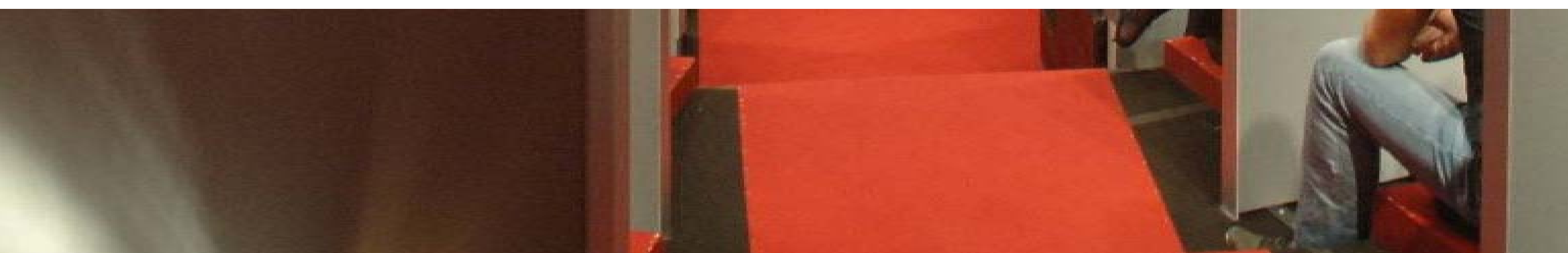
Interim report

Q1 2007



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Consolidated key figures

€m	Q1 2007	Q1 2006	2006 FY
Revenue	702.3	654.4	2,653.7
TF1 Channel advertising revenue	*457.0*	*430.9*	*1,707.9*
Revenue from other activities	*245.3*	*223.5*	*945.8*
Current operating profit	125.0	105.5	300.8
Net profit attributable to the Group	88.5	74.5	452.5
Cash flow[1]	142.3	128.4	393.0
Shareholders' equity	1,448.3	1,121.9	1,358.0
Net debt	336.6	389.6	378.5
Earnings per share (€)	0.41	0.35	2.12
Diluted earnings per share (€)	0.41	0.35	2.11

	Q1 2007	Q1 2006	2006 FY
Average number of outstanding shares (in thousands)	213,885	213,809	213,874
Closing share price at end of period (€)	25.06	25.00	28.11
Average market capitalisation (€bn)	5.36	5.35	6.01

[1] Cash flow before cost of net debt and income taxes

Contributions to consolidated income statement

€m	Revenue			Current operating profit		
	2007 3 months	2006 3 months	2006 12 months	2007 3 months	2006 3 months	2006 12 months
BROADCASTING FRANCE	581.6	542.9	2,153.6	118.6	97.4	245.9
TF1 SA	458.0	433.0	1,724.3	111.8	90.2	224.5
Téléshopping Group	41.9	32.5	110.3	2.4	3.2	8.7
Theme channels in France [a]	46.2	35.6	153.9	(0.6)	(7.1)	(13.4)
TF1 Entreprises	7.6	7.9	40.3	(0.3)	0.9	5.9
In-house production companies [b]	8.9	9.2	31.1	1.5	2.0	(1.2)
E-TF1	13.9	20.4	71.3	(0.7)	2.3	3.8
Others [c]	5.1	4.3	22.4	4.5	5.9	17.6
AUDIOVISUAL RIGHTS	60.7	50.6	240.9	4.9	8.0	24.9
Catalogue [d]	33.0	16.3	83.0	3.5	3.6	9.3
TF1 Vidéo [e]	27.7	34.3	157.9	1.4	4.4	15.6
INTERNATIONAL BROADCASTING [f]	60.0	60.9	259.2	1.5	0.1	30.0
TOTAL CONTINUING ACTIVITIES	702.3	654.4	2,653.7	125.0	105.5	300.8

[a] incl. Eurosport France, LCI, TV Breizh, TMC, TF6, Série Club, Odyssée, Histoire, Ushuaïa TV, TFOU, JET and TF1 Digital.
[b] incl. mainly TF1 Films Production, TPP, Alma Productions, Glem, TAP, Yagan Productions and Quai Sud.
[c] incl. mainly TF1 Publicité, GIE Aphélie and WAT.
[d] incl. mainly TF1 International, Téléma and TCM.
[e] incl. CIC and RCV.
[f] incl. Eurosport International and France 24.

2007 key events

BROADCASTING FRANCE

TF1 Channel[2]

Since the beginning of the year 2007, TF1 has reaped the fruits of its innovation strategy and has recorded viewer successes in access prime time with the *Wheel of Fortune* and *Un contre Cent* (37.7% and 42.0% audience share of Women under 50, respectively); and in late evening with the launch of the US series *Doctor House* with record audience shares of Women under 50 at an average of 54.6%.

On May 2, the show *La Caravane des enfoirés* was a historical success with 11.7 million viewers, beating the record of the *Enfoirés* since the creation of this event in 1992.

Theme channels

As part of the end-January global launch of Windows Vista, Microsoft chose LCI and Eurosport to develop new TV/video applications. The two channels applied their considerable know-how to design two innovative platforms for consumers of multimedia services. The new LCI Intégrale application offers three "live" subscription channels: LCI, LCI Express and LCI Bonus. Eurosport has developed the Eurosport Player application, a multi-channel sports service offering the Eurosport, Eurosport 2 and Eurosportnews channels.

In-house production companies

Four of the co-productions from TF1 Films Production passed the million cinema-goers mark: *La Môme* (5.2 million spectators), *Taxi 4* (4.5 million spectators), *Le Prix à payer* and *Ensemble c'est tout*.

Other companies

According to an agreement signed in June 2006, Téléshopping and the Dogan group launched their home shopping programme in Turkey in January. It is broadcast on the Star TV and Kanal D channels.

INTERNATIONAL BROADCASTING

On February 21, Eurosport and Yahoo! announced their co-operation to create the biggest online European sports news website. The service will be rolled out first in Germany, Italy, Spain and the United Kingdom.

AUDIOVISUAL RIGHTS

TFM Distribution, TF1 International's cinema distribution entity, has recorded a success with the release of *La Môme*, attracting 5.2 million spectators since the beginning of 2007.

OTHERS

On January 4, TF1, M6 and Vivendi signed the final agreement aimed at bringing together the pay-TV businesses of Group Canal+ and TPS in France, in Canal+ France, new group controlled by Vivendi.

Subsequent to the decision of the CSA (the French audiovisual regulatory watchdog) published on March 27, TF1 and AB Group completed TF1's acquisition of a 33.5% minority stake in AB Group, on April 2.

[2] Source : Médiamat Médiamétrie

Review of operations - Q1 2007

Boulogne, May 22, 2007

In first quarter 2007, TF1 Group consolidated revenue increased by 7.3% to €702.3 million. The TF1 channel's net advertising revenue rose to €457.0 million (+6.1%). Revenue from other businesses grew by 9.8% to €245.3 million. On a comparable basis (excluding *1001listes*), revenue from other businesses was up 7.1% and consolidated revenue increased 6.4%.

For the TF1 core channel, the highlight of the first three months was the opening of TV advertising to the retail sector. In Q1 2007, retail investments represented 6.5% of TF1 gross advertising revenue[3]. The *FMCGs* sector[4] (+12.3%) delivered the growth over Q1, and offset considerably the fall in advertising investments from the *Telecommunications* (-33.7%)[3] and *Publishing* (-40.7%)[3] sectors. In Q1 2006, the *Telecommunications* sector has recorded a gross increase of 70.1%[3], thanks to the deregulation of the directories and the arrival of "118" (directories enquiries) in TV advertising. At the end of March 2007, the TF1 market share reached 54.2%[3].

Other activities were up 9.8% thanks to several subsidiaries which contributed to this growth:

- Téléshopping Group (+ 28.9%), thanks to the contribution to revenue of new activities launched in 2005 (shops and Infomercials) and *1001listes*;

- Theme channels in France (+ 29.8%) benefited from the new distribution contract with Canal+ France and 28% growth in their advertising revenue;

- The "catalogue" business doubled its revenue in Q1 thanks to the cinema distribution by TFM of *La Môme*, which has recorded 5.2 million viewers since its release in February.

Nevertheless, some activities were down:

- TF1 Vidéo, down 19.2%, suffering from a still falling DVD market and from less successful releases in comparison with a very high level of sales on the non-movie library in Q1 2006;

- E-TF1 (-31.9%), which benefited in Q1 2006 from the success of the show *A Prendre ou à Laisser* (*Take it or leave it*) on TF1.

TF1 Group current operating profit for first quarter 2007 was up 18.5% to €125.0 million, that is, an operating margin of 17.8% (+ 1.7 point). TF1 core channel programming costs were down 2.5% to €227.3 million, thanks to the decrease of the number of fiction dramas broadcast. For full year 2007, the Group maintains its guidance of a 3% increase in programming costs (excluding exceptional sport events in 2006 and 2007: Football World Cup and Rugby World Cup).

Other financial income and expenses came to €9.5 million at March 31, 2007 vs. €(1.7) million a year earlier. This amount comes mainly from the re-assessment of the fair value of the put option on TF1's 9.9% holding in Canal+ France.

Net profit from continuing activities increased by 36.8% to €88.5 million. In Q1 2006, net profit of discontinued activities stood at €9.8 million. Thus, net profit attributable to the Group was up 18.8% to €88.5 million, that is, a net margin of 12.6% (+1.2 point).

At March 31, 2007, the Group shareholders' equity totalled €1,448.3 million on a balance sheet total of €3,614.6 million. Total Group net debt stood at €336.6 million, that is, 23.2% of shareholders' equity.

The Board noted the resignation of Philippe MONTAGNER as Director, and co-opted Nonce PAOLINI to the Board as proposed by TF1's Director Selection Committee.

In accordance with Patrick LE LAY's proposal on February 20, 2007, to separate the functions of the Chairman of the Board and the CEO of TF1, the Board appointed Nonce PAOLINI as CEO of TF1. Patrick LE LAY remains Chairman of the Board.

Outlook

In spite of difficult trends in April and May, the TF1 channel's advertising revenue is expected to grow by around 6% in 2007.

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[3] Source: TNS Media Intelligence.
[4] Sectors: Food, Cosmetics, House Cleaning, Beverage.

I. Broadcasting France

The Broadcasting France division generated revenue of €581.6 million for first quarter 2007, up 7.1%, and current operating profit of €118.6 million (+21.8%), that is, an operating margin of 20.4%.

TF1 Channel (Source: Médiamétrie)

For the first three months of 2007, the TF1 channel's audience share amounted to 33.8% for Individuals aged 15-49 years (+1.0 point) and 36.0% for Women under 50 (+ 1.6 point compared to Q1 2006).

TF1 strengthened its leadership position by achieving the 47 best audiences in the first three months of the year. 59 TF1 programmes exceeded 8 million viewers. The entertainment programme *La Caravane des Enfoirés* came first in the rankings, with 11.7 million viewers.

Advertising (Source: TNS Media Intelligence)

For first quarter 2007, net advertising revenue for the TF1 channel increased 6.1%. The quarter was marked by the opening of TV advertising to the retail sector, which represented 6.5% of TF1 gross advertising revenue in Q1 2007, that is, €47.2 million. 34 retail advertisers have invested on TF1, that is, a coverage rate of 97%[5] and a 60%[5] market share.

The increase of TF1 core channel advertising revenue concealed contrasted trends.

In Q1 2007, the growing sectors included:

- *Food*, the top advertising sector on TF1 (26.0% of gross advertising revenue), increased 14.6%, with a market share of 59.5% (+2.4 points);
- *Cosmetics/Beauty Products*, up 8.5% ;
- *House Cleaning* (+17.3%), with a market share of 61.9% (+0.9 point) ;
- *Services* (+7.9%), which represent now 8.3% of TF1 gross advertising revenue, fuelled by the sub-sectors *Banking* and *Insurance*.

However, some sectors struggled:

- *Publishing* (-40.7%), which suffered from an unfavourable basis of comparison and a music business in difficulty;
- *Telecommunications* (-33.7%), which benefited from the deregulation of directories and the arrival of "118" (directories enquiries) in TV advertising.

Automotive remained stable in Q1 2007.

Thematic channels France

In first quarter 2007, revenue for the TF1 Group's combined thematic channels France increased 29.8% compared to first quarter 2006 to reach €46.2 million. TF1 Group's theme channels benefited from the new distribution contract with Canal+ France and expanded their broadcast footprint.

Advertising revenue of these channels was up 28% for the first three months 2007, thanks to good audience results. The reduction of losses at Eurosport France and LCI enabled the thematic channels to approach breakeven in Q1 2007 with a €0.6 million operating loss (vs. a €7.1 million operating loss in Q1 2006).

[5] Excluding Mistergooddeal (M6 Group's subsidiary which invests only on M6)

Number of households receiving the channel:

Channels	At March 31, 2007 (in million)	At March 31, 2006 (in million)	Change
Eurosport France	7.0	6.6	+ 6.1%
TV Breizh	5.6	4.6	+ 21.7%
LCI	6.5	5.5	+18.2%
TMC*	19.2	10.7	+ 79.4%
TF6	5.8	2.8	+ 107.1%
Série Club	5.2	2.2	+ 136.4%
Odyssée	2.3	2.2	+ 4.5%
Histoire	4.6	4.4	+ 4.5%
Ushuaia TV	2.8	1.2	+ 133.3%

** Including free-to-air in south-east France (some 2.2 million households) and DTT. TMC has been available on TPS since September 2005.*

Other companies

In first quarter 2007, the **Téléshopping Group** increased its contribution to consolidated revenue by 28.9% to reach €41.9 million, mainly thanks to the revenue growth from the Internet (+15%), to the development of activities launched in 2005 (stores and infomercials) and to the *1001listes* contribution, which nearly reached €6 million revenue in the period. The Téléshopping Group's operating profit decreased €0.8 million to €2.4 million, mainly due to the slightly negative contribution of *1001listes*.

The **TF1 Entreprises** first quarter 2007 contribution to consolidated revenue came to €7.6 million, a decrease of 3.8%, due to the difficult music and publishing businesses. Therefore, operating loss for TF1 Entreprises amounted to €0.3 million for the period.

E-TF1, at €13.9 million, decreased its contribution to revenue by 31.9% in the first quarter. In Q1 2006, e-TF1 benefited from the success of the show *A Prendre ou à Laisser* broadcast on TF1. Operating loss was €0.7 million (vs. an operating profit of €2.3 million in Q1 2006).

II. Audiovisual Rights

In first quarter 2007, the Audiovisual Rights division generated revenue of €60.7 million, up 20.0%. Operating profit decreased to €4.9 million, due to the weaker performance of TF1 Vidéo.

The contribution of **TF1 Vidéo** (incl. RCV and CIC) to Group consolidated revenue declined 19.2% to €27.7 million. TF1 Vidéo still suffered from the fall in the average price of DVDs. Moreover, during the first quarter 2007, TF1 Vidéo did not release blockbusters and recorded a 28% decrease of the number of copies sold. However, 2007 will see the DVD release of films such as *La Môme*, *The Departed* or *Hors de Prix*. TF1 Vidéo operating profit stood at €1.4 million, declining by €3.0 million.

The **Catalogue** business doubled its revenue to €33.0 million in Q1 thanks to the cinema distribution by TFM of *La Môme*, which recorded 5.2 million viewers. Its operating profit was stable at €3.5 million.

III. International Broadcasting

Eurosport International

As of March 31, 2007, **Eurosport** was received by more than 111 million households, in 59 European countries, of which 64.3 million were paying subscribers (+5.7 million compared to March 31, 2006, i.e., an increase of 9.7%), mainly thanks to growth in Central and Eastern Europe.

Leveraging its know-how, Eurosport has been broadcasting its Eurosport channel in Asia since the end of 2006. The investments made to conquer this new geographic territory should start to bear fruit in 2007.

Eurosport.com and its seven local versions confirmed their solid performance with a substantial increase in visits (+44% compared to end March 2006), that is, an average of over 26 million visits per month.

After the WTCC, Eurosport's events management business has continued to expand with the promotion of the IRC (International Rally Challenge), the European and World Carting Championship and the Global Champions Tour (show jumping).

The first quarter 2007 contribution to consolidated revenue decreased slightly by 1.5% to €60.0 million. The first quarter 2006 benefited from the Turin Olympics and a strong increase in Eurosport advertising revenue. In Q1 2007, the increase in the number of paying subscribers combined with a variety of developments offset the decrease in advertising revenue over the period. Eurosport International's operating profit amounted to €1.5 million (vs. €0.1 million in Q1 2006).

IV. Human resource update

The TF1 Group's workforce increased in first quarter 2007, both at TF1 SA and its subsidiaries. As at March 31, 2007, it stood at 3,576 people, compared to 3,498 as at December 31, 2006.

V. The TF1 share

On March 31, 2007, the TF1 share price closed at €25.06, that is, a decrease of 10.9% over December 31, 2006. This compares with a 1.7% rise of the CAC 40 index and a rise of 9.4% of the CAC Next 20 index. The TF1 Group's market capitalisation on March 31, 2007 was €5.36 billion.

Consolidated Income Statement - Operational breakdown

(€ million)	*2007 3 months*	*2006 3 months*	*2006 12 months*
TF1 Channel			
Advertising revenue	457.0	430.9	1,707.9
Advertising costs	(21.7)	(19.9)	(80.9)
NET BROADCASTING REVENUE	435.3	411.0	1,627.0
Royalties and contributions			
Authors	(17.8)	(17.7)	(66.6)
CNC	(23.7)	(21.4)	(84.8)
Broadcasting costs			
TDF, Satellites, Transmissions	(13.5)	(13.5)	(53.6)
Programming costs (excl. 2006 Football World Cup)	(227.3)	(233.2)	(946.5)
2006 Football World Cup cost			(113.6)
GROSS MARGIN	153.0	125.2	361.9
Diversification and miscellaneous revenue and other products	244.5	221.6	938.4
Other operating charges	(238.1)	(226.0)	(888.0)
Net allocation to depreciation, amortisations and provisions	(34.4)	(15.3)	(111.5)
OPERATING PROFIT	125.0	105.5	300.8
Cost of net debt	(3.5)	(2.1)	(11.6)
Other financial income and expenses	9.5	(1.7)	(4.9)
Income tax expense	(42.0)	(33.8)	(98.7)
Share of profits/losses of associates	(0.5)	(3.2)	13.1
NET PROFIT FROM CONTINUING OPERATIONS	88.5	64.7	198.7
Net profit of discontinued operations	0.0	9.8	253.6
NET PROFIT	88.5	74.5	452.3
Minority interests	0.0	0.0	(0.2)
NET PROFIT ATTRIBUTABLE TO THE GROUP	88.5	74.5	452.5

Consolidated Financial Statements [6]

CONSOLIDATED INCOME STATEMENT

(€ million)	*2007 3 months*	*2006 3 months*	*2006 12 months*
Net advertising revenue	494.1	466.7	1,870.9
TF1 CHANNEL	*457.0*	*430.9*	*1,707.9*
OTHER CHANNELS	*37.1*	*35.8*	*163.0*
Diversification revenue	208.2	187.7	782.8
REVENUE	702.3	654.4	2,653.7
Other operating revenue	0.1	0.1	0.4
External production costs	(143.6)	(154.7)	(608.7)
Other purchases and changes in inventory	(127.8)	(115.9)	(581.4)
Staff costs	(107.3)	(94.0)	(382.7)
External expenses	(121.2)	(120.5)	(504.7)
Taxes other than income taxes	(37.5)	(34.4)	(136.1)
Depreciation and amortisation, net	(24.6)	(14.2)	(85.5)
Provisions and impairment, net	(9.8)	(1.1)	(26.0)
Other operating income and expenses	(5.6)	(14.2)	(28.2)
CURRENT OPERATING PROFIT	125.0	105.5	300.8
Other non-current operating income and expenses	-	-	-
OPERATING PROFIT	125.0	105.5	300.8
Cost of debt	(5.9)	(3.8)	(19.4)
Income from cash and cash equivalents	2.4	1.7	7.8
Cost of net debt	(3.5)	(2.1)	(11.6)
Other financial income and expenses	9.5	(1.7)	(4.9)
Income tax expense	(42.0)	(33.8)	(98.7)
Share of profits/losses of associates	(0.5)	(3.2)	13.1
NET PROFIT FROM CONTINUING OPERATIONS	88.5	64.7	198.7
Post-tax profit of discontinued operations	-	9.8	253.6
NET PROFIT	88.5	74.5	452.3
Minority interests	-	-	(0.2)
NET PROFIT ATTRIBUTABLE TO THE GROUP	88.5	74.5	452.5
Average number of outstanding shares (in thousands)	213,885	213,809	213,874
Earnings per share (€)	0.41	0.35	2.12
Diluted earnings per share (€)	0.41	0.35	2.11

[6] These consolidated financial statements at March 31, 2007 have been subject to a limited review by our statutory auditors.

CONSOLIDATED BALANCE SHEET

ASSETS (€ million)	*2007.03*	*2006.12*	*2006.03 (1)*
Intangible assets	147.9	158.3	182.5
Audiovisual rights	118.1	127.8	151.8
Other intangible assets	29.8	30.5	30.7
Goodwill	505.9	505.2	481.4
Property, plant and equipment	154.0	153.0	151.7
Investments in associates	39.6	40.2	36.4
Other financial assets	670.6	657.1	22.8
Non-current tax assets	55.4	56.4	53.3
TOTAL NON-CURRENT ASSETS	1,573.4	1,570.2	928.1
Inventories	585.4	569.1	527.7
Programmes and broadcasting rights	569.1	551.6	515.8
Raw materials and supplies	16.3	17.5	11.9
Trade and other debtors	1,192.3	1,278.7	1,209.6
Current tax assets	40.6	1.7	45.5
Foreign exchange derivative instruments	1.1	1.4	1.2
Interest rate derivative instruments	1.7	1.9	8.4
Cash and cash equivalents	220.1	275.2	335.3
TOTAL CURRENT ASSETS	2,041.2	2,128.0	2,127.7
Assets of held-for-sale operations	-	-	581.0
TOTAL ASSETS	3,614.6	3,698.2	3,636.8

(1) In the balance sheet at March 31, 2006, TPS is not shown as a held-for-sale operation.

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	*2007.03*	*2006.12*	*2006.03 (1)*
Share capital	42.8	42.8	42.8
Share premium and reserves	1,317.0	862.8	1,005.9
Net profit attributable to the group	88.5	452.5	74.5
Shareholders' equity (attributable to the Group)	1,448.3	1,358.1	1,123.2
Minority interests	-	(0.1)	(1.3)
SHAREHOLDERS' EQUITY	1,448.3	1,358.0	1,121.9
Long-term debt	504.3	505.6	511.1
Non-current provisions	34.6	34.7	32.2
Non-current tax liabilities	36.7	38.1	43.6
TOTAL NON-CURRENT LIABILITIES	575.6	578.4	586.9
Short-term debt	54.1	148.7	123.5
Foreign exchange derivative instruments	2.3	2.6	-
Interest rate derivative instruments	-	1.3	-
Trade and other creditors	1,429.4	1,554.5	1,365.1
Current tax liabilities	44.3	1.6	39.8
Current provisions	60.6	53.1	42.2
TOTAL CURRENT LIABILITIES	1,590.7	1,761.8	1,570.6
Liabilities of held-for-sale operations	-	-	357.4
TOTAL SHAREHODERS' EQUITY AND LIABILITIES	3,614.6	3,698.2	3,636.8

(1) In the balance sheet at March 31, 2006, TPS is not shown as a held-for-sale operation.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHODERS' EQUITY

(€ million)	Share capital	Share premium	Treasury shares	Reserves	Change in fair value and other	Translation reserve	Shareholders' equity attributable to the Group	Minority interests	Consolidated shareholders' equity
BALANCE AT DECEMBER 31, 2006	42.8	20.7	(7.4)	1,301.7	0.3	-	1,358.1	(0.1)	1,358.0
Cash flow hedges	-	-	-	-	(0.4)	-	(0.4)	-	(0.4)
Change in translation reserve	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	88.5	-	-	88.5	-	88.5
Total recognised income and expense	-	-	-	88.5	(0.4)	-	88.1	-	88.1
Dividends paid	-	-	-	-	-	-	-	-	-
Capital increase (share options exercised)	-	0.8	-	-	-	-	0.8	-	0.8
Share-based payment	-	-	-	1.3	-	-	1.3	-	1.3
Treasury shares	-	(7.4)	7.4	-	-	-	-	-	-
Other movements	-	0.1	-	(0.1)	-	-	-	0.1	0.1
BALANCE AT MARS 31, 2007	42.8	14.2	-	1,391.4	(0.1)	-	1,448.3	0.0	1,448.3

(€ million)	Share capital	Share premium	Treasury shares	Reserves	Change in fair value and other	Translation reserve	Shareholders' equity attributable to the Group	Minority interests	Consolidated shareholders' equity
BALANCE AT DECEMBER 31, 2005	42.8	24.1	(7.4)	988.7	2.9	-	1,051.1	(1.3)	1,049.8
Cash flow hedges	-	-	-	-	(0.4)	-	(0.4)	-	(0.4)
Change in translation reserve	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	74.5	-	-	74.5	-	74.5
Total recognised income and expense	-	-	-	74.5	(0.4)	-	74.1	-	74.1
Dividends paid	-	-	-	-	-	-	-	-	-
Capital increase (share options exercised)	-	2.2	-	-	-	-	2.2	-	2.2
Share-based payment	-	-	-	1.3	-	-	1.3	-	1.3
Treasury shares	-	-	-	(5.5)	-	-	(5.5)	-	(5.5)
Other movements	-	-	-	-	-	-	-	-	-
BALANCE AT MARS 31, 2006	42.8	26.3	(7.4)	1,059.0	2.5	-	1,123.2	(1.3)	1,121.9

CASH FLOW STATEMENT

(€ million)	2007.03	2006.03	2006.12
Consolidated net profit (including minority interests)	88.5	74.5	452.3
Depreciation, amortisation, provisions and impairment (excluding current assets)	26.8	13.8	101.7
- Intangible assets and goodwill	*21.1*	*9.8*	*81.5*
-Property, plant and equipment	*5.2*	*5.0*	*20.4*
- Financial assets	*-*	*-*	*(0.1)*
- Provisions for liabilities and charges	*0.5*	*(1.0)*	*(0.1)*
Other non-cash income and expenses	(11.5)	(3.7)	(11.8)
Effect of fair value remeasurement	(9.0)	1.0	0.9
Share-based payment expense	1.3	1.3	5.1
Net (gain)/loss on assets disposals	0.4	-	(252.7)
Share of (profits)/losses of associates	0.5	3.2	(13.1)
Dividend income from non-consolidated companies	-	-	(2.1)
Operating cash flow after net interest expense and income taxes	97.0	90.1	280.3
Net interest expense	3.3	3.7	14.0
Income tax expense (including deferred taxes)	42.0	34.6	98.7
Operating cash flow before net interest and income taxes	142.3	128.4	393.0
Income taxes paid	(31.8)	(34.9)	(112.0)
Change in operating working capital needs	(26.7)	(6.0)	42.4
NET CASH GENERATED BY OPERATING ACTIVITIES	83.8	87.5	323.4
Including discontinued operations	-	*9.9*	-
Cash outflows on acquisitions of property, plant and equipment and intangible assets	(31,9)	(12.3)	(75.5)
Cash inflows from disposals of property, plant and equipment and intangible assets	0.1	0.7	1.4
Cash outflows on acquisition of financial assets	(3.6)	(1.9)	(7.2)
Cash inflows from disposals of financial assets	-	-	-
Effect of changes in scope of consolidation	(3.3)	0.6	(55.8)
Dividends received	-	-	2.1
Change in loans and advances receivable	(1.1)	(0.2)	(0.4)
NET CASH USED IN INVESTING ACTIVITIES	(39.8)	(13.1)	(135.4)
Including discontinued operations	-	*(2.1)*	-
Cash received on exercise of share options	0.8	2.2	50.9
Purchases and sales of treasury shares	-	-	(54.5)
Dividends paid during the year	-	-	(139.0)
Cash inflows from new debt contracted	(0.7)	99.8	132.7
Repayment of debt (including finance leases)	(102.0)	(16.4)	(11.3)
Net interest paid (including finance leases)	(0.1)	(1.1)	(12.6)
NET CASH USED IN FINANCING ACTIVITIES	(102.0)	84.5	(33.8)
Including discontinued operations	-	*(10.3)*	-
Effect of changes in exchange rates	-	-	-
Effect of changes in accounting policies	-	-	-
Effect of changes in fair value	-	-	-
Including discontinued operation	-	-	-
TOTAL CHANGE IN CASH POSITION	(58.0)	158.9	154.2
Including discontinued operations	-	(2.5)	-
Cash position at beginning of period	271.8	117.6	117.6
Change in cash position	(58.0)	158.9	154.2
Cash position at end of period	213.8	276.5	271.8

NOTES TO THE FIRST 3 MONTHS 2007 CONSOLIDATED FINANCIAL STATEMENTS

1. FIRST 3 MONTHS 2007 KEY EVENTS

Acquisition of a 33.5% interest in the AB Group

Subsequent to the decision of the CSA (the French audiovisual regulatory watchdog) published on March 27, 2007, TF1 and the Berda Family completed the acquisition by TF1 of a 33.5% minority stake in the AB Group on April 2, 2007 for an amount of € 230 M.

The AB Group owns a catalogue of French-language television rights representing over 1,300 titles and produces free-to-air TV channels and pay-TV channels available via satellite, cable, DTT or ADSL.

Taking into account the closing date of this operation, this acquisition has no impact on the 2007 1st quarter consolidated financial statements.

2. ACCOUNTING POLICIES

Declaration of compliance and basis of preparation

The condensed interim consolidated financial statements at March 31, 2007 complete the 2006 full year consolidated and audited financial statements as released in the 2006 Annual Report filed by the "Autorité des Marchés Financiers" on March 23, 2007 under the number D 07-0216.

The consolidated financial statements of the TF1 Group include the financial statements of TF1 SA and its subsidiaries, and the TF1 Group's interests in associated undertakings. They are presented in millions of euros.

They were adopted by the Board of Directors on May 22, 2007.

Standards and interpretations applicable as of January 1st, 2007

The consolidated financial statements of the TF1 group for 2007 1st quarter have been prepared in accordance with IAS/IFRS standards, as adopted by the European Union and applicable to accounting periods commencing on or after January 1, 2007. In particular, the 2007 Q1 Interim accounts have been released and prepared in accordance with IAS 34 standard "Interim financial reporting Information."

The new or amended standards and interpretations listed below, which are madatory in 2007, have no material impact for the TF1 Group at March 31, 2007.

- IFRS 7 (Financial Instruments: Disclosures)

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

- IFRIC 7 (Applying the Restatement Approach under IAS 29 – Financial Reporting in Hyperinflationary Economies)

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

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

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

- IFRIC 9 (Reassessment of Embedded Derivatives)

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

The following standards and interpretations had been issued by the IASB at March 31, 2007 but had not yet become effective:

- IFRIC 10 (Interim Financial Reporting and Impairment)

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

- IFRIC 11 (Group and Treasury Share Transactions)

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

- IFRIC 12 (Service Concession Arrangements)

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

- IFRS 8 (Operating Segments)

Applicable to annual periods beginning on or after January 1, 2009

- Amendment to IAS 23 (Borrowing costs)

Applicable to annual periods beginning on or after January 1, 2009

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

3. MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

The changes in the scope of consolidation of the first three months 2007, as described below, do not have a material effect on the comparability of the consolidated financial statements.

- Acquisition of the minority interests of TV Breizh

The holding in TV Breizh has been raised from 98.28% to 100% following a capital increase of €4.7 million and the acquisition of minority interests for €0.6 million.

- First consolidation of Eurosport's foreign subsidiaries

As of March 31, 2007, the foreign companies Eurosport Media (Switzerland), Eurosport Spain, APT Eurosportnews (Hong Kong) and Eurosport Polska, founded in 1999, 2000 and 2002, respectively and operating primarily with the other Eurosport group companies, have been consolidated in the TF1 Group's scope by the global integration method. Together, these companies contributed €0.1 million to TF1 Group's turnover in the first quarter and €0.2 million to operating income.

4. Q1 2006 AND 2006 FULL YEAR DISCONTINUED OPERATION

Transfer of TPS to Canal+ France

In accordance with note 1-1 of the 2006 Annual Report, TF1 and M6 ceased to exercise joint control over TPS SNC and its subsidiaries, and over TPS Gestion, with effect from September 2006. Consequently, TPS is considered as a discontinued operation as of September 1, 2006, in accordance with IFRS 5. Thus, in the 2006 annual consolidated income statement, the impact of the discontinued operation is reported on a separate line. In the income statement for the year ended December 31, 2006, this line records in particular, the income and expenses of TPS for the first eight months of the year, and the capital gain realised on the sale of TPS.

The impact of the discontinued operation reported under the line "Post-tax profit of discontinued operations" on the consolidated income statement for the full year 2006 is composed of:

- The after-tax capital gains calculated by the difference between the net value of the TPS assets transferred to Canal+ France and the fair value of financial assets received in exchange, after deduction of incidental expenses and costs tied to the operation, that is, €211.8 million ;
- And income and expenses from discontinued operation until August 31, 2006 (€ 41.8m).

The post-tax profit of discontinued operations was as follows:

(€m)	2006 3 months	2006 8 months
Revenue	87.8	235.1
External production costs	(23.7)	(56.3)
Other purchases and changes in inventories	(6.4)	(15.7)
Staff costs	(8.7)	(23.6)
External expenses	(33.5)	(85.3)
Taxes other than income taxes	(0.7)	(4.6)
Depreciation and amortisation. net (1)	0.0	0.0
Provisions and impairment. net	(1.3)	(5.9)
Other operating income and expenses	(2.1)	1.2
Current operating profit	11.4	44.9
Cost of Debt	(0.3)	(1.4)
Income from cash and cash equivalents	(0.3)	(0.4)
Cost of net debt	(0.6)	(1.8)
Other financial income and expenses	(0.2)	(0.6)
Income tax expenses	(0.8)	(0.7)
Post-tax profit of discontinued operations	9.8	41.8

(1) In accordance with IFRS 5, the TF1 Group ceased depreciating and amortising the non-current assets of TPS when it was classified as held-for-sale. Unrecognised depreciation and amortisation expense at March 31, 2006 amounts to €5.4 m.

The detailed impact of held-for-sale activity on the balance-sheet are presented below:

ASSETS (€m)	2006 3 months
Intangible assets	7.4
Goodwill	420.3
Property, plant and equipment	48.4
Other financial assets	0.2
Non-current tax assets	4.2
NON-CURRENT ASSETS	480.5
Programmes and broadcasting rights	35.8
Trade and other debtors	123.7
Current tax assets	(2.3)
Foreign exchange derivative instruments	0.1
Cash and cash equivalent	(56.8)
CURRENT ASSETS	100.5
TOTAL ASSETS OF HELD-FOR-SALE OPERATIONS	581.0

LIABILITIES (€m)	2006 3 months
Long-term debt	9.8
Non-current provisions	0.6
Non-current tax liabilities	0.9
NON-CURRENT LIABILITIES	11.3
Short-term debt	31.8
Foreign exchange derivative instruments	0.3
Interest rate derivative instruments	0.2
Trade and other creditors	284.0
Current provisions	29.8
CURRENT LIABILITIES	346.1
TOTAL LIABILITIES OF HELD-FOR-SALE OPERATIONS	357.4

5. 2007 AND 2006 FIRST QUARTER SEGMENT REPORTING

TF1 organises its operating activities into strategic business units, each of which is managed according to the nature of the products and services sold and the specific economic environment. The primary level of segment reporting adopted by TF1 is the business segment, because risks and returns on investment are affected by the nature of the products or services sold.

The business segments used in primary-level segment reporting are:

Broadcasting France

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

Broadcasting International

This segment comprises subsidiaries involved in the development and broadcasting of pay-TV programmes primarily broadcast outside France, in particular Eurosport and France 24.

Audiovisual Rights

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

Other Activities

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

For 2006 fiscal year, the segment reporting included a fifth business segment, the “Distribution” segment. This segment mainly comprised subscription-based distribution of the TPS pay-TV offering, broadcast largely by satellite. This business segment was accounted as a discontinued operation in 2006. This transfer is described in note 4 “Q1 2006 and 2006 full year discontinued operation.”

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

(€m)	Broadcasting France		Audiovisual rights		International Broadcasting		Other activities		Distribution		Eliminations		consolidated total	
	2007.03	2006.03	2007.03	2006.03	2007.03	2006.03	2007.03	2006.03	2007.03	2006.03	2007.03	2006.03	2007.03	2006.03
Third-party revenue	581.6	542.9	60.7	50.6	60.0	60.9	-	-	-	-	-	-	702.3	654.4
Inter-segment revenue	1.1	0.5	1.7	2.1	3.7	3.8	-	-	-	-	(6.5)	(6.4)	-	-
Total revenue	582.7	543.4	62.4	52.7	63.7	64.7	-	-	-	-	(6.5)	(6.4)	702.3	654.4
Current operating profit	118.6	97.4	4.9	8.0	1.5	0.1	-	-	-	-	-	-	125.0	105.5
Share of profits/losses of associates (1)	-	-	-	-	-	(3.1)	(0.5)	(0.1)	-	-	-	-	(0.5)	(3.2)
Post-tax profit of discontinued operations (2)	-	-	-	-	-	-	-	-	-	9.8	-	-	-	9.8

(1) Share of profits/losses of associates at March 31, 2007 relates to Metro France Publications, the only company to be included in the "other activities" segment at March 31, 2007. The change of this share on the segment "other activities" between Q1 2007 and Q1 2006 is impacted by the divestment of Prima TV on December 2006. The share of the "Broadcasting international" segment is related to Europa TV and Europa Network companies, whose impact on the Q1 2007 net consolidated result is zero.

(2) Post-tax profit of the discontinued operation at March 31, 2006 corresponds to the TPS net profit.

Sales and transfers between business segments take place according to normal market conditions.

6. DEFINITION OF CASH POSITION

The cash flow statement analyses movements in the cash position, which includes treasury current account credit balances.

(€m)	2007.03	2006.12
Cash and cash equivalents in the balance sheet	220.1	275.2
Bank overdrafts	(3.3)	(1.6)
Liability cash accounts	(3.0)	(1.8)
Cash position at end of period, as reported in cash flow statement	213.8	271.8

7. NET DEBT

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

(€m)	2007.03	2006.12
Cash and cash equivalents (1)	220.1	275.2
Financial assets held for treasury management purposes	-	-
Total cash and cash equivalent (A)	220.1	275.2
Fair value of interest rate derivative instruments (B)	1.7	0.6
Non-current debt (2)	504.3	505.6
Current debt (1)	54.1	148.7
Total debt (C)	558.4	654.3
Net debt (C) - (B) - (A)	336.6	378.5

(1) At March 31, 2007, cash includes the repayment during Q1 2007 of the €99 million advanced by Vivendi on January 6, 2006, together with related interest for a total amount of € 101.9m. The corresponding book entry is included in current debt. The advance received therefore has no impact on the Group net debt at March 31, 2007.

(2) In November 2003, the TF1 Group issued a €500 million of fixed-rate bonds maturing 2010. Of this issue, €300 million are hedged against interest rate risk. The effective interest rate of the bonds at March 31, 2007 was 4.53% before hedging and 4.13% after hedging.

The fair value of these bonds recognised in the balance sheet at March 31, 2007 was €496.3 million. This value includes the amortisation relative to the book entry of the initial debt of €500 million at amortised cost and the variation of the fair value of the part hedged, representing a fall of €1.3 million for first quarter 2007. The change in the fair value has been determined by discounting future cash flows on the basis of interest rates as of March 31, 2007 and factoring in credit risk.

8. OTHER FINANCIAL ASSETS

(€m)	2007.03	2006.12
Investments in and loans to non-consolidated companies	28.9	25.0
Canal+ France financial asset	637.8	628.8
Loans	0.2	0.3
Deposits and caution money	3.7	3.0
Net-value-other financial assets	670.6	657.1

The Canal+ France financial asset received in exchange for the transfer of TPS shares in the transaction described in note 4 represents a 9.9% interest in the capital of Canal+ France plus a put option exercisable in February 2010. This option will enable TF1 to sell all its Canal+ France shares at the greater of:

- a minimum price of €745.8 million (for TF1's interest);
- an independent valuation at the exercise date.

When first posted, the Group designated the financial asset made up of the Canal+ France shares and put option as a fair value financial asset via the income statement. The variations of the fair value of this financial asset are posted in "Other financial income and expenses" (see note 9).

As at December 31, 2006, the fair value of this asset was determined on the basis of the minimum price of €745.8 million, discounted at the interest rate derived from the agreement signed on January 6, 2006. The variation of the fair value of the financial asset in first quarter 2007 was positive to the amount of €9 million, bringing the value of the financial asset (Canal+ France shares and put option) to €637.8 million at March 31, 2007.

Moreover, consequently to the fact that TF1 ceased to exercise control over TPS from September 1, 2006, the Extraordinary General Meeting of Canal+ France that approved the transfer of TPS held on January 4, 2007.

9. OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses comprise:

(€m)	2007.03	2006.03
Dividends	-	-
Change in the fair value of Canal+ France financial asset	9.0	-
Change in value of forward currency purchase contracts	(0.1)	(1.9)
Impairment of financial assets	0.4	-
Provisions for liabilities and charges-financial items	-	0.1
Other	0.2	0.1
Total	9.5	(1.7)

The variation of the fair value of the financial asset (Canal+ France shares and put option) in first quarter 2007 corresponds to an increase of €9 million compared to the fair value established at December 31, 2006 (see note 8)

10. DISTRIBUTED DIVIDEND

The table below shows the dividend per action paid out by the Group in 2006 for fiscal year 2005, as well as the amount approved by the Ordinary General Meeting of April 17, 2007:

(€)	To be paid in 2007	Paid in 2006
Total distributed dividend (in million)	182.0	139.0
Dividend per share	0.85	0.65

11. POST BALANCE SHEET EVENTS

TF1 acquisition of a 33.5% holding in the capital of the AB Group

On April 2, 2007, TF1 and the Berda family finalised TF1's acquisition of a 33.5% holding in the AB Group for the sum of €230 million, payable in two instalments of €115 million each. The first payment was made by TF1 on the completion date of the operation, that is, April 2, 2007. According to the protocol, the second instalment is to be paid six months after that date, that is, October 2, 2007.

As of April 1, 2007, the TF1 holding in AB Group's capital will be consolidated in the TF1 Group's accounts using the equivalence method.

Additional acquisition of 51% of Téléma

Since April 17, 2000, TF1 International SAS has held 49% of the capital of the company Téléma, which was consolidated since that date and until March 31, 2007 by proportional integration. On May 10, 2007, TF1 International has acquired the remaining 51% of the capital and voting rights for €5.6 million.

Merger and absorption of the company TJM

TJM, 50% held by e-TF1 and 50% by Jet Publishing, develops entertainment services for mobile telephony handsets connected to a radio-electric telecommunications network.

The TJM Board of Directors meeting of May 16, 2007 agreed to the project for the merger/absorption of TJM by MEDIAPLAZZA.com, a 100% subsidiary of Jet Group. The project will be submitted to the TJM Combined General Meeting of June 29, 2007, following which the TF1 holding in MEDIAPLAZZA.com will be less than 20%. As a result, TF1 will no longer exercise joint control over the new entity.

Télévision Française 1

A public limited company « Société Anonyme » with a share capital of € 42,777,718
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