

Interim Report

First Half 1999
First Half 1999



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Consolidated key figures

	1999 H1		1998 H1		1998 full year	
	M€	MF	M€	MF	M€	MF
Total turnover	928.7	6,092	850.6	5,579	1,662.2	10,903
<i>TF1 Channel Ad. revenues</i>	<i>703.0</i>	<i>4,612</i>	<i>648.0</i>	<i>4,250</i>	<i>1,226.6</i>	<i>8,046</i>
<i>Diversification revenues & others</i>	<i>225.7</i>	<i>1,480</i>	<i>202.6</i>	<i>1,329</i>	<i>435.6</i>	<i>2,857</i>
Operating profit	195.5	1,280	159.3	1,046	219.3	1,439
Net profit	110.5	725	81.1	532	109.1	716
Shareholders' funds	502.9	3,299	436.4	2,863	462.4	3,033
Earnings Per Share (EPS)	5.26	34.52	3.86	25.33	5.19	34.09

Review of operations

Boulogne, September 20, 1999.

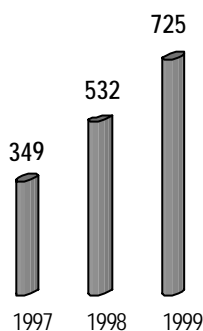
As of June 30, 1999, total turnover of the TF1 Group amounted to FF 6,092 million (€ 928.7 million), a 9.2% growth.

TF1 Channel net advertising revenues rose by 8.5% to FF 4,612 million (€ 703.0 million). Revenues from diversified activities increased by 11.4% to FF 1,480 million MF (€ 225.7 million).

The Group kept its programming costs under control, their increase not exceeding 0.8% to FF 2,286 million (€ 348.5 million).

In this context, the TF1 Group further improved its profitability with consolidated operating profit up 23% to FF 1,280 million (€ 195.5 million).

First half consolidated net profit
(in FF million)



Consolidated net profit (attributable to the Group) was FF 725 million (€ 110.5 million), up 36.3%.

As of 30 June 1999, total shareholders' funds amounted to FF 3,299 million (€ 502.9 million). The Group further improved its financial strength with a net cash position of FF 1,228 million (€ 187.1 million) and a practically debt-free balance sheet.

During the first half, the TF1 Group signed a credit facility arrangement of FF 2.5 billion (€ 381 million). This credit facility, open for a period of 7 years, brings its total borrowing capacity to a level equivalent to its shareholders' funds.

► TF1 Channel broadcasting

During the first half of 1999, total TV consumption rose 1 minute to 184 minutes per day for all individuals aged more than 4.

Over the first 8 months of 1999, TF1's viewership further increased. It averaged 35.0% of individuals aged more than 4 (+ 0.1 point) and 37.8% of women aged under 50 (+ 0.6 point).

At the end of August, TF1 scored 96 out of the top 100 Prime Time ratings.

The French television industry is in a period of strong growth with an increased number of cable and satellite theme channels.

Faced with this new type of competition, general interest media has no choice but to strengthen what makes it special. Hence, TF1 will continue to follow the programming strategy that has built its success, with a mix of exclusive and original programmes, special events and live broadcasts.



Julie Lescaut, 1999 best rating so far with 11.7 million viewers.

► Advertising

Following increases of 5.6% and 1.5% in 1998 H1 and 1997 H1 respectively, TF1 net advertising revenue posted a sharp increase of 8.5% during 1999 H1. This performance stems from the excellent audience ratings of the Channel since the beginning of the year.

TF1 was also the only general interest broadcaster to record gains in advertising break ratings.

► Diversification activities

Total revenue from diversification activities rose 11.4% to FF 1,480 million (€ 225.7 million) during the first half of the year.

N.B. : the activity of the TF1 subsidiaries is analysed below using the individual company turnover (accounts in class 70 only) presented in the "Subsidiaries and financial investments" table in the notes to the company financial statements and not in terms of their contribution to consolidated turnover.

The publishing and distribution branch was among the main growth drivers with a sharp increase in its revenues and net profits.

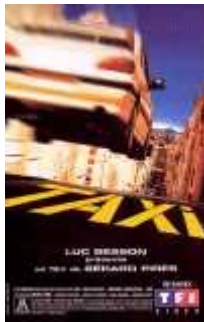
► TF1 Entreprises

Phone-based services declined compared with 1998 H1, which was unusually high due to Football World Cup related services.

The merchandising products activity grew with the signature of several new licensing contracts and the launch of new operations, notably linked to the eclipse of August 11, 1999.

► TF1 Vidéo

The success of the "Taxi" cassette and the launch of 23 DVDs during the first half of 1999 enabled TF1 Video to post a turnover of FF 305 million (€ 46.5 million), up 75%.



Taxi, a movie directed by Gérard Pirès and coproduced by TF1 was the best selling video of the first half of 1999 with 1 million copies sold.

► Une Musique

In a flat French record market, Une Musique posted a 5% decline in revenues to FF 82 million (€12.5 million) but a 33% gain in net profits. During 1999 H1, Une Musique was awarded a double golden record with "Acoustique" by the French female singer Liane Foly. The pop band "Emile et Images", produced and edited by Une Musique is already among the best selling albums of the summer.

► Télé-Shopping

Despite a French mail order market that grew only slightly in 1999 H1 (+ 1.4%), Télé-Shopping recorded a turnover of FF 279 million (€ 42.6 million), up 31%, benefiting from an extended time slot on the TF1 Channel on Saturday mornings.

► **Theme** Téléshopping is using new technology to develop further by selling its products through interactive TV and the Internet.

► Eurosport

On June 30, 1999, the number of European homes receiving Eurosport was 83.6 million in 47 countries (compared with 81 million households on December 31, 1998). This coverage represents more than one third of total European homes and an audience potential of 247 million individuals.

First half turnover was FF 582 million (€88.7 million), up 8%, on the back of cable and satellite fees that increased sharply through the development of pay-TV in Europe.

During this period, Eurosport launched its Internet site, eurosport.com (7 million pages viewed and 700,000 unique visitors in June 1999) and launched an enhanced version of its programme for the UK market, named British Eurosport .



British Eurosport, English version of the Eurosport programme distributed on cable and satellite in the UK

► LCI, La Chaîne Info

At the end of June, LCI was received by around 3 million French homes, representing an annual growth of 26%.

Five years after its launch in June 1994, LCI benefits from an important notoriety in the new French multichannel environment. The Médiamétrie survey, released in April 1999, ranks LCI among the 3 most watched theme channels in France along with Eurosport.

First half turnover was FF 146 million (€ 22.2 million), up 21%.

► Odysée

As of the end of June 1999, Odysée totalled 1.2 million subscribing households, against 1 million at the end of December 1998.

First half turnover was FF 18 million (€ 2.7 million), up 69%.

During the first half, Odysée implemented a new editorial policy aimed at enhancing the quality and originality of its programmes. In this regard, Odysée will further develop its coproductions which will position the channel on the documentary production market.

► Production

► TF1 Films Production

First half turnover was FF 132 million (€ 20.0 million).

During the first half, TF1 Films Production coproduced and acquired the first broadcasting rights of 11 feature films for a total investment of FF 136 million (€ 20.7 million).

TF1 Films Production coproduced 9 of the 20 French films which achieved more than 500,000 box office sales in France during 1999 first half (including « *Asterix et Obélix* », « *Belle Maman* » and « *Place Vendôme* »).

First half investments focused on high potential feature films notably « *Taxi 2* » directed by G. Krawczyk, and « *Les rivières pourpres* » directed by M. Kassovitz...

► Glem

First half turnover was FF 111 million (€ 16.9 million), a 4.8% decline compared with 1998 H1.

Glem produced the entertainment show « *Succès* » hosted by Julien Courbet and several special shows such as « *Les 7 d'Or* », or « *sacrée Muriel Robin* » .

Glem continues to promote new popular artists such as André Rieu, Helmut Lotti and Anthony Kavanagh (whose one man show started well at the Olympia venue in Paris).

► Studios 107

Studios 107 posted turnover of FF 45 million (€ 6.8 million), stemming from the sale of technical services and executive production of entertainment programmes.

► Trading of audio visual rights

► TF1 International

First half turnover was FF 69 million (€ 10.5 million), representing a decrease as several deliveries of high profile feature films were delayed. This was however partially offset by strong sales of French TV dramas.

During the first half of 1999, TF1 International integrated into its consolidation scope Ciby DA, acquired in December 1998.

Les Films Ariane

During 1999 H1, the main sales in France were to cable and satellite theme channels.

First half turnover amounted to FF 21.8 million (€ 3.3 million).

► Digital TV

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► Télévision par Satellite – TPS

At the end of August, TPS totalled 720,000 DTH (Direct To Home) subscribers. Over the first 6 months of the year, the TPS market share of new subscribers averaged 49%. TPS Cinéma (distributed on cable) had 85,000 subscribers at June 30, 1999.

During the second half of 1999, the TPS Group will further enrich its offer with exclusive and interactive programmes.

- launch of Superfoot on July 31, a service dedicated to the French Football Premier League, live and exclusive.



- Launch of Cinéfaz on September 1, a new movie channel with a thematic programming schedule based on events.



Interactivity : TPS mail will enable subscribers to send e-mail using the TPS remote control or an infra red keyboard. The new digital multimedia set top box, soon available, will provide a full Internet access to subscribers.



First half turnover was FF 870 million (€ 132.6 million), up 79%

► Internet

Launched on May 10, 1999, the new TF1 web site www.tf1.fr has become the top TV site in terms of connections (source : Médiamétrie 1999 Q2). TF1 will affiliate all its interactive and Internet activities and develop new thematic portals.

► Human resources

As of June 30, 1999, the TF1 Group totalled 2,224 employees, against 2,170 on December 31, 1998.

This increase stems from the development of Eurosport and TF1 Interactive (Internet)

► **Capital**

► **The TF1 share**

For the period from January 1 to September 14, the TF1 share price rose 65%, compared with an 18% increase in the SBF 120 index.

On September 13, the TF1 share price hit a record high at ε 254.9 (FF 1,672)

Formerly listed on the second market of the French stock exchange, the TF1 share is quoted on the "marché du Règlement Mensuel" (monthly settlement market) since June 1999.

► **Shareholders**

As far as the Board of Directors was aware, on June 30, 1999, the shareholding structure of TF1 was as follows :

	30 June '99
Bouygues	40.1%
Société Générale	2.0%
Total shareholders acting together	42.1%
Others France ^{(1) (2)}	25.4%
Of which. Employees	2.5%
Europe (excl. France)	22.7%
Others	9.8%
Total	100%

⁽¹⁾ Including unidentified shareholders

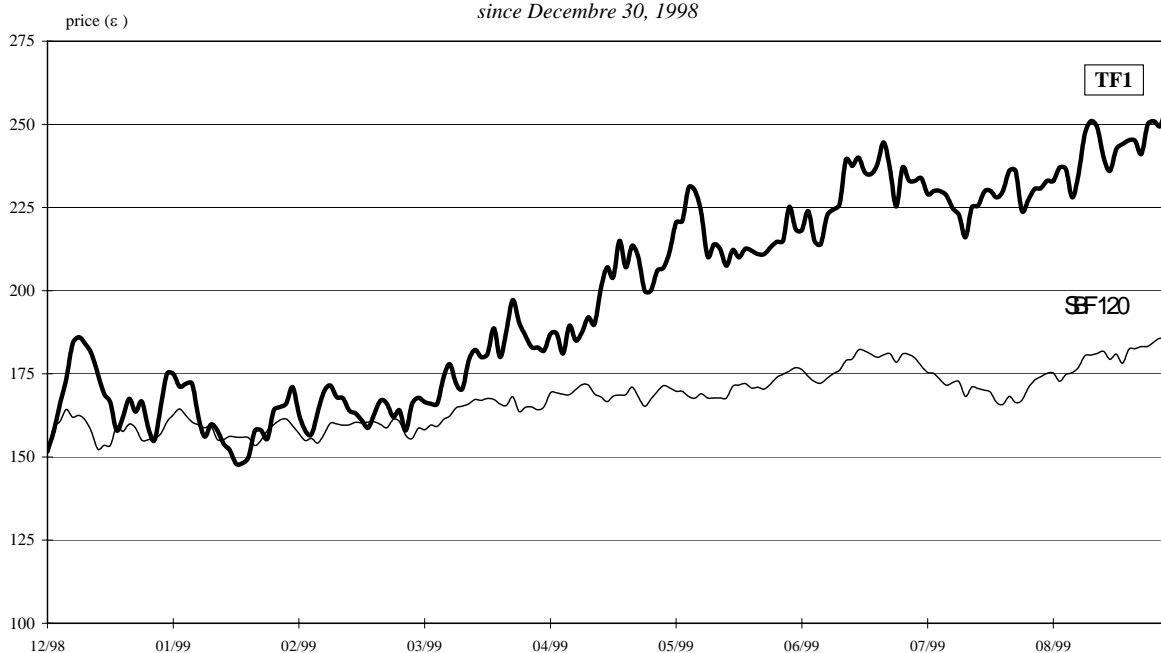
⁽²⁾ SICOVAM data (June 30, 1999)

► **Prospects**

For 1999, TF1 expects a continuing growth in advertising revenues and an increase in programming costs of around 1%.

TF1 share price

since Decembre 30, 1998



Statutory auditors' report

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended June 30, 1999

In our capacity as Statutory Auditors of TF1, we have reviewed the accompanying consolidated interim financial statements, presented in French francs, for the six months ended June 30, 1999.

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 also checked the information contained in the management report and have nothing to report with respect to the fairness of such information.

Paris, September 21, 1999

The Statutory Auditors

Jacques Villary

Salustro Reydel

Edouard Salustro Jean-Pierre Crouzet

Consolidated financial statements

Consolidated Profit and Loss Account

(in FF thousands)	1 st half. '99	1 st half. '98	Full year '98
Turnover	6,091,613	5,578,733	10,903,880
Net advertising revenue <i>incl.</i>	4,720,247	4,380,637	8,287,852
<i>TF1</i>	4,611,656	4,250,299	8,045,996
<i>EUROSPORT</i>	66,404	101,904	180,973
<i>Other thematic channels</i>	42,187	28,434	60,883
Diversification revenue	1,188,717	1,004,697	2,230,473
Technical services revenue	101,445	102,912	185,282
Other revenue	81,204	90,487	200,273
Operating expenses	(4,810,705)	(4,533,220)	(9,465,071)
External production costs	(1,303,084)	(1,156,349)	(2,597,990)
Change in stocks of in-house production	(2,474)	(47,713)	(117,474)
Staff costs	(675,485)	(669,643)	(1,387,446)
Other operating expense	(2,603,040)	(2,446,446)	(4,874,535)
Depreciation, amortisation and provisions (net)			
- Depreciation	(221,682)	(187,125)	(438,173)
- Provisions	(4,940)	(25,944)	(49,453)
OPERATING PROFIT	1,280,908	1,045,513	1,438,809
Financial revenue	103,270	45,662	81,278
Financial expense	(37,145)	(25,424)	(26,438)
FINANCIAL PROFIT	66,125	20,238	54,840
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	1,347,033	1,065,751	1,493,649
Net exceptional income	956	4,414	3,819
Goodwill amortisation	(12,377)	(9,378)	(11,037)
Employee profit sharing	(39,830)	(25,251)	(40,225)
Income tax	(474,166)	(395,726)	(522,350)
Share of investment consolidated under the equity method	(95,485)	(103,413)	(201,181)
NET PROFIT BEFORE MINORITY INTEREST	726,131	536,397	722,675
Minority interest	(1,407)	(4,339)	(6,871)
NET PROFIT ATTRIBUTABLE TO THE GROUP	724,724	532,058	715,804

Consolidated Balance Sheet

ASSETS (in FF thousands)		30 June '99		31 Dec. '98	30 June '98
	Gross value	Depreciation, amortisation and provisions	Net value	Net value	Net value
<i>Intangible fixed assets</i>	3,295,607	2,618,115	677,492	586,830	486,481
Audiovisual rights	3,256,144	2,582,289	673,855	583,680	484,336
Other intangible fixed assets	39,463	35,826	3,637	3,150	2,145
<i>Goodwill</i>	103,819	79,840	23,979	30,359	39,738
<i>Tangible fixed assets</i>	888,837	619,604	269,233	282,783	296,861
Land	37	0	37	37	37
Freehold buildings	87	31	56	58	61
Other tangible fixed assets	888,713	619,573	269,140	282,688	296,763
<i>Financial assets</i>	256,918	19,218	237,700	225,566	217,147
Share of investment consolidated under the equity method	85	0	85	85	86
Investments and loans to associated undertakings	26,071	19,150	6,921	7,484	5,611
Other financial assets	230,762	68	230,694	217,997	211,450
FIXED ASSETS	4,545,181	3,336,777	1,208,404	1,125,538	1,040,227
Programmes and film rights	3,574,203	433,083	3,141,120	2,990,284	3,025,478
Raw materials and supplies	56,046	21,726	34,320	38,110	33,094
Trade debtors	2,420,281	42,640	2,377,641	2,398,865	2,271,333
Other debtors	1,806,040	27,360	1,778,680	1,596,544	1,673,186
Cash at bank and in hand / Marketable securities	1,227,583	0	1,227,583	1,116,618	572,607
CURRENT ASSETS	9,084,153	524,809	8,559,344	8,140,421	7,575,698
<i>Adjustment accounts</i>	349,818	0	349,818	284,566	277,105
<i>Deferred taxation</i>	205,009	0	205,009	209,348	182,120
TOTAL ASSETS	14,184,161	3,861,586	10,322,575	9,759,873	9,075,150

LIABILITIES (in FF thousands)	30 June '99	31 Dec. '98	30 June '98
Share capital	210,000	210,000	210,000
Revaluation reserve	30,705	30,705	30,705
Other reserves	2,333,467	2,076,538	2,090,134
Profit attributable to the group	724,724	715,804	532,058
SHAREHOLDERS' FUNDS	3,298,896	3,033,047	2,862,897
Minority interest	9,380	15,828	13,153
Government grants for investment	42,050	37,630	26,515
Provisions for liabilities and charges	544,114	491,524	303,582
Deferred taxation	408,265	374,896	393,634
LONG TERM CAPITAL	4,302,705	3,952,925	3,599,781
Financial creditors and borrowings ⁽¹⁾	156,150	114,880	103,697
Trade creditors	3,004,193	2,899,060	2,777,153
Other creditors	2,797,986	2,748,873	2,550,284
CREDITORS	5,958,329	5,762,813	5,431,134
<i>Adjustment accounts</i>	61,541	44,135	44,235
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES	10,322,575	9,759,873	9,075,150
<i>⁽¹⁾ Including current bank overdrafts</i>	1,091	635	139

Consolidated Cash Flow Statement

(in FF thousands)	30 June '99	31 Dec. '98	30 June '98
1- OPERATING ACTIVITIES			
• Net profit ⁽¹⁾	726,131	722,675	536,397
• Depreciation, amortisation and provisions			
- Intangible fixed assets	140,858	300,110	139,718
- Tangible fixed assets	54,306	97,118	48,746
- Financial assets	0	(250)	0
- Expenses to amortise	34,855	58,493	14,312
- Goodwill	12,377	11,037	9,378
- Provisions for liabilities and charges	(34,990)	26,855	(38,966)
• Investment grants released to revenue	(11,838)	(80,454)	(47,718)
• Expenses to amortise	(38,940)	(56,988)	(20,196)
• Capital gains (losses) on disposal of fixed assets	(4,223)	3,439	(2,838)
• Change in deferred taxation ⁽²⁾	37,708	6,654	43,516
• Share of investment consolidated under the equity method ⁽²⁾	95,485	201,181	103,413
Cash flow	1,011,729	1,289,870	785,762
• Stocks ⁽²⁾	(147,047)	(40,070)	(83,538)
• Trade debtors ⁽²⁾	(220,680)	(475,327)	(450,840)
• Trade creditors ⁽²⁾	146,524	525,118	224,435
• Net advances from third parties	(789)	13,934	13,626
Increase (decrease) in working capital needs	(221,992)	23,655	(296,317)
NET CASH INFLOW FROM OPERATING ACTIVITIES	789,737	1,313,525	489,445
2- INVESTING ACTIVITIES			
• Purchase of intangible fixed assets	(232,833)	(247,869)	(108,570)
• Purchase of tangible fixed assets	(41,516)	(66,797)	(29,946)
• Purchase of financial asset investments	(5,904)	(11,411)	0
• Disposal of fixed assets	6,944	124,417	115,912
• Increase (decrease) in other financial assets	(12,697)	(209,328)	(202,782)
• Increase (decrease) in fixed assets creditors	16,246	(18,344)	(17,838)
	(269,760)	(429,332)	(243,224)
• Consolidation adjustments	384,695	14,906	14,452
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	114,935	(414,426)	(228,772)
3- FINANCING ACTIVITIES			
• Increase in shareholders' funds	16,258	62,987	19,136
• Increase (decrease) in loans	(343,668)	(131,892)	6,863
• Dividends paid	(466,753)	(348,964)	(348,958)
NET CASH OUTFLOW FROM FINANCING	(794,163)	(417,869)	(322,959)
TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	110,509	481,230	(62,286)
Cash at beginning of period	1,115,983	634,753	634,753
Net inflow (outflow)	110,509	481,230	(62,286)
Cash at end of period	1,226,492	1,115,983	572,467

⁽¹⁾ Net profit is disclosed after share in investment consolidated under the equity method, which is disclosed as a specific item.

⁽²⁾ At 31 December 98 and 30 June 1999, change in deferred taxation is included under «cash flow», even though it was previously included under «working capital needs».

Notes to the consolidated financial statements

1. GROUP ACCOUNTING POLICIES

The consolidated financial statements of the TF1 Group have been prepared in accordance with Generally Accepted French Accounting Standards, notably those prescribed by the French Law of January 3, 1985 and the decree of February 17, 1986.

The 1999 interim consolidated financial statements are comparable to the 1998 interim and full year consolidated financial statements.

2. SCOPE OF CONSOLIDATION

The change in the scope of consolidation between the first halves of 1998 and 1999 does not have any significant impact on the group's financial position.

3. SUBSEQUENT EVENTS

There are no significant subsequent events.

4. SHAREHOLDERS' FUNDS

(FF million)	Share capital	Revaluation reserves	Retained earnings	Shareholders' funds
Shareholders' funds at 31 Dec. 96	210	31	2,276	2,517
Dividends	-	-	(334)	(334)
1997 net profit	-	-	482	482
Shareholders' funds at 31 Dec. 97	210	31	2,424	2,665
Change in accounting policy	-	-	(14)	(14)
Dividends	-	-	(334)	(334)
1998 net profit	-	-	716	716
Shareholders' funds at 31 Dec. 98	210	31	2,792	3,033
Dividends	-	-	(459)	(459)
1999 half year net profit	-	-	725	725
Shareholders' funds at 30 June 99	210	31	3,058	3,299

*NB : Share capital is divided into 21,000,000 ordinary shares with a nominal value of FF 10 per share.
Share capital is fully subscribed.*

5. COMPANY FINANCIAL STATEMENTS

(FF million)	'99 1 st half	'98 1 st half	Full year 1998
Turnover	4,373	4,020	7,623
Operating profit	1,185	961	1,473
Pro forma* operating profit	1,185	904	1,314
Net profit	768	708	920

* Since January 1999, acquired broadcasting rights and in-house production are reported as 'inventories' (this accounting policy is now identical to the one used for the preparation of consolidated financial statements). Co-production shares are still accounted for under the item 'fixed assets' in the company financial statements. Consequently, charges related to expired and retired broadcasting rights in respect of acquired rights and in-house production have been restated from exceptional expense to operating expense.

Consolidated accounts

Consolidated Profit and Loss Account

(in € thousands)	1 st half. '99	1 st half. '98	Full year '98
Turnover	928,659	850,473	1,662,284
Net advertising revenue <i>incl.</i>	719,596	667,824	1,263,474
<i>TF1</i>	703,042	647,954	1,226,604
<i>EUROSPORT</i>	10,123	15,535	27,589
<i>Other thematic channels</i>	6,431	4,335	9,281
Diversification revenue	181,219	153,165	340,033
Technical services revenue	15,465	15,689	28,246
Other revenue	12,379	13,795	30,531
Operating expenses	(733,386)	(691,086)	(1,442,939)
External production costs	(198,653)	(176,286)	(396,061)
Change in stocks of in-house production	(377)	(7,274)	(17,909)
Staff costs	(102,977)	(102,086)	(211,515)
Other operating expense	(396,831)	(372,958)	(743,116)
Depreciation, amortisation and provisions			
- Depreciation	(33,795)	(28,527)	(66,799)
- Provisions	(753)	(3,955)	(7,539)
OPERATING PROFIT	195,273	159,387	219,345
Financial revenue	15,743	6,961	12,391
Financial expense	(5,663)	(3,876)	(4,030)
FINANCIAL PROFIT	10,080	3,085	8,361
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	205,353	162,472	227,706
Net exceptional income	146	673	582
Goodwill amortisation	(1,887)	(1,430)	(1,683)
Employee profit sharing	(6,072)	(3,849)	(6,132)
Income tax	(72,286)	(60,328)	(79,632)
Share of investment consolidated under the equity method	(14,557)	(15,765)	(30,670)
NET PROFIT BEFORE MINORITY INTEREST	110,697	81,773	110,171
Minority interest	(214)	(661)	(1,047)
NET PROFIT ATTRIBUTABLE TO THE GROUP	110,483	81,112	109,124

Consolidated Balance Sheet

ASSETS (in € thousands)	30 June '99		31 Dec. '98	30 June '98	
	Gross value	Depreciation, amortisation and provisions			
			Net value	Net value	Net value
<i>Intangible fixed assets</i>	502,412	399,129	103,283	89,461	74,164
Audiovisual rights	496,396	393,667	102,729	88,981	73,837
Other intangible fixed assets	6,016	5,462	554	480	327
<i>Goodwill</i>	15,827	12,172	3,655	4,628	6,058
<i>Tangible fixed assets</i>	135,502	94,458	41,044	43,111	45,257
Land	6	0	6	6	6
Freehold buildings	13	5	8	9	9
Other tangible fixed assets	135,483	94,453	41,030	43,096	45,242
<i>Financial assets</i>	39,166	2,929	36,237	34,388	33,105
Share of investment consolidated under the equity method	13	0	13	13	13
Investments and loans to associated undertakings	3,974	2,919	1,055	1,141	856
Other financial assets	35,179	10	35,169	33,234	32,236
FIXED ASSETS	692,907	508,688	184,219	171,588	158,584
Programmes and film rights	544,884	66,023	478,861	455,866	461,231
Raw materials and supplies	8,544	3,312	5,232	5,810	5,045
Trade debtors	368,969	6,500	362,469	365,705	346,262
Other debtors	275,329	4,171	271,158	243,392	255,076
Cash at bank and in hand / Marketable securities	187,144	0	187,144	170,228	87,293
CURRENT ASSETS	1,384,870	80,006	1,304,864	1,241,001	1,154,907
<i>Adjustment accounts</i>	<i>53,329</i>	<i>0</i>	<i>53,329</i>	<i>43,382</i>	<i>42,244</i>
<i>Deferred taxation</i>	<i>31,253</i>	<i>0</i>	<i>31,253</i>	<i>31,915</i>	<i>27,764</i>
TOTAL ASSETS	2,162,359	588,694	1,573,665	1,487,886	1,383,499

LIABILITIES (in € thousands)	30 June '99	31 Dec. '98	30 June '98
Share capital	32,014	32,014	32,014
Revaluation reserve	4,681	4,681	4,681
Other reserves	355,735	316,566	318,639
Profit attributable to the group	110,483	109,124	81,112
SHAREHOLDERS' FUNDS	502,913	462,385	436,446
Minority interest	1,430	2,413	2,005
Government grants for investment	6,410	5,737	4,042
Provisions for liabilities and charges	82,950	74,932	46,281
Deferred taxation	62,240	57,153	60,009
LONG TERM CAPITAL	655,943	602,620	548,783
Financial creditors and borrowings ⁽¹⁾	23,805	17,513	15,809
Trade creditors	457,986	441,959	423,374
Other creditors	426,549	419,066	388,789
CREDITORS	908,340	878,538	827,972
<i>Adjustment accounts</i>	<i>9,382</i>	<i>6,728</i>	<i>6,744</i>
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES	1,573,665	1,487,886	1,383,499
<i>⁽¹⁾ Including current bank overdrafts</i>	<i>166</i>	<i>97</i>	<i>21</i>

Consolidated Cash Flow Statement

(in € thousands)	30 June '99	31 Dec. '98	30 June '98
1- OPERATING ACTIVITIES			
• Net profit ⁽¹⁾	110,698	110,171	81,773
• Depreciation, amortisation and provisions	31,620	75,213	26,403
- Intangible fixed assets	21,474	45,751	21,300
- Tangible fixed assets	8,279	14,806	7,431
- Financial assets	0	(38)	0
- Expenses to amortise	5,314	8,917	2,182
- Goodwill	1,887	1,683	1,430
- Provisions for liabilities and charges	(5,334)	4,094	(5,940)
• Investment grants released to revenue	(1,805)	(12,265)	(7,275)
• Expenses to amortise	(5,936)	(8,688)	(3,079)
• Capital gains (losses) on disposal of fixed assets	(644)	524	(433)
• Change in deferred taxation ⁽²⁾	5,749	1,014	6,634
• Share of investment consolidated under the equity method ⁽²⁾	14,557	30,670	15,765
Cash flow	154,239	196,639	119,788
• Stocks ⁽²⁾	(22,417)	(6,109)	(12,735)
• Trade debtors ⁽²⁾	(33,642)	(72,461)	(68,730)
• Trade creditors ⁽²⁾	22,337	80,054	34,215
• Net advances from third parties	(120)	2,124	2,077
Increase (decrease) in working capital needs	(33,842)	3,608	(45,173)
NET CASH INFLOW FROM OPERATING ACTIVITIES	120,397	200,247	74,615
2- INVESTING ACTIVITIES			
• Purchase of intangible fixed assets	(35,495)	(37,787)	(16,551)
• Purchase of tangible fixed assets	(6,329)	(10,183)	(4,565)
• Purchase of financial asset investments	(900)	(1,740)	0
• Disposal of fixed assets	1,059	18,967	17,671
• Increase (decrease) in other financial assets	(1,936)	(31,912)	(30,914)
• Increase (decrease) in fixed assets creditors	2,477	(2,797)	(2,719)
	(41,124)	(65,452)	(76,464)
• Consolidation adjustments	58,646	2,273	2,203
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	17,522	(63,179)	(34,875)
3- FINANCING ACTIVITIES			
• Increase in shareholders' funds	2,479	9,602	2,917
• Increase (decrease) in loans	(52,392)	(20,107)	1,046
• Dividends paid	(71,156)	(53,199)	(53,198)
NET CASH OUTFLOW FROM FINANCING	(121,069)	(63,704)	(49,235)
TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,850	73,364	(9,495)
Cash at beginning of period	170,131	96,767	96,767
Net inflow (outflow)	16,850	73,364	(9,495)
Cash at end of period	186,981	170,131	87,272

⁽¹⁾ Net profit is disclosed after share in investment consolidated under the equity method, which is disclosed as a specific item.

⁽²⁾ At 30 June 99 and 31 December 98, change in deferred taxation is included under «cash flow», even though it was previously included under «working capital needs».

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