Financial Report

First three months of 2010

Contents

Contents

Consolidated key figures

€m	**Q1 2010**	**Q1 2009**	**FY 2009 (12 months)**
Consolidated revenue	596.9	537.9	2,364.7
TF1 channel advertising revenue	*362.8*	*321.0*	*1,429.4*
Revenue from other activities	*234.1*	*216.9*	*935.3*
Operating profit/(loss)	43.8	(11.8)	101.3
Net profit	32.6	6.4	114.5
Operating cash flow*	58.1	11.8	185.8
Shareholders' equity	1,432.9	1,383.9	1,396.6
Net surplus cash/(net debt)	167.4	(620.9)	72.8
Basic earnings per share (€)	0.15	0.03	0.54
Diluted earnings per share (€)	0.15	0.03	0.53

* Operating cash flow before cost of net debt and income taxes

	Q1 2010	**Q1 2009**	**FY 2009 (12 months)**
Weighted average number of shares outstanding ('000)	213,396	213,396	213,396
Closing share price at end of period (€)	13.74	5.90	12.89
Market capitalisation at end of period (€bn)	2.93	1.26	2.75

Income statement contributions by segment

(€m)	Revenue Q1 2010	Revenue Q1 2009	Revenue FY 2009	Operating profit/(loss) Q1 2010	Operating profit/(loss) Q1 2009	Operating profit/(loss) FY 2009
BROADCASTING FRANCE	**480.5**	**435.4**	**1,893.0**	**38.0**	**(2.9)**	**87.8**
TF1 SA [a]	365.5	322.9	1,443.9	32.3	(1.6)	44.0
Téléshopping	31.5	29.1	103.7	1.7	0.9	4.0
Theme channels – France [b]	50.4	46.9	194.3	2.3	1.6	15.1
TF1 Entreprises	6.4	6.5	39.1	0.1	(0.7)	(1.6)
Production [c]	5.1	5.7	22.1	(1.0)	0.6	1.8
e-TF1	17.6	21.2	72.8	(0.4)	(1.3)	(3.4)
Other [d]	4.0	3.1	17.1	3.0	(2.4)	27.9
AUDIOVISUAL RIGHTS	**32.4**	**33.0**	**151.0**	**(4.5)**	**(14.4)**	**(22.5)**
Catalogue [e]	15.7	11.9	57.6	0.2	(10.0)	(9.4)
TF1 Vidéo [f]	16.7	21.1	93.4	(4.7)	(4.4)	(13.1)
BROADCASTING INTERNATIONAL [g]	**84.0**	**69.2**	**319.2**	**10.3**	**6.4**	**41.3**
OTHER ACTIVITIES [h]	**-**	**0.3**	**1.5**	**-**	**(0.9)**	**(5.3)**
TOTAL – CONTINUING OPERATIONS	**596.9**	**537.9**	**2,364.7**	**43.8**	**(11.8)**	**101.3**

[a] Including SNC Aphélie.
[b] Including Eurosport France, LCI, TV Breizh, TMC, TF6, Série Club, Odyssée, Histoire, Ushuaïa TV and TF1 Digital.
[c] TV and movie production entities.
[d] Mainly comprises TF1 Publicité and TF1 Expansion.
[e] Mainly comprises TF1 Droits Audiovisuels, TF1 International, UGC Distribution, Telema and TCM.
[f] Includes CIC.
[g] Eurosport International and France 24 (the interest in France 24 was sold to Audiovisuel Extérieur de la France (AEF) on February 12, 2009).
[h] Top Ticket.s (Pilipili). This company was sold on November 17, 2009.

2010 Key Events

January

January 11, 2010: TF1 signed a Diversity Charter, underscoring the Group's commitment in this area.

January 26, 2010: The French Competition Authority cleared the acquisition of control over TMC and NT1 by the TF1 Group, subject to undertakings on future conduct.

February

February 2, 2010: TF1 and La Française des Jeux, France's leading consumer gaming operator, announced a 3-year partnership deal that will give TV viewers and internet users access to a dedicated gaming zone on the TF1.fr website.

February 11, 2010: TF1 received the Top Com Corporate Business 2010 award in the Internal Communication category for its Disability Awareness campaign, devised by the Publicis Consultants agency.

February 15, 2010: TF1 launched MyTéléfoot, the first dedicated multi-screen football platform for younger audiences, presented by Christian Jeanpierre, Bixente Lizarazu, Eric Hannezo and Thierry Espalioux.

February 15, 2010: TF1, France Télévisions and the Canal+ Group signed an agreement on broadcasting rights for the FIFA 2010 World Cup, under which the TF1 Group granted France Télévisions and the Canal+ Group live broadcasting rights to 37 of the 64 matches in the competition.

March

March 8, 2010: TF1 Publicité, e-TF1 and HighCo, the European market-leader in couponing and sampling, launched TF1 CONSO, a unique cross-media promotional offer with a presence on TV, on the web, and in the field.

March 8, 2010: TF1, which already owned 50% of SPS via its Eurosport subsidiary, raised its interest to 100% by buying out the 50% stake held by the Serendipity investment fund.

March 9, 2010: TF1 received the *Décision Achats* magazine award in the “Professionalisation of Purchasing” category in recognition of the Group’s achievements in deploying the Purchasing Project launched at end 2007.

March 23, 2010: The CSA, the French audiovisual regulator, cleared the acquisition by TF1 of the 100% of NT1 and the 40% of TMC held by the AB Group.

Management Review

Boulogne-Billancourt, May 11, 2010

Changes in accounting policy

TF1 has not made any changes in accounting policy during 2010 to date other than those required to comply with new or amended IFRS requirements applicable on or after January 1, 2010. Details of these requirements, and an assessment of their impact on the financial statements, are provided in notes 2.2.1 and 2.3 to the consolidated financial statements for the three months ended March 31, 2010.

Revenue

TF1 Group consolidated revenue for the three months ended March 31, 2010 was €596.9m, an improvement of €59.0m or 11.0%.

Revenue for the period comprised:

- €362.8m of TF1 channel advertising revenue, an improvement of €41.8m or 13.0%. By contrast with the first quarter of 2009, when volumes fell sharply, advertisers have increased their spend since the start of 2010, while maintaining price pressure in what remains a rather uncertain economic climate.

- €234.1m of diversification revenue, an improvement of €17.2m or 7.9%. All diversification activities saw revenue growth in the first quarter except for TF1 Vidéo (affected by structural erosion in selling prices) and interactive activities on e-TF1 (which faced a tough comparative, reflecting the large number of interactive programmes broadcast on the TF1 channel in 2009).

Operating performance

The TF1 Group made an operating profit of €43.8m in the first quarter of 2010, an improvement of €55.6m on the first quarter of 2009, when the Group made an operating loss.

Operating margin for the period was 7.3%, against 4.3% for 2009 as a whole.

A striking feature of the Group's first-quarter operating performance was that virtually all of the improvement in revenue (€59.0m) fed through into the improvement in operating profit (€55.6m).

Following the buyout of the remaining 50% interest in SPS, the operating profit for the first quarter of 2010 also includes a gain of €6.1m. This arose because the equity interest in SPS already held by Eurosport was remeasured to reflect the price paid to Serendipity for the remaining interest (in accordance with the revised IFRS 3, applicable from January 1, 2010).
This non-recurring gain recognised in the first quarter of 2010 is of a similar nature to the €4m gains that were recognised on the divestment of Surinvitation.com and France 24 recognised in first quarter of 2009.

This performance demonstrates the ability of the TF1 Group to keep operating costs under control, showing that even in a recovery situation TF1 still places a high priority on rigorous management and on adapting its business model to the new economic and competitive landscape.

Optimisation plan

The TF1 Group is pressing ahead with its cost-cutting plan, and generated savings of €6m in the first quarter of 2010. These savings come on top of the €32m achieved in 2008, and the €74m made in 2009.

Programming costs

Programming costs for the TF1 channel for the first three months of 2010 were €222.8m, against €228.3m for the comparable period of 2009, a reduction of €5.5m (€3.0m of which can be regarded as recurring).

Other operating costs

Savings of €3m in other costs were achieved during the first quarter of 2010 by renegotiating supplier contracts.

On March 9, 2010, TF1 won the 2010 *Décision Achats* magazine national award in the “Professionalisation of Purchasing” category, recognising the Group’s achievements in deploying the Purchasing Project launched by management at end 2007. By setting up a dedicated Purchasing Department and involving all the operational subsidiaries in the process, the TF1 Group was able to implement a group-wide Purchasing Policy, build major synergies between entities, share best practice in purchasing, and manage supplier relations at Group level. As a result, the Group achieved substantial savings during 2008 and 2009.

Profit for the period

The cost of net debt rose from €3.4m to €5.0m, due to two factors: the cost of carrying the Group’s bond debt in the first quarter of 2010, and the non-recurrence of the fair value remeasurement gain recognised in the first quarter of 2009 due to the fall in money-market rates in late 2008 and early 2009.

Other financial income and expenses showed a net gain of €1.3m for the three months ended March 31, 2010, against €9.2m for the comparable period of 2009. The year-on-year change reflected:

- the recognition in the 2009 first-quarter financial statements of the fair value remeasurement of the put option over the 9.9% interest in Canal+ France;
- a change in the fair value of currency hedges.

Income tax expense for the period was €11.1m, an increase of €19.1m versus the first quarter of 2009 (when the Group reported a net income tax credit), reflecting an increase in profits.

The share of profits from associates was €3.6m, thanks largely to good results from the AB Group[1].

Overall, net profit for the first quarter of 2010 was €32.6m, versus €6.4m for the comparable period of 2009.

Balance sheet

As of March 31, 2010, shareholders’ equity stood at €1,432.9m, out of a balance sheet total of €3,559.9m.

Net surplus cash at March 31, 2010 was €167.4m, compared with net surplus cash of €72.8m at December 31, 2009 and net debt of €620.9m at March 31, 2009. The year-on-year change was due to the sale of the 9.9% interest in Canal+ France, while the Group’s cash position was also helped by the upturn in revenue in the first quarter of 2010.

As of March 31, 2010, TF1 had confirmed bilateral credit facilities of €1,030.5m with various banks, enabling the Group to retain a solid financial position. The Group’s positive net cash position will be sufficient to redeem the November 12, 2003 bond issue when it matures on November 12, 2010.

Outlook for 2010

In order to integrate the resale of rights of the 2010 FIFA World Cup for €33m and the acquisition of TMC and NT1, TF1 Group has raised its guidance for 2010 full-year growth in consolidated revenue to + 4%.

While the early part of 2010 has proved rather buoyant for advertising, vigilance will remain the watchword over the coming months. Although volumes have picked up, advertisers are still wary in the current economic climate; they are giving little visibility on their future spending, and are maintaining strong price pressure. In addition, TF1 will face tougher comparatives in the second half.

The coming months will present many initiatives: the broadcast of the 2010 FIFA World Cup, the implementation of the partnership with Française des Jeux, the opening of the gaming and sports gambling market and the integration of TMC and TN1. TF1 Group will meet these initiatives with creativity and its usual combination of innovation and economic realism and will thus continue to adapt its business model and actively develop diversifications.

[1] The results of the AB Group are reported with a 3-month time lag

1. Broadcasting France

In the first quarter of 2010, the Broadcasting France division generated revenue of €480.5m (up 10.4%), and an operating profit of €38.0m (an improvement of €40.9m on the first quarter of 2009, when the division made an operating loss. Operating margin for the first quarter of 2009 was 7.9%.

1.1. TF1 channel

The upturn in the advertising market during the first quarter of 2010 helped the TF1 channel generate revenue of €365.5m (up 13.2%) and operating profit of €32.3m (an improvement of €33.9m).
Advertising revenue for the channel was 13.0% higher at €362.8m.

TF1 channel[2]

Television viewing in France was very buoyant during the first quarter of 2010, with the average daily viewing time per head reaching an all-time high of 3 hours, 47 minutes (a year-on-year increase of 7 minutes). In particular, the target audience of "women aged under 50 purchasing decision-makers" watched more TV, with the average viewing time rising by 12 minutes to 3 hours, 59 minutes.

At the end of the first quarter of 2010, 89% of individuals aged 4 and over in France had access to 18 or more TV channels, 10 percentage points higher than at the same stage in 2009. Free-to-air digital terrestrial TV (DTT) continues to grow, with DTT channels now capturing an 18.0% audience share, versus 13.8% for the comparable period of 2009 (individuals aged 4 and over).

All the established national channels are being hit by the expansion of DTT. That said, TF1's audience share is holding fairly steady, at 25.1% of individuals aged 4 and over for the first quarter of 2010 (compared with 26.6% for the first quarter of 2009 and 25.6% for the fourth quarter of 2009), maintaining TF1's position as unrivalled market leader among French TV channels.

The channel's share of the target audience of "women aged under 50 purchasing decision-makers" was 29.3% for the first quarter of 2010 (versus 30.2% for the first quarter of 2009 and 29.5% for the fourth quarter of 2009). TF1 also attracted the highest audience for the year to date as 11.6 million viewers watched the *Les Enfoirés* show, broadcast on March 12, 2010. In addition, TF1 is continuing to record excellent figures in time slots with high monetisation potential, with a bigger gap over its nearest rival than over the day as a whole (especially among target audiences for advertisers).

TF1 remains a popular, inclusive family channel, with a mission to entertain and inform everyone. It is genuinely differentiated from other TV channels in that it offers strong, exclusive programmes spanning all genres.

In the first quarter of 2010, the channel maintained prime time viewing figures at a high level, attracting an average of 6.8 million viewers and 49 of the 50 biggest audiences. It was the only channel to attract more than 9 million viewers, a feat it achieved 11 times. TF1 is market leader in 90% of prime time slots, thanks largely to:

- French drama, including *Clem* (9.4 million viewers on February 22) and *Joséphine, Ange Gardien (Joséphine fait de la Résistance*, 8.5 million viewers);
- American serials such as *The Mentalist* (the *Miss Red* episode, 9.8 million viewers); *House* (9.1 million viewers for the February 2 episode), and *CSI: Crime Scene Investigation* (French title *Les Experts*, 8.3 million viewers for the February 28 episode);
- reality TV, with *Koh Lanta, le Choc des Héros* attracting 8.3 million viewers on March 26;
- sport: 7.9 million viewers for the Lyon-Bordeaux Champions League football match, March 30;
- movies: 7.7 million viewers for *The Ice Age 2* (French title *L'Age de Glace 2*), February 14.

In the **late evening slot**, TF1 is still market leader, thanks to American serials such as *Criminal Minds* (French title *Esprits Criminels*, 4.4 million viewers on February 8) and reality TV shows (*La Ferme Célébrités*, 3.4 million viewers on February 26).

In **access prime time**, the channel continues to build share among target audiences, especially with *Le Juste Prix*, which attracted an average of 5.5 million viewers, 27% of individuals aged 4 and over, and 31% of women aged under 50 purchasing decision-makers.

TF1 is also still the unrivalled leader for **news**, with an audience share among individuals aged 4 and over of 44.3% (6.4 million viewers) for the lunchtime news (*Journal de 13h*) and of 31.3% (7.7 million viewers) for the evening news (*Journal de 20h*).

[2] Source: Médiamétrie
Market leadership in TF1 prime time slots

Advertising

The growth in volumes that began in the second quarter of 2009 continued through the first quarter of 2010. There was an increase of 24% in the amount of advertising screened in the quarter, with advertisers spending heavily in the usually rather slack months of January and February.

However, year-on-year comparatives are soft, for two reasons:
- volumes slumped in the first quarter of 2009 in response to the economic crisis;
- the increase in saleable potential arising from regulatory changes[3] applied for the whole of the first quarter of 2010, compared with just a few weeks in the comparable period of 2009.

TF1 is continuing to apply the segmentation strategy adopted in 2009, maintaining rates in slots with high monetisation potential wherever there is a significant edge over the competition in terms of pulling power.

Most client segments resumed strong growth in advertising spends in the first quarter of 2010. However, the year-on-year comparatives are soft, as spend dipped very sharply in the first quarter of 2009. Gross advertising spend in the first quarter of 2010 was almost back to the level seen in the comparable period of 2008.

That said, with the economic outlook still very uncertain, advertisers are giving little visibility on future spend and are continuing to exert strong pressure on prices.

TF1 channel net advertising revenue for the first three months of 2010 was €362.8m, up 13.0% on the 2009 first-quarter figure.

1.2. Téléshopping

The Téléshopping business returned to growth in the first quarter of 2010, contributing €31.5m to consolidated revenue, an increase of 8.2% on the comparable period of 2009 (€29.1m). Growth was driven mainly by an improvement in Infomercials thanks to new distribution contracts with DTT channels, and by a good performance from Place des Tendances.

Efforts to cut costs and increase margins helped the Téléshopping business post an operating profit of €1.7m, up 88,9% on the first quarter of 2009.

Note that in the first quarter of 2009, the Téléshopping operating profit figure included a €2m gain on the sale of Surinvitation.com.

1.3. Theme channels

The TF1 theme channels business generated revenue of €50.4m for the first quarter of 2010, a rise of 7.5%. Advertising revenue for the theme channels was up 5.1% at €20.5m.

The business was boosted by the success of TMC and by an increase in subscription revenue for pay-TV channels.

Operating profit for the theme channels rose by 43.8% to €2.3m.

TMC[4]

In March 2010, TMC attracted an audience share of 3.2% among individuals aged 4 and over and 3.6% among women aged under 50 purchasing decision-makers, making this general-interest channel France's leading DTT broadcaster and the fifth most-watched national channel.
Over the first quarter of 2010, TMC's share of these target audiences was 3.1% and 3.3% respectively (up 0.7 of a point on the comparable period of 2009 in both cases).
The biggest audience attracted by TMC in the quarter was 1.7 million, for the screening of the movie *The Green Mile* (French title *La Ligne Verte*).

[3] European Audiovisual Services directive
[4] Source: Médiamétrie

TMC recorded an increase in advertising revenue during the first quarter, enabling it to invest in programming to maintain its position as the leading DTT broadcaster and attract new viewers.

The acquisition of control over TMC and NT1 by TF1 received clearance from the French Competition Authority on January 26, 2010 and from the CSA (the French audiovisual regulator) on March 23, subject to undertakings on future conduct and guarantees on the pluralism and diversity of programming[5].
The deal will be concluded during the next few weeks, once the final formalities have been completed.

Eurosport France

In the first quarter of 2010, subscription revenue increased as the paying subscriber base grew (7.5 million at March 31, 2010, up 250,000 year-on-year), especially in French-speaking Belgium, offsetting lower advertising revenue.

On Internet advertising revenue increased, with the site attracting an average of over 505,000 unique visitors per day in the first three months of 2010, up 22% on the first quarter of 2009 (source: Nedstat).

First-quarter operating profit was stable year-on-year, a slight rise in programming costs due to the screening of the Vancouver Olympics being offset by continuation of the tight cost control policy implemented in 2009.

LCI

As part of the ongoing reorganisation of the TF1 Group's News division launched in 2008, LCI switched over to PNS2 (Process News and Sports 2) software at the start of 2010.

LCI reported a fall in advertising revenue, but savings in programming costs during the quarter kept operating profit steady.

Other theme channels

During the first three months of 2010, **TV Breizh, Ushuaïa, Odyssée, Histoire, Série Club** and **TF6** all saw their advertising revenue fall as a direct result of the expansion in free-to-air DTT offerings, with a knock-on effect on profitability – except at TV Breizh.

TV Breizh maintained audience figures during the period, retaining its position as the leading pay-TV channel targeted at women aged under 50 purchasing decision-makers while at the same time keeping programming costs in check. As a result, the channel saw a improvement in operating profit

In this challenging environment, the Découverte division channels continued with efforts to build their editorial positioning as genuine affinity channels.
In the first quarter of 2010, the Histoire channel pursued its dynamic and creative policy, focused on discussion programmes and commemorations of historical events.
Odyssée, the lifestyle channel, is now being broadcast in catch-up on new platforms.
Ushuaïa TV, the sustainable development channel, continued to broadcast magazine programmes and special shows focused on protecting the planet, along with exclusive documentaries, all in High Definition.

1.4. TF1 Entreprises

TF1 Entreprises reported revenue of €6.4m in the first quarter of 2010, in line with the 2009 first-quarter figure.

Revenue rose at TF1 Musique, driven by the signature of contracts with new artists such as Christophe Maé, Mylène Farmer, Stanislas and Lady Gaga, plus the sale of 650,000 tickets for the regional tour of *Mozart: The Rock Opera*.

By contrast, TF1 Games/Dujardin reported a slight fall in revenue due to a drop in sales of TV tie-in games, reflecting the fact that the corresponding programmes were not shown on the TF1 channel during the quarter.

TF1 Entreprises made an operating profit of €0.1m for the quarter, compared with an operating loss of €0.7m in the first quarter of 2009, thanks mainly to optimisation of overheads and reduced marketing spend.

[5] For details of the undertakings, refer to page 52 of the 2009 Annual Report

1.5. Production

The Production division generated revenue of €5.1m, against €5.7m in the comparable period of 2009.
The division reported a €1.0m operating loss, a deterioration of €1.6m relative to the first quarter of 2009, when it made an operating profit.

TF1 Films Production

Revenue fell at the TF1 Films Production subsidiary due to seasonal effects. Four films have gone on general release since the start of 2010, one of which (*La Rafle*) had attracted more than 2 million cinema-goers by end March. This compares with the 8 films released in the first quarter of 2009.

TF1 Production

First-quarter revenue at TF1 Production was flat. Despite tight control of overheads, operating profit was lower year-on-year because the 2009 first-quarter figure included a significant non-recurring tax credit.

1.6. e-TF1

With 16.9 million unique visitors at end March 2010, the TF1 Group retained its place as the leading French TV media group on the internet.

Video performed very well on TF1.fr, with more than 210 million catch-up videos viewed during the first quarter of 2010, 125% more than in the first quarter of 2009.

With 7.1 million unique visitors, TF1.fr was the leading French TV channel site, far ahead of its rivals.
The Group's pure internet players also performed very well, with WAT.tv attracting 4.8 million unique visitors and the Plurielles.fr women's interest site 2.7 million. Overblog confirmed its no.1 status with 10.3 million unique visitors, while Excessif.com – the latest addition to the Group's web platform – attracted nearly 900,000 fans of movies, serials and video games.

Despite a recovery in advertising revenue year-on-year, overall revenues were adversely affected by reduced interactivity due to fewer gameshows being broadcast on the TF1 channel.

Consequently, e-TF1 revenue for the first quarter of 2010 was down 17.0% versus the comparable period of 2009, at €17.6m.

The good advertising performance and the non-recurrence of the website makeover charges booked in the first quarter of 2009 reduced the operating loss by €0.9m, to €0.4m. The main factor keeping e-TF1 in the red at the operating level was the new tax on interactive services, which amounted to €0.5m.

2. Audiovisual Rights

The Audiovisual Rights division reported revenue of €32.4m for the first quarter of 2010, a year-on-year fall of €0.6m.

The division made an operating loss of €4.5m, against a €14.4m operating loss in the first quarter of 2009

TF1 Droits Audiovisuels posted revenue growth of 31.9% to €15.7m on the back of cinema releases. While there were fewer releases in the first quarter of 2010 than in the first quarter of 2009, those releases were nonetheless successful (*Planète 51* and *Liberté).*
The business just broke even (operating profit: €0.2 million), after a loss of €10.0m in the first quarter of 2009. This improvement was mainly due to a soft comparative, with the 2009 first-quarter figure including substantial provisions for losses to completion.

Revenue generated by **TF1 Vidéo** was down 20.9% at €16.7m. Despite stand-out successes like *Le Ruban Blanc* (winner of "Palme d'Or" awards at the 2009 Cannes Film Festival) or *Un Prophète (*nominated 13 times for "Césars" awards) and growth in video-on-demand, TF1 Vidéo reported a decline in volumes in the first quarter of 2010 due to a limited line-up and a 2009 comparative boosted by success in the Comedians category. This volume effect was exacerbated by structural downward price pressure.

The operating loss for the period was €4.7m, with the drop in revenue partly cushioned by lower costs and a reduction in overheads.

3. Broadcasting International

The Broadcasting International division reported 21.4% growth in revenue to €84.0m.

Divisional operating profit was up 60.9% at €10.3m, and comprised:

- Eurosport International's operating profit of €5.3m;
- the remeasurement of Eurosport's existing equity interest in SPS following TF1's buyout of the 50% held by Serendipity, amounting to €6.1m;
- a loss of €1.1m, representing the 50% share of the losses incurred on the launch of SPS in the United Kingdom and preparations for the opening-up of the French online gaming and betting market.

Note also that the 2009 first-quarter operating profit figure for Broadcasting International included the €2m gain on the sale of France 24.

Eurosport International[6]

The Eurosport channels saw a rise in viewing figures in the first quarter of 2010, with the average audience per average quarter-hour to end March standing at 829,000, including 749,000 for the Eurosport channel (versus 697,000 in the first quarter of 2009, up 7%). This good performance reflected more attractive programming, with coverage of the Vancouver Olympics (120 million viewers in the period) and the African Cup of Nations. These results were driven by strong growth in the United Kingdom (up 72% versus 2009), by High Definition, and by expansion in Poland (up 21%).

Internet audiences remained buoyant, with Eurosport ranked no.1 in Europe and no.7 worldwide among sport website networks. With 10 local versions of its website, the Eurosport network attracted a daily average of 2.2 million unique visitors in the first quarter of 2010, up 51% on the comparable period of 2009.

In the first quarter of 2010, the Eurosport channel was received by 120.1 million households in Europe, 3.6 million more than in the first quarter of 2009.
The paying subscriber base grew by 6% (4.6 million new subscribers) year-on-year, mainly in Eastern Europe.
The Eurosport 2 channel gained 8.0 million subscribers year-on-year to reach a total of 43.5 million, here too driven by a fine performance in Eastern Europe (5.2 million new subscribers).
Growth in the Eurosport HD subscriber base to 7.5 million (a year-on-year increase of 5.4 million) reflected very satisfactory results in the United Kingdom, Mediterranean Europe and Scandinavia.
EurosportNews also continued to expand, reaching 6.5 million paying subscribers.

This growth in the subscriber base boosted subscription revenue, which rose by 19% in the first quarter of 2010.

Eurosport International also grew advertising revenue in the quarter (by 24.8%), thanks to events with strong appeal for advertisers, a more favourable economic climate, and a soft comparative.

Revenue from other activities also advanced, driven by the success of the Eurosport player pay-TV catch-up service, the launch of Eurosport Arabia, and the Eurosport iPhone application (downloaded nearly 2 million times in the first quarter of 2010).

Eurosport International reported a current operating profit of €5.3m, reflecting higher sports rights costs (in particular on the Vancouver Olympics.)

SPS

On March 8, 2010, TF1 – which already held 50% of the capital of SPS via its Eurosport subsidiary – raised its interest to 100% by buying out the 50% stake held by the Serendipity investment fund.

[6] AGF/GfK, BARB, SKO, MMS, TNS-Gallup, Kantar Media, AGB NMR, Armadata/Gfk, Auditel – AdvantEdge ComScore - Nedstat

During the first quarter of 2010, SPS continued with its preparations for the opening-up of the French online gaming and betting market, scheduled for June 2010. The site is now up and running in the United Kingdom, but revenues are still only marginal and are set against launch costs of €1.1m (for TF1's 50% share).

4. Post balance sheet events

Rejection by the *Conseil d'État* of M6's application on the TMC/NT1 acquisition

On April 22, 2010, the *Conseil d'Etat* rejected the urgent application by M6 for a suspension of the decisions by the French Competition Authority and the CSA (the French audiovisual regulator) to approve the acquisition by TF1 of 40% of TMC and 100% of NT1.

5. Human resources update

Total headcount of the TF1 Group at March 31, 2010 was 3,608, compared with 3,638 at December 31, 2009 and 3,728 at March 31, 2009.

6. Risk factors and litigation

As far as TF1 SA and the TF1 Group are aware, no new risk factors or litigation have arisen since publication of the TF1 Annual Report on March 29, 2010 that taken individually would be liable to have a material effect on the business activities, profits, financial position or net assets of TF1 SA or the TF1 Group.

As regards the issue of the distribution of pay-TV theme channels, discussions with the French government were ongoing during the first quarter of 2010.

7. Sustainable development

Diversity

TF1 is making 2010 the year of diversity. With the signature of a Diversity Charter on January 11, the Group embarked on a process aimed at obtaining "Diversity Label" certification from AFNOR, the French standards agency, by the end of the year. The Diversity Label requires significant commitment on the part of candidate businesses, who must put in place an extremely rigorous methodology.

Content: solidarity and raising public awareness on major issues

The first quarter of 2010 also saw significant mobilisation of the TF1 Group's channels and websites in support of good causes. As well as its three regular initiatives – *Pièces Jaunes* (helping children undergoing hospital treatment), *Restos du cœur* (which provides meals and other assistance to the deprived) and *Sidaction* (an AIDS charity) – the Group also ran a campaign to provide aid to the people of Haiti.

Eco2Climat, France's first-ever carbon footprint indicator, is now presented every month by Laurence Ferrari in the flagship evening news programme. The indicator shows the average amount of greenhouse gases emitted per head of population during the previous month, and is accompanied by editorial content on the link between consumption and climate change.

Programme accessibility

Since February 11, 2010, the deaf and hard-of-hearing have been able to access LCI news bulletins via sign language. Similarly, TV Breizh has since March 20, 2010 been providing subtitles so that the deaf and hard-of-hearing can follow key programmes.

8. Share price

On March 31, 2010, TF1 shares closed at €13.74, 133% higher than the closing price at March 31, 2009.
Over the same period, the CAC 40 index rose by 42% and the SBF 80 index by 60%.

TF1 shares rose by 7% in the first quarter of 2010, against rises of 1% for the CAC 40 and 10% for the SBF 80.

The market capitalisation of the TF1 Group at March 31, 2010 was €2.9bn, versus €1.3bn at March 31, 2009.

Consolidated income statement in management accounting format

€m	Q1 2010	Q1 2009	FY 2009
TF1 Channel			
Advertising revenue	362.8	321.0	1,429.4
Advertising costs	(18.2)	(16.1)	(71.7)
NET BROADCASTING REVENUE	**344.6**	**304.9**	**1,357.7**
Royalties and contributions			
- Royalties	(13.8)	(12.4)	(54.8)
- CNC	(19.2)	(16.9)	(77.6)
- Tax on broadcast advertising	(4.5)	(5.7)	(9.3)
Broadcasting costs			
- TDF, satellites, transmission costs	(13.0)	(14.6)	(51.5)
Programming costs (excl. exceptional sporting events)	**(222.8)**	**(228.3)**	**(926.9)**
Exceptional sporting events	**-**	**-**	**-**
GROSS PROFIT	**71.3**	**27.0**	**237.6**
Diversification revenue and other revenue from operations	233.6	216.5	933.2
Other operating expenses	(238.5)	(231.8)	(955.6)
Depreciation, amortisation and provisions, net	(22.6)	(23.5)	(113.9)
OPERATING PROFIT/(LOSS)	**43.8**	**(11.8)**	**101.3**
Cost of net debt	**(5.0)**	**(3.4)**	**(22.3)**
Other financial income and expenses	**1.3**	**9.2**	**36.2**
Income tax expense	(11.1)	8.0	(15.3)
Share of profits/(losses) of associates	3.6	4.4	14.6
NET PROFIT	**32.6**	**6.4**	**114.5**
Attributable to minority interests	(0.2)	0.0	0.1
NET PROFIT ATTRIBUTABLE TO THE GROUP	**32.8**	**6.4**	**114.4**

CONSOLIDATED BALANCE SHEET

ASSETS (€m)	Note	Mar. 31, 2010	Dec. 31, 2009	Mar. 31, 2009
Goodwill		**519.6**	**506.9**	**507.3**
Intangible assets		**133.7**	**137.7**	**162.0**
Audiovisual rights		92.9	98.6	126.6
Other intangible assets		40.8	39.1	35.4
Property, plant and equipment		**191.1**	**191.4**	**188.4**
Investments in associates	*5*	**279.1**	**275.4**	**263.7**
Non-current financial assets		**18.8**	**20.2**	**28.5**
Non-current tax assets		**9.1**	**11.5**	**25.9**
Total non-current assets		**1,151.4**	**1,143.1**	**1,175.8**
Inventories		**585.9**	**600.6**	**598.6**
Programmes and broadcasting rights		573.5	589.3	582.2
Other inventories		12.4	11.3	16.4
Trade and other debtors		**1,120.4**	**1,350.2**	**991.8**
Current tax assets		**4.6**	**9.5**	**16.4**
Other current financial assets		**5.8**	**8.9**	**736.8**
Cash and cash equivalents	*6*	**691.8**	**570.5**	**12.8**
Total current assets		**2,408.5**	**2,539.7**	**2,356.4**
Held-for-sale assets		**-**	**-**	**-**
TOTAL ASSETS		**3,559.9**	**3,682.8**	**3,532.2**
Net surplus cash (+) / Net debt (-)		**167.4**	**72.8**	**(620.9)**

CONSOLIDATED BALANCE SHEET (CONTINUED)

SHAREHOLDERS' EQUITY & LIABILITIES (€m)	*Note*	**Mar. 31, 2010**	**Dec. 31, 2009**	**Mar. 31, 2009**
Share capital		42.7	42.7	42.7
Share premium and reserves		1,357.4	1,239.3	1,334.8
Net profit attributable to the Group		32.8	114.4	6.4
Shareholders' equity attributable to the Group		**1,432.9**	**1,396.4**	**1,383.9**
Minority interests		-	0.2	-
Total shareholders' equity		**1,432.9**	**1,396.6**	**1,383.9**
Non-current debt	*6*	**11.6**	**0.5**	**613.6**
Non-current provisions		**43.4**	**44.0**	**57.9**
Non-current tax liabilities		**2.8**	**1.3**	**3.0**
Total non-current liabilities		**57.8**	**45.8**	**674.5**
Current debt	*6*	**512.8**	**505.5**	**25.6**
Trade and other creditors		**1,517.3**	**1,696.0**	**1,384.5**
Current provisions		**37.2**	**36.4**	**46.3**
Current tax liabilities		**0.8**	**1.1**	**1.4**
Other current financial liabilities		**1.1**	**1.4**	**16.0**
Total current liabilities		**2,069.2**	**2,240.4**	**1,473.8**
Liabilities relating to held-for-sale assets		**-**	**-**	
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**3,559.9**	**3,682.8**	**3,532.2**

CONSOLIDATED INCOME STATEMENT

(€m)	Note	2010 1st quarter	2009 1st quarter	2009 full year
Net advertising revenue		402.8	355.7	1,604.6
- TF1 channel		*362.8*	*321.0*	*1,429.4*
- Other media		*40.0*	*34.7*	*175.2*
Diversification revenue (excluding advertising)		194.1	182.2	760.1
Revenue		**596.9**	**537.9**	**2,364.7**
Other operating revenue		-	-	-
External production costs		(177.4)	(152.8)	(645.5)
Other purchases and changes in inventory		(99.1)	(111.2)	(436.1)
Staff costs		(104.6)	(102.1)	(445.2)
External expenses		(108.7)	(128.3)	(487.7)
Taxes other than income taxes		(37.0)	(34.2)	(136.2)
Depreciation and amortisation, net		(23.9)	(24.8)	(99.9)
Provisions and impairment, net		1.3	1.3	(14.0)
Other operating income		21.0	30.0	109.3
Other operating expenses		(24.7)	(27.6)	(108.1)
Current operating profit/(loss)		**43.8**	**(11.8)**	**101.3**
Other non-current operating income		-	-	**-**
Other non-current operating expenses		-	-	**-**
Operating profit/(loss)		**43.8**	**(11.8)**	**101.3**
Income associated with net debt	*7*	0.9	5.2	13.1
Expenses associated with net debt	*7*	(5.9)	(8.6)	(35.4)
Cost of net debt		**(5.0)**	**(3.4)**	**(22.3)**
Other financial income		2.0	11.9	51.2
Other financial expenses		(0.7)	(2.7)	(15.0)
Income tax expense		(11.1)	8.0	(15.3)
Share of profits/(losses) of associates	*5*	3.6	4.4	14.6
Net profit/(loss) from continuing operations		**32.6**	**6.4**	**114.5**
Post-tax profit from discontinued/ held-for-sale operations		**-**	**-**	**-**
Net profit/(loss)		**32.6**	**6.4**	**114.5**
attributable to the Group		***32.8***	***6.4***	***114.4***
attributable to minority interests		*(0.2)*	*-*	*0.1*
Weighted average number of shares outstanding ('000)		213,396	213,396	213,396
Basic earnings per share from continuing operations (€)		0.15	0.03	0.54
Diluted earnings per share from continuing operations (€)		0.15	0.03	0.53

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	2010 1st quarter	2009 1st quarter	2009 full year
Consolidated net profit for the period	**32.6**	**6.4**	**114.5**
Remeasurement of derivative hedging instruments*	4.6	0.3	2.7
Remeasurement of available-for-sale financial assets	-	-	-
Remeasurement of non-current assets	-	-	-
Change in cumulative translation difference of controlled entities	0.2	0.1	0.2
Actuarial gains/(losses) on employee benefits	-	-	3.2
Taxes on items credited or debited directly to equity	(1.5)	-	(2.1)
Share of income and expenses of associates recognised directly in equity	-	-	-
Other movements, net	-	-	-
Income and expenses recognised directly in equity	**3.3**	**0.4**	**4.0**
Total recognised income and expense	**35.9**	**6.8**	**118.5**
attributable to the Group	36.1	6.8	118.4
attributable to minority interests	(0.2)	-	0.1

** Includes reclassification adjustments recognised in net profit for the period: cash flow hedges (amount: €0.1m).*

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€m)	Share capital	Share premium	Treasury shares	Reserves	Income and expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Minority interests	**Consolidated shareholders' equity**
BALANCE AT DECEMBER 31, 2009	**42.7**	**2.8**	**(0.4)**	**1,352.3**	**(1.0)**	**1,396.4**	**0.2**	**1,396.6**
Capital increase (share options exercised)	-	-	-	-	-	**-**	-	**-**
Share-based payment	-	-	-	0.4	-	**0.4**	-	**0.4**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	-	-	**-**	-	**-**
Other transactions with shareholders	-	-	-	-	-	**-**	-	**-**
Net income attributable to the Group	**-**	**-**	**-**	**32.8**	**-**	**32.8**	**(0.2)**	**32.6**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**3.3**	**3.3**	**-**	**3.3**
BALANCE AT MARCH 31, 2010	**42.7**	**2.8**	**(0.4)**	**1,385.5**	**2.3**	**1,432.9**	**-**	**1,432.9**

(€m)	Share capital	Share premium	Treasury shares	Reserves	Income and expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Minority interests	**Consolidated shareholders' equity**
BALANCE AT DECEMBER 31, 2008	**42.7**	**2.8**	**(0.4)**	**1,336.8**	**(5.0)**	**1,376.9**		**1,376.9**
Capital increase (share options exercised)	-	-	-	-	-	**-**	-	**-**
Share-based payment	-	-	-	0.2	-	**0.2**	-	**0.2**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	-	-	**-**	-	**-**
Other transactions with shareholders	-	-	-	-	-	**-**	-	**-**
Net income attributable to the Group	**-**	**-**	**-**	**6.4**	**-**	**6.4**	**-**	**6.4**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**0.4**	**0.4**	**-**	**0.4**
BALANCE AT MARCH 31, 2009	**42.7**	**2.8**	**(0.4)**	**1,343.4**	**(4.6)**	**1,383.9**	**-**	**1,383.9**

CONSOLIDATED CASH FLOW STATEMENT

(€m)	Note	2010 1st quarter	2009 1st quarter	2009 full year
Consolidated net profit (including minority interests)		32.6	6.4	114.5
Depreciation, amortisation, provisions & impairment (excluding current assets)		20.6	27.2	103.1
Intangible assets and goodwill		*15.0*	*20.4*	*79.2*
Property, plant and equipment		*6.3*	*6.2*	*26.7*
Financial assets		*-*	*(0.1)*	*6.8*
Non-current provisions		*(0.7)*	*0.7*	*(9.6)*
Other non-cash income and expenses		(1.1)	(4.1)	(18.5)
Effect of fair value remeasurement		(6.8)	(8.2)	(36.6)
Share-based payment		0.4	0.2	1.4
Net (gain)/loss on asset disposals		(0.1)	(0.7)	0.3
Share of (profits)/losses and dividends of associates		(3.6)	(4.4)	(14.6)
Dividend income from non-consolidated companies		-	-	(1.4)
Sub-total		**42.0**	**16.4**	**148.2**
Cost of net debt		5.0	3.4	22.3
Income tax expense (including deferred taxes)		11.1	(8.0)	15.3
Operating cash flow		**58.1**	**11.8**	**185.8**
Income taxes (paid)/reimbursed		(4.0)	35.1	32.3
Change in operating working capital needs		59.8	60.9	23.8
Net cash generated by/(used in) operating activities		**113.9**	**107.8**	**241.9**
Cash outflows on acquisitions of property, plant & equipment and intangible assets		(9,5)	(29.2)	(98.3)
Cash inflows from disposals of property, plant & equipment and intangible assets		0,3	0.5	4.0
Cash outflows on acquisitions of financial assets		-	-	(5.7)
Cash inflows from disposals of financial assets		-	0.2	747.9
Effect of changes in scope of consolidation		(5.4)	(3.1)	(7.0)
Dividends received		-	-	1.4
Change in loans and advances receivable		0.5	7.6	12.5
Net cash generated by/(used in) investing activities		**(14.1)**	**(24.0)**	**654.8**
Cash received on exercise of share options		-	-	-
Purchases and sales of treasury shares		-	-	-
Dividends paid during the period		-	-	(100.3)
Cash inflows from new debt contracted		12.2	-	-
Repayment of debt (including finance leases)		(0.2)	(82.4)	(198.5)
Net interest paid (including finance leases)		9.0	(1.1)	(26.9)
Net cash generated by/(used in) financing activities		**21.0**	**(83.5)**	**(325.7)**
CHANGE IN CASH POSITION OF CONTINUING OPERATIONS		**120.8**	**0.3**	**571.0**
Cash position at beginning of period		**566.8**	**(4.2)**	**(4.2)**
Change in cash position during the period		120.8	0.3	571.0
Cash position at end of period		**687.6**	**(3.9)**	**566.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant events

1.1. Proposed acquisition of TMC and NT1

On June 11, 2009, TF1 and the AB Group signed an agreement whereby TF1 was to acquire 40% of the capital of TMC and 100% of the capital of NT1 for €192 million.

On January 26, 2010, the proposed acquisition obtained clearance from the French Competition Authority subject to compliance by the TF1 Group with "undertakings as to future conduct in order to address competition problems".

On March 23, 2010, clearance was obtained from the CSA, the French audiovisual regulator.
Following these two decisions, regulatory clearance is now complete; see note 10 (Post balance sheet events).

1.2. Buyout of Serendipity's interest in SPS

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

2. Accounting policies

2.1. Declaration of compliance and basis of preparation

The condensed consolidated financial statements for the three months ended March 31, 2010 have been prepared in accordance with IAS 34 (Interim Financial Reporting). They include the minimum content and disclosures defined in IAS 34, and consequently should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2009 as published in the 2009 Document de Référence filed with the Autorité des Marchés Financiers (AMF) on March 29, 2010 under reference number D.10-0182.
An English-language version of the audited consolidated financial statements for the year ended December 31, 2009 is included in the TF1 Annual Report, which is available on the TF1 corporate website at www.tf1finance.fr/en/index.php.
The consolidated financial statements of the TF1 Group include the financial statements of TF1 SA and its subsidiaries and joint ventures, and the TF1 Group's interests in associated undertakings. They are presented in millions of euros.

These consolidated financial statements were examined by the Board of Directors on May 11, 2010, and have been subject to a limited review by the statutory auditors; they should be read in conjunction with the TF1 Group Management Review for the three months ended March 31, 2010.

2.2. New and amended accounting standards and interpretations

2.2.1. New standards, amendments and interpretations effective within the European Union which are mandatorily applicable to, or may be early adopted in, periods beginning on or after January 1, 2010

In preparing its condensed financial statements for the three months ended March 31, 2010, the TF1 Group applied the same standards, interpretations and accounting policies as those used in the preparation of its consolidated financial statements for the year ended December 31, 2009, plus any new standards, amendments and interpretations applicable from January 1, 2010 as described in the table below.

As of March 31, 2010 the TF1 Group decided not to apply any of the pronouncements issued by the IASB and endorsed by the European Union that companies may elect to early adopt with effect from January 1, 2010.

Standard/Interpretation		**Effective date** EU[1]	**Effective date** TF1	**Impact**
Revised IAS 27	Consolidated and Separate Financial Statements	July 1, 2009	January 1, 2010	No impact on the financial statements
Amendment to IAS 32	Classification of Rights Issues	December 23, 2009	February 1, 2010	No impact on the financial statements
Amendment to IAS 39	Financial Instruments–Eligibility of hedged items	September 15, 2009	January 1, 2010	No impact on the financial statements
Amendments to IAS 39/IFRIC 9	Embedded Derivatives	November 27, 2009	January 1, 2010	No impact on the financial statements
Revised IFRS 1	First-Time Adoption of IFRSs	November 25, 2009	January 1, 2010	No impact on the financial statements
Revised IFRS 3	Business Combinations	July 1, 2009	January 1, 2010	The effects of the revised IFRS 3 on business combinations completed during the period are described in Note 3 (Changes in the scope of consolidation).
Amendment to IFRS 7	Financial Instruments: Enhanced Disclosures	November 27, 2009	January 1, 2010	No impact on the financial statements
IFRIC 12	Service Concession Arrangements	March 25, 2009	January 1, 2010	No impact on the financial statements
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	June 4, 2009	January 1, 2010	No impact on the financial statements
IFRIC 17	Distributions of Non-Cash Assets to Owners	November 26, 2009	January 1, 2010	No impact on the financial statements
IFRIC 18	Transfers of Assets from Customers	November 27, 2009	January 1, 2010	No impact on the financial statements
Annual Improvements to IFRSs (except IFRS 5 and IFRS 1)		January 23, 2009	January 1, 2010	No impact on the financial statements
Annual Improvements to IFRSs (IFRS 5 and IFRS 1 only)		January 23, 2009	January 1, 2010	No impact on the financial statements

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

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

Standard/Interpretation		IASB effective date*	Expected impact on the TF1 Group
Revised IAS 24	Related Party Disclosures	January 1, 2011	No impact on the financial statements
Amendment to IFRS 1	Additional Exemptions	January 1, 2010	No impact on the financial statements
Amendment to IFRS 1	Limited Exemptions	July 1, 2010	No impact on the financial statements
Amendment to IFRS 2	Group Cash-Settled Share-Based Payment Transactions	January 1, 2010	No impact on the financial statements
IFRS 9	Financial Instruments	January 1, 2013	Not quantifiable at this stage
Amendment to IFRIC 14	Prepayments of a Minimum Funding Requirement	January 1, 2011	No impact on the financial statements
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010	No impact on the financial statements
Annual Improvements to IFRSs		January 1, 2010	

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

2.3. Changes in accounting policy

TF1 has not made any changes in accounting policy during 2010 to date other than those required to comply with new or amended IFRS requirements applicable on or after January 1, 2010. Details of these requirements, and an assessment of their impact on the financial statements, are provided in note 2.2.1.

2.4. Changes in presentation

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

With effect from January 1, 2010, the TF1 Group has clarified the nature of reversals of provisions for programmes and broadcasting rights. Reversals of provisions for programmes and broadcasting rights where transmission has occurred between the start of the financial year and the balance sheet date, or that have been put up for sale or sold, are classified as reversals of unused provisions. As such, they are reported in the income statement in “Other operating income”; previously, they were reported in “Provisions and impairment, net”.

The published financial statements of TF1 have not been restated to reflect this change in presentation. For information, the effect of this reclassification would have been €1.8 million for the three months ended March 31, 2009; €5.5 million for the six months ended June 30, 2009; €8.2 million for the nine months ended September 30, 2009; and €16.3 million for the year ended December 31, 2009.

2.5. Use of estimates

Preparation of the condensed consolidated financial statements requires the TF1 Group to make various estimates and use assumptions regarded as realistic or reasonable. Events or circumstances may result in changes to these estimates or assumptions, which could affect the value of the Group's assets, liabilities, equity or net profit.
The principal accounting policies requiring the use of estimates are:

- Impairment of audiovisual rights
- Impairment of goodwill
- Impairment of programmes and broadcasting rights
- Measurement of provisions

These estimates were made using the same valuation approaches as those used in preparing the financial statements for the year ended December 31, 2009 and the interim financial statements published during 2009. As of the date on which the condensed consolidated financial statements were examined by the Board of Directors, management believes that as far as possible, these estimates incorporate all information available to it.

3. Changes in the scope of consolidation

Change in consolidation method – SPS

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

This transaction was accounted for in accordance with the revised IFRS 3 (Business Combinations). The main impacts were the recognition of goodwill of €12.2 million (pending the final purchase price allocation), and the recognition of a €6.1 million gain in "Other operating income" arising from the remeasurement of the previously-held equity interest.

4. Operating segments

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold and the specific economic environment. This segmentation into business units forms the basis for the presentation of internal management data and is used by the Group's operating decision-makers to assess performance.

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

The TF1 Group has the following operating segments:

Broadcasting France
This segment includes the TF1 channel, associated and spin-off activities regarded as inseparable from this channel, and other free-to-air or pay-TV channels broadcasting primarily to France. Activities inseparable from TF1 include the in-house advertising airtime sales agency, and companies involved in the production or co-production of programmes intended exclusively for the TF1 channel, such as Ushuaïa and TF1 Production.

Audiovisual Rights
Subsidiaries whose principal activity is the production, publishing or distribution of audiovisual rights not exclusively intended for TF1 Group channels are included in this segment. Production activities include delegated productions or co-productions of films. Publishing and distribution activities include all media (CD, DVD, etc) and all channels (cinemas, TV channels and all retail distribution channels).

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

Other Activities

This segment comprises all activities not included in any of the segments described above.

The contribution of each operating segment to the TF1 condensed consolidated financial statements is as follows:

	Broadcasting France		Audiovisual Rights		Broadcasting International		Other Activities		Total TF1	
(€m)	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009	Q1 2010	Q1 2009
EXTRACT FROM THE INCOME STATEMENT										
Revenue	**480.5**	**435.4**	**32.4**	**33.0**	**84.0**	**69.2**	**-**	**0.3**	**596.9**	**537.9**
Current operating profit/(loss)	**38.0**	**(2.9)**	**(4.5)**	**(14.4)**	**10.3**	**6.4**	**-**	**(0.9)**	**43.8**	**(11.8)**
Share of profits/(losses) of associates [(1)]	4.0	4.7	-	-	-	-	(0.4)	(0.3)	**3.6**	4.4
Post-tax profit from discontinued/held-for-sale operations	-	-	-	-	-	-	-	-	**-**	-

(1) The share of profits/losses of associates recorded for each segment is as follows:
- Broadcasting France: the share of profit/loss for the period relates to the AB Group;
- Other Activities: the share of profit/loss for the period relates mainly to Metro France Publications.

Segmental assets as of March 31, 2010 are not materially different from those reported as of December 31, 2009.

5. Investments in associates

The table below gives a breakdown of investments in associates:

(€m)	AB Group (1)	Metro France Publications	Other associates (2)	Total
Country	**France/Belgium**	**France**	**France**	
December 31, 2008	244.3	11.2	3.8	**259.3**
Share of net profit/(loss)	4.7	(0.2)	(0.1)	**4.4**
Dividends paid	-	-	-	**-**
Change in scope of consolidation	-	-	-	**-**
March 31, 2009	249.0	11.0	3.7	**263.7**
December 31, 2009	260.8	11.2	3.4	**275.4**
Share of net profit/(loss)	4.0	(0.4)	-	3.6
Dividends paid	-	-	-	-
Change in scope of consolidation	-	-	-	-
March 31, 2010	264.8	10.8	3.4	**279.1**

(1) Because of the timing of the preparation of the financial statements of the AB Group, the share of this associate's profits for the three months ended March 31, 2010 has been calculated on the basis of results for the fourth quarter of 2009.
(2) In 2010, "Other associates" comprise JFG Networks and Sky Art Media. In 2009, "Other associates" also included Sailing One, the interest in which was divested during the third quarter of 2009.

6. Net debt

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

(€m)	Mar. 31, 2010	Dec. 31, 2009
Cash and cash equivalents	691.8	570.5
Financial assets held for treasury management purposes	-	-
Total cash and cash equivalents (A)	**691.8**	**570.5**
Interest rate derivative instruments – assets	-	8.9
Interest rate derivative instruments – liabilities	-	(0.6)
Fair value of interest rate derivative instruments (B)	**-**	**8.3**
Non-current debt	11.6	0.5
Current debt	512.8	505.5
Total debt (C)	**524.4**	**506.0**

Net debt (C) – (B) – (A)	**(167.4)**	**(72.8)**

In November 2003, TF1 issued €500 million of bonds redeemable at par in a single instalment after 7 years (in 2010). The issue bears interest at 4.375%.

The Group also has credit facilities with various banks totalling €1,030.5 million, with a range of maturities of between one day and five years. These confirmed bank facilities are supplemented by a cash pooling agreement with the Bouygues group. As of March 31, 2010, TF1 was not using this cash pooling agreement as a source of financing, and instead had used the agreement to place €563.4 million of surplus cash.
As of March 31, 2010, the TF1 Group no longer held any interest rate derivative instruments.

7. Cost of net debt

The cost of net debt for the three months ended March 31, 2010 comprised the following items:

(€m)	Q1 2010	Q1 2009
Interest income	0.8	0.8
Change in fair value of hedged portion of bond issue	-	-
Change in fair value of interest rate derivatives	0.1	4.4
Income and revenues from financial assets	-	-
Income associated with net debt	**0.9**	**5.2**
Interest expense on net debt	(5.9)	(7.8)
Change in fair value of interest rate derivatives	-	(0.8)
Expenses associated with net debt	**(5.9)**	**(8.6)**
Cost of net debt	**(5.0)**	**(3.4)**

8. Definition of cash position

The cash flow statement analyses movements in the net cash position, which equals cash and cash equivalents less bank overdrafts and treasury current account credit balances.

(€m)	Mar. 31, 2010	Dec. 31, 2009
Cash and cash equivalents in the balance sheet	691.8	570.5
Treasury current account credit balances	(4.1)	(3.2)
Bank overdrafts	(0.1)	(0.5)
Total net cash position at end of period per cash flow statement	**687.6**	**566.8**

9. Dividends paid

The table below shows the dividend per share paid by the TF1 Group on May 3, 2010 in respect of the 2009 financial year, and the dividend paid during 2009 in respect of the 2008 financial year.

	Paid in 2010	Paid in 2009
Total dividend (€m)	91.8	100.3
Dividend per ordinary share (€)	0.43	0.47

10. Post balance sheet events

Rejection by the Conseil d'État of M6's application on the TMC/NT1 acquisition

On April 22, 2010, the Conseil d'Etat rejected the urgent application by M6 for a suspension of the decisions by the French Competition Authority and the CSA (the French audiovisual regulator) to approve the acquisition by TF1 of the 40% interest in TMC and the 100% interest in NT1 held by Mr Claude Berda.

Télévision Française 1

Société anonyme with capital of €42,682,098.40
Registered No. 326 300 159 R.C.S. Nanterre
Postal address:
TF1 – 1 quai du Point du Jour – 92656 Boulogne Cedex – France
Tel: +33 (0)1 41 41 12 34
Registered Office: 1, quai du Point du Jour – 92656 Boulogne Cedex – France

---

Contact:
Investor Relations Department
Tel: +33 (0)1 41 41 27 32,   Fax: +33 (0)1 41 41 29 10
Internet : http://www.tf1finance.fr E-mail: comfi@tf1.fr