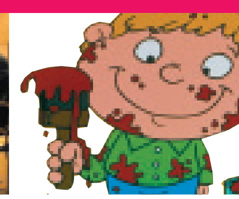

TF1

Financial Report 2002

The French version of the Activity Report and the Financial Report composed the document that was filed by the “Commission des Opérations de Bourse” (COB-French stock exchange commission) on March 26, 2003, in accordance with the regulation n°98-01.
This document may not be used to support a financial operation unless it is accompanied by an operation note certified by the COB.

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Board of Directors, Auditors

Board of Directors (February 2003)

Patrick LE LAY
(June 7, 1942)
Chairman & Chief Executive Officer of TF1 since October 11, 1988
Appointed April 17, 1987

- Administrator / Chairman of TV Breizh SA
- Chairman of TF1 Publicité SAS
- Administrator of Bouygues SA
- Administrator of Colas SA
- Administrator of TPS Motivation SA
- Permanent representative of TF1 International SA for TF1 Films Production SA
- Permanent representative of TF1 Development for TPS Gestion SA
- Permanent representative of TF1 for Film Par Film SA
- Permanent representative of TF1 for Téléma SAS
- Permanent representative of TF1 for SICCIS SA
- Permanent representative of TV Breizh SA for TVB Nantes SA

Patricia BARBIZET
(April 17, 1955)
Chief Executive Officer of Artémis SA
Co-opted July 12, 2000

- Chief Executive Officer of Financière Pinault SCA
- Member of the Supervisory Board of Château Latour (SC)
- Member of the Supervisory Board of Yves Saint Laurent SAS
- Administrator / Chairman of Théâtre Marigny SA
- Administrator / Chairman & Chief Executive Officer of Piasa SA
- Member of the Supervisory Board of Pinault-Printemps-Redoute SA
- Administrator of FNAC SA
- Administrator of Air France SA
- Permanent representative of Artémis for Bouygues SA
- Permanent representative of Artémis for Sebdo Le Point SA
- Permanent representative of Artémis for AGEFI SA
- Member of the Supervisory Board of Yves Saint Laurent Parfums SA
- Administrator of Christies International Plc
- Administrator of Gucci

Martin BOUYGUES
(May 3, 1952)
Chairman & Chief Executive Officer of Bouygues
Appointed September 1, 1987

- Administrator / Chairman & Chief Executive Officer of Bouygues SA
- Administrator / Chairman & Chief Executive Officer of SCDM SA
- Administrator of ACTIBY
- Administrator of Société de Distribution d'Eau de la Côte d'Ivoire (SODECI) SA
- Administrator of Compagnie Ivoirienne d'Electricité (CIE) SA
- Administrator of Crédit Commercial de France (CCF)

Claude COHEN
(June 24, 1941)
Chief Executive Officer of TF1 Publicité since March 1, 1987
Co-opted October 7, 1997

- Administrator of Eurosport SA
- Chairman of TF1 Direct Marketing SAS
- Managing partner of TF1 Publicité Production SARL

Michel DERBESSE
(April 25, 1935)
Joint Chief Executive Officer of Bouygues
Appointed January 19, 1994

- Administrator / Joint Chief Executive Officer of Bouygues SA
- Administrator of Bouygues Construction SA
- Administrator of Colas SA
- Permanent representative of Bouygues for Société d'Aménagement Urbain et Rural SA
- Administrator of Bouygues Immobilier SA
- Administrator / Chairman & Chief Executive Officer of BTD SA
- Administrator of Fédération nationale des Travaux Publics SA

Philippe MONTAGNER
(December 4, 1942)
Chief Executive Officer of Bouygues Telecommunications Department
Appointed January 23, 1995

- Administrator / Chairman & Chief Executive Officer of Bouygues Telecom SA
- Administrator / Chairman & Chief Executive Officer of Infomobile SA
- Administrator of Société d'Aménagement Urbain et Rural SA
- Administrator of ETDE SA
- Permanent representative of Bouygues for BTD SA

Etienne MOUGEOTTE
(March 1, 1940)
Senior Executive Vice President of TF1 since April 30, 1987
Appointed January 12, 1991

- Administrator / Chairman of Groupe Glem SA
- Administrator / Chairman & Chief Executive Officer of TF1 Films Production SA
- Administrator / Chairman & Chief Executive Officer of TF1 Digital SA
- Chairman of Alma Production SAS
- Administrator of Eurosport SA
- Administrator of TF1 Cinéma SA
- Administrator of SICCIS SA
- Administrator of LV & CO SA
- Permanent representative of TF1 for TF6 Gestion SA
- Permanent representative of TF1 for Les Nouvelles Editions TF1 SAS
- Permanent representative of TF1 for TV Breizh SA
- Permanent representative of TF1 for TVB Nantes SA
- Permanent representative of Groupe Glem for Glem SA
- Permanent representative of TF1 for Télévision Par Satellite Gestion SA
- Permanent representative of TF1 for Extension TV SA
- Permanent representative of Groupe Glem for Baxter SA
- Permanent representative of Groupe Glem for Glem Film SA
- Permanent representative of TF1 Films Production for Film Par Film SA
- Permanent representative of TF1 for Médiamétrie SA

Olivier POUPART-LAFARGE
(October 26, 1942)
Joint Chief Executive Officer of Bouygues
Appointed April 17, 1987

- Administrator / Joint Chief Executive Officer of Bouygues SA
- Administrator of Bouygues Telecom SA
- Administrator of Colas SA
- Administrator of BIC SA
- Administrator of Société d'Aménagement Urbain et Rural SA
- Administrator / Chairman of Bouygues Management UK LTD PLC
- Permanent representative of Bouygues for Bouygues Construction SA
- Permanent representative of Bouygues for Bouygues Travaux Publics SA
- Permanent representative of Bouygues for Bouygues Bâtiment SA
- Permanent representative of Bouygues for Bouygues Immobilier SA

Alain POUYAT
(February 28, 1944)
Chief Executive Officer of Information Systems and New Technology of Bouygues
Co-opted March 18, 1998

- Administrator of Bouygues SA
- Administrator of Bouygues Telecom SA
- Administrator of ETDE SA
- Administrator of C2S SA
- Administrator of Société Parisienne d'Etudes Informatiques et de Gestion SA
- Permanent representative of Bouygues for Infomobile SA

SOCIÉTÉ GÉNÉRALE
Represented by
Philippe Citerne,
Chief Executive Officer of Société Générale since November 19, 1997
Appointed October 18, 1991

Major appointments of Société Générale
- Administrator of Silic SA
- Member of the Supervisory Board of Siparex Croissance SA
- Member of the Supervisory Board of Accor SA

Jean-Pierre PERNAUT
(April 8, 1950)
Vice President since February 1993
Elected February 23, 1988 Employee representative

Céline PETTON
(February 20, 1971)
Since November, 1994 Archivist
Elected March 19, 2002 Employee representative

Board of Directors, Auditors

Auditors

STATUTORY AUDITORS	Date of first appointment	Expiry date of present appointment
Cabinet RSM SALUSTRO REYDEL 8, avenue Delcassé 75008 Paris	General Meeting of January 14, 1988	General Meeting approving the 2004 annual accounts
Cabinet MAZARS & GUÉRARD Immeuble Le Vinci 4, allée de l'Arche 92075 Paris La Défense	General Meeting of May, 15 2001	General Meeting approving the 2006 annual accounts

ALTERNATE AUDITORS	Date of first appointment	Expiry date of present appointment
Jean-Louis MULLENBACH 8, avenue Delcassé 75008 Paris	General Meeting of January 14, 1988	General Meeting approving the 2004 annual accounts
Thierry COLIN Cabinet MAZARS & GUÉRARD Immeuble Le Vinci 4, allée de l'Arche 92075 Paris La Défense	General Meeting of May, 15 2001	General Meeting approving the 2006 annual accounts

The General Meeting of April 23, 2002, renewed Alain POUYAT's mandate as administrator for two years and certified the election of Jean-Pierre PERNAUT and Céline PETTON, as Employee Representatives. The previous General Meeting of May 15, 2001, renewed the others administrators' mandates for two years.

Corporate governance

In the interests of its shareholders and with the desire to respond to the demands of corporate governance, the TF1 Group added resources in 2003 to promote management transparency. It adopted an internal rules report and the following new measures: the creation of two independent committees, the audit committee and the selection committee, and the designation of an independent administrator. These measures were approved by the meeting of the Board of Directors of February 24, 2003 and will be implemented in 2003. A compensation committee has existed since 1989.

Board of Directors

The TF1 Board of Directors is controlled by the group of investors who, in consideration of their majority in the share capital, determine the Group's corporate governance policy.

The Board of Directors currently comprises 12 administrators, of which, in accordance with article 10 of the corporate statutes, two are representatives of employees elected by the employee electoral colleges. Three women are members of the Board, and one independent administrator, as specified by the "Bouton" report, should be nominated during the General Meeting of April 23, 2003. Administrators are elected for a two-year term of office. The age limit for the function of Chairman of the Board is fixed at 68 years.

It is recommended that each administrator not representing employees own 100 shares and that each administrator representing employees own 10 shares, each share to be registered as nominative. Each administrator has one vote. In the case of a tie, the vote of the chairman of the meeting is decisive.
Administrators are required to inform the Chairman of the Board of Directors of any conflict of interest situation, even a potential one, and not to take part in a vote or any deliberation that concerns them directly or indirectly.

The administrators and any other person invited to attend Board meetings are obliged to treat as strictly confidential any information the Board of Directors is provided with. They are, furthermore, advised to declare any transactions they undertake with respect to TF1 shares.
Board meetings are held, in principle, every quarter, with the possibility of additional meetings for particular presentations or to review special subjects. The TF1 Board of Directors met six times in 2002.

Once a year the Board will devote one item on the agenda of one of its meetings to a discussion of its modus operandi.
The mission of the Board of Directors is to:
- determine the company's direction and monitor its execution;
- take up any question affecting the health of the company and settle any matters that concern it;
- exercise the controls and verifications it considers appropriate;
- determine compensation of the Chairman, CEO and joint CEO.

The total Directors' fees allocated in 2002 to the Board of Directors was fixed at €198,000, of which 50% is attributed to their responsibility as administrators and 50% by reference to their presence at the Board meetings.

There are three specialised committees within the Board: the audit committee, the compensation committee, and the administrator selection committee. The Board determines the composition and powers of the committees, which carry out their activities under its responsibility, and designates their members from the administrators.

The audit committee and the compensation committee are made up of at least two administrators. No representative of the company and no TF1 employee can be a member of these committees. The selection committee is composed of at least two administrators. An administrator acts as chairman of each of these three committees.

Corporate governance

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

The composition of these committees will be approved by the Board of Directors of April 23, 2003, as of when they will become effective.

The mission of the audit committee is to:
- examine the individual and consolidated accounts before their presentation to the Board;
- ensure the appropriateness and long-term validity of the accounting procedures adopted for the preparation of these accounts;
- verify internal collection and control procedures in establishing the pertinent information;
- report and make recommendations on the above, both periodically at the time of the statement of accounts or on any occasion that justifies it;
- take the lead on the procedure for selecting or renewing the statutory auditors, take a position on the amount of the fees requested and submit to the Board the result of said selection;
- examine the details of fees paid by the company and its group to the statutory auditors and verify that the proportion of these fees to the total turnover of each statutory auditor's business is not such as to influence the independence of the statutory auditors;
- take a position on the renewal or nomination of the statutory auditors.

It holds at least four meetings per year to examine the quarterly, six-monthly and annual statements of accounts before their submission to the Board.

The mission of the compensation committee is to:
- propose to the Board of Directors the compensation to be allocated to the directors as well as any fringe benefits at their disposal;
- to this effect, define and control each year the rules for fixing the variable part of the compensation of the directors and monitor its consistency with the evaluation of their performance and the mid-term company strategy;
- define an overall policy for allocating options, at or below the market price;
- examine the stock option plan(s) for directors and employees;
- propose compensation and incentive systems for group executives;
- each year submit to the Board the draft report demanded by French commercial law (Code de Commerce) concerning:
  - the compensation and fringe benefits granted to company representatives by the company and controlled companies;
  - stock purchase options or warrants granted and exercised by the company representatives and the 10 company employees who are the principal beneficiaries;
  - the options granted and exercised by the employees of companies under majority control of TF1.

The mission of the administrator selection committee is to:
- periodically examine questions concerning the composition, organisation and functioning of the Board of Directors with a view to making proposals to the latter;
- examine specifically:
  - possible applications to a position as administrator while trying to ensure that the Board of Directors includes independent persons;
  - proposals for the creation of Board working committees, their ambit and membership;
  - provide an opinion on the proposed appointment, re-appointment or dismissal of a Chief Executive Officer or Joint Chief Executive Officer as presented to the Board of Directors.

Attendance of administrators at 2002 Board meetings

Patrick Le Lay	100%
Patricia Barbizet	83%
Martin Bouygues	100%
Claude Cohen	100%
Michel Derbesse	100%
Philippe Montagner	83%
Etienne Mougeotte	100%
Olivier Poupart-Lafarge	83%
Alain Pouyat	83%
Société Générale	100%
Jean-Pierre Pernaut	100%
Corinne Chevreton / Céline Petton	83%

Directors' report

Directors' report presented by the Board of Directors at the Combined Annual General Meeting on April 23, 2003 (Ordinary part)

Ladies and gentlemen,

We are assembled here today at the Ordinary Annual General Meeting, as required by French law and by our corporate statutes, to report to you on our management during the past financial year, submit the accounts for the 2002 financial year for your approval, and review the company's situation and growth prospects.

As in previous years, the accounts for financial year 2002 are presented for both TF1 group (consolidated accounts) and for the parent company, Télévision Française 1.

1 Activity and results 2002

1.1 The group

In 2002, TF1 group achieved operating revenue of €2,655.3 M, an increase of 14.2% (versus 2001 reported data).
The year's business on international markets represented 10% of total consolidated operating revenue (€264.8 M, including €187.6 M generated in Europe).

Advertising revenue for the main channel was slightly up by 0.7%. This increase reflects a mixed economic environment – GDP growth for 2002 stood at 1.0% and the unemployment rate, which started rising during the second half of the year, reached 9.1%[1] in December. Other key features of 2002 were the presidential and general elections in the first half and the unstable geopolitical climate (terrorism, threat of war in Iraq etc).

Operating revenue from diversified activities reached €1,148.0 M, an increase of 38.6% compared to 2001. 2002 revenue was marked by the proportionate consolidation of TPS (50% in the first half, 66% in the second) and was also buoyed by the good performance of TF1 Vidéo and TF1 Entreprises. On a same consolidation scope (that is, if TPS had been consolidated under the same accounting rules in 2001), these revenues would have increased by 7.0%. Operating revenue of diversified activities now represent 43.2% of TF1 group's total 2002 consolidated operating revenue.

Programming costs increased by 14.5% in 2002. This increase includes merchandising and production costs for the 2002 football World Cup (around €68 M). Stripping out the World Cup, the increase in programming costs would have been 5.7%.

The TF1 group continued to keep a tight grip on overheads in 2002 thanks to strict budgetary control.

Operating profit totalled €293.5 M, down 21.9% (-10.4% on a pro forma basis) with an operating margin on operating revenue of 11.1%.

The financial result was negative to the tune of €(29.7) M. This was due to a higher debt level than in previous financial years as a result of financing external growth (acquisition of an additional 41% (25% + 16%) stake in TPS).

The exceptional result was €(4.4) M.

Net profit attributable to the group was down 26.2% at €155.2 M (on a pro forma basis, the decline in net profit is 13.4%), i.e. a net margin on operating revenue of 5.8%.

At December 31, 2002, shareholders' funds totalled €806.2 M, on a balance sheet total of €3,136.5 M. Consolidated net debt stood at €492.6 M, or 61.1% of shareholders' funds.

On January 22, 2003, Standard & Poor's confirmed TF1's rating of A/Stable/A-1, underscoring its healthy financial situation.

(1) Source: INSEE.

Directors' report

In 2002, the contributions of the group's companies to consolidated operating revenue, operating profit and net profit were as follows:

CONTRIBUTION TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Operating revenue					Operating profit					Net profit				
€ million	2002	2001		2000		2002	2001		2000		2002	2001		2000	
		PRO FORMA	PUBL.	PRO FORMA	PUBL.		PRO FORMA	PUBL.	PRO FORMA	PUBL.		PRO FORMA	PUBL.	PRO FORMA	PUBL.
BROADCASTING	1,540.5	1,537.7	1,542.7	1,615.0	1,619.0	274.4	376.7	375.9	410.5	409.9	178.2	242.2	240.8	277.7	271.4
TF1 SA	1,518.1	1,508.7	1,508.9	1,587.2	1,587.5	261.9	366.1	365.3	398.9	398.3	178.8	253.6	252.2	273.2	266.9
TF1 PUBLICITE	8.1	6.0	10.8	7.0	10.7	7.5	4.3	4.3	6.2	6.2	5.2	6.5	6.5	4.1	4.1
TF1 PUBLICITE PRODUCTION	7.7	8.0	8.0	7.1	7.1	0.2	0.3	0.3	0.4	0.4	0.2	0.2	0.2	0.2	0.2
STUDIO 107	6.6	15.0	15.0	13.7	13.7	0.1	0.9	0.9	0.9	0.9	0.1	0.3	0.3	0.4	0.4
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	4.7	5.1	5.1	4.1	4.1	(6.1)	(18.4)	(18.4)	(0.2)	(0.2)
PUBLISHING/DISTRIBUTION	343.3	279.4	279.4	282.9	282.9	30.6	14.3	14.3	22.7	22.7	21.1	10.7	10.7	15.0	15.0
TF1 ENTREPRISES	54.7	34.3	34.3	22.9	22.9	10.2	8.6	8.6	7.3	7.3	6.8	5.8	5.8	4.4	4.4
TF1 VIDEO (incl. CIC + RCV)	192.1	154.8	154.8	172.2	172.2	14.5	11.1	11.1	13.1	13.1	10.3	7.9	7.9	8.3	8.3
UNE MUSIQUE	23.5	9.7	9.7	10.1	10.1	4.7	(1.0)	(1.0)	(1.2)	(1.2)	2.9	(0.8)	(0.8)	(0.7)	(0.7)
TELESHOPPING	69.4	73.6	73.6	74.1	74.1	1.3	3.3	3.3	5.4	5.4	1.7	3.8	3.8	4.9	4.9
EUROSHOPPING	3.4	6.9	6.9	3.1	3.1	(0.9)	(2.4)	(2.4)	(1.9)	(1.9)	(1.0)	(2.4)	(2.4)	(1.9)	(1.9)
MISCELLANEOUS	0.2	0.1	0.1	0.5	0.5	0.8	(5.3)	(5.3)	0.0	0.0	0.4	(3.6)	(3.6)	0.0	0.0
E-TF1	11.0	8.0	8.0	4.1	4.1	(8.9)	(14.8)	(14.8)	(18.2)	(18.2)	(9.1)	(16.3)	(16.3)	(18.6)	(18.6)
EUROSPORT	294.3	293.7	299.5	170.8	175.9	25.9	23.0	23.0	9.0	9.0	3.5	3.5	3.5	3.4	3.4
THEMATIC CHANNELS	47.4	53.0	64.2	48.0	54.1	(10.9)	(6.6)	(6.6)	(0.5)	(0.5)	(9.3)	(6.4)	(6.4)	(0.6)	(0.6)
LCI	36.3	40.3	43.8	42.9	46.2	(6.9)	(3.6)	(3.6)	0.9	0.9	(6.7)	(3.3)	(3.3)	1.7	1.7
ODYSSEE	3.5	5.2	8.4	4.9	7.7	(0.3)	0.9	0.9	0.5	0.5	(0.5)	0.8	0.8	0.4	0.4
TF 6	4.4	4.0	5.9	0.2	0.2	(2.8)	(5.2)	(5.2)	(1.5)	(1.5)	(3.0)	(5.4)	(5.4)	(1.5)	(1.5)
TV BREIZH (1)	-	-	-	-	-	-	-	-	-	-	(1.2)	(1.6)	(1.6)	(0.8)	(0.8)
TF1 DIGITAL	0.0	0.0	0.0	0.0	0.0	(1.4)	(0.2)	(0.2)	(0.4)	(0.4)	1.8	2.4	2.4	(0.4)	(0.4)
SERIE CLUB	3.2	3.5	6.1	-	-	0.5	1.5	1.5	-	-	0.3	0.7	0.7	-	-
POLE PRODUCTION (2)	78.8	94.2	94.2	65.6	65.6	3.6	2.0	2.0	4.6	4.6	1.5	1.1	1.1	2.0	2.0
AUDIOVISUAL RIGHTS (3)	47.9	36.9	37.1	68.4	68.7	(7.5)	(17.9)	(17.9)	(4.2)	(4.2)	(9.5)	(7.3)	(7.3)	(2.2)	(2.2)
TPS	289.8	266.4	0.0	225.0	0.0	(13.8)	(49.1)	0.0	(65.9)	0.0	(21.2)	(48.2)	(15.8)	(64.2)	(20.1)
MISCELLANEOUS	2.3	–	–	–	–	0.1	–	–	–	–	0.0	–	–	–	–
TOTAL	2,655.3	2,569.3	2,325.1	2,479.8	2,270.3	293.5	327.6	375.9	358.0	423.3	155.2	179.3	210.3	212.5	250.3

Discrepancies with regard to individual company results are due essentially to restatements in the consolidated accounts, dispensatory depreciation and provisions and deferred tax.
(1) Consolidated under the equity method.
(2) Division comprising: TF1 Films Production, Big Cash, Film Par Film, Groupe Glem, Téléma, Alma Production, TAP, Quai Sud.
(3) Division comprising: TF1 International, TF1 International Pictures, Ariane, Ciby DA, TCM, Films du Jour, Siccis, TF1 Catalogue.

Pro forma note: the assumptions used for the pro forma accounts are detailed in 2.2 of the notes to the consolidated accounts

Directors' report

Broadcasting[2]

Television consumption continued to grow in 2002, amounting to 200 minutes daily (3 hours 20 minutes) for individuals aged 4 years and over versus 197 minutes in 2001.

With a 32.7% audience share for individuals aged 4 years and over (stable versus 2001) and 35.7% (a 0.2-point increase) for women under 50, TF1 has turned in a noteworthy performance. All its free-to-air competitors, except France 5, have seen their audience share decline in these target markets. Also worth noting is the increase in TF1's audience share of the younger market (1.3-point increase in audience share to 32.3% for young people aged between 15 and 24 years), thanks primarily to the inclusion in the programme line up of real TV programmes and new TV dramas.

With 95 of the 100 best audience ratings in 2002 for individuals aged 4 years and over (92 in 2001), TF1 has confirmed its top ranking in terms of audience share and demonstrated the quality of its editorial choices. News, sport, TV dramas and new entertainment programmes occupied pride of place in the channel's programme grid in 2002.

TF1 produced 43 of the 45 best French TV dramas in 2002. These included series such as *Julie Lescaut, Navarro* and *Les Cordier,* which remain safe bets for the channel, but also the summer series *L'Eté Rouge.*

2002, which saw a spate of political events (presidential and general elections), established the news as a feature on TF1. The presidential election was followed by 9.3 million television viewers for the 1st round and 8.1 million for the 2nd.

Ranked no. 1 in the top 100 audience ratings for 2002, TF1's 8 o'clock evening news (18 November 2002) enjoyed stable scores, attracting an average 8.6 million viewers between Monday to Sunday.

Unveiled in 2001, the policy of innovation and renewal of infotainment magazines, game shows, variety and real TV programmes has helped TF1 not only to successfully develop expertise (thus ensuring the continuation of these new television genres) but also to attract new segments of the public. This is illustrated by the second seasons of *Star Academy* and *Survivor* (increased audience versus 2001) and the arrival of *Temptation Island.*

TF1 has also reaped the benefits of its exclusive broadcasting rights for the World Cup. The presence of the French national team, the popularity of this event, combined with the attraction of a constantly evolving competition have had significant consequences: a sharp increase in TV consumption and a positive impact on TF1's brand image and audiences.

TF1 intends to continue to develop successful formats in 2003 with, in particular, the third seasons of *Star Academy* and *Survivor* and the second season of *Temptation Island.* 2003 will also see several new programmes, with the new access game *Zone Rouge* and the launch of other new concepts for viewing during prime time or the second half of the evening *(Fear Factor, Sex Bomb, l'Homme Idéal),*

Satisfying all segments of the public (while giving priority to advertising target markets) but at the same time keeping a tight control on programming costs remains TF1's prime objective.

Advertising

TF1 Publicité had to contend with a fragile economic environment in 2002: although household consumption continued to grow and was the main growth driver (1%[3] GDP growth in 2002), corporate demand remained depressed throughout the year.

The anticipated recovery in 2002 was gradual. The multimedia advertising market grew by 3.4%[4], whereas gross TV advertising spending was up 8.4%[5] at €5.2 billion, helping television to a 1.6-point increase in market share to 34.8%[5].

In this environment, TF1's 2002 net advertising revenue was slightly up by 0.7% at €1,507.3 M, broken down into a 2.0% decline in the first half and a 4.1% increase in the second.

In 2002, advertising spending[5] in most sectors increased:

- "Traditional" sectors: Food, up 4.0%, continues to be the main sector to invest on TF1; Toiletries-Beauty products, up 11.7%, saw the biggest increase in advertising spending for the channel (+ €37 M); House cleaning, up 11.3%;

- Sectors constituting sources of growth: Culture & Leisure sector up 32.5%, and the Travel/Tourism sector, which saw spending increase by 23.0%.

However, two major sectors saw a decline in advertising spending:

- Automobile: down 2.0% at end-2002. Nevertheless, spending picked up sharply from July. After declining 7.4% in the first half, the sector grew by 5.6% in the second;

- Services: down 18.8%, due primarily to the slowdown in advertising spending in the Insurance and Public Services sectors.

The thematic channels market represented 8.0% of Secodip's gross national television revenue figures. Market consolidation increased in 2002: the top 10 channels now account for 67% of gross advertising spending (versus 66% in 2001).

(2) Source: Médiamétrie.
(3) Source: INSEE.
(4) Source: Sécodip, 2002 multimedia market, excl. Cinema.
(5) source: Sécodip.

Directors' report

Diversification activities

The 2002 operating revenue generated by the TF1 group's diversification activities grew 38.6% to €1,148.0 M, due to the proportionate consolidation of TPS (50% in the first half, 66% in the second half) but also to the substantial revenue generated by TF1 Vidéo and TF1 Entreprises.

There has not been any recent interruption in business likely to significantly impact TF1's financial situation or results.

N.B.: the activities of the TF1 subsidiaries are analysed below on the basis of company financial figures shown in the table "Subsidiaries and financial investments" of the notes on the company accounts, and not on the basis of their contribution to consolidated revenue.

Publishing/distribution

TF1 Entreprises

TF1 Entreprises, with revenue up 52% in 2002, succeeded in capitalising on the channel's major successes through its various activities:

- TF1 Licences, with revenue of €14.2 M (up 45% on 2001), managed to offset the decline in the traditional licence business through growth drivers (press, games and merchandising).

- TF1 Interactif, with revenue of €27.2 M, up 54% on 2001, was helped by the popularity of *Star Academy* and *Allo Quiz*. The number of calls recorded in 2002 came to 71.6 million (versus 37.3 million in 2001).

- TF1 Games achieved revenue of €6.6 M (versus €5.2 M in 2001), on 437,000 games boxes sold. *Star Academy* and *Who Wants To Be A Millionaire?* were TF1 Games' most popular games in 2002.

- TF1 Musique, created in 2002, develops record projects related to major events, original music concepts, brands and personalities, for which it has the music rights. It generated revenue of €4.5 M in 2002.

TF1 Entreprises had a net profit of €15.7 M, an increase of 25%.

TF1 Vidéo (including CIC and RCV)

The French market generated 2002 sales of 32.7 million cassettes and 49.2 million DVDs[6]. The latter now account for nearly 60% of volumes.

High on the list of TF1 Vidéo's most popular titles in 2002 were *Le Fabuleux destin d'Amélie Poulain, Lord of the Rings* and *Tanguy*. With 13.5 million units sold (including 68% for DVDs), TF1 Vidéo generated revenue of €191.7 M, up 23%.

TF1 Vidéo's operating margin improved by 0.5 point, up from 7.4% to 7.9%, and pre-tax recurring profit was up 32% at €16.4 M.

Une Musique

Driven by the success of national variety shows, the French record market enjoyed 3.3%[7] sales growth, an exception in the international record market.

2002 saw Une Musique implementing one-off partnership deals on products such as *Entre deux* by Patrick Bruel and *Laundry services* by Shakira. The number of units sold during the year totalled 6.2 M (versus 1.2 M in 2001). Une Musique's revenue increased by 143% to €23.3 M and net profit came to €2.8 M, versus a 2001 loss of €(0.7) M.

Téléshopping

2002 was a difficult year for the home shopping market, which declined 0.7%[8]. This was particularly true in Téléshopping's areas of activity, i.e. jewellery, gifts, electrical appliances and beauty products.

In this difficult environment, Téléshopping's revenue was down 8%, at €72.5 M. The subsidiary's business was also impacted by the change in the TF1 programme grid during the three weeks of the World Cup in June and by the discontinuance (at end-April 2002) of the home shopping channel Shopping Avenue on cable and satellite.

Téléshopping's net profit totalled €1.1 M, down 31%.

Internet

e-TF1

e-TF1's revenue was up 49%, with €11.6 M generated in 2002 (€7.8 M in 2001). The increase can be attributed to content sales, essentially in the context of partnerships with Bouygues Telecom and Crédit Agricole, and also to the numerous content and pay services available on the site.

With more than 1.6 million visitors per month (December 2002), www.tf1.fr is the leading media site with an audience share of nearly 70% in the television channel site environment in France.

e-TF1's 2002 pre-tax result came to €(8.2) M versus €(15.3) M in 2001, i.e. an improvement of €7,1 M, due to the combined effect of revenue growth and an operating cost-cutting policy.

(6) Source: SEV.
(7) Source: SNEP.
(8) Source: FEVAD.

Directors' report

Thematic channels

At December 31, 2002, TF1 owned 14 thematic channels directly or via TPS.

Eurosport group
The Eurosport distribution network continued to grow, reaching 95.4 million homes at end-2002, i.e. a penetration rate of 38% of homes in 54 countries. The sports news channel Eurosportnews reached 14.2 million homes and had 3.5 million paying subscribers.

2002 revenue totalled €299.7 M, slightly higher (+1%) than the previous year:

- Advertising rose nearly 6% in 2002, to €87.8 M, due primarily to the broadcasting of the Olympic Games in Salt Lake City and programmes based on the Football World Cup. With a 34%[9] market share, Eurosport is no. 1 in the pan-European advertising market.

- Cable and satellite fee revenue was stable at €191.4 M, with the net growth in the number of paying subscribers (+1.8 million) offsetting the revenue loss from the bankruptcy of ITV Digital in the UK.

Operating income came to €26.3 M, up 13%. The operating margin improved by 1 point to 8.8% in 2002 (versus 7.8% in 2001).

2002 net profit was €3.8 M (+ 41% versus 2001) .

The news channel - LCI
At December 31, 2002, LCI had reached 4.6 million homes, up 8.4% (+ 356,000 subscribers).

LCI made a net loss of €(6.7) M in 2002. This result can be attributed mainly to the decline in the channel's revenue.

Odyssée
At end-2002, Odyssée had a total of 1.7 million homes subscribing (no change on 2001).

Odyssée's 2002 revenue was down 39% at €4.6 M. The decline must be seen in the context of a weak advertising market and the renegotiation of fees from Pay TV operators.

Odyssée made a net loss of €(0.5) M.

In 2002, Odyssée co-produced some 30 hours of programmes.

TF6 (50% TF1 - figures at 100%)
At December 31, 2002, TF6 had 1.7 million subscribers via TPS and the main cable operators. The number of paying subscribers on cable has almost tripled, reaching nearly 251,000 subscribers at end-December 2002.

The channel's 2002 revenue was €10.9 M (+6.0% versus 2001).

The loss at TF6, reduced by 44% in 2002, is €(5.9) M.

Série Club (50% TF1 - figures at 100%)
At December 31, 2002, Série Club had 2.1 million subscribers, via TPS and the main cable operators.

In 2002, the channel's revenue was €8.6 M (- 29% versus 2001).

Série Club's net profit was €0.6 M.

TV Breizh (22% TF1 - figures at 100%)
At December 31, 2002, TV Breizh had reached nearly 3.7 million homes via cable and satellite.

Business at TV Breizh, with 2002 revenue of €5.2 M (+23% versus 2001) was marked by increased revenue from cable and satellite bundles and advertising revenue down 38% on 2001.

The 2002 net loss was reduced by 27% to €(5.4) M.

In 2002, TV Breizh acquired 60% of the press agency Ouest Info. TV Breizh also responded to the October call for candidates for an analogue broadcasting frequency in the Nantes region.

Production and trading of broadcasting rights

TF1 International
TF1 International's revenue was €38.0 M, up 16.6% on 2001, thanks to sales of the films *Heist*, *Far From Heaven* and *Tempted.*

Net profit of €1.6 M compares with a loss of € (12.1) M in 2001.
TF1 International distributes the international cinema films produced by TF1 International Pictures. The postponed release of two films, initially scheduled for 2002, the discontinuation of projects, and provisions for programmes produced by TF1 International Pictures resulted in a pre-tax loss for this company of €(8.9) M at end-December 2002.

TF1 Films Production
The 2002 total operating revenue of TF1 Films Production, including CNC contributions, were €53.2 M (versus €48.8 M in 2001), up 9%.

2002 saw TF1 Films Production co-produce and acquire the rights of first broadcast for 26 feature films. The investment outlay was €43.6 M, meeting the investment requirement stipulated in the licence obligations. Among the French films released in 2002 and exceeding audiences of one million, seven out of 13 were co-produced by TF1 Films Production (*Astérix et Obélix, Monsieur Batignole, Trois Zéros…)*.

Glem group
2002 consolidated revenue totalled €69.0 M, down 8.9% on 2001. The revenue decline can be attributed primarily to the musical *Roméo et Juliette* coming to the end of its run.
The Glem group made a net loss of €(1.8) M versus a profit of €4.5 M in 2001.

(9) Source: Sécodip.

Directors' report

Digital television

Télévision Par Satellite - TPS (66% TF1 - figures at 100%)
At end-December 2002, TPS' digital programme and services offering had 1,430,300 active subscribers, including 1,172,300 with direct satellite reception and 258,000 subscribing to TPS Cinéma's channels via overseas cable and satellite networks.

Consolidated revenue was €500.3 M, up 9.5% on 2001. The net loss was reduced by 63% to €36.8 M (versus €99.2 M in 2001).

On December 27, 2001, TF1 signed an agreement with France Télécom and France Télévision to purchase their 25% stake in TPS. The amount paid for the acquisition of shareholdings and appropriation accounts was €195 M. The deal gave TF1 a 50% stake in TPS.

In July 2002, TF1 and M6 signed an agreement with Suez for the purchase of its 25% stake in TPS. The transaction was based on a price of €160 M, i.e. €102.4 M for TF1 and €57.6 M for M6. TF1 now owns 66% of TPS jointly with M6, which has 34%. The deal was accompanied by a shareholder agreement.

Miscellaneous

TF1 Publicité Production (TPP)
Revenue came to €14.5 M, up 1.7% on 2001. Business with customers outside the TF1 group accounted for 52% of 2002 revenue. Most of the business comes from sponsorship deals, the production of advertising films, credit titles and promotional spots.

Studios 107
Operating revenue totalled €21.6 M versus €7.9 M in 2001, down 23%. The decline can be attributed to the non-recurrence of the executive production of *l'Odyssée des Enfoirés* (managed directly by TF1 in 2002), the closure of the Shopping Avenue channel at end-April 2002 and reduced business due to the one-off broadcasting of the World Cup.

TF1's role vis-à-vis its subsidiaries
TF1's role is to define upstream the general policy of its subsidiaries, giving priority to the search for synergies with the parent company. Subsequent control ensures that all the obligations and commitments of its subsidiaries have been met.

From a financial viewpoint, TF1 ensures that all its subsidiaries are adequately capitalised. The TF1 group's treasury department manages and consolidates the cash of all group subsidiaries, with the exception of the TPS group and the Téléma, Film Par Film, Série Club, Visiowave and Quai Sud subsidiaries, which have their own cash and their own financing.

The services provided by TF1 to its subsidiaries are generally described in the special report of the statutory auditors.

1.2 The TF1 parent company

TF1 SA generated a slightly increased (+0,25%) 2002 revenue of €1,435.2 M, split between advertising transactions and miscellaneous revenue (€11.0 M).

Operating income came to €280.4 M, down 28.2%.

Net profit for the financial year totalled €198.0 M, representing a net margin on revenue of 13.8% (versus 19.3% in 2001).

1.3 Outlook for 2003

In all the major areas of activity (broadcasting, distribution, content acquisition and production) of the TF1 group, we constantly apply the strategy defined several years ago.

Broadcasting
Our main objective is to reinforce the TF1 channel's position in terms of both audience and advertising revenue. The TF1 channel is the group's main source of cash flow and helps finance its development.

We apply this same strategy to our complementary offerings so that they can be considered references in their thematic offerings and in their markets. Once again this year, and in spite of a difficult environment, we will continue our efforts in this area. We will expand the international distribution of Eurosport and LCI and create new channels so as to extend our offering.

Distribution
Increasing our stake in TPS reinforces our position in the French pay TV market.
The TF1 group (including TPS) has been awarded five frequencies on Digital Terrestrial Television, with commercial start-up potentially in 2004.
Lastly, since end-December 2002, we have launched an experiment to distribute audiovisual content on high-speed phone lines (ADSL) in order to test these new transmission technologies of the future.

Content acquisition and production
TF1 has also remained faithful to its policy of producing, acquiring, distributing and managing content, whether it is intended for the TF1 core channel and the thematic channels or other delivery vehicles.
2003 will feel the full impact of the agreement signed with the American producer Miramax, especially in terms of feature film distribution to cinemas, a new area of activity in which we expect to expand.

On February 5, 2003, TF1 announced that it had renegotiated (for around €12 M) Formula 1 rights for the 2003 season. This makes TF1 the exclusive F1 broadcaster in France. The cost is 50% lower than for last season and is set against a general context of declining costs for sports rights.

Directors' report

TF1 has entered into an agreement in principle with the European football union (UEFA) to broadcast a prime Champions League match on TF1 every week over 2003-2006. This agreement has yet to be ratified by a contract. For each of the 12 weeks of competition, TF1 will choose the best match, which will be broadcast on Tuesdays or Wednesdays, at a cost of around €33 M per season. This cost is much lower than for last season.

Finally, TPS signed a 5-year contract with Warner studios in February 2003, reinforcing its feature film offering.

For 2003, the TF1 group is expected to see consolidated revenue increase by around 4%, while the TF1 channel's advertising revenue is forecast to grow by between 1% and 3%. However, we remain cautious given the poor visibility and highly volatile markets, which are worried about threats of war. The TF1 channel's programming costs are expected to increase by 4% to 5% (on a comparable structure, i.e. excluding the 2002 World Cup). TPS is also expected to reach close to breakeven in 2003. Against this background and on the strength of healthy fundamentals, the TF1 group should improve consolidated net profit.

1.4 Events that have occurred since the financial year-end

There have been no significant events since the financial year-end.

1.5 R&D costs

2002 R&D costs were not significant.

2 Human Resources and environment

TF1 aims to offer its different customers (television viewers, advertisers and consumers) a quality service for all its activities.

This aim could not be achieved without the professionalism and the creativity of the staff. They represent the group's most valuable assets and contribute daily to the growth of TF1, which, in the space of 16 years, has become an integrated communications group.

In addition to regulatory constraints, be they specific to the broadcasting sector or not (company mission, amended law of 1986 and CSA control), TF1 strives to create a social environment that will enable its staff to flourish and TF1 to play a role in environmental protection even though its business has a limited impact on the environment.

2.1 Human Resources

Workforce

The TF1 group's recruitment, training and remuneration policies are governed by the 3-year strategic plans decided by the general management after consultation with the group's various operating and functional entities. Real time adjustments are made to them to ensure they keep abreast of changes in the company's environment. The policies aim to provide the high level of professionalism required to secure the leadership position in the company's different markets and to motivate both individuals and teams.

The recruitment department is continually looking to bring on board talented young people in order to prepare them for future activities. It also seeks out experienced professionals to reinforce existing teams or initiate new activities.

One of the priority areas of the TF1 group's Human Resources (HR) policy is the professional mobility of staff. The aim is to encourage individual development through personalised monitoring and active management of professional career development. Under the supervision of HR teams, professional mobility is supported by:
• An annual meeting with the employee's immediate manager,
• Job offers on the Intranet and Internet,
• Bi-monthly employment co-ordination meetings,
• HR committees within each entity,
• Individual professional and skills appraisals.

For the last two years, TF1 has adopted a proactive policy of integrating temporary staff, while continuing to hire freelance journalists and fixed-fee contract workers. For the temporary technical staff category alone, the company has integrated 80 salaried staff in two years. TF1 and the other group companies expect to continue on this path in 2003. Consequently, the hourly volume for temporary staff is sharply lower, as are their wage costs.

Directors' report

TF1 has implemented a genuine social benefits policy specific to temporary staff:

- Employee savings: access to the capital increase operations in respect of TF1 Avenir 2 and Bouygues confiance 2, if, in particular, the following conditions are satisfied: the person worked a total of 60 paid days between September 1, 2000 and August 31, 2001 and had an employment contract with one of the TF1 group companies during the reservation or subscription period; access to employee profit sharing under the terms and conditions stipulated in the profit sharing agreement (which has existed since 1989),
- Healthcare: medical insurance and a welfare benefits regime since 1992,
- Others: a 35-hour working week agreement specific to temporary staff, raise in annual salary scale, access to the Works Council's social and cultural activities.

2002 statistics for the whole of the TF1 group:

At December 31, 2002, the breakdown of the group's non fixed-term contract staff was as follows:

Employees	Supervisory staff	Managers	Journalists	Total
116	752	2,142	470	3,480*

* including 140 people working abroad and 27 people working at TV Breizh.

	31/12/2002
No. of salaried staff on fixed-term contracts	109
No. of qualification contracts	34
No. of apprenticeship contracts	27

Equivalent full-time headcount over 12 months of non-permanent staff:

Temporary staff	Freelance journalists	Fixed-fee contract workers	Producers
331.27	111.17	112.85	41.55

	2002
No. of salaried staff hired on fixed-term contracts	226
No. of salaried staff hired on non fixed-term contracts	287
No. of retirement departures	4
No. of redundancies	65
No. of negotiated departures	99

Overtime at 125% and 150% in 2002:

No. of hours	Total
43,009	€1,1 M

Labour external to the TF1 group in 2002 equated to 35 temporary (interim) staff, the equivalent full-time staff over 12 months.

Organisation of work time

Agreements on the organising and reduction of work time have been concluded in all group companies and govern the different staff categories based on status (agreements concerning permanent staff – production, technical and administrative staff, journalists – and non-permanent staff).

Non-managerial staff work 37 hours/week and have 14 "reduced work time" days per annum. Managerial staff, with a fixed time work and managerial staff with fixed number of days annually, have 12 or 13 "reduced work time" days per annum, while executives are not affected by reduced work time.

Therefore, all TF1 group companies are governed by "reduced work time" agreements. These allow employees to take the initiative concerning when they take their holidays, on the one condition that it does not affect the smooth running of the department.

To encourage measures enabling all staff, as part of their personal development and without any direct connection to their employment, the opportunity of acquiring new skills, it is possible to use "reduced work time" days for personal development. These measures are not part of the company's training plan.

Annual number of working hours/days: Summary of the different agreements for the organisation and reduction of TF1 group companies' work time

Status	Annual number of working hours/days for ATP staff*
Non-managerial staff with a constant no. of hours working in cycle (Employees and supervisory staff)	1,569 - 1,576 hours
Managers working in cycle	1,584 - 1,591 hours
Managers with fixed no. of days annually	213 - 216 days
Executives	Unaffected

* administrative and technical production staff.

Status	Annual number of working days for journalists
Journalists with fixed no. of days annually	208 - 215 days
Executives	Unaffected

TF1 group: absenteeism and reasons

	2002
Absenteeism rate (as a % of staff)	**3.84**
Total days of absence	**27,184**
No. of unpaid absence days	1,309
No. of absence days due to sickness	22,261
No. of absence days due to work/travel-related accidents	1,116
No. of absence days for exceptional leave	2,498

In 2002, the number of days of absence for maternity and paternity leave (not accounted for in the absenteeism rate) was 17,738.

Directors' report

N.B: at 31/12/2002, 142 non fixed-term contract staff were employed part-time.

Remuneration

Remuneration is reviewed every year with measures potentially combining a general increase with a performance-related increase and possibilities for customised employee savings schemes.

As part of TF1's privatisation in 1987, 10% of the company's capital was offered to employees, on preferential terms. 1,384 employees or former employees became company shareholders, representing 2.33% of the capital.
In 1988, TF1 introduced a company savings plan for all the group's staff. There are currently three company savings plans.

At December 31, 2002, 2,438 employees belonged to these plans, i.e. 87% of the group's permanent staff. The employer top up paid by TF1 and its subsidiaries represents a total of €6.7 M.

In 1999 and 2001, TF1 embarked on a capital increase reserved for employees as part of two new company schemes. 1,673 employees or 75% of the workforce joined the first scheme and 1,944 the second.

TF1 group employees were also able to subscribe to the capital increase reserved for staff of the Bouygues group at the time of Bouygues' capital increases in 1999, 2000, 2001 and 2002.

All employees have benefited from employee profit sharing since 1989. In 2002, this amounted (for the 2001 financial year) to €14.6 M.

TF1 group: average monthly remuneration for non fixed-term contracts by professional category in 2002 (in €)

Employees	Supervisory staff	Managers	Journalists	Sales	All categories
2,117	2,791	4,843	5,456	2,889	4,353

In 2002, the annual percentage increase was 5.02% for the TF1 group.

Summary of the group's social security contributions in 2002

Employee contributions	Employer contributions	Total
€45.0 M	€96.8 M	€141.8 M

Professional equality between men and women

TF1 continues to enforce its policy of no discrimination between men and women and respect, in accordance with the law, for the principle of equality between the two sexes especially in terms of recruitment and career and salary development.

In an environment where, traditionally, men have heavily outnumbered women (technical occupations), the TF1 group has, over the last few years, redressed the balance: women make up 47% of TF1 group employees and men 53%. The proportion of women promoted (24%) is identical to that for men. Similarly, female staff have benefited from training opportunities, with the conditions for accessing professional training courses identical to those for men.

2002 statistics for the whole of the TF1 group:

Monthly average wage (Lenght of 0-12 months, between 18 and 26 years) in €	Supervisory staff	Managers
Women	2,010	2,250
Men	1,988	2,368

No. of employees (by sex) hired in 2002

Hires	Total
Women	110
Men	177
Total	287

No. of non fixed-term contract staff (by sex) promoted with or without a change in professional category

Promotions	Total
Women	289
Men	332
Total	621

No. of trainee staff in 2002	Total
Women	998
Men	1,102
Total	2,100

No. of traineeship hours in 2002	Total
Women	39,412
Men	47,571
Total	86,983

Directors' report

Professional relations and collective bargaining agreements

Nearly all TF1 group companies have staff representative committees, a Works Council, a HSC and trade union representatives.

The agreements concluded by companies with staff representatives offer benefits in terms of welfare protection, severance pay, holidays, trade union rights which go well beyond labour law guarantees.

The trade union environment at TF1 group in 2002.

	Work Council	Peronnel Reps.	HSC	Board of directors	
	Members	Members	Members	Members	Total
CFTC	19	19	31	–	69
CFTC/FO	–	7	–	–	7
CFTC/FO/ CGC	6	8	–	2	16
CGT/SNJ-CGT	1	2	–	–	3
CFDT RadioT1	4	5	4	–	13
Independents	–	2	–	–	2
Total	**30**	**43**	**35**	**2**	**110**

	2002
No. of meetings with staff representatives (WC + PR + HSC + BD)	514
No. of meetings with trade union representatives	92
Agreements during the year under consideration	16

Health and safety conditions

Generally speaking, safety training concerns all staff. As part of the fire prevention policy, training is organised for all staff and regular evacuation exercises are also arranged within the framework of current regulations.

There is specific training related to occupational risks: for reporting teams this consists of first aid training, what course of action to take in difficult situations, and training in terms of gestures and posture. Other training linked to particular risks is also offered, e.g. for electrical risks.

The company has made a study of professional risks in accordance with the decree of November 5, 2001. The study includes a list of the risks in each of the company's work units. Preventive measures have also been defined for each of the risks involved (e.g. training, work instructions).

The medical department, comprising a company doctor and three nurses, provide daily cover but also carry out specific examinations of certain employees involved in risky occupations.

	2002
No. of work accidents resulting in lost time	26
No. of fatal work/travel-related accidents	2
No. of HSC meetings	86
Staff who have safety training	454

Training

The purpose of training is to ensure staff has the requisite high level of technical, relational and managerial skills to exercise their responsibilities and to prepare staff for new positions.

Two new themes are included on the programme of priority training areas for 2002: "The reporting environment", aimed at the reporting occupations and "Follow up on investments", resulting from the acquisition of new equipment in the Technical department requiring staff training.

"IT technical" training for IT staff and training in the "data processing environment" designed to facilitate an understanding of IT as it relates to technical activities, continue to be priority areas this year again.

Management has remained, for a number of years, a priority, with the "Team management" and "Cross-disciplinary" courses for new managers and team leaders.

Other training areas available to staff include language courses and the continuation of thematic days which, conducted in close collaboration with the company's professional staff, enable all employees to find out about the Technical department's activities, the productions of Studios 107 and even to understand the company's management principles.

TF1 has implemented a dynamic policy to welcome young graduate trainees, which represent an important source of recruitment for TF1. It has also established close partnerships with schools and universities. Within these partnerships, TF1 integrated 555 trainees in 2002, up by 22% versus 2001.

Close partnerships with teaching establishments are the following:
- Audiovisual Diploma, Lycée Jacques-Prévert, Boulogne
- Audiovisual Diploma, Lycée René-Cassin, Bayonne
- Audiovisual Diploma, Lycée de l'image et du son, Angoulême
- IIIS: Institut International de l'Image et du Son, Trappes
- Advanced Technical Diploma in Audiovisual Communications at the Sorbonne, Paris
- Media Masters, ESCP/EAP, Paris
- ISEP: Institut Supérieur d'Electronique de Paris
- INT: Institut National des Télécommunications (Management and Telecoms), Evry

Directors' report

Professional training

The development of professional skills for different categories and the contribution towards obtaining a diploma or training qualification, are the result of TF1's efforts to always constantly its professionalism.

	2002*
Total spending on training (as % of wage costs of TF1 and its main subsidiaries) i.e. a total amount of:	3.33% €7.3 M

* Provisional figures at 20/02/2003 and excluding TV Breizh.

3,552 training courses set up for TF1 Group represent, in 2002, 58,488 training hours.
Moreover, 31,276 additional training hours were created for 98 trainees of TF1 Group, as qualification contracts and personal training contracts

	2002*
Total apprenticeship tax	€791,700

* Excluding TV Breizh.

Employment and handicapped workers

For a number of years, TF1 has operated a policy in favour of handicapped workers. This takes several forms:

- Employing handicapped workers,
- Signing subcontracting contracts with protected workshops,
- Taking on handicapped trainees.

All the company's buildings conform to the legal standards for establishments accessible to the public.

2002 statistics for the whole of the TF1 group:

Employment and handicapped workers in 2002:

No. of handicapped workers	30
Sums paid to protected workshops	€200.7

Community work

In 2002, the TF1 group earmarked around €16 M for humanitarian, civil or cultural operations (i.e. the equivalent of about 1% of its advertising revenue), in the form of:

- Airtime (advertising spots, advertising banners, free advertising campaigns) to make the general public aware of subjects such as:
  - Health and humanitarian issues: "Pièces Jaunes" operation, fight against cancer and Aids (48-hours in the fight against Aids), les Restos du Cœur, etc.
  - Environmental protection: SOS Planète Eau campaign (Nicolas Hulot foundation), Merci dit la Planète (Ministry of the Environment), WWF planet Earth campaign, etc.
  - Citizenship: civic responsibility/right to act (CIDEM), sex attacks and racial discrimination (Ministry of Employment and Solidarity), respect at school (Ministry of National Education), and road safety (Ministry of Infrastructure), etc.
- Donations made during game shows and programmes: the outstanding profit from calls made as a result of programmes such as *Who Wants To Be A Millionaire?* and *Attention à la Marche* has been paid to various organisations: Fondation des Hôpitaux de Paris, Les Restos du Cœur, Les enfants afghans, child protection associations (Enfance Majuscule, Aspeca and les Enfants de la terre) and to victims of the floods in the South of France.

Thus, TF1 contributes in its own way towards promoting acts of general interest on themes as varied as the population's health, citizenship and environmental protection. Items used by the group can also be passed on to charity organisations.

TF1 also closely manages its viewer's relations, with a team of 12 staff earmarked for this purpose. Viewers can contact this team from Monday to Sunday and on bank holidays, by telephone (Indigo No.), post or Internet. TF1 was contacted more than 220,000 times in 2002, i.e. up 9.5% on 2001. These contacts break down as follows:

- request for information: 54% (20% of requests to take part in a programme),
- opinions: 18%,
- subject suggestions: 12%,
- requests for telephone numbers: 10%.

TF1 promises to answer the various requests rapidly: 90% of immediate responses for telephone calls, 95% of responses within 48 hours for e-mails.
In addition to measuring audience share, the viewers' reception service is also a means of obtaining information on viewers' feelings regarding the quality of the channel's programmes. Viewers regularly communicate their level of satisfaction with the consistency of the editorial approach, the content and ethics of television programmes.

Example of the territorial impact of the group's activity

TV Breizh, the Brittany channel broadcast on cable and satellite, was launched in September 2000. Setting up an operation 500 km from Paris was a gamble: although the region was certainly not deprived of production activities, they were privately run and technical facilities were rare. The arrival on the scene of TV Breizh has seen the development of a truly impressive audiovisual sector, with some ten production companies employing the equivalent of around 120 full-time staff for TV Breizh programmes.
One turning point was achieved in September 2002 with the launch of a daily news programme, *Actu Breizh.* Reports for this news programme are provided by the audiovisual press agency Ouest Info, which was already relaying programmes for TF1 and LCI. To satisfy the requirements of TV Breizh, Ouest Info recruited an additional ten picture reporters.
The arrival of TV Breizh has ensured the development of a constantly growing television industry. The channel now employs, directly or indirectly, around 60 staff, while the "Pôle Image" that has sprung up around it in Lorient's town centre, alone accounts for some 100 jobs. This excludes the jobs generated in production companies in other towns in the region.

Importance of sub-contracting
The TF1 group makes almost no use of sub-contracting. However, it does entrust third parties with some services such as security, building maintenance and catering. Within the framework of these different partnerships, the TF1 group asks each of its service providers (through a contract) to adhere to the regulations (especially social and environmental) in force. Since most of our partners are French, the risk of these regulations not being adhered to is very slim.

2.2 Environment

By its very nature, TF1's activity has a restricted impact on the environment and poses no particular industrial risk. Nevertheless, the group is actively involved in protecting and safeguarding the environment, particularly through waste recycling: the quantity of waste produced by the TF1 group has fallen for three years running.

The TF1 group has implemented a waste collection policy, especially for toners, printer cartridges, batteries and neon lights, with recycling carried out by suppliers. There was a substantial improvement in the collection rate for neon lights and batteries between 2001 and 2002, with the figure exceeding 70% in 2002. In 2003, TF1 plans to implement a selective waste sorting policy. Obsolete computers are collected by a specialist second-hand dealer. In order to protect the ozone layer, copier filters are changed on a regular basis.

Controlling energy consumption (Electricity/Water/Gas/Steam)
The TF1 group requires electricity for the company's everyday activity, the air conditioning systems in the various buildings and for its broadcasting business (studio lighting, final production). Electricity consumption was virtually stable between 2001 and 2002 and represents around 34.3 million kWh.

Eurosport has implemented an automatic management system for switching television and computer screens on and off. It has also introduced an automatic system that turns down the air conditioning during off-peak hours or switches off the lights at night.

Water consumption (used essentially in the air conditioning system, the wash rooms and kitchens) was also lower in 2002 than in 2001 and represented around 60,000 m^3 in 2002.

Gas consumption was slightly higher. Gas is used to heat some buildings and consumption is therefore dependent on weather conditions. It amounted to around 46,500 m^3 in 2002.

The consumption of steam, also used to heat some buildings, totalled 674 tons in 2002.

3 Risk factors

3.1 Major operating risks

For the TF1 channel and the thematic channels, the group does everything to ensure continuous broadcasting of its programmes.

Any exceptional event preventing access to the TF1 group's various buildings would have a major impact on business. For this reason, the group has decided this year to reinforce the procedures aimed at guaranteeing "service continuity" for its key processes by securing them on a protected external site.

A multi-discipline team of technical and IT specialists, general affairs, human resources, communications and security staff has been formed to operate an emergency site from January 1, 2003 for the following four processes: broadcasting, production of the one o'clock and eight o'clock news bulletins, production and selling of advertising slots for TF1 channel, production and broadcasting of the news for LCI. The security of these key processes is regularly tested and represents a total investment for the group of less than €10 million.

Added to this is the security of the company's vital functions (information systems, channel-related services, accounts, treasury, pay) and the formation of a "crisis team" to ensure the rapid resumption of activity, thus minimising operating losses.

Eurosport has an entity in the UK, which will ensure the broadcasting of its programmes.

Broadcasting of TF1 programmes - Risk of interruption in signal transmission
TF1's programmes are currently broadcast to French homes:
- by radio waves, via the 112 main transmission sites and 3,161 TDF re-transmission sites,
- by satellite, namely Atlantic Bird 3 for live broadcasts and Hotbird for broadcasting on TPS and,
- by cable (the cable operators' "must-carry analogue" obligation).

TDF ensures the transmission (providing broadcasting sites with the TF1 signal) and broadcasting of programmes for TF1 (and all the national channels) jointly via its free-to-air and satellite network.
TDF is the only national operator broadcasting the television signal and there is no substitute for the TDF network in the form of alternative offerings.
TF1 is therefore dependent on TDF for the broadcasting of its signal and cannot call on other transmission methods if the TDF network breaks down.
TDF provides secure transmission to its transmitters through a dual transmission system (free-to-air and satellite). Therefore, if a radio wave feeding a transmitter fails, it is possible to switch to the satellite signal (and vice versa).
Broadcasting sites are largely secure as a result of the many broadcasting transmitters. However, incidents do occur with the antenna system (antenna, wave guides and frequency multiplexes), while the electricity supply can escape TDF's notice (responsibility of EDF).
Power cuts have therefore occurred in the broadcasting of our signal for either technical reasons (defective transmitters/electricity supply) or reasons internal to TDF (mainly strikes).

Directors' report

The penalties provided for in the contract are in no way commensurate with TF1's potential operating losses during these incidents (loss of audience, impact on TF1's image, advertisers requesting reductions, loss of merchandising rights).
The loss that TF1 could suffer if a transmitter fails is obviously proportional to the number of viewers served by the defective transmitter. A failure in the Paris region (10 million viewers) could have major economic repercussions. This is why TF1 has negotiated a deal to ensure that TDF's services intervene very quickly in the event of a failure.

TPS' primary activity is the provision of a programme-offering broadcast by satellite on Eutelsat's Hot Bird 13 position.

TPS' main programmes are broadcast on two of the five satellites in the orbital position and occupy six frequencies, whereas the position has 100.

The risk of a unit disruption is limited to one satellite, since the satellites are located several tens of kilometres from each other and cannot, therefore, be disrupted simultaneously. TPS must therefore be prepared for a failure on half its capacity. The solutions are a better use of satellite output.

In 2001, TPS experienced an incident on the HB5 satellite lasting several hours. HB5 has now been abandoned in favour of HB6. The measures described above were immediately implemented and proved successful. Eutelsat was able to verify TPS' ability to react, particularly as TPS can remotely guide the configuration for the list of channels and frequencies received by its subscribers.

3.2 Customer risk

TF1 Publicité
TF1 Publicité automatically monitors the financial health of advertisers wishing to invest in the TF1 group's channels that are served by TF1 Publicité. The risk of non-payment by TF1 Publicité's advertisers is historically less than 0.1% of total annual revenue.

TF1 Vidéo has SFAC insurance to safeguard against the risk of customers defaulting on payments.

There are no other significant unit customer risks in the group's other subsidiaries, which could permanently affect the group's profitability.

3.3 Industrial and environmental risks

Apart from the major operational risks described in paragraph 3.1, the TF1 group has no exposure to these risks.

3.4 Market risks

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

Interest rate and exchange rate hedging
Interest rate hedging (through swaps and simple options) in 2002 was designed to protect TF1 from changes in interest rates on its debt.

The group also used exchange rate hedging instruments (forward currency purchases and sales) in 2002 to protect itself from exchange rate fluctuations, primarily for the purchase of broadcasting rights paid in foreign currency.

Share-related risks
TF1 is not exposed to the risk of fluctuating prices for shares held.

3.5 Litigation involving a major risk for TF1

Risks associated with competition law
TPS against LFP - Canal+
On October 14, 2002, the French Football League (LFP) embarked on a consultation process with the television channels with a view to renegotiating television rights for matches in the French football championship (Leagues 1 and 2) for three seasons (2004/2005, 2005/2006 and 2006/2007) and the League Cup for the seasons 2003 to 2006.

Under the consultation terms, the deadline for submitting offers was November 12, 2002. The Canal+ group (Canal+ and Kiosque) put in an offer of €190 M, per season, for package 1, 2 and 3 individually (i.e. €150 M + €20 M+ €20 M) with an exclusivity premium of €290M (per season) for package 1 if all packages 1, 2 and 3 were obtained. TPS' offer for packages 2 and 3, respectively €38 M and €13 M per season, was ostensibly better than the Canal+ group's individual offering on the last two packages.

On November 15, 2002, LFP's Board of Directors expressed its preference for the Canal+ group offer. On December 14, 2002, LFP's Board of Directors accepted the Canal+ group's offer of €480 M per season for all of the packages 1, 2 and 3.

On November 18, 2002, the TPS group lodged a complaint with the Competition Commission for abuse of a dominant, cartel position, together with a request for protective measures against the LFP, Canal+ and Kiosque. In a ruling on January 23, 2003, the Competition committee announced protective measures obliging the LFP and Canal+ group to:
- Suspend the implications of the decision to award the Canal+ group broadcasting rights for League 1 matches;
- Abstain from any communication, likely to present the award to Canal+ and Kiosque as an enforceable decision, mainly for advertising and marketing purposes until the Competition Commission has reached a decision on the substance.

These protective measures are based on the existence of a serious attack on TPS, the sector and consumers:
- In view of the behaviour of subscribers and prospective subscribers (in terms of a decision to subscribe), the announcement of the Canal+ group being awarded exclusive rights seriously and directly undermines the marketing terms of TPS' subscriptions,

- The exclusivity granted to the Canal+ group could lead to increased subscription prices, thus representing an attack on consumers,
- The demise of one of the two pay television operators would have repercussions for several markets downstream and for all programme providers, thus reducing the offering available to consumers.

The Canal+ group and the LFP have appealed against this ruling by the Competition Commission. The hearing for the defence took place at the Court of Appeal in Paris on February 14, 2003. The Court of Appeal has offered the different protagonists legal mediation. The LFP, Canal+ and TPS have accepted this offer. In no way does the acceptance of mediation imply that TPS has abandoned the lawsuit brought before the Competition Commission or the protective measures.

The Competition Commission will probably rule on the substance of the Complaint during the last quarter of 2003.

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

Any litigation known today by the company and the group has been fully provisioned in the accounts. To the best knowledge of the company and the group, there are no other exceptional events or litigation liable to have a significant effect on the activity, results, financial situation or assets of the company or the group.

Details of litigation provisions are presented in the notes to the consolidated accounts.

3.6 Insurance cover

The group's insurance policies are negotiated through brokers dealing with major companies such as Zurich, Chubb, GAN, Allianz and Generali.

The group has two main types of insurance:
- Non-life insurance (cover: around €251 M). This policy provides insurance cover for TF1, its existing or future subsidiaries, in France and worldwide, everywhere that TF1 operates. The policy provides cover against material damage caused to TF1 property and the operating losses resulting from this damage.

The cover applies particularly in cases involving terrorist acts.
- Public liability insurance (cover: around €30.5 M). This policy covers the consequences if the public liability of TF1 and its existing or future subsidiaries is called into question.

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

TF1 has also subscribed to liability insurance for company representatives since 1997. The insured are TF1's trade union representatives, its representatives on the Board of Directors of subsidiary companies or associate companies (companies in which TF1 has at least 50% of the voting rights either directly or indirectly).

In addition, the insurance provides cover for de facto managers and employees who would be liable for any professional error committed in their executive, supervisory or management capacity.

4 Subsidiaries and shareholdings

4.1 New incorporations

Transport Automatique de Produits Audiovisuels Spéciaux 4 – TAPAS 4
Incorporated on September 12, 2002, the simplified joint stock company TAPAS 4, with a capital of €40,000 divided into 40,000 shares with a nominal value of €1 each, is fully-owned by TF1.
Its object is to provide services of all types in the area of communications and broadcasting.

TVB Nantes
Incorporated on October 18, 2002, the limited liabilities company TVB Nantes, with a capital of €40,000 divided into 4,000 shares with a nominal value of €10 each, is owned by TF1 at 11%.
TVB Nantes is candidate for an analogue broadcasting frequency in the Nantes region.

4.2 Increase of TF1 Group's stake in TPS and TCM

Purchase by TF1 of the France Télécom and France Télévision's stake in Télévision Par Satellite (TPS)
Following the agreement signed on December 27, 2001, the European Community Commission on Mergers authorised (on May 6, 2002) the purchase by TF1 of the 25% stake held by France Télécom and France Télévision in TPS. The amount paid for the acquisition of their shares and current accounts is €195 M. The operation gave TF1 a 50% holding in TPS.

Purchase by TF1 of Suez's stake in Télévision Par Satellite (TPS) and TCM
Following the agreement signed on July 30, 2002, and after the various authorisations including that of the authorities involved in controlling mergers, TF1, together with M6, purchased Suez's 25% stake in TPS on October 2, 2002. The amount paid for the acquisition of their shares and the current accounts is €158.6 M.

After these various transactions, TF1 owns 66% of TPS and 50% of TCM.

4.3 Disposal

Disposal of the stake in NET TV
On June 27, 2002, TF1 disposed of its stake in NET TV for €0.5 M, generating a €0.1 M profit.

5 Capital

5.1 The stock

TF1's closing share price on December 31, 2002 was €25.5, down 10.3% over one year compared with a decline of 33.8% for the CAC 40 index and 32.4% for the SBF 120 index. In 2002 and against the backdrop of a general decline in the financial markets, the TF1 share was one of the least affected stocks in the CAC 40.

2002 saw a significant increase in the TF1 stock's daily trading volumes (+17.5%) (excluding over-the-counter), with an average of 1.17 M shares. This figure compares with an average daily trading volume of 890,000 shares in 2001.

The TF1 group's market value at December 31, 2002 was €5.45 billion. This equates to a PER (based on 2002 net profit) of 35.16 compared with a PER of 28.66 at December 31, 2001.

5.2 Market transactions

During the past year, the Board of Directors did not avail itself of the authorisation it received at the Shareholders' Meeting on April 23, 2002.

5.3 Amount/share types

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

	Operation	Issue price per share		Number of shares		Total share capital
		Nominal	Premium	Issued	Total	
01/01/00	Conversion of capital to euro					
	a) capital increase	10 francs	3.11914 francs	0	21,118,316	277,054,144.17 francs
	b) conversion	2 euros	0	0	21,118,316	42,236,632 euros
20/06/00	Division of nominal value	0.2 euro	0	0	211,183,160	42,236,632 euros

	Operation	Issue price per share		Number of shares		Total share capital after increase
		Nominal	Premium	Issued	Total	
20/12/01	Increase of employee capital	0.2 euro	23.21 euros	812,919	211,996,079	42,399,216 euros

	Operation	Issue price per share		Number of shares		Total share capital after increase
		Nominal	Premium	Issued	Total	
30/06/02 certified on 04/09/02	Exercice of stock options in plan no. 2 during H1 2002	0.2 euro	7.77 euros	1,249,000	213,505,079	42,701,016 euros
	Exercice of stock options in plan no. 3 during H1 2002	0.2 euro	9.82 euros	260,000		

	Operation	Issue price per share		Number of shares		Total share capital after increase
		Nominal	Premium	Issued	Total	
31/12/02 certified on 24/02/03	Exercice of stock options in plan no. 2 during H2 2002	0.2 euro	7.77 euros	275,500	214,050,579	42,810,116 euros
	Exercice of stock options in plan no. 3 during H2 2002	0.2 euro	9.82 euros	270,000		

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After the exercise of options for the purchase of shares in plans 2 and 3 during the first half of 2002 led to the creation of 1,509,000 new shares certified on September 2002, the fully paid capital of Télévision Française 1 increased to €42,701,015.80, divided into 213,505,079 shares with a nominal value of €0.2 each.

After the exercise of options for the purchase of shares in plans 2 and 3 during the second half of 2002 led to the creation of 545,500 new shares certified on February 2003, the fully paid capital of Télévision Française 1 increased to €42,810,115.80, divided into 214,050,579 shares with a nominal value of €0.2 each.

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

5.4 Share management

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

5.5 Shareholders

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

	Situation at 31 December 2002			Situation at 31 December 2001			Situation at 31 December 2000		
	No. of shares	% of capital	% of voting rights	No. of shares	% of capital	% of voting rights	No. of shares	% of capital	% of voting rights
Bouygues	88,457,409	41.3%	41.5%	88,378,009	41.7%	41.9%	84,155,120	39.8%	40.1%
Société Générale	3,100,000	1.5%	1.5%	3,100,000	1.4%	1.5%	2,930,000	1.4%	1.4%
Total core shareholders (1)	91,557,409	42.8%	43.0%	91,478,009	43.1%	43.4%	87,085,120	41.2%	41.5%
Others France (2) (3) *of which employees*	53,823,520 *7,481,214*	25.1% *3.5%*	25.3% *3.5%*	59,481,725 *6,468,011*	28.1% *3.1%*	28.3% *3.1%*	67,766,483 *5,596,818*	30.9% *2.7%*	31,0% *2.7%*
Treasury shares	1,275,387	0.6%	0.0%	1,424,117	0.7%	0,0%	1,292,850	0.6%	0,0%
Europe (excl. France) (3)	48,137,584	22.5%	22.6%	32,992,440	15.6%	15.7%	35,412,240	17.1%	17.2%
Others (3)	19,256,679	9.0%	9.1%	26,619,788	12.5%	12.6%	19,626,467	10.2%	10.3%
Total	214,050,579	100.0%	100.0%	211,996,079	100.0%	100.0%	211,183,160	100.0%	100.0%

(1) Core as declared to Euronext on 23 February 1994 (avis Euronext no. 94-600).
(2) Including non-identified holders (around 11% in 2002, 13% in 2001, 15% in 2000).
(3) Estimates by Euroclear.

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

On August 19, 2002, JP Morgan Chase Investor services stated that it had a proprietary 9.99% stake in TF1.

On October 9, 2002, Putnam Investment Management and The Putnam Advisory Company stated that they had exceeded the threshold of 5% of TF1's capital. On January 13, 2003, these companies stated that they had broken through this same threshold but in a downward direction.

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

Concerted action

The shareholders resulting from the group of buyers involved in TF1's privatisation (Bouygues and Société Générale at 31/12/02 representing 42.8% of the capital) constitute the group of core shareholders. This concerted action has existed since 1987 and was declared to Euronext on February 23, 1994 (avis Euronext n°94-600), in accordance with the regulations in force.

1987 saw the group of TF1 buyers implement a number of agreements, jointly and severally, in accordance with the law. They also linked up to manage TF1, thus making the concerted action a reality.

In the event that one of the members of the group of buyers were in the position of selling its shares, the other group members would be given priority in purchasing them. The other members would have the opportunity of acquiring the shares on the basis of their existing shareholding. If there are no purchasers among the group members, then the assignor will have the opportunity of selling its shares to one or more other assignees who will then become members of the group of core shareholders.

Shareholders' agreement

In July 2002, TF1 and M6 signed an agreement with Suez for the purchase of its 25% stake in TPS. This resulted in a 66% stake in TPS for TF1 and 34% for M6.

The purchase includes a shareholders' agreement providing for the joint management of TPS by TPS Gestion (sole statutory manager). There are eight members on the Board of Directors of TPS Gestion, five of whom are appointed by TF1 and three by M6. Strategic decisions and decisions that are key to TPS's financial and operational objectives are taken by the qualified majority of 75% of the Board of Directors. The decisions include approval of TPS' annual operating budget, with investments or expenditure representing a financial commitment of more than €6 M.

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5.6 Stock warrants or stock purchase plans

Historical information on stock warrants or stock purchase plans.

	PLAN N° 1	PLAN N° 2	PLAN N° 3	PLAN N° 4	PLAN N° 5	PLAN N° 6
Date of AGM	12.06.1995	12.06.1995	12.06.1995	12.06.1995	18.04.2000	18.04.2000
Date of Board Meeting	10.10.1995	08.04.1997	18.03.1998	20.09.1999	06.12.2000	11.12.2001
Type of plan	Purchase	Subscription	Subscription	Subscription	Subscription	Subscription
Total no. of shares eligible as options or for purchase	1,705,000	2,270,000	2,300,000	2,300,000	840,000	2,071,300
- by directors	510,000	550,000	570,000	400,000	-	550,000
- by the ten principal staff	450,000	700,000	800,000	620,000	100,000	370,000
Option exercisable as from	10.10.1996	08.04.2000	18.03.2001	20.09.2002	06.12.2003	11.12.2004
Maturity date	10.10.2002	08.04.2004	18.03.2005	20.09.2006	06.12.2007	11.12.2008
Purchase or warrant price	€7.33	€7.97	€10.02	€23.27	€53.04	€27.80
Terms of exercise	Vesting period: 1 year exercisable for the following 4 years by cumulative portions of 1/4	Exercise after 3 years Sales 2 years later	Exercise after 3 years Sales 2 years later	Exercise after 3 years Sales 2 years later	Exercise after 3 years Sales 2 years later	Exercise after 3 years Sales 2 years later
No. of stock warrants at 24/02/2003	1,490,000	1,524,500	530,000	-	-	-
Stock warrants or purchase options that have been cancelled or lapsed	185,000	195,000	80,000	62,000	49,500	105,000
Remaining stock warrants or purchase options	30,000	550,500	1,690,000	2,238,000	790,500	1,966,300

The Plan 1 became obsolete on October 10, 2002

The options for the purchase of shares detailed above are currently the only financial instruments issued by TF1 having a potentially dilutive impact. The potential dilutive impact on profits is mentioned in the consolidated profit and loss account.

Information on stock warrants or stock purchase plans

Stock warrants or stock purchase plan granted to directors (excluding employee representatives) and options exercises	Nb of options granted or shares subscribed or bought	Price	Terms of exercise	Plan n°
Options granted during the year to each directors by the company or any group subsidiary	0	0	–	–
Options exercised during the year by each director				
- Le Lay Patrick	250,000	€7.97	08/04/2004	2
- Mougeotte Etienne	150,000	€7.97	08/04/2004	2
- Cohen Claude	100,000	€7.97	08/04/2004	2

Stock warrants or stock purchase plan granted to the 10 other executives who received the largest number of options (excluding non employee representative executives) and options exercised	Nb of options granted or shares subscribed or bought	Price	Terms of exercise	Plan n°
Options granted during the year to the 10 other executives who received the largest number of options	0	0	–	–
Options exercised during the year by the 10 other executives who received the largest number of options	20,000 570,000 440,000	€7.33 €7.97 €10.02	10/10/2002 08/04/2004 18/03/2005	1 2 3

Directors' report

5.7 Gross compensation of directors

(in euros)	Function	Fixed compensation (including fringe benefits)	Variable compensation 2002 paid in 2003	Total compensation	Directors' fees paid in 2002
Le Lay Patrick	Chairman & CEO	741,200	773,602	1,514,802	15,245
Mougeotte Etienne (1)	Senior executive vice president	975,065	411,613	1,386,678	15,245
Cohen Claude	CEO	556,832	330,000	886,832	15,245

(1) of which TF1 Films Production: € 83,239.

The gross variable compensation of Patrick Le Lay for 2002 has been determined in accordance with the following criteria: (a) the difference between the movement of the Bouygues share price and that of the CAC 40 index of the Paris Stock Exchange; (b) the difference between the movement of the TF1 share price and that of the CAC 40; (c) the change in the TF1 consolidated net profit attributable to the group; and (d) various qualitative targets.

The gross variable compensation of Etienne Mougeotte and Claude Cohen for 2002 has been determined by reference to the achievement of certain activity ratios and to the meeting of various commitments made.

Board of Directors' fees
In 2002, Board of Directors' fees of €176,586.87 were paid to the administrators as follows:

Barbizet Patricia	€13,974.50
Bouygues Martin	€15,244.91
Chevreton Corinne (employee representative)	€3,811.22
Citerne Philippe	€15,244.91
Cohen Claude	€15,244.91
Derbesse Michel	€15,244.91
Le Lay Patrick	€15,244.91
Montagner Philippe	€13,974.50
Mougeotte Etienne	€15,244.91
Pernaut Jean-Pierre (employee representative)	€15,244.91
Petton Céline (employee representative)	€10,163.28
Poupart-Lafarge Olivier	€13,974.50
Pouyat Alain	€13,974.50

The administrator fees for employee representatives were paid to the trade unions

6 Appropriation and distribution of profits by Télévision Française 1 (parent company)

In the resolutions that we are submitting for your approval, we are seeking your approval of the company and consolidated accounts for the 2002 financial year. In view of the available profits of €272,616,713.38, including the net profit of €198,022,520.97 and the profit of €74,594,192.41, brought forward from the previous financial year, we ask that you agree to the following appropriation and distribution proposed by the Board of Directors:

• Appropriation as Revaluation Reserve (consequently amounting to 10% of capital)	€41,090.00
• Appropriation as Other Reserves	€64,000,000.00
• Distribution of a dividend of (i.e. a net dividend of €0.65 per share with a nominal value of €0.2, with a tax credit*)	€139,132,876.35
• Appropriation as balance carried forward	€69,442,747.03

** The dividend to be distributed for the year under review gives the right to a tax credit equal to:*
- 50% of the amounts distributed, if the recipient is an individual,
- 15% of the amounts distributed if the recipient is a company.
The tax credit remains at 50% if the amounts distributed are to be used in the framework of the parent/subsidiary regime.

The dividend will be payable as of April 28, 2003.

We hereby seek your authorisation to appropriate the dividends related to TF1-owned shares as balance carried forward, as provided for in article L. 225-210 of French commercial law (Code de Commerce).

We remind you that in the last three financial years, net per share dividends paid for the 1999, 2000 and 2001 financial years were, respectively, €0.46, €0.65 and €0.65 net per share with a nominal value of €0.2; the corresponding tax credits on the basis of a 50% rate were, respectively, €0.23, €0.33 and €0.33. The amounts for the financial year 1999 have been adjusted to take into account the 10 for 1 share split on June 21, 2000.

7 Resolutions

The group's statutory auditors will make known their reports on the group's accounts for the 2002 financial year and the agreements governed by article L. 225-38 of French commercial law (Code de Commerce).

In the resolutions that are being submitted to you, we propose that you:

- approve the company and consolidated accounts for the 2002 financial year, the appropriation and distribution of profits, and the agreements and operations governed by article L. 225-38 of French commercial law (Code de Commerce) mentioned in the special report of the statutory auditors,
- give full discharge to the Board of Directors,
- take due note of the presentation of operations concerning stock warrants or stock purchase plans granted or exercised in 2002,
- renew for a two-year term the mandates of Administrators Patricia Barbizet, Martin Bouygues, Claude Cohen, Michel Derbesse, Patrick Le Lay, Philippe Montagner, Etienne Mougeotte and Olivier Poupart-Lafarge, whose term of office is due to expire at the end of this Annual General Meeting,

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- appoint Haim Saban as Administrator for a two-year term in place of Société Générale, which has not requested the renewal of its mandate which is due to expire at the end of this Annual General Meeting,
- decide, as from the current financial year, to pay directors' fees representing a total annual amount of €350,000 to the Board of Directors. This is with a view in particular to enable additional fees to be paid to those Directors who are members of the Board Committee and to those charged with special with special responsibilities,
- authorise the implementation of a share acquisition programme enabling the company to buy back its own shares on the stock market. The aim of the buy-back programme is to regulate the stock market price, appropriate shares for employees, keep or transfer shares in the course of financial operations, or cancel shares subject to the adoption of the 17th resolution (extraordinary part), notably to repurchase a number of shares corresponding to shares issued in stock warrant plans or in capital increases reserved for employees. Such acquisition would be limited to 10% of total share capital. The maximum purchase price per share is to be set at €60 and the minimum selling price per share at €10.

You will find attached a schedule showing the company's results for the last five financial years.

We invite you to vote in favour of the above-proposed resolutions.

The Board of Directors

Five year financial record

(in euros)

	1998	1999	2000	2001	2002
I - SHARE CAPITAL AT THE END OF THE ACCOUNTING PERIOD					
a) Share capital	32,014,294	32,194,665	42,236,632	42,399,216	42,810,116
b) Number of shares issued	21,000,000	21,118,316	211,183,160(1)	211,996,079	214,050,579
c) Number of bonds convertible into shares	–	–	–	–	–
II - PROFIT AND LOSS ACCOUNT					
a) Turnover (excluding VAT)	1,162,190,073	1,285,997,333	1,491,806,305	1,431,613,565	1,435,159,747
b) Profit before tax, profit sharing, depreciation amortisation and provisions	211,322,398	311,225,175	596,567,739	442,366,777	308,600,140
c) Corporate income tax	77,376,899	103,988,111	150,087,760	126,152,134	86,651,600
d) Employee profit sharing	4,066,042	10,344,406	13,511,247	11,592,039	8,650,777
e) Profit after income tax, profit sharing, depreciation, amortisation and provisions	140,271,944	178,747,652	358,132,161	276,227,636	198,022,521
f) Total dividends	70,431,446	97,144,254	137,269,054	137,797,451	139,132,876(2)
III - EARNINGS PER SHARE					
a) Net profit before depreciation, amortisation and provisions	6.18	9.32	2.05	1.44	1.00
b) Net profit after depreciation, amortisation and provision	6.68	8.46	1.70	1.30	0.93
c) Dividend per share	3.35	4.60	0.65	0.65	0.65(2)
IV - EMPLOYEES					
a) Number of employees	1,209	1,271	1,299	1,330	1,383
b) Total payroll costs in €	92,104,170	94,352,055	97,677,913	98,448,241	98,927,602
c) Total of employee benefit costs in €	39,988,069	42,283,355	43,173,430	43,930,772	43,279,320

(1) After stock split 1 for 10 June 21, 2000.
(2) Submitted for approval at the General Meeting.

Consolidated profit and loss account
Operational breakdown

(€ million)	2002	2001 Pro forma	2001	2000 Pro forma	2000
TF1 Channel					
Advertising revenue	1,507.3	1,496.9	1,496.9	1,570.9	1,570.9
Advertising agency fees	(83.1)	(82.6)	(82.6)	(86.9)	(86.9)
NET REVENUE FROM BROADCASTING	**1,424.2**	**1,414.3**	**1,414.3**	**1,484.0**	**1,484.0**
Royalties and contributions					
- Authors	(58.2)	(58.1)	(58.1)	(60.6)	(60.6)
- CNC	(74.7)	(73.9)	(73.9)	(74.6)	(74.6)
Transmission costs					
- TDF, Satellites, Transmissions	(56.0)	(54.5)	(54.5)	(56.3)	(56.3)
Programming costs	**(881.6)**	**(770.1)**	**(770.1)**	**(741.2)**	**(741.2)**
GROSS MARGIN	**353.7**	**457.7**	**457.7**	**551.3**	**551.3**
Diversification revenue and other revenue	1,143.5	1,066.4	822.2	905.3	696.8
Other operating expenses	(1,069.4)	(1,024.4)	(786.0)	(904.1)	(676.2)
Depreciation, amortisation and provisions (net)	(134.3)	(172.1)	(118.0)	(194.5)	(148.7)
OPERATING PROFIT	**293.5**	**327.6**	**375.9**	**358.0**	**423.2**
FINANCIAL PROFIT/(LOSS)	**(29.7)**	**(36.7)**	**(18.0)**	**2.8**	**18.0**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	**263.8**	**290.9**	**357.9**	**360.8**	**441.2**
Exceptional items	(4.4)	3.4	4.6	0.7	(0.4)
Goodwill amortisation	(8.9)	(5.3)	(3.5)	(2.7)	(2.3)
Corporate income tax	(94.2)	(107.0)	(122.7)	(143.6)	(154.8)
Share in net earnings of companies consolidated under the equity method	(1.2)	(1.5)	(24.9)	(2.2)	(33.0)
NET PROFIT OF CONSOLIDATED COMPANIES	**155.1**	**180.5**	**211.4**	**213.0**	**250.7**
Minority interest	0.1	(1.2)	(1.1)	(0.5)	(0.4)
NET PROFIT ATTRIBUTABLE TO THE GROUP	**155.2**	**179.3**	**210.3**	**212.5**	**250.3**

The additional information provided by the operational breakdown of the consolidated profit and loss account does not replace the information given in the notes to the consolidated financial statements, but is to facilitate understanding of the two main components of TF1's activities:
- TF1 channel broadcasting activities,
- Diversification activities.

■ 1 Net revenue from broadcasting

Net revenue from broadcasting relate to net revenue invoiced to advertisers by TF1 Publicité after deduction of running costs.

■ 2 Gross margin

The gross margin breaks down as follows:

• Net revenue from broadcasting (see above)
• Royalties and contributions:
These fees are fully or partly based on advertising revenue and include:
- fees paid to authors,
- contribution to the CNC (National Cinema Council).
• Transmission costs:
These expenses result from the transmission of TF1's programmes.
• Programming costs
These are the internal and external costs of programming. They include expired and retired broadcasting rights.

■ 3 Operating profit

The operating profit is calculated on the basis of the gross margin. It takes into account revenue from diversification activities and other operating revenue minus operating expenses related to diversification activities and other operating expenses not directly attributable to programmes. This operating profit is that stated in the consolidated profit and loss account.

■ 4 Other items

As stated in the consolidated profit and loss account.

Financial report

General reports

STATUTORY AUDITOR'S REPORTS ON THE FINANCIAL STATEMENTS

Financial year ended December 31, 2002

In accordance with our appointment by your shareholders General Meeting we hereby report to you, for the year ended December 31, 2002:
- the audit of accompanying financial statements of TF1, presented on pages 44 to 56 of the financial report,
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

Opinion on the financial statements

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities and of the results of its operations for the year then ended in accordance with accounting principles and rules generally accepted in France.

Specific verifications and information

We also carried out the specific verifications required by law in accordance with the professional standards applied in France.
We have no comment as to the fair presentation and the conformity with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the annual financial statements.
In accordance with the law, we verified that the Directors' report contains the appropriate disclosure as to the acquisition of shares and controlling interests.

Paris, March 7, 2003
The Statutory Auditors

MAZARS & GUÉRARD
Michel ROSSE

RSM SALUSTRO REYDEL
Edouard SALUSTRO Xavier PAPER

REPORT OF STATUTORY AUDITORS CONSOLIDATED ACCOUNTS

Financial year ended December 31, 2002

In accordance with our appointment by your shareholders' General Meeting we have audited the consolidated financial statements of the Group TF1 presented on pages 28 to 43 of the financial report, for the year ended December 31, 2002.

These financial statements have been approved by the board of Directors. Our role is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position and its assets and liabilities and of the results of its operations for the year then ended in accordance with accounting principles and rules generally accepted in France.

We have also carried out the verification of the information given on the management of the Group. We have no comment to make as to its fair presentation and its conformity with the consolidated financial statements.

Paris, March 7, 2003
The Statutory Auditors

MAZARS & GUÉRARD
Michel ROSSE

RSM SALUSTRO REYDEL
Edouard SALUSTRO Xavier PAPER

Special report

STATUTORY AUDITORS' REPORTS ON REGULATED CONTRACTS

Financial year ended December 31, 2002

As the statutory auditors of your company, we hereby present to you our report on regulated contracts.

Agreements entered into during the year

In conformity with Article L. 225-40 of the French Commercial Code, we have been informed of the following agreements, previously authorized by the Board of Directors of your company.

We are not required to investigate the possible existence of additional agreements but to communicate to you, on the basis of the information provided to us, the essential terms and conditions of those agreements of which we have been advised; nor are we required to comment on their appropriateness and validity. Under the terms of Article 92 of the Decree of March 23, 1967, it is for you to form a view as to the purpose and benefits of the agreements entered into with a view to approving them.

Our work has been performed in accordance with French professional standards. Those standards require that we plan and perform our work in a way that enables us to verify that the information provided to us is in conformity with the source documentation from which it is derived.

Agreement with Bouygues Relais

At its meeting on March 4, 2002, the Board of Directors authorised the signature of an agreement under which Bouygues Relais granted TF1 a bridging loan on its confirmed credit lines up to a maximum amount of €300 million. At its meeting on September 4, 2002, this amount was increased to €500 million.

TF1 may draw on this funding in the form of a day-to-day overdraft from Bouygues Relais.

Interest is calculated on the basis of the drawings made at a rate equal to EONIA, plus:
- 0.10% for an amount under €100 million;
- 0.125% for the proportion drawn falling between €100 million and €200 million;
- 0.15% for the proportion drawn falling between €200 million and €500million.

This facility is granted for the period from March 5, 2002 to March 3, 2003.

During 2002, Bouygues Relais invoiced €6.6 million of interest under this contract.

Directors concerned: Patrick Le Lay, Martin Bouygues, Alain Pouyat, Michel Derbesse, Olivier Poupart-Lafarge, Philippe Montagner and Patricia Barbizet.

Agreement with Bouygues

At its meeting on January 29, 2002, the Board of Directors authorised the signature of an agreement, by which the Bouygues Group General Secretary's Department is to handle the management of TF1's securities.

For 2002, Bouygues Relais invoiced €60,000 in this regard.

At its meeting on January 29, 2002, the Board of Directors also authorised TF1 to obtain transport services from the Air Transport Department of Bouygues, which manages the aircraft fleet of the Bouygues group, in consideration for a fee at a fixed rate of €4,695 per flying hour, excluding tax.

For this, Bouygues Relais invoiced an amount of €800,000 to TF1 in respect of 2002.

Directors concerned: Patrick Le Lay, Martin Bouygues, Alain Pouyat, Michel Derbesse, Olivier Poupart-Lafarge, Philippe Montagner and Patricia Barbizet.

Agreement with Eurosport

At its meeting on March 4, 2002, the Board of Directors authorised the signature of a long-term loan contract between TF1 and Eurosport, under which TF1 agreed to make a loan to Eurosport of €278.8 million.

This loan came into effect retroactively from January 1, 2002, for a seven-year period and must be fully repaid by January 2, 2009 at the latest.

Repayment of the principal of the loan by Eurosport to TF1 is deferred for five years.

Interest is calculated on the basis of the 3-month Euribor rate plus 0.375%.

TF1 has entered into interest rate cap and swap contracts on behalf of Eurosport so as to hedge against an increase in the 3-month EURIBOR rate.

During 2002, TF1 invoiced €12.4 million in respect of interest and premiums on hedging instruments.

Directors concerned: Mrs Claude Cohen and Etienne Mougeotte.

Agreements concluded during past years and continuing during 2002

In conformity with the Decree of March 23, 1967, we have been informed that the following agreements, concluded during past years, continued during 2002.

Special report

Agreements with certain subsidiaries

The agreements signed on November 15, 1999 provide for the invoicing of specific services supplied, at the request of TF1 subsidiaries, by the administrative departments concerned (relating to management, human resources, legal and finance) and a proportion of the residual shared administrative services costs, which includes the amount invoiced by Bouygues to TF1 under the terms of the common services agreement between them. This proportion is determined by the application of key allocation criteria (employees and turnover) specific to each type of cost.
During 2002, besides specific services in conformity with market conditions, TF1 invoiced to certain subsidiaries a proportion of the residual shared administrative services costs, as defined in these agreements, as follows:

	Amount (excluding VAT) (in thousands of euros)
TF1 PUBLICITÉ	14,537
EUROSPORT	3,244
TF1 ENTREPRISES	560
TF1 VIDÉO	1,827
LA CHAÎNE INFO	577
UNE MUSIQUE	216
e-TF1	253
TÉLÉSHOPPING	750
TF1 FILMS PRODUCTION	472
STUDIOS 107	185
TF1 INTERNATIONAL PICTURES	6
TF1 CATALOGUE	19
LES FILMS ARIANE	61
CIBY DA	22
BIG CASH	23
ODYSSÉE	61
TF1 PUBLICITÉ PRODUCTION	174
TAP	35
ALMA PRODUCTION	18
TOTAL	**23,434**

Agreements with Bouygues

- The common services agreement entered into between TF1 and Bouygues on October 8, 1997 (relating to management, human resources, company secretarial, information technology, finance and other advice), provides for the invoicing of specific services supplied, at TF1's request, by these common services and a proportion of the residual shared service costs. This proportion, determined by the application of key allocation criteria (employees, long term capital and turnover) specific to each type of cost, cannot exceed 0.45% of TF1's consolidated turnover before tax.
  During 2002, the amount invoiced by Bouygues amounted to €4.9 million, none of which related to specific services, as defined in the common services agreement.
- The sub-lease entered into between TF1 and Bouygues provides that TF1 undertakes to sublet Bouygues 89 square meters of furnished offices located in the "Le Levant" building in Boulogne-Billancourt in consideration for a monthly rent of €6,408 (excluding tax).
  During 2002, an amount of €38,000 was invoiced by TF1.

Agreement with Bouygues Relais

With effect from March 5, 2002, TF1 and Bouygues Relais entered into an agreement (under the same conditions as the agreement signed on December 1, 1999) under which TF1 can deposit its surplus cash with Bouygues Relais, and block a part thereof, for a period of a calendar month. The consideration due under this agreement is in conformity with market conditions.
During 2002, this agreement was not put into effect.

Paris, March 7, 2003
The Statutory Auditors

MAZARS & GUÉRARD
Michel ROSSE

RSM SALUSTRO REYDEL
Edouard SALUSTRO Xavier PAPER

Consolidated balance sheet

ASSETS *(€ million)*	*Notes*	31.12.02 Net value	31.12.01 Pro forma Net value	31.12.01 Net value	31.12.00 Pro forma Net value	31.12.00 Net value
Intangible fixed assets		**892.1**	**803.5**	**435.7**	**502.3**	**133.2**
Audiovisual rights	*2.3 and 3.1*	97.4	79.1	79.1	82.5	82.6
Other intangible fixed assets	*2.4 and 3.2*	794.7	724.4	356.6	419.8	50.6
Goodwill	*2.5 and 3.3*	**111.5**	**119.6**	**119.6**	**47.9**	**46.1**
Tangible fixed assets	*2.6 and 3.4*	**217.6**	**257.3**	**171.4**	**286.6**	**175.5**
Land		45.7	45.7	45.7	45.7	45.7
Freehold buildings		37.1	39.6	39.5	42.0	42.0
Other tangible fixed assets		134.8	172.0	86.2	198.9	87.8
Financial assets	*3.5*	**9.8**	**26.1**	**25.9**	**16.1**	**15.9**
Investments consolidated under the equity method		0.0	1.8	1.8	2.6	2.6
Investments and loans to associated undertakings		6.1	4.2	4.2	1.6	1.6
Other financial assets		3.7	20.1	19.9	11.9	11.7
FIXED ASSETS		**1,231.0**	**1,206.5**	**752.6**	**852.9**	**370.7**
Programmes and film rights	*2.8 and 3.6*	666.6	641.1	593.3	549.3	490.8
Raw materials and supplies		8.7	12.2	12.3	6.4	6.4
Trade debtors		671.7	698.7	624.9	597.7	533.7
Other debtors and adjustment accounts	*3.7*	503.5	510.5	476.9	437.7	395.2
Marketable securities and cash at bank and in hand	*2.9 and 3.8*	55.0	32.6	31.5	352.8	345.2
CURRENT ASSETS		**1,905.5**	**1,895.1**	**1,738.9**	**1,943.9**	**1,771.3**
TOTAL ASSETS		**3,136.5**	**3,101.6**	**2,491.5**	**2,796.8**	**2,142.0**

Consolidated balance sheet

SHAREHOLDERS' EQUITY AND LIABILITIES *(€ million)*	*Notes*	31.12.02	31.12.01 Pro forma	31.12.01	31.12.00 Pro forma	31.12.00
Share capital		42.8	42.4	42.4	42.2	42.2
Share premium		53.4	36.4	36.3	17.5	17.5
Other reserves		554.8	433.5	481.4	369.0	374.9
Profit attributable to the group		155.2	179.3	210.3	212.5	250.3
Shareholders' funds	*3.9*	**806.2**	**691.6**	**770.4**	**641.2**	**684.9**
Minority interest	*3.10*	0.6	0.7	0.3	(0.4)	(0.9)
Government grants for investment	*2.10 and 3.11*	6.3	6.2	6.2	5.4	5.4
Provisions for liabilities and charges	*2.11 and 3.12*	71.4	69.6	135.6	67.7	150.7
Deferred taxation	*2.12 and 3.13*	68.4	63.0	63.0	56.2	56.2
Financial creditors and borrowings (1) (2)	*3.14*	547.6	772.1	210.0	472.0	9.7
Trade creditors		952.7	950.6	776.3	843.7	643.2
Other creditors and adjustment accounts	*3.15*	683.3	547.8	529.7	711.0	592.8
CREDITORS		**2,183.6**	**2,270.5**	**1,516.0**	**2,026.7**	**1,245.7**
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		**3,136.5**	**3,101.6**	**2,491.5**	**2,796.8**	**2,142.0**
(1) Including current bank overdrafts		*18.6*	*20.3*	*20.2*	*0.4*	*0.0*
(2) Less than one year		*532.2*	*761.4*	*210.0*	*458.9*	*9.7*

Consolidated profit and loss account

(€ million)	*Notes*	2002	2001 Pro forma	2001	2000 Pro forma	2000
Turnover		**2,655.3**	**2,569.3**	**2,325.1**	**2,479.8**	**2,270.3**
Net advertising revenue	*2.13*	1,628.5	1,617.7	1,617.7	1,654.6	1,654.6
TF1		*1,507.3*	*1,496.9*	*1,496.9*	*1,570.9*	*1,570.9*
Others		*121.2*	*120.8*	*120.8*	*83.7*	*83.7*
Diversification revenue		968.8	872.3	632.8	749.1	544.1
Technical services revenue		27.3	31.7	31.7	21.6	21.6
Other revenue		30.7	47.6	42.9	54.5	50.0
Operating expenses		**(2,361.8)**	**(2,241.7)**	**(1,949.2)**	**(2,121.8)**	**(1,847.0)**
External production costs		(538.4)	(510.1)	(461.7)	(503.8)	(438.7)
Staff costs		(337.3)	(331.1)	(303.5)	(281.0)	(256.2)
Other operating expenses	*4.1*	(1,351.8)	(1,228.4)	(1,066.0)	(1,142.5)	(1,003.4)
Depreciation, amortisation and provisions (net)						
- Depreciation		(111.7)	(153.6)	(100.1)	(147.5)	(109.9)
- Provisions		(22.6)	(18.5)	(17.9)	(47.0)	(38.8)
OPERATING PROFIT		**293.5**	**327.6**	**375.9**	**358.0**	**423.3**
Financial revenue		11.2	27.0	26.0	42.1	40.5
Financial expenses		(40.9)	(63.7)	(44.0)	(39.3)	(22.5)
FINANCIAL PROFIT/(LOSS)	*4.2*	**(29.7)**	**(36.7)**	**(18.0)**	**2.8**	**18.0**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**263.8**	**290.9**	**357.9**	**360.8**	**441.3**
Net exceptional income/(expense)	*4.3*	(4.4)	3.4	4.6	0.7	(0.4)
Goodwill amortisation		(8.9)	(5.3)	(3.5)	(2.7)	(2.4)
Income tax	*4.4*	(94.2)	(107.0)	(122.7)	(143.6)	(154.8)
Share in net earnings of companies consolidated under the equity method	*4.5*	(1.2)	(1.5)	(24.9)	(2.2)	(33.0)
NET PROFIT BEFORE MINORITY INTEREST		**155.1**	**180.5**	**211.4**	**213.0**	**250.7**
Minority interest		0.1	(1.2)	(1.1)	(0.5)	(0.4)
NET PROFIT ATTRIBUTABLE TO THE GROUP	*4.6*	**155.2**	**179.3**	**210.3**	**212.5**	**250.3**
Shares in circulation (in thousands)		211,970	210,207	210,207	210,189	210,189
Earnings per share (€)		0.73	0.85	1.00	1.01	1.19
Diluted earnings per share (€)		0.73	0.84	0.99	0.99	1.16

Consolidated cash flow statement

(€ million)	*Notes*	2002	2001 Pro forma	2001	2000 Pro forma	2000
1. Operating activities						
• Net profit		155.1	180.4	211.4	213.0	250.7
Depreciation, amortisation and provisions		**129.3**	**218.5**	**110.5**	**165.6**	**118.3**
• Intangible fixed assets	*3.1 and 3.2*	55.0	79.2	76.6	83.6	81.0
• Tangible fixed assets	*3.4*	65.1	78.9	35.3	65.6	25.6
• Financial assets		0.0	(0.7)	(0.7)	4.4	4.4
• Expenses to amortise		0.1	0.2	0.2	0.1	0.1
• Goodwill	*3.3*	8.9	8.7	6.9	2.7	2.4
• Provisions for liabilities and charges	*3.12*	0.2	52.2	(7.8)	9.2	4.8
Investment grants released to revenue	*3.11*	(7.8)	(9.1)	(9.1)	(9.4)	(9.4)
Expenses to amortise		(11.0)	(0.1)	(0.1)	(0.1)	(0.1)
Capital gains/(losses) on disposal of fixed assets	*4.3*	2.0	0.8	0.2	1.1	0.6
Change in deferred taxation	*4.6*	1.4	5.1	5.1	(1.4)	(1.4)
Share of investments consolidated under the equity method		1.2	1.5	24.9	2.2	33.0
Cash flow		**270.2**	**397.1**	**342.9**	**371.0**	**391.7**
Stocks		(20.7)	(85.5)	(96.4)	(47.5)	(25.7)
Trade debtors		95.6	(101.9)	(95.7)	(215.9)	(185.5)
Trade creditors		(21.1)	(34.5)	(26.5)	270.3	229.3
Net advances from third parties		10.1	4.3	0.4	10.7	5.8
Change in working capital needs		**63.9**	**(217.6)**	**(218.2)**	**17.6**	**23.9**
NET CASH INFLOW FROM OPERATING ACTIVITIES		**334.1**	**179.5**	**124.7**	**388.6**	**415.6**
2. Investing activities						
Purchase of intangible fixed assets	*3.1 and 3.2*	(51.0)	(74.7)	(73.2)	(58.8)	(56.8)
Purchase of tangible fixed assets	*3.4*	(31.7)	(41.9)	(23.1)	(65.9)	(40.2)
Disposal of fixed assets	*5.2*	61.1	4.9	4.8	63.4	8.9
Purchase of financial asset investments	*5.1*	(372.8)	(403.2)	(403.2)	(458.4)	(104.8)
Change in liabilities on purchase of financial asset investments	*5.3*	50.2	0.0	0.0	0.0	0.0
Increase (decrease) in other financial assets		8.6	22.3	(4.9)	(39.7)	(12.3)
Increase (decrease) in fixed assets creditors		8.0	(97.5)	(11.6)	80.4	7.0
		(327.6)	**(590.1)**	**(511.2)**	**(479.0)**	**(198.2)**
Consolidation adjustments		9.0	(1.2)	(1.2)	11.5	4.3
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(318.6)**	**(591.3)**	**(512.4)**	**(467.5)**	**(193.9)**
3. Financing activities						
Increase in shareholders' funds		24.7	17.3	21.6	1.1	7.0
Decrease in loans		122.5	198.3	176.3	240.1	(72.6)
Dividends paid	*3.9 and 3.10*	(138.7)	(143.9)	(143.9)	(98.2)	(99.4)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		**8.5**	**71.7**	**54.0**	**143.0**	**(165.0)**
TOTAL INCREASE IN CASH AND CASH EQUIVALENTS		**24.0**	**(340.1)**	**(333.7)**	**64.1**	**56.7**
Cash at beginning of period		12.3	352.4	345.0	288.3	288.3
Net inflow/(outflow)		24.0	(340.1)	(333.7)	64.1	56.7
Cash at end of period		36.3	12.3	11.3	352.4	345.0

Notes to the consolidated financial statements

1 The TF1 Group

1.1 Presentation of TF1

TF1 is operating under a 10-year broadcasting licence, effective from April 16, 1987, enabling it to broadcast on the frequencies previously allocated to it as a state-owned channel.

Also, Article 28.1 of Law 94-88 of February 1, 1994 stipulates that licences are "renewed" by the CSA (Conseil Supérieur de l'Audiovisuel), without tender offer, up to twice and on each occasion for a duration of five years, (...) unless the CSA considers that the penalty(ies) imposed on the licensee or claims made against the licensee justify, by reason of their seriousness, that the licence should not be "renewed without tender offer". On March 26, 1996, the CSA renewed TF1's licence for use of frequencies for a period of 5 years. TF1 benefits from an automatic renewal of this authorisation, from 2002 to 2007, by decision of the CSA on November 20, 2001.

Under the terms of Article 82 of the law of September 30, 1986, amended, this authorization may be subject to an automatic extension until 2012, by reason of the repeat on "simulcast" of the digital terrestrial channel.

1.2 Scope of consolidation

The companies over which TF1 has, directly or indirectly exclusive control, whether by law or in fact, are fully consolidated. The companies jointly controlled by several shareholders are proportionately consolidated by reference to the percentage held. The companies in which TF1 has a significant influence are consolidated under the equity method. Certain subsidiaries, which are not material to the group accounts, have not been consolidated.

COMPANY	LEGAL STRUCTURE	SHARE CAPITAL [(1)]	CURRENCY
FULLY CONSOLIDATED COMPANIES			
TF1 PUBLICITE	SASU	2,400	€
TF1 FILMS PRODUCTION	SA	2,550	€
TELESHOPPING	SASU	128	€
SYALIS	SA	40	€
UNE MUSIQUE	SASU	40	€
EUROSPORT	SA	15,000	€
TF1 PUBLICITE PRODUCTION	SARL	8	€
TF1 CINEMA	SA	1,950	€
PROTECREA	SA	1,500	€
TF1 ENTREPRISES	SASU	3,000	€
STUDIOS 107	SASU	1,800	€
SEBADO	SAS	40	€
CIC	SASU	118	€
SETS	SA	40	€
ALMA PRODUCTION	SASU	80	€
LES FILMS DU JOUR	SASU	45	€
EUROSPORT FRANCE	SA	2,325	€
EUROSPORT	AG	600	CHF
EUROSPORT TELEVISION	BV	18	€
EUROSPORT TELEVISION	LTD	10	GBP
EUROSPORT TV	AB	100	SEK
EUROSPORT MEDIA	GMBH	30	€
EUROSHOPPING	SCS	75	€
TF1 DIGITAL	SA	99,132	€
E-TF1	SCS	1,000	€
LA CHAINE INFO	SCS	4,500	€
TF1 DEVELOPPEMENT	SA	38	€
TF1 MUSIC	SA	38	€
EUROSALES	SCS	225	€
TF1 VIDEO	SASU	3,095	€
PARMENTIER PRODUCTION	SARL	514	€
TF1 INTERNATIONAL	SA	37,500	€
GROUPE GLEM	SA	80	€
GLEM	SA	150	€
BAXTER	SA	38	€
GLEM REPORTAGES	SARL	8	€
GLEM FILM	SA	80	€
TOUT AUDIOVISUEL PRODUCTION	SASU	80	€
MIKADO	SARL	8	€
TF1 EXPANSION	SA	38	€
LES NOUVELLES EDITIONS TF1	SAS	38	€
STE D'EXPLOITATION DE DOCUMENTAIRES (ODYSSEE)	SCS	8	€
COGELDA	SASU	9,638	€
LES FILMS ARIANE	SASU	80	€
REGIE CASSETTE VIDEO	SASU	40	€
CIBY DA	SA	9,294	€
GIE APHELIE	GIE	-	-
BIG CASH [(3)]	SA	2,885	€
SICCIS [(3)]	SA	40	€
TF1 CATALOGUE [(3)]	SAS	40	€
TF1 INTERNATIONAL PICTURES [(3)]	SAS	40	€
QUAI SUD TV	SAS	40	€
SACAS	SNC	38	€
TF1 SATELLITE	SNC	38	€
VISIOWAVE [(3)]	AG	350	CHF
COMPANIES PROPORTIONATELY CONSOLIDATED			
TF6	SCS	80	€
TF6 GESTION	SA	80	€
SERIE CLUB (EXTENSION TV)	SA	50	€
TPS SUB-GROUP [(4)]:			
TPS	SNC	1,800	€
TPS GESTION	SA	93	€
TPS CINEMA	SNC	8	€
MULTIVISION	SNC	601	€
TPS JEUNESSE	SNC	8	€
TPS SPORT	SNC	8	€
TPS INTERACTIF	SNC	8	€
TPS ENTREPRISES	SNC	8	€
TPS FOOT	SNC	8	€
SENT	SNC	8	€
TPS MOTIVATION	SA	45	€
TPS TERMINAUX	SNC	154,374	€
TCM DA	SNC	240	€
TCM GESTION	SA	40	€
FILM PAR FILM	SA	1,524	€
TELEMA	SA	766	€
COMPANIES CONSOLIDATED UNDER THE EQUITY METHOD			
TV BREIZH	SA	15,086	€

(1) Local currency (in thousands).
(2) There is no difference between the percentage of control and that of shares held.
(3) Company consolidated for the first time in 2002, without any significant impact on TF1 Group's financial figures.
(4) TPS Sub-Group: shareholders agreement signed by TF1 and M6 on July 19, 2002, TPS is jointly controlled and thus consolidated under the proportionate method.

Notes to the consolidated financial statements

NATIONALITY	ACTIVITY	Control % [2]
French	Marketing of TF1 advertising airtime	100.00
French	Co-production of films	100.00
French	Home shopping	100.00
French	Financing company	100.00
French	Music publishing	100.00
French	Selling of the Eurosport channel outside France	100.00
French	Commercials and promos	100.00
French	Production of programmes	100.00
French	Production of programmes	100.00
French	Video, on-line services, merchandising products	100.00
French	TV production studios	100.00
French	Database management	100.00
French	Video distribution	100.00
French	Delivering services for Eurosport	100.00
French	Production of programmes	100.00
French	Co-production of films	100.00
French	Selling of the Eurosport channel in France	100.00
Swiss	Selling of the Eurosport channel in Switzerland	100.00
Dutch	Selling of the Eurosport channel in Holland	100.00
English	Selling of the Eurosport channel in the UK	100.00
Swedish	Selling of the Eurosport channel in Sweden	100.00
German	Selling of the Eurosport channel in Germany	100.00
French	Home shopping theme channel	100.00
French	Holding company of the theme channel division	100.00
French	Creation/broadcasting of Internet services	100.00
French	News channel	100.00
French	Development of digital technology	100.00
French	Distribution of interactive services	99.80
French	Eurosport advertising agency	100.00
French	Video distribution	100.00
French	Audiovisual rights	100.00
French	Audiovisual rights	100.00
French	Holding company of the Glem group	72.80
French	Production of programmes	96.80
French	Music publishing	95.08
French	Press agency	100.00
French	Co-production of films	99.81
French	Production of programmes	100.00
French	Public relations and agent services	75.20
French	Development of digital technology	100.00
French	Publishing	51.00
French	Documentary thematic channel	100.00
French	Audiovisual rights	100.00
French	Audiovisual rights	100.00
French	Video distribution	100.00
French	Audiovisual rights	100.00
French	Real estate leasing	95.00
French	Production and co-production of films	100.00
French	Holding company of the cinema division	100.00
French	Production of programmes	100.00
French	Audiovisual rights	100.00
French	Production of programmes	60.00
French	Development of digital technology	100.00
French	Development of digital technology	100.00
Swiss	Network digital video	79.27
French	Thematic channel (general interest)	50.00
French	TF6's management company	50.00
French	Thematic channel (series)	50.00
French	Selling of TPS programmes	66.00
French	TPS's management company	66.00
French	Movie channel	66.00
French	Pay per view theme channel	66.00
French	Youth channel	66.00
French	Sport channel	66.00
French	Publishing and marketing of services	66.00
French	Communication projects	66.00
French	Sport theme channel	66.00
French	Experimental platforms business	66.00
French	Management of marketable securities	66.00
French	Management of the equipment base	66.00
French	Audiovisual rights	50.00
French	TCM DA's management company	50.00
French	Audiovisual rights production	50.00
French	Audiovisual rights production	49.00
French	Thematic channel	21.87

2 Group accounting policies

2.1 Basis of accounting

The consolidated financial statements of the TF1 Group have been prepared in accordance with Generally Accepted French Accounting Standards, notably the 99/02 regulation of the Accounting Regulations Committee, ratified by Government order dated June 22, 1999.

The accounting policies adopted for the 2002 consolidated financial statements are comparable to those for the 2001 and 2000 consolidated financial statements.

The consolidated financial statements incorporate a certain number of restatements and adjustments compares with the individual company accounts of TF1 group companies.

The restatements relate essentially to rights in co-produced programmes, which, in the consolidated financial statements are treated as current assets and written off when broadcast, as described in note 2.8.

The adjustments, other than those arising on consolidation, particularly relate to:
- the elimination of tax depreciation allowances recognised in individual company accounts;
- exchange differences arising on assets and liabilities and accounted for through the profit and loss account;
- deferred taxation, calculated as described in the note 2.12.

2.2 Comparability of consolidated financial statement

In order to ensure comparability, the 2000 and 2001 financial statements have been restated on a pro forma basis to reflect the following assumptions:
- consolidation of the TPS sub-group under the proportionate method, with retrospective effect to January 1, 2000;
- increase of the Group stake in TPS to 50% in the first half year and to 66% in the second half of each accounting period;
- retrospective allowance of the cost of financing the successive stakes acquired.

The increase of TF1's stake in TPS is reflected in the financial statements by the inclusion in fixed assets in respect of TPS goodwill under "other intangible assets" (see note 3.2). The valuation of this business goodwill is based both on discounted future cash flows and on other market value comparisons. In accordance with generally accepted French standards, this goodwill allocation may be revised by the end of the accounting period following that of acquisition.

Notes to the consolidated financial statements

2.3 Audiovisual rights

This note refers to the shares owned in films that have been co-produced by TF1 Films Production, TF1 Cinéma, Glem Films, TF1 Vidéo, Film Par Film, Les Films du Jour, Téléma and Les Films Ariane, the audiovisual trading and distribution rights held by TF1 International, TF1 International Pictures, Parmentier, TCM DA, TF1 Entreprises, RCV, Ciby DA and Cogelda, and the musical rights held by Une Musique and Baxter.

The date of posting as intangible assets and the amortisation rates applied are defined as follows:

	Amortisation rate			
Date of posting	Co-production share	Audiovisual distribution rights	Audiovisual trading rights	Musical rights
End of shooting date	in line with revenue			
Censor's certificate	straight-line over 3 years			
Signing of contract		straight-line rate over 3 years or in line with revenue	straight-line rate over 5 years	2 years *75% 1st year* *25% 2nd year*

For films co-produced by TF1 Films Production, Film Par Film and Téléma, the method applied is the one which enables the film to be written off for tax purposes as quickly as possible. It can thus differ from film to film.

A provision is set up when estimated future revenue do not cover the book value, net of amortisation.

2.4 Other intangible fixed assets

This mainly concerns valuation differences, as defined in note 3.2. Other intangible assets relate essentially to acquisition of trademarks and software, and are amortized over a period of between one and two years, except for the Eurosport trade mark which is not amortised.

2.5 Programmes and film rights

The difference between the purchase price of the participation acquired and the corresponding share of shareholders' equity is allocated to the assets and liabilities of the acquired company, so that the consolidated balance sheet reflects their fair value.

Residual goodwill is amortised over the relevant period on a straight-line basis, between 4 and 20 years.

Negative goodwill is reversed in line with the related losses.
However, where the amount of goodwill (or negative goodwill) is not significant, it is fully written off in the year of acquisition.

The TF1 Group continues to apply the partial revaluation method, in accordance with the option offered by paragraph 230 of the 99/02 regulation of the Accounting Regulations Committee.

Under French regulations, the allocation of the purchase price may be subject to revision during a period expiring at the end of the accounting period of the year following the year of acquisition.

2.6 Tangible fixed assets

Depreciation rates are as follows:

Buildings	Straight-line	20 years
Technical facilities (before 1992)	Reducing balance	3 to 5 years
Technical facilities (after 1992)	Straight-line or reducing balance	4 to 5 years
Other tangible fixed assets	Straight-line or reducing balance	2 to 10 years

Leasing operations with companies outside the TF1 Group are restated in the consolidated accounts when they are material.

2.7 Subsequent monitoring of the value of fixed assets

The carrying value of fixed assets is reviewed, in accordance with group accounting policies, annually or more frequently if events or circumstances, whether internal or external, suggest that a reduction in value may have occurred.

In particular, the balance sheet value of intangibles assets (excluding audiovisual rights which are dealt with as in note 2.3) and goodwill is compared with recoverable value.

Recoverable value is the higher of net realisable value and value in use, the latter being determined on the basis of discounted post-tax cash flow on the following principal assumptions:
- a medium term business plan drawn up by the management responsible;
- discounting of the cash flow forecast by this plan and of residual value at a rate of interest representing the weighted average cost of capital of the relevant activity;
- determination of residual value by capitalizing the financial cash flow in the period of forecast at a rate representing the difference between the weighted average cost of capital and the long term growth rate considered appropriate for the activity.

2.8 Programmes and film rights

a) The term "programmes and film rights" covers:
   - TF1 group in-house productions to be broadcast on the TF1 channel,
   - external productions, including broadcasting rights acquired by the group's channels as well as co-productions.

b) A programme is regarded as ready for broadcast and is accounted for under "programmes and films rights" if the following two conditions are met:
   - technical approval (for both in house and external production),
   - grant of the rights (for external production).

   Programmes in progress not meeting the above conditions are accounted for under programmes and film rights in progress.
   External production which has not been broadcast and the rights over which have expired are retired.

Notes to the consolidated financial statements

c) The principles for valuing "programmes and film rights" are the following:
- In house production is valued at its overall production cost (direct costs plus attributable production overheads).
- Film rights and co-productions are valued at the end of each financial year on the basis of their purchase cost less their "consumption" values as indicated under section "d".
- Programmes in progress are valued according to the investment outlay at year-end.

d) Programmes are deemed "consumed" at the moment of transmission.

d.1 Purchased TV rights and co-produced programmes (Children (excluding Cartoons) - Variety - Theatre - Documentaries - News and Sport).

Possible transmissions	1	2 or more
1st transmission	100%	100%
2nd transmission	–	–

Some purchases of audiovisual rights relating to children's programmes are amortised according to the valuation of each transmission as contractually defined.

d.2 Co-productions of duration not less than 52 minutes.

Possible transmissions	1	2 or more
1st transmission	100%	100%
2nd transmission	–	–

d.3 Co-productions of duration equal to or exceeding 52 minutes.

Possible transmissions	1	2 or more
1st transmission	100%	80%
2nd transmission	–	20%

d.4 Purchased rights for full-length feature films, TV dramas, series and cartoons.

Possible transmissions	1	2 or more
1st transmission	100%	50%
2nd transmission	–	50%

d.5 All other programmes are fully written off at first transmission, and therefore are no longer considered as company assets whatever the duration of the owner's rights.

A provision is made if it becomes probable that a given programme will not be broadcast.

e) Tax depreciation allowances (in respect of in co-production share) included in "regulated provisions" in TF1 SA's accounts have been restated, in accordance with consolidated accounting principles, in order to eliminate their impact on the consolidated accounts.

2.9 Marketable securities

The value of marketable securities is calculated at cost of acquisition. When the value is lower than the acquisition cost, a provision is made.

2.10 Government grants for investment

Government grants, when received irrevocably, are credited to the profit and loss account in line with the depreciation of the assets they are financing.

Grants received from the CNC (National Cinema Council) are credited to the profit and loss account in the financial year during which the relevant films are completed.

2.11 Provisions for liabilities and charges

Provisions for liabilities and charges are made to cover definite or likely cash outflows identified at each year-end.

Negative goodwill is recorded under this heading.

2.12 Deferred taxation

Consolidated deferred taxation results mainly from:
- restatements that are made in order to eliminate the impact, on the financial statements, of book entries resulting from fiscal allowances;
- differences in timing of recognition of items between the financial statements and tax regulations.

Deferred tax has been calculated using the liability method. The potential impact of changes in tax rates, whether variable or reduced (long term capital gains) is included in the profit of the year.

2.13 Advertising

Income from advertising is recorded net of rebates and commissions paid to agents.

2.14 Pension costs

Pension cost commitments are limited to those laid down in the Collective Agreements of group companies. They are calculated by applying to the forecast final salary the rights as anticipated at the forecast retirement date.

Part of this commitment is covered by insurance, the balance being met by a provision for liabilities and charges (adjusted on a yearly basis).

2.15 Financial instruments

The Group uses financial instruments to protect itself from exposure to interest rate and exchange rate fluctuations. The Group operates on currency markets to hedge commitments linked to its business activity only and not for speculative purposes.

Notes to the consolidated financial statements

Gains and losses on financial instruments used for hedging purposes are determined and accounted for on a symmetrical basis with the losses and gains on the hedged items except in the case of option premiums, which are charged when paid.

2.16 Treasury shares

TF1 shares accounted for under the heading "Other investments held as fixed assets" in the company's financial statements are restated so as to reduce shareholders' equity.

3 Notes to the consolidated balance sheet

3.1 Audiovisual rights

Movements during the year are as follows:

(€ million)	01.01.02	Change in the scope of consolidation and restatements	Increase	Decrease	31.12.02
Gross value	676.6	(11.4)	45.6	(3.5)	707.3
Amortisation	(581.2)	33.9	(41.3)	1.9	(586.7)
Provisions	(16.3)	0.3	(12.2)	5.0	(23.2)
Net book value	**79.1**	**22.8**	**(7.9)**	**3.4**	**97.4**

3.2 Other intangible fixed assets

(€ million)	01.01.02	Change in the scope of consolidation and restatements	Increase	Decrease	31.12.02
Cost					
Business goodwill (1)	338.2	434.4	–	–	772.6
Brands and software	45.6	18.0	5.4	(2.7)	66.3
Gross value	**383.8**	**452.4**	**5.4**	**(2.7)**	**838.9**
Business goodwill	–	–	–	–	–
Brands and software	(27.2)	(12.9)	(7.4)	3.3	(44.2)
Amortisation	***(27.2)***	***(12.9)***	***(7.4)***	***3.3***	***(44.2)***
Net book value	**356.6**	**439.5**	**(2.0)**	**0.6**	**794.7**

(1) Business goodwill is composed of identified intangible assets arising on the allocation of goodwill, broken down as follows:

(€ million)	01.01.02	Allocation for the year	31.12.02
Eurosport SA	241.3	–	241.3
Eurosport France	75.0	–	75.0
Série Club	21.9	–	21.9
Groupe TPS	–	420.3	420.3
Visiowave	–	14.1	14.1
Total	**338.2**	**434.4**	**772.6**

The monitoring of this business goodwill, in accordance with the methodology described in 2.7, discloses no impairment of value at December 31, 2002.

3.3 Goodwill

(€ million)	Gross value at 01.01.02	Change in scope of consolidation and restatements	Gross value at 31.12.02	Amortisation at 01.01.02	Increase	Change in scope of consolidation and restatements	Amortisation at 31.12.02	Net value at 31.12.02
Parmentier Production	0.5	–	0.5	(0.5)	–	–	(0.5)	–
CIC	0.5	–	0.5	(0.5)	–	–	(0.5)	–
Protécréa	0.6	–	0.6	(0.6)	–	–	(0.6)	–
Syalis	0.2	–	0.2	(0.2)	–	–	(0.2)	–
Groupe Glem	7.5	0.8	8.3	(7.5)	(0.8)	–	(8.3)	–
Film Par Film	3.5	–	3.5	(3.5)	–	–	(3.5)	–
Téléshopping	2.8	–	2.8	(2.4)	(0.4)	–	(2.8)	–
Eurosport (ESO)	80.7	–	80.7	(5.2)	(4.0)	–	(9.2)	71.5
Téléma	5.0	–	5.0	(2.0)	(1.0)	–	(3.0)	2.0
Eurosport France	25.9	–	25.9	(1.4)	(1.3)	–	(2.7)	23.2
SETS	14.8	–	14.8	(0.7)	(0.8)	–	(1.5)	13.3
Quai Sud	2.4	–	2.4	(0.3)	(0.6)	–	(0.9)	1.5
Multivision	–	3.0	3.0	–	–	(3.0)	(3.0)	–
Total	**144.4**	**3.8**	**148.2**	**(24.8)**	**(8.9)**	**(3.0)**	**(36.7)**	**111.5**

The monitoring of this goodwill, in accordance with the methodology describes in 2.7, does not require any revision to the amortisation provisions.

3.4 Tangible fixed assets

Movements of tangible fixed assets and of the corresponding depreciation during the year are summarised as follows:

(€ million)	01.01.02	Change in the scope of consolidation and restatements	Increase	Decrease	31.12.02
Cost					
Land	45.7	–	–	–	45.7
Buildings	58.0	–	–	–	58.0
Technical facilities and equipment (1)	146.3	5.8	3.5	(7.3)	148.3
Other tangible assets (2)	116.3	182.5	22.2	(16.1)	304.9
Assets under construction	3.2	(3.9)	6.0	(0.6)	4.7
Gross value	***369.5***	***184.4***	***31.7***	***(24.0)***	***561.6***
Buildings	(18.3)	–	(2.6)	–	(20.9)
Technical facilities and equipment	(102.8)	(0.3)	(16.7)	4.8	(115.0)
Other tangible assets	(76.9)	(97.8)	(46.2)	12.8	(208.1)
Amortisation	***(198.0)***	***(98.1)***	***(65.5)***	***17.6***	***(344.0)***
Net book value	***171.5***	***86.3***	***(33.8)***	***(6.4)***	***217.6***

(1) Including leasing : €8.3 M.
(2) Including leasing : €45.8 M.

Notes to the consolidated financial statements

3.5 Financial assets

(€ million)	01.01.02	Change in the scope of consolidation and restatements	Increase	Decrease	31.12.02
Investments consolidated under the equity method	1.8	(0.6)	–	(1.2)	–
Investments and loans to associated undertakings	9.3	(0.1)	2.0	–	11.2
Other financial assets	21.9	(18.0)	0.5	(0.7)	3.7
Total gross value	**33.0**	**(18.7)**	**2.5**	**(1.9)**	**14.9**
Provisions	(7.1)	2.0	–	–	(5.1)
Total net book value	**25.9**	**(16.7)**	**2.5**	**(1.9)**	**9.8**

The acquisition of shares in consolidated companies (which do not appear in the above table as they are eliminated on consolidation) are detailed below in note 5.1 relating to the cash flow statement.

3.6 Programmes and film rights

The following table provides a breakdown of stocks of programmes and film rights, in accordance with 2.8.

(€ million)	01.01.02	Change in the scope of consolidation and restatements	Net change	31.12.02
TF1 core channel	672.6	–	20.0	692.6
TPS group	–	43.2	14.2	57.4
Eurosport group	16.4	–	1.2	17.6
TF6	2.9	–	(0.4)	2.5
Série Club	3.0	–	–	3.0
Odyssée	1.2	–	(0.2)	1.0
Total gross value	**696.1**	**43.2**	**34.8**	**774.1**
Provisions	(102.8)	–	(4.7)	(107.5)
Total net book value	**593.3**	**43.2**	**30.1**	**666.6**

3.7 Other debtors and adjustment accounts

(€ million)	31.12.02			31.12.01
	Gross value	Provisions	Net value	Net value
Other operating debtors (government, local authorities, staff, social organisation and others)	236.2	–	236.2	217.4
Sundry debtors (tax, assets sale proceeds, current accounts and others)	98.6	(23.1)	75.5	117.5
Adjustment accounts (1)	143.6	–	143.6	97.5
Deferred taxation (2)	48.2	–	48.2	44.5
Total	**526.6**	**(23.1)**	**503.5**	**476.9**

(1) Adjustment accounts mainly comprise prepayments related to the broadcasting of sports events for €110.9 M.
(2) Deferred tax assets relate essentially to provisions for charges that only become deductible for tax purposes when paid, and provisions for amortisation of programmes. Deferred tax assets not recognised (since their realisation is judged improbable) amount to €37.6 M and are mainly carry forward tax losses.

3.8 Marketable securities and cash at banks and in hand

- Cash at bank and in hand amounted to €30.6 M.
- Marketable securities, for a net amount of €24.4 M, consist of:
  - €23.8 M in money market funds (on which all capital gains have been realised at December 31, 2002),
  - other securities having a net value of €0.4 M,
  - €0.2 M worth of TF1 shares. These securities were bought in order to fulfil the stock option plan set up in October 1995 for certain employees and directors of TF1.

3.9 Shareholders' funds

Movements of shareholders' funds in the last three accounting periods are indicated in the following table:

(€ million)	Share capital	Revaluation reserves	Retained earnings	Shareholder's funds
Shareholder's funds at 31 Dec. 99	**32.2**	**4.7**	**493.5**	**530.4**
Capital increase	10.0	(4.7)	(5.3)	–
Dividends	–	–	(95.8)	(95.8)
2000 net profit	–	–	250.3	250.3
Shareholder's funds at 31 Dec. 00	**42.2**	**0**	**642.7**	**684.9**
Capital increase (1)	0.2	–	18.9	19.1
Adjustment for treasury shares	–	–	(7.4)	(7.4)
Dividends	–	–	(136.5)	(136.5)
2001 net profit	–	–	210.3	210.3
Shareholder's funds at 31 Dec. 01	**42.4**	**0**	**728.0**	**770.4**
Capital increase (2)	0.4	–	17.1	17.5
Dividends	–	–	(136.9)	(136.9)
2002 net profit	–	–	155.2	155.2
Shareholder's funds at 31 Dec. 02 (3)	**42.8**	**0**	**763.4**	**806.2**

(1) Capital increase reserved to employees.
(2) Stock options exercised.
(3) Share capital is divided into 214,050,579 ordinary shares with a nominal value of €0.20 per share. Share capital is fully subscribed.

3.10 Minority interest

Movements in minority interest in the last three accounting periods are indicated in the following table:

(€ million)	2002	2001	2000
Opening minority interest	0.3	(0.9)	0.3
Change in the scope of consolidation	2.2	0.8	–
Dividends	(1.8)	(0.7)	(1.6)
Net profit	(0.1)	1.1	0.4
Closing minority interest	0.6	0.3	(0.9)

3.11 Government grants for investment

These primarily consist of a grant obtained by TF1 Films Production from the National Cinema Council (CNC). In 2002, €7.8 M was credited to the profit and loss account, as against €9.1 M in 2001.

Notes to the consolidated financial statements

3.12 Provisions for liabilities and charges

Provisions, as indicated in note 2.11, are as follows:

(€ million)	01.01.02	Change in the scope of consolidation and restatements	Increase	Release used	Release not used	31.12.02
Claims (1)	17.6	14.1	7.3	(6.0)	(6.4)	26.6
Associated companies	0.2	–	–	–	–	0.2
Other provisions (2)	14.0	11.4	19.3	(11.2)	(5.7)	27.8
Sub-total	**31.8**	**25.5**	**26.6**	**(17.2)**	**(12.1)**	**54.6**
Pension costs	13.5	0.3	2.8	–	–	16.6
Equity method (3)	90.3	(90.3)	0.2	–	–	0.2
Negative goodwill	0.0	–	–	–	–	0.0
Total	**135.6**	**(64.5)**	**29.6**	**(17.2)**	**(12.1)**	**71.4**

(1) Claims include:

- disputes with TF1 core channel customers	5.5
- disputes with others customers	2.6
- disputes at TPS for forgery	3.5
- legal disputes with private companies	14.2
- disputes with employees	0.8
Total	**26.6**

(2) Other provisions cover the following risks:

- returned goods from publishing and distribution activities	7.8
- TPS set top boxes lost or stolen	6.5
- renewal of TPS cards due to piracy	4.2
- taxation	5.9
- miscellaneous	3.4
Total	**27.8**

(3) The provisions for liabilities and charges previously made in respect of companies consolidated under the equity method (TPS and TCM), for an amount of €90.3 M, became redundant on the proportionate consolidation of these companies in 2002.

Provisions for liabilities and charges are valued so as to cover claims and other risks linked to group activities that could lead to a definite or likely cash outflow. Claims that might generate a potential cash outflow have not been accounted for. At December 31, 2002, they represent a liability of €5 M. No other potential liability has been identified at year-end.

3.13 Deferred taxation liabilities

Deferred tax liabilities principally relate to the cancellation of accelerated amortisation. They may be analysed as follows:

(€ million)	2002	2001	2000
TF1	54.4	53.5	46.5
Subsidiaries	14.0	9.5	9.7
Total	**68.4**	**63.0**	**56.2**

3.14 Financial debt

At December 31, 2002, the breakdown of the consolidated financial debt is broadly as follows:

(€ million) Description	Amounts drawn: Maturity less than one year	Amounts drawn: Maturity between one and five years	Total
Committed revolving credit lines (1)	172.7	–	172.7
Bouygues Relais agreement	317.9	–	317.9
Leasing (2)	6.4	15.4	21.8
Sub-total credit lines	497.0	15.4	512.4
Current bank overdrafts	18.6	–	18.6
Current accounts and others	16.6	–	16.6
Total financial debt	**532.2**	**15.4**	**547.6**

(1) Including TPS: 157.6.
(2) Including TPS: 18.2.

TF1's exposure to liquidity risk is analysed below in note 6.3.1.

The breakdown of financial debt between fixed and variable rates, and after taking into accounts hedging operations, is as follows:

	31.12.02
Fixed rate debt	85%
Variable rate debt	15%

See detail in note 6.3.2.

The sensitivity of TF1 consolidated accounts to rate changes is analysed in note 6.3.2.

TF1 group financial debt is not supported by mortgages guarantees or changes over property.

3.15 Other creditors and adjustment accounts

The breakdown is as follows:

(€ million)	2002	2001	2000
Taxes and social security	322.4	278.1	322.8
Fixed assets creditors	94.5	8.7	17.4
Other creditors	205.2	206.9	224.8
Adjustment and related accounts	61.2	36.0	27.8
Total	**683.3**	**529.7**	**592.8**

The increase in taxes and social security is due essentially to value added tax collected and corporate income tax; and that in other creditors to credit notes to be issued.

At December 31, 2002, fixed assets creditors include the unpaid portion, amounting to €77.3 M, of the amount due on the acquisition of TPS.
Adjustment accounts mainly comprise prepayments (incl. €28.8 M from TPS subscribers).

Notes to the consolidated financial statements

3.16 Due dates for debtors and creditors

All trade debtors are due within less than one year. Other debtors and creditors are due as follows:

(€ million)	Less than one year	Between one and five years	Over five years	Total
Other debtors	443.3	56.3	3.9	503.5
Financial creditors and loans	532.2	15.4	–	547.6
Trade creditors	885.0	23.8	43.9	952.7
Other creditors	681.2	2.1	–	683.3

4 Notes to the consolidated profit and loss account

4.1 Other operating expenses

Other operating expenses include the following items:

(€ million)	2002	2001	2000
Transmission costs (TDF)	65.4	65.3	65.6
Subcontracting and production costs	339.5	306.8	336.4
Sundry contributions	168.5	161.4	161.0
Taxes and levies	35.4	30.8	25.0
Other operating expenses	743.0	501.7	415.4
Total	**1,351.8**	**1,066.0**	**1,003.4**

4.2 Financial profit/(loss)

The financial profit/(loss) for 2002 comprises the following:

(€ million)	2002	2001	2000
Net profits/(losses) on the sale of marketable securities	0.5	(31.1)	27.1
Net provisions/(releases) for contingencies and financial investments	–	0.7	(4.4)
Provisions/(releases) for marketable securities	(7.8)	8.9	(7.8)
Interest	(17.6)	(5.2)	0.9
Foreign exchange gains/(losses)	(7.4)	4.4	2.4
Other	2.6	4.3	(0.2)
Total	**(29.7)**	**(18.0)**	**18.0**

4.3 Exceptional items

Exceptional items in 2002 comprise the following:

(€ million)	2002	2001	2000
Capital gains/(losses) on disposal of fixed assets	(2.0)	(0.1)	(0.6)
Net provisions	(0.6)	–	1.1
Donations	(2.3)	(2.0)	(0.3)
Reimbursement of the radio tax	–	4.8	–
Other	0.5	1.9	(0.6)
Total	**(4.4)**	**4.6**	**(0.4)**

4.4 Corporate income tax

(€ million)	2002	2001	2000
Current taxation	92.8	117.5	156.2
Deferred taxation	1.4	5.2	(1.4)
Total	**94.2**	**122.7**	**154.8**

Deferred taxation is calculated on the liability basis at the rate of 35.43 % (common rate) and 20.20% (reduced rate) at December 31, 2002.

The effective tax rate of 37.8% corresponds to the total tax charge (€94.2 M) as a percentage of pre-tax profit. The 2.4 pt. difference compared with the common rate arises principally because goodwill amortisation charged is not deductible.

Since January 1, 1989, TF1 has opted for tax consolidation treatment, an option renewed on January 1, 1994 and 1999. Tax savings by reason of the tax losses of subsidiaries are always reimbursed to those companies.

4.5 Companies consolidated under the equity method

Significant figures (€ million) 100%	TV Breizh
Net fixed assets	2.7
Financial debt	6.9
Total net assets	10.4
Consolidated turnover	5.2
Consolidated operating profit	(5.4)
Consolidated net loss	(5.4)

Notes to the consolidated financial statements

4.6 Incidence on profit of the principal consolidated adjustments at December 31, 2002

(€ million)	
TF1 SA profit	198.0
Losses of consolidated subsidiaries	23.8
	221.8
Restatements	
- Net provision for amortisation of programmes[1]	(0.8)
- Elimination of regulated provisions	2.6
- Elimination of inter-group provisions	(53.5)
- Deferred taxation	(1.4)
- Dividends received from subsidiaries	56.4
- Cancellation of inter-group capital gains	(65.1)
- Goodwill amortisation	(8.9)
- Other	4.0
Net profit of consolidated companies	**155.1**
Minority interest	0.1
Net profit attributable to the Group	**155.2**

(1) Programmes likely not to be broadcast, on which accelerated depreciation has been provided at the company level (and reversed on consolidation) give rise to an additional amortisation charge.

5 Notes to the cash flow statement

The cash flow statement has been drawn up in accordance with the method advocated by the Accounting Regulation Committee (99-02).

5.1 Purchases of financial assets

The purchases of financial assets in 2002 are as follows:

Companies purchased (€ million)	31.12.02
TPS	356.0
Visiowave	12.6
Others	4.2
Total	**372.8**

The financial investments made by the TF1 group in 2002 mainly comprise its increased stake in TPS from 25% to 66% (see note 2.2). This increase has been made in two steps:
- during the first half of 2002, the purchase of the 25% stake jointly owned by France Télévision and France Télécom, for a total amount (including incidental costs) of €196.9 M;
- during the second half of 2002, the purchase of the 25% stake of Suez, for a total amount (including incidental costs) of €159.1 M, and the immediate sale of a 9% stake in TPS to M6, on the basis of their acquisition cost (see note 5.2).

At December 31, 2002, TPS was jointly owned by TF1 (66%) and M6 (34%).

5.2 Disposal of fixed assets

(€ million)	31.12.02
Disposal of tangible and intangible fixed assets	6.4
Disposal of financial assets	54.7
Total	**61.1**

The disposal of financial assets mainly comprises the sale to M6 of the 9% stake in TPS, for €54.4 M (see note 5.1).

5.3 Movement of net indebtedness in respect of financial fixed assets

Payment for the TPS stake acquired from Suez, and the receipt of the proceeds for the rate of the TPS stake to M6, both take place in accordance with the agreements between the different parties. Those agreements provide for 50% of each transaction to carried out by December 31, 2002, with the balances appearing in the balance sheet as amount due for acquisition of shares and debtors for shares sold respectively.
The movement in such indebtedness (€50.2 M) thus mainly consists of half of the acquisition cost of the Suez stake in TPS (€77.3 M), reduced by half of the sale proceeds for the TPS stake to M6 (€27.2 M).

6 Other information

6.1 Sector information

6.1.1 Contributions by sector to the profit and loss account

(€ million)	Turnover			Operating profit		
	2002	2001 pro forma	2001	2002	2001 pro forma	2001
TF1 core channel	1,538.7	1,528.3	1,533.3	274.4	376.6	375.8
Publishing-Distribution	338.0	274.6	274.6	30.6	14.3	14.3
TPS	289.6	261.8	–	(13.8)	(49.2)	–
Eurosport	293.9	292.1	298.0	25.9	23.0	23.0
Thematic channels	47.2	53.2	64.2	(10.9)	(6.6)	(6.6)
Internet	11.0	7.9	7.9	(8.9)	(14.8)	(14.8)
Production	56.8	68.6	68.7	3.6	2.1	2.1
Audiovisual rights	46.8	35.3	35.5	(7.5)	(17.8)	(17.8)
Miscellaneous	2.7	–	–	0.1	–	–
Total	**2,624.7**	**2,521.8**	**2,282.2**	**293.5**	**327.6**	**376.0**

6.1.2 Contributions by sector to the balance sheet

(€ million)	Net fixed assets		
	2002	2001 pro forma	2001
TF1 core channel	161.7	204.4	204.4
Publishing-Distribution	4.6	4.4	4.4
TPS	491.7	453.9	–
Eurosport	430.6	436.4	436.4
Thematic channels	22.8	24.9	24.9
Internet	0.8	2.4	2.4
Production	44.0	34.8	34.8
Audiovisual rights	58.9	45.3	45.3
Miscellaneous	15.9	–	–
Total	**1,231.0**	**1,206.5**	**752.6**

Notes to the consolidated financial statements

6.1.3 TPS sub-group: summarized consolidated financial statements

• Consolidated balance sheet of the TPS sub-group (100%) at December 31, 2002:

(€ million) ASSETS		EQUITY AND LIABILITIES	
Intangible fixed assets (1)	6.8	Share capital	1.8
Tangible fixed assets	101.0	Consolidated reserves	(291.6)
Financial assets	0.4	Loss for the year	(36.8)
Fixed assets	108.2	Shareholders' funds	(326.6)
Programmes and film rights	87.0	Provisions for liabilities and charges	39.3
Trade debtors	109.4	Borrowings and financial liabilities	273.3
Other debtors and adjustment accounts	64.5	Trade creditors	315.5
Marketable securities and cash at bank and in hand	22.5	Other creditors and adjustment accounts	90.1
TOTAL	**391.6**	**TOTAL**	**391.6**

(1) The above balance sheet does not include the proportion of business goodwill arising on the goodwill allocation described in note 3.2.

• Consolidated profit and loss account of the TPS sub-group for the year ended December 31, 2002:

(€ million)	TPS 100%	TF1 share (50/66 %) (1)
Turnover	500.4	290.3
Other operating revenue	0.4	0.2
Total operating revenue	500.8	290.5
External production costs	(74.6)	(54.5)
Staff costs	(43.8)	(24.9)
Other operating expenses	(344.4)	(190.8)
Depreciation, amortisation and provisions:		
- Depreciation and amortisation	(62.5)	(35.8)
- Provisions	1.3	1.7
Operating profit	(23.2)	(13.8)
Financial revenue	1.0	0.6
Financial expense	(13.5)	(7.7)
Financial loss	(12.5)	(7.1)
Exceptional loss	(1.1)	(0.9)
Net loss attributable to the group	(36.8)	(21.8)

(1) Before elimination of inter-company transactions at the TF1 level.

6.2 Commitments and contingencies

Commitments and contingencies related to the day-to-day business of theTF1 group are analysed as follows at December 31, 2002:

Commitments given

(€ million)	Less than one year	Between one and five years	Over five years	Total 2002	Total 2001
Programmes and broadcasting rights (1)	332.8	448.3	4.2	785.3	674.3
Sports transmission rights (1)	166.1	352.1	–	518.2	777.3
Image transmission	84.6	199.4	105.0	389.0	63.2
Leasing	0.1	0.1	–	0.2	0.4
Operating leases	13.5	44.1	6.7	64.3	–
Guarantees	6.0	–	–	6.0	69.5
Other commitments	57.8	65.0	13.2	136.0	108.9
Total	**660.9**	**1,109.0**	**129.1**	**1,899.0**	**1,693.6**

(1) Including €60.5 M in CHF and €142.9 M in USD.

Commitments received

(€ million)	Less than one year	Between one and five years	Over five years	Total 2002	Total 2001
Programmes and broadcasting rights (1)	332.8	448.3	4.2	785.3	672.1
Sports transmission rights (1)	166.1	352.1	–	518.2	777.3
Image transmission	84.6	199.4	105.0	389.0	63.2
Operating leases	13.5	44.1	6.7	64.3	–
Guarantees	6.2	–	–	6.2	7.5
Other commitments	51.6	45.5	–	97.1	40.0
Total	**654.8**	**1,089.4**	**115.9**	**1,860.1**	**1,560.1**

(1) Including €60.5 M in CHF and €142.9 M in USD.

Programmes and broadcasting rights
The acquisition of broadcasting rights and co-productions giving rise to a definite contractual liability for the group prior to the year end – but for which technical approval has not been given at that date – appear commitments given and received. These liabilities are valued at their contractual amounts, after deduction of the contractual financing amounts, which are shown in "Programmes and broadcasting rights" on the balance sheet. These commitments concern mainly TF1 SA (€595.2 M) and TPS (€136.0 M).

Sports transmission rights
The acquisition of sports transmission rights, which give rise to a definite contractual liability for the group prior to the year end, are included in commitments given and received at the value not yet invoiced.
These commitments concern mainly TF1 SA (€224.1 M) and Eurosport (€258.8 M).

Image transmission
Commitments under this heading comprise:
- in respect of TF1, the fees payable to TDF for a broadcasting service, until the expiry of the contact;
- in respect of Eurosport and TPS, rental payable (until contract expiry) to private companies for satellite capacity and transmitter-receiver.

Notes to the consolidated financial statements

Leasing
GIE Aphélie, the entity from which TF1 leases the property it has occupied since 1992, entered the consolidation scope with effect from January 1, 2000, in accordance with the provisions of regulation 99-02 of the Accounting Regulations Committee. Since that date, the commitment under the leasing contract has been included in the consolidated financial statements of the group.
Other leasing commitments either are not significant or have been restated for consolidated financial statements in accordance with note 2.1.

Operating leases
Included here are – in both commitments given and received – the minimum future payments due under operating leases which are non-cancellable and current at the year end. Only those leases, which are significant at group level, have been taken into account and they comprise principally property leases, in particular offices occupied by TF1 and the French companies which are members of the Eurosport group.

Guarantees
This covers deposits and guarantees made under commercial contracts or leases.

Other commitments
This covers mainly:
- contractual obligations under financial instruments to hedge exchange rate risks, principally future currency purchases and sales (see note 6.3.5). These have been marked to market at the year-end; thus, for a forward purchase contract, the commitment given is valued at the future rate and the commitment received at the reverse rate. Conversely, for a forward sale contract, the commitment given is valued at the reverse rate and the commitment received at the future rate;
- fees contractually due to the Eurosport Consortium (commitment given);
- miscellaneous contracts for the supply of materials and the provision of services as part of the recurring business activities of group companies; in particular, contracts to purchase TPS terminals and the related computer and technical maintenance;
- sale of TF1 share purchase options (see note 2.3 of the Notes to the financial statements of TF1 SA).

No complex obligation has been entered into by the TF1 Group at December 31, 2002.

The above description omits no off-balance sheet items, which would be significant under the terms of accounting standards in force.

6.3 Financial market risks

6.3.1 Liquidity risk
As shown in the table below, the cash position of the TF1 Group at December 31, 2002 remains strong: TF1 has confirmed credit lines amounting to €1,292.8M, with the maturity dates mainly falling between one and five years ahead. Lines drawn amount to €512.4 M less than 40% of the total available.

(€ million)		Authorized credit lines maturity			Amounts drawn maturity			Available
Description	Fixed or variable	Less than one year	Between one and five years	Total	Less than one year	Between one and five years	Total	
Committed revolving credit lines	–	135.0	405.0	540.0	172.7	–	172.7	367.3
Syndicated loans	–	95.0	636.0	731.0	–	–	–	731.0
Leasing	–	6.4	15.4	21.8	6.4	15.4	21.8	–
Total authorisations		**236.4**	**1,056.4**	**1,292.8**				
Bouygues Relais agreement (1)	–	500.0	–	500.0	317.9	–	317.9	182.1
Total drawn					**497.0**	**15.4**	**512.4**	

(1) The Bouygues Relais credit supports the continued bank credits of the group and does not constitute an additional line of credit.

Under the two principal syndicated credits, the group is required to maintain two financial ratios habitually demanded by banks:
- net financial indebtedness/EBITDA (operating profit + depreciation, amortisation and provision),
- EBITDA/net financial interest.
At December 31, 2002, the constraints imposed by these ratios were comfortably satisfied.

6.3.2 Interest rate risk
The maturity dates of financial assets and debts are as follows at December 31, 2002:

(€ million)	Less than one year	Between one and five years	Over five years	Total
Variable rate financial liabilities (1)	513.6	15.4	–	529.0
Financial assets (2)	(32.1)	–	–	(32.1)
Net position before management action	481.5	15.4	–	496.9
Interest rate hedges (3)	(449.6)	–	–	(449.6)
Net variable rate position after management action	**31.9**	**15.4**	–	**47.3**

(1) The variable rate financial liabilities comprise indebtedness due in less than one year (€532.2 M), from which are deducted credit balances at bank (€18.6 M), since this amount is not exposed to interest rate risk.
(2) Marketable securities gross (excluding treasury shares).
(3) The nominal value of interest rate hedge instruments is spread over the period covered.

The consolidated indebtedness of less than one year exposed to interest rate risk amounts to €513.6 M. This is protected as to €449.6 M by swaps and caps put in place. At December 31, 2002, the position of the TF1 debt at fixed rate (taking into account the hedging instruments) is €449.6 M against a total (excluding credit balances at bank) of €529.0 M, i.e. 85% (see note 3.14) and the net short-term position to be renewed (after the financial assets described above) is €31.9 M.

Notes to the consolidated financial statements

Thus, a sudden rise of 1% in short term interest rates would cause financial expenses to increase by €0.3 M for the whole of 2003, on this basis. This incidence would represent 1.8% of the financial expenses borne in 2002 in respect of debt.

6.3.3 Exchange rate risk

The exposure of the group to exchange rate risk arises principally from the business activities of TF1 and its subsidiaries in currencies other than the euro. The table below summarises this exposure by currency at December 31, 2002 (amounts converted at the closing rate).

(€ million)	USD	CHF	GBP	Other currencies	Total
Assets	30.5	23.7	16.1	7.5	77.8
Liabilities	(47.7)	(31.6)	(8.9)	(1.3)	(89.5)
Before management action	(17.2)	(7.9)	7.2	6.2	(11.7)
Off-balance sheet positions (1)	45.9	–	(36.0)	(6.6)	3.3
Net position after management action (2)	**28.7**	**(7.9)**	**(28.8)**	**(0.4)**	**(8.4)**

(1) Essentially forward currency purchase and sale contracts.
(2) The net position after management action in sterling results from a hedging instrument of which the underlying asset is future turnover (thus not yet recognised in the financial statements).

The consolidated net position in euros after taking account of hedges (valued at the closing rate) for the whole TF1 group is a purchase balance of €8.4 M.

The risk of loss on the overall net currency position by reason of an unfavourable and uniform movement of one euro centime against all the currencies concerned would be negative to the extent of €0.7 M for a full year.

6.3.4 Investment risk

TF1 has no exposure to the risk of price movements in securities held.

6.3.5 Risk management policy

At the end of each year, "budget rates" are established for the following year in respect of currency and interest rates. These budgeted rates are validated by the Chief Executive Officer and then become the rate to be adopted for the purpose of hedging instruments.

Daily monitoring of the markets is effected in real time by using financial information software.

The position is reviewed each month with the Chief Executive Officer with regard to open positions so as to validate the strategy seeking to meet the budgeted rates.

The group manages its exposure to exchange rate and interest rate risk by using simple hedging instruments such as swaps, forward sale and purchase contracts and simple options.

6.4 Employees

The number of employees at the financial year-end, according to the standards in force under the Collective Agreement on Communication and Audiovisual Production, was as follows:

	2002	2001	2000
College 1 - Workers and clerical employees	116	87	90
College 2 - Technical staff	752	720	697
College 3 - Managerial and executive staff	2,142	1,689	1,413
College 4 - Journalists	470	406	397
Total	**3,480**	**2,902**	**2,597**

6.5 Executive compensation

Remuneration of the 8 executive directors (composed of three group board members and five divisional group directors) for the year ended December 31, 2002 amounted to €5,213,394.

No significant personal loans or guarantees have been granted to any Director or Board Member apart from share loans to Directors who are also Board Members.

6.6 Share purchase options and share subscriptions options

Information relating to options granted to employees is given in paragraph 5.6 of the Report of the Board of Directors.

6.7 Risks in emerging countries

TF1's activity and profit were not impacted by crises in emerging countries.

6.8 Subsequent event

No significant event has occurred since the end of 2002, which impacts these financial statements.

TF1 SA balance sheet

ASSETS *(€ million)*	*Notes*	31.12.02 Net	31.12.01 Net	31.12.00 Net
Intangible fixed assets	*1.2 and 2.1*	**187.4**	**214.6**	**184.8**
Franchises and other similar rights		0.2	0.3	0.4
Brand		0.0	0.0	0.0
Goodwill		0.0	0.0	0.0
Other intangible fixed assets		0.0	0.0	0.0
Co-production ready for broadcasting		109.0	107.8	89.1
Co-production rights available for rebroadcasting		53.0	49.7	44.3
Co-production in progress		25.2	56.8	51.0
Tangible fixed assets	*1.3 and 2.2*	**36.0**	**45.0**	**51.8**
Land		0.0	0.0	0.0
Freehold buildings		0.0	0.0	0.0
Technical facilities and equipment		14.3	18.2	15.6
Other tangible fixed assets		20.7	25.3	30.6
Tangible fixed assets under construction		1.0	1.5	5.6
Financial assets	*1.4 and 2.3*	**1,048.4**	**551.3**	**330.5**
Investments		655.6	424.3	208.6
Loans to associated undertakings		0.0	0.0	0.0
Other investments held as fixed assets		27.3	27.2	19.3
Loans		364.8	99.1	101.9
Other financial assets		0.7	0.7	0.7
FIXED ASSETS		**1,271.8**	**810.9**	**567.1**
Inventories	*1.5 and 2.4*	**425.0**	**384.9**	**321.0**
Raw materials and consumables		0.6	0.9	1.0
Goods held for resale		0.0	0.0	0.0
Rights ready for broadcasting		171.2	150.9	123.6
Rights for rebroadcasting		143.8	127.7	109.3
Broadcasting rights in progress		109.4	105.4	87.1
Prepayments and accrued income		1.7	4.1	1.9
Trade debtors	*1.6 and 2.5*	362.3	334.6	335.6
Other debtors	*2.5*	436.1	598.0	452.9
Marketable securities and cash at bank and in hand	*1.7 and 2.6*	2.3	2.3	223.7
Prepaid expenses	*2.7*	102.3	83.2	29.7
CURRENT ASSETS		**1,329.7**	**1,407.1**	**1,364.8**
Unrealised losses/gain on foreign exchange		0.9	0.9	0.7
TOTAL ASSETS		**2,602.4**	**2,218.9**	**1,932.6**

TF1 SA balance sheet

SHAREHOLDERS' EQUITY AND LIABILITIES *(€ million)*	Notes	31.12.02	31.12.01	31.12.00
Share capital		42.8	42.4	42.2
Share premium		53.4	36.4	17.5
Revaluation reserve		0.0	0.0	0.0
Legal reserve		4.2	4.2	4.2
Long term capital gain reserve		25.0	25.0	25.0
Other reserves		670.0	530.0	330.0
Retained earnings		74.6	75.3	53.7
Net profit for the year		198.0	276.2	358.1
Government grants for investment	*1.8*	0.0	0.0	0.0
Regulated provisions: programme amortisation	*1.9*	150.4	149.0	125.8
SHAREHOLDERS' FUNDS	*2.8*	**1,218.4**	**1,138.5**	**956.5**
Provisions for contingencies		3.2	9.1	11.5
Provisions for charges		0.9	0.9	0.7
Other provisions for liabilities		31.0	28.0	35.2
PROVISIONS FOR LIABILITIES AND CHARGES	*1.10 and 2.9*	**35.1**	**38.0**	**47.4**
Bank borrowings (1)		18.5	43.8	0.0
Other financial creditors (2)		495.0	241.5	149.6
Trade creditors		444.8	456.8	392.7
Tax and social liabilities		147.4	129.6	205.9
Fixed assets creditors		79.4	2.1	5.9
Other creditors		146.1	152.9	162.7
Prepaid income		16.9	15.6	11.7
CREDITORS AND OTHER LIABILITIES	*2.10*	**1,348.1**	**1,042.3**	**928.5**
Unrealised losses on foreign exchange		0.8	0.1	0.2
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES		**2,602.4**	**2,218.9**	**1,932.6**
(1) Including bank overdrafts		*18.5*	*19.8*	*0.0*
(2) Including current accounts with associated companies		*177.1*	*141.5*	*149.6*

TF1 SA profit and loss account

(€ million)	Notes	2002	2001	2000
Turnover	1.11 and 3.1	**1,552.0**	**1,567.1**	**1,602.2**
Advertising revenue	3.1	1,424.2	1,414.3	1,484.0
Technical services		1.4	1.7	1.3
Other operating revenue		9.6	15.6	6.5
Stored production		0.2	(0.4)	(0.2)
In-house production		0.0	0.0	8.8
Operating grants		0.3	0.0	0.3
Depreciation, amortisation and provisions releases		20.4	26.9	14.1
Expense transfers		92.2	103.6	84.1
Other revenue		3.7	5.4	3.3
Operating expenses		**(1,271.6)**	**(1,176.6)**	**(1,180.7)**
Purchase of raw materials and consumables	3.2	(465.8)	(469.9)	(398.6)
Change in inventory		44.3	64.5	32.3
Other purchases and external expenses		(426.0)	(341.4)	(345.4)
Taxes and levies	3.3	(91.4)	(92.6)	(91.5)
Wages and salaries	3.4	(98.9)	(98.4)	(97.7)
Social security charges	3.5	(43.3)	(43.9)	(43.2)
Depreciation, amortisation and provisions	3.6			
- amortisation of broadcast co-production		(91.8)	(89.4)	(110.4)
- depreciation of other fixed assets		(13.2)	(17.0)	(12.8)
- provisions for intangible assets and current assets		(17.9)	(16.3)	(40.1)
- provisions for liabilities and charges		(2.3)	(6.8)	(5.9)
Other expenses	3.7	(65.3)	(65.4)	(67.4)
OPERATING PROFIT		**280.4**	**390.5**	**421.5**
Net profit from joint operations		0.0	0.0	0.0
Financial revenue		83.5	95.4	60.0
Financial expenses		(53.0)	(49.8)	(35.9)
FINANCIAL PROFIT	3.8	**30.5**	**45.6**	**24.1**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		**310.9**	**436.1**	**445.6**
Exceptional income		**66.7**	**162.8**	**135.9**
Exceptional revenue on operations		0.3	1.1	0.2
Exceptional revenue on fixed assets		19.9	129.3	104.0
Provision releases		46.5	32.4	31.7
Exceptional expenses		**(84.2)**	**(184.9)**	**(59.8)**
Exceptional expense on operations		(2.8)	(2.1)	(0.7)
Exceptional expense on fixed assets		(33.5)	(127.2)	(15.6)
Exceptional depreciation, amortisation and provisions		(47.9)	(55.6)	(43.5)
EXCEPTIONAL PROFIT/(LOSS)	3.9	**(17.5)**	**(22.1)**	**76.1**
Employee profit sharing		(8.7)	(11.6)	(13.5)
Corporate income tax	3.10 and 3.11	(86.7)	(126.2)	(150.1)
NET PROFIT		**198.0**	**276.2**	**358.1**

TF1 SA cash flow statement

(€ million)	2002	2001	2000
1. Operating activities			
• Net profit	198.0	276.2	358.1
• Depreciation, amortisation and provisions(1) (2)	10.2	5.7	34.5
• Investment grants released to revenue	0.0	0.0	0.0
• Gain/(loss) on disposal of fixed assets	0.7	(12.6)	(95.1)
Cash Flow	**208.9**	**269.3**	**297.5**
• Purchase of co-production(2)	(64.2)	(119.0)	(130.3)
• Depreciation, amortisation and provisions of co-production(2)	92.6	112.2	125.6
• Stocks	(40.1)	(63.9)	(5.9)
• Trade debtors	115.2	(197.6)	(147.9)
• Trade creditors	1.1	(18.2)	136.5
• Expenses to amortise	0.0	0.0	0.0
• Net advances from third parties	2.4	(2.2)	2.2
Change in working capital needs	**107.0**	**(288.7)**	**(19.8)**
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**315.9**	**(19.4)**	**277.7**
2. Investing activities			
• Purchase of fixed assets(1) (2)	(5.0)	(10.3)	(32.6)
• Disposal of fixed assets(1) (2)	0.2	0.2	0.9
• Purchase of fixed asset investments	(250.5)	(330.0)	(13.1)
• Disposal of fixed asset investments	19.1	128.9	4.1
• Increase (decrease) in fixed assets creditors	77.3	(3.9)	2.9
• Increase (decrease) in other financial assets	(265.7)	(5.1)	(68.3)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(424.6)**	**(220.2)**	**(106.1)**
3. Financing activities			
• Increase in shareholders' funds	17.4	19.0	0.0
• Net change in loans	229.5	115.9	19.6
• Dividends paid	(136.9)	(136.5)	(96.3)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	**110.0**	**(1.6)**	**(76.7)**
TOTAL INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1.3**	**(241.2)**	**94.9**
Cash at beginning of period	(17.5)	223.7	128.8
Net inflow/(outflow)	1.3	(241.2)	94.9
Cash at end of period	(16.2)	(17.5)	223.7

(1) Co-produced programmes not included.
(2) In the company financial statements, the purchase, consumption and sale of programmes and the expired rights are recorded under "Intangible fixed assets". In order to give a proper comparison with the consolidated accounts, all of the above have been included in "Increase (decrease) in working capital needs".

Notes to the company financial statements

Accounting policies and presentation of the accounts for the twelve-month financial period ended December 31, 2002.

The accounts for the financial year have been prepared in accordance with the legal and statutory provisions currently in force in France.

1 Principal accounting policies

1.1 Comparability of financial statements

No specific element affects the comparability of financial accounts.

1.2 Intangible fixed assets

1.2.1 General principles

a) *Children (excluding Cartoons) - Variety - Theatre - Documentaries - News and Sport.*

Possible transmissions	1	2 or more
1st transmission	100%	100%
2nd transmission	–	–

b) *Cartoons.*

Possible transmissions	1	2 or more
1st transmission	100%	50%
2nd transmission	–	50%

c) *Programmes of duration less than 52 minutes.*

Possible transmissions	1	2 or more
1st transmission	100%	100%
2nd transmission	–	–

d) *Programmes of duration equal to or exceeding 52 minutes.*

Possible transmissions	1	2 or more
1st transmission	100%	80%
2nd transmission	–	20%

A provision is made if it becomes probable that a given programme involving co-production will not be broadcast.

1.2.2 Co-productions ready for broadcasting

The items reported under this heading are all non-broadcast co-productions that have not yet been transmitted. They are accounted for at their purchase cost or overall production cost.

1.2.3 Co-productions rights available for rebroadcasting

Co-productions, which have already been transmitted once, and for which one or more rebroadcastings are still possible, are accounted for under "Co-production rights available for rebroadcasting" and valued at 20% or 50% of their purchase cost, depending on their type.

1.2.4 Co-productions in progress

Co-productions that have not been delivered or are not ready for transmission by the end of the financial year are reported under "Co-productions in progress". These co-productions are valued as the amount of capital expenditure or at the balance sheet dates. The remaining contractual commitment is valued in "Commitments and contingencies".

1.3 Tangible fixed assets

Depreciation methods are set out in the following table:

Technical facilities and equipment	Straight-line or reducing balance	4 to 5 years
Other tangible fixed assets	Straight-line	2 to 10 years

1.4 Financial assets

Financial assets are valued at their purchase cost.
Their value in use is:
- either equal to the proportion of shareholders' equity held in the companies concerned,
- or determined by reference to their business and profitability prospects.

When the value in use is less than purchase cost, amortisation is provided. If necessary, a provision for liabilities and charges is made.

1.5 Inventories

1.5.1 General principles

Broadcasting rights and in-house production are amortised when they are transmitted according to their type and the following amortisation methods:

a) *Purchased TV rights (Children (excluding Cartoons) - Variety - Theatre - Documentaries - News and Sport).*

Possible transmissions	1	2 or more
1st transmission	100%	100%
2nd transmission	–	–

Some purchases of audiovisual rights relating to children's programmes are amortised according to the valuation of each transmission as contractually defined.

b) *Purchased TV rights (Full-length feature Film- Dramas-Series-Cartoons).*

Possible transmissions	1	2 or more
1st transmission	100%	50%
2nd transmission	–	50%

Notes to the company financial statements

c) *Programmes of duration less than 52 minutes.*

Possible transmissions	1	2 or more
1st transmission	100%	100%
2nd transmission	–	–

d) *Programmes of duration equal to or exceeding 52 minutes.*

Possible transmissions	1	2 or more
1st transmission	100%	80%
2nd transmission	–	20%

A provision is made if it becomes probable that a given programme will not be broadcast.

1.5.2 Rights ready for broadcasting

The items reported under this heading are all non-broadcast rights that have not yet been transmitted for the first time. They are accounted for at their purchase cost or overall production cost (direct costs plus attributable production overheads).

1.5.3 Rights available for rebroadcasting

Rights, which have already been transmitted once, and for which one or more rebroadcastings are still possible, are accounted for under “Rights available for rebroadcasting” and valued at 50% or 20% of their purchase cost, according to their type.

1.5.4 Rights in progress

Programmes that have not been delivered or are not ready for transmission by the end of the financial year, as well as broadcasting rights for which the beginning of the validity period falls after the year-end, are reported under “Rights in progress”. These rights are valued as the amount of capital expenditure at the date of the end of the financial year. The remaining capital expenditure is valued in “Commitments and Contingencies”.

1.6 Trade debtors

All trade debtors currently subject to claims are fully provided.
In addition, bad debts are covered by provisions for liabilities, as follows:

- 100% of their total amount, net of tax, for accounts receivable prior to January 1, 2000,
- 50% of their total amount, net of tax, for accounts receivable falling due between January 1, 2000 and December 31, 2000.

Risks on receivables originating after December 31, 2000 and not yet collected at December 31, 2002, are not significant.

1.7 Marketable securities

Marketable securities are valued on the basis of their purchase cost. When the value is lower than the acquisition cost, a provision is made.

1.8 Government grants

If confirmed, government grants for investment are credited to a deferral account and credited to the profit and loss account as and when the corresponding assets are depreciated.

1.9 Regulated provisions

This item essentially relates to accelerated amortisation for tax purposes of in-house productions or co-productions not yet broadcast. This amortisation is calculated from the first day of the month following the end of shooting in accordance with the rules laid down by the French Tax Authorities on July 3, 1970, which define monthly percentages as follows:

1st month	20%
2nd month	15%
3rd to 9th month	5%
10th to 24th month	2%

1.10 Provisions for liabilities and charges

The amount of these provisions is calculated according to the assessment of liabilities existing at the end of each accounting period.

1.11 Adversiting

Advertising revenue corresponds to the amount received from the sale by TF1 Publicité of advertising space and sponsorship, net of its fees.

1.12 Commitments and contingencies

Purchased broadcasting rights and co-productions to which the station was firmly and contractually committed prior to the end of the accounting period, but for which technical approval has not yet been granted, are reported as “Commitments and Contingencies”.

These commitments are valued on the basis of the amount set out in the contract, after deduction of amounts that have been capitalised and recorded under the heading “Programmes and film rights”.

1.13 Pension costs

Pension cost commitments are limited to those laid down in the Collective Agreements of group companies. They are calculated by applying to the forecast final salary the rights as anticipated at the forecast retirement date.

Part of this commitment is covered by insurance, the balance being met by a provision for liabilities and charges (adjusted on a yearly basis).

Notes to the company financial statements

1.14 Financial instruments

The Group uses financial instruments to protect itself from exposure to interest rate and exchange rate fluctuations. The Group operates on currency markets to hedge commitments linked to its business activity only and not for speculative purposes.

Gains and losses on financial instruments used for hedging purposes are determined and accounted for on a symmetrical basis with the losses and gains on the hedge items except in the case of option premiums, which are charged when paid.

2 Notes to the balance sheet

2.1 Intangible fixed assets

Intangible fixed assets essentially refer to programmes and film rights; the following table provides a detailed breakdown of their movements:

SUMMARY OF MOVEMENTS		
(in €M)	2002	2001
Co-productions in progress	59.7	54.3
Co-productions ready for broadcasting	107.8	89.1
Co-productions available for rebroadcasting	50.0	44.6
VALUE OF CO-PRODUCTIONS AS OF JANUARY 1	**217.5**	**188.0**
Add		
INVESTMENTS JANUARY 1 TO DECEMBER 31	**77.1**	**129.4**
Subtract		
DISINVESTMENTS JANUARY 1 TO DECEMBER 31		
Cost of 1st transmission	(83.2)	(81.1)
Cost of 2nd transmission	(8.6)	(8.3)
Total cost of broadcast	**(91.8)**	**(89.4)**
Rights expired	(4.7)	(1.5)
Rights retired	(8.2)	(8.8)
Rights sold (residual book value)	–	(0.2)
TOTAL DISINVESTMENTS JANUARY 1 TO DECEMBER 31	**(104.7)**	**(99.9)**
VALUE OF CO-PRODUCTIONS AS OF DECEMBER 31	**189.9**	**217.5**
BREAKDOWN		
Co-productions in progress	27.6	59.7
Co-productions ready for broadcasting	109.0	107.8
Co-productions available for rebroadcasting	53.3	50.0
Total	**189.9**	**217.5**

As of December 31, 2002, the provision for risk of non-transmission of co-productions amounted to €35.7 M, of which €0.3 M is in provision for depreciation of assets and €35.4 M in existing regulated provisions made as described in note 1.9.

2.2 Tangible fixed assets

Movements in tangible fixed assets for the financial year, as well as the corresponding depreciation, are summarised as follows:

Cost

(in €M)	01.01.02	Increase	Decrease	31.12.02
Technical facilities and equipment	63.2	2.5	4.8	60.9
Other	85.7	2.3	5.3	82.7
Assets under construction	1.5	0.9	1.4	1.0
Total	**150.4**	**5.7**	**11.5**	**144.6**

Depreciation

(in €M)	01.01.02	Increase	Decrease	31.12.02
Technical facilities and equipment	45.0	6.4	4.8	46.6
Other	60.4	6.7	5.1	62.0
Total	**105.4**	**13.1**	**9.9**	**108.6**

2.3 Financial assets

Financial investments

TF1 purchased to the following:

- TF1 Expansion €94.9 M for 100% of share capital
- SACAS €154.7 M for 100% of share capital

TF1 sold to SICCIS the stakes it held in the following companies:

- Tricom for €0.4 M
- TF1 Cinéma for €2.0 M
- Téléma for €9.2 M
- Film Par Film for €7.3 M

At December 31, 2002, the total value of the shares reported in the balance sheet of TF1 SA amounts to €656.7 M less provisions of €1.1 M.

Loans

This heading essentially relates to:

- an equity loan of €42.6 M (€31.0 M nominal value) granted to GIE Aphélie. This loan, including rolled-up interest, would enable the purchase option on the leased building to be exercised in 2009, under the terms and conditions stated in note 4.1;
- a long-term loan granted to GIE Aphélie, bought back by TF1 from a bank pool on March 31, 2000, (residual value on December 31, 2002: €52.3 M);
- a loan granted to Studios 107 (residual value on December 31, 2002: €0.9 M);
- a loan granted to Eurosport (residual value on December 31, 2002: €268.8 M).

Other financial assets

This heading essentially relates to 1,245,387 TF1 shares, for a total amount of €25.9 M.

Notes to the company financial statements

993,850 TF1 shares have been purchased as part of a share buyback programme as described in the information note, which received the Visa 99-305 from the Commission des Opérations de Bourse (COB) on March 30, 1999.
In October 1999, TF1 carried out a capital increase reserved to the group's employees. The subscribers only contributed to 10% of their total investment. The remaining 90% was financed through an underwritten bank loan. As part of this operation, TF1 has sold a call option to a bank at a price of €18.66 covering 709,900 TF1 shares. These TF1 shares are intended to cover this call option.

251,537 shares have been purchased as part of a share buyback programme as described in the information note, which received the Visa 01-436 from the COB on April 24, 2001.
In December 2001, TF1 carried out a capital increase reserved to the group's employees. The subscribers only contributed to 10% of their total investment. The remaining 90% was financed through an underwritten bank loan. As part of this operation, TF1 has sold a call option to a bank at a price of €29.26 covering 97,550 TF1 shares.

2.4 Inventories

This heading essentially relates to non-transmitted broadcasting rights.

	External production	In-house production	Total production	2001
Rights ready for 1st broadcasting	177.7	1.9	179.6	157.6
Rights available for rebroadcasting	159.0	–	159.0	135.5
Rights in progress	104.9	1.0	105.9	87.3
VALUE OF PROGRAMMES AS OF JANUARY 1	**441.6**	**2.9**	**444.5**	**380.4**
Add				
Investment January 1 to December 31	**463.7**	**359.0**	**822.7**	**734.7**
Subtract				
Disinvestments January 1 to December 31				
Cost of 1st transmissionn	364.9	346.7	711.6	620.7
Cost of 2nd transmission	34.9	–	34.9	29.6
Total cost of broadcast	399.8	346.7	746.5	650.3
Rights expired	10.8	–	10.8	8.3
Rights retired	7.5	12.2	19.7	11.8
Rights sold (residual book value)	0.9	–	0.9	0.2
Total disinvestments January 1 to December 31	**419.0**	**358.9**	**777.9**	**670.6**
VALUE OF PROGRAMMES AS OF DECEMBER 31	**486.3**	**3.0**	**489.3**	**444.5**
CHANGE IN STOCK	**44.7**	**0.1**	**44.8**	**64.1**
BREAKDOWN				
Rights ready for 1st broadcasting	199.9	1.8	201.7	179.6
Rights available for rebroadcasting	177.6	–	177.6	159.0
Rights in progress	108.8	1.2	110.0	105.9
TOTAL	**486.3**	**3.0**	**489.3**	**444.5**

As of December 31, 2002, the provision for risk of non-transmission of rights amounted to €65.0 M.

2.5 Debtors

2.5.1 Trade debtors

TF1 Publicité, as agent of TF1 SA, sells advertising space to advertising agencies. For this, TF1 Publicité receives fees indexed on turnover generated. The balance payable by TF1 Publicité to TF1 SA in respect of such purchases was €180.8 M at December 31, 2002, against €137.4 M at December 31, 2001. This balance is net of sales rebates, which have yet to be granted, and which are included in "Other Creditors".

2.5.2 0ther debtors

This heading essentially relates to VAT receivable for €61.2 M, corporate income tax for €1.5 M and loans granted to subsidiaries under cash management agreements for €355.5 M.

2.5.3 Due dates for debtors

Debtors linked to fixed assets and current assets total €1,169.8 M.
A proportion of the debtors carried under fixed assets (€6.7 M) and current assets (€804.1 M) fall due within one year.
A proportion of the debtors carried under fixed assets (€32.0 M) fall due between one and five years.
A proportion of the debtors carried under fixed assets (€326.9 M) fall due after five years.

2.6 Cash and marketable securities

Marketable securities consist of TF1 shares bought in order to fulfil the stock option plan set up in October 1995 for certain employees and directors of TF1, for an amount of €0.3 M; and money market funds for €0.8 M (on which all capital gains have been realised at December 31, 2002).

2.7 Prepaid expenses

Prepaid expenses account for €102.3 M, including €97.5 M relating to prepaid sports transmissions.

2.8 Shareholders' funds

The share capital is divided into 214,050,579 fully paid ordinary shares each with a nominal value of €0.2.

Notes to the company financial statements

The movements for the financial year were as shown in the following table:

(in €M)	At 01.01.02	Allocation of profit (GM 23.04.02)	Other movements	At 31.12.02
Share capital	42.4	–	0.4 (3)	42.8
Share premium	36.4	–	17.0 (3)	53.4
Legal reserve	4.2	–	–	4.2
Long term capital gain reserve	25.0	–	–	25.0
Retained earnings	75.3	(0.7)	–	74.6
Other reserves	530.0	140.0	–	670.0
Net profit for the year	276.2	(276.2)	198.0	198.0
Sub-total	989.5	(136.9)	215.4	1,068.0
Regulated provisions	149.0	–	1.4 (2)	150.4
Total	**1,138.5**	**(136.9) (1)**	**216.8**	**1,218.4**

(1) Dividends paid on April 30, 2002.
(2) Net movements of the year.
(3) Exercise of share subscription options.

2.9 Provisions for liabilities and charges

Defined as in note 1.10, these provisions break down as shown in the following table:

(in €M)	01.01.02	Increase	Decrease used	Decrease not used	31.12.02
Claims	9.1	0.3	1.7	4.5	3.2
Associated companies	16.1	16.9	15.9	–	17.1
Bad debts	2.7	–	–	–	2.7
Pension costs	9.2	2.0	–	–	11.2
Exchange loss	0.9	0.9	0.9	–	0.9
Total	**38.0**	**20.1**	**18.5**	**4.5**	**35.1**

The provision for bad debts includes TF1's share in the risk of non-collection of accounts receivable relating to TF1 Publicité.

The provisions relating to associated companies correspond to TF1's share of the losses of general partnership subsidiaries.

Provisions for liabilities and charges are valued so as to cover claims and other risks linked to group activities that could lead to a definite or likely cash outflow. Claims that might generate a potential cash outflow have not been accounted for. At December 31, 2002 they represent a liability of €5 M. No other potential liability has been identified at year-end.

2.10 Creditors

2.10.1 Bank borrowings

Bank overdrafts represent at December 31, 2002, an amount of €18.5 M.

The company had €291.1 M of undrawn credit facilities with various banks at December 31, 2002.

The company has subscribed:
– in May 1999 a syndicated loan amounting to €381 M, for a period of 7 years,
– in July 2002 a syndicated loan amounting to €350 M, for a period of 5 years.

This loan has not yet been drawn on.

2.10.2 Other financial creditors

Cash placed at TF1's disposal by its subsidiaries in accordance with cash management agreements is recorded under this heading amounting to €157.1 M (€202.0 M in 2001).

2.10.3 Other creditors

This heading includes credit notes and rebates on tariffs to be granted by TF1, amounting to €141.3 M in 2002 (€148.6 M in 2001).

2.10.4 Due dates for creditors

The creditors, totalling €1,331.2 M, fall due within one year.
€2.1 M of other debts are due after more than one year.

3 Notes to the profit and loss account

3.1 Breakdown of turnover

Advertising revenue amount to €1,424.2 M and correspond to TF1 Publicité's revenue, less the fees enabling TF1 Publicité to cover its operating costs (€122.0 M).

3.2 Purchase of raw materials and consumables

The purchase of broadcasting rights has been accounted for as inventories. Their consumption is determined by reference to their broadcast date or to their retirement.

3.3 Taxes and levies

This heading essentially records TF1's contribution to the French National Cinema Council, business tax and a tax levied by a Social Security agency (ORGANIC) for an amount of €85.0 M in 2002 (€85.3 M in 2001).

3.4 Wages and salaries

This heading includes €6.0 M of fees paid to freelance employees (€6.5 M in 2001).

3.5 Social security charges & employment expenses

This heading includes €3.4 M of employee benefits, relating to the employer's contribution to the Company Savings Plan.

Notes to the company financial statements

3.6 Depreciation, amortisation and provisions

The heading "amortisation of broadcast co-productions" concerns only the amortisation of the shares of broadcast co-productions.

3.7 Other expenses

This item covers payments to authors amounting to €58.2 M in 2002 (€58.1 M in 2001).

3.8 Financial profit

Financial profit for 2002 breaks down as follows:

(in €M)	2002	2001
Dividends	37.0	36.0
Net interest received	13.7	21.7
Provisions for liabilities	(16.8)	(14.2)
Exchange differences	(3.5)	1.0
Profits on sales of marketable securities	0.1	1.1
Net	**30.5**	**45.6**

Financial expenses with respect to associated companies amount to €4.6 M and financial revenue amount to €27.4 M in 2002 (respectively €5.9 M and €30.8 M in 2001).

3.9 Exceptional items

The exceptional items for 2002 break down as follows:

(in €M)	2002	2001
Capital losses on disposal and retirement of programmes	(12.9)	(10.3)
Net provisions (including accelerated amortisation for tax purposes)	(1.4)	(23.2)
Capital gains on disposal of financial assets (1)	0.1	12.8
Other	(3.3)	(1.4)
Net	**(17.5)**	**(22.1)**

(1) Shares reclassification within TF1 Group.

3.10 Corporate income tax

The difference between the theoretical income tax charge (35.43%) and the actual income tax charge (30.4%) mainly results from the deduction of dividends (€37.0 M), employee profit sharing (€(2.9) M) and the net losses recorded by GIE Aphélie (€2.2 M).

Since January 1, 1989, TF1 has chosen the status of tax consolidation, an option renewed on January 1, 1994 and on January 1, 1999.

The tax savings arising due to the tax losses of group companies are reimbursed to those subsidiaries.

3.11 Deferred taxation

(in €M)	Future increase in tax	Future decrease in tax
Regulated provisions	53.3	–
Employee profit sharing, paid vacation, Organic tax, Pension costs provisions, etc	–	10.4

4 Other information

4.1 Commitments and contingencies

On December 31, 2002, the various types of commitments and their due dates are as follows:

Commitments given

(in €M)	Less than one year	Between one and five years	Over five years	Total 2002	2001
Programmes and broadcasting rights (1)	279.7	338.2	0.2	618.1	644.3
Sports broadcasting rights (1)	86.0	138.1	–	224.1	492.8
Real-estate leasing	13.4	70.9	29.0	113.3	133.6
Operating leases	7.1	27.4	2.5	37.0	–
Image transmission contracts	64.5	125.1	–	189.6	–
Guarantees	128.9	122.5	7.7	259.1	64.7
Others	14.6	18.5	–	33.1	22.9
Total	**594.2**	**840.7**	**39.4**	**1,474.3**	**1,358.3**

Commitments received

(in €M)	Less than one year	Between one and five years	Over five years	Total 2002	2001
Programmes and broadcasting rights (1)	279.7	338.2	0.2	618.1	644.3
Sports broadcasting rights (1)	86.0	138.1	–	224.1	492.8
Real-estate leasing	13.4	70.9	29.0	113.3	133.6
Operating leases	7.1	27.4	2.5	37.0	–
Image transmission contracts	64.5	125.1	–	189.6	–
Others	11.7	16.1	–	27.8	16.1
Total	**462.4**	**715.8**	**31.7**	**1,209.9**	**1,286.8**

(1) Including €9.9 M in USD and €48.7 M in CHF.

The heading "Programmes and broadcasting rights" includes long-term contracts relating to variety and game shows and entertainment programmes for €373.5 M. The item "Sports broadcasting rights" mainly includes pluri-annual contracts.

No complex obligation has been entered into by TF1 at December 31, 2002.

The above details omit no off-balance sheet, which would be significant under the terms of accounting standards in force.

Notes to the company financial statements

Group's commitments regarding real-estate leasing contracts
In June 1994, TF1 leased from GIE Aphélie the office building, 1 quai du Point du Jour in Boulogne, that it had been occupying since 1992. This capital lease contract has a 15 years' term and amounts to €164.6 M (excluding interest charges):
- land €45.7 M
- building €57.9 M
- equipment €61.0 M

Since June 30, 2001, TF1 has had an option to purchase the property at its net book value. This financial lease contract replaces the 12-year commercial lease originally contracted between TF1 and GAN.

Original value		164.6
Lease payments(1)		101.6
- accumulated	88.2	
- financial year	13.4	
"Theoretical" depreciation charges(2)		72.5
- accumulated	64.0	
- financial year	8.5	
Estimated remaining future lease payments(3)		
- less than one year	13.4	
- between one and five years	70.9	
- more than five years	29.0	
Purchase option on the building in 2009		67.1

(1) Including capital repayment of €29.7 M.
(2) Depreciation charges that would have been accounted for if the company owned the building.
(3) Lease payments calculated using a theoretical interest rate of 6.25%.

4.2 Use of financial hedging instruments

4.2.1 Hedging of exchange rates

Because of its payments and receipts effected in foreign currency, TF1 SA makes us of forward currency purchase and sale contracts, in addition to purchase option contracts to provide against rate movements. These hedging operations on the foreign exchange market cover the majority of due dates falling in 2003 under contracts signed at December 31, 2002. At that date, the exchange value of the aggregate of these outstanding amounts was €12.7 M (in forward purchases of US dollars).

4.2.2 Hedging of interest rates

There is no risk on interest rates on December 31, 2002.

4.3 Employees

The number of employees at the financial year-end, according to the standards in force under the Collective Agreement on Communication and Audiovisual Production, was as stated in the table below.

	2002	2001	2000
College 1 - Workers and clerical employees	39	40	43
College 2 - Technical staff	446	442	444
College 3 - Managerial and executive staff	671	636	594
College 4 - Journalists	227	212	218
Total	**1,383**	**1,330**	**1,299**

4.4 Executive compensation

Remuneration of the 8 executive directors (composed of three group board members and five divisional group directors) for the year ended December 31, 2002 amounted to €5,213,394.

No significant personal loans or guarantees have been granted to any Director or Board Member apart from share loans to Directors who are also Board Members.

4.5 Share purchase options and share subscription options

Information relating to options granted to employees is given in paragraph 5.6 of the Report of the Board of Directors.

4.6 Director's fees

Directors' fees paid in 2002 amounted for €176,587.

4.7 Movements in provisions

(in €M)	01.01.02	Increase	Decrease	31.12.02
REGULATED PROVISIONS	149.0	47.9	46.5	150.4
In respect of intangible fixed assets (programmes)				
PROVISIONS FOR LIABILITIES AND CHARGES	38.0	20.2	23.1	35.1
PROVISIONS FOR DEPRECIATION OF FIXED ASSETS	3.9	0.3	0.9	3.3
PROVISIONS ON FINANCIAL ASSETS				
Long-term investments	1.1	–	–	1.1
Related loans	0.3	–	–	0.3
PROVISIONS FOR DEPRECIATION OF CURRENT ASSETS				
Inventories	60.6	17.6	13.2	65.0
Advances to subsidiaries	1.7	–	–	1.7
Investment securities	0.2	–	0.2	–
Total	**254.8**	**86.0**	**83.9**	**256.9**

Notes to the company financial statements

4.8 Financial and short term investment held at December 31, 2002

FINANCIAL INVESTMENTS	Number of shares	%	Shareholders' funds in euros
EUROSPORT	150,000,000	100.00	254,033,791
TF1 DIGITAL	6,195,729	100.00	86,804,004
SYALIS	2,494	99.76	34,729,330
TF1 FILMS PRODUCTION	169,994	100.00	21,534,516
TF1 PUBLICITÉ	30,000	100.00	20,236,684
TF1 ENTREPRISES	200,000	100.00	19,364,301
GROUPE GLEM	3,640	72.80	5,282,204
STUDIOS 107	120,000	100.00	4,409,092
TÉLÉSHOPPING	8,500	100.00	2,994,287
TCM DA	5,100	34.00	1,895,334
TOUT AUDIOVISUEL PRODUCTION	5,000	100.00	297,745
TAPAS 2	40,000	100.00	40,000
TAPAS 3	40,000	100.00	40,000
TAPAS 4	40,000	100.00	40,000
@ TF1	39,999	100.00	39,999
SAGIT	39,994	99.99	39,994
TAPAS	2,475	99.00	39,732
TCM GESTION	848	33.92	12,955
TF1 PUBLICITÉ PRODUCTION	5	1.00	3,812
FILM PAR FILM	1	0.01	786
TÉLÉMA	1	0.01	603
TVB NANTES	440	1.10	440
TRICOM & CIE	2	0.07	146
SÉRIE CLUB	1	0.004	31
TF1 CINÉMA	1	0.001	18
TRICOM	1	0.003	14
TF6 GESTION	1	0.001	1
TOTAL FINANCIAL INVESTMENTS			**451,839,819**

Shareholders' funds correspond to the proportion of net shareholders' equity owned by TF1 SA

MARKETABLE SECURITIES	Number of shares	Share price at 31.12.02	Shareholders' funds in euros
CENTRALES USD	64	13,189.78	844,146
TF1 SA SHARES	30,000	8.22 (1)	246,544 (1)
TOTAL INVESTMENTS			**452,930,509**

(1) Net book value (see note 2.6).

Notes to the company financial statements

4.9 Subsidiaries and financial investments

Companies or groups of companies	Currency	Share capital	Reserves	Interest held	Gross book value of shares held	Net book value of shares held	Loans and credits granted but not yet repaid	Guarantees and pledges granted	Turnover in last accounting period	Net result in last accounting period	Dividends received during period
		In € thousands of foreign currency units if indicated						In € thousands			
1. SUBSIDIARIES (holding of at least 50% of shares)											
- TF1 PUBLICITÉ		2,400	12,470	100.00%	3,038	3,038	-	-	1,547,370	5,367	6,030
- TF1 FILMS PRODUCTION		2,550	16,777	100.00%	1,768	1,768	-	-	47,824	2,209	-
- TÉLÉSHOPPING		127	1,815	100.00%	130	130	-	-	71,798	1,051	1,619
- TF1 PUBLICATIONS		75	(1,554)	99.88%	519	-	1,391	-	-	(4)	-
- TF1 ENTREPRISES		3,000	661	100.00%	3,049	3,049	-	-	58,557	15,704	12,660
- SYALIS		40	27,171	99.76%	41,680	41,680	-	-	-	7,602	-
- PROTÉCRÉA		1,500	(7,511)	99.99%	2,241	2,241	8,359	-	26	(463)	-
- LUXTEL 1	LUF	1,350	-	99.99%	62	62	-	-	-	-	-
- STUDIOS 107		1,800	2,519	100.00%	4,680	4,680	894	-	15,512	90	480
- TF1 MUSIC		38	(3,656)	99.76%	38	38	3,062	-	12	699	-
- ALMA PRODUCTION		80	(210)	100.00%	80	80	-	-	1,514	(330)	-
- GROUPE GLEM		80	3,009	72.80%	10,371	10,371	-	-	1,317	4,167	2,917
- TF1 US	USD	28	-	100.00%	24	24	-	-	-	-	-
- SWONKE		18	420	100.00%	900	441	-	-	-	-	-
- e-TF1		1,000	(14)	99.90%	999	999	3,966	-	11,603	(8,244)	-
- TF1 DIGITAL		99,132	(6,123)	100.00%	99,132	99,132	38,554	-	489	(6,205)	-
- @ TF1		40	-	100.00%	40	40	-	-	-	-	-
- SAGIT		40	-	99.99%	40	40	-	-	-	-	-
- EUROSPORT SA		15,000	234,886	100.00%	234,243	234,243	271,469	-	300,567	4,147	13,291
- TAP		80	3	100.00%	80	80	-	-	3,209	215	-
- TAPAS 2		40	-	100.00%	40	40	-	-	-	-	-
- TAPAS 3		40	-	100.00%	40	40	-	-	-	-	-
- TAPAS 4		40	-	100.00%	40	40	-	-	-	-	-
- SICCIS		40	-	99.98%	40	40	68,495	-	-	(1,179)	-
- TAPAS		40	-	99.00%	40	40	-	-	-	-	-
- TF1 EXPANSION		38	(107,229)	100.00%	94,921	94,921	77,974	-	-	48,228	-
- SACAS		38	(24,546)	99.96%	154,628	154,628	3,856	-	-	(8,709)	-
2. FINANCIAL INVESTMENTS (holding 10% to 50% of shares)											
- MÉDIAMÉTRIE		930	4,705	10.75%	15	15	-	-	35,838	771	12
- FMI		152	-	13.33%	20	-	285	-	-	-	-
- MERCURY INTERN. FILM	DEM	1,000	-	50.00%	255	255	-	-	-	-	-
- TVRS 98		152	-	22.50%	34	34	-	-	-	-	31
- TCM GESTION		40	(1)	33.92%	14	14	-	-	52	-	-
- TCM DROITS AUDIOVISUELS		240	5,272	34.00%	82	82	6,344	-	16,034	63	-
- TV BREIZH		15,086	(10,768)	21.87%	3,300	3,300	1,760	-	5,220	(5,396)	-
- BALLADE DISTRIBUTION		610	(1,759)	25.23%	-	-	-	-	-	542	-
- TVB NANTES		40	-	11.00%	4	4	-	-	-	-	-
3. FINANCIAL INVESTMENTS (holding of less than 10%)											
- TF1 PUBLICITÉ PRODUCTION		8	113	1.00%	-	-	-	-	14,503	261	2
- GIE GIC		76	-	0.02%	-	-	-	-	-	-	-
- GIE CHALLENGER		11	-	6.67%	1	1	-	-	1,382	-	-
- MÉDIAMÉTRIE EXPANSION		1,829	(363)	5.00%	91	-	-	-	-	20	-
- TPS GESTION		93	(81)	0.02%	-	-	-	-	583	(17)	-
- LES NOUVELLES ÉDITIONS TF1		40	(128)	1.00%	-	-	-	-	121	42	-
- EUROSHOPPING		75	-	0.02%	-	-	605	-	3,363	(809)	-
- SEBADO		40	(172)	0.04%	-	-	159	-	-	(5)	-
- TRICOM & CIE		45	(42)	0.07%	-	-	-	-	-	217	-
- TF6		80	50	0.02%	-	-	-	-	10,957	(5,928)	-
- TF6 GESTION		80	2	0.00%	-	-	90	-	3	(3)	-
- SÉRIE CLUB		50	83	0.00%	2	2	-	-	8,579	635	-
- SED ODYSSÉE		8	(62)	0.20%	-	-	1,832	-	4,550	(471)	-
- LA CHAINE INFO		4,500	50	0.00%	-	-	-	-	38,176	(6,742)	-
- TF1 CINÉMA		1,950	(96)	0.00%	-	-	891	-	55	(75)	-
- TF1 SATELLITE		37	1	0.04%	62	62	-	-	-	(8,054)	-
- TÉLÉMA		1,000	5,003	0.01%	3	3	-	-	12,358	28	-
- FILM PAR FILM		1,525	6,332	0.01%	1	1	-	-	3,538	-	-
- TRICOM		450	(13)	0.00%	-	-	-	-	-	32	-
TOTAL					**656,747**	**655,658**					

4.10 Post balance sheet events

No significant event has occurred since the end of 2002, which impacts these financial statements.

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Legal information

Resolutions

ORDINARY PART

FIRST RESOLUTION

(Approval of the company accounts)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, after taking cognisance of the Board of Directors' report and the Statutory Auditors' report on the accounts of the company, approves them together with the financial statements for 2002 financial year including the Balance Sheet, the Profit and Loss account and the notes to the financial statements as submitted to them, as well as the operations reflected in these accounts and summarised in these reports.

The General Meeting approves the Directors' management of the Company.

SECOND RESOLUTION

(Approval of the consolidated accounts)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, having noted that the Board's report on the Group is included in the Directors' report, and aware of the information contained in the Board's report and in the Statutory Auditors' report, approves them together with the consolidated financial statements for 2002 financial year including the Balance Sheet, the Profit and Loss account and the notes to the financial statements as submitted to them, as well as the operations reflected in these accounts and summarised in these reports.

THIRD RESOLUTION

(Approval of agreements covered by Article L. 225-38 of the French Commercial Law)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, having noted the Statutory Auditors' special report on the agreements covered by Articles L. 225-38 of the French Commercial Law, approves the agreements and the operations contained therein.

FOURTH RESOLUTION

(Allocation and distribution of profits)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, after noting that the distributable profit amounts to €272,616,713.38, being the 2002 year net profit of €198,022,520.97 and €74,594,192.41 in retained earnings from the previous year, approves the following allocation and distribution of the profits proposed by the Board of Directors:

• Allocation to Legal Reserve (amounting to 10% of the Capital)	€41,090.00
• Allocation to Other Reserves	€64,000,000.00
• Distribution of a dividend of (i.e. a net dividend of €0.65 per €0.2 nominal share together with a tax credit*)	€139,132,876.35
• Leaving a balance to be carried forward of	€69 442 747,03

* The dividend to be distributed for the year under review given the right to a tax credit that equals:
- 50% of the net amount distributed if the recipient is an individual shareholder
- 15% of the net amount distributed if the recipient is legal entity

The tax credit remains at 50% if the amounts distributed are to be used in the framework of the parent/subsidiary scheme.

Dividends will be payable on April 28, 2003.

In compliance with the provisions of Article 225-210 of the French Commercial Law, the General Meeting authorises the inclusion, in Retained Earnings, of the amount of dividends relative to the TF1 shares, which TF1 holds as treasury stock.

The General Meeting notes that the net dividends distributed for financial years 1999, 2000 and 2001 were respectively €0.46, €0.65 and €0.65 per share with a nominal value of €0.2; the corresponding tax credits were of €0.23, €0.33 and €0.33 on the basis of a 50% tax credit. The amount corresponding to 1999 has been restated following to the 1 for 10 stock split of June 21, 2000.

FIFTH RESOLUTION

(Presentation of the stock warrant or stock option plans)

The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, having heard the special report of the Board of Directors on stock warrant or stock options plans in 2002 notes the information contained in this report.

SIXTH RESOLUTION

(Renewal of a Director's term of office)

The General Meeting renews, acting in compliance with the quorum and majority rules required for ordinary general meetings, for a further two years, the term of office of Martin Bouygues, which expires at the end of this Meeting.

His term of office shall end at the end of the General Meeting convened to rule on the accounts for the 2004 financial year.

SEVENTH RESOLUTION

(Renewal of a Director's term of office)

The General Meeting renews, acting in compliance with the quorum and majority rules required for ordinary general meetings, for a further two years, the term of office of Claude Cohen, which expires at the end of this Meeting.

His term of office shall end at the end of the General Meeting convened to rule on the accounts for the 2004 financial year.

EIGHTH RESOLUTION

(Renewal of a Director's term of office)

The General Meeting renews, acting in compliance with the quorum and majority rules required for ordinary general meetings, for a further two years, the term of office of Michel Derbesse, which expires at the end of this Meeting.

His term of office shall end at the end of the General Meeting convened to rule on the accounts for the 2004 financial year.

Resolutions

NINETH RESOLUTION
(Renewal of a Director's term of office)
The General Meeting renews, acting in compliance with the quorum and majority rules required for ordinary general meetings, for a further two years, the term of office of Patricia Barbizet, which expires at the end of this Meeting.

His term of office shall end at the end of the General Meeting convened to rule on the accounts for the 2004 financial year.

TENTH RESOLUTION
(Renewal of a Director's term of office)
The General Meeting renews, acting in compliance with the quorum and majority rules required for ordinary general meetings, for a further two years, the term of office of Patrick Le Lay, which expires at the end of this Meeting.

His term of office shall end at the end of the General Meeting convened to rule on the accounts for the 2004 financial year.

ELEVENTH RESOLUTION
(Renewal of a Director's term of office)
The General Meeting renews, acting in compliance with the quorum and majority rules required for ordinary general meetings, for a further two years, the term of office of Philippe Montagner, which expires at the end of this Meeting.

His term of office shall end at the end of the General Meeting convened to rule on the accounts for the 2004 financial year.

TWELVETH RESOLUTION
(Renewal of a Director's term of office)
The General Meeting renews, acting in compliance with the quorum and majority rules required for ordinary general meetings, for a further two years, the term of office of Etienne Mougeotte, which expires at the end of this Meeting.

His term of office shall end at the end of the General Meeting convened to rule on the accounts for the 2004 financial year.

THIRTEENTH RESOLUTION
(Renewal of a Director's term of office)
The General Meeting renews, acting in compliance with the quorum and majority rules required for ordinary general meetings, for a further two years, the term of office of Olivier Poupart-Lafarge, which expires at the end of this Meeting.

His term of office shall end at the end of the General Meeting convened to rule on the accounts for the 2004 financial year.

FOURTEENTH RESOLUTION
(Appointment of a Director)
The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, has appointed as a Director for two years,
Haïm Saban
Born on October, 15, 1944 at Alexandrie (Egypt), of Israeli/American nationality
Residing 61 Beverly Park - Beverly Hills, CA 90210 - USA
In place of Société Générale, which has not requested the renewal of its term of office as a Director. This is due to expire at the end of this Annual General Meeting.

His term of office shall end at the end of the Annual General Meeting convened to rule on the accounts for the 2004 financial year.

Haïm Saban has declared that he accepts the position entrusted to him and said that there is nothing likely to prevent him from carrying out his duties as a company Director.

FIFTEENTH RESOLUTION
(Fixing the amount of directors' fees)
The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, has fixed the total annual amount of directors' fees to be paid to the Board of Directors at €350,000.

This decision, applicable to the current financial year and subsequent years, will be upheld until a decision is made to the contrary.

SIXTEENTH RESOLUTION
(Purchase of own shares)
The General Meeting, acting in compliance with the quorum and majority rules required for ordinary general meetings, after hearing the report from the Board of Directors and being informed that the information note had been approved by the COB (French stock exchange authority), authorises the Board of Directors, in compliance with the provisions of Article L. 225-209 of the French Commercial Law, to purchase, whenever it deems appropriate and on one or more occasions, its own shares up to a limit of 10% of the share capital.

The General Meeting decides that such purchases can be for all purposes and in particular:

- in the context of the employee profit sharing scheme, or in the context of one or more new share issues intended for company employees or companies in the Group which have a company savings plan or a voluntary employee savings partnership plan, or in order to allocate purchase or subscription options to the employees and management of the Group,
- or to retain the shares,
- or to stabilise the share price through systematic intervention against the market trend for the stock,
- or to cancel the shares, subject to a specific authorisation of the Extraordinary General Meeting,
- or to use them in share exchanges, particularly in the context of financial operations,
- or in the context of financial and asset management,
- or to deliver shares at the time of exercise of rights attached to securities, which grant entitlement, through redemption, conversion or exchange, to a warrant or any other allocation of the company's shares.

Resolutions

The General Meeting decides to set at €60 the maximum unit price at which the company will be able to perform such acquisitions, which should respect the rules, laid down by the COB relative to operations performed by companies concerning their own shares.

The General Meeting authorises the Board of Directors to sell the shares so acquired with a minimum unit sale price of €10.

The General Meeting decides that the purchase, sale or transfer of shares may take any form, in particular sale on the stock exchange or over the counter, or a share swap in the context of financial operations, through the use of derivatives, including options, and may take place at any time, if necessary at the time of a public offering. The whole of the share purchase plan may be carried out by way of negotiation in respect of block of shares.

The General Meeting, in compliance with the Article 179-1 of the decree of March 23,1967 on commercial companies, on the basis of the existing number of shares composing the capital of 214,050,579 and taking into account the fact that the company owns 1,275,387 shares for stock option plan and employee savings plans, fixes at 20,129,671 [(214,050,579 x 10%) – 1,275,387] the maximum number of shares that may be purchased in compliance with this authorisation, amounting to a maximum of €1,207,780,260 at a €60 purchase price per share.

This authorisation is valid until the next General Meeting, called to consider the accounts for the financial year 2003.

As required by law, the Board of Directors, in its report to the Annual General Meeting, will provide all the information relative to any such purchases and sales of shares.

As a result, full powers are granted to the Board of Directors to place all orders on the stock exchange, sign all agreements necessary for the registration of share purchases and sales, make all declarations to the COB, the French Financial Market Council and all other authorities, execute all other formalities and, in general, take all necessary actions.

EXTRAORDINARY PART

SEVENTEENTH RESOLUTION

(Authorisation to be given to the Board of Directors to reduce the share capital by cancelling the shares the company holds on its own behalf.

The General Meeting, acting in compliance with the quorum and majority rules required for extraordinary general meetings, after taking cognisance of the Board of Directors' report and the Statutory Auditors' report, authorises the Board of Directors to:

- cancel, on its own decisions, on one or more occasions, all or some of the company's shares acquired as a result of several authorisations, given by the General Meeting and relating to the purchase of the company's shares, especially the sixteenth resolution above, up to a limit of 10% of the capital per 24-month period, and make a correlative reduction in the share capital by charging the difference between the purchase value and nominal value of cancelled shares, to premiums and available reserves;

- amend the articles of association accordingly and carry out all the necessary formalities.

The authorisation given to the Board of Directors is valid for a period of eighteen months as from this General Meeting. It replaces, from today, the previous authorisation given at the General Meeting of April 23, 2002 (fourteenth resolution).

The General Meeting grants the Board of Directors full powers, with an option to sub-delegate under the terms provided for by the law, to embark on one or more occasions on a capital reduction. In particular, the Board of Directors has the power to decide on the definitive amount of the capital reduction, to determine the procedures and methods for achieving this and to amend the articles of association accordingly, to effect all the formalities, take all the steps and make all declarations to the relevant authorities and, in general, to do whatever is necessary.

EIGHTEENTH RESOLUTION

(Authorisation given to the Board of Directors to increase the share capital through the issue of shares and securities of whatever nature providing access to the capital and, if necessary, to allocate bonus shares or securities providing access to the capital, with subscription reserved for employees of the company or group companies belonging to a company savings plan (PEE) or to a voluntary employee savings partnership plan (PPESV), with the withdrawal of pre-emptive rights).

The General Meeting, acting in compliance with the quorum and majority rules required for extraordinary general meetings and pursuant to the provisions of article L. 443-1 and subsequent articles of the French Labour Law and article L. 225-138 IV of the French Commercial Law, in cognisance of the Board of Directors' report and the Statutory Auditors' special report:

- delegates to the Board of Directors, for a period of five years as from this General Meeting, the powers necessary to increase the share capital up to a limit of 5% of the capital, on one or more occasions, on its deliberation alone, through the issue of shares or other securities providing access to the company's capital;

- reserves the subscription of all shares or other securities, providing access to the company's capital, to be issued, for employees of TF1 and employees of related French or foreign companies belonging to a company savings plan or a voluntary employee company savings partnership plan;

- decides that subscription will be via a mutual fund, with the majority of assets comprising company securities;

- decides to withdraw shareholders' pre-emptive rights in favour of a capital increase reserved for employees;

Resolutions

- decides that the Board of Directors can allow the allocation of bonus shares or securities providing access to the company's capital, on condition that the total benefit from this allocation and, if the case arises, from any employer top-up and discount to the subscription price, does not exceed the legal or regulatory limits;

- decides that the subscription price of new shares cannot be higher than the average of initial quoted prices during the twenty trading sessions preceding the day of the Board of Directors' decision setting the subscription commencement date, or more than 20% lower than this average in the case of a company savings plan, or more than 30% lower than this average in the case of a voluntary employee savings partnership plan;

- decides that the issuance features for other securities providing access to the company's capital will be determined by the Board of Directors pursuant to the regulations;

- delegates full powers to the Board of Directors enabling it to:
  - decide on the date and procedures for issues and the allocation of bonus shares or securities providing access to the capital, which will be implemented in accordance with the present authorisation. This will involve primarily setting the issue price for new shares and, if the case arises, ascertaining which other securities providing access to the company's capital are to be issued while adhering to the rules defined above, fixing subscription commencement and closing dates, dividend payment dates, the payment period for fully paid shares which should not exceed three years, and potentially setting the maximum number of shares and, if the case arises, other securities providing access to the company's capital which can be subscribed per employee and per issue, the length of service which subscribers to new shares must satisfy;
  - ensure the capital increases carried out are for the amount of the shares and, if the case arises, verify the other securities providing access to the company's capital, which will actually be subscribed;
  - execute, directly or through a proxy all operations and formalities;
  - amend the articles of association in accordance with any increases in the share capital;
  - charge the cost of capital increases to the amount of premium pertaining to each increase and deduct from this amount the sums needed to take the legal reserve to one-tenth of the new capital after each increase;
  - and, in general, to do whatever is necessary.

The authorisation given to the Board of Directors with, if the case arises, the option of sub-delegating to the Chairman is valid for a period of five years as from this General Meeting. This present delegation replaces, with effect from today, any similar, previous delegation.

NINETEENTH RESOLUTION
(Details regarding the company's aims in France and abroad - correlative amendment of article 2 of the articles of association)

The General Meeting, acting in compliance with the quorum and majority rules required for extraordinary general meetings, and in cognisance of the Board of Directors' report, has decided to include in the articles of association details regarding the company's aims in France and abroad.

As a result, it has decided to amend paragraph 2 of article 2 of the articles of association as follows:

ARTICLE 2 - AIM

(The company has as its aim: …)

"Any operations of an industrial, commercial, financial, property or individual nature, in France or abroad, directly or indirectly connected to this aim and to any similar, related or complementary aims or aims likely to facilitate the realisation or development thereof or to any company assets and notably:"

TWENTIETH RESOLUTION
(Change to the arrangements for Board of Directors' meetings - correlative amendment of article 13 of the articles of association)

The General Meeting, acting in compliance with the quorum and majority rules required for extraordinary general meetings, and after considering the Board of Directors' report, has decided to simplify the arrangements for the Board of Directors' meetings.

It has therefore decided to amend paragraphs 3 and 4 of article 13 of the articles of association, which will now become one paragraph as follows:

ARTICLE 13 - DELIBERATIONS OF THE BOARD

(The Board of Directors convenes …)

"Meetings are convened through every means, even verbally."

TWENTY-FIRST RESOLUTION
(Powers for formalities)

The General Meeting gives full powers to the holder of an original, copy or extract of the minutes of this Meeting to execute all the legal/administrative formalities and filing/disclosure required under the current law.

Information concerning TF1 SA

GENERAL INFORMATION

Name:	TÉLÉVISION FRANÇAISE 1 - TF1
Registered office:	1, quai du Point du Jour 92656 Boulogne-Billancourt Cedex
Trade register:	326 300 159 RCS Nanterre
SIRET N°:	326 300 159 00067
APE code:	922D
Form:	Public limited company (“Société Anonyme”)
Date of incorporation:	September 17, 1982
Date of expiry:	January 31, 2082
Financial year:	January 1 to December 31

COMPANY OBJECTS

The objects of TF1 are as follows:

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

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

• to study, to produce, to acquire, to sell, to rent and to use any recorded images and/or sound tracks, reports, films intended for television, cinema or radio broadcasting,

• to sell and produce advertising,

• to provide services of all types for sound and television broadcasting,

all of these directly or indirectly, on its own account or for a third party, alone or with others, by way of creation of new companies, contribution, limited partnership, subscription, purchase of company stock or rights, merger, alliance, association in hidden partnerships or management or in-kind exchange of all assets, entitlements or otherwise.

Its activity is to comply with its charter and the standards and legal provisions in force.

STATUTORY APPROPRIATION OF INCOME

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

Distributable income is comprised of:
• the income of the financial year, less previous losses and amounts credited to reserves, in application of the law and statutes,
• the income carried forward from the previous financial year.

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

GENERAL MEETINGS

All shareholders may participate in the General Meetings, irrespective of the number of shares they own.

All shareholders may vote by correspondence. A shareholder may only be represented at the General Meeting by his/her spouse or another shareholder.

In order to have the right to attend, to vote by correspondence or to be represented at the General Meeting:

– holders of registered shares must be included in the shareholders’ register of the company at least five days before the date set for the General Meeting and they are then admitted with simple proof of identity;

– holders of bearer shares must arrange for the authorised intermediary, with whom their shares are recorded in an account, to send to the company, at least five days before the date set for the General Meeting, a certificate declaring that the shares remain unavailable for trading up until the date set for the meeting. The certificate must be sent to The Legal Department (General Meetings Section), TF1, 1, quai du Point du Jour, 92656 Boulogne Cedex, France.

Shareholders may, at least six days before the date of the meeting, request from TF1 at the above address a single form by which they can vote by correspondence or appoint a representative for the meeting.

The single form to appoint a proxy or to vote by correspondence, duly completed, must reach TF1 at the above address at least three days before the date of the meeting.

Any person, acting alone or with others, who attains a holding of at least 0.5%, 1%, 2%, 3% and 4% of capital or of voting rights, shall, within five days of registration of the shares enabling him/her to reach or to exceed this threshold, declare to the Company by return-receipted registered mail, to the registered office, the total number of shares and voting rights he/she possesses.

Information concerning TF1 SA

This declaration must be made within the above conditions each time the threshold of 0.5%, 1%, 2%, 3% and 4% is crossed upward or downward.

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

COMPANY RESPONSIBLE FOR SHARE ADMINISTRATION AND FINANCIAL INFORMATION

TF1 as issuing company.

CAPITAL (art. 6 of corporate statutes)

Changes

Employee saving plan - 1999
In the scope of its employee saving plan, TF1 issued in 1999 118,316 new shares with a nominal value of FF 10. This resulted in a capital increase of FF 1,183,160 and a share premium of FF 114,673,050.36

Capital increase through an increase of the share nominal value, following the conversion of the capital into euros - 2000.
The capital was increased by an amount of FF 65,870,984.17 from FF 211,183,160 to FF 277,054,144.17 by the transformation of FF 30,704,644.76 coming from "revaluation reserve" and FF 35,166,339.41 from "other reserves".
The share value of each share was increased from FF 10 to FF 13.11914 (€2). The capital, converted into euros as of January 1, 2000 amounts to €42,236,632, divided into 21,118,316 shares of €2 each.

Nominal value split - 2000
Nominal value was split ten for one by decision of the General Meeting dated April 18, 2000 and taking effect on June 21, 2000. The number of share went from 21,118,316 to 211,183,160.

Employee saving plan - 2001
In the scope of its employees saving plan, TF1 issued in 2001 812,919 new shares with a nominal value of €0.2. This resulted in a capital increase of €162,583.80 and a share premium of €18,867,849.99.

Stock warrants exercised - 2002
In 2002, on the exercise of stock warrants under Plans n°2 and n°3, 2,054,500 new shares with a nominal value of €0.2 have been subscribed. This resulted in a capital increase of €410,900 and a share premium of €17,049,965.

Amount

On February 24, 2003, the capital of TF1 amounted to €42,810,116, divided into 214,050,579 shares each of €0.2 nominal value.

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

There are no founder's shares, dividend-right certificates, convertible or exchangeable bonds or other securities giving access to the capital, nor voting rights certificates, nor double voting rights.

There is no statutory clause limiting the free negotiability of shares.

The company is authorised to make use of the legal provisions allowed to identify shareholders possessing voting rights in its own shareholders' meetings. In order to keep informed as to the breakdown of its capital, TF1 draws up from time to time lists of holders or bearers of registered shares via Euroclear.

AUTHORISED ISSUES

The company is authorised, following the combined Shareholders' General Meeting of April 23, 2002, to issue, during a period of 14 months, one or more bond debentures for a maximum amount of €1,200,000,000.

The table below details the different issues of securities that can be made by the company.

The maximum nominal amount of the authorised increases (whether immediate or at a later date) in share capital is €120,000,000.

The maximum nominal amount of the authorised bond issues is €1,200,000,000.

Information concerning TF1 SA

AUTHORISED OPERATIONS CONCERNING THE CAPITAL OF TF1

	Maximum nominal amount of capital increases(1)	Maximum nominal amount for bond issues(1)	Duration	Remaining duration(2)	General Meeting	Resolution n°
Bond debentures	–	€1,200 M	26 months	14 months	Combined General Meeting April 23, 2002	9
Issues of shares and securities (including equity warrants), with PSR(3)	€120 M	€1,200 M	26 months	14 months	Combined General Meeting April 23, 2002	10
Issues of shares and securities (including equity warrants), without PSR(3)	€120 M	€1,200 M	26 months	14 months	Combined General Meeting April 23, 2002	11
Issues of shares and securities, paying for shares contributed in a public exchange offer	€120 M	€1,200 M	26 months	14 months	Combined General Meeting April 23, 2002	12
Issues of shares for stock options plans without PSR(3)	(4)	–	38 months	26 months	Combined General Meeting April 23, 2002	15
Shares and securities of all kinds and – if determined the allocation of bonus shares giving access to capital reserved for employees subscribing to a Company Savings Plan (PPE or PPESV), without PSR.(3)	(5)	–	5 years	5 years	Combined General Meeting April 23, 2003	18
Purchase of shares for employees subscribing to the Company Savings Plan	–	–	–	Unlimited	Ordinary General Meeting June 12, 1992	11
Programme to purchase own shares	(4)	–	1 year	1 year	Combined General Meeting April 23, 2003	16
Capital reduction through share cancellation	(4)	–	18 months	18 months	Combined General Meeting April 23, 2003	17

(1)) It is specified that (13th resolution - Combined General Meeting of April 23, 2002):
• the total nominal amount of the various authorised increases in capital must not exceed €120 million.
• the total nominal amount of bond issues must not exceed €1,200 million.
(2) With effect from the Combined General Meeting of April 23, 2003.
(3) PSR: Preferential Subscription Right.
(4) Within a maximum limit of 10% of share capital.
(5) Within a maximum limit of 5% of share capital.

The company did not use previous bond debentures and securities authorisations through a public issue.

LEGAL FRAMEWORK

Shareholding

Under the terms of article 39 of Law No. 86-1067 of September 30, 1986, an individual or entity, acting alone or with others, shall not hold, directly or indirectly, more than 49% of the capital or voting rights of a company licensed to operate a national television service by terrestrial analogue route.

This provision was modified by Law No. 2001-624 of July 18, 2000. This limits the scope of the 49% rule to those hertzian channels with an average annual audience (analogue, cable and satellite combined) in excess of 2.5% of the total television audience. A decree of the Conseil d'Etat (Council of State) will define in detail how channel audiences are to be calculated.

Under the terms of the amended article 39 of Law No. 86-1067 of September 30, 1986, when an individual or entity holds, directly or indirectly, more than 15% of the capital or voting rights of a company licensed to operate a national television service by terrestrial analogue route, shall not hold, directly or indirectly, more than 15% of the capital of another company holding of a similar authorisation.

Under the terms of the amended article 40 of Law No. 86-1067 of September 30, 1986, no individual or entity of foreign nationality shall purchase an interest leading to foreign nationals holding, directly or indirectly, more than 20% of the capital of a company licensed to operate a national television service by terrestrial analogue route.

Information concerning TF1 SA

Licensing conditions

TF1 is an audiovisual communications service subject to licence. The initial period of licence for use of frequencies, for duration of 10 years subsequent to April 4, 1987 (Law of September 30, 1986), expired in 1997.

By reason of decision n° 96-614 of September 17, 1996, TF1 received a first renewal of its licence, without other candidates being considered, for five years.

In compliance with the Article 28-1 of the law of September 30, 1986, as modified by the law of August 1, 2000, TF1 benefits from another "automatic" renewal of its licence for the years 2002 to 2007, by decision of the CSA on October 5, 2001.

Under the provisions of Article 82 of the Law of September 30, 1986, this authorization could be automatically extended to 2012, by reason of the simultaneous broadcasting ("simulcast") of the channel's programmes by digital terrestrial transmission (DTT). The CSA has provided TF1 with a draft amendment to the licence incorporating the provisions relating to the broadcasting of programmes on digital terrestrial television. In this context, the CSA has called a hearing for TF1 on February 25, 2003.

Main legal provisions and obligations

Texts:
- Contract conditions set forth by Decree n° 87-43 of January 30, 1987 and the Decision regarding licensing use of frequencies of November 20, 2001, given to Télévision Française 1, until January 1, 2007.
- Law n° 86-1067 of September 30, 1986 as amended by Law n° 94-88 of February 1, 1994, and law 2000-719 of August 1, 2000.
- E.C. Directive on Transnational Television of October 3, 1989, as modified.
- Decree No. 2001-609 of July 9, 2001, amended by decree No. 2001-1326 of December 28, 2001 (production obligations of free-to-air analogue channels).
- Decree n° 90-66 of January 17, 1990, as amended by Decree n° 92-279 of March 27, 1992 and by Decree n° 2001-1330 of December 28, 2001 (broadcasting obligations).
- Decree n° 92-280 of March 27, 1992, as amended by Decree n° 2001-1331 of December 28, 2001 (obligations relating to advertising and sponsorship).

In terms of general broadcasting obligations and of investment in production, the principal legal provisions in force are the following:
- a maximum of 192 cinema films per year may be broadcast, of which a maximum of 104 shall begin between 8.30 p.m. and 10.30 p.m. No cinema film shall be broadcast on Wednesday and Friday evenings, Saturday all day, or Sunday before 8.30 p.m.,

- broadcasting quotas apply for the whole broadcasting time and to peak viewing hours, to cinema and audiovisual works. 60% of broadcast material shall be of European origin and 40% of French origin,

- a minimum of two thirds of the annual broadcasting airtime shall be devoted to French-speaking programmes,

- obligation to broadcast annually a minimum of 1,000 hours of children's programmes including 50 hours of magazines and documentaries,

- obligation to broadcast annually 800 hours of television news bulletins and television news magazines,

- obligation to invest 16% of the previous year's net annual turnover for the commissioning of French-speaking audiovisual works, of which 10.66% from independent producers, and to broadcast 120 hours of French-speaking or European unreleased audiovisual works, starting between 8 p.m. and 9 p.m.,

- obligation to invest 0.6% of net turnover for the commissioning of French-speaking and European cartoons (obligation included in the previous 16%). Two thirds of the acquired broadcasting rights cannot exceed four years,

- prohibited use of own means of production for fiction programmes; authorised use of own means of production for news and for up to 50% of annual volume of other programmes,

- obligation to invest 3.2% of the previous year's net annual turnover, with at least 2.5% dedicated to French-speaking cinema works and at least 75% from independent producers, in the co-production of European cinema works. This investment is to be achieved through a subsidiary of the broadcaster (TF1 Films Production) operating as a minority shareholder. Its co-production part in its investment must remain smaller than the pre-purchase part of the broadcasting right.

The compliance with legal obligations is controlled and financially sanctioned by the CSA, pursuant to the provisions of articles 42 to 42.11 of the above Law of September 30, 1986.

As regards the commitment to protect childhood and youth, the Channel committed itself to adopt a 5-category sign code assessing the accessibility of broadcast programmes.

Applications for digital terrestrial television services

The CSA (French media authority) set a deadline of 5.00 p.m. on March 22, 2002 for receiving applications for licences for DTT frequencies.

The indicative calendar for granting licences to service providers is as follows:
July 24, 2001: receipt of applications.
October 23, 2002: release of list of selected candidates; have been selected by the CSA under this tender, five TF1 group channels (TF1, Eurosport, LCI, TF6 and TPS STAR).
February 28, 2003: Grant of licences and signature of agreements.

People responsible for financial information

PEOPLE ASSUMING THE RESPONSIBILITY FOR THE ANNUAL REPORT

TF1

To our knowledge, the information in this document gives a true and fair view of the Group; it includes all the statements necessary for the investors to make their judgement on the assets, activity, financial situation, results and perspectives of TF1; there are no omissions liable to alter the significance of those statements.

Paris, March 26, 2003

Patrick LE LAY
Chairman & Chief Executive Officer

DECLARATION BY THE AUDITORS OF THE FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP FINANCIAL YEAR ENDED DECEMBER 31, 2002

In our capacity as statutory auditors of TF1 and as required by Commission des Opérations de Bourse regulation COB 98-01, we have examined in accordance with French professional standards the information about the financial position and the historical accounts included in this "reference document".

This "reference document" is the responsibility of the Chairman of the Board of Directors of TF1. Our responsibility is to express an opinion on the fairness of the information about the financial position and the accounts contained in the "reference document".

Our procedures, which were performed in accordance with French professional standards, consisted of assessing the fairness of the information about the financial position and the accounts and verifying that this information agrees with the audited financial statements. Our procedures also consisted in reading the other information contained in the "reference document" in order to identify any material inconsistencies with the information about the financial position and the accounts, and reporting any manifestly incorrect information that came to our attention, based on our overall knowledge of the Company, as acquired during our audit.

We also audited the financial statements of the Company and the Group for the years ended December 31, 2002, 2001 and 2000 as approved by the Board of Directors, in accordance with French generally accepted auditing standards. Our reports on these financial statements were free of any qualifications or observations.

Concerning forecasts of certain specific items, estimated using a structured method, this review took into account the assumptions with associated figures made by management.

Based on the procedures described above, we have nothing to report concerning the fairness of the accounting and financial information included in the "reference document".

Paris, March 26, 2003

The Statutory Auditors

MAZARS & GUÉRARD — Michel ROSSE

RSM SALUSTRO REYDEL — Edouard SALUSTRO, Xavier PAPER

INFORMATION AND INVESTOR RELATIONS

Responsible for information

Jean-Pierre MOREL
Deputy General Manager & Chief Financial Officer
Tel.: (33) 1 41 41 25 99
Fax: (33) 1 41 41 29 10
E-mail: jpmo@tf1.fr

Legal documents can be consulted at:
TF1
Legal Affairs Department
1, quai du Point du Jour
92656 Boulogne Cedex
FRANCE

You can also receive information on the TF1 Group:

By mail:
TF1
Investor Relations Department
1, quai du Point du Jour
92656 Boulogne Cedex
FRANCE

By Internet:
http://www.tf1finance.com
E-mail: comfi@tf1.fr

Investor relations timetable:

January 29, 2003	2002 Q4 turnover
February 24, 2003	Annual accounts 2002
February 25, 2003	Analyst meeting
April 23, 2003	Annual shareholders' meeting
April 29, 2003	Estimated 2003 Q1 turnover
June 3, 2003	2003 Q1 accounts
July 28, 2003	Estimated 2003 H1 turnover
September 8, 2003	2003 H1 accounts
September 9, 2003	Analyst meeting
October 29, 2003	Estimated 2003 Q3 turnover
December 2, 2003	2003 Q3 accounts

This timetable may change.

FEES OF GROUP STATUTORY AUDITORS (Fully consolidated companies)

(in k€)	RSM Salustro-Reydel		Mazars & Guérard	
	Amount	%	Amount	%
Audit: statutory audit, certification, consolidated accounts examination	653	97.0	67	77.0
Other	20	3.0	20	23.0
Total	**673**	**100.0**	**87**	**100.0**

Postal and e-mail addresses of main subsidiaries and participations

March 2003

Addresses	Companies	Internet sites
1, quai du Point du Jour 92656 BOULOGNE-BILLANCOURT CEDEX - FRANCE	TF1 PUBLICITÉ TF1 PUBLICITE PRODUCTION TF1 FILMS PRODUCTION TF1 DIGITAL TF1 CATALOGUE TF1 INTERNATIONAL PICTURES TF1 CINÉMA ALMA PRODUCTION TFM DISTRIBUTION SOCIÉTÉ INTERNATIONALE DE COMMERCIALISATION DE CINÉMA, D'IMAGES ET DE SERVICES - SICCIS	www.tf1pub.fr www.tf1.fr/tpp
305, avenue Le Jour se Lève 92656 BOULOGNE-BILLANCOURT CEDEX - FRANCE	e-TF1 TF1 ENTREPRISES SOCIÉTÉ D'EXPLOITATION ET DE DOCUMENTAIRES - ODYSSÉE COMPAGNIE INTERNATIONALE DE COMMUNICATION - CIC CIBY DA LES FILMS ARIANE LES FILMS DU JOUR	www.tf1licences.com www.odyssee.com
9, rue Maurice Mallet 92130 ISSY-LES-MOULINEAUX - FRANCE	UNE MUSIQUE TF1 VIDÉO	www.tf1.fr/unemusique www.tf1video.fr
18, quai du Point du Jour 92656 BOULOGNE-BILLANCOURT CEDEX - FRANCE	TF1 INTERNATIONAL	
105, avenue Raymond Poincaré - 75116 PARIS - FRANCE	GROUPE GLEM	
30-32, rue Proud'hon 93210 LA PLAINE-SAINT-DENIS - FRANCE	STUDIOS 107 TÉLÉSHOPPING TOUT AUDIOVISUEL PRODUCTION	 www.teleshopping.fr
54, avenue de la Voie Lactée - 92656 BOULOGNE-BILLANCOURT CEDEX - FRANCE	LA CHAÎNE INFO - LCI	www.lci.fr
145, quai de Stalingrad 92137 ISSY-LES-MOULINEAUX CEDEX - FRANCE	TÉLÉVISION PAR SATELLITE - TPS TPS CINÉMA TPS SPORT TPS FOOT TPS STAR TPS CINEFAZ TPS CINETOILE TPS JEUNESSE TPS MOTIVATION TPS TERMINAUX TPS INTERACTIF SENT	www.tps.fr
3, rue Gaston et René Caudron 92448 ISSY-LES-MOULINEAUX CEDEX - FRANCE	EUROSPORT EUROSALES EUROSPORT France	www.eurosport.com
120, avenue Charles de Gaulle - 92200 NEUILLY-SUR-SEINE - FRANCE	TF6 SÉRIE CLUB	www.tf6.fr www.serieclub.fr
Quai Péristyle - 56100 LORIENT - FRANCE	TV BREIZH	www.tvbreizh.fr
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Chemin du Dévent - 8, Victoria House - 1024 ECUBLENS - SUISSE	VISIOWAVE	
Tour Maine Montparnasse - 33, avenue du Maine - 75015 PARIS - FRANCE	LES NOUVELLES ÉDITIONS TF1	
26, rue Danton - 92300 LEVALLOIS-PERRET - FRANCE	TÉLÉMA	
47, rue de la Chapelle - 75018 PARIS - FRANCE	QUAI SUD TÉLÉVISION	

Télévision Française 1

A public limited company ("Société Anonyme")
with a share capital of €42,810,116
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