Interim Report

9 months 2005

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A/ Consolidated key figures (IFRS)

(€ million)

	9 months 2005	9 months 2004	Full year 2004
Turnover	2,055.9	2,068.7	2,849.6
TF1 core channel advertising revenue *Other activities revenue*	*1,177.6* *878.3*	*1,189.3* *879.4*	*1,645.5* *1,204.1*
Operating profit	280.2	285.1	383.0
Net profit attributable to the Group	181.2	167.2	224.7
Cash flow[1]	332.5	372.3	490.0
Shareholders' funds	994.0	914.9	975.5
Net financial debt	568.0	475.0	413.7
Earnings per share (€)	0.85	0.78	1.05
Diluted earnings per share (€)	0.85	0.78	1.04

	9 months 2005	9 months 2004	Full year 2004
Average number of outstanding shares (in thousands)	214,126	214,107	214,229
Closing share price (end of period) (€)	22.07	22.84	23.95
Market capitalisation (end of period) (€ billion)	4.7	4.9	5.1

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

B/ Key events for 9 months 2005

BROADCASTING FRANCE

Broadcasting[2]

Following the terrible **tidal wave** that hit India and South East Asia at the end of December 2004, the TF1 News Division and Technical Division set up a major facility to inform TF1 viewers. On January 2, the 8.0 pm news bulletin gathered 11.7 million viewers.

On March 10, the first "docu-drama" broadcast by TF1, ***Dans la tête du tueur***, is a great success with 10.3 million viewers.

On June 6, TF1 obtained the ***Grand Prix des Médias 2005*** (2005 Media Award), organised by CB News. Rewarded for the first time, TF1 also received the best TV channel trophy.

On June 29, TF1 obtained all the rights for exclusive broadcasting in France of the **2010 and 2014 Football World Cup** at a cost of €120 M and €130 M, respectively, plus various other FIFA competitions taking place from 2007 to 2014.

Dolmen, the summer saga, was broadcast on TF1 in June and July 2005, attracting an average of 12.0 million viewers per episode, best rating for a summer saga since the creation of the *Médiamat*.

On October 12, the **France - Cyprus** match, a qualifying match for the *2006 Soccer World Cup*, boasted the best audience score for the year, with 13.3 million viewers.

By beating Cyprus that day, the French national team qualified for the **2006 Soccer World Cup**, during which TF1 will broadcast the 24 best matches.

In October, TF1 secured the broadcasting rights for **Formula 1** motor racing for the seasons 2006 and 2007.

In August, TF1 signed a multi-year agreement with **Warner** and in October another with **Buena Vista International** covering different programme types – series, films, animated cartoon series, etc.

In October, **TF1 Publicité** published its 2006 **sales terms and conditions**. The main novelty is the establishment of a dual pricing system: the women-under-50 target is supplemented by one of individuals between 25 and 49 years old.

On November 7, the interview of the Prime Minister Dominique de Villepin at the **8.0 pm news bulletin** was watched by more than 13.2M viewers.

Thematic channels

On February 18, TF1 and AB Group finalised the acquisition of **TMC** from Pathé Group, after obtaining the CSA's approval. TF1 and AB each now own 40% of TMC. The remaining 20% are in the hands of the Principality of Monaco. TMC is a family and generalist oriented channel. It is received by 13 million people through cable, satellite, ADSL and a terrestrial network in Provence Alpes Côte d'Azur (PACA - south of France). TMC also has a national licence to operate on the digital terrestrial network (Channel n°10). TMC has been available on TPS since September 30, 2005.

On March 14, **Ushuaïa TV** (100% owned by TF1), the first channel in France dedicated to sustainable development, is launched exclusively on TPS. Only four months after its launch, Ushuaïa TV recently won a prize for its exclusive series "*Les Sentinelles de la nature*", entirely initiated and co-produced by Ushuaïa TV and Films Concept Associés.

On March 31, **Digital Terrestrial Television** is launched in France with coverage of 35% of the French population (Paris, Lille, Lyons, Bordeaux and Rennes). On this new network, TF1 Group owns six licences: two for the "free" part (TF1 and TMC), and four for the "paying" part (LCI, Eurosport, TF6 and TPS Star), which should be launched during the fourth quarter 2005.

On July 5, Médiamétrie published the results of the 9th wave of the **Mediacabsat**, covering cable and satellite channels over the period December 27, 2004 to June 12, 2005. All the Group's channels performed well, six of them making it to the

[2] Source : Médiamétrie

top 10. Of particular note is the first place for Eurosport (first equal with RTL9), as well as the surge of TV Breizh to third place in the rankings.

<u>Other companies</u>

A new company called **TF1 Hors Média** has been created in September. It is dedicated to providing media agencies and advertisers with global communication solutions to extend their action in the field and maximise their media / non-media synergies.

The first **Téléshopping shop** opened last August in Paris, on the Boulevard Haussmann. A second one should open its doors in 2006.

PROGRAMME AND SERVICE DISTRIBUTION

In 2005, **TPS** expanded the distribution of its ADSL offering by signing two agreements, one with **Neuf Télécom** in February and the other with **Télécom Italia** (Alice) in November.

On August 13, TPS strengthened its offering by creating **TPS Foot,** the first thematic channel dedicated exclusively to football **–** over 500 matches per year, magazine formats, the season's greatest goals and the latest on European clubs.

In October, two new channels made their exclusive appearance on TPS, **TPS Cinécomedy** and **Baby TV.**

INTERNATIONAL BROADCASTING

On January 10, Eurosport Group launched its new channel **Eurosport 2**. Broadcast in 37 European countries in seven languages (English, Polish, Turkish, Greek, French, Italian and Russian), Eurosport 2 is a mix of live sports, magazines and news.

Since June 2005, **Eurosportnews**, the Eurosport sports news channel, has been available on certain commercial flights thanks to the Boeing satellite network, **Connexion by Boeing**.

In Italy, channels **Si Live 24**, a sports news channel, and **Si Solocalcio**, a channel dedicated to Italian soccer, were launched in August and September, respectively.

AUDIOVISUAL RIGHTS

For the first nine months of the year, **TFM** was the fourth top distributor of box office films with 12 million admissions. *Brice de Nice* contributed significantly to TFM's success with over 4.3 million spectators.

TF1's **VOD** offering was launched on November 15.

OTHERS

The Nicolas Hulot Foundation and the *Agence de l'Environnement et de la Maîtrise de l'Énergie* (Agency for the Environment and Energy Saving) launched the **"Challenge for Earth"**. TF1 Group joined them in promoting this initiative.

On May 25, TF1 and AMP agreed a protocol concerning TF1's **disposal** of 100% of the shares in **Studios 107** to AMP.

At the end of H1, TF1 finalised the **disposal** of the whole of its holding (80% of the capital) in **Visiowave** to General Electric Security.

The selection of TF1 by several sustainable development stock market indexes, in particular **FTSE4Good**, **DJSI World** and **DJSI STOXX** was confirmed in 2005.

In October, **TF1** and QUINTA Communications (headed up by Mr. Tarak Ben Ammar) acquired a shareholding in the new American production company, **The Weinstein Company Holding LLC**, through a joint venture.

C/ Review of operations[3]

Boulogne, November 22, 2005

For the first nine months of 2005, TF1 Group revenue declined slightly (-0.6%) to €2,055.9 M. TF1 Channel's net advertising revenue fell by 1.0% to €1,177.6 M. Revenue from other activities was stable (- 0.1%) to €878.3 M, primarily due to the disposal of Studios 107 and Visiowave. On a comparable basis, revenue from other activities increased 1.0%[4], and TF1 Group consolidated revenue was nearly stable (- 0.2%).

Over the first 10 months of 2005, in a volatile advertising market and a difficult economic climate, visibility was still limited. The *Telecommunications*, *Services* and *Transport* sectors increased most strongly, showing growth of 16.9%, 5.8% and 3.4%[5], respectively. However, that did not make up for the erosion of investment in *Food* and *Cosmetics*, the two prime advertising sectors, which decreased by 10.7% and 0.4%, respectively.

The 1.0% increase in revenue from other activities, on a comparable basis, is due to the solid performance of:

- TF1 International, whose revenue climbed 67.6%, notably thanks to the success of TFM, the fourth top French distributor of box office films over the first nine months of 2005;
- TPS, whose contribution to revenue increased by 5.4%, due to the improved offering and the expanded subscriber base compared to the same period in 2004, in particular thanks to ADSL;
- E-tf1, which leveraged the dynamism of the tf1.fr site and the good performance of the Audiotel-SMS activity of the programmes *Attention à la marche* and *A Prendre ou à laisser*. Its contribution increased 13.1%;

Tempered by sluggish performance from:

- TF1 Vidéo (-17.2%), whose first half 2005 results suffered from the lack of blockbuster releases, though its third quarter revenue grew 24.6%;
- TF1 Entreprises (-14.3%), which continues to suffer from the brand erosion of *Star Academy*.

Group operating profit declined by 1.7% to €280.2 M (including a capital gain of €14.2 M from the disposal of Visiowave) compared to the first nine months of 2004. The drop was mainly due to the slight decrease in Group revenue combined with a 3.8% increase in programming costs.

Net profit attributable to the Group in the first nine months of 2005 rose 8.4% compared to the first nine months of 2004 to reach €181.2 M, that is, a net margin on revenue of 8.8% compared to 8.1% in 2004. This improvement, in a context of declining operating income, comes primarily from a lower tax charge, mainly due to the Visiowave disposal, the long-term capital gain from which is not taxable due to the offset of prior capital losses.

At September 30, 2005, shareholders' funds totalled €994.0 M on a balance sheet total of €3,344.6 M. Net debt stood at €568.0 M, that is, 57.1% of shareholders' funds.

During the first 9 months of 2005, subsequent to the exercise of stock options, 662,400 TF1 shares were issued valid at January 1, 2005. Furthermore, TF1 bought back and cancelled 1,370,000 shares representing 0.64% of the capital.

Outlook

For 2005, TF1 Channel net advertising revenue should follow the trend of the first nine months, while- on a like-for-like basis (accounting standards and scope of consolidation) – the revenue of the other activities should grow.
The increase of TF1 Channel programming costs will be limited to 3% maximum for the full year 2005.

[3] All financial data are presented according to IFRS.
[4] Excluding the impact of the Visiowave and Studios 107 disposals in 2nd quarter 2005 (elimination of the revenue of Studios 107 and Visiowave for the first nine months of 2004 and 2005) and excluding the consolidation of TMC in 3rd quarter 2005 (elimination of TMC's first 9 months 2005 revenue).
[5] Source: Sécodip.

I) Broadcasting France

The Broadcasting France division generated revenue of €1,458.6 M in the first nine months 2005 and an operating profit of €211.9 M. Excluding TF1 SA, the operating margin of other activities improved by 4.9 points to 7.9% for the period.

Broadcasting (source: Médiamétrie)

For the first 10 months of 2005, television consumption set a new record: 3 hours 23 minutes on average per day for individuals aged four years and over (an increase of two minutes compared to the first 10 months of 2004) and 3 hours 31 minutes on average per day for women under 50 – an increase of six minutes compared to the same period in 2004.

From January to October, TF1's audience share stood at 32.5% for individuals aged four years and over and 36.1% for women under 50, an increase of 0.5 and 0.6 points, respectively, compared to the same period in 2004. So TF1 has further increased its leadership with these two target groups after a fast-growing 2004, thanks in part to the *Euro 2004* soccer championship and *La Ferme Célébrités 1*.

TF1 achieved 96 of the 100 best audiences in the first 10 months of the year, which underpinned its strategy of events-based, family and exclusive programming line-up. This performance includes 22 TF1 programmes with over 10 million viewers. In October, TF1 achieved its best audience of the year with the France-Cyprus soccer match (qualifying for the *2006 Soccer World Cup)*, which attracted 13.3 million viewers for an audience share of 50.4%.

Advertising (source: Secodip)

For the period January - October 2005, the channel's market share was 54.3%.

Among the growth sectors during the period were:

⇨ *Telecommunications*, up 16.9% thanks in particular to telecommunications operators and above all mobile telephony (+ 44.2%);

⇨ *Services* (+ 5.8%), fuelled by the sub-sectors "employment" (+€3.4 M), "public services" (+€3.0 M) and "rental of goods and services" (+€1.1 M);

⇨ *Transport*, up 3.4%, with the TF1 market share growing by 1.4 point at 54.7%.

However, several sectors were down:

⇨ *Food*, the top advertising sector on TF1, declined 10.7%;

⇨ *Cosmetics* fell 0.4%, though TF1 raised its market share 0.1 point at 55.8%;

FMCG's manufacturers and particularly advertisers from the food sector are experiencing an uncertain environment with:

- A reconsideration of the label's value by consumers, who are choosing cheaper products (retailers brand name or hard discounts products, which represents now 13.0% in value);
- A decrease in prices, set by governmental measures, which have destabilized the market;
- An uncertain environment related to the implementation of the Dutreil law (renegotiation of the Galland law);
- The so-called anti-obesity law and more generally speaking the overall mainstream on food sector industrials' responsibility regarding the rise in obesity.

These elements as a whole are responsible for the slowdown in FMCG's manufacturers' ad spends in TV. They, nevertheless, keep on privileging TF1 channel.

⇨ *News - Media*, down 15.9%, mainly due to an unfavourable comparison base (in the first months of 2004, the Press and Magazine sector invested significantly on TF1 since television advertising for this sector was authorised with effect from January 1, 2004).

At the end of September 2005, the market of thematic channels available on cable and satellite represented 9.3% of gross TV advertising revenue, up 7.2% vs. the same period in 2004.

French thematic channels

Revenue for all TF1 Group French thematic channels increased 8.8% during the first nine months of 2005, thanks particularly to:

- The consolidation of TMC in the 3rd quarter 2005 (TMC's nine months 2005 revenue was accounted for in the 3rd quarter 2005 for €4.1 M);
- The good audience results registered by the TF1 Group channels in the latest Médiacabsat[6] wave. Six of the Group's channels made it into the audience top 10, including Eurosport, the leading cable and satellite channel (first equal with RTL9) and TV Breizh, which is now in 3rd place;
- The 19% growth in advertising revenue from the Group's thematic channels in the first nine months of 2005.

Channels	No. of households receiving the channel at September 30, 2005 (in millions)	No. of households receiving the channel at September 30, 2004 (in millions)	Change
Eurosport France	6.5	6.3	+ 3.2%
TV Breizh	4.5	4.2	+ 7.1%
LCI	5.4	5.2	+ 3.8%
TMC*	8.7	6.1	+ 42.6%
TF6	2.8	2.6	+ 7.7%
Série Club	2.2	2.2	-
Odyssée	2.1	2.0	+ 5.0%
Histoire	4.2	3.9	+ 7.7%
Ushuaia TV	1.2	-	ns

** Including free-to-air in PACA in the south of France (some 2.2 million households) and digital terrestrial television. TMC has been available on TPS since September 2005.*

Other companies

The **Téléshopping** contribution to consolidated revenue amounted to €67.3 M, up 5.7% compared to the first nine months of 2004, for the most part thanks to the strong revenue growth of the internet sites (+52%). Over the period, internet sales represented 19% of Téléshopping merchandise sales. The launch of a store in Paris in August and a second one at the beginning of 2006 represents a major step in Téléshopping's expansion. The Infomercial project (American distance shopping format) started in France on October 15 on some cable and satellite channels and should grow rapidly starting in 2006. Téléshopping's operating profit for the first nine months of 2005 amounted to €7.6 M, i.e., an operating margin of 11.3%.

In the first nine months of 2005, **TF1 Entreprises** suffered from a tough economic climate, a slow-down in its Licensing-Merchandising activities, and the erosion of the *Star Academy* brand. Its contribution to revenue declined by 14.3% to €18.0 M at end September 2005. However, it made up for this decline in activity by developing new ones (comics, fine books, etc.), optimising its licensing contracts and signing up new brands. **TF1 Hors Média**, which was founded on September 1, 2005 to offer advertisers and agencies tools and opportunities for "field" communications, will contribute to the growth and expansion of TF1 Entreprises as of fourth quarter 2005.
For the first nine months of 2005, TF1 Entreprises' operating profit amounted to €2.4 M.

[6] Source: Médiacabsat ninth wave covering the period December 27, 2004 to June 12, 2005.

E-TF1, the **interactive** division, saw its contribution to revenue increase by 13.1% to €44.1 M, thanks to the success of the programmes *A Prendre ou à laisser* and *Attention à la Marche,* as well as to the dynamism of its advertising revenue and the sale of paying content – boosted by the audience increase of the tf1.fr site (+50% in September 2005 compared to September 2004). Operating profit grew 7.1% for the period to €3.0 M, that is, an operating margin of 6.8%.

II) Programmes and service distribution

For the first nine months of the year, the **TPS** (66%) contribution to consolidated revenue was €298.1 M, a growth rate of 5.4%.

During the period, TPS benefited from an enhanced offering with 16 new channels, including the exclusive airing of Ushuaïa TV and Eurosport 2, plus TPS Foot (the TPS channel 100% dedicated to soccer, with exclusive matches, new magazine formats, etc.), TMC, OLTV, OMTV and TPS Cinéclub. In addition, TPS signed an exclusive contract with Don King for the broadcast of all the boxing events he stages into 2006.

After its partnership with Neuf Télécom in February 2005, TPS announced the November signature of an agreement with Telecom Italia to broadcast its programme offerings over the ADSL network of the operator Alice. At end 2005, some 10 million households will be able to receive the TPS offering over their telephone line.

Operating profit amounted to €22.5 M, an increase of 13.6%. TPS confirms that it will reach break-even over the full year 2005.

III) Audiovisual rights

The Audiovisual rights division generated revenue of €158.0 M in the first nine months of 2005. Operating profit more than doubled over the period to reach €11.7 M, that is, operating profitability of 7.4% (+4.4 points over the same period 2004).

The **TF1 Vidéo** (incl. RCV and CIC) contribution to revenue amounted to €99.4 M, a decline of 17.2%. After a first half drop of 28.7% due to a very unfavourable comparison base, the third quarter was particularly dynamic (+24.6%) thanks to the video release of *Iznogoud*, *Aviator* and *Espace Détente*. In the 4th quarter, TF1 Vidéo will benefit from the video release of *Brice de Nice* and *Le Dernier Trappeur*. Operating profit for the first nine months of 2005 stood at €8.3 M.

Thanks to the box office success of *Iznogoud*, *Le Dernier Trappeur*, *Aviator* and above all *Brice de Nice*, **TF1 International** increased its contribution to consolidated revenue by 67.6% to €46.6 M. Operating income for the first nine months of 2005 was €0.6 M, compared to a loss of €8.5 M for the same period in 2004.

IV) International broadcasting

At September, 30 2005, **Eurosport** was received by 104.4 million households in Europe, of which 54.9 million were paying subscriber households (+4.3 million and +8.5% compared to September 2004). Eurosport is now broadcast in 54 countries and 19 languages. The strategy of giving pride of place to live broadcast and retransmission of major events has paid off, since the number of paying subscribers and the audiences are on the rise.

Eurosport 2 was launched on January 10, 2005 and is distributed in 37 countries and seven languages (English, French, Greek, Italian, Polish, Russian and Turkish) to 17.4 million households, of which 17 million are paying subscriber households. This success is proof of the reputation of the Eurosport brand in Europe. Eurosport 2 is a true complement to Eurosport, offering a programme grid that is oriented towards a younger audience, with news, magazines and 1,800 hours of sports events per year, of which 450 are exclusive live broadcasts.

The sports news channel Eurosportnews has become firmly established for the long term outside Europe, notably in Australia, India, Malaysia, New Zealand and South Africa. But it is also distributed in Europe to some 4.6 million households, of which 98% are paying subscriber households.

In addition, eurosport.com and its five local versions have confirmed their solid performance with a substantial increase in visits (+69% compared to end September 2004 i.e. an average of over 10 million visits per month).

The Eurosport International contribution to consolidated revenue end September 2005 was stable at €190.4 M. The absence of major sports events (such as the Olympic Games) in 2005 has led to a drop in advertising revenue. This has been made up for by the increase in revenue thanks to the growing number of subscribers to the various Eurosport offerings as well as by the consolidation of the companies managing the *World Touring Car Championship* (FIA WTCC).

The nine months 2005 operating profit for Eurosport International amounted to €25.3 M, vs. €19.4 M at September 30, 2004, that is, an improvement of 30.4% and an operating profitability of 13.3%. The contribution of Eurosport International to TF1 Group net profit at end September 2005 was €9.5 M, an increase of 79.2% compared to the same period 2004, due primarily to the drop in net debt cost.

V) Human resource update

During the first nine months 2005, TF1 Group's workforce increased, both at TF1 SA and its subsidiaries (3,937 people) compared to December, 31 2004 (3,867 people). This takes into account the disposal of Studios 107 and Visiowave and the acquisition of TMC in first half 2005.

VI) Share price

On November 10, 2005, TF1 share closed at €21.5, down 10.2% since January 1, compared with a rise of 17.2% of the CAC 40 and of 18.4% of the SBF 120 index. The market capitalisation of the TF1 Group at November 10, 2005 was €4.6 billion.

VII) Consolidated profit and loss account operational breakdown (IFRS)

(€ million)	9 months 05	9 months 04	2004
TF1 Channel			
Advertising revenue	1,177.6	1,189.3	1,645.5
Advertising agency fees	(61.8)	(63.5)	(86.3)
NET REVENUE FROM BROADCASTING	1,115.8	1,125.8	1,559.2
Royalties and contributions			
- Authors	(45.0)	(46.2)	(63.9)
- CNC	(58.3)	(58.7)	(81.5)
Transmission costs			
- TDF, Satellites, Transmissions	(41.2)	(42.7)	(56.5)
Programming costs	(667.4)	(642.9)	(893.2)
GROSS MARGIN	303.9	335.3	464.1
Diversification revenue and other revenue	865.8	876.0	1 201.2
Other operating expenses	(783.3)	(811.0)	(1 138.4)
Depreciation, amortisation and provisions (net)	(106.2)	(115.3)	(143.9)
OPERATING PROFIT	280.2	285.0	383.0
Cost of net debt	(12.6)	(15.8)	(20.6)
Other financial income and expenses	6.0	4.4	2.0
Income tax expense	(89.4)	(104.4)	(136.2)
Share of profits/losses of associates	(4.5)	(4.0)	(5.0)
NET PROFIT FROM CONTINUING OPERATIONS	179.7	165.2	223.2
Net profit of discontinued and held-for-sale operations	0.0	0.0	0.0
NET PROFIT	179.7	165.2	223.2
Minority interests	1.5	2.0	1.5
NET PROFIT ATTRIBUTABLE TO THE GROUP	181.2	167.2	224.7

D/ Consolidated financial statements (IFRS)[7]

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(€ million)	9 months 05	9 months 04	2004
Turnover	2,055.9	2,068.7	2,849.6
Net advertising revenue	1,276.8	1,288.3	1,781.1
TF1	1,177.6	1,189.3	1,645.5
OTHERS	99.2	99.0	135.6
Diversification revenue	761.6	764.7	1,048.3
Technical services revenue	17.5	15.7	20.2
Other operating revenue	0.3	1.2	3.2
External production costs	(505.4)	(437.4)	(644.6)
Other purchases and changes in inventory	(337.3)	(389.2)	(516.0)
Staff costs	(278.2)	(273.5)	(383.1)
External expenses	(431.7)	(436.0)	(611.6)
Taxes other than income taxes	(97.8)	(93.5)	(130.2)
Depreciation and amortisation, net	(71.7)	(73.6)	(100.6)
Provisions, net	(33.6)	(41.7)	(43.3)
Other operating income and expenses	(34.5)	(39.9)	(40.4)
CURRENT OPERATING PROFIT	266.0	285.1	383.0
Other non-current operating income and expenses	14.2	0.0	0.0
OPERATING PROFIT	280.2	285.1	383.0
Cost of debt	(15.6)	(17.8)	(22.6)
Income from cash and cash equivalents	3.0	1.9	2.0
COST OF NET DEBT	(12.6)	(15.9)	(20.6)
OTHER FINANCIAL INCOME AND EXPENSES	6.0	4.4	2.0
Income tax expense	(89.4)	(104.4)	(136.2)
Share of profits/losses of associates	(4.5)	(4.0)	(5.0)
NET PROFIT FROM CONTINUING OPERATIONS	179.7	165.2	223.2
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NET PROFIT	179.7	165.2	223.2
Minority interests	1.5	2.0	1.5
NET PROFIT ATTRIBUTABLE TO THE GROUP	181.2	167.2	224.7
Average number of outstanding shares (in thousands)	214,126	214,107	214,229
Earnings per share (€)	0.85	0.78	1.05
Diluted earnings per share (€)	0.85	0.78	1.04

[7] These consolidated financial statements at September 30, 2005 have been subject to a limited review by our statutory auditors

CONSOLIDATED BALANCE SHEET

ASSETS (€ million)	30.09.05 Net	31.12.04 Net	30.09.04 Net
Intangible fixed assets	158.5	125.1	120.9
Audiovisual rights	129.4	92.8	89.1
Other intangible fixed assets	29.1	32.3	31.8
Goodwill	890.9	889.0	876.5
Tangible fixed assets	196.7	208.2	209.5
Investments in associates	40.7	45.1	42.8
Other financial assets	38.3	10.7	12.9
Tax assets	43.1	52.4	47.0
NON-CURRENT ASSETS	1,368.2	1,330.5	1,309.6
Inventories	579.4	551.4	571.3
Programmes and broadcasting rights	563.0	535.4	556.5
Raw materials and supplies	16.4	16.0	14.8
TRADE AND OTHER DEBTORS	1,328.8	1,218.6	1,272.8
Foreign exchange derivative instruments	3.4	0.9	0.9
Interest rate derivative instruments	26.6	11.3	16.2
Cash and cash equivalents	38.2	158.9	90.4
CURRENT ASSETS	1,976.4	1,941.1	1,951.6
Held-for-sale assets	0.0	0.0	0.0
TOTAL ASSETS	3,344.6	3,271.6	3,261.2

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	30.09.05	31.12.04	30.09.04
Share capital	42.8	43.0	43.1
Share premium and reserves	771.1	707.0	703.9
Net profit attributable to the group	181.2	224.7	167.2
Shareholders' funds (attributable to the Group)	995.1	974.7	914.2
Minority interests	(1.1)	0.8	0.7
SHAREHOLDERS' FUNDS	994.0	975.5	914.9
Long-term debt	527.7	524.3	513.6
Non-current provisions	30.1	30.1	22.8
Non-current tax liabilities	52.0	62.6	69.4
NON-CURRENT LIABILITIES	609.8	617.0	605.8
Short-term debt(1)	104.1	57.1	64.6
Foreign exchange derivative instruments	0.3	4.1	0.7
Interest rate derivative instruments	1.0	2.5	3.4
Trade and other creditors	1,571.9	1,557.3	1,606.6
Current provisions	63.5	58.1	65.2
CURRENT LIABILITIES	1,740.8	1,679.1	1,740.5
Liabilities relating to held-for-sale assets	0.0	0.0	0.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,344.6	3,271.6	3,261.2
(1) Including current bank overdrafts	0.5	16.6	17.0

CONSOLIDATED SHAREHOLDERS' FUNDS

(€ million)		Share capital	Retained earnings	Shareholders' funds
Shareholders' funds at 31 Dec. 03		**43.0**	**843.1**	**886.1**
Capital increase	(1)	0.1	3.6	3.7
Dividends			(139.1)	(139.1)
Exchange and other differences			(0.2)	(0.2)
Operations on treasury shares		(0.1)	1.2	1.1
Instruments relating to treasury shares			(4.5)	(4.5)
Share-based payments	(2)		3.8	3.8
Profit recognised directly in equity	(3)		(0.9)	(0.9)
2004 net profit			224.7	224.7
Shareholders' funds at 31 Dec. 04		**43.0**	**931.7**	**974.7**
Capital increase	(1)	0.1	6.5	6.6
Operations on treasury shares	(4)	(0.3)	(32.3)	(32.6)
Share-based payments	(2)		3.7	3.7
Profit recognised directly in equity	(3)		0.2	0.2
Dividends			(138.7)	(138.7)
Net profit at September 30, 2005			181.2	181.2
Shareholders' funds at 30 Sept. 05	(5)	**42.8**	**952.3**	**995.1**

(1) Stock options exercised.
(2) This amount corresponds to the notional expense recognised in the period in respect of the fair value of the stock options.
(3) Financial instruments: fair value variation and transfer to profit.
(4) Capital reduction through cancellation of treasury shares.
(5) Share capital is divided into 214,052,129 ordinary shares with a nominal value of €0.20 per share, fully subscribed.

CASH FLOW STATEMENT

(€ million)	9 months 05	9 months 04	2004
Net profit	179.7	165.2	223.2
Depreciation, amortisation and provisions	*75.1*	*76.5*	*97.5*
- Intangible fixed assets	35.9	33.9	48.8
-Tangible fixed assets	33.4	37.6	48.4
- Financial assets	0.0	(7.4)	(6.6)
- Expenses to amortise	0.0	0.0	0.0
- Goodwill	0.0	16.5	10.8
- Provisions for liabilities and charges	5.8	(4.1)	(3.9)
Investment grants released to revenue	(7.0)	(5.3)	(7.7)
Unrealised gains/losses on fair value revaluation	(7.8)	(3.1)	(0.3)
Non-cash expense/income related to share-based payment	3.7	2.5	3.8
Gains on asset disposals	(20.4)	8.2	8.1
Share of profit/loss of associates	4.5	4.0	5.0
Dividend income from non-consolidated companies	(0.1)	0.0	(1.7)
Operating cash flow after cost of net debt and income taxes	227.7	248.0	327.9
Net interest expense	15.4	19.9	25.9
Income tax expense (including deferred taxes)	89.4	104.4	136.2
Operating cash flow before cost of net debt and income taxes	332.5	372.3	490.0
Income taxes paid	(131.5)	(115.0)	(148.3)
Change in operating working capital needs	(113.4)	(32.1)	(10.0)
NET CASH INFLOW FROM OPERATING ACTIVITIES	87.6	225.3	331.6
Cash outflows on acquisitions of property, plant and equipment and intangible assets	(67.4)	(49.2)	(70.4)
Cash inflows from disposals of property, plant and equipment and intangible assets	*1.6*	*2.1*	4.4
Cash outflows on acquisition of financial assets	(11.4)	(0.7)	(3.3)
Cash inflows from disposals of financial assets	0.0	0.0	2.2
Effect of changes in scope of consolidation	20.7	(49.1)	(54.4)
Dividends received	0.1	0.0	1.7
Change in loans and advances receivable	(16.4)	0.1	0.2
NET CASH USED IN INVESTING ACTIVITIES	(72.8)	(96.9)	(119.5)
Cash received from shareholders in connection with share issues	0.0	0.0	0.0
Cash received on exercise of stock options	6.6	2.7	3.7
Purchases and sales of treasury shares	(32.6)	0.0	1.3
Subscriptions to share capital of associates	0.0	0.0	(3.3)
Dividends paid during the period	(138.9)	(139.4)	(139.4)
Cash inflows from new debt contracted	67.7	6.4	15.0
Repayment of debt (including finance leases)	(13.5)	(94.3)	(104.2)
Net interest paid (including finance leases)	(8.9)	(12.6)	(25.2)
NET CASH USED IN FINANCING ACTIVITIES	(119.6)	(237.2)	(252.1)
Effect of changes in exchange rates	0.0	0.0	0.0
Effect of changes in accounting policies	0.2	(1.9)	(1.9)
Effect of changes in fair value	0.0	0.0	0.0
TOTAL CHANGE IN CASH POSITION	(104.6)	(110.7)	(41.9)
Cash position at beginning of period	142.3	184.2	184.2
Cash position at end of period	37.7	73.5	142.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The consolidated financial statements of the TF1 Group at September 30, 2005 have been prepared in accordance with IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board), in application of European Regulation 1606/2002 of July 19, 2002.

TF1 has elected to prepare its consolidated financial statements as at September 30, 2005 according to the following rules:

- The principles of recognition, valuation and presentation of the financial statements (excluding the Notes) are in accordance with the IFRS framework adopted by the European Union at September 30, 2005;
- The presentation of the Notes for the nine month period follows, in line with the option proposed by the French stock exchange authority (AMF) in Article 221-5 of its General Regulations, Recommendation 99 R-01 issued by the French National Accounting Council (CNC) relating to interim accounts.

The preparation of the IFRS financial statements as at September 30, 2005 is based on the standards and interpretations released at that date and adopted by the European Union and on elections made by the TF1 Group. Comparative information as at September 30 and December 31, 2004 has been prepared under the same rules. As the comparative information for 2004, forming part of the 2005 consolidated accounts, must be drawn up on the basis of rules applicable on December 31, 2005, it is possible that TF1 Group will, if necessary, modify that information to take account of potential changes of IFRS and their adoption by the European Union.

The accounting policies applied in the September 30, 2005 accounts are described below.

1.1. Consolidation methods

- *Subsidiaries*

Companies over which TF1 exercises control are accounted for using the full consolidation method. Control is presumed to exist where the parent company has the power directly or indirectly to determine the financial and operating policies of an enterprise so as to obtain benefits from its activities. Subsidiaries are included in the consolidation from the date on which control is effectively transferred to the Group. Divested subsidiaries are excluded from the consolidation from the date on which the Group ceases to have control. Under the full consolidation method, assets, liabilities, income and expenses are combined in full on a line-by-line basis. Minority interests in equity and in net profit are identified separately under “Minority interests” in the consolidated balance sheet and the consolidated profit and loss account.

Entities owned by TF1 in which management of financial and operating strategy is contractually shared with one or more other parties, none of which exercises effective control, are accounted for by the proportionate consolidation method. Under this method, the Group includes its own share of the assets, liabilities, income and expenses of the subsidiary in the relevant lines of its own consolidated financial statements.

- *Associates*

An associate is an enterprise in which the Group exercises significant influence but which is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee without exercising control, and is presumed to exist if the parent company holds, directly or indirectly, 20% or more of the voting power of the investee.
Investments in associates are accounted for by the equity method. Under this method, the Group’s interest in the associate is recognised in the balance sheet at the equivalent of its share of the associate’s net assets.

- *Transactions eliminated on consolidation*

Intragroup balances and transactions, and unrealised profits resulting from intragroup transactions, are eliminated for the purposes of the consolidated financial statements. In the case of subsidiaries accounted for by the proportionate consolidation method, the amount eliminated is calculated by applying the percentage interest held by the Group.

1.2. Foreign currency translation

- *Transactions denominated in foreign currencies*

Transactions denominated in foreign currencies are translated into euros using the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated using the closing exchange rate. Translation differences are taken to profit or loss. Non-monetary assets and liabilities denominated in foreign currencies and recorded at historical cost are translated using the exchange rate at the transaction date.

- *Financial statements of foreign entities*

All assets and liabilities of consolidated entities whose functional currency is not the euro are translated using the closing exchange rate. Income and expenses are translated at the average exchange rate for the year. Foreign exchange differences arising from this treatment, and from the translation at the closing exchange rate of the opening equity of subsidiaries, are taken to consolidated equity under "Cumulative translation adjustment", which is included in "Share premium and reserves". Foreign exchange differences arising from the translation of the net investment in foreign subsidiaries and associates are taken to equity. On disposal of a foreign entity, these differences are taken to profit or loss as part of the gain or loss on disposal.

1.3. Non-current assets

1.3.1. Audiovisual rights

This item includes shares in films and audiovisual programmes co-produced by TF1 Films Production, TF1 Vidéo, Glem and Téléma; audiovisual distribution and trading rights held by TF1 International, TCM DA, TF1 Entreprises and CIBY DA; and music rights held by Une Musique and Baxter.

Audiovisual rights are accounted for at historical cost. The criteria for recognition of these rights as intangible assets, and the amortisation methods used, are as follows:

Date of recognition as intangible asset	**Amortisation method**			
	Co-production share	Audiovisual distribution rights	Audiovisual trading rights	Music rights
End of shooting	in line with revenues			
Censors' certificate	3 years straight-line			
Signature of contract		3 years straight-line or in line with revenues	5 years straight-line	2 years *75% 1st year* *25% 2nd year*

For films co-produced by TF1 Films Production and Téléma, the Group uses whichever method enables the film to be amortised as quickly as possible. Consequently, the method used may differ from film to film.

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

1.3.2. Goodwill

The difference between the cost of a business combination and the share in net assets of the acquired entity is first allocated to the identifiable assets and liabilities of the entity, such that those assets and liabilities are initially recognised in the consolidated balance sheet at fair value.

Any remaining difference is recorded as goodwill and allocated to the cash generating unit(s) to which economic benefits are expected to flow as a result of the business combination.
Subsequently, goodwill is measured at cost less any impairment losses, determined using the method described in 1.3.4 below. Impairment losses are taken to "Operating profit" in the profit and loss account.

1.3.3. Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost net of accumulated depreciation and impairment losses. Depreciation is charged on a straight-line basis over the estimated useful life of the asset:

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

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

- *Finance leases:*

Leases of property, plant and equipment under which the TF1 Group bears substantially most of the risks and rewards of ownership of the asset are treated as finance leases and are restated. The criteria used to determine whether or not a lease is a finance lease are those defined in IAS 17. Before the transition to IFRS, only leases defined as "crédit-bail" leases were restated to show the asset and related lease obligation in the consolidated balance sheet.

Assets held under finance leases are recognised in the balance sheet at the lower of fair value or the present value of the minimum lease payments, less accumulated depreciation and impairment losses. Depreciation is charged according to their expected length of use.

1.3.4. Subsequent remeasurement of non-current assets

The carrying amount of non-current assets is reviewed in accordance with Group accounting policies on an annual basis, or more frequently if internal or external events or circumstances indicate that the value of an asset may be impaired.

In particular, the carrying amount of intangible assets (other than audiovisual rights, which are measured using the policies described in 1.3.1) and goodwill is compared with their recoverable amount.

Recoverable amount is the higher of net selling price or value in use. In determining value in use, intangible assets to which independent cash flows cannot be directly allocated are grouped within cash-generating units (CGUs). The value in use of CGUs is measured using the discounted cash flow (DCF) method, applying the following principles:
- the pre-tax cash flows used are those derived from the medium-term business plan prepared by the entity's management;
- the discount rate is determined by adjusting the weighted average cost of capital of the TF1 Group to a pre-tax rate;
- the terminal value is calculated by aggregating the discounted cash flows to infinity, based on normative cash flows and a perpetual growth rate that is consistent with the growth potential of the markets in which the entity operates, and its competitive position in those markets.

The recoverable amount of the CGU as determined above is then compared with the carrying amount in the consolidated balance sheet of the non-current assets (including goodwill) attributed to the CGU. If this carrying amount is greater than the recoverable amount of the CGU, a provision for impairment is recorded and is accounted in priority under goodwill.

1.3.5. Financial assets

Investments in associates are accounted for by the equity method, as described in note 1.1.

Other financial assets mainly comprise equity investments in companies over which the Group exercises neither control nor significant influence.

1.3.6. Borrowing costs

On first-time adoption of IFRS, the TF1 Group opted for the benchmark treatment defined in IAS 23, under which borrowing costs due during the production period are excluded from the cost of non-current assets.

1.4. Programmes and broadcasting rights

a) "Programmes and broadcasting rights" includes:

- in-house productions made by TF1 Group companies for broadcasting on the TF1 channel;
- external productions, comprising broadcasting rights acquired by the Group's channels and co-production shares of broadcasts made for the Group's channels.

b) A programme is treated as ready for broadcast and recognised in inventory under "Programmes and broadcasting rights" when the following two conditions are met:

- technical acceptance (for in-house and external productions);
- opening of rights (for external productions).

External productions that have not been broadcast and the rights to which have expired are retired.

c) The value of programmes and broadcasting rights is measured as follows:

- in-house production: at overall production cost (direct costs plus a portion of indirect production costs);
- broadcasting rights and co-productions: at purchase cost, less "consumption" calculated at each balance sheet date using the method described in paragraph "d" below.

d) TF1 SA programmes (which account for most of the Group's programme inventory) are deemed to have been consumed on transmission, based on the following scales:

d.1 *Purchases of TV rights, co-productions and delegated co-productions with a unit running time of less than 52 minutes*
With a few immaterial exceptions, these programmes are 100% consumed on first transmission.

d.2 *Delegated co-productions with a unit running time of 52 minutes or more*
These programmes are 100% consumed on first transmission, except for multiple transmissions which are 80% consumed on first transmission and 20% consumed on second transmission.

d.3 *Purchases of TV rights for full-length feature films, TV dramas, series and cartoons*
These programmes are 100% consumed on first transmission, except for multiple transmissions which are 50% consumed on first transmission and 50% consumed on second transmission.

d.4 All other TF1 SA programmes are 100% consumed on first transmission.

A provision for impairment is recorded once it becomes probable that a given programme will not be transmitted.

1.5. Derivative financial instruments

The TF1 Group uses financial instruments to hedge its exposure to interest rate and foreign exchange fluctuations. Group policy is to trade on the financial markets solely for hedging purposes related to its business activities, and not to trade for speculative purposes.

These instruments include interest rate swaps and options, forward currency purchases and currency options.

Hedge accounting is used for some financial instruments. Documentation of hedging relationships has been put in place that complies with IAS 39. Depending on the nature of the hedged item, the Group uses two alternative forms of hedge accounting:

- fair value hedges (hedged item recorded in the balance sheet): changes in the fair values of the hedged item and the hedging instrument are recognised in profit or loss on a symmetrical basis;
- cash flow hedges: changes in the fair value of the hedging instrument are taken to equity until the outcome of the deal.

Other financial instruments are not treated as hedging instruments either because they do not qualify for hedge accounting under IAS 39 or because the group chose not apply hedge accounting, so as not to have unduly burdensome administrative procedures. In these cases, all gains or losses arising from changes in the market value of the instrument are taken to profit or loss.

1.6. Long-term debt

The bond issue is accounted for as follows:

- the unhedged portion of the issue (net of issue costs) is measured at its amortised cost;
- the hedged portion is accounted for using fair value hedge accounting as described above.

The other debt mainly comprises finance lease obligations (see note 1.3.3).

1.7. Provisions and contingent liabilities

A provision for liabilities and charges is recorded when an obligation to a third party will certainly or probably result in an outflow of resources not matched by at least an equivalent benefit and this outflow of resources is not covered by an existing liability. The provision is retained for as long as there is uncertainty as to the timing or amount of the outflow of resources.

Contingent liabilities are obligations whose existence will be confirmed only by the occurrence of future events or for which the outflow of resources can not be assessed properly.

1.8. Deferred taxation

Deferred taxation is recognised using the liability method on all temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted by the balance sheet date.
Deferred tax assets arising on taxable temporary differences and on the carry-forward of unused tax losses are recognised only to the extent that it is probable that future taxable profits will exist against which these unused tax losses can be offset.

1.9. Presentation and recognition of operating revenue

The TF1 Group recognises operating revenue when:
- Economic profits resulting from the transaction will likely benefit to the group;
- the amount of revenue can be measured reliably;
- at the transaction date, it is probable that the amount of the sale will be recovered.

Revenue recognition policies specific to certain types of business activity are as follows:

Sales of advertising space are recognised on transmission of the commercial. Revenue from exchanges of goods or services is recognised if the goods or services exchanged are dissimilar in nature, and the revenue from the exchange has economic substance and can be measured reliably. Revenue from exchanges of goods and services is measured at the fair value of the goods or services received, after adjusting for cash flows associated with the sale.

Sales of audiovisual rights under licence are recognised when the licensee has acknowledged that the programme conforms with the terms of the licence (technical acceptance).

Sales of merchandise and products by the Group's publishing and distribution divisions: revenue is reported net of forecast goods returns and of paybacks made in connection with certain distribution contracts.

Subscriptions to the TPS satellite TV service are recognised on a straight-line basis over the period during which the service is supplied. Discounts granted to clients when they subscribe to an offer are deducted from revenue and other acquisition costs are recorded under operating expenses when they incurred.

1.10. Share-based payment

TF1 has granted stock subscription options to employees which on exercise will result in the issuance of new shares by means of a capital increase. In accordance with IFRS 2, "Share-Based Payment", the fair value of services rendered by employees as consideration for the equity instruments received is recognised as an expense in "Staff costs". This expense, which is measured at the grant date of the options using the Black-Scholes-Merton model, is recognised over the vesting period.
The treatment described above applies to plans issued after November 7, 2002 and not fully vested as of January 1, 2004.

2. CHANGES IN SCOPE OF CONSOLIDATION

The changes in the scope of consolidation between December 31, 2004 and September 30, 2005 result from:

- The additional stake in TV Breizh, which increased TF1 Group's interest in this subsidiary from 71.1% to 73.8%;
- The liquidation in the first quarter of Comique Compagnie, which was excluded from the scope of consolidation with an effective date of January 1, 2005;
- The sale to Atlantic Media on May 25, 2005 of Studios 107, which has been excluded from the scope of consolidation with effect from April 1, 2005;
- The sale in the second quarter to General Electric Security, Inc. of the stake in Visiowave, which has been excluded from the scope of consolidation with effect from April 1, 2005; the consolidated pre-tax capital gain resulting from this sale amounts to €14.2 M and has been accounted in non-current operating profit.
- TF1 and AB Group finalised the acquisition from Pathé Group of TMC, after the CSA's approval granted on February 18, 2005. Through a jointly-owned company (Monte Carlo Participations - MCP) TF1 and AB each own 40% of TMC, the remaining 20% being in the hands of the Principality of Monaco. TMC itself owns 100% of Monégasque des Ondes (MDO), the commercial operator of the licence. TMC, MDO and MCP were proportionately consolidated for the first time on September, 30 2005 with effect from January 1, 2005.

The principal changes in the scope of consolidation between September 30, 2004 and September 30, 2005 are as follows:

- In the course of 2004 but subsequent to September 30, Kigema Sport Organisation and Super Racing Week-end Events were fully consolidated for the first time.
- Cabale and Mikado, previously fully consolidated, were eliminated from the scope of consolidation on December 31, 2004.

3. SUBSEQUENT EVENTS

No significant event has occurred since the end of September 30, 2005.

4. FINANCIAL CREDITORS AND BORROWINGS

Long-term financial creditors and borrowings were €527.7 M at September 30, 2005, and mainly consist in:

- The bond issue, with a fair value, after deducting related issue costs, amounting to €514.4 M on September 30, 2005;
- The long-term element of the financial debt linked to finance leases and amounting to €13.3 M.

Short-term financial creditors and borrowings were €104.1 M at September 30, 2005, and mainly consist in:

- Bilateral lines of banking credit amounting to €62.4 M;
- Current bank overdrafts for €18.5 M;
- Interest related to the bond issue for €19.3 M;
- The short-term element of the financial debt linked to finance leases and amounting to €3.1 M.

5. BUSINESS SEGMENT INFORMATION AT SEPTEMBER, 30 2005

(Contributions in €million)	Turnover			Operating profit		
	9M 2005	9M 2004	2004	9M 2005	9M 2004	2004
Broadcasting France	1,458.7	1,465.5	2,015.0	211.9	245.2	341.3
Distribution	298.1	282.8	379.6	22.5	19.8	2.0
Audiovisual rights	158.0	165.2	236.0	11.7	4.9	13.9
International broadcasting	190.4	190.6	253.7	25.3	19.4	26.7
Other activities	(5.1)	6.1	19.6	8.8	(4.2)	(0.9)
Inter-segment eliminations	(44.2)	(41.5)	(54.3)	-	-	-
Total	**2,055.9**	**2,068.7**	**2,849.6**	**280.2**	**285.1**	**383.0**

6. IFRS INFORMATION FOR COMPARATIVE PERIODS

The financial statements as at December 31, 2004, prepared under IFRS, were presented and detailed in a separate document entitled "Transition to IFRS ".

The main impacts of IFRS on financial statements at September 30, 2004 are listed below.

6.1. Changes in consolidated shareholders' equity as at September 30, 2004

(€million)	January 1, 2004	Exercise of stock options	Dividend distributed	Currency movements	Other movements	9M 2004 net profit	September 30, 2004
French GAAP Shareholders' equity	**866.1**	**2.7**	**(139.5)**	**0.0**	**1.7**	**159.6**	**890.6**
Restatement of head office	30.9						30.9
Financial instruments	(2.8)				(0.4)	3.4	0.2
Instruments relating to treasury shares	2.1				(4.8)		(2.7)
Share-based payment					2.5	(2.5)	0.0
Goodwill						5.8	5.8
Other adjustments	(0.2)				0.0	0.1	(0.1)
Deferred tax	(8.6)					(1.2)	(9.8)
IFRS Shareholders' equity	**887.5**	**2.7**	**(139.5)**	**0.0**	**(1.0)**	**165.2**	**914.9**
comprising:							
Minority interests	1.4		(0.4)		1.7	(2.0)	0.7
Attributable to the Group	886.1	2.7	(139.1)	0.0	(2.7)	167.2	914.2

6.2. Consolidated profit and loss account on September 30, 2004

(€million)	09/2004 French GAAP	IFRS restatements	IFRS reclassifications	09/2004 IFRS	
Turnover	2,054.5		14.2	**2,068.7**	**Turnover**
Other revenue	16.8		(15.6)	**1.2**	Other operating revenue
Total operating revenue	*2,071.3*				
External production costs	(437.5)			(437.5)	External production costs
			(389.2)	(389.2)	Other purchases and changes in inventory
Staff costs	(270.9)	(2.5)		(273.4)	Staff costs
		0.3	(436.3)	(436.0)	External expenses
			(93.5)	(93.5)	Taxes other than income taxes
Other operating expenses	(979.8)		979.8		
Depreciation and amortisation, net	(73.5)	(0.1)		(73.6)	Depreciation and amortisation, net
Provisions, net	(2.9)	(16.6)	(12.0)	(31.5)	Provisions, net
			(50.1)	(50.1)	Other operating income and expenses
Total operating expenses	*(1,764.6)*				
Operating profit	**306.7**	**(18.9)**	**(2.7)**	**285.1**	**Operating profit**
Financial revenue	12.3		(12.3)		
Financial expenses	(28.1)	0.3	27.8		
Financial loss	**(15.8)**	**0.3**	**15.5**		
		2.3	(20.0)	(17.7)	Cost of debt
			1.9	1.9	Income from cash and cash equivalents
		2.3	**(18.1)**	**(15.8)**	Cost of net debt
		0.8	**3.5**	**4.3**	**Other financial income and expenses**
Profit before tax and exceptional items	**290.9**				
Exceptional items	(1.8)		1.8		
Goodwill amortisation	(22.3)	22.3			
Corporate income tax	(103.2)	(1.2)		(104.4)	Income tax expense
Share in net earnings of companies consolidated under the equity method	(4.0)			(4.0)	Share of profits/losses of associates
Net profit before minority interests	**159.6**	**5.6**	**(0.0)**	**165.2**	**Net profit from continuing operations**
Minority interests	2.0			2.0	Minority interests
Net profit	**161.6**	**5.6**	**(0.0)**	**167.2**	**Net profit**

The main effects of the adoption of IFRS on the Profit and Loss Account at September 30, 2004 are the following:

- Recognition of a staff expense of €2.5 M corresponding to stock subscription options granted to employees;
- Recognition of changes in the value of financial instruments for €3.4 M before tax;
- Elimination of goodwill amortisation of €22.3 M, partly offset by the impairment losses of €16.5 M on goodwill as a result of impairment tests, i.e. a net impact of €5.8M.

Reclassifications impacting on the IFRS Profit and Loss Account at September 30, 2004 are almost entirely linked to the application of Recommendation 2004-R.02 issued by the French National Accounting Council (the CNC), which proposes a P&L presentation within an international accounting framework.

7. TF1 COMPANY FINANCIAL STATEMENTS (FRENCH GAAP)

(€million)	9M 2005	9M 2004	Full year 2004
Turnover	1,131.8	1,136.0	1,572.1
Operating profit	211.9	259.0	357.8
Net profit	183.2	168.6	155.8

Télévision Française 1

A public limited company (« Société anonyme ») with a share capital of €42.810.426
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