FORMATION		11	-	6.67%	1	1	-	-	1,556	-	-
- PRIMA TV		6,500	(292)	5.00%	1,407	1,407	-,	-	22,100	7,000	-
- MEDIAMETRIE EXPANSION		1,829	167	5.00%	91	-	-	-	-	133	-
- LES NOUVELLES EDITIONS TF1		40	61	1.00%	-	-	-	-	535	140	1
- EUROSHOPPING TRADING		75	(1)	0.02%	-	-	582	-	7,014	472	-
- TRICOM & CIE		45	7	0.07%	-	-	-	-	-	(2)	-
- TF6		80	(6)	0.02%	-	-	-	-	19,407	2,229	-
- TF6 GESTION		80	1	0.001%	-	-	-	-	4	8	-
- SERIE CLUB		50	531	0.004%	2	2	-	-	7,315	676	-
- SED ODYSSEE		8	(64)	0.20%	-	-	247	-	4,425	983	-
- LA CHAINE INFO		4,500	49	0.0003%	-	-	5,988	-	47,370	(8,719)	-
- SACAS		38	(24,546)	0.04%	60	60	-	-	-	239	-
- TELEMA		1,000	3,842	0.01%	3	3	-	-	3,456	58	-
- TRICOM		450	(80)	0.003%	-	-	-	-	-	(1)	-
- APHELIE		2	(34,674)	0.05%	-	-	98,835	-	17,200	8,212	-
TOTAL					**991,384**	**790,349**					

5-10 Post balance sheet events

No significant event has occurred since the balance sheet date of December 31, 2006.

Statutory auditors' report on the financial statements

Financial year ended december 31, 2006

In accordance with our appointment by your Shareholders' Annual General Meeting, we hereby report to you, for the year ended December 31, 2006, on:

- the audit of the accompanying financial statements of TF1,
- the basis of our conclusions,
- 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 auditing standards generally accepted in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual 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, 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, prepared in accordance with accounting principles generally accepted in France, give a true and fair view of the company's financial position and its assets and liabilities at December 31, 2006 and of the results of its operations for the year then ended.

Without calling into question the opinion given above, we draw your attention to the change in accounting presentation, mentioned in Note 2-1, regarding the change in presentation of the treasury current accounts with subsidiaries and the current account credit balances not representing debt.

II - Basis of our conclusions

In conformity with the provisions of Article L. 823-9 of the French Commercial Code which require that we substantiate our conclusions, we bring to your attention the following matters:

- Note 2.4 describes the method used to determine the value in use of investments for which a provision for amortisation may be recorded and if necessary, a provision for liabilities and charges. Based on the information available to us, we ensured that the approach adopted by the company was relevant, and that the assumptions made and resulting valuations were reasonable.

- Co-production shares and broadcasting rights are accounted for in accordance with the policy and methods described in Notes 2.2 and 2.5 which, in particular, define amortisation principles and how the provisions for depreciation are to be determined. We ensured that the approach adopted by the company was relevant, and that the assumptions made and resulting valuations were reasonable.

These conclusions were formed as part of our audit of the annual financial statements taken as a whole and have therefore contributed to the formation of our unqualified opinion, given in the first part of this report.

III - Specific verifications and information

We also carried out the specific verifications required by law, in accordance with French generally accepted auditing standards. We have no comments to make as to:

- the fair presentation and the conformity with the financial statements of the information given in the Board of Directors' management report, and in the documents sent to the shareholders with respect to the financial position and the annual financial statements.
- the fair presentation of the information disclosed in the management report relating to the compensation and benefits granted to certain executive officers and the commitments given to them when or after they are appointed, or retire or change post.

In accordance with the law, we verified that the Directors' report contains the appropriate disclosure as to the acquisition of shares and controlling interests.

Paris la Défense and Courbevoie, March 9, 2007

The Statutory Auditors

SALUSTRO REYDEL — Jean-Pierre CROUZET
Member of KPMG International

MAZARS & GUÉRARD — Gilles RAINAUT
MAZARS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users.

Statutory Auditors' special report on regulated agreements

Financial year ended December 31, 2006

Statutory Auditors' special report on regulated agreements

Dear shareholders,

As statutory auditors of TF1, we hereby present you our report on the regulated agreements and commitments of which we have been informed.

Agreements and commitments authorised during the year:

In accordance with article L.225-40 of the French Commercial Code, we have been informed of the agreements and commitments which have received the prior authorisation of your Board of Directors.

We are not required to investigate the possible existence of other agreements and commitments, but to inform you, on the basis of the information provided to us, of the key terms and conditions of the agreements and commitments which have been brought to our attention; nor are we required to express an opinion on their appropriateness or merit. It is your responsibility, according to the provisions of Article 92 of the Decree of March 23, 1967, to assess the purpose and benefits of these agreements and commitments, with a view to approving them.

We conducted our work in accordance with applicable auditing standards. Those standards require that we plan and perform our work to enable us to verify that the information provided to us agrees with the source documentation from which it is extracted.

With subsidiaries of the Group

The common service agreements between TF1 and its subsidiaries were extended from January 1, 2006 to include TF1's new subsidiaries: Infoshopping, Top Shopping, Euro Shopping and Shopping à la Une.

These agreements provide for the invoicing of the specific services rendered at the request of the TF1 subsidiaries by the administrative departments (management, human resources, legal and finance), and a proportion of the residual administrative service costs of TF1, increased by the amount invoiced by BOUYGUES to TF1 under the terms of the common services agreement between the two companies. The proportion invoiced by TF1 to its subsidiaries is determined by applying allocation criteria (number of employees and turnover) specific to each type of cost.

For 2006, besides specific services invoiced in conformity with market conditions, TF1 invoiced these subsidiaries a proportion of the residual administrative costs, as defined in these agreements, as follows:

(€ thousands)	Amount (excluding VAT)
INFOSHOPPING	78
TOP SHOPPING	36
EURO SHOPPING	48
SHOPPING A LA UNE	24
TOTAL	**186**

In addition, TF1 and TF1 Publicité revised the invoicing allocation criterion from TF1 to TF1 Publicité. For 2006, TF1 invoiced €6,405 thousand to TF1 Publicité.

Persons concerned: TF1 owns, directly or indirectly (through Teleshopping, a 100% subsidiary of TF1) more than 10% of Infoshopping, Top Shopping, Euroshopping and Shopping à la Une and 100 % of TF1 Publicité. Claude Cohen is a director of both TF1 and TF1 Publicité.

With Mr Etienne Mougeotte

In the context of the future retirement of Etienne Mougeotte, the Board of Directors granted €1,500 thousand to the benefit of Etienne Mougeotte. This sum will be paid in tenths each year for ten years as from the date of his retirement.

Person concerned: Etienne Mougeotte

With Eurosport France

Under a contract dated June 8, 2006, Eurosport France acquired, from TF1, part of the broadcast rights of the 2006 FIFA World cup for the sum of €875 thousand (excl. VAT).

Person concerned: Etienne Mougeotte. TF1 indirectly owns (through Eurosport, a 100% subsidiary of TF1) more than 10% of Eurosport France

With Eurosport

EUROSPORT renegotiated the two loans that it had contracted from TF1 and agreed a new loan in an amount of €160 million which is substituted for the two previous loans.

This loan, which is effective as from October 1, 2006, is for a period of 5 years and must be repaid in full by September 30, 2011 at the latest. Repayment of the principal is on maturity. Early repayment (without penalties, but irrevocable) is possible in minimum tranches of €10 million.

Quarterly interest in arrears is calculated on the basis of a fixed rate resulting from the fixed rate / 3-month Euribor swap completed on the market on September 28, 2006, plus a margin of 0.375%.

In the fourth quarter of 2006, the interest earned by TF1 under this agreement amounted to €1,664 thousand.

Persons concerned: Olivier Bouygues, Claude Cohen and Etienne Mougeotte. TF1 owns 100% of Eurosport.

With TV Breizh

The cash pooling agreement of March 29, 2005 between TF1 and TV Breizh set a maximum authorised overdraft of €3 million. In the light of the cash flow forecasts and financing needs of the subsidiary, the maximum authorised overdraft has been increased to 6 M€.

Persons concerned: Patrick Le Lay, Etienne Mougeotte. TF1 owns 100% of TV Breizh.

With TF1 DIGITAL

On April 20, 2006, TF1 signed a business management lease with TF1 DIGITAL for a period of six years as from January 1, 2006.

Under this contract, TF1 gave a management lease to TF1 DIGITAL in respect of the branch of its business related to "Belgian" activities, including in particular all operating, use and programme broadcasting rights owned by TF1 in the context of its internal productions and co-production contracts and/or from purchase of audiovisual rights for Belgium.

The business assets leased notably include the "TF1" logo, the TF1 brand, the related customer base and the benefits of all agreements and contracts entered into with all third parties for the operation of such assets.

In this respect, TF1 DIGITAL pays TF1 royalties equal to 5% of sales to distributors of services. These royalties are subject to ceilings for the years 2006 to 2009 of respectively €57 thousand (excl. VAT), €102 thousand (excl. VAT), €139 thousand (excl. VAT) and €182 thousand (excl. VAT) and an amount of €211 thousand (excl. VAT) for 2010 and 2011.

For 2006, TF1 Digital paid royalties of €53 thousand (excl. VAT).

Persons concerned: Etienne Mougeotte. TF1 owns 100% of TF1 Digital.

With France 24

TF1 signed with France 24:

- A temporary assistance agreement with effect from January 1, 2006 in respect of services in the areas of accounting, human resources and pay, legal affairs and computing, charged at fixed prices.

For 2006, TF1 invoiced €288 thousand (excl. VAT) to France 24.

- A cash management agreement invoiced at a fixed annual price of €10 thousand (excl. VAT).

For 2006, TF1 invoiced €10 thousand (excl. VAT) to France 24.
Persons concerned: Patrick Le Lay, Etienne Mougeotte. TF1 owns 50% of France 24.

With GIE Bouygues Construction Achats

Under a service contract with effect from March 1, 2006, TF1 engaged GIE Bouygues Construction Achats to carry out an audit of the "purchasing" function of the TF1 Group.

This engagement was performed in respect of TF1, TF1 Digital, TF1 Vidéo, Télé-Shopping, LCI, e-Tf1, TF1 International, TF1 Entreprises and Eurosport and was broken down into three phases (i) an inventory of the current position, (ii) a purchasing initiative on a group of similar items purchased by the TF1 Group, (iii) a proposal in respect of organisation.

The contract envisages an overall fixed price of €267 thousand (excl. VAT).

For 2006, the amount invoiced by GIE BOUYGUES CONSTRUCTION ACHATS to TF1 was €65 thousand (excl. VAT).

Persons concerned: the GIE is more than 10% owned by the subsidiaries of Bouygues Construction, itself owned by Bouygues SA, which latter company owns more than 10% of TF1 SA

<u>Agreements and commitments approved during previous years that continued to be applicable in the year</u>.
In addition, in accordance with the Decree of March 23, 1967, we have been informed of the following agreements and agreements, which were approved during previous years that continued to be applicable in the year.

With Bouygues

COMMON SERVICES AGREEMENT OF OCTOBER 8, 1997
This agreement provides for invoicing of specific services rendered at TF1's request by Bouygues' shared services and a proportion of the residual shared service cost. For 2006, the amount invoiced by Bouygues was €3,766 thousand (excl. VAT). This amount takes account of a credit note of €829 thousand (excl. VAT) corresponding to an adjustment in respect of the 2005 financial year.

MANAGEMENT OF THE COMPANY'S INVESTMENTS BY THE GROUP GENERAL SECRETARIAT OF BOUYGUES
This agreement enables TF1 to use Bouygues' central investment management department. This department keeps the nominative records of shareholders, of the General Meeting and carries out payment of dividends. For 2006, the fee received by Bouygues was €60 thousand (excl. VAT).

Statutory Auditors' special report on regulated agreements

USE OF AIRPLANES OWNED BY BOUYGUES
This agreement offers TF1 the possibility of using Bouygues' Air Transport department, which operates the aircraft fleet of the Bouygues group.
For 2006, the amount invoiced by Bouygues was €684 thousand (incl. VAT).

SUPPLEMENTARY PENSIONS GRANTED TO MANAGEMENT
Under a contract subject to the French Insurance Code, Bouygues SA grants members of its general management committee a supplementary pension of 0.92% of the reference salary per year of presence in the plan. Patrick LE LAY is a member of this committee.

For 2006, the amount invoiced by BOUYGUES to TF1 was €342 thousand.

With BOUYGUES RELAIS

From November 22, 2005 and until March 1, 2007, BOUYGUES RELAIS has granted TF1 a bridging loan on its confirmed credit facilities up to the maximum amount of €100 million.

TF1 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%.

In 2006, TF1 did not use these confirmed credit facilities.

With Eurosport

Long-term loan:
In order to enable the reimbursement in the short to medium term of the current account with TF1 included in Eurosport's balance sheet, TF1 granted Eurosport a long-term loan of an amount of €278.8 million (reduced to €268.8 million) for a duration of seven years from January 1, 2002. In April 2005, this loan was partly repaid in an amount of €128.8 million bringing the amount of principal outstanding to €140 million. Quarterly interest in arrears is calculated on the basis of three-month EURIBOR 3 plus 0.375%. TF1 granted Eurosport a five year moratorium on principal repayments enabling the latter to not repay the principal until after this period.

During the first three quarters of 2006, the interest received by TF1 under this agreement was €4,857 thousand.

Medium-term loan:
In order to enable Eurosport to cover its cash requirements, TF1 granted Eurosport a medium term loan of €20 million for a period of 4 years to end of November 23, 2009 at the latest. Quarterly interest in arrears is calculated on the basis of three-month EURIBOR 3 plus 0.375%. TF1 granted Eurosport a two year moratorium on principal repayments enabling the latter to not repay the principal until after this period.

During the first three quarters of 2006, the interest received by TF1 under this agreement was €535 thousand.

These two loans were renegotiated and were terminated on September 30, 2006 and were replaced by a new loan (see Agreements authorised during the year).

With subsidiaries of the TF1 Group

The common service agreements provide for the invoicing of specific services rendered, at the request of the subsidiaries, by the administrative departments (management, human resources, legal and finance) and a proportion of the residual administrative service costs of TF1, increased by the amount invoiced by Bouygues to TF1 under the terms of the common services agreement between them. The proportion invoiced by TF1 to its subsidiaries is determined by applying allocation criteria (number of employees and turnover) specific to each type of cost.

During 2006, besides specific services invoiced in conformity with market conditions, TF1 invoiced certain subsidiaries a proportion of the residual administrative service costs, as defined in these agreements, as follows:

(€ thousands)	Amount (excluding VAT)
EUROSPORT	2,534
TF1 ENTREPRISES	363
TF1 VIDÉO	1,259
LA CHAÎNE INFO	690
UNE MUSIQUE	36
e-TF1	1,049
YAGAN PRODUCTIONS	64
TÉLÉ-SHOPPING	898
TF1 FILMS PRODUCTION	333
TF1 INTERNATIONAL	783
ODYSSEE	92
TF1 PUBLICITE PRODUCTION	237
TAP	73
ALMA PRODUCTION	95
TF1 HORS MEDIA	49
HISTOIRE	51
GLEM	205
EUROSPORT FRANCE	501
USHUAIA TV	19
TOTAL	**€9,331 thousand**

With TPS

The treasury agreement signed with TPS on December 15, 2004 was terminated on December 16, 2006.

TPS repaid the entire loan of €86,380 thousand to TF1 on May 2, 2006. The interest invoiced by TF1 in 2006 was €717 thousand.

With La Chaîne Info – LCI

Under a agreement dated October 12, 2005, LCI can, when major events occur, switch its channel to that of TF1, enabling it to assure immediate coverage

In 2006, LCI received a fixed annual fee of €5,000 thousand under this agreement.

Paris La Défense and Courbevoie, March 9, 2007

The Statutory Auditors

SALUSTRO REYDEL Member of KPMG International	Jean-Pierre CROUZET
MAZARS & GUÉRARD MAZARS	Gilles RAINAUT

FINANCIAL REPORT

STATUTORY AUDITORS' REPORT

on the report by the chairman of the board of directors on internal control procedures.

Financial year ended december 31, 2006.

As Statutory Auditors of TF1 and in accordance with the provisions of Article L.225-235 of the French Commercial Code, we hereby present our report on the report prepared by the Chairman of your company in conformity with the provisions of Article L.225-37 of the French Commercial Code, for the year ended December 31, 2006.

The Chairman is required to report to you in particular on the manner in which the work of the Board is prepared and organised and on the internal control procedures implemented within the company.

Our role is to inform you of any observations we have on the disclosures and statements contained in the Chairman's report with regard to the internal control procedures applied for the preparation and treatment of accounting and financial information.

We conducted our review in accordance with the professional standards applicable in France. Those standards require us to plan and perform our work so as to assess the fairness of presentation of the information provided in the Chairman's report on the internal control procedures used for the preparation and treatment of accounting and financial information. Those standards notably require that we:

- inform ourselves of the objectives and the general organisation of the internal control procedures used for the preparation and treatment of accounting and financial information presented in the Chairman's report.
- inform ourselves of the work underlying the information thereby provided in the report.

Based on our work, we have no comments to make on the disclosures and statements concerning the company's internal control procedures used for the preparation and treatment of the accounting and financial information contained in the report by the Chairman of the Board of Directors, prepared in conformity with the provisions of Article L.225-37 of the French Commercial Code.

Paris La Défense and Courbevoie, March 9, 2007

The Statutory Auditors

MAZARS & GUERARD	SALUSTRO REYDEL Member of KPMG International
Gilles RAINAUT	Jean-Pierre CROUZET

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Legal informations
RESOLUTIONS
April 17, 2007 General Meeting

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 31 December, 2006, 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 the 2006 financial year comprising the Balance Sheet, the Profit and Loss Account 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 2006 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 31 December 2006 and on the consolidated accounts for the said financial year, approves these reports together with the consolidated accounts for 2006 comprising the Balance Sheet, the Profit and Loss account 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 €340,845,843.42, taking into account the net income for the period of €250,816,042.65 and the retained earnings of €90,029,800.77, approves the following appropriation and distribution proposed by the Board of Directors:

• Appropriation to Other Reserves	**€60,000,000.00**
• Distribution of a dividend of (i.e. a net dividend of €0.85 per share with a nominal value of €0.2)	**€181,790,003.20**
• Appropriation of the remainder to Retained Earnings	**€99,055,840.22**

The dividend will become payable on May 2, 2007.

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 Code of Commerce.

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	Tax credit	Allowance
31/12/2003	€0.65	€0.325 *	None
31/12/2004	€0.65 **	None	Yes **
31/12/2005	€0.65 ***	None	Yes ***

(*) depending on the tax situation of the beneficiary (based on a 50% rate)
(**) 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

(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 Patricia Barbizet, which expires at the end of this Meeting, for a further two years.

Her new term of office shall end at the close of the General Meeting convened to rule on the accounts for the 2008 financial year.

Sixth 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 Martin Bouygues, 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 convened to rule on the accounts for the 2008 financial year.

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RESOLUTIONS

Seventh 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 Olivier Bouygues, 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 convened to rule on the accounts for the 2008 financial year.

Heigth 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 Claude Cohen, which expires at the end of this Meeting, for a further two years.

Her new term of office shall end at the close of the General Meeting convened to rule on the accounts for the 2008 financial year.

Ninth 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 Patrick Le Lay, 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 convened to rule on the accounts for the 2008 financial year.

Tenth 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 Philippe Montagner, 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 convened to rule on the accounts for the 2008 financial year.

Eleventh 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 Etienne Mougeotte, 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 convened to rule on the accounts for the 2008 financial year.

Twelfth 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 Olivier Poupart-Lafarge, 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 convened to rule on the accounts for the 2008 financial year.

Thirteenth 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 Haim Saban, 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 convened to rule on the accounts for the 2008 financial year.

Fourteenth resolution

(Renewal of a Statutory Auditor's term of office)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, notes that the term of office of the statutory auditor, Mazars & Guerard (Registered office : Tour Exaltis - 61, rue Henri Regnault 92400 Courbevoie), is about to expire and decides to renew the appointment for a further six financial years. Their new term of office will end at the close of the General Meeting convened to approve the accounts for the 2012 financial year.

Fifteenth resolution

(Renewal of an Alternate Auditor's term of office)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, notes that the term of office of the Alternate Auditor, Thierry Colin (of Tour Exaltis - 61, rue Henri Regnault 92400 Courbevoie), is about to expire and decided to renew the appointment for further six financial years. His new term of office will end at the close of the General Meeting convened to approve the accounts for the 2012 financial year.

Sixteenth 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 Articles L. 225-209 and 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 company 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 21,387,059 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 programmes 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 set at €45 and the minimum unit selling price at €15. It is to be noted that these prices will not be applicable to the buy-back of shares used to exercise 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 funds the company may devote to this operation are €962,417,655.

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 2007.

It cancels, to the extent it has not been utilized, any prior authorisation having the same purpose.

Legal informations
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EXTRAORDINARY PART

- Reading of Board of Directors' reports and of Statutory Auditors' reports,
- Authorises the Board of Directors to reduce the company's capital through the cancellation of treasury shares,
- Delegates full powers to the Board of Directors to increase the company's capital, with preferential subscription rights maintained, by the issuance of shares or securities giving access to the company's capital,
- Delegates full powers to the Board of Directors to increase the company's capital by incorporating premiums, reserves or profits,
- Delegates full powers to the Board of Directors to increase the capital, with the elimination of preferential subscription rights, by the issuance of shares or securities giving access to the company's capital,
- Delegates full powers to the Board of Directors to increase the number of shares to be issued in the case of a capital increase with or without preferential subscription rights of shareholders,
- Authorises the Board of Directors, to set the issue price for public offerings, without preferential subscription rights, by the issuance of shares or securities giving access to the capital within the limits of 10% of the said capital,
- Delegates full powers to the Board of Directors to proceed with capital increases to remunerate contributions in the form of shares or securities giving access to the capital,
- Delegates full powers to the Board of Directors to proceed with a capital increase, without preferential subscription rights, to remunerate shares tendered in share exchange offers,
- Delegates full powers to the Board of Directors to issue any securities entitling the holder to debt securities,
- Delegates full powers to the Board of Directors to proceed with capital increases in favour of employees of the company or other group companies who are members of a company savings plan,
- Authorises the Board of Directors to use delegations and authorisations for the purpose of increasing the capital during a period of a public offering for the company's shares,
- Delegates full powers to the Board of Directors to issue share subscription warrants during a period of public offering for the company's shares,
- Delegates full powers to the Board of Directors to grant options to subscribe or purchase shares,
- Brings the company's Articles of Incorporation into line with the provisions of Law No. 2006-1566 of December 11, 2006, modifying Decree n°64-236 of March 23, 1967 on commercial companies,
- Powers for registration and formalities.

Legal informations
MEMORANDUM AND ARTICLES OF ASSOCIATION

Updated following the Board Meeting of February 20, 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" ("public liability company") or the corresponding French initials "SA".

ARTICLE 4
REGISTERED OFFICE

The Registered office is located at 1, Quai du Point du Jour, 92100 Boulogne, 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 €42,774,118.40 divided into 213,870,592 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, if one or several shareholders holding at least 5% of the capital so request during the Meeting.
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.

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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 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 of

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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 decides 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

Any agreement 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 (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 (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.

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

All shareholders may participate in General Meetings, irrespective of the number of shares they own, in person or by proxy, on condition that they provide proof of identity and of ownership of their shares, in the form and place indicated in the notification to attend, at least five days before the date of the General Meeting, as provided by law regarding the participation of shareholders in General Meetings. However, the Board of Directors may shorten or abolish this period provided that it is for the benefit of all the shareholders.

Shareholders may only be represented by their spouse or by another shareholder with power of attorney or, if their domicile is not in French territory, through 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.

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 quarter 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 third, and upon the second notification, at least a quarter 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 informations
LEGAL FRAMEWORK

Share ownership

Under the terms of Article 39 of Law No. 86-1067 of September 30, 1986 as amended, an individual or entity, acting alone or with others, shall not hold, directly or indirectly, more than 49% of the capital or voting rights of a company licensed to operate a national television service by terrestrial analogue route.
This provision was modified by Law No. 2001-624 of July 18, 2000. This limits the scope of the 49% rule to those hertzian channels with an average annual audience (analogue, cable and satellite combined) in excess of 2.5% of the total television audience. A decree of the Conseil d'Etat (Council of State) must define in detail how channel audiences are to be calculated.
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, 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 has modified TF1's licence in order to incorporate the provisions relating to the broadcasting of programmes on digital terrestrial television.

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 FRANCAISE 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 and by Law No. 2005-102 of February 11, 2005,
- European Directive on Television Without Frontiers of October 3, 1989, as modified,
- 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).

Decree No. 2003-960 of October 8, 2003 has amended Article 8 of Decree No. 92-280 of March 27, 1992 related to sectors banned from television advertising.
The legal provisions of this Decree, partly applicable from January 1, 2004, open the following markets:

- Book publishing: but only for cable and satellite channels,
- Cinema: maintenance of the prohibition,
- Press: full opening for all broadcasters,
- Retail: opening (except advertising for "commercial promotions"):
  - From January 1, 2004 for local channels, cable and satellite channels and DTT channels,
  - From January 1, 2007 for all national analogue channels.

"Commercial promotions" are defined as "any offer of products or services made to consumers or the organisation of any events that are exceptional or seasonal, resulting particularly from the length of the offer, the price and terms of sale, the volume of stock put on sale, the nature, source or particular qualities of products or services or associated products or services".

The European Commission examined this Decree. It took the view that maintaining the ban on television advertising in relation to the cinema was open to criticism and issued France with a detailed ruling.

Legal informations
LEGAL FRAMEWORK

In terms of general broadcasting obligations and of investment in production, the principal legal provisions in force 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 turnover 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 net turnover for the commissioning of French-speaking and European 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 turnover (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 financially sanctioned 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.

Digital terrestrial television services

On July 24, 2001, the CSA invited tenders for national digital terrestrial television services.

On October 24, 2002, the CSA released the list of candidates chosen. Under this tender, the CSA selected five TF1 Group channels (TF1, Eurosport, LCI, TF6 and TPS STAR).

On June 10, 2003, the CSA issued authorisations to the selected channels, which included the five TF1 Group channels.

On October 21, 2003, the CSA issued authorisations to the four multiplex operators responsible for the necessary technical operations to enable transmission and broadcasting of DTT programmes to the public. An authorisation was issued to S.M.R.6 which combines (on the R6 network) the following channels: TF1, LCI, Eurosport France, TPS Star and NRJ TV.

Following an application by TF1, the Council of State, in its decision of October 20, 2004, cancelled six of the 23 authorisations which the CSA had issued on June 10, 2003 to the digital terrestrial channels iMCM, Canal J, Sport +, i>Télé, Ciné-Cinéma and Planète.

Subsequent to this cancellation, on December 14, 2004, the CSA launched a tender for the six channels made vacant. As the Comédie channel, Cuisine TV (a shared channel) and Match TV had surrendered their authorisation, the number of channels available rose to eight. The TF1 Group submitted a bid on behalf of the TV Breizh channel, but it was not accepted.

The broadcast of Digital Terrestrial Television (DTT), started up in France on March 31, 2005. Since October 2005, 65% of the population of mainland France can receive DTT.

The roll-out of DTT should continue with the Spring 2007 opening of new sites, as announced by the CSA. As a result, the DTT coverage will reach 70% of the French mainland population. Ultimately, according to the plan currently being implemented by the CSA, DTT should cover 85% of the population.

Forthcoming modifications to the legal framework:

It should be noted that on March 5. 2007 a law was enacted - entitled "Modernising future audiovisual and television broadcasting" - which modifies the Law of September 30, 1986.

The text specifies:

- The conditions for the final discontinuation of analogue free-to-air broadcasting in France (on November 30, 2011, a process starting on March 31, 2008 and implemented zone by zone), compensation granted to the analogue channels subjected to this early close-down; the granting of an additional DTT channel in 2011 (linked to specific production and broadcasting obligations);
- The means of extending digital free-to-air coverage;
- The means of launching high-definition digital free-to-air television;
- The means of launching free-to-air personal mobile television.

Legal informations
PEOPLE RESPONSIBLE FOR FINANCIAL INFORMATION

Person responsible for the Reference Document: Mr. Patrick Le Lay, Chairman and 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. It includes all the statements necessary for investors to make their judgement on the assets, activity, financial situation, results and outlook of TF1.There are no omissions likely to alter the significance of those statements.

I have obtained from the Statutory Auditors, Salustro Reydel member of KPMG International, and Mazars & Guerard, a letter certifying that, in accordance with professional standards applicable in France, 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.

Paris, March 23, 2007
Patrick Le Lay
Chairman and Chief Executive Officer

Fees of group statutory auditors (Fully consolidated companies)

2006 (in €K)	Salustro Reydel Member of KPMG International (1)		Mazars & Guérard (2)		Sub-total (1) + (2)	Ersnt & Young	Others	Total
	Amount	%	Amount	%				
Audit : statutory audit, certification and consolidated accounts examination	763	86.2%	704	96.2%	1,467	5	28	1,500
Audit : other assignments	47	5.3%	28	3.8%	75	0	0	75
Other	75	8.5%	-	0.0%	75	0	0	75
Inc. legal, tax and employment advice	*25*	-	-	-	*25*	-	-	*25*
Other	*50*	-	-	-	*50*	-	-	*50*
Total	**885**	**100.0%**	**732**	**100.0%**	**1,617**	**5**	**28**	**1,650**

FINANCIAL REPORT

Information and investor relations

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Fax: (33) 1 41 41 29 10
E-mail: jpmo@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 2007 :

January 25	Full Year 2007 revenue
February 20	Full Year 2007 accounts
February 21	Analysts meeting
April 17	Shareholders' General Meeting
April 23	First quarter 2007 revenue
May 2	Dividend payment
May 22	First quarter 2007 accounts
July 31	First half 2007 revenue & accounts
July 31	Analysts meeting
October 25	Third quarter 2007 revenue
November 27	Third quarter 2007 accounts

This timetable is subject to change.

Legal informations

Information included by reference

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, 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.

The consolidated accounts for the year ended December 31, 2004, the relevant report of the statutory auditors and the Group's management report appearing on pages 69 to 88, page 89 and pages 42 to 68 of the reference document registered with the AMF on March 22, 2005 with number D.05-0256.

REFERENCE DOCUMENT CROSS-REFERENCE TABLE

Subjects of the first appendix of EC regulation 809/2004

FINANCIAL REPORT

Postal addresses of main subsidiaries and participations

(February 2007)

1, Quai du Point du Jour
92656 BOULOGNE BILLANCOURT CEDEX - FRANCE
TF1 PUBLICITE
TF1 DIGITAL
YAGAN PRODUCTIONS
CIBY 2000
TFOU
SOCIETE D'EXPLOITATION DU MULTIPLEX R6 - SMR6
ONECAST
EUROSHOPPING TRADING
TF1 HORS MEDIA

305, avenue le Jour se Lève
92656 BOULOGNE BILLANCOURT CEDEX - FRANCE
e-TF1
TF1 ENTREPRISES
COMPAGNIE INTERNATIONALE DE COMMUNICATION – CIC
CIBY DA
REGIE CASSETTE VIDEO - RCV

9, rue Maurice Mallet
92130 ISSY LES MOULINEAUX - FRANCE
UNE MUSIQUE
TF1 VIDEO
TF1 INTERNATIONAL
TFM DISTRIBUTION

Immeuble Arcs de Seine - 18, Quai du Point du Jour
92656 BOULOGNE BILLANCOURT CEDEX - FRANCE
GLEM
GLEM FILM
TOUT AUDIOVISUEL PRODUCTION
TF1 FILMS PRODUCTION
ALMA PRODUCTIONS
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

3, rue Gaston et René Caudron
92448 ISSY LES MOULINEAUX CEDEX - FRANCE
EUROSPORT
EUROSALES
EUROSPORT France

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

44 rue Captal
92300 LEVALLOIS PERRET - FRANCE
TELEMA

47 rue de la Chapelle
75018 PARIS - FRANCE
QUAI SUD TELEVISION

35 rue Greneta
75002 PARIS - FRANCE
PUBLICATIONS METRO FRANCE

5 rue du Mail
75002 PARIS - FRANCE
PINK TV

45 Boulevard Victor Hugo
93534 AUBERVILLIERS Cedex - FRANCE
TELESHOPPING
SHOPPING A LA UNE
TOP SHOPPING
INFO SHOPPING

30/32, rue Proud'hon
93210 LA PLAINE ST DENIS
EUROSHOPPING

6 bis, quai Antoine 1er
MONACO
TELE MONTE CARLO (TMC)

50 Avenue François Arago
92000 Nanterre
TJM

69, rue de Richelieu
75002 PARIS SIEGE SOCIAL
Paris (75019) : 59, rue de l'Ourcq
ETABLISSEMENTS SECONDAIRES
1001LISTES

Immeuble Aphelion - 5, rue Léon Delagrange
92130 Issy les Moulineaux
FRANCE 24

AUTORITÉ DES MARCHÉS FINANCIERS AMF

The French version of the Annual Report was filed by the "Autorité des Marchés Financiers" (AMF - French stock exchange commission) on March 23, 2007, 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.