



Interim report  
2002





Dear Shareholders,



During the first half of 2002 and in a context of high volatility in the financial and advertising markets, TF1 Group managed to:

- maintain its competitive position in the free-to-air television market,
- grow the audience of its main thematic channels LCI, Eurosport and TF6,
- improve the performance of its subsidiaries Eurosport, TF1 Vidéo, Une Musique, TF1 Entreprises and TPS, the latter having significantly reduced its losses compared to the previous period,
- control its general and administrative costs,
- strengthen its presence in pay television by raising its shareholding in TPS from 25% to 50% in May 2002 and, subject to agreement by the supervisory authorities, to 66% by the end of the year.

As a result, TF1 Group's consolidated operating revenue increased by 1.9%<sup>(1)</sup> to €1,365.1 M while consolidated net profit decreased to €111.9 M at June 30, 2002 compared with €147.0 M a year earlier. The difference is mainly due to an increase in programming costs linked primarily to the broadcast of the Football World Cup.

In this uncertain and unsettled economic environment:

- we will pursue our efforts to control costs and rationalise our organisational structures so as to make them more effective and adapted to a volatile advertising market,
- we estimate that the TF1 core channel's advertising revenue for 2002 could be at the same level as 2001, assuming that the trend observed during the third quarter continues,
- we will look closely at development possibilities in our core businesses, both in France and in Europe, where there are opportunities to be seized.

Finally, TF1 Group remains faithful to its growth strategy based on:

- our leadership in free-to-air TV,
- a strengthened presence in pay TV under favourable conditions,
- prudent growth in businesses we understand well.

(1) Pro forma : "Notes to the financial statements", note 3.

**Patrick Le Lay**  
Chairman and Chief Executive Officer

## 2 Consolidated key figures

<i>(euros million)</i>	<b>1<sup>st</sup> half 2002</b>	<b>1<sup>st</sup> half 01</b> Pro forma <sup>(1)</sup>	<b>1<sup>st</sup> half 01</b>	<b>2001 full year</b> Pro forma <sup>(1)</sup>	<b>2001 full year</b>
Total turnover	1,365.1	1,339.0	1,236.7	2,537.9	2,325.1
<i>TF1 Channel Ad. Revenues</i>	<i>817.2</i>	<i>833.7</i>	<i>833.7</i>	<i>1,496.9</i>	<i>1,496.9</i>
<i>Diversification revenues &amp; others</i>	<i>547.9</i>	<i>505.3</i>	<i>403.0</i>	<i>1,041.0</i>	<i>828.2</i>
EBITDA <sup>(2)</sup>	263.3	321.4	316.6	498.8	493.9
EBIT <sup>(3)</sup>	202.0	249.9	266.3	334.6	375.9
Net profit attributable to the Group	111.9	147.0	160.8	178.0	210.3
Shareholders' funds	757.9	659.6	709.2	702.4	770.4
Net financial debt	525.1	474.6	125.1	568.7	178.5
Earnings per share (€)	0.53	0.70	0.77	0.85	1.00
Diluted earnings per share (€)	0.52	0.69	0.75	0.84	0.99

	<b>1<sup>st</sup> half 2002</b>	<b>1<sup>st</sup> half 01</b>	<b>2001 full year</b>
Average number of outstanding shares (in thousands)	211,470	210,189	210,207
Closing share price (€)	27.1	34.5	28.4
Market capitalisation (in billions)	5.7	7.3	6.0

(1) See "Notes to the financial statements", note 3.

(2) EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation.

(3) EBIT: Earnings Before Interest, Tax and Goodwill Amortisation.



**JANUARY**

- On Saturday, January 12, the final of **Star Academy** attracted more than 11.8 million viewers for a 51.4% audience share<sup>(1)</sup>.
- **TF1 and Buena Vista International Television** signed a multi-year agreement for the broadcast of Disney! programmes, showing on TF1 in the morning, as well as for the acquisition of first broadcast feature films and of recent series and TV films.
- On January 30, release in French cinemas of **Astérix & Obélix: Mission Cléopâtre**, co-produced by TF1 Films Production: in total, the operation achieved over 14 million box office entries.
- The Têlerama-La Croix-Sofres survey reported increased confidence among the French population in the TF1 news programmes. 44% of the people surveyed considered that **TF1 was the most credible source of TV news.**

**FEBRUARY**

- On February 6, the musical **Roméo et Juliette** was issued as a prestige double DVD, leveraging the success of the stage show: more than 5 million discs have been sold and over 750,000 spectators have seen the show in Paris.
- **Eurosport**, which already broadcasts three of the four tennis Grand Slam events across Europe, announced the signing of an agreement with ATP to broadcast the Masters Cup from 2002 to 2004.
- **Eurosport** beat all audience records with the broadcast of the Salt Lake City Winter Olympics, reaching a total of over 130 million viewers for the duration of the Games.

**MARCH**

- 2<sup>nd</sup> wave of **Médiacabsat**: the TF1 Group thematic channels all registered very strong performances, notably **LCI** and **Odysée**, which more than doubled their audiences on their respective targets.
- Start of shooting of **Jean Moulin**, a top-of-the-range fiction produced by TF1 and GMT, with Francis Huster in the lead role.

**APRIL**

- **TF1** created a stir at Cannes on the occasion of the 39<sup>th</sup> MIP TV by showing the first images of **Liaisons dangereuses**, a prestige TV drama based on the famous novel by Choderlos de Laclos, as well as those of **L'Été rouge**, the TF1 summer TV drama.
- **Glem** announced the signature of an exclusive co-production agreement with the English company **Granada**, which gives Glem first refusal over its future concepts.
- **L'ami d'enfance**, an episode in the series **Le juge est une femme**, was awarded the **Cognac 2002 Prize** for television detective films.

**MAY**

- **TF1** and **Miramax** signed a partnership agreement for the co-production of French and European films and for the creation of a joint distribution company targeting French cinemas.
- The European Commission gave the go-ahead for TF1's acquisition of the **25% stake in TPS** held by France Télévision Entreprises.
- **TPS** announced the availability of its new-generation set-top box, "**Platinum**", a digital terminal for receiving and recording the platform's programmes. The set-top box was made in partnership with Sagem and is entirely future-oriented thanks to satellite downloading of software.

**JUNE**

- **Alma Productions** one year after its creation, starts shooting **Marion Jourdan**.
- **Launch by TF1 Games** of a new parlour game, **Composio**.
- **Football World Cup 2002**: **TF1, LCI** and **Eurosport** were dedicated to the event and broadcast all the matches, plus several programmes on and around the event. TF1 Licences, TF1 Games and also TF1 Interactif developed a family of products and services around the World Cup.



(1) Médiamétrie: individuals aged 4 and above.



① Star Academy  
② Astérix et Obélix  
③ World Cup 2002

*Boulogne, September 4, 2002,*

**NB: The comparative figures shown below are cited relative to a pro forma basis<sup>(1)</sup>.**

In first half 2002, TF1 Group operating revenue increased 1.9% to €1,365.1 M.

The progression of the operating revenue during the first half was irregular, resulting from a fall in the TF1 core channel's advertising revenue to €817.2 M (- 2.0%), but compensated for by revenue from diversified activities, which grew 8.4% to reach €547.9 M.

The drop in the core channel's advertising revenue took place against a deteriorating economic backdrop – the downward adjustment of the French GDP growth outlook (1.4% forecast by INSEE for 2002) and declines in international stock market indexes.

In first half 2002, the all-media advertising market (Sécodip gross figures) recorded a moderate increase of 1.0%, while the TV advertising market (national, regional and complementary channels) rose by 3.8% for a half-year market share of 34.2% (+ 0.9 point).

Over the first six months of the year 2002, operating revenue from diversified activities represented 40.1% of consolidated operating revenue. The rise in operating revenue from diversified activities is due primarily to growth in three of the Group's divisions:

- Publishing & distribution, whose contribution to consolidated operating revenue increased from €124.3 M in first half 2001 to €155.7 M in first half 2002,
- Eurosport, whose contribution to operating revenue rose from €150.5 M to €159.2 M,
- TPS, whose contribution to consolidated operating revenue grew by €14.1 M (+ 12.8%) in first half 2002.

In first half 2002, programming costs reached €456.8 M, up 21.4%. This exceptional increase is due to the broadcast, mornings and early afternoon, of the whole of the Football World Cup throughout the month of June. Programming costs relating to the World Cup programmes were €68.7 M.

The operating result totals €202.0 M, representing an operating margin of 14.8% relative to operating revenue.

TF1 Group financial income was €(17.7) M, a level comparable to that of first half 2001.

TF1 Group first half consolidated net income comes to €111.9 M, being a net margin of 8.2% of operating revenue.

TF1 Group's balance sheet structure was modified as follows during the first half 2002:

- Group shareholders' funds reached €757.9 M (compared to €702.4 M at December 31, 2001).
- Loans and financial debts stood at €569.9 M (compared to €601.0 M at December 31, 2001).

Finally, during the period, TF1 Group was involved in preliminary examinations of Kirch Group assets with a view to the possibility of acquiring some of them.

(1) If TPS had been consolidated at 50% in the first half 2001 under the proportionate consolidation method.





**A. BROADCASTING<sup>(1)</sup>**

In first half 2002, daily viewing time reached 3 hours and 26 minutes for individuals aged 4 years and above – an increase of five minutes. It reached 3 hours and 29 minutes for women under 50, which is stable compared to first half 2001. These half-year viewing times are the biggest since the start of individual audience measurement in 1989. They are the consequence of a particularly strong programming context in first half 2002, with the February broadcast of the Salt Lake City Winter Olympic Games, presidential elections in April and May, and then in June the general election and the Football World Cup on TF1.

With 32.5%, TF1 registered a slight fall of audience on individuals aged 4 and above (- 0.3 point) during first half 2002. On the other hand, TF1 held firm with a 35.0% audience share for women under 50 in first half

2002. The average viewing per day of TF1 for this target was 73 minutes in first half 2002 (stable compared to first half 2001). During the first half of this year, TF1 scored 49 of the 50 highest rated programmes (48 in the first half of 2001).

**B. ADVERTISING**

Net advertising revenue generated by the TF1 core channel fell by 2.0% in first half 2002, compared to a growth of 0.2% in first half 2001. The fall in TF1's net advertising revenue is to be seen in the perspective of its share of the advertising market, which remained high at 53.5%, and of the trends of the main sectors of advertising investment<sup>(2)</sup>:

- The Food, Transport, Services and Telecommunications sectors lowered their advertising investment in TF1 by over 6%.

- The sectors of House cleaning, Toiletries / Cosmetics and Music publishing compensated for this drop in gross figures.

**C. TF1 GROUP**

*N.B.: the activity of TF1's subsidiaries is analysed below on the basis of each subsidiary's individual turnover and net income and not in terms of contribution to Group consolidated statements.*

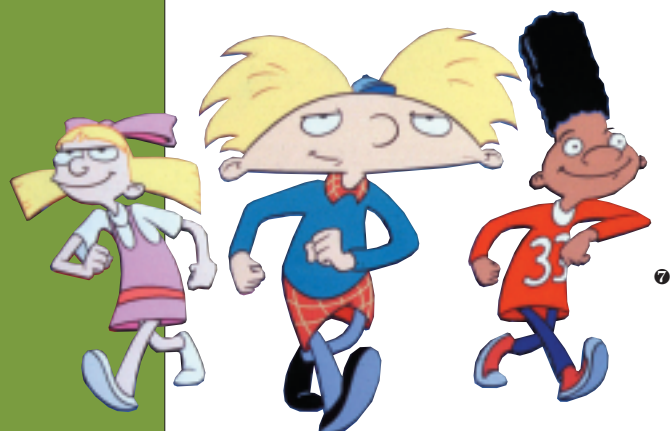
During the first half of the year, TF1 created new synergies by developing cross events-oriented projects whose revenues are optimised thanks to the involvement of various of the Group's business lines. Thus, for example, the audience success of the programme *Star Academy* fed into a number of TF1 businesses: telematics, music, games production, merchandising, magazine format production and production of various concerts and shows.

Furthermore, the first half year saw intensified cost control within the Group with the discontinuance of two activities whose prospects were considered inadequate: TF1 Music (CD publishing on the Internet) and Shopping Avenue (home shopping channel).

(1) Source : Médiamétrie, first half 2002.  
(2) Gross Sécodip data at June 30, 2002



- ❶ Sept à huit
- ❷ Star Academy
- ❸ Ushuaïa
- ❹ Le Maillon faible
- ❺ Cazas
- ❻ Astérix et Obélix
- ❼ Hé Arnold !





### I) Publishing and distribution

#### ■ TF1 Entreprises

TF1 Entreprises reported revenue of €27.1 M compared with €17.3 M in first half 2001, a rise of 57%. This growth is explained by:

- Telematics (+ 93%) thanks to the programme *Star Academy* in January and the programme *Allô quiz* throughout the period.
- Merchandising rights (+ 21%), through the development of new activities such as merchandising the *Star Academy* tour, the *Star Academy* magazine format and the re-launch of the "jojo's".
- The growth of TF1 Games (+ 36%) thanks to the games *Who wants to be a Millionaire?* and *Star Academy*.

The net result of TF1 Entreprises stood at €12.3 M, up 10%.

#### ■ TF1 Vidéo

TF1 Vidéo (including RCV) first half 2002 revenue was up 24% from €63.5 M to €78.8 M. Global volume sales of cassettes, DVDs and CD-Roms totalled 5.6 million units compared with 4.5 million a year earlier. That represents an increase of 24%. The best half-year sales included *Le fabuleux destin d'Amélie*

#### *Poulain, Tanguy, Rush bour II* and *Vidocq*.

The French video market in the first half of 2002 generated revenue of €390.8 M (source: SEV), an increase of 29% over first half 2001.

#### ■ Une Musique

Une Musique reported revenue of €12.1 M (+ 181%). First half volume sales were 4.6 million discs (against 0.7 million in first half 2001). The prime operation of the period, the 3 *Star Academy* albums and 12 singles, generated over 50% of Une Musique revenue. Its first half net result was €1.9 M.

#### ■ Téléshopping

The Téléshopping revenue was down by 9% at €38.1 M for the first half. During the same period, the mail order market fell by some 6%. Furthermore, Téléshopping suffered from the broadcast of the World Cup on TF1 during its normal broadcasting times in June. However, the site [www.teleshopping.fr](http://www.teleshopping.fr) confirmed its growth trend – sales increased 51% over the period (52,000 orders delivered). The Téléshopping net result was €(0.1) M for the half year.

### II) Thematic channels

#### ■ Eurosport

Eurosport's first half 2002 revenue was €161.4 M, a growth of 11%. Revenue break-down shows contrasting trends: Eurosport Group advertising income was up a significant 33% thanks to the screening of major sports events (including Salt Lake City Winter Olympics and Football World Cup), while revenue from cable and satellite licenses was up 4%.

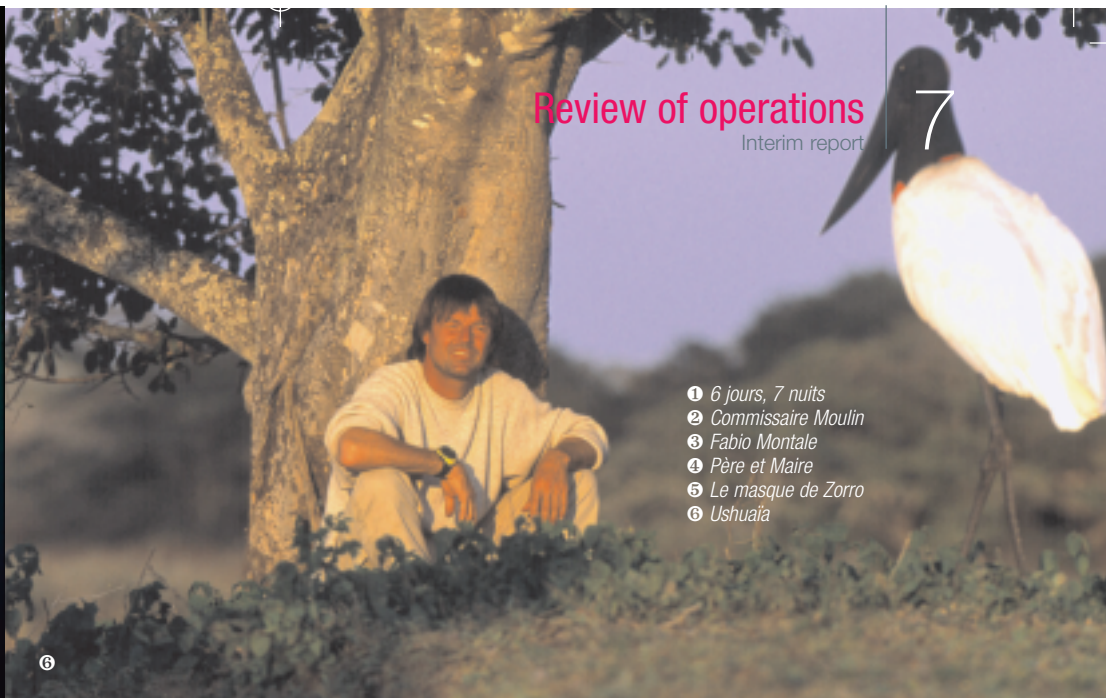
Eurosport's operating result was €17.5 M compared to €4.7 M in first half 2001.

Profit before taxes and exceptionals of Eurosport was €10.7 M, an increase of 41%.

At the end of June 2002, Eurosport had 44.4 million paying subscribers, up 1.8 million compared to June 30, 2001. Eurosport is thus increasing its share of







- ❶ 6 jours, 7 nuits
- ❷ Commissaire Moulin
- ❸ Fabio Montale
- ❹ Père et Maire
- ❺ Le masque de Zorro
- ❻ Ushuaïa

paying subscribers – which stood at 47% at end June 2002.

■ LCI, La Chaîne Info  
LCI revenue fell 13% to €19.9 M. This drop is the result of the sharp decline in advertising income and the tariff decrease per subscriber on cable and satellite. It impacts the net result, which stood at €(3.0) M.

At the end of the first half year, LCI was received by 4.4 million households (+ 13%), confirming its leadership position among news channels, according to the July 2002 Médiacabsat survey.

■ Odyssee  
Odyssee's revenue was €2.6 M, a 38% decrease compared to first half 2001. This decline is the result of pressure on cable and satellite distributors' fees, combined with tough advertising market conditions. At the end of June, Odyssee reached 1.7 million households. Its net result was €(0.3) M.

■ Série Club (figures quoted at 100%)  
Série Club revenue was €4.6 M for first half 2002. Its net result was €0.4 M. At June 30, 2002, Série Club had around 2.1 million subscribers via TPS and the main cable operators.

■ TF6 (figures quoted at 100%)  
TF6 revenue amounted to €5.2 M for the first half. Its net result was €(3.3) M. At June 30, 2002, TF6 had registered 1.5 million subscribers.

### III) Production and trading of audiovisual rights

2002 is a year of reorganisation for the TF1 cinema business with the creation of TF1 International Pictures and the establishment of a partnership between TF1 and Miramax for film production and distribution. As a result, TF1 is increasing its involvement in cinema – the Group is complementing its presence in all aspects of the film industry in France and is expanding its interest in the production of European films.

■ TF1 International  
Revenue of TF1 International increased 2% to €13.2 M, compared to the same period last year. The net result was positive at €0.8 M compared to a loss of €3.9 M this time last year.

■ TF1 International Pictures  
TF1 International Pictures was founded end 2001 to participate in the production of international feature films, which TF1 International will distribute. Revenue for first half 2002 was €1.4 M with a net result of €(0.3) M.

■ TF1 Films Production  
Total operating revenue came to €24.4 M, which is relatively stable compared to first half 2001. TF1 Films Production co-produced five of the seven French films that were released in 2002 and exceeded one million box office entries by June 30, 2002: *Astérix et Obélix: Mission Cléopâtre*, *Monsieur Batignole*, *Le Raid*, *3 Zéros* and *Amen*.

■ Glem Group (figures quoted at 100%)  
Glem Group operating revenue at June 30, 2002 was €49.6 M, a decrease of 6%. This decline is primarily due to the Glem SA "shows" business and in particular *Roméo et Juliette* and *Star Academy*. The net result attributable to the Group at June 30, 2002 was €0.6 M, down compared to the same period last year.

### IV) Miscellaneous

■ Studios 107  
In first half 2002, Studios 107 recorded a decline of 45% in revenue to €6.4 M. This drop is explained by the ending of several projects and the exceptional increase in business during first half 2001. The net result was €(0.1) M.

### V) Digital distribution

■ Satellite platform – TPS (figures quoted at 100%)  
In the past few months, two major steps were taken in TF1 Group's position on the pay TV market:

- On December 27, 2001, TF1 Group announced the signature with France Télécom and France Télévision of an agreement to acquire their shareholdings in TPS. As a result of this agreement, which was approved by the European Commission in May 2002, the TF1 stake in TPS stood at 50%.

- On July 17, 2002, TF1 and M6 signed an agreement with Suez concerning the acquisition of its 25% shareholding in the TPS satellite platform. This agreement, subject to various authorisations still in process, will enable TF1 Group to increase its stake in TPS to 66%.

At end June 2002, the TPS programme and digital services offering reached 1.385 million subscribers, of whom 1.125 million with direct satellite reception and 260,000 connected to the TPS Cinema channels via cable networks and overseas satellites. The TPS market share of new subscribers was 39% for first half 2002.

Novelty of the period: in association with Sagem, TPS launched the set-top box "Platinum" as a pilot test with 5,000 subscribers. It is a third-generation digital set-top box with a built-in hard disc. It enables viewers to record a programme directly on the set-top box, to interrupt a live programme and start up again later at the very spot where it left off, and also to watch a saved programme while recording another programme.

TPS' consolidated revenue reached €250 M, an increase of 13% compared to first half 2001. EBITDA of the TPS Group was positive at €30 M. The net consolidated result for TPS Group stood at €(16.0) M, an improvement of 63%.



## VI) Internet activity

e-TF1 recorded revenue growth of 82% to reach €5.1 M in first half 2002. This growth emanates from the sale of content (Bouygues Télécom and Crédit Agricole) as well as from the deployment of marketed content and services on the site. The net result for e-TF1 was €(4.3) M compared to €(7.4) M at June 30, 2001.

The audience of the tf1.fr website expanded substantially in first half 2002, thanks in particular to the success of the election sites (presidential and general elections) and the Football World Cup site. The latter achieved a traffic record in June for all TF1 and Eurosport sites with more than 320 million pages viewed (i.e. over 10 million pages viewed per day) and 16 million visits.

## D. HUMAN RESOURCES

At June 30, 2002, the TF1 Group workforce stood at 2,745 people against 2,649 a year earlier, up 3.6%. 86% of employees (2,374 people) are TF1 shareholders through the employee savings plan.

## E. CAPITAL

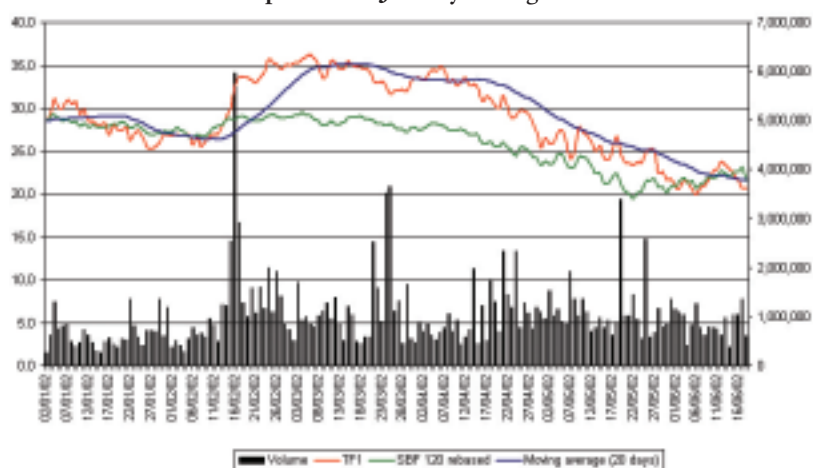
### ■ TF1 shares

On August 30, 2002, the TF1 share closed at €20.8, down by 26.8% since December 28, 2001. This should be compared with the 27.2% fall of the French CAC 40 stock exchange index and a 25.3% fall of the SBF 120 index.

Since December 28, 2001, daily trading of TF1 shares has increased (excluding off-market transactions), with an average of 1 million shares traded each day during this period, up by 15.4% compared to 2001.

The TF1 Group market capitalisation amounted to €4.4 billion on August 30, 2002, for a PER (based on the net result for 2001) of 21.1 (on December 28, 2001, it was of 28.6).

Share price from January to August 2002



### ■ Shareholders

To the best knowledge of the Board of Directors, the Group's shareholding on June 28, 2002 breaks down as follows:

	June 28, 2002 Capital	June 28, 2002 Voting rights	December 29, 2001 Capital
Bouygues	41.4%	41.7%	41.7%
Société Générale	1.5%	1.5%	1.4%
Total core shareholders*	42.9%	43.2%	43.1%
Others France <sup>(1)(2)</sup>	29.4%	29.5%	28.1%
<i>Including employees</i>	3.2%	3.2%	2.9%
Treasury shares	0.6%	0.0%	0.7%
Europe (excluding France)	18.5%	18.6%	15.6%
Others	8.6%	8.7%	12.5%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* Core shareholding as disclosed to Euronext on February 23, 1994.

(1) Including unidentified holders.

(2) Estimations by Euroclear on June 28, 2002.

<i>(euros million)</i>	<b>1<sup>st</sup> half 2002</b>	<b>1<sup>st</sup> half 01</b> Pro forma <sup>(1)</sup>	<b>1<sup>st</sup> half 01</b>	<b>2001 full year</b> Pro forma <sup>(1)</sup>	<b>2001 full year</b>
<b>TF1 Channel</b>					
Advertising revenue	817.2	833.7	833.7	1,496.9	1,496.9
Advertising agency fees	(45.1)	(46.0)	(46.0)	(82.6)	(82.6)
<b>NET REVENUE FROM BROADCASTING</b>	<b>772.1</b>	<b>787.7</b>	<b>787.7</b>	<b>1,414.3</b>	<b>1,414.3</b>
<b>Royalties and contributions</b>					
- Authors	(31.5)	(32.1)	(32.1)	(58.1)	(58.1)
- CNC	(40.2)	(41.2)	(41.2)	(73.9)	(73.9)
<b>Transmission costs</b>					
- TDF, Satellites, Transmissions	(26.9)	(27.5)	(27.5)	(54.5)	(54.5)
<b>Programming costs</b>	<b>(456.8)</b>	<b>(376.3)</b>	<b>(376.3)</b>	<b>(770.1)</b>	<b>(770.1)</b>
<b>GROSS MARGIN</b>	<b>216.7</b>	<b>310.6</b>	<b>310.6</b>	<b>457.7</b>	<b>457.7</b>
Diversification revenues and other revenues	544.8	499.6	398.3	1,035.1	822.2
Other operating expenses	(498.2)	(488.7)	(392.3)	(994.1)	(786.0)
Depreciation, amortisation and provisions (net)	(61.3)	(71.6)	(50.3)	(164.1)	(118.0)
<b>OPERATING PROFIT</b>	<b>202.0</b>	<b>249.9</b>	<b>266.3</b>	<b>334.6</b>	<b>375.9</b>
<b>FINANCIAL PROFIT / (LOSS)</b>	<b>(17.7)</b>	<b>(16.1)</b>	<b>(6.8)</b>	<b>(33.4)</b>	<b>(18.0)</b>
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>	<b>184.3</b>	<b>233.8</b>	<b>259.5</b>	<b>301.2</b>	<b>357.9</b>
Exceptional items	(3.0)	0.2	0.2	3.7	4.6
Goodwill amortisation	(4.4)	3.4	3.5	(4.9)	(3.5)
Tax	(63.9)	(88.8)	(90.2)	(119.3)	(122.7)
Share in net earnings of companies consolidated under the equity method	(0.5)	(0.9)	(11.6)	(1.5)	(24.9)
<b>NET PROFIT OF CONSOLIDATED COMPANIES</b>	<b>112.5</b>	<b>147.7</b>	<b>161.4</b>	<b>179.2</b>	<b>211.4</b>
Minority interest	(0.6)	(0.7)	(0.6)	(1.2)	(1.1)
<b>NET PROFIT ATTRIBUTABLE TO THE GROUP</b>	<b>111.9</b>	<b>147.0</b>	<b>160.8</b>	<b>178.0</b>	<b>210.3</b>

(1) See "Notes to the financial statements", note 3.

Limited review on the consolidated interim financial statements.

Six months ended June 30, 2002

In our capacity as Statutory Auditors, and in accordance with article L. 232-7 of the commercial law, we conducted:

- the limited review of the attached consolidated interim financial statements of TF1, for the six months ended June 30, 2002,
- the verification of the information given in the interim management report.

These interim financial statements are the responsibility of, and have been approved by, the Board of Directors. It is our responsibility, on the basis of our review, to present our opinion on these statements.

We conducted our review in accordance with French professional standards, which require us to carry out procedures to obtain reasonable assurance that the financial statements are free from material misstatement. Such procedures principally consist of an analytical review and making enquiries of management and other persons. A review is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not presented fairly, in all material respects, in accordance with accounting principles generally accepted in France.

We have checked, in accordance with French professional standards, the information contained in the management report, commenting on the consolidated interim financial statements which we have reviewed.

We have nothing to report with respect to the fairness of such information and its conformity with the financial statements.

Paris, September 5, 2002

The Statutory Auditors

**MAZARS & GUÉRARD**  
Michel ROSSE Gilles RAINAUT

**RSM SALUSTRO REYDEL**  
Edouard SALUSTRO Xavier PAPER

<i>(euros thousand)</i>	<b>1<sup>st</sup> half 2002</b>	<b>1<sup>st</sup> half 01 Pro forma<sup>(1)</sup></b>	<b>1<sup>st</sup> half 01</b>	<b>2001 full year Pro forma<sup>(1)</sup></b>	<b>2001 full year</b>
<b>Turnover</b>	<b>1,365,102</b>	<b>1,338,994</b>	<b>1,236,720</b>	<b>2,537,939</b>	<b>2,325,122</b>
Net advertising revenue	888,749	896,654	896,654	1,617,678	1,617,678
<i>TF1</i>	<i>817,162</i>	<i>833,669</i>	<i>833,669</i>	<i>1,496,911</i>	<i>1,496,911</i>
<i>Other channels</i>	<i>71,587</i>	<i>62,985</i>	<i>62,985</i>	<i>120,767</i>	<i>120,767</i>
Diversification revenue	450,477	406,493	305,271	841,871	632,815
Technical services revenue	13,197	14,169	14,169	31,703	31,703
Other revenue	12,679	21,678	20,626	46,687	42,926
<b>Operating expenses</b>	<b>(1,163,072)</b>	<b>(1,089,117)</b>	<b>(970,314)</b>	<b>(2,203,254)</b>	<b>(1,949,172)</b>
External production costs	(244,632)	(245,028)	(222,642)	(503,915)	(461,728)
Staff costs	(163,214)	(149,710)	(138,620)	(327,751)	(303,487)
Other operating expenses	(693,949)	(622,793)	(558,703)	(1,207,496)	(1,065,925)
Depreciation, amortisation and provisions (net)					
- Depreciation	(53,799)	(62,795)	(45,620)	(144,780)	(100,135)
- Provisions	(7,478)	(8,791)	(4,729)	(19,312)	(17,897)
<b>OPERATING PROFIT</b>	<b>202,030</b>	<b>249,877</b>	<b>266,406</b>	<b>334,685</b>	<b>375,950</b>
Financial revenue	7,041	18,977	18,840	26,047	25,950
Financial expenses	(24,681)	(35,034)	(25,636)	(59,466)	(43,996)
<b>FINANCIAL PROFIT / (LOSS)</b>	<b>(17,640)</b>	<b>(16,057)</b>	<b>(6,796)</b>	<b>(33,419)</b>	<b>(18,046)</b>
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>	<b>184,390</b>	<b>233,820</b>	<b>259,610</b>	<b>301,266</b>	<b>357,904</b>
Exceptional income / (expense)	(3,020)	222	211	3,698	4,572
Goodwill amortisation	(4,444)	3,353	3,467	(4,916)	(3,545)
Income tax	(63,941)	(88,821)	(90,215)	(119,337)	(122,667)
Share in net earnings of companies consolidated under the equity method	(518)	(927)	(11,630)	(1,535)	(24,879)
<b>NET PROFIT BEFORE MINORITY INTEREST</b>	<b>112,467</b>	<b>147,647</b>	<b>161,443</b>	<b>179,176</b>	<b>211,385</b>
Minority interest	(593)	(651)	(616)	(1,193)	(1,096)
<b>NET PROFIT ATTRIBUTABLE TO THE GROUP</b>	<b>111,874</b>	<b>146,996</b>	<b>160,827</b>	<b>177,983</b>	<b>210,289</b>
Average number of outstanding shares (in thousand)	211,470	210,189	210,189	210,207	210,207
Earnings per share (in €)	0.53	0.70	0.77	0.85	1.00
Diluted earnings per share (in €)	0.52	0.69	0.75	0.84	0.99

(1) See "Notes to the financial statements", note 3.

<i>ASSETS (euros thousand)</i>	<b>30.06.02</b>	<b>31.12.01</b> Pro forma <sup>(1)</sup>	<b>31.12.01</b>	<b>30.06.01</b> Pro forma <sup>(1)</sup>	<b>30.06.01</b>
<b>Intangible fixed assets</b>	<b>711,940</b>	<b>672,912</b>	<b>435,628</b>	<b>774,530</b>	<b>536,934</b>
Audiovisual rights	79,237	79,056	79,056	87,906	87,906
Other intangible fixed assets	632,703	593,856	356,572	686,624	449,028
<b>Goodwill</b>	<b>115,995</b>	<b>119,649</b>	<b>119,649</b>	<b>5,401</b>	<b>4,144</b>
<b>Tangible fixed assets</b>	<b>218,596</b>	<b>236,543</b>	<b>171,543</b>	<b>248,285</b>	<b>175,290</b>
Land	45,735	45,741	45,741	45,740	45,740
Freehold buildings	38,347	39,573	39,573	40,797	40,797
Other tangible fixed assets	134,514	151,229	86,229	161,748	88,753
<b>Financial assets</b>	<b>19,754</b>	<b>26,039</b>	<b>25,882</b>	<b>25,379</b>	<b>25,239</b>
Investments consolidated under the equity method	1,932	1,786	1,786	2,395	2,395
Investments and loans to associated undertakings	5,361	4,198	4,198	1,754	1,754
Other financial assets	12,461	20,055	19,898	21,230	21,090
<b>FIXED ASSETS</b>	<b>1,066,285</b>	<b>1,055,143</b>	<b>752,702</b>	<b>1,053,595</b>	<b>741,607</b>
Programmes and broadcasting rights	689,595	621,030	593,303	586,153	560,386
Raw material and supplies	11,974	12,249	12,249	8,297	8,297
Trade debtors	615,580	675,816	624,909	606,922	566,457
Other debtors and adjustment accounts	431,108	461,981	432,296	435,380	397,252
Deffered taxation	38,901	44,459	44,459	35,835	35,835
Marketable securities and cash at bank and in hand	44,722	32,343	31,581	85,127	79,438
<b>CURRENT ASSETS</b>	<b>1,831,880</b>	<b>1,847,878</b>	<b>1,738,797</b>	<b>1,757,714</b>	<b>1,647,665</b>
<b>TOTAL ASSETS</b>	<b>2,898,165</b>	<b>2,903,021</b>	<b>2,491,499</b>	<b>2,811,309</b>	<b>2,389,272</b>

(1) See "Notes to the financial statements", note 3.

<b>Shareholders' equity and liabilities</b> <i>(euros thousand)</i>	<b>30.06.02</b>	<b>31.12.01</b> Pro forma <sup>(1)</sup>	<b>31.12.01</b>	<b>30.06.01</b> Pro forma <sup>(1)</sup>	<b>30.06.01</b>
Share capital	42,701	42,399	42,399	42,237	42,237
Share premium	48,608	36,350	36,350	17,482	17,482
Reserves	554,661	445,590	481,359	452,935	488,705
Profit attributable to the Group	111,874	177,983	210,289	146,996	160,827
<b>Shareholders' funds</b>	<b>757,844</b>	<b>702,322</b>	<b>770,397</b>	<b>659,650</b>	<b>709,251</b>
Minority interest	70	690	269	(612)	(975)
Government grants for investment	2,729	6,214	6,214	5,052	5,052
Provisions for liabilities and charges	65,381	63,655	135,558	57,704	121,370
Deferred taxation	65,900	62,982	62,982	59,025	59,025
Financial creditors and borrowings <sup>(1)(2)</sup>	569,915	600,999	209,963	559,687	204,649
Trade creditors	900,999	903,308	776,309	863,584	733,124
Other creditors and adjustment accounts	535,327	562,851	529,807	607,219	557,776
<b>CREDITORS</b>	<b>2,006,241</b>	<b>2,067,158</b>	<b>1,516,079</b>	<b>2,030,490</b>	<b>1,495,549</b>
<b>TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES</b>	<b>2,898,165</b>	<b>2,903,021</b>	<b>2,491,499</b>	<b>2,811,309</b>	<b>2,389,272</b>
<i>(1) Including current bank overdrafts</i>	<i>10,461</i>	<i>20,245</i>	<i>20,156</i>	<i>103</i>	<i>15</i>
<i>(2) Including less than one year</i>	<i>488,686</i>	<i>442,876</i>	<i>209,963</i>	<i>410,534</i>	<i>204,649</i>

(1) See "Notes to the financial statements", note 3.

# 14 Consolidated cash flow statement

(euros thousand)	1 <sup>st</sup> half 02	2001 full year Pro forma <sup>(1)</sup>	2001 full year	1 <sup>st</sup> half 01 Pro forma <sup>(1)</sup>	1 <sup>st</sup> half 01
<b>1 – Operating activities</b>					
• Net profit	112,467	179,176	211,385	147,646	161,443
• <b>Depreciation, amortisation and provisions</b>	<b>58,769</b>	<b>184,787</b>	<b>110,438</b>	<b>84,918</b>	<b>33,986</b>
- Intangible fixed assets	20,096	78,565	76,648	30,592	29,641
- Tangible fixed assets	32,431	68,325	35,308	32,857	16,633
- Financial assets	-	(717)	(717)	(1,784)	(1,784)
- Expenses to amortise	84	187	187	160	160
- Goodwill	4,444	8,229	6,858	(3,353)	(3,467)
- Provisions for liabilities and charges	1,714	30,198	(7,846)	26,446	(7,197)
• Investment grants released to revenue	(6,831)	(9,121)	(9,121)	(3,540)	(3,540)
• Expenses to amortise	(419)	(83)	(83)	(439)	(439)
• Capital gains / (losses) on disposal of fixed assets	815	649	165	(712)	(712)
• Change in deferred taxation	8,394	5,148	5,148	9,636	9,636
• Share of investments consolidated under the equity method	518	1,535	24,879	927	11,630
<b>Cash flow</b>	<b>173,713</b>	<b>362,091</b>	<b>342,811</b>	<b>238,436</b>	<b>212,004</b>
• Stocks	(58,567)	(87,858)	(96,447)	(48,990)	(59,674)
• Trade debtors	80,666	(99,620)	(95,379)	(1,200)	(1,487)
• Trade creditors	(43,778)	(14,106)	(26,542)	(51,537)	(53,754)
• Net advances from third parties	7,597	3,349	353	9,175	(125)
<b>Increase / (decrease) in working capital needs</b>	<b>(14,082)</b>	<b>(198,235)</b>	<b>(218,015)</b>	<b>(92,552)</b>	<b>(115,040)</b>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>159,631</b>	<b>163,856</b>	<b>124,796</b>	<b>145,884</b>	<b>96,964</b>
<b>2 – Investing activities</b>	<b>(227,829)</b>	<b>(531,567)</b>	<b>(511,196)</b>	<b>(430,749)</b>	<b>(422,457)</b>
• Purchase of intangible fixed assets	(24,144)	(74,345)	(73,157)	(36,109)	(35,488)
• Purchase of tangible fixed assets	(17,568)	(37,368)	(23,097)	(17,974)	(12,953)
• Disposal of fixed assets	2,744	4,843	4,755	3,019	2,957
• Purchase of financial asset investments	(200,228)	(403,213)	(403,213)	(367,986)	(367,986)
• Increase / (decrease) in other financial assets	7,592	(4,918)	(4,888)	(9,201)	(9,195)
• Increase / (decrease) in fixed assets creditors	3,775	(16,566)	(11,596)	(2,498)	208
• Consolidation adjustments	105	(1,224)	(1,219)	8,968	8,968
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(227,724)</b>	<b>(532,791)</b>	<b>(512,415)</b>	<b>(421,781)</b>	<b>(413,489)</b>
<b>3 – Financing activities</b>					
• Increase in shareholders' funds	15,486	21,617	21,617	3,204	3,204
• Increase / (decrease) in loans	212,904	152,694	176,265	151,009	191,595
• Dividends paid	(138,134)	(143,907)	(143,906)	(143,920)	(143,919)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>90,256</b>	<b>30,404</b>	<b>53,976</b>	<b>10,293</b>	<b>50,880</b>
<b>TOTAL INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>22,163</b>	<b>(338,531)</b>	<b>(333,643)</b>	<b>(265,604)</b>	<b>(265,645)</b>
Cash at beginning of period	12,098	350,629	345,068	350,629	345,068
Net inflow / (outflow)	22,163	(338,531)	(333,643)	(265,604)	(265,645)
Cash at end of period	34,261	12,098	11,425	85,025	79,423

(1) See "Notes to the financial statements", note 3.



## 1 GROUP ACCOUNTING POLICIES

The consolidated financial statements of the TF1 Group have been prepared in accordance with Generally Accepted French Accounting Standards, notably the 99/02 rules of the Accounting Regulations Committee, authorised by the Government order dated June 22, 1999, and the recommendations of the National Accounting Council on interim accounts.

## 2 SCOPE OF CONSOLIDATION

The main changes in the scope of consolidation between the first halves of 2001 and 2002 result from:

- the increase from 25% to 50% of the Group stake in TPS and the related change in consolidation treatment from the equity method to the proportionate consolidation method;
- the interests taken in SETS and Quai Sud during second half 2001 and the full consolidation of these companies;
- the inclusion, fully consolidated, in the second half of 2001 of Alma Productions, Tout Audiovisuel Production, Sebado and TF1 Music.

## 3 ACCOUNTS COMPARISON

In order to ensure comparability of accounts, the 2001 half and full year statements have been restated on a pro forma basis so as to take into account the impact of the increased interest taken in TPS and its proportionate consolidation.

The increase of TF1's stake in TPS is reflected in the financial statements by the inclusion in fixed assets of the amount of €272.6 M in respect of TPS goodwill under « other intangible fixed assets ». The valuation of this business goodwill is based both on discounted future cash flows and on other market value comparisons. In accordance with generally accepted French standards, this goodwill may be revised by the end of the accounting period following that of acquisition.

## 4 SUBSEQUENT EVENTS

On July 17, 2002, TF1 and M6 signed an agreement with Suez to buy out its 25% stake in the French digital platform, TPS. The transaction will be realized on the basis of a price of €160 M, of which €102.4 M in respect of TF1's proportion. As a result of this acquisition, TF1 will own 66% of TPS and M6 34%. This operation is accompanied by a shareholders' agreement.

## 5 CHANGE IN SHAREHOLDERS' FUNDS

(€ million)	Share capital	Share premium	Revaluation reserves	Retained earnings	Shareholders' funds
<b>Shareholders' funds at December 31, 1999</b>	<b>32.2</b>	<b>17.5</b>	<b>4.7</b>	<b>476.0</b>	<b>530.4</b>
Capital increase	10.0		(4.7)	(5.3)	–
Dividends				(95.8)	(95.8)
Net profit at December 31, 2000				250.3	250.3
<b>Shareholders' funds at December 31, 2000</b>	<b>42.2</b>	<b>17.5</b>		<b>625.2</b>	<b>684.9</b>
Capital increase	0.2	18.9			19.1
Purchase of TF1 shares				(7.4)	(7.4)
Dividends				(136.5)	(136.5)
Net profit at December 31, 2001				210.3	210.3
<b>Shareholders' funds at December 31, 2001</b>	<b>42.4</b>	<b>36.4</b>		<b>691.6</b>	<b>770.4</b>
Capital increase	0.3	12.2			12.5
Dividends				(136.9)	(136.9)
Net profit at June 30, 2002				111.9	111.9
<b>Shareholders' funds at June 30, 2002</b>	<b>42.7</b>	<b>48.6</b>		<b>666.6</b>	<b>757.9</b>

NB: Share capital is divided into 213,505,079 fully paid ordinary shares with a nominal value of € 0.20 per share

The difference, as of December 31, 2001, between the published shareholders' funds and the pro forma shareholders' funds is mainly due to the additional share of TPS group losses and, to a lesser extent, to the additional financial costs which would have impacted TF1's consolidated net profit had the increase in the TPS stake occurred prior to the financial year.

## 6 FINANCIAL CREDITORS AND BORROWINGS

This heading, amounting to €569.9 M, mainly consists in:

- TF1 SA's financial debt, composed of a €275.5 M current account with Bouygues Group, €53.2 M of bank loans and €10.3 M of spot credit lines;
- the share in TPS' financial debt, amounting to €146.7 M;
- GIE APHELIE's borrowings for €42.2 M;
- current bank overdrafts for €10.5 M.

In addition, TF1 has subscribed two syndicated loans amounting to €731.1 M, which have not yet been used.

## 7 BUSINESSES LINE INFORMATION - FIRST HALF 2002

(€ million)	Turnover		Operating profit	
	30.06.02	30.06.01 Pro forma <sup>(1)</sup>	30.06.02	30.06.01 Pro forma <sup>(1)</sup>
TF1 CORE CHANNEL	832.5	850.8	182.3	270.2
PUBLISHING & DISTRIBUTION	152.8	122.8	14.8	10.2
EUROSPORT	159.0	150.3	17.2	4.2
TPS	123.9	109.4	(3.2)	(16.5)
THEMATIC CHANNELS	23.7	28.3	(5.7)	(4.1)
INTERNET	4.9	2.9	(4.7)	(7.5)
PRODUCTION	42.8	39.7	3.6	3.5
AUDIOVISUAL RIGHTS	12.8	13.1	(2.3)	(10.1)
<b>TOTAL</b>	<b>1,352.4</b>	<b>1,317.3</b>	<b>202.0</b>	<b>249.9</b>

## 8 TF1 COMPANY FINANCIAL STATEMENTS

(€ million)	1 <sup>st</sup> half 2002	1 <sup>st</sup> half 2001	Full year 2001
<b>Turnover</b>	777.9	796.6	1,431.6
<b>Operating profit</b>	180.7	268.9	390.5
<b>Net profit</b>	147.5	204.7	276.2

(1) See "Notes to the financial statements", note 3.





### **Télévision Française 1**

A Public limited company (« Société Anonyme »)  
with a share capital of € 42,701,016  
RCS Nanterre B 326 300 159

TF1  
1, quai du Point du Jour  
92656 Boulogne Cedex - France  
Tel: (33) 1 41 41 12 34  
E-mail: [comfi@tf1.fr](mailto:comfi@tf1.fr)  
Internet: <http://www.tf1.fr>