TF1 GROUP

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

The consolidated financial statements of the TF1 Group for the year ended December 31, 2010 should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2009 and the year ended December 31, 2008, prepared in accordance with international financial reporting standards, as presented in the 2009 French-language *Document de référence* filed with the *Autorité des marchés financiers* (AMF) on March 29, 2010 as number D.10-0182, an English-language version of which (the 2009 Registration Document) is available on the TF1 corporate website via the link http://www.tf1finance.fr/en/publications-rapports_annuels.php.

The financial statements have been audited, and the auditors have issued an unqualified audit opinion.

CONSOLIDATED BALANCE SHEET

ASSETS (€m)	*Note*	**Dec. 31, 2010**	**Dec. 31, 2009**
Goodwill	*7*	**883.5**	**506.9**
Intangible assets		**147.4**	**137.7**
Audiovisual rights	*8-1*	77.5	98.6
Other intangible assets	*8-2*	69.9	39.1
Property, plant and equipment	*9*	**186.1**	**191.4**
Investments in associates	*10*	**13.9**	**275.4**
Non-current financial assets	*12-1*	**181.2**	**20.2**
Non-current tax assets	*28-2-2*	**2.6**	**11.5**
Total non-current assets		**1,414.7**	**1,143.1**
Inventories		**631.4**	**600.6**
Programmes and broadcasting rights	*11*	617.7	589.3
Other inventories		13.7	11.3
Trade and other debtors	*12-2*	**1,227.3**	**1,350.2**
Current tax assets		**7.6**	**9.5**
Other current financial assets	*12*	**4.4**	**8.9**
Cash and cash equivalents	*12-3*	**39.3**	**570.5**
Total current assets		**1,910.0**	**2,539.7**
Held-for-sale assets		**-**	**-**
TOTAL ASSETS		**3,324.7**	**3,682.8**
Net cash (+) / Net debt (-)	*15*	**16.8**	**72.8**

CONSOLIDATED BALANCE SHEET (continued)

SHAREHOLDERS' EQUITY AND LIABILITIES (€m)	*Note*	**Dec. 31, 2010**	**Dec. 31, 2009**
Share capital	*13-1*	42.7	42.7
Share premium and reserves		1,267.9	1,239.3
Net profit for the period attributable to the Group		228.3	114.4
Shareholders' equity attributable to the Group		**1,538.9**	**1,396.4**
Minority interests		8.7	0.2
Total shareholders' equity		**1,547.6**	**1,396.6**
Non-current debt	*14 & 15*	**16.1**	**0.5**
Non-current provisions	*16-1*	**44.4**	**44.0**
Non-current tax liabilities	*28-2-2*	**11.0**	**1.3**
Total non-current liabilities		**71.5**	**45.8**
Current debt	*15*	**6.1**	**505.5**
Trade and other creditors	*14*	**1,638.5**	**1,696.0**
Current provisions	*16-2*	**51.7**	**36.4**
Current tax liabilities		**5.7**	**1.1**
Other current financial liabilities	*14*	**3.6**	**1.4**
Total current liabilities		**1,705.6**	**2,240.4**
Liabilities relating to held-for-sale assets		**-**	**-**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,324.7**	**3,682.8**

CONSOLIDATED INCOME STATEMENT

(€m)	*Note*	2010	2009
Net advertising revenue		1,793.3	1,604.6
- TF1 channel		*1,549.8*	*1,429.4*
- Other media		*243.5*	*175.2*
Diversification revenue excluding advertising		829.1	760.1
Revenue	*17*	**2,622.4**	**2,364.7**
Other operating revenue		-	-
External production costs	*18*	(664.5)	(645.5)
Other purchases and changes in inventory	*19*	(517.7)	(436.1)
Staff costs	*20*	(434.9)	(445.2)
External expenses	*21*	(502.2)	(487.7)
Taxes other than income taxes	*22*	(145.6)	(136.2)
Depreciation and amortisation, net		(90.5)	(99.9)
Provisions and impairment, net		(14.5)	(14.0)
Other operating income	*23*	78.3	109.3
Other operating expenses	*23*	(100.4)	(108.1)
Current operating profit		**230.4**	**101.3**
Non-current operating income	*24*	102.0	-
Non-current operating expenses	*24*	(19.2)	-
Operating profit		**313.2**	**101.3**
Income associated with net debt	*25*	3.1	13.1
Expenses associated with net debt	*25*	(21.3)	(35.4)
Cost of net debt		**(18.2)**	**(22.3)**
Other financial income	*26*	2.4	51.2
Other financial expenses	*26*	(4.9)	(15.0)
Income tax expense	*28*	(68.9)	(15.3)
Share of profits/(losses) of associates	*10*	5.7	14.6
Net profit from continuing operations		**229.3**	**114.5**
Net profit from discontinued or held-for-sale operations		**-**	**-**
Net profit		**229.3**	**114.5**
attributable to the Group		**228.3**	***114.4***
attributable to minority interests		*1.0*	*0.1*
Weighted average number of shares outstanding ('000)	*29*	213,396	213,396
Basic earnings per share from continuing operations (€)	*29*	1.07	0.54
Diluted earnings per share from continuing operations (€)	*29*	1.06	0.53

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	2010	2009
Consolidated net profit for the period	**229.3**	**114.5**
Remeasurement of derivative hedging instruments	3.7	2.7
Remeasurement of available-for-sale financial assets	-	-
Remeasurement of non-current assets	-	-
Change in cumulative translation difference on controlled entities	0.4	0.2
Actuarial gains/(losses) on employee benefits	2.4	3.2
Net taxes on items recognised directly in equity	(2.0)	(2.1)
Share of income and expenses of associates recognised directly in equity	-	-
Other movements, net	-	-
Income and expense recognised directly in equity	**4.5**	**4.0**
Total recognised income and expense	**233.8**	**118.5**
attributable to the Group	232.8	118.4
attributable to minority interests	1.0	0.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€m)	Share Capital	Share premium	Treasury shares	Reserves	Income and expense recognised directly in equity	**Share-holders' equity attributable to the Group**	Minority interests	**Total share-holders' equity**
BALANCE AT DECEMBER 31, 2008	**42.7**	**2.8**	**(0.4)**	**1,336.8**	**(5.0)**	**1,376.9**		**1,376.9**
Capital increase (share options exercised)	-	-	-	-	-	**-**	-	**-**
Share-based payment	-	-	-	1.4	-	**1.4**	-	**1.4**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(100.3)	-	**(100.3)**	-	**(100.3)**
Other transactions with shareholders	-	-	-	-	-	**-**	-	**-**
Consolidated net profit for the period	**-**	**-**	**-**	**114.4**	**-**	**114.4**	**0.1**	**114.5**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**4.0**	**4.0**	**0.1**	**4.1**
BALANCE AT DECEMBER 31, 2009	**42.7**	**2.8**	**(0.4)**	**1,352.3**	**(1.0)**	**1,396.4**	**0.2**	**1,396.6**
Capital increase (share options exercised)	-	-	-	-	-	**-**	-	**-**
Share-based payment	-	-	-	1.5	-	**1.5**	-	**1.5**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(91.8)	-	**(91.8)**	**-**	**(91.8)**
Other transactions with shareholders	-	-	-	-	-	**-**	**7.5**	**7.5**
Consolidated net profit for the period	**-**	**-**	**-**	**228.3**	**-**	**228.3**	**1.0**	**229.3**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**4.5**	**4.5**	**-**	**4.5**
BALANCE AT DECEMBER 31, 2010	**42.7**	**2.8**	**(0.4)**	**1,490.3**	**3.5**	**1,538.9**	**8.7**	**1,547.6**

CONSOLIDATED CASH FLOW STATEMENT

(€m)	Note	2010	2009
Consolidated net profit (including minority interests)		229.3	114.5
Depreciation, amortisation, provisions and impairment (excluding current assets)		107.7	103.1
Intangible assets and goodwill		*74.9*	*79.2*
Property, plant and equipment		*29.4*	*26.7*
Financial assets		*1.8*	*6.8*
Non-current provisions		*1.6*	*(9.6)*
Other non-cash income and expenses		(15.8)	(18.5)
Effect of fair value remeasurement		(106.0)	(36.6)
Share-based payment		1.5	1.4
Net (gain)/loss on asset disposals		0.6	0.3
Share of (profits)/losses and dividends of associates		(5.7)	(14.6)
Dividend income from non-consolidated companies		(1.5)	(1.4)
Sub-total		**210.1**	**148.2**
Cost of net debt		18.2	22.3
Income tax expense (including deferred taxes)		68.9	15.3
Operating cash flow		**297.2**	**185.8**
Income taxes (paid)/reimbursed		(52.7)	32.3
Change in operating working capital needs		56.9	23.8
Net cash generated by/(used in) operating activities		**301.4**	**241.9**
Cash outflows on acquisitions of property, plant and equipment and intangible assets		(51.0)	(98.3)
Cash inflows from disposals of property, plant and equipment and intangible assets		2.6	4.0
Cash outflows on acquisitions of financial assets		(6.6)	(5.7)
Cash inflows from disposals of financial assets	*30-2*	-	747.9
Effect of changes in scope of consolidation	*30-3*	(192.9)	(7.0)
Dividends received		1.5	1.4
Change in loans and advances receivable		0.5	12.5
Net cash generated by/(used in) investing activities		**(245.9)**	**654.8**
Cash received on exercise of share options		-	-
Purchases and sales of treasury shares		-	-
Dividends paid during the year		(91.8)	(100.3)
Cash inflows from new debt contracted	*30-4*	18.7	-
Repayment of debt (including finance leases)	*30-4*	(500.6)	(198.5)
Net interest paid (including finance leases)		(11.6)	(26.9)
Net cash generated by/(used in) financing activities		**(585.3)**	**(325.7)**
CHANGE IN CASH POSITION OF CONTINUING OPERATIONS		**(529.8)**	**571.0**
Cash position at start of period		**566.8**	**(4.2)**
Change in cash position during the period		(529.8)	571.0
Cash position at end of period	*30-1*	**37.0**	**566.8**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Significant events of 2010

1-1. Acquisition of TMC and NT1

Since 2007, the TF1 Group had held a 33.5% interest in the AB Group, which in turn held investments including a 40% interest in TMC and a 100% interest in NT1. TF1 also held a 40% direct interest in TMC, acquired in 2005.

On June 11, 2010, TF1 and the AB Group finalized the implementation of the agreement signed on June 10, 2009, as a result of which TF1 acquired from the other AB Group shareholders their remaining 66.5% stake in the AB Group's 40% interest in TMC and the 100% interest in NT1 held by the AB Group, for a total price of €194.9 million. As a result, the TMC and NT1 channels have been fully consolidated by the TF1 Group since July 1, 2010.

TF1 has retained the same interest in the other activities of the AB Group (33.5%) as it held prior to this transaction; this interest is valued at €155 million. The AB Group management team has been granted a call option over this interest, exercisable at any time during a two-year period starting June 11, 2010 at a price of €155 million.

In the consolidated financial statements for the year ended December 31, 2010, the TMC and NT1 acquisition described above resulted in the recognition of provisional goodwill of €399 million in the balance sheet and a gain of €95.9 million in the income statement, in line with the revised IFRS 3 (Business Combinations) which requires previously-held equity interests to be remeasured when control is acquired over the investee.

The accounting treatment is described in detail in note 3-1-1, "First-time consolidation of TMC and NT1".

1-2. Acquisition of the interest in SPS held by Serendipity

On March 8, 2010, TF1 agreed to buy out the 50% interest in SPS held by the Serendipity investment fund for €6.4 million, comprising €1.7 million in the form of equity instruments and €4.7 million via the offset of current account advances. On completion of the transaction, TF1 holds 100% of the capital of SPS.

In accordance with the revised IFRS 3 (Business Combinations), this transaction resulted in the recognition of provisional goodwill of €12.2 million in the balance sheet, and of a gain of €6.1 million on the remeasurement of the previously-held equity interest in "Non-current operating income". This gain was classified in "Other operating income" in the interim financial statements for the six months ended June 30, 2010.

Changes in market conditions in the online gaming and sports betting industry, and in the associated regulatory and tax environment, have led TF1 to review its strategy for this business. The impact of this review on the valuation of SPS has been recognised in the consolidated financial statements for the year ended December 31, 2010, in particular in the form of an impairment loss taken against goodwill and reported in "Non-current operating expenses".

1-3. **Divestment of 1001 Listes France and 1001 Listes Belgique**

See note 37, "Post balance sheet events".

2 Accounting policies

2-1. **Declaration of compliance and basis of preparation**

The consolidated financial statements of the TF1 Group for the year ended December 31, 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, as required under EC Regulation 1606/2002 of July 19, 2002.
They include the financial statements of TF1 SA and its subsidiaries and jointly controlled entities, and the TF1 Group's interests in associated undertakings. They also reflect the recommendations issued by the CNC (the French national accounting standard-setter) on the presentation of financial statements (recommendation no. 2009-R-03 of July 2, 2009).

The consolidated financial statements are presented in millions of euros.

They were adopted by the Board of Directors on February 16, 2011, and will be submitted for approval by the shareholders at the forthcoming Ordinary General Meeting to be held on April 14, 2011.

2-2. **New and amended accounting standards and interpretations**

2-2-1. New standards, amendments and interpretations effective within the European Union and mandatorily applicable or eligible for early adoption in periods beginning on or after January 1, 2010

TF1 has adopted all the new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Union that are mandatorily applicable to the Group's operations with effect from January 1, 2010.

In preparing the financial statements for the year ended December 31, 2010, TF1 has elected not to apply the standards issued by the IASB and endorsed by the European Union that are eligible for early adoption from January 1, 2010.

Standard/Interpretation		Effective date		Impact on TF1
		EU[1]	TF1	
Revised IAS 24	Related Party Disclosures	July 19, 2010	January 1, 2011	No impact on the financial statements
Revised IAS 27	Consolidated and Separate Financial Statements	June 3, 2009	January 1, 2010	No impact on the financial statements
Amendment to IAS 32	Classification of Rights Issues	December 23, 2009	February 1, 2010	No impact on the financial statements
Amendment to IAS 39	Financial Instruments – Eligibility of Hedged Items	September 15, 2009	January 1, 2010	No impact on the financial statements
Amendments to IAS 39/ IFRIC 9	Embedded Derivatives	November 30, 2009	January 1, 2010	No impact on the financial statements
Amendment to IFRS 1	Additional Exemptions	June 23, 2010	January 1, 2010	No impact on the financial statements
Amendment to IFRS 1	Limited Exemptions	June 30, 2010	July 1, 2010	No impact on the financial statements
Revised IFRS 1	First-Time Adoption of IFRSs	November 25, 2009	January 1, 2010	No impact on the financial statements
Amendment to IFRS 2	Group Cash-Settled Share-Based Payment Transactions	March 23, 2010	January 1, 2010	No impact on the financial statements
Revised IFRS 3	Business Combinations	June 3, 2009	January 1, 2010	The effects of the revised IFRS 3 on business combinations completed during the period, are described in note 1, "Significant Events of 2010"
Amendment to IFRS 7	Financial Instruments: Enhanced Disclosures	November 27, 2009	January 1, 2010	No impact on the financial statements
IFRIC 12	Service Concession Arrangements	March 25, 2009	January 1, 2010	No impact on the financial statements
Amendment to IFRIC 14	Prepayments of a Minimum Funding Requirement	July 19, 2010	January 1, 2011	No impact on the financial statements
IFRIC 15	Agreements for the Construction of Real Estate	July 22, 2009	January 1, 2010	No impact on the financial statements
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	June 4, 2009	January 1, 2010	No impact on the financial statements
IFRIC 17	Distributions of Non-Cash Assets to Owners	November 26, 2009	January 1, 2010	No impact on the financial statements
IFRIC 18	Transfers of Assets from Customers	November 27, 2009	January 1, 2010	No impact on the financial statements
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 23, 2010	January 1, 2011	No impact on the financial statements
Annual Improvements to IFRSs (2006 – 2008 cycle)		January 23, 2009	January 1, 2010	No impact on the financial statements
Annual Improvements to IFRSs (2007 – 2009 cycle)		March 23, 2010	January 1, 2011	No impact on the financial statements

(1) Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column

2-2-2. Standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union

Standard/Interpretation		IASB effective date*	Expected impact on TF1
IFRS 9	Financial Instruments	January 1, 2013	Not quantifiable at present
Annual Improvements to IFRSs (2008 – 2010 cycle**)**		May 6, 2010	No impact on the financial statements

*** Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column***

2-3. Changes in accounting policy

TF1 did not make any changes in accounting policy during 2010 other than those required to comply with new or amended IFRS requirements applicable on or after January 1, 2010, as shown in note 2-2-1. The impact of the revisions to IFRS 3 on business combinations completed during the period is described in note 1, "Significant Events of 2010".

2-4. Changes in presentation

Changes in presentation and reclassifications are made when they provide 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 effect of a change in presentation is regarded as material, comparative information must also be reclassified.

With effect from January 1, 2010, the TF1 Group has clarified the nature of reversals of provisions for programmes and broadcasting rights. Reversals of provisions for programmes where transmission has occurred between the start of the financial year and the balance sheet date, or that have been put up for sale or sold, are classified as reversals of unused provisions. As such, they are reported in the income statement in "Non-current operating income"; previously, they were reported in "Provisions and impairment, net". Similarly, reversals of provisions for programmes that have been put up for sale or sold are also recognised in "Non-current operating income"; the amount recognised is the selling price.
The published financial statements of TF1 have not been restated to reflect this change in presentation. For information, the effect of this reclassification would have been €1.8 million for the three months ended March 31, 2009; €5.5 million for the six months ended June 30, 2009; €8.2 million for the nine months ended September 30, 2009; and €16.3 million for the year ended December 31, 2009.

2-5. Selection of accounting treatments, exercise of judgment and use of estimates

Preparation of the consolidated financial statements requires TF1 management to exercise judgement in the selection of accounting treatments and to use estimates for the measurement of assets, liabilities, income and expenses, which may have a material impact on the amounts reported in the financial statements.

2-5-1. Accounting policies

The principal accounting treatments involving the exercise of judgment are listed below, along with a reference to the note that describes the main analytical methods used in applying each treatment:

- Goodwill and impairment testing (notes 2-8 and 2-11)
- Recognition and measurement of audiovisual rights (note 2-9-1)
- Recognition and measurement of programmes, broadcasting rights and sports transmission rights (note 2-13)
- Classification of financial instruments (notes 2-12 and 2-18)
- Revenue recognition (note 2-21)

2-5-2. Use of estimates

Preparation of the consolidated financial statements requires the TF1 Group to make various estimates and use various assumptions regarded as realistic and 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 goodwill (note 7): the carrying amount of goodwill in the TF1 consolidated financial statements is reviewed annually using the method described in note 2-11-1. These impairment tests are sensitive to medium-term financial forecasts and to the discount rates used to estimate the value in use of cash-generating units (CGUs).
- Impairment of audiovisual rights (note 8-1): impairment testing of audiovisual rights is based on an analysis of projected future revenues.
- Impairment of programmes and broadcasting rights (note 11): impairment testing of programmes and broadcasting rights is based on the probability of transmission, assessed mainly on the basis of future programming schedules.
- Measurement of provisions for retirement benefit obligations (note 16-1-2): these provisions are calculated by the TF1 Group itself using the projected unit credit method, as described in note 2-20-1. This calculation is sensitive to assumptions regarding the discount rate, the salary inflation rate and the staff turnover rate.
- Provisions (note 16): provisions are established to cover probable outflows of resources to third parties with no corresponding inflow of resources for the Group. They include provisions for all kinds of litigation and claims, the amount of which is estimated based on assumptions regarding the most likely outcomes. In determining these assumptions, TF1 management may rely on the assessments of external advisors.
- Fair value of financial instruments (notes 12 and 14): the fair value of financial instruments is determined by reference to market prices. In the case of derivative instruments, market prices are determined and supplied to the TF1 Group by its bankers. Where no quoted market price is available, fair value is estimated using other valuation methods such as the discounted cash flow method.

2-6. Consolidation methods

Subsidiaries

Subsidiaries are companies over which TF1 exercises control. 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.

TF1 accounts for investees over which it exercises exclusive control using the full consolidation method. Under this method, all assets, liabilities, equity, income and expenses of each subsidiary are combined on a line-by-line basis in the consolidated financial statements. 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 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. This presumption is reviewed in light of the way in which the investee is effectively governed and managed.

TF1 accounts for investments in associates using the equity method. Under this method, the investment in the associate is initially recorded in the balance sheet at acquisition cost. The carrying amount is then increased or decreased by the

Group's share of the associate's profits or losses and of other changes in the equity of the associate subsequent to the acquisition date.

2-7. Foreign currency translation

2-7-1. Translation of the financial statements of foreign entities

The financial statements of foreign operations are translated into euros, the reporting currency of the TF1 Group. All assets and liabilities of foreign entities are translated at the closing exchange rate; income and expenses are translated at the average rate for the period. Translation differences arising from this treatment, and from retranslating the opening equity of foreign entities at the closing exchange rate, are taken to equity under "Share premium and reserves". On disposal of a foreign entity, these differences are taken to profit or loss as part of the gain or loss on disposal.

- **Specific treatment on transition to IFRS**

The TF1 Group applied the option allowed under IFRS 1, under which existing cumulative translation differences arising from the translation of the financial statements of foreign subsidiaries into euros were deemed to be zero. The balance as of January 1, 2004 under French generally accepted accounting principles ("French GAAP") was reclassified to reserves, with no impact on shareholders' equity attributable to the Group. Consequently, the gain or loss on a subsequent disposal of any consolidated entity or associate will exclude translation differences that arose before the date of transition to IFRS.

2-7-2. Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies carried out by subsidiaries and jointly controlled entities are initially translated into the functional currency of the subsidiary or entity using the exchange rate at the transaction date. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate. Any resulting translation differences are taken to profit or loss. Non-monetary assets and liabilities denominated in a foreign currency are recognised at historical cost and translated using the exchange rate at the transaction date.

2-8. Business combinations and goodwill

Business combinations are accounted for using the acquisition method in accordance with IFRS 3. A revised version of IFRS 3 became effective on January 1, 2010 without retrospective effect. The main effects of the revision are a tightening of the "control" criterion in accounting for a business combination, and broader use of fair value accounting.

The treatment applied by TF1 to business combinations with effect from January 1, 2010 is as follows:

The cost of a business combination is the fair value, at the date of exchange, of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued by the Group, in exchange for control over the acquiree.

The identifiable assets, liabilities and contingent liabilities of the acquiree that satisfy the IFRS recognition criteria are recognised at their fair value at the acquisition date, except for non-current assets held for sale which are recognised at fair value less costs to sell in accordance with IFRS 5.

Any excess of the cost of a business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date is recognised as goodwill. Minority interests may also be

measured at fair value (the "full goodwill" method), giving rise to additional goodwill; this option may be elected separately for each business combination.

Subsequent changes in percentage interest with no loss of control over the acquiree are accounted for as transactions between shareholders, with the difference between the purchase price (or sale price) and the carrying amount of the interest acquired (or sold) recognised in equity.

In the case of step acquisitions, equity interests held prior to acquisition of control are remeasured at fair value, with the effect of the remeasurement recognised in profit or loss. The same applies to equity interests retained after loss of control.

Costs directly incurred to effect a business combination are recognised in profit or loss.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the TF1 Group recognises any adjustments to these provisional values within twelve months following the acquisition date. If the adjustment between provisional and final fair value accounting materially affects the presentation of the financial statements, the comparative information for the period preceding the final accounting for the combination is restated as though the final accounting had been completed at the acquisition date.

If the share of the fair value of the identifiable assets and liabilities acquired exceeds the cost of the combination, the excess is recognised immediately in the income statement as negative goodwill.

Subsequent to initial recognition, goodwill is measured at cost less any impairment losses, determined using the method described in note 2-11. Any impairment losses are charged as an operating item in the income statement, and may not be subsequently reversed.

✓ **Specific treatment on transition to IFRS**

In accordance with the option allowed under IFRS 1, the TF1 Group elected not to remeasure goodwill arising on business combinations effected prior to January 1, 2004.

✓ **Accounting treatment of business combinations predating January 1, 2010:**

Because the revised IFRS 3 (Business Combinations) was not retrospectively applied, goodwill arising on business combinations predating January 1, 2010 has been maintained at its December 31, 2009 carrying amount. Goodwill on these transactions was determined using the accounting treatments applicable as of the date of the transactions. The main divergences in accounting treatment are as follows:

- In a step acquisition, the previously-held equity interest was not remeasured.
- Costs directly incurred to effect a business combination were included in the cost of the combination, and hence were included in the amount of goodwill recognised prior to January 1, 2010.
- The election to measure minority interests at fair value was not available, which meant that the full goodwill method was not permitted.
- Changes in percentage interest with no change in control over the acquiree generated additional goodwill in the case of an acquisition, and a gain or loss in the event of a disposal.

2-9. **Intangible assets**

Separately acquired intangible assets are initially recognised at acquisition cost or (if acquired in a business combination) at fair value as of the acquisition date.
Subsequent to the acquisition date, intangible assets are measured at initial recognition cost less accumulated amortisation and impairment losses.
Intangible assets with finite useful lives are amortised over their expected useful lives.
Intangible assets with indefinite useful lives are not amortised.

2-9-1. Audiovisual rights

This item primarily includes shares in films and audiovisual programmes produced or co-produced by TF1 Films Production, TF1 Vidéo and TF1 Production; distribution and trading rights owned by TF1 DA, TCM DA and TF1 Entreprises; 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 over 8 years;
- audiovisual distribution rights: amortised in line with revenues, with a minimum of 3 years straight-line;
- audiovisual trading rights: straight-line basis over 5 years;
- music rights: amortised over 2 years, 75% in the first year and the remaining 25% in the second year.

Films co-produced by TF1 Films Production are amortised in line with revenues over a limited time-frame, taking account of the timing of revenue sources; this policy is consistent with industry practice.

A provision for impairment is recorded individually if estimated future revenues do not cover the net carrying amount.

2-9-2. Other intangible assets

Other acquired intangible assets are carried at acquisition cost less accumulated amortisation and impairment losses. These mainly comprise operating licences (other than broadcasting licences and audiovisual rights), trademarks and similar rights, and software.
These assets are amortised on a straight-line basis over their expected useful lives, except for certain commercial trademarks owned by the TF1 Group and regarded as having an indefinite useful life, which are not amortised. These trademarks are tested for impairment (see note 2-11-1).

2-10. **Property, plant and equipment**

2-10-1. Property, plant and equipment owned outright

Property, plant and equipment is carried at acquisition cost net of accumulated depreciation and impairment losses.
Depreciation is charged on a straight-line basis over the expected useful life of the asset, taking account of any residual value of the asset:

Buildings:	25 to 50 years
Technical installations:	3 to 7 years
Other property, plant and equipment :	2 to 10 years

Land is not depreciated.

Where an asset is made up of components with different useful lives, these components are recorded as separate items within property, plant and equipment.
Gains or losses on disposals of property, plant and equipment represent the difference between the sale proceeds and the net carrying amount of the asset, and are included in “Other operating income and expenses”.

2-10-2. Property, plant and equipment acquired under finance leases

Property, plant and equipment held under leases which transfer substantially all the risks and rewards of ownership of the asset to the TF1 Group is recognised as an asset in the balance sheet at the inception date of the lease, at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability; the finance charge is recognised in the income statement under “Expenses associated with net debt”, a component of “Cost of net debt”.
Assets held under finance leases are depreciated over the same periods as assets of the same type owned outright.

2-11. Impairment of non-current assets

At each balance sheet date, TF1 assesses whether there are internal or external events or circumstances which indicate that a non-current asset may have been impaired. If there is such an indication, or if the asset is required to be tested for impairment annually (goodwill, and intangible assets with indefinite useful lives), the recoverable amount of the asset is estimated.

2-11-1. Goodwill and indefinite-lived intangible assets

The recoverable amount of an asset is the higher of value in use or fair value less costs to sell. If fair value less costs to sell cannot be reliably measured, the recoverable amount of an asset is its value in use.

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, based on 3-year cash flow projections approved by TF1 management and the Board of Directors plus a standard annual cash flow figure for the time horizon beyond the 3-year business plan. The cash flows used are determined on an after-tax basis.
These cash flow projections are discounted using an after-tax discount rate, determined on the basis of the weighted average cost of capital (calculated on the basis of market parameters, such as beta and capitalisation) of a sample of companies representative of the business sector to which the asset being tested belongs.

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.

An impairment loss is recognised where the recoverable amount of an asset or CGU is less than its carrying amount. Impairment losses on finite-lived and indefinite-lived items of property, plant and equipment and intangible assets may be reversed subsequently if the recoverable amount of the asset becomes greater than its carrying amount again. The only impairment losses that may not be reversed are those relating to goodwill.

2-11-2. Investments in associates

Because goodwill included in the carrying amount of investments in associates is not presented separately, this goodwill is not tested individually for impairment, in accordance with IAS 36. The total carrying amount is tested for impairment by comparing its recoverable amount to its carrying amount if there is evidence that the investment is impaired.

2-11-3. Other non-current assets

The methods used to test other non-current assets (in particular, audiovisual rights) for impairment are described in the relevant sections.

2-12. Financial assets

Financial assets may be classified in one of four categories: available-for-sale financial assets, loans and receivables measured at amortised cost, held-to-maturity investments, and assets at fair value through profit or loss. In accordance with IAS 1, financial assets are classified as either current assets or non-current assets.
Financial assets are recognised at the settlement date.

2-12-1. Available-for-sale financial assets

These assets are initially recognised at fair value, which corresponds to acquisition cost plus transaction costs. At subsequent balance sheet dates, available-for-sale financial assets are remeasured at fair value. Changes in fair value are recognised in equity, and are not transferred to the income statement until the asset in question is sold.

The TF1 Group classifies in this category equity interests in companies over which the Group exercises neither control nor significant influence. The fair value of listed securities is determined using the fair value measurement principles described in note 12. Unlisted securities whose fair value cannot be measured reliably are carried at cost.

Available-for-sale financial assets are tested individually for impairment. Unrealised gains and losses are recognised in equity. If there is objective evidence of material other-than-temporary impairment, an impairment loss is recognised in the income statement.

2-12-2. Loans and receivables

These financial assets are initially recognised at fair value plus directly attributable transaction costs. At each subsequent balance sheet date, they are measured at amortised cost using the effective interest method.
This category includes trade debtors, other debtors, loans receivable, deposits and caution money, loans and advances to non-consolidated equity investments, cash, and current account advances to associates and non-consolidated entities.

Loans and receivables are assessed individually for objective evidence of impairment. An asset is regarded as impaired if the carrying amount is greater than the estimated recoverable amount as determined in impairment tests.

Impairment losses are recognised in profit or loss, but may be reversed if the recoverable amount increases in subsequent periods.

2-12-3. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold until maturity. They are measured and carried at amortised cost calculated using the effective interest method.

Held-to-maturity investments are assessed individually for objective evidence of impairment, and regarded as impaired if the carrying amount is greater than the estimated recoverable amount as determined in impairment tests. Impairment losses are recognised in profit or loss.

2-12-4. Financial assets at fair value through profit or loss

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

This category includes:

- assets classified as held for trading, which comprise assets acquired for the purpose of reselling them in the near term at a profit or which are part of a portfolio of financial instruments that are managed together and for which there is a pattern of short-term profit taking;
- assets designated by the Group on initial recognition as financial instruments at fair value through profit or loss.

2-13. Programmes and broadcasting rights

In order to secure programming schedules for future years, the TF1 Group enters into binding contracts, sometimes for a period of several years, under which the Group acquires (and the other party agrees to deliver) programme rights and sports transmission rights.

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).
In the case of rights and programmes for which these two criteria have not been met (programmes not yet delivered, sports rights for which the right to broadcast is not activated until the date of the event, etc.), the Group takes the view that it does not control the asset, since it has neither the right nor the ability to broadcast the programme. Consequently, these rights are not recognised in the balance sheet.
However, any advance payments made to acquire such rights are recognised as supplier prepayments.

The line "Programmes and broadcasting rights" in the balance sheet includes:

- in-house productions, made by TF1 Group companies for TF1 channels;
- 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.

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 this transmission. If they are acquired for two or more transmissions, consumption is calculated according to the type of programme using the rules described below, unless otherwise specified in the acquisition contract:

Rules by type of programme			
	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, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. If rights are resold, a provision is recorded once the sale is probable to cover any excess of the value at which the rights were initially recognised in inventory (or the amount of advance payments) over the actual or estimated selling price.

Programmes that have not been broadcast and the rights to which have expired are written off as a component of current operating profit, and any previously-recognised provisions are reversed.

Rights ordered under irrevocable contracts but not yet available for transmission (see above) are disclosed in note 11, in the section relating to contracts entered into by TF1 to secure future programming schedules, and are priced at the contractual amount (or the estimated future cash outflow in the case of output deal contracts) less any advance payments made.

2-14. **Financial assets used for treasury management purposes**

Financial assets used for treasury management purposes are securities held for trading purposes which although they are monetary investments do not qualify as cash equivalents. They are classified as financial assets at fair value through profit or loss held for trading.

2-15. **Cash and cash equivalents**

The line “Cash and cash equivalents” in the balance sheet comprises cash, cash equivalents, and debit balances on treasury current accounts.

Cash consists of liquidity available in bank current accounts and sight deposits. Cash equivalents are assets held in order to meet short-term treasury needs. Investments qualify as cash equivalents if they are readily convertible into cash, are subject to an insignificant risk of changes in value, and have a maturity of less than three months. Treasury current accounts represent cash invested with non-consolidated equity investees or with associates, the uneliminated portion of treasury current accounts with companies consolidated by the proportionate consolidation method, and current accounts with other Bouygues group entities.

Cash and treasury current accounts are classified in the “Loans and receivables” category and carried at amortised cost.

2-16. **Held-for-sale assets**

A non-current asset or a group of assets and liabilities is classified as “held-for-sale” if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is highly probable. If material, such assets and asset groups are reported separately from other assets or asset groups, and are measured at the lower of their carrying amount or fair value less costs to sell.

An operation is treated as discontinued or held-for-sale when it is a separate line of business that is material to the Group, and either (i) the criteria for classification as a held-for-sale asset are met or (ii) it has been sold by the TF1 Group.

Discontinued and held-for-sale operations are presented on a separate line in the income statement for each of the periods reported, showing the post-tax profit or loss of discontinued or held-for-sale operations until the date of sale and the post-tax gain or loss arising from the sale of such operations or from remeasuring the assets and liabilities of such operations at fair value less costs to sell.

If material, cash flows relating to discontinued and held-for-sale operations are shown in a separate section at the foot of the consolidated cash flow statement for all the periods reported.

2-17. **Treasury shares**

Treasury shares acquired by the TF1 Group are deducted from consolidated equity. No gains or losses arising on the purchase, sale or cancellation of treasury shares are recognised in the income statement.

2-18. **Financial liabilities**

Financial liabilities are classified in one of two categories: financial liabilities at fair value through profit or loss, and financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss comprise:

- liabilities regarded as held for trading, comprising liabilities incurred principally with a view to repurchasing them in the near term;
- liabilities designated by the Group on initial recognition as financial instruments at fair value through profit or loss.

The TF1 Group's non-derivative financial liabilities mainly comprise a bond issue, borrowings (including credit facilities contracted with banks or with the Group), treasury current accounts with credit balances, bank overdrafts, and finance lease obligations.

These liabilities are measured at amortised cost.

Where a financial liability is wholly or partially hedged by an interest rate instrument, the hedged portion is accounted for under hedge accounting rules (see note 2-19-1).

2-18-1. 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 recognised in the balance sheet as a deduction from the nominal value of the bond issue and amortised using the effective interest method over the term of the bond issue. Amortisation and interest charges are recognised in the income statement under "Expenses associated with net debt". The portion of accrued interest falling due within less than one year is recorded in "Current debt".

2-18-2. Other financial liabilities

Other current and non-current financial liabilities comprise borrowings, treasury current accounts with credit balances, bank overdrafts and finance lease obligations, and are measured at amortised cost.

✓ **Commitments to buy out minority shareholders**

Commitments to buy out minority shareholders are recognised as a financial liability, in accordance with IAS 32.
Since January 1, 2010, the effective date of the amended IAS 27, TF1 has recognised (i) the excess of the amount of the liability over the carrying amount of the related minority interests as of the acquisition date, and (ii) subsequent changes in the fair value of the liability (other than discounting effects), in shareholders' equity.
For commitments to buy out minority shareholders relating to a business combination completed prior to January 1, 2010, TF1 recognised the excess of the amount of the liability over the carrying amount of the related minority interests, and subsequent changes in the fair value of the liability (other than discounting effects), as goodwill.

2-19. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value as of the inception date of the contract, and are subsequently measured at fair value in accordance with IAS 39.

The TF1 Group uses derivative financial instruments such as swaps, interest rate options, forward currency purchases and currency options to hedge its exposure to fluctuations in interest rates and exchange rates. Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

2-19-1. Derivative financial instruments designated as hedges

For hedge accounting purposes, a hedge may be classified into one of two categories:

- fair value hedges, which hedge the exposure to changes in fair value of a recognised asset or liability, or a firm commitment, such as a fixed-rate loan or borrowing or an asset or liability denominated in a foreign currency;
- cash flow hedges, which hedge the exposure to variability in cash flows attributable to:
    - an asset or liability such as a floating-rate loan or borrowing;
    - a highly probable forecast transaction; or
    - foreign exchange risk relating to a firm commitment.

At the inception of a hedge, TF1 formally designates the financial instrument to which hedge accounting will apply, and documents:

- the hedging relationship;
- the effectiveness of the hedging relationship, by conducting effectiveness tests both at inception and throughout all the financial reporting periods during which the hedge is designated.

Hedging instruments that qualify for hedge accounting are accounted for as follows:

- fair value hedges: changes in the fair value of the hedging instrument are recognised in profit or loss for the period symmetrically with changes in the fair value of the hedged item. The hedging instrument and the hedged item are both recognised in the balance sheet at fair value;

- cash flow hedges: the gain or loss (net of taxes) arising on the effective portion of the hedging instrument is recognised in equity, and the gain or loss on the ineffective portion is recognised in profit or loss. The amounts recognised in equity are taken to profit or loss in the period in which the hedged transaction affects the income statement.

2-19-2. Derivative financial instruments not designated as hedges

Gains and losses arising from changes in the fair value of derivative instruments not designated as hedges as defined in IAS 39 are recognised in the income statement.

2-20. Provisions and contingent liabilities

A provision is recorded when a legal or constructive obligation to a third party arising from a past event will certainly or probably result in an outflow of resources that can be measured reliably. Provisions are reviewed at each balance sheet date, and adjusted where necessary to reflect the best estimate of the obligation as of that date.
Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources cannot be measured reliably. No provision is recorded for contingent liabilities.

2-20-1. Non-current provisions

The main types of non-current provisions are:

- **Provisions for retirement benefits**

  The Group's employees are entitled to retirement benefits under defined-contribution and defined-benefit plans, which may be partially managed by the Group's pension funds.

  The employees of TF1 Group subsidiaries in France belong to general and top-up French pension schemes. These are defined-contribution plans, under which the TF1 Group's obligation is limited to the payment of a periodic contribution based on a specified percentage of staff costs. These contributions are expensed in profit or loss for the period under "Staff costs".
  The pension cost recognised for defined-benefit plans is determined using the projected unit credit method at the expected retirement date, based on final salary, and taking account of:

  - vested benefit entitlements under collective agreements for each category of employee based on length of service;
  - staff turnover rate, calculated using historical average data for employees leaving the Group;
  - salaries and wages, including a coefficient for employer's social security charges as currently payable;
  - an annual salary inflation rate;
  - life expectancy of employees, determined using statistical tables;
  - a discount rate, applied to the obligation and reviewed annually.

  The Group's obligation is partially covered by an insurance contract. The provision for retirement benefits recognised in the balance sheet represents the total obligation less the value of this contract.

  Actuarial gains and losses arise on defined-benefit post-employment benefit plans as a result of changes in the actuarial assumptions used to measure the obligation and plan assets from one period to the next, and of differences between actual market conditions and the expected market conditions used in the assumptions. With effect from January 1, 2007, the TF1 Group has recognised actuarial gains and loss directly in equity (net of deferred taxes) in the period in which they occur, in accordance with the option offered by the amendment to IAS 19.

  The actuarial assumptions used to measure the present value of the obligation in respect of lump-sum retirement benefits and long-service awards were updated as at December 31, 2010. This applies in particular to the rate used

to discount the obligation, which was determined by reference to market rates for high-quality corporate bonds at the balance sheet date and to the statutory retirement age of 62 years. The effect of these changes in assumptions as of December 31, 2010 was recognised in consolidated equity, in line with the accounting policy applied by the TF1 group under the revised IAS 19.

- **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.

- **Provisions for litigation, claims and risks**
  These provisions cover litigation, claims and non-recurring risks for which settlement occurs outside the normal operating cycle.
  They are measured as the probable outflow of resources resulting from ongoing litigation or claims arising from an event prior to the balance sheet date. Provisions for litigation and claims include the estimated amount payable to third parties in respect of litigation and claims. They also include provisions for charges relating to disputes with tax and social security authorities; in such cases, 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.

2-20-2. Current provisions

Current provisions mainly comprise provisions for litigation and claims arising in the normal operating cycle and for which settlement will probably occur within twelve months. They are measured in the same way as non-current provisions (see above).

2-21. Revenue recognition

The TF1 Group recognises revenue when:

- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the amount of revenue can be measured reliably;
- at the transaction date, it is probable that the amount of the sale will be recovered.

The specific revenue recognition policies applied to each business line are as follows:

- Sales of advertising airtime are recognised on transmission of the advertisement or commercial.
  - Sales of advertising airtime are recognised on transmission of the advertisement or commercial. For sales of advertising airtime on media not owned by the Group, TF1 recognises the agency commission as revenue unless it has offered the media owner a recovery guarantee for selling the airtime, in which case TF1 recognises as revenue the gross amount of airtime sales invoiced to the advertisers.
  - The TF1 Group makes marginal use of barter transactions involving advertising with media other than television, such as radio or print media. These transactions, which are exchanges of dissimilar services within the meaning of SIC 31, are reported on a non-netted basis, with matching amounts recognised as income in "Revenue" and as expenses in "External expenses".
- Fees charged by theme channels to cable and satellite operators that broadcast them are calculated on a per subscriber basis or 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.

- 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.
- In the case of services that require recourse to technical service-providers, the Group recognises as revenue the cost of the service borne by the end user if the Group bears the financial, after-sales and legal risks associated with the service. In other cases, where the Group regards itself as acting purely as agent, only the net fee collected is recognised as revenue.

Other operating revenues mainly comprise sales-based royalties invoiced under licence agreements.

The activities carried on by the TF1 Group do not to any material extent include sales comprising separately identifiable components within the meaning of IAS 18.

2-22. **Grants**

Grants received by the TF1 Group mainly comprise 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 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" 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.

2-23. **Non-current operating income and expenses**

These lines comprise 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 separately in its income statement in order to give users of the financial statements a better understanding of the Group's ongoing operational performance.

2-24. **Cost of net debt**

"Cost of net debt" represents "Expenses associated with net debt", net of "Income associated with net debt".

“Expenses associated with net debt” comprise:

- interest expense on current and non-current debt;
- amortisation of financial assets and liabilities measured at amortised cost;
- expenses arising from interest rate hedges;
- expenses arising from the remeasurement of financial assets and financial liabilities at fair value, such as changes in the fair value of interest rate derivative instruments and changes in the fair value of cash equivalents and financial assets used for treasury management purposes;
- expenses arising on the disposal of assets used for treasury management purposes.

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

“Income associated with net debt” comprises:

- interest income associated with cash and cash equivalents and with financial assets used for treasury management purposes;
- income arising from interest rate hedges;
- other revenues generated by cash equivalents and financial assets used for treasury management purposes;
- income arising from the remeasurement of financial assets and financial liabilities at fair value, such as changes in the fair value of interest rate derivative instruments and changes in the fair value of cash equivalents and financial assets used for treasury management purposes;
- income generated by the disposal of assets used for treasury management purposes.

2-25. **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.

2-26. **Earnings per share**

Basic earnings per share is obtained by dividing net profit for the period by the weighted average number of shares outstanding during the period.

All shares conferring unrestricted rights upon the shareholder are included. Shares in the parent company held by the company itself or by consolidated companies are excluded from the average number of shares outstanding.

Diluted earnings per share is calculated by including all financial instruments giving future access to the capital of the parent company, whether these instruments are issued by the parent company itself or by a subsidiary. The dilutive effect is calculated separately for each instrument, based on the conditions prevailing at the balance sheet date. Anti-dilutive instruments are excluded.

Non-dilutive share subscription option plans are excluded from this calculation.

2-27. **Share-based payment**

TF1 has awarded share subscription option plans and consideration-free share allotment plans to its employees (see note 32).
In accordance with IFRS 2, 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 at the allotment date (taking into account any specific terms and conditions liable to affect fair value), and recognised over the vesting period on a straight line basis.
In accordance with IFRS 1 and IFRS 2, only plans granted after November 7, 2002 and not vested as of January 1, 2004 are measured and recognised as an expense (in “Staff costs”).

2-28. **Operating segments**

With effect from January 1, 2009, the TF1 Group has applied IFRS 8 (Operating Segments), which replaced IAS 14 (Segment Reporting). Because Group management monitors the financial performance of the various segments on the basis of key accounting indicators (as described below), application of IFRS 8 has no impact on the segment information reported by the Group.

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. This segmentation serves as the basis for the presentation of internal management data, and is also used by the Group’s operational decision-makers to monitor performance.

Management assesses performance on the basis of current operating profit. Segmental results, assets and liabilities include items directly or indirectly attributable to the relevant segment. Segmental capital expenditure represents total acquisitions of property, plant and equipment and intangible assets as recognised in the corresponding balance sheet line items. Inter-segment sales and transfers are conducted on an arm’s length basis.

The TF1 Group reports the following operating segments:

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 primarily for the TF1 channel (such as TF1 Production).

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).

Broadcasting International

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

Other activities

This segment comprises all activities not included in any of the segments described above and (as of December 31, 2010) the subsidiaries 1001 Listes and SPS, previously included in Broadcasting France and Broadcasting International, respectively.

3 Significant changes in scope of consolidation

The consolidated financial statements of the TF1 Group for the year ended December 31, 2010 include the financial statements of the companies listed in note 38.

3-1. Newly-consolidated entities

3-1-1. First-time consolidation of TMC and NT1

On June 11, 2010, the TF1 Group acquired control over TMC, TMC Régie and NT1.

TMC and TMC Régie, which prior to the acquisition were accounted for by the proportionate consolidation method at 40%, have been fully consolidated with effect from July 1, 2010. As from that date, 100% of all the assets, liabilities, income and expenses of these two companies are included in the TF1 Group consolidated financial statements. Net profit and shareholders' equity are split between TF1 and minority interests on the basis of their respective interests in the companies (80% TF1, 20% minority interests).
NT1 was included in the scope of consolidation for the first time effective July 1, 2010, and is fully consolidated based on a percentage interest of 100%.

The equity interests acquired in June 2010, initially measured at €191.7 million, were finally acquired for €198.1 million in cash (including a contingent purchase consideration of €6.4 million, corresponding to the estimated net surplus cash of the acquired entities. The final purchase price was determined in November 2010 at €194.9 million.

The fair value of the equity interests in the channels was measured by an independent firm of experts at €429 million. Based on the €191.7 million paid to acquire the equity interests in 2010 and the €134.9 million carrying amount of the previously-held equity interests, a remeasurement gain of €102.4 million was recognised in the income statement, in "Non-current operating income".

The €6.5 million of transaction costs incurred in connection with this business combination were recognised in the income statement for the year ended December 31, 2010 as a reduction in the remeasurement gain, in "Non-current operating income". This amount included €2.2 million incurred in 2009 and recognised as an asset in the balance sheet as of December 31, 2009 pending finalisation of the business combination.

As part of the fair value remeasurement of the assets and liabilities of the acquired companies, the TMC brand was recognised as an asset in the balance sheet at its estimated fair value of €30 million and the acquired audiovisual rights were recognised at a fair value of €30.3 million, after deducting an impairment loss of €11.9 million.

After recognition of these various items, total goodwill of €399 million was recognised. The goodwill recognised in respect of this acquisition as of December 31, 2010 is provisional, and may be adjusted during a 12-month period from the acquisition date, i.e. up to and including June 11, 2011.

The TF1 Group elected to apply the partial goodwill method in accounting for this acquisition, which means that the minority interests in TMC held by the Principality of Monaco were not remeasured at fair value. Consequently, these minority interests were maintained at their carrying amount after remeasurement of the acquired assets and liabilities.

Revenue from the acquired equity interests in TMC and NT1 recognised in the consolidated financial statements for the year ended December 31, 2010 for the period from the date of acquisition of control amounts to €39.7 million. If the equity interests had been acquired on and consolidated from January 1, 2010, they would have contributed €79 million to consolidated revenue.

3-2. Other changes in scope of consolidation

3-2-1. Transfer of the equity interest in JFG Networks (Overblog website) to the Wikio Group

On November 11, 2010, the TF1 Group reached an agreement with the Wikio Group under which TF1 transferred its 40% equity interest in JFG Networks in exchange for shares in a new group comprising JFG Networks, Wikio, and Wikio's other subsidiaries. Following this transaction, the TF1 Group became the largest shareholder in the Wikio Group with a 13.2% equity interest.

In the consolidated financial statements for the year ended December 31, 2010, JFG Networks (previously accounted for as an associate by the equity method) has been deconsolidated. The new equity interest in the Wikio Group received in exchange is reported in "Equity investments in non-consolidated companies" at the historical cost of JFG Networks as of the transaction date.

3-2-2. Treatment of the equity interest in the AB Group

The TF1 Group has retained a 33.5% equity interest, valued at €155 million, in the other activities of the AB Group. TF1 has granted the AB Group management team a call option over this interest, exercisable at any time up to and including June 12, 2012 at a price of €155 million.

In accordance with IAS 27 (Consolidated and Separate Financial Statements), because the TF1 Group has granted a call option that is exercisable at any time this interest is no longer accounted for as an associate by the equity method, but instead is recognised as a non-current financial asset in the balance sheet at its fair value of €155 million.

3-2-3. Change in consolidation method – SPS

The buyout of the 50% interest in SPS held by the Serendipity investment fund gave the TF1 group control over SPS. The change in the consolidation method used for this entity, from proportionate consolidation to full consolidation, was applied in the consolidated financial statements with effect from March 31, 2010 (see note 1, "Significant Events of 2010" and note 7, "Goodwill").

3-3. Internal reorganisations with no impact on consolidation

As part of the ongoing rationalisation of the legal structure of the TF1 Group, the following transactions were carried out:

- 2010: mergers of Dualnet into E-TF1, TF Image 2 into Ciby 2000, and Etablissements Michel into Dujardin.
- 2009: mergers of Téléma into TF1 International, CIC into TF1 Video, Sacas and TF1 Satellite into TF1 Expansion.

4 Operations held for sale

Where the Group is in the process of selling an operation or significant assets, these operations or assets are reported separately in accordance with IFRS 5. The cash impact of material changes during the period is disclosed in note 30-3.

There were no operations or significant assets held for sale that required to be reported separately under IFRS 5 either at December 31, 2010 or at December 31, 2009.

5 Interests in jointly controlled entities

The TF1 Group owns interests in jointly controlled entities, a list of which is provided in note 38.

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/TMC Régie** *(a)*		**France 24**		**TCM**		**SPS** *(a)*		**Top Tickets**		**Other**	
(€m)	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Non-current assets	22.5	22.8	-	16.1	-	-	6.0	7.8	-	1.5	-	-	-	-
Current assets	8.9	8.0	-	31.4	-	-	0.3	1.4	-	0.9	-	-	-	-
TOTAL ASSETS	**31.4**	**30.8**	**-**	**47.5**	**-**	**-**	**6.3**	**9.2**	**-**	**2.4**	**-**	**-**	**-**	**-**
Shareholders' equity	21.9	22.4	-	15.9	-	-	4.3	4.6	-	(3.3)	-	-	-	-
Non-current liabilities	0.7	1.1	-	11.0	-	-	6.0	6.0	-	-	-	-	-	-
Current liabilities	8.8	7.3	-	20.6	-	-	(4.0)	(1.4)	-	5.7	-	-	-	-
TOTAL LIABILITIES & EQUITY	**31.4**	**30.8**	**-**	**47.5**	**-**	**-**	**6.3**	**9.2**	**-**	**2.4**	**-**	**-**	**-**	**-**
Revenue	**13.4**	**14.4**	**25.7**	**38.1**	**-**	**-**	**3.6**	**4.0**	**-**	**(0.1)**	**-**	**1.5**	**-**	**2.3**
Current operating profit/(loss)	**(0.6)**	**0.1**	**6.4**	**6.2**	**-**	**2.0**	**2.3**	**2.1**	**(1.1)**	**(3.0)**	**-**	**(5.3)**	**-**	**0.1**

(a) These entities have been fully consolidated since April 1, 2010 (SPS) and since July 1, 2010 (TMC and TMC Régie).

6 Segment information

6-1. Information by operating segment

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

	Broadcasting France		Audiovisual rights		Broadcasting International		Other Activities		Total TF1	
(€m)	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
INCOME STATEMENT (extract)										
Revenue	**2,109.6**	**1,888.3**	**142.9**	**151.0**	**364.4**	**319.2**	**5.5**	**6.2**	**2,622.4**	**2,364.7**
Current operating profit/(loss)	**297.2**	**88.9**	**(5.2)**	**(22.5)**	**59.9**	**44.3**	**(38.7)**	**(9.4)**	**313.2**	**101.3**
Depreciation and amortisation, net	*(34.1)*	*(33.5)*	*(46.0)*	*(56.8)*	*(9.0)*	*(8.9)*	*(1.4)*	*(0.7)*	*(90.5)*	*(99.9)*
Provisions and impairment, net	*(6.0)*	*(4.4)*	*3.2*	*(5.9)*	*(7.4)*	*(4.4)*	*(4.3)*	*0.7*	*(14.5)*	*(14.0)*
Non-current operating income and expenses [1]	95.9	-	-	-	-	-	(13.1)	-	82.8	-
Share of profits/(losses) of associates [2]	6.1	14.6	-	-	-	-	(0.4)	-	5.7	14.6
Net profit from discontinued/held-for-sale operations	-	-	-	-	-	-	-	-	-	-
BALANCE SHEET										
Segmental assets [3]	771.3	353.1	55.9	79.7	370.5	375.4	19.3	27.8	**1,217.0**	836.0
Segmental liabilities [4]	73.9	59.5	16.4	17.1	5.6	3.7	0.2	0.1	**96.1**	80.4
Investments in associates	2.8	264.2	-	-	-	-	11.1	11.2	**13.9**	275.4
Capital expenditure [5]	37.1	51.4	13.7	33.2	10.6	8.7	(2.5)	(1.8)	**58.9**	91.5

(1) Non-current operating income and expenses consist of the following items: for Broadcasting France, the fair value remeasurement of the previously-held equity interests in TMC and NT1 (see note 1, "Significant Events of 2010"; for Other Activities, the fair value remeasurement of the previously-held equity interest in SPS, and the impairment losses taken against goodwill on SPS and 1001 Listes (see note 1, "Significant Events of 2010" and note 7, "Goodwill").

(2) The share of profits/losses recorded for each segment is as follows:

- Broadcasting France: the €6.1 million share of profits for 2010 (€14.6 million for 2009) relates mainly to the AB Group for the period from January 1, 2010 to June 30, 2010.

- Other Activities: the share of losses relates to Metro France Publications.

(3) Segmental assets include audiovisual rights, other intangible assets, goodwill, and property, plant and equipment.

(4) Segmental liabilities include current and non-current provisions.

(5) See the "Capital Expenditure" table below for a reconciliation of capital expenditure with the consolidated cash flow statement.

Capital expenditure

Reconciliation with the consolidated cash flow statement:

(€m)	2010	2009
Capital expenditure	58.9	91.5
Investment grants received	(13.0)	(17.8)
Change in creditors related to acquisitions of intangible assets	4.3	20.8
Change in creditors related to acquisitions of property, plant & equipment	0.8	3.8
Cash outflows on acquisitions of property, plant & equipment and intangible assets	**51.0**	**98.3**

6-2. Information by geographical segment

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.

	France		Continental Europe		Other Countries		Total TF1	
(€m)	2010	2009	2010	2009	2010	2009	2010	2009
Revenue	2,231.4	2,015.9	337.2	302.9	53.8	45.9	2,622.4	2,364.7
Segmental assets	1,214.0	833.5	2.9	2.4	0.1	0.1	1,217.0	836.0
Capital expenditure	57.3	90.6	1.5	0.9	0.1	-	58.9	91.5

The TF1 Group was not dependent on any one customer for more than 10% of its consolidated revenue in either the year ended December 31, 2010 or the year ended December 31, 2009.

7 Goodwill

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

(€m)	Broadcasting France	Audiovisual Rights	Broadcasting International	Other Activities	Total TF1
Goodwill at January 1, 2010	**170.6**	**-**	**336.3**	**-**	**-**
Acquisitions	278.1	-	12.2		
Disposals	-	-	-	-	
Reclassifications	(25.3)		(12.2)	12.2	25.3
Impairment	-	-	-	(12.2)	(7.0)
Other	105.5	-	-	-	
Goodwill at December 31, 2010	**528.9**	**-**	**336.3**	**-**	**18.3**
Gross value	*539.2*	-	*336.3*	*12.2*	*25.3*
Accumulated impairment	*(10.3)*	-	-	*(12.2)*	*(7.0)*

The “Acquisitions” line comprises goodwill arising on equity interests acquired in the period, including remeasurements of previously-held equity interests in TMC and NT1 (Broadcasting France) and SPS (Broadcasting International).

The “Other” line comprises goodwill on previously-held equity interests, which had been reported in “Investments in associates” prior to the acquisition of control.

During 2010, TF1 finalised the purchase price allocation on the acquisition of Etablissements Michel, consolidated with effect from January 1, 2010. The remeasurement of Etablissement Michel’s assets and liabilities led to the recognition of the “Le cochon qui rit” trademark at a value of €0.6 million (net of taxes), and to the recognition of goodwill of €0.6 million.

(€m)	Broadcasting France	Audiovisual rights	Broadcasting International	Other Activities	Total TF1
Goodwill at January 1, 2009	**169.8**	**-**	**336.3**	**-**	**506.1**
Acquisitions	1.2	-	-	-	1.2
Disposals	-	-	-	-	-
Reclassifications					
Impairment	-	-	-	-	-
Other	(0.4)	-	-	-	(0.4)
Goodwill at December 31, 2009	**170.6**	**-**	**336.3**	**-**	**506.9**
Gross value	*180.9*	-	*336.3*	-	*517.2*
Accumulated impairment	*(10.3)*	-	-	-	*(10.3)*

During 2009, the TF1 Group finalised the purchase price allocation of Dualnet, consolidated with effect from January 1, 2009. The fair value remeasurement of the identifiable assets and liabilities of Dualnet resulted in the recognition of trademarks valued at €0.4 million (net of tax) and goodwill of €0.8 million.

The recoverable amount of the Broadcasting France CGU and the Broadcasting International CGU was determined by calculating the value in use using the discounted cash flow (DCF) method, based on three-year cash flow projections compiled from plans and budgets approved by the TF1 Group Board of Directors. Cash flows beyond the projection time-frame were extrapolated at a perpetual growth rate that reflects past experience and incorporates prudent assumptions about the growth potential of the markets in which each CGU operates, and their competitive positions in those markets.

The perpetual growth rates used for impairment testing at end 2010 were 2% for the Broadcasting France CGU and 3% for the Broadcasting International CGU.

The after-tax discount rate applied at end 2010 was 7.29%, and was determined by reference to external data sources using the method described in note 2-11-1.

Analyses of the sensitivity of this calculation to changes in key parameters for each CGU identified no probable scenario in which the recoverable amount of the CGU would fall below its carrying amount.

Based on impairment tests conducted using the method described in note 2-11, no material impairment of goodwill was identified as of December 31, 2010.

Following the reclassification of SPS and 1001 Listes to the Other Activities segment (see note 2-28), impairment losses have been booked against the goodwill on these two entities as follows:

- In light of the prospects for the online gaming and betting industry, an impairment loss of €12.2 million was taken against the SPS goodwill as at December 31, 2010 (see note1, “Significant Events of 2010”), and recognised in “Non-current operating expenses”.
- An impairment loss of €7 million has been taken against the goodwill relating to 1001 Listes , based on the selling price as per the agreement to sell this entity (see note 37-1, “Post Balance Sheet Events”), and recognised in “Non-current operating expenses”.

8 Intangible assets

8-1. Audiovisual rights

Movements during the year ended December 31, 2010 were as follows:

2010 *(€m)*	**January 1**	**Increases**	**Decreases**	**Changes in scope of consolidation, reclassifications**	**December 31**
Gross value	1,121.0	38.8	(69.2)	-	1,090.6
Amortisation	(970.1)	(63.5)	59.3	-	(974.3)
Impairment	(52.3)	(8.2)	21.7	-	(38.8)
Audiovisual rights	**98.6**	**(32.9)**	**11.8**	**-**	**77.5**

Movements during the year ended December 31, 2009 were as follows:

2009 *(€m)*	**January 1**	**Increases**	**Decreases**	**Changes in scope of consolidation, reclassifications**	**December 31**
Gross value	1,091.2	50.3	(21.9)	1.4	1,121.0
Amortisation	(912.2)	(66.0)	9.5	(1.4)	(970.1)
Impairment	(46.2)	(26.7)	20.6	-	(52.3)
Audiovisual rights	**132.8**	**(42.4)**	**8.2**	**-**	**98.6**

The table below shows the maturities of audiovisual rights acquisition contracts entered into by TF1 to secure future programming schedules:

Audiovisual rights *(€m)*	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
2010	**19.5**	**-**	**-**	**19.5**
2009	11.7	-	-	11.7

8-2. Other intangible assets

2010 *(€m)*	January 1	Increases		Decreases	Changes in scope of consolidation, reclassifications		December 31
Indefinite-lived trademarks	21.1	-		-	30.9	(a)	52.0
Astra satellite user rights	18.9	-		-	-		18.9
Concessions, patents & similar rights	32.7	0.9		(1.9)	8.6		40.3
Other	12.3	7.5	(b)	-	(5.5)		14.3
Gross value	**85.0**	**8.4**		**(1.9)**	**34.0**		**125.5**
Impairment of indefinite-lived trademarks	-	-		-	-		-
Astra satellite user rights	(15.1)	(2.7)		-	-		(17.8)
Amortisation	(29.1)	(4.1)		1.9	(1.7)		(33.0)
Impairment	(1.7)	(3.6)		-	0.5		(4.8)
Amortisation and impairment	**(45.9)**	**(10.4)**		**1.9**	**(1.2)**		**(55.6)**
Other intangible assets	**39.1**	**(2.0)**		**-**	**32.8**		**69.9**

(a) The increase in indefinite-lived trademarks relates mainly to the recognition of the TMC trademark (€30 million) and the "Le cochon qui rit" trademark (€0.9 million).

(b) The increase in the gross value of other intangible assets was mainly due to expenditure on IT projects (SAP installation, etc).

2009 *(€m)*	January 1	Increases		Decreases	Changes in scope of consolidation, reclassifications	December 31
Indefinite-lived trademarks	20.5	-		-	0.6	21.1
Astra satellite user rights	18.9	-		-	-	18.9
Concessions, patents & similar rights	30.7	1.6		(0.3)	0.7	32.7
Other	6.4	7.2	(a)	-	(1.3)	12.3
Gross value	**76.5**	**8.8**		**(0.3)**	**-**	**85.0**
Impairment of indefinite-lived trademarks	-	-		-	-	-
Astra satellite user rights	(12.4)	(2.7)		-	-	(15.1)
Amortisation	(27.4)	(2.3)		0.2	0.4	(29.1)
Impairment	(1.5)	(0.2)		-	-	(1.7)
Amortisation and impairment	**(41.3)**	**(5.2)**		**0.2**	**0.4**	**(45.9)**
Other intangible assets	**35.2**	**3.6**		**(0.1)**	**0.4**	**39.1**

(a) The increase in the gross value of other intangible assets was mainly due to expenditure on IT projects (SAP installation, website developments, etc).

There was no evidence of impairment of indefinite-lived trademarks as at December 31, 2010 or December 31, 2009.

9 Property, plant and equipment

The table below shows movements in property, plant and equipment, and in depreciation and impairment, during the year ended December 31, 2010:

2010 ***(€m)***	**January 1**	**Increases**	**Decreases**	**Changes in scope of consolidation, reclassifications**	**December 31**
Land	45.7	-	-	-	45.7
Buildings	58.3	-	-	(0.3)	58.0
Technical facilities	193.0	14.6	(9.7)	3.7	201.6
Technical facilities held under finance leases	5.3	-	-	10.1	15.4
Other property, plant and equipment	128.3	7.0	(17.3)	1.5	119.5
Property, plant and equipment under construction	12.8	2.1	-	(13.0)	1.9
Gross value	**443.4**	**23.7**	**(27.0)**	**2.0**	**442.1**
Buildings	(13.4)	(0.9)	1.3	-	(13.0)
Technical facilities	(150.5)	(14.9)	9.2	(0.4)	(156.6)
Technical facilities held under finance leases	(5.2)	(1.3)	-	-	(6.5)
Other property, plant and equipment	(82.9)	(13.5)	17.0	(0.5)	(79.9)
Depreciation and impairment	**(252.0)**	**(30.6)**	**27.5**	**(0.9)**	**(256.0)**
Property, plant and equipment	**191.4**	**(6.9)**	**0.5**	**1.1**	**186.1**

The table below shows movements in property, plant and equipment, and in depreciation and impairment, during the year ended December 31, 2009:

2009 ***(€m)***	**January 1**	**Increases**	**Decreases**	**Changes in scope of consolidation, reclassifications**	**December 31**
Land	45.7	-	-	-	45.7
Buildings	58.2	0.1	-	-	58.3
Technical facilities	182.4	10.8	(7.3)	7.1	193.0
Technical facilities held under finance leases	5.6	-	(0.3)	-	5.3
Other property, plant and equipment	112.8	14.0	(6.1)	7.6	128.3
Property, plant and equipment under construction	11.5	13.8	-	(12.5)	12.8
Gross value	**416.2**	**38.7**	**(13.7)**	**2.2**	**443.4**
Buildings	(12.5)	(2.3)	1.4	-	(13.4)
Technical facilities	(143.7)	(13.9)	7.1	-	(150.5)
Technical facilities held under finance leases	(4.9)	(0.6)	0.3	-	(5.2)
Other property, plant and equipment	(77.1)	(11.4)	5.5	0.1	(82.9)
Depreciation and impairment	**(238.2)**	**(28.2)**	**14.3**	**0.1**	**(252.0)**
Property, plant and equipment	**178.0**	**10.5**	**0.6**	**2.3**	**191.4**

Acquisitions during 2010 and 2009 included purchases of specialist equipment for the new post-production platform and the new IT environment.

In 2009, they also included fixtures and fittings associated with the pooling of teams on the Boulogne site.

10 Investments in associates

The table below gives a breakdown of investments in associates:

(€m)	AB Group	WBTV	Metro France Publications	Other associates (1)	Total
Country	**France**	**Belgium**	**France**	**France**	
January 1, 2009	240.9	3.4	11.2	3.8	**259.3**
Share of profit/(loss), net of dividends received	15.4	(0.4)	-	(0.4)	**14.6**
Changes in scope of consolidation	-	1.5	-	-	**1.5**
December 31, 2009	**256.3**	**4.5**	**11.2**	**3.4**	**275.4**
Share of profit/(loss), net of dividends received	7.8	(1.7)	(0.4)	-	**5.7**
Changes in scope of consolidation	(264.1)	-	0.3	(3.4)	**(267.2)**
December 31, 2010	**-**	**2.8**	**11.1**	**-**	**13.9**

(1) Other associates comprise JFG Networks (in 2009), Sky Art Media, and Sailing One.

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

TF1 Group share	**WBTV[1]**		**Métro France Publications**	
(€m)	**2010**	**2009**	**2010**	**2009**
Non-current assets	5.5	4.5	0.1	0.4
Current assets	1.9	4.2	5.4	13.1
TOTAL ASSETS	**7.4**	**8.7**	**5.5**	**13.5**
Shareholders' equity	(3.9)	(2.2)	0.1	0.2
Non-current liabilities	6.2	6.2	1.3	0.2
Current liabilities	5.1	4.7	4.1	13.1
TOTAL LIABILITIES AND EQUITY	**7.4**	**8.7**	**5.5**	**13.5**
Revenue	**2.6**	**5.4**	**10.9**	**12.0**
Operating profit/(loss)	**(2.0)**	**(1.2)**	**(0.3)**	**-**

(1) 2009 and 2010 figures are based on accounts to end September (the most recent accounts available) and a 49% interest.

Data relating to other associates are not material for the years ended December 31, 2010 and 2009.

An analysis of evidence of impairment led TF1 to test the investment in Métro France Publications for impairment. The after-tax discount rate applied (8.65%) was determined on the basis of external data using the method described in note 2-11-1. Based on the results of this test, no impairment loss was recognised.

An analysis of the sensitivity of this calculation to changes in key parameters indicated that slippage from the business plan would require an impairment loss to be recognised against this asset.

11 Programmes and broadcasting rights

The table below shows the movement in programme and broadcasting rights inventory, valued in accordance with the accounting policy described in note 2-13.

(€m)	**Jan. 1, 2009**	Other movements, net	Change in scope of consolidation, reclassifications	**Dec. 31, 2009**	Other movements, net	Change in scope of consolidation, reclassifications	**Dec. 31, 2010**
Gross value	**722.1**	25.1	(0.9)	**746.3**	(7.6)	31.8	**770.5**
Impairment	**(180.1)**	23.1 [2]	-	**(157.0)**	14.3 [1]	(10.1)	**(152.8)**
Inventories	**542.0**	48.2	(0.9)	**589.3**	6.7	21.7	**617.7**

[1] €37.2 million of impairment losses charged, €51.5 million of impairment losses reversed

[2] €68.6 million of impairment losses charged, €91.7 million of impairment losses reversed

The programme and broadcasting rights inventory reported above is owned primarily by TF1 SA and the "TF1 Acquisition de Droits" economic interest grouping.
The items included in "Change in scope of consolidation, reclassifications" relate mainly to the TMC/NT1 acquisition.

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

2010 *(€m)*	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Programmes and broadcasting rights [1]	531.2	925.2	149.0	**1,605.4**
Sports transmission rights	220.1	406.3	9.6	**636.0**
TOTAL	**751.3**	**1,331.5**	**158.6**	**2,241.4**

(1) Some of these contracts were expressed in foreign currencies: €16.8 million in Swiss francs, €9.6 million in pounds sterling, and €472.6 million in U.S. dollars.

2009 *(€m)*	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Programmes and broadcasting rights [1]	533.5	823.7	167.1	**1,524.3**
Sports transmission rights	188.1	338.8	-	**526.9**
TOTAL	**721.6**	**1,162.5**	**167.1**	**2,051.2**

(1) Some of these contracts were expressed in foreign currencies: €17.9 million in Swiss francs, €14.9 million in pounds sterling, and €230.4 million in U.S. dollars.

Programmes and broadcasting rights relate mainly to TF1 SA (€827.8 million in 2010, vs. €1,096.6 million in 2009) and to the "Acquisition de Droits" economic interest grouping (€699.3 million in 2010, vs. €344.6 million in 2009).
Sports transmission rights commitments related mainly to TF1 SA (€261.1 million in 2010, vs. €312.5 million in 2009) and to Eurosport (€244.9 million in 2010, vs. €214.4 million in 2009).

12 Financial assets

• Categories of financial assets

The table below shows financial assets by category:

2010 (€m)	Financial assets at fair value through profit or loss: Designated at fair value on initial recognition	Financial assets at fair value through profit or loss: Held for trading	Level (a)	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
Other financial assets	155.0	-	III	22.9	3.3	-	181.2
Trade and other debtors	-	-		-	1,227.3	-	1,227.3
Other current financial assets	-	4.4		-	-	-	4.4
Currency derivatives	-	*4.4*	II	-	-	-	*4.4*
Interest rate derivatives	-	-		-	-	-	-
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	0.2	I	-	39.1	-	39.3

(a) See the section on "Fair value measurement methods for financial assets" below.

2009 (€m)	Financial assets at fair value through profit or loss: Designated at fair value on initial recognition	Financial assets at fair value through profit or loss: Held for trading	Level (a)	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Total
Other financial assets	-	-		16.6	3.6	-	20.2
Trade and other debtors	-	-		-	1,350.2	-	1,350.2
Other current financial assets	-	8.9		-	-	-	8.9
Currency derivatives	-	-		-	-	-	-
Interest rate derivatives	-	*8.9*	II	-	-	-	*8.9*
Financial assets used for treasury management purposes	-	-		-	-	-	-
Cash and cash equivalents	-	0.2	I	-	570.3	-	570.5

(a) See the section on "Fair value measurement methods for financial assets" below.

• Fair value measurement methods for financial assets

The amended IFRS 7 establishes a three-level hierarchy of fair value measurement methods for financial instruments:

- Level I: measurement based on quoted prices in active markets
- Level II: measurement based on observable market parameters
- Level III: measurement based on non-observable market parameters

No transfers between these levels were made in either 2010 or 2009.

The fair value of financial instruments is where possible measured by reference to the market price derived from trading on a national stock exchange or over-the-counter market. Where no listed market price is available, fair value is estimated using alternative measurement methods, such as the discounted cash flow method, based on either observable (level II) or non-observable (level III) parameters.

The methods used by the TF1 Group are as follows:

- Equity investments in non-consolidated companies:

    - AB Group: since July 1, 2010 (see note1, “Significant Events of 2010”), the equity interest held by the TF1 Group has been measured at fair value through profit or loss.
      The fair value of this equity interest is measured on the basis of recent quarterly results and of valuation multiples applicable to the AB Group’s activities (level III method). The change in the fair value during the last six months of 2010 was not material.
      A call option over this equity interest has been granted to the AB Group management team (see note 14, “Financial Liabilities”).

    - Other equity investments in non-consolidated companies are classified as available-for-sale financial assets and measured at acquisition cost, since their fair value cannot be measured reliably.

- Derivative instruments: the fair value of interest rate derivatives and currency derivatives is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets, on the basis of market data as of the balance sheet date (level II method).
- Because of their short maturities, the carrying amount of trade and other debtors, cash, and treasury current accounts is regarded as the best approximation of their fair value.

12-1. **Other non-current financial assets**

Other non-current financial assets comprise:

(€m)	2010	2009
Equity investments in non-consolidated companies	177.9	16.6
Loans and advances to non-consolidated companies	0.4	0.8
Loans	0.2	0.2
Deposits and caution money	2.7	2.6
Other non-current financial assets	**181.2**	**20.2**

12-1-1. Equity investments in non-consolidated companies

The main equity investments in non-consolidated companies break down as follows:

(€m)	% interest at year-end	Gross value 2010	Gross value 2009	Impairment 2010	Impairment 2009	Carrying amount 2010	Carrying amount 2009
AB Group	33.5%	**155.0**	-	**-**	-	**155.0**	-
A1 International [1]	50.0%	**12.8**	12.8	**(12.8)**	(12.8)	**-**	-
En Direct Avec	13.3%	**4.0**	4.0	**(4.0)**	(4.0)	**-**	-
Wikio[2]	13.2%	**3.5**	-	**-**	-	**3.5**	-
Etablissements Michel [3]	-	**-**	1.0	**-**	-	**-**	1.0
Prima TV	5.0%	**1.4**	1.4	**-**	-	**1.4**	1.4
SHIP	27.4%	**0.8**	0.8	**(0.8)**	(0.8)	**-**	-
Sofica Valor 6	71.6%	**13.2**	8.0	**-**	-	**13.2**	8.0
Soread	11.6%	**1.6**	1.6	**(1.6)**	(1.6)	**-**	-
Sylver	49.0%	**3.7**	3.7	**-**	-	**3.7**	3.7
TF1 Publications	99.9%	**0.5**	0.5	**(0.5)**	(0.5)	**-**	-
Other		**3.2**	2.8	**(2.1)**	(0.3)	**1.1**	2.5
Equity investments in non-consolidated companies		**199.7**	**36.6**	**(21.8)**	**(20.0)**	**177.9**	**16.6**

(1) 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 owning a 3% interest in the capital of The Weinstein Company, a major U.S. film studio. In 2009, TF1 booked an additional impairment loss of €7.2 million against its 50% interest in A1 International, writing it down to zero.

(2) The equity interest in this company was received in exchange for TF1's interest in JFG Networks (see note 3-2-1).

(3) This company, which produces the "Le cochon qui rit" game, was acquired at the end of November 2009 and was merged into Dujardin at the start of 2010.

Impairment tests were performed on all these investments and, with the exception of A1 International in 2009, indicated no evidence of impairment in either 2010 or 2009.

12-2. Trade and other debtors

(€m)	Gross value 2010	Impairment 2010	Carrying amount 2010	Carrying amount 2009
Trade debtors	738.1	(18.3)	719.8	736.7
Supplier prepayments [1]	194.6	(13.5)	181.1	263.3
Other operating debtors [2]	250.4	-	250.4	258.0
Other debtors	135.2	(85.7)	49.5	65.6
Prepayments	26.5	-	26.5	26.6
Trade and other debtors	**1,344.8**	**(117.5)**	**1,227.3**	**1,350.2**

(1) This line includes advance payments in respect of acquisitions of programmes and sports transmission rights; it also includes €10 million of impairment provisions against advance payments made in respect of the 2011 Rugby World Cup.

(2) Primarily amounts due to the government, local authorities, employees and social security authorities

(€m)	2010	2009
Impairment as of January 1	**(116.1)**	**(82.3)**
Additional provisions booked during the year	(32.7)	(43.9)
Written off during the year	25.9	9.3
Recovered during the year	5.0	0.8
Changes in scope of consolidation and reclassifications	0.4	-
Impairment as of December 31	**(117.5)**	**(116.1)**

12-3. **Cash and cash equivalents**

Cash and cash equivalents comprise the following items:

(€m)	2010	2009
Cash	37.5	121.0
Money-market mutual funds	0.2	0.2
Treasury current accounts (1)	1.6	449.3
Cash and cash equivalents	**39.3**	**570.5**

(1) These accounts are with associates, jointly controlled entities, non-consolidated companies, and Bouygues group companies. At end 2009, this item included a current account balance of €446 million with Bouygues Relais.

13 Consolidated shareholders' equity

13-1. **TF1 share capital**

At December 31, 2010, the share capital of TF1 SA consisted of 213,410,492 ordinary shares, all fully paid. Movements in share capital during 2010 were as follows:

Number of shares	**Number of shares outstanding**	**Number of treasury shares**	**Total number of shares**
January 1, 2009	**213,395,867**	**14,625**	**213,410,492**
Capital increases	-	-	-
Purchase of treasury shares	-	-	-
Cancellation of treasury shares	-	-	-
January 1, 2010	**213,395,867**	**14,625**	**213,410,492**
Capital increases	-	-	-
Purchase of treasury shares	,	,	-
Cancellation of treasury shares	-	-	-
December 31, 2010	**213,395,867**	**14,625**	**213,410,492**
Par value	*€0.20*	*€0.20*	*€0.20*

Treasury shares

These are the residual holding of shares bought forward by TF1 for hedging purposes in connection with consideration-free share allotment plan no.1, which expired on April 1, 2008; they represent TF1 shares allotted to employees who had left the Group as of the date of delivery.

13-2. **Changes in equity not affecting the income statement**

13-2-1. Dividends

The table below shows the amount of dividend paid by the TF1 Group in the years ended December 31, 2010 and 2009, and the amount of dividend for 2010 submitted by the Board of Directors for approval by the Ordinary General Meeting of shareholders to be held on April 14, 2011.

	To be paid in 2011*	Paid in 2010	Paid in 2009
Total dividend (€m)	117.4	91.8	100.3
Dividend per ordinary share (€)	0.55	0.43	0.47

** proposed dividend*

Because the 2010 dividend is subject to approval by the shareholders, it was not recognised as a liability in the consolidated financial statements as at December 31, 2010.

13-2-2. Share-based payment

The matching entry for the movement in this reserve during the period is charged to "Staff costs" in the income statement (see note 20).

13-3. Cash flow hedge reserve

(€m)	2010	2009
Reserve at January 1	**(0.1)**	**(2.8)**
Cash flow hedges reclassified to profit or loss during the period [(1)]	1.2	2.8
Change in fair value of new cash flow hedges contracted during the period	2.0	-
Change in fair value of existing portfolio of cash flow hedges during the period	1.1	0.4
Pre-hedging balancing payment reclassified to profit or loss for the period	(0.5)	(0.5)
Reserve at December 31	**3.7**	**(0.1)**

(1) The amount reclassified from equity to profit or loss is recognised as a component of operating profit.

14 Financial liabilities

14-1. Categories of financial liabilities

The table below shows financial liabilities by category:

	Financial liabilities at fair value through profit or loss				
2010 *(€m)*	**Designated at fair value on initial recognition**	**Held for trading**	**Level (a)**	**Financial liabilities at amortised cost**	**Total**
Non-current debt	-	-		(16.1)	**(16.1)**
Current debt	-	-		(6.1)	**(6.1)**
Trade and other creditors	-			1,638.5	**1,638.5**
Other current financial liabilities	-	3.6		-	**3.6**
Currency derivatives	-	*3.3*	**II**	-	*3.3*
Interest rate derivatives	-	*0.3*	**II**	-	*0.3*

(a) See note 12, section on "Fair value measurement methods for financial assets"

2009 *(€m)*	Financial liabilities at fair value through profit or loss			Financial liabilities at amortised cost	Total
	Designated at fair value on initial recognition	Held for trading	Level (a)		
Non-current debt	-	-		(0.5)	**(0.5)**
Current debt	-	-		(505.5)	**(505.5)**
Trade and other creditors	-	-		1,696.0	**1,696.0**
Other current financial liabilities	-	1.4		-	**1.4**
Currency derivatives	-	*0.8*	**II**	-	*0.8*
Interest rate derivatives	-	*0.6*	**II**	-	*0.6*

(a) See note 12, section on "Fair value measurement methods for financial assets"

14-2. Fair value of financial liabilities

Because of their short maturities, the carrying amount of bank overdrafts, trade and other creditors and current debt is regarded as a reasonable approximation of their fair value.

The fair value of derivative instruments is estimated using valuations obtained from bank counterparties or from financial models generally used in the financial markets, on the basis of market data as of the balance sheet date (level II method), except for the call option over the equity interest in the AB Group (see below).

- Call option over the equity interest in the AB Group:

  As indicated in note 1-1, "Significant events of 2010", a call option over the equity interest in the AB Group has been granted to the AB Group management; this option may be exercised by the AB Group management team at any time during a two-year period at a price of €155 million.

  This option represents a financial liability, changes in the fair value of which are recognised in profit or loss. The fair value of the option is measured using a level III method, as described in note 12, "Financial Assets", in the section on "Fair value measurement methods for financial assets".

  In the absence of any material change in fair value during 2010, this item has been maintained at its original amount of zero.

- Liabilities relating to commitments to buy out minority interests:

As of December 31, 2010, the TF1 Group had no commitments to buy out minority interests.

14-3. Breakdown of trade and other creditors

(€m)	2010	2009
Trade creditors	767.0	752.2
Advance payments received	5.8	3.1
Tax and employee-related liabilities [1]	391.1	377.2
Creditors related to acquisitions of non-current assets	34.6	40.6
Other creditors	410.1	475.6
Audiovisual industry support fund grants [2]	9.0	10.2
Current accounts with credit balances	0.6	9.6
Deferred and prepaid income and similar items [3]	20.3	27.5
Trade and other creditors	**1,638.5**	**1,696.0**

(1) Mainly comprises VAT payable, and amounts owed to employees and social security bodies.

(2) Audiovisual industry support fund grants included in creditors mainly comprise grants awarded by the French National Centre for Cinematography to TF1 Films Production, TF1 Production, Ciby 2000 and TF1 DA.

(3) Mainly comprises prepaid income.

15 Net debt

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

(€m)	2010	2009
Cash and cash equivalents	39.3	570.5
Financial assets used for treasury management purposes	-	-
Total cash and cash equivalents	**39.3**	**570.5**
Fair value of interest rate derivatives	**(0.3)**	**8.3**
Non-current debt	(16.1)	(0.5)
Current debt *(1)*	(6.1)	(505.5)
Total debt	**(22.2)**	**(506.0)**
Net cash (+) / Net debt (-)	**16.8**	**72.8**

(1) In 2009, this mainly comprised a €500 million fixed-rate bond issue that was redeemed in November 2010.

16 Provisions

16-1. Non-current provisions

16-1-1. Breakdown of non-current provisions

The tables below show movements in non-current provisions during 2010 and 2009:

2010 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	December 31
Provisions for:						
Retirement benefit obligations	22.5	5.2	(1.9)	(1.2)	(1.9)	22.7
Long service leave	6.5	2.7	(0.6)	(0.6)	-	8.0
Commitments	14.9	1.3	(2.5)	-	(0.1)	13.6
Other	0.1	-	-	-	-	0.1
TOTAL NON-CURRENT PROVISIONS	**44.0**	**9.2**	**(5.0)**	**(1.8)**	**(2.0)**	**44.4**

2009 *(€m)*	January 1	Charges	Reversals: used	Reversals: unused	Changes in scope of consolidation, reclassifications	December 31
Provisions for:						
Retirement benefit obligations	25.5	4.8	(2.9)	(1.6)	(3.3)	22.5
Long service leave	7.3	1.0	(0.8)	(0.7)	(0.3)	6.5
Commitments	24.3	1.5	(1.7)	(9.3)	0.1	14.9
Other	0.1	-	-	-	-	0.1
TOTAL NON-CURRENT PROVISIONS	**57.2**	**7.3**	**(5.4)**	**(11.6)**	**(3.5)**	**44.0**

Provisions for commitments relate to the risk of loss on audiovisual assets that the Group has committed to acquire.

From January 1, 2007 onwards, other movements in provisions for retirement benefit obligations include actuarial gains and losses on these obligations, which are recognised directly in equity. The amount recognised directly in equity for the year ended December 31, 2010 was a net gain of €2.4 million, compared with a net gain of €3.2 million in 2009.

16-1-2. Provisions for retirement benefit obligations

Main actuarial assumptions

	2010	2009	2008	2007	2006
Discount rate	4.6%	4.9%	3.7%	4.2%	3.8%
Expected rate of return on plan assets	3.7%	4.0%	4.0%	3.8%	3.8%
Expected salary inflation rate	2.0%	2.0%	2.0%	2.0%	2.0%

The staff turnover rate used in calculating the provision at December 31, 2010 was 6.6%, unchanged from 2009.

A change of 0.1% in the discount rate applied would generate a €0.4 million change in the provision for retirement benefit obligations.

Expense recognised in the income statement for retirement benefit obligations

(€m)	2010	2009
Current service cost	(1.6)	(1.5)
Interest expense on the obligation	(1.2)	(1.2)
Expected return on plan assets	0.2	0.1
Past service cost	-	-
Expense recognised	**(2.6)**	**(2.6)**
comprising: net change in provisions	*(2.1)*	*(0.3)*
amount recognised in "Staff costs"	*(0.5)*	*(2.3)*
Actual return on plan assets	**0.2**	**0.1**

Amounts recognised in the balance sheet for retirement benefit obligations

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

(€m)	2010	2009	2008	2007	2006
Present value of obligation	27.9	27.5	30.4	32.2	30.5
Fair value of plan assets	(5.2)	(5.0)	(4.9)	(4.7)	(2.7)
Unfunded obligation (provision)	**22.7**	**22.5**	**25.5**	**27.5**	**27.8**

Changes in the present value of the retirement benefit obligation

(€m)	2010	2009
Defined-benefit plan obligation at start of period	**27.5**	**30.4**
Current service cost for the period	1.6	1.5
Interest cost (unwinding of discount)	1.2	1.2
Benefits paid	(0.7)	(2.3)
Actuarial (gains)/losses	(2.4)	(3.3)
Changes in scope of consolidation	0.7	-
Defined-benefit plan obligation at end of period	**27.9**	**27.5**

Changes in the present value of plan assets

(€m)	2010	2009
Fair value of insurance policy assets at start of period	**5.0**	**4.9**
Employer's contributions	-	-
Benefits paid	-	-
Expected return on plan assets	0.2	0.1
Actuarial gains/(losses)	-	-
Fair value of insurance policy assets at end of period	**5.2**	**5.0**

Plan assets are in the form of contributions paid into the “Fonds Club no.1”, a mutual fund denominated in euros and managed by an independent financial institution. Based on financial information supplied by the fund manager, the gross return was 3.7% in 2010. At December 31, 2010, the fund had an estimated fair value of €5.2 million.

16-2. Current provisions

Movements in current provisions during 2010 were as follows:

2010 *(€m)*	**January 1**	**Charges**	**Reversals: used**	**Reversals: unused**	**Changes in scope of consolidation, reclassifications**	**December 31**
Provisions for:						
Litigation and claims: governmental & public bodies	0.2	0.1	-	-	-	0.3
Litigation and claims: employees	4.5	4.0	(1.6)	(0.5)	(0.0)	6.4
Litigation and claims: commercial	15.2	7.7	(1.5)	(2.4)	0.2	19.2
Contractual litigation, claims and risks	11.7	0.0	(0.2)	(0.0)	(0.0)	11.5
Other risks	4.8	11.0	(0.2)	(1.0)	(0.3)	14.3
TOTAL CURRENT PROVISIONS	**36.4**	**22.8**	**(3.5)**	**(3.9)**	**(0.1)**	**51.7**

No material unrecognised contingent liabilities were identified as of the balance sheet date.

Provisions for commercial litigation mainly relate to ongoing disputes with customers, producers and rights-holders. Provisions for contractual litigation, claims and risks are intended to cover risks of claims from other third parties with contractual relations with TF1, inclduing guarantees given by TF1 in connection with divestments of equity interests.

Competition law risks:

Following the lodging of complaints with the French competition authority on January 12, 2009 relating to the exclusive distribution agreement between Canal+ and TF1 on pay TV channels, the authority announced on November 16, 2010 that it had completed its investigation as regards the principal distribution channels (cable, satellite and ADSL) and had concluded that the agreements were not vitiated. This ruling vindicates the position adopted by TF1 in previous periods of not recognising any provision for this risk.

The French competition authority investigation into the complementary distribution of these channels via the fibre optic network and catch-up TV is ongoing during 2011. TF1 regards the risk associated with this investigation as very limited, and consequently has not recognised any provision to cover it.

17 Operating revenues

Operating revenues comprise:

(€m)	2010	2009
Advertising revenue	1,793.3	1,604.6
Distribution of consumer products	240.5	238.4
Cable and satellite revenue	361.2	321.3
Production/distribution of audiovisual rights	73.3	79.7
Revenue from other activities	154.1	120.7
Revenue	**2,622.4**	**2,364.7**
Royalty income	-	-
Operating revenues	**2,622.4**	**2,364.7**

18 External production costs

External production costs, which amounted to €664.5 million in 2010 and €645.5 million in 2009, comprise costs incurred on programmes acquired from third parties and broadcast by TF1 and by the theme channels TV Breizh, TMC, NT1, TF6, Série Club, Stylía, Histoire and Ushuaïa TV.

19 Other purchases and changes in inventory

This line consists of the following items:

(€m)	2010	2009
Purchases of services	(340.2)	(263.8)
Purchases of broadcasting rights	(106.2)	(90.5)
Purchases of goods	(43.0)	(53.8)
Other items	(28.3)	(28.0)
Other purchases and changes in inventory	**(517.7)**	**(436.1)**

20 Staff costs

Staff costs break down as follows:

(€m)	2010	2009
Staff remuneration	(289.1)	(299.7)
Social security charges	(116.5)	(117.8)
Other staff costs	(19.6)	(21.9)
Statutory employee profit-sharing	(8.2)	(4.4)
Share-based payment expense	(1.5)	(1.4)
Staff costs	**(434.9)**	**(445.2)**

Defined-contribution plan expenses are included in “Social security charges”, and amounted to €32.1 million in 2010 and €33.1 million in 2009.

Expenses relating to lump-sum retirement benefits and long-service leave under the collective agreements applicable to TF1 Group companies are recognised as part of the net change in non-current provisions (see note 16-1). Lump-sum retirement benefits paid during the period are recorded in "Staff remuneration".

A breakdown of TF1 Group employees is provided in the Directors' Report.

Share-based payment expense includes the cost of share option plans and consideration-free share allotment plans, calculated in accordance with IFRS 2.

20-1. Cost of share option plans

The cost of share option plans recognised in "Staff costs" breaks down as follows:

(€m)	Date of grant	Lock-up period	*Fair value*	Staff costs	
				2010	2009
Plan no.8	September 16, 2004	3 years	4.6	-	-
Plan no.10	March 20, 2008	3 years	2.8	0.9	0.9
Plan no.11	February 18, 2009	3 years	1.6	0.6	0.5
Total				**1.5**	**1.4**

The cost of share option plans was computed using the Black-Scholes model and the following assumptions:

	Reference share price	Exercise price	Expected volatility	Average maturity	Risk-free rate	Payout ratio	Liquidity discount	Fair value per option
Plan no.8	€23.66	€23.46	26%	6.6 years	3.65%	2.75%	-15%	€4.83
Plan no.10	€13.60	€15.35	31%	5.0 years	3.67%	6.25%	-15%	€1.49
Plan no.11	€5.93	€5.98	49%	5.2 years	2.75%	8.98%	-15%	€0.86

The average maturity used is lower than the contractual life of the option in order to take account of exercises by grantees ahead of the contractual expiry date. The volatility assumptions used are consistent with the implied volatility reflected in the price offered at the date of grant by leading banks for TF1 share options with the same maturity.

20-2. Cost of employee benefit plans awarded by the Bouygues group

The cost of plans awarded by the Bouygues group to TF1 employees was not material for 2010.

21 External expenses

External expenses break down as follows:

(€m)	2010	2009
Subcontracting	(176.2)	(167.4)
Rent and associated charges	(46.8)	(56.7)
Agents' fees and professional fees	(113.6)	(108.5)
Advertising, promotion and public relations	(97.1)	(90.1)
Other external expenses	(68.5)	(65.0)
External expenses	**(502.2)**	**(487.7)**

22 Taxes other than income taxes

This line comprises the following items:

(€m)	**2010**	**2009**
Audiovisual taxes	(92.8)	(87.7)
- CNC (French National Centre for Cinematography) taxes	*(85.2)*	*(77.9)*
- Other	*(7.6)*	*(9.8)*
Other taxes	(52.8)	(48.5)
- Local business taxes	*(14.7)*	*(12.6)*
- Payroll-based taxes	*(14.8)*	*(13.3)*
- Other taxes	*(23.3)*	*(22.6)*
Taxes other than income taxes	**(145.6)**	**(136.2)**

23 Other operating income and expenses

Other operating income and expenses consist of the following items:

(€m)	**2010**	**2009**
Reversals of unused provisions	16.0	20.9
In-house production capitalised, and cost transfers	23.3	26.4
Operating grants (including France 24)	-	1.0
Investment grants	14.2	18.5
Foreign exchange gains	13.3	9.1
Other income	11.5	33.4
Other operating income	**78.3**	**109.3**
Royalties and paybacks to rights-holders	(77.1)	(70.4)
Bad debts written off	(5.9)	(7.3)
Foreign exchange losses	(9.9)	(8.2)
Other expenses	(7.5)	(22.2)
Other operating expenses	**(100.4)**	**(108.1)**

24 Non-current operating income and expenses

Non-current operating income for the year ended December 31, 2010 totalled €102 million, comprising €95.5 million for the net gain from the fair value remeasurement of the previously-held equity interests in TMC and NT1 (see note 1.1, “Acquisition of TMC and NT1” and note 3.1.1, “First-time consolidation of TMC and NT1”), plus €6.1 million arising on the fair value remeasurement of the previously-held equity interest in SPS (see note 1.2, “Acquisition of the interest in SPS held by Serendipity”).

Non-current operating expenses amounted to €19.2 million, comprising impairment losses taken against goodwill relating to SPS (€12.2 million) and 1001 Listes (€7 million); see note 7, “Goodwill”.

25 Cost of net debt

Cost of net debt breaks down as follows:

(€m)	**2010**	**2009**
Interest income	2.6	7.6
Change in fair value of the hedged portion of the bond issue	-	-
Change in fair value of interest rate derivatives	0.5	5.1
Income and revenues from financial assets	-	0.4
Income associated with net debt	**3.1**	**13.1**
Interest expense on debt	(21.2)	(35.4)
Change in fair value of interest rate derivatives	(0.1)	-
Expenses associated with net debt	**(21.3)**	**(35.4)**
Cost of net debt	**(18.2)**	**(22.3)**

26 Other financial income and expenses

Other financial income and expenses break down as follows:

(€m)	**2010**	**2009**
Change in fair value of Canal+ France financial asset	-	39.5
Dividend income	1.5	1.4
Gains on financial assets	0.7	4.9
Gains arising from changes in value of forward currency purchase contracts	-	0.7
Gains arising from the discounting of assets and liabilities	-	-
Other income	0.2	4.7
Other financial income	**2.4**	**51.2**
Losses on financial assets	(2.5)	(11.0)
Losses arising from changes in value of forward currency purchase contracts	(2.2)	(3.2)
Losses arising from the discounting of assets and liabilities	-	-
Other expenses	(0.2)	(0.8)
Other financial expenses	**(4.9)**	**(15.0)**

Change in fair value of Canal+ France financial asset:

At initial recognition, TF1 designated the Canal+ France asset (received in exchange for TF1's interest in TPS) as a financial asset at fair value through profit or loss. In 2009, the change in the fair value of this financial asset generated a gain of €39.5 million.

TF1 sold this asset on December 28, 2009 for €744 million.

27 Net income and expense on financial assets and financial liabilities

The table below shows income, expenses, gains and losses arising on financial assets and liabilities by category, split between items affecting financial income/expense and items affecting operating profit:

(€m)	Financial 2010	Financial 2009	Operating 2010	Operating 2009
Net income/(expense) on loans and receivables at amortised cost	3.1	0.8	(9.4)	(41.5)
Net income/(expense) on financial assets at fair value	0.2	39.8	-	-
financial assets designated at fair value through profit or loss	-	*39.5*	-	-
financial assets held for trading	*0.2*	*0.3*	-	-
Net income/(expense) on available-for-sale financial assets	(0.7)	(4.7)	0.2	-
Net income/(expense) on financial liabilities at amortised cost	(21.4)	(31.7)	-	-
Net income/(expense) on derivatives	(1.9)	9.7	(0.3)	(0.3)
Net income/(expense) on financial assets and financial liabilities	**(20.7)**	**13.9**	**(9.5)**	**(41.8)**

28 Income tax expense

28-1. Current and deferred taxes

28-1-1. Income statement

(€m)	2010	2009
Current taxes	(59.5)	(13.4)
Deferred taxes	(9.4)	(1.9)
Income tax expense	**(68.9)**	**(15.3)**

The tax rate used in the deferred tax calculation for the years ended December 31, 2010 and 2009 was 34.43% (standard rate).

28-1-2. Tax proof

(€m)	2010	2009
Net profit attributable to the Group	**228.3**	**114.4**
Income tax expense	68.9	15.3
Net profit from discontinued operations	-	-
Minority interests	1.0	0.1
Net profit from continuing operations before tax and minority interests	**298.2**	**129.8**
Standard tax rate in France	**34.4%**	**34.4%**
Impact of fair value adjustments not recognised for tax purposes *(1)*	(12.5%)	(9.9%)
Impairment of goodwill	2.2%	0.0%
Impact of tax losses	0.6%	(0.2%)
Offset of tax credits	(0.5%)	(3.0%)
Share of profits and losses of associates	(0.7%)	(3.9%)
Reduced-rate taxes on securities transactions	(0.2%)	(3.0%)
Change in non-deductible provisions	0.0%	(4.4%)
Other differences, net	(0.2%)	1.8%
Effective tax rate	**23.1%**	**11.8%**

[1] *Mainly the effect of fair value remeasurements of the previously-held equity interests in SPS and TMC/NT1 in 2010, and of reduced-rate taxation on the change in fair value of the Canal+ financial asset in 2009.*

TF1 made a group tax election on January 1, 1989, and has renewed this election regularly since that date.

28-2. Deferred tax assets and liabilities

28-2-1. Change in net deferred tax position

(€m)	2010	2009
Net deferred tax asset/(liability) at January 1	10.2	14.3
Recognised in equity	(2.0)	(2.1)
Recognised in profit or loss	(9.4)	(1.9)
Changes in scope of consolidation and other items (1)	(7.2)	(0.1)
Net deferred tax asset/(liability) at December 31	**(8.4)**	**10.2**

[1] *Includes €6.9 million of deferred tax liabilities recognised in 2010 in connection with the TMC/NT1 purchase price allocation (see note 3-1-1, "First-time consolidation of TMC and NT1"), mainly on the TMC trademark and the remeasurement of TMC and NT1 programme inventories.*

28-2-2. Main sources of deferred taxation

The main sources of deferred taxation are as follows:

(€m)	2010	2009
Provisions:		
Provisions for programmes	4.0	4.6
Provisions for retirement benefit obligations	6.9	7.3
Provisions for impairment of audiovisual rights	0.6	0.7
Provisions for trade debtors	3.1	2.5
Other provisions	17.7	15.0
Statutory employee profit-sharing scheme	2.6	1.3
Tax losses available for carry-forward	8.0	8.0
Other deferred tax assets	9.3	8.3
Offset of deferred tax assets and liabilities	(49.6)	(36.2)
Deferred tax assets	**2.6**	**11.5**
Accelerated tax depreciation	(17.1)	(17.5)
Depreciation of head office building	(8.9)	(8.5)
Remeasurement of assets	(13.7)	(3.5)
Other deferred tax liabilities	(20.9)	(8.0)
Offset of deferred tax assets and liabilities	49.6	36.2
Deferred tax liabilities	**(11.0)**	**(1.3)**
Net deferred tax asset/(liability) at December 31	**(8.4)**	**10.2**

Unrecognised deferred tax assets totalled €28.1 million (€24.3 million at December 31, 2009), and comprised tax losses and deferred tax depreciation available for indefinite carry-forward, the recovery of which is not sufficiently probable to justify recognition.

29 Earnings per share

Basic earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year.

Because potentially dilutive ordinary shares have no adjusting effect on net profit for the year, diluted earnings per share is calculated on the basis of net profit for the year attributable to ordinary shareholders and of the weighted average number of ordinary shares outstanding during the year adjusted for the effects of all potentially dilutive ordinary shares. Diluted earnings per share takes account of the dilutive effect of consideration-free share allotment plans and of share subscription option plans that are in the money at the balance sheet date (i.e. the exercise price is less than the quoted market price of TF1 shares).

(€m)	2010	2009
Net profit for the year (€m)		
Net profit from continuing operations (attributable to the Group)	228.3	114.4
Net profit from discontinued/held-for-sale operations	-	-
Net profit attributable to the Group	228.3	114.4
Weighted average number of ordinary shares	**213,395,867**	**213,395,867**
Earnings per share (in euros)		
Basic earnings per share from continuing operations	1.07	0.54
Basic earnings per share from discontinued/held-for-sale operations	-	-
Basic earnings per share	1.07	0.54
Average number of ordinary shares after dilution	**215,215,764**	**215,276,764**
Diluted earnings per share (in euros)		
Diluted earnings per share from continuing operations	1.06	0.53
Diluted earnings per share	1.06	0.53

The average number of ordinary shares after dilution is obtained by taking account of the following dilutive effects:

(number of shares)	2010	2009
Weighted average number of ordinary shares for the period	213,395,867	213,395,867
Dilutive effect of share subscription option plans	1,819,897	1,880,897
Dilutive effect of consideration-free share allotment plan	-	-
Average number of ordinary shares after dilution	215,215,764	215,276,764

In 2010 and 2009, only share subscription option plan no. 11 (awarded February 18, 2009) was in the money (i.e. the adjusted exercise price was lower than the average TF1 share price during the period).

30 Notes to the consolidated cash flow statement

30-1. Definition of cash position

The cash flow statement analyses changes in the cash position of continuing operations only. Changes in the cash position of discontinued and held-for-sale operations are presented separately at the foot of the cash flow statement.

The cash position analysed in the cash flow statement comprises cash and cash equivalents, treasury current accounts (debit and credit balances), and bank overdrafts. A reconciliation between the cash position in the cash flow statement and the "Cash and cash equivalents" line in the balance sheet is presented below:

(€m)	2010	2009
Cash and cash equivalents in the balance sheet	39.3	570.5
Cash relating to held-for-sale assets	-	-
Treasury current account credit balances	(2.1)	(3.2)
Bank overdrafts	(0.2)	(0.5)
Closing cash position per the cash flow statement	**37.0**	**566.8**

30-2. Cash inflows from disposals of financial assets

In 2009, this line mainly comprised the €744 million proceeds from the sale of the interest in Canal+ France.

30-3. **Effect of changes in scope of consolidation**

The effect of acquisitions of subsidiaries on the cash flow statement is shown below:

(€m)	**2010**	**2009**
Acquisition cost		
Cash and cash equivalents acquired	9.8	-
Financial assets acquired	(0.0)	2.2
Other assets acquired	68.5	-
Minority interests acquired	-	-
Other liabilities acquired	(71.5)	-
Net assets acquired (A)	6.8	2.2
Goodwill (B)	189.9	-
Cash outflow (A) + (B)	**196.7**	**2.2**
Cash acquired	(3.8)	-
Cash of companies joining the scope of consolidation during the period but not acquired	-	0.9
Net cash outflow	**192.9**	**3.0**

The cash flow effect of divestments of subsidiaries during the period breaks down as follows:

(€m)	**2010**	**2009**
Sale proceeds		
Cash received	-	2.2
Cash divested	-	(6.2)
Subscriptions to capital increases carried out by subsidiaries	-	-
Net cash inflow/(outflow)	**-**	**(4.0)**

The cash flow statement line "Effect of changes in scope of consolidation" for 2010 and 2009 breaks down as follows:

(€m)	**2010**	**2009**
Net cash inflow/(outflow) on acquisitions of subsidiaries	(192.9)	(3.0)
Net cash inflow/(outflow) on divestments of subsidiaries	-	(4.0)
Effect of changes in scope of consolidation	**(192.9)**	**(7.0)**

30-4. **Change in debt**

The impact of changes in debt on the TF1 Group's cash position is shown below:

(€m)	**2010**	**2009**
Finance lease obligations	18.1	(1.5)
Bond issues and redemptions, and net change in bank borrowings	(500.0)	(197.0)
Loans received from associates	-	-
Other movements	-	-
Net change in the period	**(481.9)**	**(198.5)**

31 Risk management

31-1. Capital management strategy

The TF1 Group has a policy of maintaining a stable capital base and has no plans for any specific corporate actions other than those summarised in section 3.5 of the Directors' Report.

In terms of equity capital, TF1 uses various indicators, including gearing (defined as the ratio of net debt to equity). Gearing provides investors with an indication of the Group's level of indebtedness relative to the level of equity capital. It is calculated on the basis of net debt as defined in note 15 and of shareholders' equity as shown in the balance sheet, including reserves used to recognise changes in the fair value of cash flow hedges and of available-for-sale financial assets.
At end 2010, given that the Group had net cash of €16.8 million, gearing was zero, as it also was at end 2009.

31-2. Financial risk management strategy

Liquidity risk and market risk (interest rate risk, foreign exchange risk and equity risk) are managed centrally by the TF1 Group's Financing and Treasury department.

31-2-1. Liquidity risk

The Financing and Treasury Department is responsible for ensuring that the TF1 Group has access to adequate and sustainable sources of financing. This involves:

- daily multi-currency pooling of surplus cash held by all Group entities, to minimise the need for external funding;
- analysis and periodic updating of cash flow projections for all Group entities;
- negotiating and maintaining an adequate cushion of credit facilities, with phased maturities.

The Group assesses liquidity risk by reference to the global drawdown rate on its borrowing capacity (financing raised on the markets + confirmed bank facilities), net of available cash.

The net cash position in the balance sheet at year-end is shown below:

(€m)	**2010**	**2009**
Cash and cash equivalents	39.3	579.4
Financial liabilities	(22.5)	(506.6)
Net cash/(net debt)	**16.8**	**72.8**
Borrowing capacity	1,125.5	1,561.4

The global drawdown rate on the Group's borrowing capacity was immaterial throughout 2010.

<u>Credit rating:</u>

The TF1 Group has a credit rating from Standard and Poors, which currently stands at BBB/positive outlook/A-2 (versus BBB/stable outlook/A-2 at end 2009).

Confirmed credit facilities

As of December 31, 2010, TF1 has the following facilities available:

- Bilateral bank facilities of €1,105.5 million with maturities of between one and five years. These confirmed bank facilities are supplemented by a cash pooling agreement with the Bouygues group. These facilities were not being used at either December 31, 2010 or December 31, 2009.
- A finance lease obligation of €20 million relating to technical installations.

The TF1 Group draws on various sources of financing that it has available as needed; these include bank financing (confirmed facilities, finance leases) and financing raised on the markets.

2010	Authorised facilities			Drawdowns			Available facilities
(€m)	< 1year	1-5 years	**Total**	< 1year	1-5 years	**Total**	
Confirmed bilateral facilities	300.5	805.0	**1,105.5**	-	-	**-**	**1,105.5**
Finance leases	3.8	16.2	**20.0**	3.8	16.2	**20.0**	**-**
Bouygues cash pooling agreement			**-**			**-**	**-**
Sub-total	**304.3**	**821.2**	**1,125.5**	**3.8**	**16.2**	**20.0**	**1,105.5**
Bond issue	-	-	**-**	-	-	**-**	-
TOTAL	**304.3**	**821.2**	**1,125.5**	**3.8**	**16.2**	**20.0**	**1,105.5**

2009	Authorised facilities			Drawdowns			Available facilities
(€m)	< 1year	1-5 years	**Total**	< 1year	1-5 years	**Total**	
Confirmed bilateral facilities	110.0	950.5	**1,060.5**	-	-	**-**	**1,060.5**
Finance leases	0.5	0.4	**0.9**	0.5	0.4	**0.9**	**-**
Bouygues cash pooling agreement			**-**			**-**	**-**
Sub-total	**110.5**	**950.9**	**1,061.4**	**0.5**	**0.4**	**0.9**	**1,060.5**
Bond issue	500.0	-	**500.0**	500.0	-	**500.0**	-
TOTAL	**610.5**	**950.9**	**1,561.4**	**500.5**	**0.4**	**500.9**	**1,060.5**

The bank facilities contracted by the TF1 Group are bilateral facilities that are not subject to financial ratios or trigger event clauses. These facilities are spread among a significant number of banks, ensuring significant diversification of the Group's sources of financing. The drawdown rate for these facilities was zero at end 2010 and end 2009.

Maturity of financial liabilities (excluding derivatives):

The table below provides a schedule of undiscounted future repayments (principal and interest) of financial liabilities, based on residual contractual maturities:

	Carrying amount	**Residual contractual amount**		
2010 (€m)		**< 1 year**	**1-5 years**	**Total**
Bond issue (including accrued interest)	-	-	-	-
Finance leases	20.0	4.0	16.3	20.3
Bank borrowings	-	-	-	-
Trade and other creditors	1,638.5	1,638.5	-	1,638.5
Other financial liabilities	2.3	2.3	-	2.3
TOTAL	**1,660.8**	**1,644.8**	**16.3**	**1,661.1**

2009 (€m)	Carrying amount	Residual contractual amount		
		< 1 year	1-5 years	Total
Bond issue (including accrued interest)	501.4	522.0	-	522.0
Finance leases	0.8	0.5	0.4	0.9
Bank borrowings	0.5	0.5	-	0.5
Trade and other creditors	1,696.0	1,696.0	-	1,696.0
Other financial liabilities	3.2	3.2	-	3.2
TOTAL	**2,201.9**	**2,222.2**	**0.4**	**2,222.6**

Investment of surplus cash

The TF1 Group exercises great care in choosing the vehicles in which it invests temporary or structural cash surpluses. Group policy requires such investment vehicles to be:

- liquid, i.e. immediately accessible (current accounts, interest-bearing sight deposit accounts, etc), with a maturity of no more than 3 months;
- paid interest on the basis of money-market indices, with no capital risk other than counterparty risk;
- contracted with high-grade counterparties.

The table below shows how surplus cash was invested at December 31, 2010:

(€m)	2010	2009
Interest-bearing bank account	20.0	104.7
Bouygues Relais cash pooling agreement	-	447.6
Money-market mutual funds	0.2	0.2
Negotiable certificates of deposit	-	4.0
Other treasury current accounts	19.1	14.0
TOTAL	**39.3**	**570.5**

31-2-2. Market risk

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.

The Financing and Treasury Department manages currency and interest rate hedges centrally for the Group. It tracks the financial markets on a daily basis, and periodically updates the positions to be hedged after netting similar types of exposures between Group entities. It submits hedging scenarios to the Finance Department for approval; once they have been approved, it executes and administers the relevant market transactions.

31-2-2-1. Interest rate risk

The TF1 Group is exposed to interest rate risk as a result of its financing needs. The objective of the interest rate risk management strategy is to lock in a fixed rate, or to a guarantee a maximum rate for cost of net debt over the short and medium term.

Exposure and sensitivity to interest rate risk:

The tables below show the fixed/floating split of financial assets and liabilities, and associated hedges, by maturity:

	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
2010 *(€m)*	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**	**Floating**
Less than 1 year	20.0	19.3	(3.8)	(2.5)	16.2	16.8	(100.0)	100.0	(83.8)	116.8
1 to 5 years	-	-	(16.2)	-	(16.2)	-	-		(16.2)	-
TOTAL	**20.0**	**19.3**	**(20.0)**	**(2.5)**	**(0.0)**	**16.8**	**(100.0)**	**100.0**	**(99.9)**	**116.8**

At December 31, 2010, the net post-hedging exposure was a €100 million debt position at fixed rate, and a €116.8 million asset position at floating rate.

	Financial assets		Financial liabilities		Net pre-hedging exposure		Hedging instruments		Net post-hedging exposure	
2009 *(€m)*	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**	**Floating**	**Fixed**	**Floating**
Less than 1 year	1.4	578.0	(502.1)	(4.0)	(500.8)	574.0	100.0	(100.0)	(400.8)	474.0
1 to 5 years	-	-	(0.5)	-	(0.5)	-	-		(0.5)	-
TOTAL	**1.4**	**578.0**	**(502.6)**	**(4.0)**	**(501.3)**	**574.0**	**100.0**	**(100.0)**	**(401.3)**	**474.0**

The sensitivity shown below measures the theoretical impact on cost of net debt of an immediate and constant movement of 1% (100 basis points) across the entire yield curve, and represents the sum total of:

- the impact of applying this 1% movement to the net pre-hedging floating-rate position, assumed to be constant over 1 year;
- the change in the fair value of the portfolio of interest rate derivatives in place at the balance sheet date, applying the accounting treatments specified in IAS 39.

	2010		2009	
(€m)	**Pre-tax impact on profit or loss**	**Pre-tax impact on equity**	**Pre-tax impact on profit or loss**	**Pre-tax impact on equity**
Impact of a movement of +1% in interest rates	1.7	0.9	3.1	-
Impact of a movement of -1% in interest rates	(1.7)	(0.7)	(2.9)	-

An immediate fall of 1% (100 basis points) in short-term interest rates would reduce the return on investments of net surplus cash by €1.7 million over a full year. Conversely, an immediate rise of 1% (100 basis points) in short-term interest rates would increase the return on investments of net surplus cash by €1.7 million over a full year.

Interest rate derivatives

The tables below show the portfolio of interest rate derivatives as of December 31, 2010 and December 31, 2009:

2010 *(€m)*	**Less than 1 year**	**1 to 5 years**	**Total**	**Fair value**
Swaps: pay floating rate			-	
Swaps: pay fixed rate	100.0		100.0	(0.3)
TOTAL	**100.0**	**-**	**100.0**	**(0.3)**

2009 *(€m)*	**Less than 1 year**	**1 to 5 years**	**Total**	**Fair value**
Swaps: pay floating rate	300.0		300.0	8.9
Swaps: pay fixed rate	200.0		200.0	(0.6)
TOTAL	**500.0**	**-**	**500.0**	**8.3**

Accounting classification and treatment

All derivative instruments used by the TF1 Group are contracted to hedge its exposure to financial risks. In accordance with IAS 39, these derivatives are classified as fair value hedges or cash flow hedges depending on the strategy applied. However, some derivatives are ineligible for hedge accounting because they do not meet the IAS 39 criteria, in particular where there has been a reversal of the initial strategy.

Fair value of the portfolio *(€m)*	**2010**	**Derivatives designated as fair value hedges**	**Derivatives designated as cash flow hedges**	**Derivatives ineligible for hedge accounting**	**Total**
Interest rate derivatives – assets					**-**
Interest rate derivatives – liabilities			(0.3)		**(0.3)**
TOTAL		**-**	**(0.3)**	**-**	**(0.3)**

Fair value of the portfolio *(€m)*	**2009**	**Derivatives designated as fair value hedges**	**Derivatives designated as cash flow hedges**	**Derivatives ineligible for hedge accounting**	**Total**
Interest rate derivatives – assets				8.9	**8.9**
Interest rate derivatives – liabilities				(0.6)	**(0.6)**
TOTAL		**-**	**-**	**8.3**	**8.3**

Hedging of bank borrowings

To replace the €200 million of swaps that were used to hedge bank debt and expired on February 1, 2010, the TF1 Group contracted €100 million of swaps (pay fixed rate) starting from the bond issue redemption date. These derivatives were designated as cash flow hedges as of December 31, 2010.

The swap used to convert the bond issue outstanding as of December 31, 2009 to variable rate was closed out on January 6, 2010, with TF1 receiving a cash settlement of €8.9 million.

31-2-2-2. Foreign exchange risk

The TF1 Group's exposure to foreign exchange risk is of an operational nature, and derives from (i) recurring cash flows under long-term broadcasting and sports transmission rights acquisition contracts (primarily in the U.S. dollar and pound sterling) and (ii) foreign-currency cash flows from sales of subscriptions to the Eurosport channel from countries outside the euro zone.

The objective of the Group's foreign exchange risk management strategy is to lock in or guarantee a minimum exchange rate on its net long position and a maximum exchange rate on its net short position in each of the currencies used, over a rolling 12-to-18-month period.

Exposure and sensitivity to foreign exchange risk:

The table below shows the Group's exposure to foreign exchange risk at December 31, 2010:

At 2010 closing exchange rates (€m)	USD (1)	GBP (2)	Other currencies (3)	Total
Assets	23.5	8.2	20.0	51.7
Liabilities	(39.4)	(15.6)	(17.6)	(72.6)
Off balance sheet commitments	(472.0)	(9.7)	(17.1)	(498.8)
Pre-hedging position	**(487.9)**	**(17.1)**	**(14.7)**	**(498.8)**
Forwards and futures	128.2	3.5	(29.3)	519.7
Currency swaps	(16.3)	(1.8)	(6.6)	(24.7)
Net post-hedging position	**(376.0)**	**(15.4)**	**(50.6)**	**(442.0)**

(1) Net exposure in USD: Some Group entities (TF1, Eurosport) enter into long-term rights acquisition contracts in the course of their ordinary activities that give rise to off balance sheet commitments, which are partially matched against future recurring USD revenue streams.

(2) Net exposure in GBP: This mainly relates to the acquisition of rights to the 2011 Rugby World Cup.

(3) The main currencies involved are the Norwegian krone (NOK), the Swedish krona (SEK), the Danish krone (DKK), the Australian dollar (AUD), and the Swiss franc (CHF). The net post-hedging position is matched by future revenue streams in the currency.

The consolidated net post-hedging currency exposure (translated into euros at the closing exchange rate) as of December 31, 2010 was €442 million, compared with €219.2 million as of December 31, 2009.

At 2009 closing exchange rates (€m)	USD (1)	GBP (2)	Other currencies (3)	Total
Assets	22.0	6.2	17.1	45.3
Liabilities	(40.9)	(9.2)	(10.4)	(60.5)
Off balance sheet commitments	(230.0)	(14.9)	(18.3)	(263.2)
Pre-hedging position	**(248.9)**	**(17.9)**	**(11.6)**	**(278.4)**
Forwards and futures	81.9	6.7	(14.9)	73.7
Currency swaps	(8.5)	(1.8)	(4.2)	(14.5)
Net post-hedging position	**(175.5)**	**(13.0)**	**(30.7)**	**(219.2)**

The sensitivity shown below measures the impact on profit or loss and equity of an immediate unfavourable uniform movement of 1% in the rate of the euro against all the other currencies involved, and represents the sum total of:

- the impact of applying this 1% movement to the net pre-hedging positions presented above;
- the change in the fair value of the portfolio of currency derivatives in place at the balance sheet date, applying the accounting treatments specified in IAS 39.

	2010				**2009**			
	Pre-tax impact on profit or loss		**Pre-tax impact on equity**		**Pre-tax impact on profit or loss**		**Pre-tax impact on equity**	
(€m)	**+1%**	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**	**+1%**	**-1%**
USD	1.0	(1.0)	2.7	(2.9)	1.0	(1.1)	0.7	(0.7)
GBP	-	-	0.2	(0.2)	-	-	0.1	(0.1)
Other currencies	-	-	0.2	(0.6)	0.3	(0.2)	-	-
TOTAL	**1.0**	**(1.0)**	**3.1**	**(3.7)**	**1.3**	**(1.3)**	**0.8**	**(0.8)**

At end 2010, the sensitivity of the TF1 Group's equity (including net profit for the period) to changes in the net accounting position in currencies other than the euro arising from a uniform unfavourable movement of 1% in the rate of the euro against all the currencies would be -€4.7 million, before taking account of the effects of such a movement on the Group's future foreign-currency cash flows. The comparable figure at end 2009 was -€2.1 million.

Change in the value of currency derivatives

The change in the value of currency derivatives not eligible for hedge accounting was -€2.2 million.
The change in the value of instruments eligible for hedge accounting was +€4 million in 2010. This comprises a change of +€4.3 million in the value of effective hedges (i.e. highly correlated to changes in the value of hedged items), recognised as a component of equity in the cash flow hedge reserve (see note 13-3), and a change of -€0.3 million in the value of ineffective hedges, recognised in profit or loss under "Other financial income and expenses" (see note 26).

Currency derivatives by currency

The tables below give a breakdown of currency hedging derivatives by currency at December 31, 2010 and 2009:

		Notional amount of hedge				Fair value (in euros)	
			In euros				
December 31, 2010 *(in millions)*	**Currency**	**In foreign currency**	**Total**	**< 1 year**	**1-5 years**	**Total**	**Of which designated as cash flow hedges**
Currency swaps	USD	21.8	16.3	16.3	-	(0.3)	-
	GBP	1.6	1.8	1.8	-	(0.0)	-
	Other currencies (NOK, SEK, DKK, CHF, AUD)		6.6	6.6	-	(0.0)	-
Forward purchases	USD	171.3	128.2	77.3	50.9	1.8	4.0
	GBP	3.0	3.5	3.5	-	0.1	0.1
Forward sales	Other currencies (NOK, SEK, DKK, AUD)		29.4	26.7	2.7	(0.6)	(0.6)
TOTAL HEDGES			**185.8**	**132.2**	**53.6**	**1.0**	**3.5**

		Notional amount of hedge				Fair value (in euros)	
			In euros				
December 31, 2009 *(in millions)*	**Currency**	**In foreign currency**	**Total**	**< 1 year**	**1-5 years**	**Total**	**Of which designated as cash flow hedges**
Currency swaps	USD	12.3	8.5	8.5	-	0.1	-
	GBP	1.6	1.8	1.8	-	0.0	-
	Other currencies (NOK, SEK, DKK, CHF, AUD)		4.2	4.2	-	0.0	-
Forward purchases	USD	118.0	81.9	62.4	19.5	(0.2)	0.1
	GBP	6.0	6.8	6.8	-	(0.6)	(0.6)
Forward sales	Other currencies (NOK, SEK, DKK, AUD)		14.9	14.9	-	(0.1)	-
TOTAL HEDGES			**118.1**	**98.6**	**19.5**	**(0.8)**	**(0.5)**

Accounting classification and treatment

All derivative instruments used by the TF1 Group are contracted to hedge its exposure to financial risks. In accordance with IAS 39, these derivatives are classified as fair value hedges or cash flow hedges depending on the strategy applied. However, some derivatives are ineligible for hedge accounting because they do not meet the IAS 39 criteria, in particular where there has been a reversal of the initial strategy.

(€m)	Derivatives ineligible for hedge accounting	Derivatives designated as fair value hedges	Derivatives designated as cash flow hedges	Fair value
2010				
Currency derivatives – assets	-	-	4.4	**4.4**
Currency derivatives – liabilities	(2.5)	-	(0.8)	**(3.3)**
TOTAL	**(2.5)**	**-**	**3.5**	**1.0**
2009				
Currency derivatives – assets	-	-	-	**-**
Currency derivatives – liabilities	(0.3)	-	(0.5)	**(0.8)**
TOTAL	**(0.3)**	**-**	**(0.5)**	**(0.8)**

Derivatives designated as cash flow hedges are used by TF1 SA to hedge sport transmission rights and audiovisual rights acquisition contracts, on which the amount and timing of payments are precisely agreed on a contractual basis; and by Eurosport to hedge future foreign-currency revenue streams. The other derivatives transactions are allocated to other broadcasting rights acquisition contracts, but do not meet all the criteria required to establish the existence of a hedging relationship under IAS 39.

Credit risk and counterparty risk

The TF1 Group applies policies designed to limit its exposure to counterparty risk, and in particular (i) the risk of non-recovery of trade debtors in connection with its ordinary activities, (ii) the risk of being unable to recover assets held by financial counterparties and (iii) the risk that financial counterparties will default on their commitments to the Group.

The TF1 Group believes that its exposure is limited, given that the cost of such risks has historically been immaterial both in overall terms and for each business segment.

Risk of non-recovery of debtors

2010	Carrying amount	Not past due	Past due			
(€m)			Total	< 6 months	6-12 months	> 12 months
Trade debtors	738.1	555.5	182.6	144.2	15.0	23.4
Provision for impairment of trade debtors	(18.3)	(1.3)	(17.0)	(4.3)	(1.1)	(11.6)
TRADE DEBTORS, NET	**719.8**	**554.2**	**165.6**	**139.9**	**13.9**	**11.8**

2009	Carrying amount	Not past due	Past due			
(€m)			Total	< 6 months	6-12 months	> 12 months
Trade debtors	755.6	595.3	160.3	115.8	16.3	28.2
Provision for impairment of trade debtors	(18.9)	(0.3)	(18.6)	(3.4)	(3.9)	(11.3)
TRADE DEBTORS, NET	**736.7**	**595.0**	**141.7**	**112.4**	**12.4**	**16.9**

Advertising airtime

TF1 Publicité sells advertising airtime on media for which it acts as agent (TV channels, radio stations, proprietary and third-party websites) to advertisers who over the years have become regular airtime buyers, developing well-established partnerships. The policy used to manage the underlying counterparty risk relies on the operating terms of TF1 Publicité, of which its customers are perfectly aware. These include:

- upfront payment in full, in advance of broadcast, for any airtime order placed by a new advertiser;
- for any advertiser with a track record of payment incidents, upfront payment for all future orders plus settlement of all outstanding invoices, failing which the advertiser may be barred from buying airtime;
- payment of annual rebates in the form of "end-of-order" credit notes issued at the start of the following year, to which the advertiser is not entitled unless all the prior-year invoices used as the basis for the rebate have been paid on time.

On top of these procedures, the Credit Management department performs regular financial health checks on advertisers, and in the event of late payment systematically issues graded reminders. Any legal recovery proceedings are prepared in conjunction with Coface.

Other measures taken include the issuance of preventive reminders to the principal advertising agencies in advance of each due date for payment, the strict application of penalties to rebates in the event of late payment of invoices, and the systematic application of late payment interest. Overall, these procedures have enabled TF1 Publicité to keep the risk of non-payment by advertisers to less than 0.15% of total annual billings (inclusive of VAT).

Theme channel subscriptions

There is no significant risk of non-recovery as regards revenues payable by cable operators present in France. As regards sales outside France, Eurosport has effective cash collection procedures for debts owed by cable and satellite operators. The risk of non-payment by these operators is historically low thanks to the use of financial health checks on customers and the fragmentation of these markets, which gives an inherently very high level of risk diversification.

Other diversification activities

TF1 Vidéo and TF1 Entreprises use credit insurance to protect against the risk of non-payment by customers.

The home shopping business, carried on via the Téléshopping division, is not exposed to major non-payment risks, given that payment is usually required prior to the delivery of goods or services.

There are no other significant exposures to individual customers in other Group subsidiaries that might have a lasting adverse impact on the Group's profitability.

Financial counterparties

In investing surplus cash, the TF1 Group applies a policy of selecting only high-grade banks and financial institutions that meet minimum rating criteria and with which the Group has well-established relationships, including the provision of credit facilities to the Group (see note 31-2-1 on liquidity risk).

32 Share options

32-1. Details of share option plans

	Plan no. 8	Plan no. 10	Plan no. 11
Date of Shareholders' Meeting	April 23, 2002	April 17, 2007	April 17, 2007
Date of Board meeting	August 31, 2004	February 20, 2008	February 18, 2009
Date of grant	September 16, 2004	March 20, 2008	March 20, 2009
Type of plan	subscription	subscription	subscription
Number of shares that may be subscribed/purchased	1,008,000	2,000,000	1,880,897
- by corporate officers	*0*	*56,000*	*56,000*
- by the 10 employees granted the most options	*100,000*	*340,000*	*340,000*
Start date of exercise period	September 16, 2007	March 20, 2011	March 20, 2012
Expiration date	September 16, 2011	March 20, 2015	March 20, 2016
Subscription/purchase price	€23.46	€15.35	€5.98
Terms of exercise	May be exercised from the 3rd anniversary of the date of grant and sold from the 4th anniversary of the date of grant		
Number of shares subscribed at December 31, 2010	-	-	-

Plan no. 8 was 100% hedged in 2004 by the purchase of a share call option, exercisable on the same terms as the plan.

32-2. Movement in number of options outstanding

	2010		2009	
	Number of options	**Weighted average subscription/ purchase price (in euros)**	**Number of options**	**Weighted average subscription/ purchase price (in euros)**
Options outstanding at January 1	**6,339,497**	**14.97**	**4,496,100**	**18.77**
Options granted	-		1,880,897	5.98
Options cancelled or forfeited	(123,000)	11.03	(37,500)	18.98
Options exercised	-		-	-
Options expired	(1,657,600)	20.20	-	-
Options outstanding at December 31	**4,558,897**	**13.18**	**6,339,497**	**14.97**
Options exercisable at December 31	*880,500*	*23.46*	*2,543,100*	*21.34*

No options were exercised during 2010. The average residual life of options outstanding at December 31, 2010 was 48 months (45 months at December 31, 2009).

33 Off balance sheet commitments

The off balance sheet commitments reported below comprise guarantee commitments given and received by the Group; reciprocal commitments not associated with the Group's operating cycles; and operating and finance lease commitments.
A commitment is reciprocal if the future commitment given by the TF1 Group is inseparable from the commitment given by the other party or parties to the contract. Reciprocal commitments given and received in connection with the Group's operating cycles are reported in the note relating to the relevant balance sheet item: note 11 ("Programmes and broadcasting rights") for purchase contracts designed to secure future programming schedules, and note 31-2-1 ("Liquidity risk") for confirmed bank credit facilities.

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.

In the case of reciprocal commitments, the commitment given and the commitment received are measured on the basis of the net cash outflow or inflow for the TF1 Group.

The various types of commitments given and received by the TF1 Group are described below:

- Guarantee commitments:

This item comprises guarantees provided in connection with commercial contracts or leases.

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.

- Reciprocal contractual commitments:

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.

Commitments relating to equity interests:

This item comprises firm or optional commitments to deliver or receive securities, and includes in particular the effect of the agreement with the AB Group, amounting to €155 million at December 31, 2010 (see note 1-1, "Acquisition of TMC and NT1") and to €192 million at December 31, 2009.

Other reciprocal contractual commitments:

This comprises commitments given or received under contracts not associated with the recurring operations of Group companies, such as the contract with GIP France Télé Numérique (which is responsible for implementing the analogue TV signal switch-off in France).

- Operating leases:

This item 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.

- Finance leases:

This item shows the minimum future lease payments under finance leases in progress at the balance sheet date.

No material off balance sheet commitments, as defined in the applicable accounting standards, are omitted from the disclosures below.

33-1. Guarantee commitments

(€m)	< 1 year	1-5 years	> 5 years	Total 2010	Total 2009
Guarantee commitments					
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements given	2.3	1.8	-	4.1	7.8
Guarantee commitments given	**2.3**	**1.8**	**-**	**4.1**	**7.8**
Pledges, mortgages and collateral	-	-	-	-	-
Guarantees and endorsements received	0.8	1.8	-	2.6	3.3
Guarantee commitments received	**0.8**	**1.8**	**-**	**2.6**	**3.3**
Guarantee commitments, net	**1.5**	**-**	**-**	**1.5**	**4.5**

33-2. Reciprocal contractual commitments

(€m)	< 1 year	1-5 years	> 5 years	Total 2010	Total 2009
Miscellaneous contractual commitments					
Image transmission	55.5	60.3	2.9	118.7	160.0
Commitments relating to equity interests	5.2	169.0	4.7	178.9	221.1
Other commitments	13.5	8.8	-	22.3	25.2
Miscellaneous contractual commitments given	**74.2**	**238.1**	**7.6**	**319.9**	**406.3**
Image transmission	55.5	60.3	2.9	118.7	160.0
Commitments relating to equity interests	5.2	169.0	4.7	178.9	221.1
Other commitments	13.5	8.8	-	22.3	25.2
Miscellaneous contractual commitments received	**74.2**	**238.1**	**7.6**	**319.9**	**406.3**
Miscellaneous contractual commitments, net	**-**	**-**	**-**	**-**	**-**

33-3. Operating leases

(€m)	< 1 year	1-5 years	> 5 years	Total 2010	Total 2009
Operating leases					
Operating lease commitments given	22.6	91.1	31.8	145.5	164.3
Operating lease commitments received	22.6	91.1	31.8	145.5	164.3
Operating lease commitments, net	**-**	**-**	**-**	**-**	**-**

33-4. Finance leases

(€m)	< 1 year	1-5 years	> 5 years	Total 2010	Total 2009
Finance leases (already recognised in the balance sheet)	**3.8**	**16.2**	**-**	**20.0**	**1.2**

34 Related-party information

34-1. **Executive compensation**

Total compensation paid during 2010 to key executives of the Group (i.e. the 15 members of the TF1 Management Committee mentioned in the Annual Report) was €7.7 million, comprising:

(€m)	2010	2009
Fixed compensation	6.1	5.4
Variable compensation	1.6	1.6
Benefits in kind	N/S	N/S

Additional information:

- The portion of total share option expense and consideration-free share expense for the year relating to these key executives was €0.4 million.
- The portion of the total obligation in respect of retirement and other post-employment benefits relating to these key executives was €2.6 million.

The Bouygues Group offers the members of its Executive Committee, who include Nonce Paolini, a top-up 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 2010 to the investment fund of the insurance company which manages the scheme was €0.1 million.

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

34-2. **Transactions with other related parties**

Transactions with other related parties are summarised in the table below:

	Income		**Expenses**		**Debtors**		**Creditors**	
(€m)	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Parties with an ownership interest (Bouygues SA)	-	0.1	(6.5)	(5.4)	-	-	4.0	1.9
Jointly controlled entities	3.6	4.8	(4.9)	(6.2)	2.4	11.8	1.9	3.1
Associates	6.9	10.7	(5.9)	(8.5)	1.6	8.3	3.1	8.3
Other related parties	36.9	27.8	(7.2)	(9.6)	9.7	453.4	2.3	4.2
TOTAL	**47.4**	**43.4**	**(24.5)**	**(29.7)**	**13.7**	**473.5**	**11.3**	**17.5**

* *Bouygues Relais cash pooling agreement (see note 31-2-1).*

Agreements entered into with jointly controlled entities and with associates relate primarily to operational transactions in the course of ordinary business in the audiovisual sector, recharges of head office administrative expenses, and income and expenses arising from short-term cash pooling transactions.

Agreements executed with other related parties relate mainly to transactions with fellow-subsidiaries of Bouygues SA under agreements entered into in the course of ordinary business of a commercial nature, with the exception of transactions with Bouygues Relais under a short-term cash pooling agreement.

35 Auditors' fees

The table below shows fees paid by TF1 to the Group's auditors:

	Mazars				KPMG				Other firms			
	Amount		%		Amount		%		Amount		%	
(€ '000)	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Audit of consolidated and individual company financial statements	**(812)**	**(769)**	**97%**	**96%**	**(795)**	**(762)**	**89%**	**92%**	**(76)**	**(50)**	**100%**	**98%**
- TF1 SA	*(230)*	*(219)*			*(230)*	*(219)*			-	-		
- Subsidiaries	*(582)*	*(550)*			*(565)*	*(543)*			*(76)*	*(50)*		
Other procedures and services directly related to the audit engagement	**(25)**	**(31)**	**3%**	**4%**	**(102)**	**(30)**	**11%**	**4%**	**-**	**-**	**-**	**-**
- TF1 SA	*(25)*	-			*(100)*	*(4)*			-	-		
- Subsidiaries	-	*(31)*			*(2)*	*(26)*			-	-		
Audit-related fees	**(837)**	**(800)**	**100%**	**100%**	**(897)**	**(792)**	**100%**	**96%**	**(76)**	**(50)**	**100%**	**98%**
Company law, tax and employment law	-	-	-	-	-	(32)	0%	4%	-	(1)	0%	-
Other (if > 10% audit-related fees)	-	-	-	-	-	-	-	-	-	-	-	-
Other fees	**-**	**-**	**-**	**-**	**-**	**(32)**	**0%**	**4%**	**-**	**(1)**	**0%**	**2%**
TOTAL AUDITORS' FEES	**(837)**	**(800)**	**100%**	**100%**	**(897)**	**(824)**	**100%**	**100%**	**(76)**	**(51)**	**100%**	**100%**

36 Dependence on licences

TF1 requires a licence to carry on its activities as a broadcaster.

The law of September 30, 1986, as amended by Law 2007-309 of March 5, 2007, stipulates that subject to certain conditions, a company's broadcasting licence may be automatically renewed. TF1 has signed the necessary agreements and provided the necessary undertakings to retain its broadcasting licence until 2022.

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, NT1 and TF6.

37 Post balance sheet events

37-1. Divestment of 1001 Listes

On January 11, 2011, the TF1 Group and Galeries Lafayette signed an agreement for the sale by TF1 of its entire equity interest in 1001 Listes. The sale was completed on February 4, 2011.

38 Detailed list of companies included in the consolidation

COMPANY	COUNTRY	ACTIVITY	2010 % CONTROL (1)	2010 CONSOLIDATION METHOD	2009 % CONTROL	2009 CONSOLIDATION METHOD
TF1 SA	**France**	**Broadcasting**	**Parent company**		**Parent company**	
BROADCASTING FRANCE						
TF1 PUBLICITE	France	TF1 advertising airtime sales house	100.00%	Full	100.00%	Full
TF1 FILMS PRODUCTION	France	Co-production of films	100.00%	Full	100.00%	Full
TELESHOPPING	France	Home Shopping	100.00%	Full	100.00%	Full
TV BREIZH	France	Theme channel	100.00%	Full	100.00%	Full
UNE MUSIQUE	France	Music publishing	100.00%	Full	100.00%	Full
TF6	France	Theme channel	50.00%	Proportionate	50.00%	Proportionate
TF1 ENTREPRISES	France	Merchandising, spin-offs	100.00%	Full	100.00%	Full
EUROSPORT France SA	France	Marketing the Eurosport channel in France	100.00%	Full	100.00%	Full
EZ TRADING	France	Import-Export	100.00%	Full	100.00%	Full
TF1 THEMATIQUES	France	Holding company – theme channel division	100.00%	Full	100.00%	Full
E-TF1	France	Creation/broadcasting of internet services	100.00%	Full	100.00%	Full
LA CHAINE INFO	France	Operator of La Chaîne Info news channel	100.00%	Full	100.00%	Full
TF1 PRODUCTION	France	Programme production	100.00%	Full	100.00%	Full
BAXTER	France	Music publishing	100.00%	Full	100.00%	Full
TF6 GESTION	France	TF6 management company	50.00%	Proportionate	50.00%	Proportionate
SERIE CLUB	France	Theme channel	50.00%	Proportionate	50.00%	Proportionate
MONTE CARLO PARTICIPATIONS (2)	France	TMC holding company	100.00%	Full	50.00%	Proportionate
TOP SHOPPING	France	Retailing	100.00%	Full	100.00%	Full
LES NOUVELLES EDITIONS TF1	France	Book publishing	51.00%	Full	51.00%	Full
STYLIA	France	Theme channel	100.00%	Full	100.00%	Full
APHELIE	France	Real estate leasing	100.00%	Full	100.00%	Full
HISTOIRE	France	Theme channel	100.00%	Full	100.00%	Full
USHUAIA TV	France	Theme channel	100.00%	Full	100.00%	Full
TELE MONTE CARLO (2)	Monaco	Theme channel	80.00%	Full	40.00%	Proportionate
INFOSHOPPING	France	Infomercials	100.00%	Full	100.00%	Full
WAT	France	Creation of internet services	100.00%	Full	100.00%	Full
TMC REGIE (2)	France	TMC advertising airtime sales house	100.00%	Full	40.00%	Proportionate
JFG NETWORKS	France	Creation of internet services	-	-	40.03%	Equity
SKY ART MEDIA	United States	Print media publishing	27.54%	Equity	27.54%	Equity
OUEST INFO	France	TV news images agency	100.00%	Full	100.00%	Full
ONE CAST	France	Audiovisual broadcasting & transmission service	100.00%	Full	100.00%	Full
SF2J	France	Producer of card & board games	100.00%	Full	100.00%	Full
DUJARDIN	France	Producer of card & board games	100.00%	Full	100.00%	Full
WB TELEVISION	Belgium	Broadcasting	49.00%	Equity	49.00%	Equity
HOLDING OMEGA PARTICIPATIONS	France	Holding company	100.00%	Full	-	-
GROUPE AB	France	Production, programming & broadcasting of audiovisual material	-	-	33.50%	Equity
GIE TF1 Acquisitions de droits	France	Acquisition & sale of audiovisual rights	100.00%	Full	100.00%	Full
NT1	France	Theme channel	100.00%	Full	-	-
TF1 DS	France	Acquisition & sale of audiovisual rights	100.00%	Full	-	-
DUALNET COMMUNICATION	France	Operator of consumer websites	-	-	100.00%	Full
PLACE DES TENDANCES	France	e-commerce	80.00%	Full	80.00%	Full
TF1 EXPANSION	France	Holding company	100.00%	Full	100.00%	Full

COMPANY	COUNTRY	ACTIVITY	2010 % CONTROL (1)	2010 CONSOLIDATION METHOD	2009 % CONTROL	2009 CONSOLIDATION METHOD
AUDIOVISUAL RIGHTS						
CIBY 2000	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TF1 VIDEO	France	Exploitation of video rights	100.00%	Full	100.00%	Full
GIE SONY TF1 VIDEO	France	Exploitation of video rights	50.00%	50.00%		
TF1 DROITS AUDOVISUELS	France	Exploitation of audiovisual rights	100.00%	Full	100.00%	Full
TCM DA	France	Exploitation of audiovisual rights	50.00%	Proportionate	50.00%	Proportionate
TCM GESTION	France	TCM DA management company	49.96%	Proportionate	49.96%	Proportionate
TF IMAGE 2	France	Exploitation of audiovisual rights	-	-	100.00%	Full
TF1 INTERNATIONAL	France	Exploitation of audiovisual rights	66.00%	Full	66.00%	Full
UGC DISTRIBUTION	France	Exploitation of audiovisual rights	34.00%	Equity	34.00%	Equity
BROADCASTING INTERNATIONAL						
EUROSPORT SA	France	Marketing of Eurosport channel outside France	100.00%	Full	100.00%	Full
EUROSPORT BV	Netherlands	Marketing of Eurosport channel in the Netherlands	100.00%	Full	100.00%	Full
EUROSPORT TELEVISION LTD	UK	Marketing of Eurosport channel in the United Kingdom	100.00%	Full	100.00%	Full
EUROSPORT TV AB	Sweden	Marketing of Eurosport channel in Sweden	100.00%	Full	100.00%	Full
EUROSPORT MEDIA GMBH	Germany	Marketing of Eurosport channel in Germany	100.00%	Full	100.00%	Full
EUROSPORT EVENT LTD	UK	Motor race organiser	100.00%	Full	100.00%	Full
SRW EVENTS LTD	UK	Motor race organiser	100.00%	Full	100.00%	Full
EUROSPORT ITALIA	Italy	Marketing of Eurosport channel in Italy	100.00%	Full	100.00%	Full
EUROSPORT ASIA-PACIFIC	Hong Kong	Marketing of Eurosport channel in Asia	100.00%	Full	100.00%	Full
EUROSPORT MEDIA SA	Switzerland	Marketing of Eurosport channel in Switzerland	100.00%	Full	100.00%	Full
EUROSPORT SA SPAIN	Spain	Marketing of Eurosport channel in Spain	100.00%	Full	100.00%	Full
EUROSPORT FINLAND	Finland	Marketing of Eurosport channel in Finland	100.00%	Full	100.00%	Full
EUROSPORTNEWS DISTRIBUTION LTD	Hong Kong	Marketing of Eurosport channel in Asia	98.00%	Full	98.00%	Full
EUROSPORT NORVEGE AS	Norway	Marketing of Eurosport channel in Norway	100.00%	Full	100.00%	Full
EUROSPORT POLSKA	Poland	Marketing of Eurosport channel in Poland	100.00%	Full	100.00%	Full
EUROSPORT DANMARK APS	Denmark	Marketing of Eurosport channel in Denmark	100.00%	Full	100.00%	Full
EUROSPORT EVENTS	France	Sports event organiser	100.00%	Full	100.00%	Full
EUROSPORT ARABIA FZ LLC	UAE	Marketing of Eurosport channel in the Middle East	100.00%	Full	-	-
EUROSPORT MEDIA DISTRIBUTION Portugal	Portugal	Marketing of Eurosport channel in Portugal	100.00%	Full	-	-
OTHER ACTIVITIES						
METRO FRANCE PUBLICATIONS (2)	France	Print media publishing	34.30%	Equity	34.30%	Equity
SPS	France	Online gaming operator	100.00%	Full	50.00%	Proportionate
1001 LISTES	France	Creation of internet services	100.00%	Full	100.00%	Full

(1) Except for TMC (in which TF1 has a percentage interest of 80%), there are no material differences between percentage control and percentage interest.
(2) Monte Carlo Participations, Télé Monte Carlo and TMC Régie: in 2009, these companies were jointly controlled under the terms of the agreement of July 6, 2004 between TF1 and the AB Group.
(3) Metro France Publications: under the terms of the shareholders' agreement of November 14, 2003 between TF1 and Metro International S.A., Metro International has exclusive control over Publications Metro France. TF1 only exercises significant influence over this company, in which it has a 34.3% interest.