Interim Report

First Half 2005

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A/ Chairman's Statement

Dear shareholders,

In first half 2005, the TF1 channel experienced a "two-speed" advertising market. Advertisers from the Food sector, which represents some 30% of our revenue, were faced with falling consumption and a surge in "hard discount" and retail brands. As a result, they significantly reduced their advertising investment across the media. This decline was partially compensated for by the strong growth in revenue from such sectors as Telecommunications, Automobile, Services and Leisure. The outcome for TF1 was a 0.9% drop in advertising revenue over the period.

To manage this situation, we continue to adapt our advertising offerings and structures to the new commercial climate, characterised by increasing competition, steady growth in television consumption and changing consumer behaviour. To do so, TF1 has contained the growth in expenses and in particular those for the programme grid. At June 30, 2005, the latter increased less than 3% over the same period in 2004, and we will sustain that level for the full year. This bears witness to our determination to control operating costs in a regulatory environment that does not exactly favour such an exercise.

We approach the end of the year with confidence, underpinned by the excellent summer audiences. At the end of August 2005, TF1's audience share had risen by 0.2 point for individuals aged 4 years and over and 0.3 point for women under 50.

In that industry environment, we are strengthening our leadership position and, to prepare for a future that looks more promising as of 2007 with the opening up of television advertising to the retail sector, we have already assured our access to major broadcasting rights that have delivered audience success in the past and will do so in the future. These include the Football World Cups from 2006 through 2014, first choice of the *Champions League* matches through 2009, the 2007 and 2011 Rugby World Cups and film and series rights for Warner products as of 2008.

During the past half year, we also placed six of our thematic channels in the top 10 in terms of audience, Eurosport moving up to 1st place. This success was paralleled by a 14% growth of their advertising revenue. All this is a reward for the quality of the work of our teams and justifies the editorial options we have taken.

Furthermore, e-TF1, our internet activity, has grown rapidly and improved its profitability while underscoring its editorial and commercial offerings aimed at responding to the expectations of public and customers alike.

Finally, Téléshopping is back on a growth track in all its sales networks; plus, in August it opened its first store on boulevard Haussmann in Paris.

The other Group sectors have also been a source of satisfaction:

- TPS, whose customer base has expanded by 93,300 subscribers over 12 months, has expanded its channel offering and is preparing for the Q4 2005 launch of a "mini bundle" on Digital Terrestrial Television.
- Eurosport, which now reaches over 104 million households, of which 54 million paying subscribers, has broadened its portfolio of channels and activities, for example with the organisation of the World Touring Car Championship (FIA WTCC).
- The broadcasting rights and movie distribution activities, where our subsidiary TFM became France's leading film distributor during first half 2005.

In conclusion, for full year 2005, we expect TF1's advertising revenue to be in line with the first half trend. At the same time the other sectors should experience growth in their activities on a like-for-like basis (accounting standards and scope of consolidation). In an economic environment marked by stagnating consumption, your Group is undergoing change; it is advancing and preparing to profit from an uptake in advertising investment as well as to leverage new growth opportunities in France and abroad.

Patrick Le Lay
Chairman & Chief Executive Officer

B/ Consolidated key figures (IFRS)

(€ million)

	H1 2005	H1 2004	2004
Turnover	1,469.9	1,494.9	2,849.6
TF1 core channel advertising revenue	881.2	889.5	1,645.5
Other activities revenue	588.7	605.4	1,204.1
Operating profit	268.5	278.5	383.0
Net profit attributable to the Group	176.6	166.1	224.7
Cash Flow[1]	295.5	336.2	490.0
Shareholders' funds	988.6	918.3	975.5
Net financial debt	552.8	606.0	413.7
Earnings per share (€)	0.82	0.77	1.05
Diluted earnings per share (€)	0.82	0.77	1.04

	H1 2005	H1 2004	2004
Average number of outstanding shares (in thousands)	214,291	214,048	214,229
Closing share price (end of period) (€)	21.98	25.89	23.95
Average market capitalisation (€ billion)	4.7	5.5	5.1

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

CONTRIBUTIONS TO THE CONSOLIDATED P&L									
	Revenues			Opérating profit			Net profit (attrib. To the group)		
€M	2005	2004	2004	2005	2004	2004	2005	2004	2004
	H1	H1	Full year	H1	H1	Full year	H1	H1	Full year
BROADCASTING France	**1 073,1**	**1 081,6**	**2 015,0**	**224,9**	**241,9**	**341,3**	**146,0**	**145,8**	**213,2**
TF1 SA	885,3	893,0	1 655,1	203,1	225,6	331,8	133,6	143,1	216,7
TF1 PUBLICITE	5,4	4,7	12,4	9,8	9,8	9,4	6,5	6,5	6,3
TF1 ENTREPRISES	12,7	14,4	33,5	2,2	3,2	7,6	1,4	2,0	4,9
TELE SHOPPING	49,1	46,4	83,6	5,9	7,8	9,5	4,0	5,2	6,6
EUROSPORT France	29,9	29,7	60,0	2,0	3,1	4,6	1,3	2,0	3,1
L.C.I	19,8	20,9	39,3	(3,3)	(3,5)	(9,7)	(3,4)	(3,5)	(9,7)
ODYSSEE	2,3	2,2	4,5	0,4	(0,2)	(0,2)	0,3	(0,3)	(0,2)
TF 6	5,0	4,8	9,5	1,0	0,7	1,0	1,0	0,7	1,0
TV BREIZH	5,2	3,2	6,9	(1,9)	(3,2)	(5,9)	(1,4)	(2,3)	(4,2)
T FOU	0,8	0,8	1,6	(0,4)	(0,4)	(1,0)	(0,4)	(0,4)	(1,0)
SERIE CLUB	2,1	2,5	4,5	0,3	0,4	0,7	0,2	0,3	0,5
HISTOIRE	1,9		1,9	(1,4)		(1,4)	(1,0)		(1,5)
USHUAIA TV	0,8			(1,3)			(1,3)		
E-TF1	30,4	27,5	48,9	1,8	2,7	2,5	1,9	2,7	2,6
GROUPE GLEM	10,8	18,2	24,7	0,2	(2,0)	(5,5)	0,1	(2,8)	(6,5)
TF1 PUBLICITE PRODUCT.	3,4	3,5	6,8	0,1	0,2	(0,4)	0,1	0,2	(0,2)
STUDIO 107	1,1	3,0	3,5		(0,6)	(2,0)		(0,4)	(1,3)
TF1 FILMS PRODUCTION	4,6	5,1	11,6	0,1	0,3	0,8	0,1	0,2	0,6
DIVERS	2,5	1,7	6,7	6,3	(2,0)	(0,5)	3,0	(7,4)	(4,5)
Programme and Service Distribution	**198,0**	**186,9**	**379,6**	**4,6**	**10,4**	**2,0**	**2,5**	**6,6**	**(4,0)**
Audiovisual rights	**106,2**	**125,7**	**236,0**	**7,8**	**6,8**	**13,9**	**6,7**	**8,3**	**13,5**
TF1 VIDEO (yc CIC et RCV)	67,0	94,0	169,4	7,3	9,1	16,8	5,1	5,9	12,2
TF1 INTERNATIONAL	34,0	15,1	41,8	0,7	(4,3)	(6,5)	0,7	(0,1)	(1,2)
DIVERS	5,2	16,6	24,8	(0,2)	2,0	3,6	0,9	2,5	2,5
International Broadcasting	**124,6**	**124,7**	**253,7**	**22,2**	**21,9**	**26,7**	**9,9**	**8,6**	**7,3**
Other	**(5,1)**	**4,5**	**19,6**	**9,0**	**(2,5)**	**(0,9)**	**11,5**	**(3,2)**	**(5,3)**
METRO							(0,3)	(0,7)	(0,9)
VISIOWAVE	(5,1)	4,5	19,6	(5,0)	(2,5)	(0,9)	(4,1)	(2,0)	(0,9)
PRIMA TV							(0,5)	(0,3)	(1,6)
SYALIS				14,0			16,4	(0,2)	(1,9)
Intra-company Elimination	**(26,9)**	**(28,5)**	**(54,3)**						
TOTAL	**1 469,9**	**1 494,9**	**2 849,6**	**268,5**	**278,5**	**383,0**	**176,6**	**166,1**	**224,7**

C/ Key events for H1 2005

BROADCASTING FRANCE

Broadcasting[2]

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

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

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

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

Dolmen, the summer saga, was broadcast on TF1 in June and July 2005, attracting an average of 12.0 million viewers per episode. The biggest audience for the first seven months of the year was achieved by the final episode (12.9 million viewers).

Thematic channels

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

On March 14, **Ushuaïa TV** (100% owned by TF1), the first channel in France dedicated to sustainable development, is launched exclusively on TPS.

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

On July 5, Médiamétrie published the results of the 9th wave of the **Mediacabsat**, covering cable and satellite channels over the period December 27, 2004 to June 12, 2005. All the Group's channels performed well, six of them making it to the top 10. Of particular note is the first place for Eurosport (first equal with RTL9), as well as the surge of TV Breizh to third place in the rankings.

PROGRAMME AND SERVICE DISTRIBUTION

On February 18, **TPS** and **Neuf Telecom** signed an agreement for the distribution of the TPS offer in digital quality to Neuf Telecom's ADSL subscribers equipped with the Neuf TV set top box. With TPS on Neuf TV, subscribers will have access to more than a hundred channels and interactive services.

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

[2] Source: Médiamétrie

INTERNATIONAL BROADCASTING

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

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

AUDIOVISUAL RIGHTS

TFM was the leading distributor of box office films for the six first months of the year with over 11 million admissions. *Brice de Nice*, with over 4.3 million cinemagoers by end June, was a major contributor to TFM's success.

OTHER

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

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

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

D/ Review of operations[3]

Boulogne, August 30, 2005

For first half 2005, Group TF1 revenue declined slightly (-1.7%) to €1,469.9M. Net advertising revenues for the TF1 channel fell by 0.9% to €881.2M. Revenue from other activities decreased 2.8% to €588.7M, mainly due to the disposal of Studios 107 and Visiowave. On a comparable basis, the decline in revenue for other activities is only 0.9%[4].

Over the first seven months of 2005, in a volatile advertising market and a difficult economic climate, visibility was still limited. The telecommunications, services and transport sectors increased most strongly, showing growth of +18.6%, +8.5% and +7.1%, respectively[5]. However, that did not make up for the erosion of investment in the food and cosmetics sectors, the two prime advertising sectors, which decreased by 9.8% and 1.6%, respectively.

The decline of 0.9% (on a comparable basis) of revenue for diversification activities can be explained as follows:

- TF1 Entreprises (-11.8%), which suffered particularly from the brand erosion of *Star Academy* and the tough economic climate surrounding the magazine press;
- TF1 Vidéo (-28.7%), which suffered from the lack of blockbusters such as those it had in first half 2004: *Lord of the Rings III* and *Kill Bill Volume 1*. The second half will see the release of promising films such as *Brice de Nice, Iznogoud*, or *Aviator;*

But also good performance from:

- TPS, thanks in particular to the increase in subscribers over ADSL. As a result, its contribution to revenue increased by 5.9%;
- Eurosport International, with stable revenue – which is a sound performance in a year with no major sporting events;
- TF1 International, whose revenue grew 125.2%, notably thanks to TFM which, in first half 2005, was the leading distributor to French cinemas with such films as *Brice de Nice, Iznogoud*, *Aviator* and *Le Dernier Trappeur.*

Group operating income declined by 3.6% (including the €14.2 M capital gain from the disposal of Visiowave) to €268.5M compared to first half 2004. The drop was mainly due to a fall in Group revenue combined with a 2.9% increase in TF1 programming costs.

Net profit attributable to the Group in first half 2005 rose 6.3% compared to first half 2004 to reach €176.6M, that is, a net margin on revenue of 12%. The improvement in net margin on revenue with declining operating income comes primarily from a reduction in the cost of the financial debt and a lower tax outlay.

At June 30, 2005, shareholders' funds totalled €988.6M on a balance sheet total of €3,291.2M. Consolidated net debt stood at €552.8M, that is, 55.9% of shareholders' funds.

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

Outlook

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

[3] All financial data are presented in accordance with IFRS
[4] Elimination of *Studios 107* and *Visiowave* turnover in H1 2004 and 2005, as if those disposals had taken effect on January 1, 2004.
[5] Source: Sécodip

I.) Broadcasting France

The Broadcasting France division generated revenue of €1,073.1M in first half 2005 and operating income of €224.9M. Stripping out the TF1 core channel, the operating margin of other activities increased three points to 11.6% for the period.

Broadcasting (source: Médiamétrie)

For the first seven months of 2005, television consumption set a new record: 3 hours 27 minutes on average per day for individuals aged four years and over (an increase of three minutes compared to the first seven months of 2004) and 3 hours 35 minutes on average per day for women under 50 – an increase of eight minutes compared to the first seven months of 2004.

For the first seven months of the year, the TF1 channel's audience share stood at 35.5% for women under 50 (down 0.1 point compared to the same period in 2004) and 32.0% for individuals aged four years and over (- 0.2%). It should be noted that the first seven months of 2004 benefited from the broadcast of *La Ferme Célébrités 1* and the *Euro 2004* football championship. Compared to the first seven months of 2003, the audience share for women under 50 and individuals aged four years and over was up 1.6 points and 0.7 point, respectively.

TF1 strengthened its leadership position by achieving 94 of the 100 best audiences in the first seven months of the year. This achievement includes 16 programmes that exceeded 10 million viewers. The final episode of the summer saga, *Dolmen,* took first place in the rankings with 12.9 million viewers and an audience share of 53.1%.

Advertising (source: Secodip)

For the period January – July 2005, the channel's market share was 54.2%.

Among the growth sectors during the period were:

- Telecommunications, up 18.6%, thanks in particular to telecommunications operators and above all mobile telephony (+ €9.7 M);
- Services (+ 8.5%), fuelled by the sub-sectors "employment" (+€2.8 M), "public services" (+€3.6 M), and "rental of goods and services" (+ €1.5 M);
- Transport, up 7.1%, with the TF1 market share growing by 1.6 points.

For the first seven months of the year, however, several sectors were slow:

- Food, the top advertising sector on TF1, declined 9.8% (however, TF1 improved its market share by 0.6 point to 58.8%); the decline can be attributed in particular to measures taken by the government to fight obesity as well as to the re-negotiation of the Galland Law between retailers and producers;
- Cosmetics fell by 1.6%, though TF1 raised its market share 0.8 point to 55.9%;
- News - Media, down 20.7%, mainly due to an unfavourable comparison base (in the first months of 2004 the Press and Magazine sector invested significantly on TF1 since television advertising for this sector was authorised with effect from January 1, 2004).

At the end of July 2005, the thematic channels available on cable and satellite represented 9.1% of gross TV advertising revenue, up 3.8% vs. the same period in 2004.

Thematic channels France

The results of Wave 9 of the Médiacabsat* study highlighted once again the solid health of the TF1 Group's thematic offering. Six of TF1's channels are in the Top 10, with Eurosport now first equal with RTL9 and TV Breizh in third place. The Group's thematic channels attracted advertisers and registered an average growth of 13.6% of their advertising revenue in first half 2005 compared to first half 2004.

Channels	No. of households receiving the channel at June 30, 2005 (in millions)	No. of households receiving the channel at June 30, 2004 (in millions)	Change
Eurosport France	5.8	5.4	+ 7.4%
TV Breizh	4.5	4.2	+ 7.1%
LCI	5.4	5.0	+ 8.0%
TMC*	7.1	6.0	+ 14.8%
TF6	2.8	2.6	+ 7.8%
Série Club	2.2	2.2	-
Odyssée	2.1	1.9	+ 8.2%
Histoire	4.2	3.9	+ 7.7%
Ushuaia TV	1.3	-	Na

** including free-to-air in PACA in the south of France (some 2.2 M households) and Digital Terrestrial Television. On October 3, 2005, TMC will be available on TPS and some 7.5 million households will receive this channel.*

Other companies

Téléshopping revenue increased 5.8% to €49.1M, thanks to steady audience growth for the programmes and an improvement in website revenues of around 47%. Internet sales represented 16% of revenue at June 30, 2005. The dynamism of this distribution channel led to the June 2005 launch of two sites – a mobile internet site on i-mode and a TV interactive site available on TPS.
Two shops will open in Paris in the second half of 2005, and the Infomercials project (the US distance shopping format) should start up in France in the autumn on certain cable and satellite channels.
Téléshopping operating income for first half 2005 was at €5.9M.

The contribution of **TF1 Entreprises** to consolidated revenue declined 11.8% to €12.7M, with the notable impact of the erosion of the *Star Academy* brand, the difficult economic climate in France and sluggish household consumption. However, TF1 Entreprises made up for the resulting loss of income by developing new businesses (comics, etc.) optimising its licensing contracts and signing up new non-TV brands. As a consequence, for first half 2005, TF1 Entreprises contributed €2.2M to consolidated operating income.

The interactive division, **e-TF1**, had revenue of €30.4M, an increase of 10.5% thanks notably to the success of programmes such as *A Prendre ou à Laisser* and *Attention à la Marche.* In addition, Internet activity grew by 32% thanks to an increase in advertising revenue due to a rise in its site visits. Its operating income amounted to €1.8M.

II.) Programme and service distribution

At the end of the first half of 2005, the **TPS** offering totalled 1.65 million active subscribers, of which 0.3 million on cable. TPS's market share for new subscribers was up on first half 2004.

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* Source: 9th Mediacabsat wave for the period December 27, 2004 – June 12, 2005.

TPS continued to enhance its programme offering during first half 2005. This included the exclusive hosting of the Ushuaïa TV and Eurosport 2 channels and, as of August 13, 2005, the launch of a new channel – TPS Foot, dedicated, as its name implies, to football. Furthermore, an exclusive contract was signed with Don King to broadcast all the boxing matches he stages through 2006.

TPS also announced its partnership with Neuf Télécom to broadcast its programme offering on the operator's ADSL network, which boasted close to 440,000 subscribers at the end of 2004. This means that almost 10 million households will be able to receive the TPS offering over the telephone line by the end of 2005.

For first half 2005, the TPS contribution (66% TF1) to consolidated revenue amounted to €198.0M, that is, growth of 5.9% compared to first half 2004. Operating income amounted to €4.6M.

For full year 2005, TPS should bring around 80,000 additional subscribers on board, mainly through its ADSL offering. TPS confirms that it expects to break even in 2005.

III.) Audiovisual rights

The Broadcasting Rights division generated revenue of €106.2M in first half 2005. Operating income increased around 15% and posted a profit margin of 7.3%, an improvement of 1.9 points.

TF1 Vidéo (incl. RCV and CIC) saw its contribution to consolidated revenue decline by 28.7% to €67.0M. This was due primarily to the absence of blockbusters in first half 2005 compared to first half 2004 when such products as *Lord of the Rings III* and *Kill Bill Volume 1* had generated significant sales volumes. However, the situation could recover in the second half thanks to the release of *Brice de Nice*, *Iznogoud* and *Aviator*. Furthermore, the whole of the video sector is subject to a difficult rental and kiosk environment. TF1 Vidéo's first half operating income was €7.3M.

Sustained by the cinema success of *Iznogoud*, *Le Dernier Trappeur*, *Aviator* and above all *Brice de Nice*, **TF1 International** increased its contribution to consolidated revenue by 125.2% to reach €34.0M. Its first half operating income was €0.7M.

IV.) International Broadcasting

- **Eurosport: over 100 million subscriber households!**

At June 30, 2005, Eurosport was received in Europe by some 104.1million subscribers, of whom 54.2 million are paying subscriber households (that is, + 4,1 million compared to end June 2004). The channel gives pride of place to live broadcasts of major sports events throughout the year. This policy has paid off in view of the rapid growth of the number of subscribers. Furthermore, Eurosport has underpinned its involvement in the sports world with the organisation of the World Touring Car Championship (FIA WTCC).

The Eurosport 2 channel was launched on January 10, 2005 and is already distributed in six languages (English, French, Greek, Italian, Polish and Turkish) to 17.3 million households - a remarkable achievement in only six months. This success underscores the power and reputation of the Eurosport brand in Europe. Eurosport 2 is a true complement to Eurosport, offering a programme grid that is oriented towards a younger audience, with news, magazines and 1,800 hours of sports events per year, of which 450 are exclusive live broadcasts.

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

In addition, eurosport.com and its five local versions have confirmed their solid performance with a substantial increase in visits (+78% compared to end June 2004), that is, an average of over 10 million visits per month.

The Eurosport International contribution to revenue end June 2005 was stable at €124.6M. The lack of major sports events in H1 2005, leading to a 7% drop in advertising revenue, was offset by the growing number of subscribers and the inclusion of companies managing the 2005 *World Touring Car Championship*.

Eurosport International's operating income amounted to €22.2M (vs. €21.9 M at June 30, 2004), with operating profitability of 17.8% at June 30, 2005.
Eurosport International's contribution to Group net profit at end June 2005 was €9.9M, an increase of 15.1% compared to June 2004. This is due to the reduction in the costs of the net debt.

V.) Human resource update

During first half 2005, Group TF1's workforce increased slightly, both at TF1 SA and its subsidiaries (3,889 people) compared to December 31, 2004 (3,867 people). This takes into account the disposal of Studios 107 and Visiowave and the acquisition of TMC in first half 2005.

VI.) Share price

On August 22, 2005, TF1 share closed at €21.5, down 6.1% since January 1, compared with a rise of 17.4% of the CAC 40 stock market index and of 18.2% of the SBF 120 index. The market capitalisation of the TF1 Group at August 22, 2005 was €4.8 billion.

VII.) Shareholders

To the best knowledge of the Board of Directors, the shareholder breakdown at June 30, 2005 is the following:

	Number of shares	% of capital	% of voting rights
Bouygues	91,797,585	42.9%	42.9%
Société Générale	3,100,000	1.4%	1.5%
Total core shareholders(1)	94,897,585	44.3%	44.4%
Others France (2) (3)	73,521,576	34.4%	34.4%
Of which employees	8,009,049	3.7%	3.7%
Treasury shares	251,537	0.1%	0.0%
Europe (excluding France) (3)	36,524,289	17.1%	17.1%
Others (3)	8,857,142	4.1%	4.1%
Total	**214,052,129**	**100.0%**	**100.0%**

(1) Core as declared to Euronext on February 23, 1994

(2) Including non-identified holders

(3) Estimates by Euroclear at June 30, 2005

VIII.) Consolidated profit and loss account operational breakdown (IFRS)

(€ million)	H1 2005	H1 2004	2004
TF1 Channel			
Advertising revenue	881.2	889.5	1,645.5
Advertising agency fees	(46.3)	(47.5)	(86.3)
NET REVENUE FROM BROADCASTING	834.9	842.0	1,559.2
Royalties and contributions			
- Authors	(33.7)	(34.5)	(63.9)
- CNC	(43.8)	(44.1)	(81.5)
Transmission costs			
- TDF, Satellites, Transmissions	(27.5)	(28.0)	(56.5)
Programming costs	(451.7)	(439.0)	(893.2)
GROSS MARGIN	278.2	296.4	464.1
Diversification revenue and other revenue	580.6	602.7	1,201.2
Other operating expenses	(525.7)	(540.4)	(1,138.4)
Depreciation, amortisation and provisions (net)	(64.6)	(80.2)	(143.9)
OPERATING PROFIT	268.5	278.5	383.0
Cost of net debt	(8.2)	(11.0)	(20.6)
Other financial income and expenses	4.2	0.1	2.0
Income tax expense	(86.8)	(99.9)	(136.2)
Share of profits/losses of associates	(2.2)	(2.9)	(5.0)
NET PROFIT FROM CONTINUING OPERATIONS	175.5	164.8	223.2
Net profit of discontinued and held-for-sale operations	0.0	0.0	0.0
NET PROFIT	175.5	164.8	223.3
Minority interests	1.1	1.3	1.5
NET PROFIT ATTRIBUTABLE TO THE GROUP	176.6	166.1	224.7

E/ Statutory Auditors' report

Limited review on the consolidated interim financial statements.
Six months ended June 30, 2005

Dear Shareholders,

In accordance with our appointment as statutory auditors and pursuant to Article L.232-7 of the French Company Act (Code du commerce) we have:

- reviewed the accompanying half-year consolidated financial statements of TF1 for the six month period ended June 30,2005;
- verified the information provided in the half-year Group management's report.

The half-year consolidated financial statements are the responsibility of the Board of Directors. It is our responsibility to issue a conclusion on these financial statements based on our review.

As part of the transition to IFRS as adopted by the European Union in respect of the preparation of the 2005 financial statements, the half-year consolidated financial statements have been prepared for the first time in accordance with the IFRS accounting and valuation rules such as adopted by the European Union as well as with the 2005 interim financial statements presentation and disclosure recommendations such as issued by the French Financial Market Authorities ("AMF").These half-year consolidated financial statements include the half-year and year-end 2004 comparative information restated under the same rules.

We conducted our review in accordance with French professional standards, which require us to carry out procedures to obtain reasonable assurance that the half-year consolidated financial statements are free from material misstatement. We have not performed an audit as a review is limited primarily to analytical procedures and to inquiries of Group management and knowledgeable personnel or information that we deemed necessary.

Based on our review, nothing has come to our attention that causes us to believe that the half-year consolidated financial statements are not prepared, in all material aspects, in accordance with the 2005 interim financial statements presentation and disclosure in accordance with French rules as well as with the IFRS accounting and evaluation rules such as adopted by the European Union.

Without qualifying our conclusion in that respect, we draw your attention to the Note 1 that details:

- the options adopted for the presentation of the half-year consolidated statements, that do not include a complete set of notes required by IFRS standards such as adopted by the European Union, and therefore does not provide a true and fair view of the assets and liabilities, financial position, and results of operations of the companies included in the scope of consolidation.
- why there is a possibility that the accompanying consolidated accounts may require adjustments before their inclusion as comparative information in the consolidated financial statements for the year ended December 31, 2005 and in the half-year consolidated financial statements for the six months ended June 30, 2006.

We have also checked, in accordance with French professional standards, the information contained in the management report, commenting on the half-year consolidated 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 and Paris La Défense, August 31, 2005

The Statutory Auditors,

MAZARS & GUERARD	SALUSTRO REYDEL
Michel ROSSE	Jean-Pierre CROUZET

F/ Consolidated Financial Statements (IFRS)[6]

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(€ million)	H1 2005	H1 2004	2004
Turnover	1,469.9	1,494.9	2,849.6
Net advertising revenue	948.0	955.3	1,781.1
TF1	881.2	889.5	1,645.5
OTHERS	66.8	65.8	135.6
Diversification revenue	513.8	529.8	1,048.3
Technical services revenue	8.1	9.8	20.2
Other operating revenue	0.2	1.1	3.2
External production costs	(342.5)	(295.2)	(644.6)
Other purchases and changes in inventory	(236.2)	(265.0)	(516.0)
Staff costs	(186.2)	(186.4)	(383.1)
External expenses	(295.2)	(290.3)	(611.6)
Taxes other than income taxes	(71.0)	(68.7)	(130.2)
Depreciation and amortisation, net	(49.5)	(52.4)	(100.6)
Provisions, net	(15.1)	(27.8)	(43.3)
Other operating income and expenses	(20.2)	(31.7)	(40.4)
CURRENT OPERATING PROFIT	254.2	278.5	383.0
Other non-current operating income and expenses	14.3	0.0	0.0
OPERATING PROFIT	268.5	278.5	383.0
Cost of debt	(10.2)	(11.8)	(22.6)
Income from cash and cash equivalents	2.0	0.8	2.0
COST OF NET DEBT	(8.2)	(11.0)	(20.6)
OTHER FINANCIAL INCOME AND EXPENSES	4.2	0.1	2.0
Income tax expense	(86.8)	(99.9)	(136.2)
Share of profits/losses of associates	(2.2)	(2.9)	(5.0)
NET PROFIT FROM CONTINUING OPERATIONS	175.5	164.8	223.2
Net profit of discontinued and held-for-sale operations	0.0	0.0	0.0
NET PROFIT	175.5	164.8	223.2
Minority interests	1.1	1.3	1.5
NET PROFIT ATTRIBUTABLE TO THE GROUP	176.6	166.1	224.7
Average number of outstanding shares (in thousands)	214,291	214,048	214,229
Earnings per share (€)	0.82	0.77	1.05
Diluted earnings per share (€)	0.82	0.77	1.04

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

CONSOLIDATED BALANCE SHEET

ASSETS (€ million)	30.06.05 Net	31.12.04 Net	30.06.04 Net
Intangible fixed assets	**141.8**	**125.1**	**120.4**
Audiovisual rights	112.4	92.8	88.8
Other intangible fixed assets	29.4	32.3	31.6
Goodwill	**875.5**	**889.0**	**876.5**
Tangible fixed assets	**202.2**	**208.2**	**215.7**
Investments in associates	**43.0**	**45.1**	**43.9**
Other financial assets	**10.8**	**10.7**	**12.5**
Tax assets	**41.1**	**52.4**	**41.7**
NON-CURRENT ASSETS	**1,314.4**	**1,330.5**	**1,310.7**
Inventories	**583.7**	**551.4**	**584.8**
Programmes and broadcasting rights	570.3	535.4	572.8
Raw materials and supplies	13.4	16.0	12.0
Trade and other debtors	**1,331.7**	**1,218.6**	**1,372.2**
Foreign exchange derivative instruments	**2.2**	**0.9**	**1.6**
Interest rate derivative instruments	**26.3**	**11.3**	**6.8**
Cash and cash equivalents	**32.9**	**158.9**	**27.7**
CURRENT ASSETS	**1,976.8**	**1,941.1**	**1,993.1**
Held-for-sale assets	0.0	0.0	0.0
TOTAL ASSETS	**3,291.2**	**3,271.6**	**3,303.8**

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	30.06.05	31.12.04	30.06.04
Share capital	42.8	43.0	43.1
Share premium and reserves	769.9	707.0	707.9
Net profit attributable to the group	176.6	224.7	166.1
Shareholders' funds (attributable to the Group)	989.3	974.7	917.1
Minority interests	(0.7)	0.8	1.2
SHAREHOLDERS' FUNDS	988.6	975.5	918.3
Long-term debt	531.6	524.3	508.6
Non-current provisions	30.4	30.1	22.8
Non-current tax liabilities	54.6	62.6	71.9
NON-CURRENT LIABILITIES	616.6	617.0	603.3
Short-term debt (1)	78.9	57.1	127.9
Foreign exchange derivative instruments	0.2	4.1	0.4
Interest rate derivative instruments	1.5	2.5	4.0
Trade and other creditors	1,543.9	1,557.3	1,588.0
Current provisions	61.5	58.1	61.9
CURRENT LIABILITIES	1,686.0	1,679.1	1,782.2
Liabilities relating to held-for-sale assets	0.0	0.0	0.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,291.2	3,271.6	3,303.8
(1) Including current bank overdrafts	0.2	16.6	10.9

CONSOLIDATED SHAREHOLDERS' FUNDS

(€ million)		Share capital	Retained earnings	Shareholders' funds
Shareholders' funds at 31 Dec. 03		**43.0**	**843.1**	**886.1**
Capital increase	(1)	0.1	3.6	3.7
Dividends			(139.1)	(139.1)
Exchange and other differences			(0.2)	(0.2)
Operations on treasury shares		(0.1)	1.2	1.1
Instruments relating to treasury shares			(4.5)	(4.5)
Share-based payments	(2)		3.8	3.8
Profit recognised directly in equity	(3)		(0.9)	(0.9)
2004 net profit			224.7	224.7
Shareholders' funds at 31 Dec. 04		**43.0**	**931.7**	**974.7**
Capital increase	(1)	0.1	6.5	6.6
Operations on treasury shares	(4)	(0.3)	(32.3)	(32.6)
Share-based payments	(2)		2.4	2.4
Profit recognised directly in equity	(3)		0.2	0.2
Dividends			(138.7)	(138.7)
Net profit at June 30, 2005			176.6	176.6
Shareholders' funds at 30 June 05	(5)	**42.8**	**946.4**	**989.2**

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

CASH FLOW STATEMENT

(€ million)	H1 05	H1 04	2004
Net profit	175.5	164.8	223.2
Depreciation, amortisation and provisions	*51.4*	*51.6*	*97.5*
- Intangible fixed assets	24.0	25.7	48.8
-Tangible fixed assets	23.2	24.7	48.4
- Financial assets	0.0	(3.4)	(6.6)
- Expenses to amortise	0.0	0.0	0.0
- Goodwill	0.0	11.9	10.8
- Provisions for liabilities and charges	4.2	(7.3)	(3.9)
Investment grants released to revenue	(6.2)	(2.5)	(7.7)
Unrealised gains/losses on fair value revaluation	(6.2)	(3.3)	(0.3)
Non-cash expense/income related to share-based payment	2.5	1.7	3.8
Gains on asset disposals	(20.3)	7.6	8.1
Share of profit/loss of associates	2.2	2.9	5.0
Dividend income from non-consolidated companies	(0.1)	0.0	(1.7)
Operating cash flow after cost of net debt and income taxes	198.8	222.8	327.9
Net interest expense	9.9	13.5	25.9
Income tax expense (including deferred taxes)	86.8	99.9	136.2
Operating cash flow before cost of net debt and income taxes	295.5	336.2	490.0
Income taxes paid	(95.8)	(84.4)	(148.3)
Change in operating working capital needs	(156.5)	(179.6)	(10.0)
NET CASH INFLOW FROM OPERATING ACTIVITIES	43.2	72.2	331.6
Cash outflows on acquisitions of property, plant and equipment and intangible assets	(57.8)	(31.9)	(70.4)
Cash inflows from disposals of property, plant and equipment and intangible assets	1.9	0.4	4.4
Cash outflows on acquisition of financial assets	0.0	(4.2)	(3.3)
Cash inflows from disposals of financial assets	0.0	0.0	2.2
Effect of changes in scope of consolidation	37.5	(45.2)	(54.4)
Dividends received	0.0	0.0	1.7
Change in loans and advances receivable	(0.1)	0.0	0.2
NET CASH USED IN INVESTING ACTIVITIES	(18.5)	(80.9)	(119.5)
Cash received from shareholders in connection with share issues	0.0	0.0	0.0
Cash received on exercise of stock options	6.6	2.6	3.7
Purchases and sales of treasury shares	(32.6)	0.0	1.3
Subscriptions to share capital of associates	0.0	0.0	(3.3)
Dividends paid during the year	(138.9)	(139.4)	(139.4)
Cash inflows from new debt contracted	48.1	73.1	15.0
Repayment of debt (including finance leases)	(12.0)	(84.6)	(104.2)
Net interest paid (including finance leases)	(5.5)	(1.9)	(25.2)
NET CASH USED IN FINANCING ACTIVITIES	(134.3)	(150.2)	(252.1)
Effect of changes in exchange rates	0.0	0.0	0.0
Effect of changes in accounting policies	0.0	(0.1)	(1.9)
Effect of changes in fair value	0.0	(8.4)	0.0
TOTAL CHANGE IN CASH POSITION	(109.6)	(167.4)	(41.9)
Cash position at beginning of period	142.3	184.2	184.2
Cash position at end of period	32.7	16.8	142.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

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

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

The preparation of the IFRS financial statements as at June 30, 2005 is based on the standards and interpretations released at that date and adopted by the European Union and on elections made by the TF1 Group. Comparative information as at June 30 and December 31, 2004 has been prepared under the same rules.

As the comparative information for 2004, forming part of the 2005 consolidated accounts, must be drawn up on the basis of rules applicable on December 31, 2005, it is possible that TF1 Group will, if necessary, modify that information to take account of potential changes of IFRS and their adoption by the European Union.

The accounting policies applied for the first half 2005 accounts are described below.

1.1. Consolidation methods

- *Subsidiaries*

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

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

- *Associates*

An associate is an enterprise in which the Group exercises significant influence but which is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee without exercising control, and is presumed to exist if the parent company holds, directly or indirectly, 20% or more of the voting power of the investee.

Investments in associates are accounted for by the equity method. Under this method, the Group's interest in the associate is recognised in the balance sheet at the equivalent of its share of the associate's net assets.

- *Transactions eliminated on consolidation*

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

1.2. Foreign currency translation

- *Transactions denominated in foreign currencies*

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

- *Financial statements of foreign entities*

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

1.3. Non-current assets

1.3.1. Audiovisual rights

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

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

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

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

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

1.3.2. Goodwill

The difference between the cost of a business combination and the share in net assets of the acquired entity is first allocated to the identifiable assets and liabilities of the entity, such that those assets and liabilities are initially recognised in the consolidated balance sheet at fair value.
Any remaining difference is recorded as goodwill and allocated to the cash generating unit(s) to which economic benefits are expected to flow as a result of the business combination.
Subsequently, goodwill is measured at cost less any impairment losses, determined using the method described in 1.3.4 below. Impairment losses are taken to "Operating profit" in the profit and loss account.

1.3.3. Property, plant and equipment

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

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

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

- *Finance leases:*

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

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

1.3.4. Subsequent remeasurement of non-current assets

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

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

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

The recoverable amount of the CGU as determined above is then compared with the carrying amount in the consolidated balance sheet of the non-current assets (including goodwill) attributed to the CGU. If this carrying

amount is greater than the recoverable amount of the CGU, a provision for impairment is recorded and is accounted in priority under goodwill.

1.3.5. Financial assets

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

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

1.3.6. Borrowing costs

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

1.4. Programmes and broadcasting rights

a) “Programmes and broadcasting rights” includes:
- in-house productions made by TF1 Group companies for broadcasting on the TF1 channel;
- external productions, comprising broadcasting rights acquired by the Group’s channels and co-production shares of broadcasts made for the Group’s channels.

b) A programme is treated as ready for broadcast and recognised in inventory under “Programmes and broadcasting rights” when the following two conditions are met:
- technical acceptance (for in-house and external productions);
- opening of rights (for external productions).

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

c) The value of programmes and broadcasting rights is measured as follows:
- in-house production: at overall production cost (direct costs plus a portion of indirect production costs);
- broadcasting rights and co-productions: at purchase cost, less “consumption” calculated at each balance sheet date using the method described in paragraph “d” below.

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

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

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

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

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

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

1.5. Derivative financial instruments

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

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

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

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

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

1.6. Long term debt

The bond issue is accounted for as follows:

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

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

1.7. Provisions and contingent liabilities

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

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

1.8. Deferred taxation

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

1.9. Presentation and recognition of operating revenue

The TF1 Group recognises operating revenue when:

- Economic profits resulting from the transaction will likely benefit to the group;
- the amount of revenue can be measured reliably;

- at the transaction date, it is probable that the amount of the sale will be recovered.

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

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

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

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

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

1.10. Share-based payment

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

2. CHANGES IN SCOPE OF CONSOLIDATION

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

- The additional stake in TV Breizh, which increased TF1 Group's interest in this subsidiary from 71.1% to 73.8%;
- The liquidation in the first quarter of Comique Compagnie, which was excluded from the scope of consolidation with an effective date of January 1, 2005;
- The sale to Atlantic Media on May 25, 2005 of Studios 107, which has been excluded from the scope of consolidation with effect from April 1, 2005;
- The sale in the second quarter to General Electric Security, Inc. of the stake in Visiowave, which has been excluded from the scope of consolidation with effect from April 1, 2005; the consolidated pre-tax capital gain resulting from this sale amounts to €14.2 M and has been accounted in non-current operating profit.

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

- In the course of 2004 but subsequent to June 30, Kigema Sport Organisation, Super Racing Week-end Events and Histoire (acquired companies) have been fully consolidated for the first time as well as Yagan Productions (newly formed company).
- Cabale and Mikado, previously fully consolidated, have been eliminated from the scope of consolidation on December 31, 2004.

Moreover, TF1 and AB Group have finalised the acquisition from Pathé Group of TMC, after the CSA's approval on February 18, 2005. Through a jointly-owned company (Monte Carlo Participations) TF1 and AB now each own 40% of TMC, The remaining 20% are in the hands of the Principality of Monaco. TMC itself owns 100% of Monégasque des Ondes, the commercial operator of the licence. TF1's share of the first half 2005 results of these three companies has been recognised in provisions for liabilities and charges (loss of €1.6 M). The three companies will be consolidated in the financial statements for the third quarter 2005.

3. SUBSEQUENT EVENTS

No significant event has occurred since the end of the first half 2005.

4. FINANCIAL CREDITORS AND BORROWINGS

Long-term financial creditors and borrowings were €531.6 M at June 30, 2005, and mainly consist in:

- The bond issue, with a fair value, after deducting related issue costs, amounting to €517.6 M on June 30, 2005;
- The long-term element of the financial debt linked to finance leases and amounting to €14.0 M.

Short-term financial creditors and borrowings were €78.9 M at June 30, 2005, and mainly consist in:

- Bilateral lines of banking credit amounting to €47.1 M;
- Current bank overdrafts for €13.8 M;
- Interest related to the bond issue for €13.8 M;
- The short-term element of the financial debt linked to finance leases and amounting to €3.2 M.

5. BUSINESS SEGMENT INFORMATION FIRST HALF 2005

(Contributions in €million)	Turnover			Operating profit		
	H1 2005	H1 2004	2004	H1 2005	H1 2004	2004
Broadcasting France	1,073.1	1,081.6	2,015.0	224.9	241.9	341.3
Distribution	198.0	186.9	379.6	4.6	10.4	2.0
Audiovisual rights	106.2	125.7	236.0	7.8	6.8	13.9
International broadcasting	124.6	124.7	253.7	22.2	21.9	26.7
Other activities	(5.1)	4.5	19.6	9.0	(2.5)	(0.9)
Inter-segment eliminations	(26.9)	(28.5)	(54.3)	-	-	-
Total	**1, 469.9**	**1,494.9**	**2,849.6**	**268.5**	**278.5**	**383.0**

6. IFRS INFORMATION FOR COMPARATIVE PERIODS

Financial statements as at December 31, 2004, prepared under IFRS have been presented and detailed in a separate document entitled « Transition to IFRS ».

The main impacts of IFRS on financial statements for the first half 2004 are listed below.

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

(€million)	January 1 2004	Exercise of stock options	Dividend distributed	Currency movements	Other movements	H1 2004 net profit	June 30 2004
French GAAP Shareholders' equity	**866.1**	**2.6**	**(139.4)**	**0.1**	**1.5**	**160.2**	**891.1**
Restatement of head office	30.9						30.9
Financial instruments	(2.8)				(0.3)	3.6	0.5
Instruments relating to treasury shares	2.1						2.1
Share-based payment					1.7	(1.7)	0.0
Goodwill						3.8	3.8
Other adjustments	(0.2)				(0.2)	0.1	(0.3)
Deferred tax	(8.6)					(1.2)	(9.8)
IFRS Shareholders' equity	**887.5**	**2.6**	**(139.4)**	**0.1**	**2.7**	**164.8**	**918.3**
comprising:							
Minority interests	1.4		(0.4)		1.5	(1.3)	1.2
Attributable to the Group	886.1	2.6	(139.0)	0.1	1.2	166.1	917.1

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

(€million)	06/2004 French GAAP	IFRS restatements	IFRS reclassifications	06/2004 IFRS	
Turnover	1,480.7		14.2	**1,494.9**	**Turnover**
Other revenue	9.6		(8.5)	**1.1**	Other operating revenue
Total operating revenue	*1,490.3*				
External production costs	(295.2)			(295.2)	External production costs
			(265.0)	(265.0)	Other purchases and changes in inventory
Staff costs	(184.8)	(1.6)		(186.4)	Staff costs
		0.1	(290.4)	(290.3)	External expenses
			(68.7)	(68.7)	Taxes other than income taxes
Other operating expenses	(669.9)		669.9		
Depreciation and amortisation, net	(52.3)	(0.1)		(52.4)	Depreciation and amortisation, net
Provisions, net	4.8	(11.8)	(20.8)	(27.8)	Provisions, net
			(31.7)	(31.7)	Other operating income and expenses
Total operating expenses	*(1,197.4)*				
Operating profit	**292.9**	**(13.4)**	**(1.0)**	**278.5**	**Operating profit**
Financial revenue	14.1		(14.1)		
Financial expenses	(28.7)	0.2	28.5		
Financial loss	**(14.6)**	**0.2**	**14.4**		
		(0.5)	(11.3)	(11.8)	Cost of debt
			0.8	0.8	Income from cash and cash equivalents
		(0.5)	**(10.5)**	**(11.0)**	Cost of net debt
		3.8	**(3.7)**	**0.1**	**Other financial income and expenses**
Profit before tax and exceptional items	**278.3**				
Exceptional items	(0.8)		0.8		
Goodwill amortisation	(15.8)	15.8			
Corporate income tax	(98.6)	(1.3)		(99.9)	Income tax expense
Share in net earnings of companies consolidated under the equity method	(2.9)			(2.9)	Share of profits/losses of associates
Net profit before minority interests	**160.2**	**4.6**	**(0.0)**	**164.8**	**Net profit from continuing operations**
Minority interests	1.3			1.3	Minority interests
Net profit	**161.5**	**4.6**	**(0.0)**	**166.1**	**Net profit**

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

- Recognition of a staff expense of €1.6 M corresponding to stock options granted to employees;
- Recognition of changes in the value of financial instruments for €3.5 M before tax;
- Elimination of goodwill amortisation of €15.8 M, partly offset by the impairment losses of €11.8 M on goodwill as a result of impairment tests, i.e. a net impact of €4.0M.

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

7. TF1 COMPANY FINANCIAL STATEMENTS (FRENCH GAAP)

(€million)	H1 2005	H1 2004	2004
Turnover	841.9	848.2	1,572.1
Operating profit	219.9	242.6	357.8
Net profit	192.7	159.2	155.8

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Télévision Française 1

A public limited company (« Société anonyme ») with a share capital of €42,810,425.80
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