

Chairman's 2008 report on internal control procedures

INTRODUCTION

CONTEXT

The purpose of this report is to describe the internal control procedures set up by the company. It covers TF1 SA as producer and broadcaster of the TF1 channel, but also its mission of co-ordination and participation in the control procedures in the subsidiaries over which it exercises exclusive or majority control.

In particular, TF1 monitors the harmonisation of the main financial procedures of the whole Group while respecting the specific characteristics of each business to preserve the appropriateness of the analyses and the speed of decisions. It also implements procedures for identifying risks for the whole scope of its responsibilities to work out appropriate procedures and controls for each critical cycle. The TF1 Group is particularly sensitive to the importance of internal controls, especially concerning accounting or financial matters, where reliability of information is crucial.

This report is the result of a the collection of information and analyses carried out in co-operation with the different contributors to internal control in TF1 and its subsidiaries, resulting in the factual description of the control environment and the procedures in place.

This document has been co-ordinated by the internal audit department. The report has been subjected to a validation process by the Finance department and Legal Affairs. The document has also been communicated to the statutory auditors and subsequently presented to the Audit committee and the Board by the Chairman for their approval.

INTERNAL CONTROL OBJECTIVES AND PRINCIPLES

Since the 2007 business year, TF1 has chosen to base itself on the framework of internal control published on January 22, 2007 subsequent to the work carried out by the task force set up under the aegis of the French stock exchange authority (AMF) to analyse its internal control system and present the report on internal control procedures.

According to that framework, which is compatible with the "COSO" (Committee of Sponsoring Organizations of the Treadway Commission) benchmark used in previous years, internal controls are defined as a method to ensure:

- compliance with laws and regulations,
- application of instructions and directions set by governance bodies,
- proper functioning of company internal processes, for example those concerned with safeguarding assets,
- reliability of financial reporting (its key control factors being set out in detail in the "Application guide on control of accounting and financial information published by their issuers").

In addition, this system should also contribute to monitoring the activity, effectiveness of operations and efficient use of the company's resources. However, no such system can provide an absolute guarantee of achieving targets and overall control of the risks the Group might be subjected to.

The TF1 Group is committed to the continuous and dynamic adaptation of its internal control system to its activity that will enable its appropriateness and efficiency to be gauged.

INTERNAL CONTROL PROCEDURES

ORGANISATION AND MODUS OPERANDI

The principles of the Group's corporate governance, its organisational structure through the definition of modus operandi and the widespread transmission of its values and rules constitute the general internal audit environment.

Organisation

The organisation, composition and functioning of the Board of Directors and specialised committees which assist it (Audit Committee, Compensation Committee and Director Selection Committee), as described in the section of the report on the preparation and organisation of the work of the Board of Directors, are compliant with corporate governance rules and conducive to effective internal controls.

The Board, under the authority of its Chairman, determines the company's directions and ensures, with the help of the audit committee, the proper institution of internal control systems within the Group. The key decisions, for example, the acquisition of sports events rights or more generally audiovisual rights (football rights, contracts with major film studios, etc.) are subject to clear approval processes, the decisions being taken by General Management based on recommendations of the different *ad-hoc* committees. The Board is kept updated.

On July 31, 2008, the Board of Directors appointed Nonce Paolini as Chairman and CEO of the TF1 Group. In this quality, he takes operational and functional responsibility for the Group activities to implement the strategy established by the Board of Directors. Specifically, he arranges for implementation of internal control systems in the Group. In this mission, he is supported by the executive committee, which brings together the Directors of each Group division and functional Directors bi-monthly. The executive committee enables the CEO to cascade the major internal control directions and to make each member accountable for implementation and monitoring of internal control systems in their area of responsibility.

Furthermore, powers are delegated on the basis of guidelines set by the Group to achieve the twin objective of making operational staff accountable and controlling commitments at the appropriate level. With regard to the latter point, a separation of functions is designed to permit an independent control by making every effort to dissociate functions related to operations, protection of assets and their recording in the accounts.

Objectives

The three-year plan reflects the mid-term strategic directions, and the resulting annual plan makes up the framework of commitments made by the managers of the different Group entities.

As such, this plan is also a key element of the internal control environment. It defines the objectives in terms of sales levels and costs, as well as the resources, entities and organisation to be mobilised.

The process of building the three-year plan also implies the respect of a structured approach aimed at ensuring the quality of the objectives. This approach is determined by the TF1 SA Financial Control and Strategic Planning department. The plans from the various TF1 Group entities and companies are reviewed by Finance and Executive Management.

A summary of these plans is presented to the Chairman and CEO and to the TF1 Board. During the third quarter of the year, a document summarising the whole of the TF1 Group three-year plan process is submitted to the Board of Directors for approval.

Rules and principles

The TF1 Group focuses on the respect of rules and values distributed through internal procedures (those of TF1 SA and of its subsidiaries), operating guidelines (the Eticnet guidelines, etc.) as well as through the dissemination of the Code of Conduct deployed by the Bouygues Group.

The aim of the Group's Code of Conduct is to induce managers and staff to adhere to a set of key common values, without replacing common sense, respect and the sense of responsibility of everyone. With this code, the Group is committed to respecting the most stringent standards of business conduct. It also includes an alarm mechanism to enable Group employees to point out irregularities appearing in certain pre-defined areas that they have become aware of in carrying out their jobs.

It is also to be noted that in 2006, TF1 joined the United Nations' Global Compact, demonstrating its will to adopt and promote and encourage respect of the principles and values of human rights, the environment, working standards and the fight against corruption.

TF1 is active in a sector that is subject to constant change, mainly as a result of technology advances. It therefore ensures a high level of skills among its employees, notably through an ambitious policy of selection and on-going training, which contributes to a positive internal control environment.

Finally, the Bouygues Management Institute organises regular seminars which TF1 executives attend. The objective of these seminars is to encourage managers to reflect on their role, responsibilities and the respect of ethical principles in their daily work and to rally all Group leaders around common values.

Above and beyond the various control processes in place, the Group makes a constant effort to continuously improve its internal control system.

In this respect, as of 2007, the TF1 Group adhered to an approach initiated by Bouygues combining its main businesses, including TF1. The purpose was to build an internal control system based on the reference framework proposed by the AMF and including the best practices the Group has implemented for several years as part of its business activity.

This approach works through an organisation that is made up of two workgroups that meet monthly and comprising representatives of each business unit. These groups cover:

- "internal finance and accounting control", specialised in processes linked to managing the organisation and developing finance and accounting information, and
- "internal control general principles", specialised in the five key elements of internal control specified in the AMF reference framework.

A parent company project team animates these work groups, with the help of a Group statutory auditor in the area of internal control of finance and accounting information. A co-ordinating committee and a steering committee complement this mechanism.

This effort culminated in the definition of simple and measurable control principles covering the company's prime businesses. In 2008, these common principles were subjected to a test of validity and appropriateness covering a suitable scope so as to verify the assessment potential.

This common approach is a first step and, since the end of 2008, has been supplemented by internal control principles specific to TF1's business and environment. The project will continue in 2009 and is closely linked to the work on risk definition so that the two processes fuel each other.

In 2009, an optimal organisation and appropriate tools will be deployed so as to extend and systematise the whole process.

INTERNAL DISSEMINATION OF INFORMATION

To ensure that staff receive information on the Group and its development, the Human Resources and Internal Communications department issues 3 times a year a magazine (*Regards*) and a monthly newsletter (*Coups d'œil*).

In addition an Intranet portal, *Déclic*, allows employees to understand the environment in which they operate and that of the

Group. It enables all employees to access information on the Group (organisation, programmes, etc.), information about the audiovisual sector published in the press, as well as offers of mobility and training and the Intranet sites of the other companies in the Group or the parent company.

The tool also enables managers to gather information necessary for managing their teams, notably on skills training or to prepare the annual interview, etc.

Also, the organisation of employee conventions from time to time, the introduction (in 2007) of an annual conference and the monthly and quarterly committees of the TF1 Group's top managers help share and communicate information on trends, challenges and Group strategy.

The IS function of TF1 SA's Technical and IS department, together with operations and functions, defines the information systems required to generate information and securely and efficiently manage operations.

TF1 uses specific applications developed in-house and also software packages available on the market. These applications are analysed, monitored and operated rigorously to ensure their availability, integrity, security, and compliance with legal obligations.

With regard to applications dedicated to financial and accounting data, this work is carried out in close co-operation with the central Accounting and Tax department, Financial Control and Strategic Planning department and the Treasury and Financing department.

RISK MANAGEMENT

For the past few years, the IS department has been working on the formalisation of a data security policy to build a common security benchmark for the Group. This effort continues on a daily basis as the constant technology advances are fed into the security principles and rules.

Furthermore, in 2004, TF1 set up a process, in collaboration with external consultants, to identify risks and define a decision-making system for crisis management. This effort gave birth to an organisation called "RÉAGIR" whose aim is to design and update the main systems to resume key processes in the event of an incident.

The Bouygues Group has initiated a wide-ranging risk management process, particularly in the areas of quality, safety and the environment and sustainable development. In this context, Bouygues leads two committees, which regularly bring together the business managers of the group to discuss these questions.

To continue to improve the risk management system, in the course of 2007, TF1 set up a work group comprised of representatives of the main TF1 activities. Its aim is to update and enrich the work started in 2004. This work group has developed proposals to fine tune the organisation and the risk management and monitoring processes across the whole TF1 Group.

2008 saw the first stage of identification and specification of major risks based on a methodology defined in association with the Bouygues Group. This was done with the help of interviews carried out with around 100 Group managers.

The process will continue in 2009, culminating in a hierarchical structure and operational overview of the main risks for the TF1 Group. This will lead to a regular, targeted monitoring of the resources invested in better controlling these risks.

The main risks and the systems designed to control them are described below in section "2.2.3. Risk factors", which also includes the Group's policy concerning insurance. In addition, financial market risks (rates, exchange, etc.) are covered in paragraph 29 of the notes to the consolidated accounts.

The main business risks that TF1 tries to identify and constantly cover are linked to major processes – the acquisition and conformance control of audiovisual content, control of broadcasting and the activities.

Procurement processes

Through a process of standardisation of procurement contracts, TF1 secures supply of tangible and intangible products and their financial conditions, guarantees service continuity, and ensures that suppliers subscribe to an insurance policy.

TF1 decided to set up a Procurement department in November 2007. The prime goal is to implement a procurement policy to enable operational and financial improvement of the process across all the business units and respecting the Procurement Guidelines defined by the Bouygues Group.

Contracts for the purchase of broadcasting rights are signed by TF1 to secure programme grids for the coming years. These contracts are legally and economically complex and involve substantial amounts. These investment projects are initiated based on the channel's editorial policy and are subject to a procedure of approval and investment authorisation for each type of programme.

Furthermore, and where possible, framework agreements are signed upstream of the procurement process so as to control the costs of certain programmes and ensure supply. The Group centralizes and shares its multi-channel rights (free-to-air, cable and satellite, video and new media) as much as possible.

With this in mind, at the end of 2007, TF1 decided to create an Economic Interest Group (GIE) charged with acquiring audiovisual rights for the Group's broadcasting companies.

Programme compliance control

The programmes broadcast by the channel are subject to control by the CSA in the framework of the convention signed by the channel. Consequently, TF1 set up a programme compliance department which carries out upstream control of programmes to

be broadcast. This effort, which receives the support of the Secretary General's advice, also helps to minimise the various legal risks inherent in broadcasting television programmes.

Furthermore, programmes targeting children are submitted to psychologists who are responsible for pre-viewing the most sensitive programmes.

A TF1 Publicité team pre-views all advertising spots after receiving the position from the ARPP (Authority for professional regulation of Advertising). TF1 Publicité ensures respect of the various regulatory provisions concerning advertising messages on multiple media. This includes:

- advertising film compliance to the regulations and the editorial policy of the medium,
- for the maximum duration of advertising space broadcast daily and by sliding hour,
- respect of invoicing rules (the so-called Sapin law N°93-122 of January 29, 1993).

Control of broadcasting and activities

TF1's Technical and IS department is responsible for creating the programmes it is given charge of, for designing, implementing and maintaining technical and information systems, and for managing the property, logistics and central services.

The department guarantees broadcasting continuity by assuring the availability and implementation of the necessary human and technical resources. For several years, it has also been responsible for managing the identification, control and prevention of major risks to TF1, and continues to analyse and manager risks operationally, for example through the "Reagir" committee.

The "Reagir" committee monitors and prevents major risks associated with the Group's key processes. It maintains and upgrades the various procedures based on the principle of continuous improvement covering the security of the people, assets, infrastructure, systems and data. It also updates and regularly tests the plans for rapid resumption of activities that could be discontinued by an exceptional event such as the interruption of the broadcast signal or non-accessibility of the TF1 building.

An external, protected back-up site has been operational since 2001 for the following three processes: programme broadcasting, production of the television news programmes (TF1 & LCI), and development of publicity spots for the TF1 channel.

In 2006, this back-up facility was improved with the installation of a digital process similar to that of the main broadcasting facility on a second external site. This installation and associated procedures make it possible, if necessary, to switch over from the main site with no noticeable disturbance of programmes. In the course of 2008, all back-up resources have been brought together at this single new external site.

The company's vital functions are included in the security plan through a process of resumption of activity, for example, for the various departments concerned with broadcasting, selling advertising space, accounting, treasury, payroll and IS operation. Procedures are tested from time to time so as to adapt the system if necessary.

The team in charge of this project also extended the range of risk factors to health risks that could hamper normal operations. They have been quantified and their impact assessed. The associated safety procedures are also tested.

Furthermore, the implementation of a website and a (no-charge) telephone number enables employees to be informed in real time in case of an emergency and to keep in touch with the company when the situation requires.

CONTROL ACTIVITIES

Other than the risk management mechanism, the TF1 Group also has a number of processes and systems that contribute to implementing the directions defined by General Management and which enable the goals to be achieved.

The Group gives particular focus to financial, legal and human resource processes through assignments fulfilled by TF1 SA functions. They monitor and support the various TF1 Group entities in their areas of expertise. They also disseminate the cross-functional procedures, monitor their respect, and participate in approving procedures that are specific to the different Group business lines.

Finance Department (DGAF)

The Finance Department includes the central financial departments and plays a control role through cross-functional procedures, methods and the principles it spreads throughout the Group.

Central Accounts and Tax Department (DCF)

The Central Accounts and Tax Department is responsible for defining the accounting principles, guaranteeing the reliability of the processes for collating and processing financial information and the consistency of accounting methods.

It ensures that parent company and consolidated financial statements give a true and fair view of the activity of Group companies and in compliance with existing standards and regulations. The DCF ensures that this information is supplied in the correct format and in a sufficiently timely manner for its effective use.

The DCF includes the TF1 SA accounting department and the consolidation department as well as giving functional guidance to the subsidiaries' accounting departments.

It helps to co-ordinate and constantly update the teams by setting and distributing rules, procedures and methods applicable throughout the Group. The DCF ensures implementation of the principle of separation of tasks between authorisers and payers.

Financial Control and Strategic Planning Department

TF1 and its exclusively controlled subsidiaries are subject to a financial and strategic planning process as well as a centralised budget control. For subsidiaries controlled jointly with a partner, this process is adjusted on a case by case basis while respecting the Group's principles.

The TF1 Group's three-year financial and strategic planning process constitutes a commitment from the Group's unit managers to General Management.

This process is decentralised at each company/unit level and is organised and led by Group Financial Control and Strategic Planning. The three-year plan and the annual budget are updated at least twice a year to adjust for end-year trends and review, if necessary, the three-year forecasts.

Each structure and activity produces a monthly dashboard and presents it to Financial Control at Meetings that are scheduled at the beginning of each year.

After a control, validation and analysis, the Financial Control and Strategic Planning department produces a Group consolidated dashboard that is annotated and presented to General Management. A summary of this document is then sent to Group Bouygues General Management.

In 2008, TF1 instituted a management cockpit, a performance measurement tool, using appropriate operational indicators and including the follow-up of objectives and the means applied to achieve them.

About 100 indicators have been established to reflect the corporate strategy and to act as a support for possible action plans. They are presented graphically and intuitively and discussed monthly at the Group executive committee. This mechanism helps bring about joint, and where appropriate, cross-functional solutions.

In 2009, this system is to be gradually introduced in the main Group entities so as to leverage all existing performance drivers at all operational levels.

Treasury and Finance Department

The Treasury and Finance Department is responsible for managing operations connected with finance, investment, hedging of foreign exchange and interest rate risks and secure payment methods for all companies in the Group, with the exception of some subsidiaries in which TF1 does not have exclusive or majority control. This centralised organisation enables:

- the consolidation of interest and exchange rate risks,
- the maintenance of a level of expertise equal to the complexity of the issues,
- the guarantee of security of payment,
- the delegation of powers to a limited number of employees who alone are authorised by General Management to handle a limited number of financial operations for the entire Group companies according to authorisation thresholds and procedures.

The Treasury and Finance Department is responsible for ensuring that the Group has sufficient long-term sources of financing at its disposal:

- through monthly analysis and update of cash forecasts and reporting to General Management,
- through negotiation and maintenance of lines of sufficient back-up credit with an average of two to three years' maturity.

Human Resources and Internal Communications

The Human Resources Department plays a key role in the selection, induction and development of human resources necessary for the efficient functioning of the various TF1 Group entities.

It monitors compliance with the French Labour Code and changes in labour policy in conjunction with the various employee representative bodies. It also co-ordinates the Group's professional training, which has the objective of developing the technical, interpersonal and managerial skills required in the exercise of each employee's responsibilities.

Within the framework of the management cycle, the Human Resources department, together with operations and functions, plans human resources needs.

These needs are formalised and are an integral part of the three-year financial and strategic planning process fixed by General Management.

Any request for hiring a permanent employee is subject to a formal approval procedure.

General Secretariat and Legal Affairs Department

The Group General Secretariat co-ordinates and drives two main functions that are organised as follows:

- the Legal Affairs Department, which is responsible for defining and supervising the group's policy on contracts, monitoring the various aspects of company law and development within the Group, as well as centrally co-ordinating insurance and property matters, for example, by ensuring coverage, premiums and franchises correspond to the risks in question,
- the Regulatory and Judicial Affairs Department, which co-ordinates relations with external organisations and authorities, ensures that TF1's regulatory obligations are met and closely follows all litigation. Risks and litigation are monitored in close co-operation with Finance so that they are reflected in the financial statements.

For several years, the General Secretariat and Legal Affairs Department have been involved in a process to secure and control commitments. This is manifested, for example, by the definition of a Group contract policy and the standard contract models for all recurring commitments. Furthermore, Legal Affairs pays particular attention to optimising and conserving the insurance policies signed by TF1 and its subsidiaries so as to be covered against the consequences of potential risks in partnership with brokers acting for leading companies.

Finally, the General Secretariat monitors and participates in the application of a consistent policy of delegation of powers. In particular, the subsidiaries over which TF1 exercises exclusive control are granted delegation of power based on guiding principles defined at Group level. With regard to subsidiaries with joint control, internal control is organised based on the TF1 Group's expertise and in compliance with agreements between shareholders.

MONITORING THE CONTROL SYSTEM

Internal control systems must themselves be monitored continuously by corporate management and by means of *ad hoc* assessments, carried out by people who have no direct authority over, or responsibility for, the operation in question.

Audit Committee

Created in 2003, the Audit Committee is composed of at least two Directors. TF1 Directors who are executives or employee representatives are excluded.

Before presentation to the Board of Directors, it examines the quarterly, half-yearly and annual accounts and receives a presentation of the conclusions of the statutory auditors. It takes this opportunity to ensure the appropriateness and the consistency of accounting methods adopted to draw up the accounts and verify the internal procedures for the collection and control of the information used. In addition, it notes the conclusions of the Internal Audit assignments and validates the Internal Audit annual work plan.

Furthermore, the Audit Committee is kept updated on the deployment of the internal control process and the system of risk monitoring.

The statutory auditors' role is to ensure the fair presentation of the company's financial and net asset statements according to accounting rules and principles. In so doing, they are made aware of the organisation and operation of the information systems and internal control procedures with regard to accounting and financial information, which they take into account in their audit activity.

Internal Audit

Since 2004, the TF1 Group has had its own internal audit department, which took over the assignments previously handled by the central audit system of the Bouygues Group, with the exception of assignments covering the reliability, security and operation of information systems, which are still the responsibility of the latter.

The TF1 Group's Internal Audit carries out assignments in the different group entities and in various areas (finance, operations, organisation) according to an annual plan approved by General Management and the Audit Committee.

Assignments are carried out according to a rigorous methodology. They result in a report containing recommendations, which in turn give rise to an action plan and follow-up.

Internal audit is an analysis, control and information tool that enables the identification, control and improvement of risk control.

As part of its programme and schedule of assignments, Internal Audit verifies the application of internal control principles and rules. How they are introduced and applied remains the direct responsibility of the Group departments.

In addition, Internal Audit actively monitors best practices in control and helps make employees aware of internal control principles.

PUBLISHED ACCOUNTING AND FINANCIAL INFORMATION CONTROL PROCESSES

TF1 is particularly sensitive to the challenges of internal control, especially in the areas of finance and accounting, where the reliability of information is of major importance.

This section summarises the main control processes in the generation of published finance and accounting information.

FINANCE IS

The IS Department works closely with the Finance Department to deploy and supervise the TF1 Group's major financial information systems, notably the accounting, management, treasury and consolidation tools. Also business applications are deployed in certain entities.

In the areas of finance and accounting, TF1 operates specific internally developed systems as well as packaged software. The latter are subject to rigorous analysis, monitoring and operation to ensure their availability, integrity, security and compliance with legal obligations.

In the broad framework of its Data Security Policy, the Group has set up systems integrating technical firewalls against attacks from outside (notably an anti-virus emergency plan).

And, since 2003, the TF1 Group has embarked on a process to make the top technical, legal and human resources managers aware of data security and the systems they will need to use. In 2006, a compulsory workshop on data security was introduced for all company employees.

Finally, the increasing use of advanced information technologies makes corporate data protection and confidentiality crucial. The Eticnet guidelines take this factor into consideration; its dissemination and regular updating tend to strengthen the process of making employees accountable.

TF1 SA has developed and deployed at Group level its own management tool, which interfaces with the accounting software. It is based on the principle of a unique record of operations necessary for financial information. Processes for automated handling provide for the generation of data tailored to the needs of financial control, accounting and treasury.

The IT management system guarantees the control of commitments and payments, thanks to:

- the approval cycle for commitments, pre-defined in the IT application and limited to only those who are authorised,
- the electronic validation cycle for sourced and digitised invoices reflecting the said commitments.

This management tool is complemented and/or fuelled by several applications that respond to different business needs of the Group, such as the system dedicated to the processes of monitoring contracts for the acquisition and management of broadcasting rights.

All the Group's means of payment are subject to security procedures, which themselves are complemented by a banking interface, accounted for daily and formalised monthly.

All means of payment require a double signature, with an annual update of powers reserved for all bank accounts.

Since the end of 2008, TF1 has launched an important project called SIGMA. Its aim is to facilitate and streamline the preparation of information while optimising the processes in the areas of human resources, finance and purchasing. The applications currently dedicated to these three functions will migrate, entirely or in part, to an ERP (integrated management software package).

With this approach, the aim of process optimization is to enhance the cross-functional capability, harmonise the preparation of information and facilitate the analysis of the data for all the TF1 businesses.

PROCESS OF PREPARATION AND CONSOLIDATION OF ACCOUNTS

The tools and processes up-stream of the closing of the accounts are there to guarantee that events are accounted for correctly and according to principles of reality, comprehensiveness and their correct accounting representation.

Process for quarterly closing of TF1 accounts

Using the Group's management application, quarterly automated processing enables the Central Accounts and Tax Department to validate and then automatically generate the inventory entries in the accounting software, guaranteeing the convergence of the results from management and accounting processing.

As part of the procedure for closing the TF1 accounts, the inventory entries are jointly analysed and validated by the accounting and financial control departments. Periodically, the management data used for steering (reporting, etc.) are merged with the accounting system data.

Noting provisions follows an analysis of risks carried out jointly by Finance, the Secretariat General, Legal Affairs and Human Resources and the operational/functional departments concerned.

The Central Accounts and Tax department ensures respect of the process for handling of intangible fixed assets and goodwill in Group accounts. With regard to the latter, whenever necessary and at least once a year depending on the information provided by the Financial Control Department and the various operational entities, Central Accounts and Tax identifies the loss in value of intangible assets and potential depreciation of the representative financial assets. This process and its results are validated together with the statutory auditors and presented to the Audit Committee.

All items in the balance sheet and income statement are rigorously analysed by comparing them with the same period of the previous year. Changes are commented, and this clarifies the activity of the companies.

Consolidation process

The Central Accounts and Tax Department consolidates all TF1 Group companies at each quarterly closing on the basis of a pre-defined scope, schedule and instructions communicated to the Group's different organisations and units and the statutory auditors.

The accounting options decided on are validated with the statutory auditors in advance of quarterly closing and presented to the Audit Committee.

As of January 1, 2005, the TF1 Group accounts are prepared in compliance with IFRS standards adopted by the European Union. Depending on local standards and tax regulations, reclassifications and adjustments are carried out by certain Group subsidiaries.

The consolidation tool deployed throughout the TF1 Group is a software package used by a large number of listed companies. The use of this consolidation tool allows for a rigorous analysis and control of the preparation of the accounts, which are therefore regulated by standard procedures.

The Central Accounts and Tax Department also has a monitoring and co-ordination role. It regularly distributes to Group accounting staff the applicable rules and methods in preparing company and consolidated accounts.

PROCESS FOR VALIDATING THE ACCOUNTS

The quarterly consolidated accounts are presented to the Chairman and CEO by the Finance Department.

At December 31 of each year, the accounts of TF1 and all its subsidiaries are audited by the statutory auditors. Each quarter, the consolidated accounts and the accounts of the main subsidiaries are subject to a review.

Before presentation to the Board of Directors, the Audit Committee reviews the consolidated accounts and receives a presentation of the conclusions of the statutory auditors. Subsequently, the Group accounts are presented and closed by the Board of Directors.

In addition, the Audit Committee reviews the proposed announcement of the quarterly results prior to validation by the Board of Directors and release.

PROCESS FOR MANAGING THE PUBLISHING OF FINANCIAL INFORMATION

Besides the Chairman and CEO, only duly authorised persons may communicate financial information to the market. These are, in particular, the Executive VP Finance and the staff of the Financial Communications and Investor Relations department.

This department generates the activity summaries of TF1 and its subsidiaries for the Board of Directors. It distributes and communicates financial information on the TF1 Group and its strategy through, for example:

- management reports of the Board of Directors,
- registration documents, quarterly and half-yearly reports,
- financial press releases,
- presentations for financial analysts and investors.

These documents are drawn up according to a structured process which respects the obligations concerning financial information and using financial information coming from the Group's subsidiaries and departments. Before distribution, they are monitored and approved by Legal Affairs, Human Resources, Finance and, in some cases, by the Board of Directors.

Before being submitted to the Financial Markets Authority in compliance with general regulations, the registration document is monitored by the statutory auditors, who verify the coherence of financial information and the accounts with historic data and who review the totality of the document.

Each subject to be communicated is accompanied by an explanation approved by General Management, updated regularly and acting as a support to relations with the various stakeholders in the market.

To guarantee investors equal access to information, the various communications products are also made available in English and distributed through the following channels:

- information for an outside audience, once published, is put on line on the www.tf1finance.fr website. However, anyone requesting this information, will receive it free of charge,
- all press releases are published in a national business daily, a national weekly and on a general-public financial website and on the AMF website. As of January 2007, TF1 complies with the so-called European "Transparency" directive covering new obligations on publishing financial information,
- analyst Meetings and General Meetings are re-transmitted fully direct on the Internet or by telephone, with no access restrictions. A recording of these Meetings is put on line on the group's website,
- two people from the TF1 Group travel abroad where Meetings are held to guarantee the correct information is delivered with strictly equal access. The documents presented at these Meetings are immediately published on the www.tf1finance.fr website.

CONCLUSION AND OUTLOOK

In the course of 2008, the TF1 Group has endeavoured to continue to enhance its mechanism for assessing its internal control processes. In particular, it has leveraged the system managed and animated by the Bouygues Group, which has led to the definition of a detailed catalogue on internal control common to all the Group's entities. It has also profited from the continued in-depth work on identifying risks.

The Group has also endeavoured to improve certain processes within its organisation (rights acquisition, purchasing, etc.) so as to gain in efficiency and cross-functional co-operation between the different entities. These initiatives will continue throughout the coming year, as will the work on assessing risks and enhancing the internal control catalogue.

In addition, in line with TF1's determination to continuously improve, 2009 will also represent a new step in the optimisation of its processes, particularly thanks to various major projects that have been undertaken.

For example, the Group will make every effort to make its financial information and human resources information systems more powerful with the implementation of an EFP common to all these departments. This project, called SIGMA, will help to facilitate and streamline the preparation of information while optimising the Group's processes in human resources and purchasing. Ultimately, some of the current information systems in these areas will be replaced by an ERP.

All of these objectives will be targeted in a spirit of maintaining a dynamic vision of internal control, based above all on the competencies, sense of responsibility and involvement of all employees.