



Interim Report
9 months 2003

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Chairman's statement

Dear shareholders, ladies and gentlemen,

The third quarter figures have confirmed the optimism we expressed when we published our half-year results. In a delicate and difficult business environment, the Group has shown considerable dynamism during the summer and the month of September. This has translated into:

- an increase of 3.6% in TF1 net advertising revenue, driving the growth over the first nine months of the fiscal year to 2.6%.
- the signature of a major partnership between our subsidiary TPS and France Telecom. The agreement covers the launch of a TV offer over high-speed phone lines (ADSL) starting December 2004. It will provide access to over eight million urban households that cannot receive TPS via satellite.
- the interest taken by Eurosport and TF1 in two television networks in Italy, allowing Eurosport to build and broadcast a specifically free-to-air offering and consequently develop its presence in the country.
- the TF1 Vidéo success with the sale of more than 1.7 million video cassettes and DVDs¹ of the second episode of *Lord of the Rings*.
- TF1's participation in the International News Channel, in co-operation with the public service channels.
- the success of the thematic channels in terms of audience, especially TF6, which confirmed its break-even during the first nine months of the fiscal year – and which should record only a small loss at the end of the year.

Despite the good news, we continue to be prudent:

- the advertising market continue to be volatile, with limited visibility. After a good July and August, the end of the year is likely to fluctuate, with a month of September slightly better than 2002 and a declining month of October. November is showing growth. In all, we expect TF1 advertising revenue to increase between 2% and 3% over the year, if the December sales come in.
- the 'stage shows' activity of our Glem subsidiary has slow down significantly.

However, in view of the solid results from the other subsidiaries and a tight cost control, we confirm that TF1 Group's consolidated net profit will be considerably higher than 2002.

Patrick Le Lay
Chairman & Chief Executive Officer

¹ At November 15, 2003

Consolidated key figures

(€ million)

	9 months 2003 ¹	9 months 2002 ²	2002 ²
Turnover ³	1,993.8	1,917.3	2,655.3
<i>TF1 core channel advertising revenue</i>	1,115.9	1,088.1	1,507.3
<i>Diversification and other revenue</i>	877.9	829.2	1,148.0
EBITDA ⁴	362.2	323.8	427.8
EBIT	254.6	219.4	293.5
Net profit attributable to the Group	145.2	115.5	155.2
Shareholders' funds	819.2	764.7	806.2
Net financial debt	474.1	579.3	492.6
Earnings per share (€)	0.68	0.54	0.73
Diluted earnings per share (€)	0.68	0.54	0.73

	9 months 2003	9 months 2002	2002
Average number of outstanding shares (in thousands)	213,133	212,252	211,970
Closing share price (€)	25.4	21.5	25.5
Market capitalisation at end of period (€ billion)	5.4	4.6	5.4

¹ TPS is proportionately consolidated at 66% for the first nine months of 2003

² TPS was proportionately consolidated at 50 % in H1 2002 and at 66% in H2 2002

³ If TPS had been consolidated at 66% in H1 2002, total revenue would have increased by 2.0%.

⁴ EBITDA : EBIT + Depreciation, amortisation and provisions (net)

Key events

Broadcasting

January

NRJ Music Awards, for their 4th edition, gathered 7.8 million viewers, with a 53% audience share of women under 50 (source : Médiamétrie).

March

Start of shooting of **L’Affaire Dominici**, a prestige TV drama produced by GTV and starring Michel Serrault and Michel Blanc.

Audience success for the new TV reality show, **Fear Factor**, broadcast Fridays in the second half of the evening, which attracted an average of 4.3 million people and an audience share of 36% of viewers aged four years and over, 40% of women under 50 and 48% of 15-24 year olds (source: Médiamétrie).

March was marked by the start of the **Iraq conflict**. TF1 naturally adjusted its programming to reflect this major event by allotting more time to the news.

April

Launch of **Nice People** which, in access prime time from Monday to Saturday, attracted an average of 3.0 million viewers with an audience share of 46% of women under 50 and 51% of 15-24 year olds (source: Médiamétrie).

June

New or renewed, real-tv shows broadcast on TF1 are real audience successes : **Koh Lanta** and **Greg le Millionaire** respectively attracted on average an audience share of 41% and 45% of women under 50, 44% and 54% of 15-24 year olds (source : Médiamétrie)

August

Successful audience ratings for the summer TV drama, *Le Bleu de l’Océan*, with 9.4 million viewers for the final episode.

September

After 26 years on TF1, Téléfoot launched www.telefoot.fr on September 7th, a logical extension of TF1’s Sunday show. This new website has arisen from a close collaboration between TF1, Eurosport and e-TF1.

TPS

February

TPS enhanced its cinema offering with the signature of a multi-year contract with **Warner Bros** for first broadcasting of the TV films in its library (*Ocean’s Eleven* and *Harry Potter and the Chamber of Secrets*, etc).

TPS also signed a contract with **The Walt Disney Company** for first broadcasting of such films as *25th Hour* and *Signs*.

March

Since March 21, all **TPS** subscribers have been able to order the “**Platinum**”, digital terminal for receiving and recording the platform’s programmes. This combination of set-top box and integrated hard disk opens up new prospects – recording without video recorder or cassette, complete time management with the possibility of interrupting a live programme to watch it later, plus a personal digital video library.

April

On April 23 **TPS** launched **three new youth channels**: **Eurêka!**, **Boomerang** and **TFOU**. **Eurêka!** is a discovery, adventure and knowledge-based channel for 7-14 year olds. **Boomerang** shows the comics from the Warner and Hanna Barbera catalogue, and **TFOU** is a new interactive channel for 4-10 year olds based on TF1 programmes.

TPS has renewed for an additional year its **French Football League 1** broadcasting contract with the National Football League. As a result, in 2004/2005, **TPS** will offer its subscribers an exclusive match of the First League competition, as well as pay-per-view matches (rights shared with CanalSatellite).

May

For the next three seasons (2003/2006), **TPS Star** announces that it will be the exclusive broadcaster of the French men and women basketball championships as well as the national Cup matches and the friendlies and qualifying matches of the French national team.

August

On August 27, TPS presented its new cinema & sport offer, made up of seven new complementary channels. TPS now delivers to its subscribers even more exclusivity in cinema, sport and youth programmes. These developments go along set with the announcement of a new offer at €11, thus positioning TPS as the satellite platform with best value and variety for money.

September

TPS and **France Télécom** announced on September 4, they had signed a strategic agreement will enabling TPS, starting in December in the city of Lyon, to deliver its digital TV offer using the ADSL technology.

Production and Broadcasting rights

March

Chicago, *Frida* and *The Hours*, distributed in theatres by **TFM distribution**, obtained respectively six, two and one Oscars, including best film for *Chicago*, and best actress for Nicole Kidman in *The Hours*.

April

Release of *Moi César, 10 ans 1/2, 1,39 m* directed by Richard Berry and co-produced by TF1 Films Production.

Release of *Bienvenue chez les Rozes* produced by Téléma and co-produced by TF1 Films Production and TPS Cinéma.

May

Release of *Fanfan La Tulipe*, with Vincent Perez and Penelope Cruz, and co-produced by TF1 Films Productions, that recorded 1million entries after only two months in theatres.

June

Release of *7 ans de Mariage* (co-produced by TF1 Films Production) which realised more than 1.6 million box office entries during its operating life cycle.

Thematic channels

May

The CSA has acknowledged the signature by each of the producers selected for Digital Terrestrial Television of their convention relating to the broadcasting of the free-to-air digital terrestrial television service. There are 23 such conventions (20 new conventions and three amendments to existing TF1, M6 and Canal+ conventions).

June

The 5th edition of **Médiacabsat**¹ is favourable to TF1 Group's thematic channels: **LCI** ranks 3rd among cable and satellite channels with a 1.3% audience share, **TF6** confirms its 5th position with a 1.0% audience share. Finally, **TPS Star** is still the 1st cinema channel.

Eurosportnews signed a partnership with the Russian national sport channel, named "Sport", enabling its programmes to be broadcast in a local version. The sport information channel is thus broadcast in 7 languages, 70 countries, on 4 continents.

September

TV Breizh develops a more generalist line-up with more series, movies and TV dramas. TF1 Group also increased its stake in TV Breizh to 40%, following the channel's capital increase.

¹ Mediaccabsat – January-June 2003, audience share on individuals aged 4 and above

Publishing and Distribution

April

Casino, the film directed by Martin Scorsese, was issued as a prestige triple-DVD pack.

Star AC Mag n° 16 hit the news stands. This magazine has joined the top ten French sales of monthlies of all categories. It has a monthly circulation of 300,000 and is ranked No. 2 in the “adolescent” press class.

June

TF1 Games launched **Squad Seven**, a new action and reflexes game, available commercially in France in July.

www.tf1.fr website achieved a traffic record with 1.8 million unique visits in June (up 400,000 visits in one year) and nearly 1.2 billion pages viewed over the last six months.

July

Launch of *Chihuahua* by TF1 Musique, a song that became the summer 2003 hit, with more than 1.2 million singles and 200,000 albums sold.

August

Release of the DVD-VHS of *Lord of the Rings – The Two Towers*, which, with more than 1.7 million copies sold¹, had overtaken the sales of the trilogy’s first episode in the same period last year.

September

On September 8, TF1 announced the acquisition of a 34.3% stake in Metro International's French subsidiary, Publications Metro France, for a consideration of €12 M. Publications Metro France currently publishes the free daily newspaper Metro in Paris, Lyon and Marseille.

¹ on November 15

Review of operations

Boulogne, December 2, 2003

Over the first nine months of 2003, TF1 Group operating revenue showed an increase of 4.0% to €1,993.8 M. The TF1 core channel's net advertising revenue grew by 2.6% to reach €1,115.9 M, while revenue from diversified activities climbed 5.9%.

The growth of the core channel's net advertising revenue is explained both by the 2.2% revenue growth in the first half, and by the 3.6% increase in the third quarter, after a summer sustained by all the traditional sectors and followed by a more difficult month in September. TF1's advertising market share comes in at 54.6%¹ at September 30, 2003, that is, an improvement of 0.6 point compared to September 30, 2002.

The operating revenue from diversified activities, which represents 44.0% of TF1 Group's total consolidated operating revenue, came to €877.9 M, up by 5.9%. The Group's scope was changed with the proportionate consolidation of TPS at 66% for the first nine months of 2003 (vs 50% in first half 2002 and 66% in third quarter 2002), making a €260.8 M contribution to consolidated operating revenue. Other than this change, TF1 Group's business was marked by:

- the growth of TF1 Vidéo² (+14%), despite its already high 2002 level of activity, thanks to the successful promotion of its entire catalogue. TF1 Vidéo also benefited from the popular success of *The Lord of the Rings* trilogy, with the sale of 1.7 million units of its second episode, *The Two Towers*, at mid November;
- TF1 Entreprises, which maintained its rapid growth since the beginning of the year (+24%), thanks to business generated by the *Star Academy 2* albums and singles, plus the growth of its press, merchandising and licensing business;
- the decline in revenues for the Eurosport group (-6%), handicapped by a tough base for comparison (Winter Olympics and Soccer World Cup in 2002) and by a negative exchange rate impact on cable and satellite fees;
- the activity of the thematic channels business line, balanced on the one hand by the strong performance of TF6 (+29%) and on the other by the difficulties encountered by LCI (-4%), Série Club (-4%) and Odyssee (-12%). This division now fully integrates the accounts of TV Breizh, of which TF1 holds 40% of the shareholding structure following a capital increase in third quarter 2003.

At September 30, 2003, programming costs were down 1.9% to €625.5 M, due primarily to broadcasting of the Soccer World Cup in June last year.

Group operating profit amounted to €254.6 M, up 16.0%, with a margin on operating revenue of 12.8%, an improvement of 1.3 points over the first nine months of 2002.

The financial result stood at € (15.2) M.

Consolidated net profit attributable to the Group was up 25.7% to €145.2 M, for a net margin on operating revenue of 7.3%, an increase of 1.3 points.

At end September, shareholders' funds totalled €819.2 M on a balance sheet total of €3,101.8 M. Consolidated net debt stood at €474.1 M, i.e. 57.9% of shareholders' funds.

¹ Source: Secodip

² including CIC and RCV

Outlook

TF1 Group maintains its outlook, both for consolidated revenue (with a growth forecast of 4% for full year 2003) and net profit, where significant growth is expected.

A. Broadcasting (source: Médiamétrie)

For the first ten months of 2003, daily television consumption of individuals aged four years and over remained stable compared to the same period in 2002 at 3 hours 17 minutes. That of women under 50 was 3 hours 16 minutes at end October 2003.

With an audience share of 34.1% of women under 50 and 31.5% of individuals aged four years and over, TF1 continued to be the favourite channel of the French, though its audience share fell slightly (1.4 and 1.1 points, respectively) in favour of cable and satellite channels. The same decline was to be found at the principal free-to-air competitors.

The TF1 channel achieved 96 of the 100 best audiences over the first 10 months of the year. TV dramas held firm as the viewers' most appreciated programme type. 58 TV dramas were in the top 100 programmes.

During October, TF1 recorded its best audience of the year with the first part of *L'Affaire Dominici*, which attracted over 12 million viewers.

B. Gross advertising revenue – TF1 channel (source: Secodip)

Against an ailing economic backdrop, television and radio – the two media best placed to offer advertisers fast and quantifiable efficiency – were able to profit from the growth of the French advertising market (+4.6% for the first nine months of the year). At end September, television and radio improved their market share by 0.1 point (to 32.6%) and 1.5 points (to 15.9%), respectively.

The TF1 channel consolidated its leadership with a 54.6% market share, up 0.6 point.

At end September 2003, most "traditional" sectors and "growth driver" confirmed their attraction to the channel: Food was up 17.6%; Cosmetics products up 13.8% thanks to an increase in the average budget per advertiser; Drink grew 6.4%, with a product presence level reaching 95%; Services were up by 6.3% and Telecommunications by 6.5%

However, at end September 2003, three sectors were in decline: Automotive, down 4.0%, suffered, in particular, from a fall in new car registrations since the start of the year. Travel/Tourism was down 12.3%. And Publishing fell by 4.8%, due to declining investment in music publishing that was not compensated for by the increased video advertising budgets.

C.) The TF1 Group

N.B.: The activity of the TF1 subsidiaries is analysed below on the basis of company data and not on contribution to consolidated data.

I) Publishing – Distribution

➤ TF1 Entreprises

As of July 1, 2003, the TF1 Interactif activity (€3.6 M at third quarter) exited the scope of TF1 Entreprises and to enter that of e-TF1.

TF1 Entreprises posted strong growth (+24%) of its revenue over the first nine months of the year, reaching €47.3 M, of which €14.5 M came from TF1 Musique, €13.4 M from TF1 Licences and €12.0 M from TF1 Interactif (during first half 2003).

This business increase was generated by sales of *Star Academy 2* CDs (almost 2.6 million albums and 2.4 million singles sold), as well as by the growth of press, merchandising and licensing.

Net profit amounted to €16.5 M, vs. €13.2 M at end September 2002, that is, an improvement of 25%.

➤ Une Musique

Since January 2003, Une Musique has been focusing on music publishing and leveraging disc sales around its artists' contracts.

At end September, Une Musique posted revenue of €4.1 M and net profit of €0.8 M.

➤ TF1 Group Vidéo (incl. CIC and RCV)

At end September 2003, the French video market generated revenue of €744 M¹, up by 12.5%, and a volume of 63 million units sold, up by 25%. DVDs now represent 75% of the market by volume and 81% by revenue.

For the first nine months of 2003, TF1 Vidéo revenue amounted to €146.7 M vs. €128.8 M for the same period 2002. Third quarter activity was marked primarily by the August release of *Lord of the Rings – The Two Towers*. At end September, 10 millions units of all types were sold by the subsidiary.

Net profit amounted to €8.1 M, an increase of 16%.

➤ Téléshopping

The Téléshopping revenue amounted to €52.6 M, equivalent to a growth of 3% compared to the first nine months of 2002. Despite the war in Iraq and the strikes in May and June, the Téléshopping revenue growth can be explained in part by the favourable base for comparison (the Soccer World Cup was broadcast in June 2002 during Téléshopping programme time), and in part by a strong month of September following powerful sales activity.

At end September, the www.teleshopping.fr site proved to be a growth driver for this subsidiary, with a 61% growth of its revenue over the nine months to reach €4.9 M.

Operating profit went from €0.4 M at end September 2002 to €3.3 M at end September 2003 thanks to better control of its logistics, structural and production costs.

Net profit amounted to €2.5 M, that is, more than eight times the net profit registered for the first nine months of 2002 (€0.3 M).

II) Internet activity

The www.tf1.fr site reached an audience record¹ at end September, with a total of 1.8 billion pages viewed over the first nine months of the year, vs. 1.3 billion for the same period in 2002. 1.7 million individual visitors² accessed the site in September 2003 alone.

Total e-TF1 revenue was €16.1 M at end September 2003, that is, a growth rate of 94% compared to the same period 2002.

As of July 1, 2003, the TF1 Interactif activity (formerly a department of TF1 Entreprises) was integrated into the legal structure of e-TF1. For third quarter 2003, this represented €3.6 M additional revenue.

At the same time as this corporate change, the e-TF1 business was buoyed by the surge in pay content and services (live video streaming, the *Who wants to be a millionaire?* game, i-Mode) as well as by an increase in advertising revenue and e-commerce.

The e-TF1 pre-tax loss came down to € (2.3) M vs. € (6.3) M at end September 2002. The inclusion of TF1 Interactif made a positive contribution of €0.6 M to the pre-tax result.

The TFOU channel, launched on April 23 and developed by e-TF1, combines youth programmes (cartoon series, fiction dramas, mini-magazines, etc...) and fun interactive services. For the first nine months of 2003, it achieved revenues of €0.6M for a pre-tax loss of €(0.4) M.

¹ Source: SEV

¹ Source: Médiamétrie / Xiti / NielsenNet Rating Panel

² French visitors (home and office) for all TF1 Group Internet addresses

III) Thematic channels

➤ Eurosport

At end September 2003, the Eurosport distribution network had 97.1 million subscriber households (+1.7 million compared to end September 2002), of which 47.2 million were paying subscribers (vs. 44.9 million). Broadcasting the Eurosport programme in 18 languages enables 91% of these households to receive it in their mother tongue.

Eurosportnews, after three years of broadcasting, reaches close to 17 million households, of which 3.7 million are paying, in over 70 countries.

Business in the first nine months of 2003 was marked by a redefinition of the programming grid to attract greater audiences, notably thanks to the acquisition of new rights (Formula 1 for France, Confederation Cup and combat sports for the international market), a greater fluidity of the channel and expanded use of the German language for the German market.

These measures have helped the channel to strengthen its leadership over its national competitors in Europe.

Revenue for the first nine months of the fiscal year show a fall of 6% to €217.0 M compared to the same period last year. This decline is due primarily to a drop in advertising (an absence of major sporting events such as the Olympic Games and the Soccer World Cup in 2002) and to a negative exchange rate impact on the cable and satellite fees (significant depreciation of the pound sterling and the dollar).

Operating profit amounted to €23.7 M, that is, operating profitability of 11%.

At end September 2003, net profit amounted to €6.1 M, a fall of 14%.

➤ LCI, La Chaîne Info

At September 30, 2003, LCI reached 4.7 million subscriber households. That is a growth of 3% compared to December 31, 2002, linked primarily to the growth of the subscriber base on TPS and Canal Satellite and to a broader coverage in overseas territories and peripheral regions.

LCI's loss went from €(5.5) M at September 30, 2002, to €(7.5) M September 30, 2003, due to a slight fall of 1% in revenue (€27.5 M vs. €27.8 M at September 30, 2002) and to a hike in costs linked to international news, for example, during the first half.

➤ Odyssée

At September 30, 2003, Odyssée had 1.8 million subscribers, a slight increase since the beginning of the fiscal year.

Odyssée revenue is down 10% for the first nine months of 2003 to €3.3 M. However, the net loss was reduced by 33% to €(0.2) M, thanks to containment of programming costs and operating expenses.

➤ Série Club (figures at 100%)

At September 30, 2003, Série Club had 2.1 million subscriber households. For the first nine months of 2003, revenue reached €6.1 M, a slight fall of 2% compared to the same period last year. Advertising revenue growth was counterbalanced by lower revenues from subscriptions.

The Série Club net profit was stable at €0.6 M.

➤ TF6 (figures at 100%)

At September 30, 2003, TF6 had 2.3 million subscriber households. That means 600,000 additional households receiving the channel via cable or satellite since December 31, 2002.

Since its launch in December 2000, TF6 has registered growing success in terms of audience and revenue. For the first nine months of 2003, the channel has recorded revenue growth of 33% compared to the first nine months of 2002 to reach €11.2 M. More than half of the TF6 revenue (52%) came from the sale of advertising space.

For the first nine months of the year, the channel broke even (net profit), vs. a loss of €(3.1) M at September 30, 2002.

IV) Production and management of broadcasting rights

➤ TF1 International

TF1 International's revenue amounted to €17.4 M at September 30, 2003. Business came primarily from the films *Far From Heaven*, *Under Suspicion*, and *Casino*. The net pre-tax loss was €(1.3) M.

TF1 International Pictures, which produces international feature films which TF1 International distributes, achieved revenue of €0.2 M over the first nine months of 2003.

➤ TF1 Films Production

During the first nine months of 2003, 17 films co-produced by TF1 Films Production were released. They included *Taxi 3*, *Fanfan la Tulipe*, *7 ans de mariage* and *Bienvenue au gîte*. This subsidiary also signed commitments for 18 feature films for a total amount of €36.4 M.

At end September 2003, TF1 Films Production achieved revenue of €28.0 M vs. €35.1 M at end September 2002. This erosion of 20% is primarily due to a decrease in disposals of TV rights and CNC operating grants as a result of the lower number of films obtaining their production certification during the period.

Net profit for the first nine months of 2003 stood at €0.5 M.

➤ Glem Group (figures at 100%)

Consolidated Glem Group operating revenue amounted to €59.8 M, a growth of 5% compared to the first nine months of 2002. This small increase is mainly linked to the increase in fixed production during the period.

Despite a clear improvement in the productivity of the Television department over the first nine months of the year, the net result (attributable to the Group) came in at €(1.2) M (vs. €0.2 M for the same period in 2002), due to the significant slow down in the 'stage shows' activity.

V) Digital distribution

➤ Télévision par Satellite – TPS (figures at 100%)

The third quarter of 2003 was marked by the re-structuring of the TPS offering and the introduction of two flat-rate packages at €11 fixed-fee rates (excluding rental of the set-top box): TPS Star, the cinema and sports channel, and TPS Initial, a bundle of eight thematic channels, are now available.

TPS consolidated revenue amounted to €395,0 M at end September 2003, an increase of 6% compared to the activity for the first nine months of 2002. The consolidated net profit was €15.3 M. However, due to the cyclical nature of its business, TPS will record a net loss for the full year 2003.

VI) Miscellaneous

➤ Studios 107

At end September 2003, operating revenue for Studios 107 amounted to €16.2 M vs. €14.5 M in the same period 2002, that is an increase of 12%. The Studios 107 activity was particularly boosted at the beginning of the year by the services provided to customer Khalifa Television (whose bankruptcy led to the need to record a provision for unpaid accounts receivable) and to the delivery of an additional *Ushuaia Nature* programme to TF1.

The net loss of the period was €(2.0) M.

D. Human resources update

At September 30, 2003, the total number of TF1 Group employees was 3,598, an increase of 3.4% compared to December 31, 2002. The increase is due to the inclusion of casual staff (in the third quarter) and also of Visiowave's employees.

E. The stock

At October 31, 2003, the TF1 share closed at €25.8, that is, a slight rise of 1.3% since the beginning of the year, compared to a rise of 10.1% for the CAC 40 index and of 11.9% for the SBF 120 index.

Over the first ten months of 2003, an average of around one million TF1 shares were traded every day, which is stable compared to the trading volumes during the same period in 2002.

The TF1 Group market value at October 31, 2003, was €5.5 billion.

Consolidated Profit and Loss Account / Operational Breakdown

(€ million)	9 months 2003 ¹	9 months 2002 ²	2002 ²
TF1 Channel			
Advertising revenue	1,115.9	1,088.1	1,507.3
Advertising agency fees	(61.6)	(60.1)	(83.1)
NET REVENUE FROM BROADCASTING	1,054.3	1,028.0	1,424.2
Royalties and contributions			
- Authors	(43.2)	(42.0)	(58.2)
- CNC	(55.2)	(53.7)	(74.7)
Transmission costs			
- TDF, Satellites, Transmission	(42.8)	(41.7)	(56.0)
Programming costs			
	(625.5)	(637.4)	(881.6)
GROSS MARGIN	287.6	253.2	353.7
Diversification revenue and other revenue	873.3	825.1	1,143.5
Other operating expenses	(798.7)	(754.5)	(1,069.4)
Depreciation, amortisation and provisions (net)	(107.6)	(104.4)	(134.3)
OPERATING PROFIT	254.6	219.4	293.5
FINANCIAL LOSS	(15.2)	(25.4)	(29.7)
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	239.4	194.0	263.8
Exceptional expenses	(1.2)	(3.0)	(4.4)
Goodwill amortisation	(9.1)	(6.7)	(8.9)
Corporate income tax	(87.3)	(67.5)	(94.2)
Share in net losses of companies consolidated under the equity method	0.0	(0.9)	(1.2)
NET PROFIT OF CONSOLIDATED COMPANIES	141.8	115.9	155.1
Minority interest	3.4	(0.4)	0.1
NET PROFIT ATTRIBUTABLE TO THE GROUP	145.2	115.5	155.2

1. TPS is proportionately consolidated at 66% for the first nine months of 2003

2. TPS was proportionately consolidated at 50 % in H1 2002 and at 66% in H2 2002

Consolidated financial statements

BALANCE SHEET

ASSETS (€ million)	30.09.03 ¹ Net	31.12.02 ² Net	30.09.02 ² Net
Intangible fixed assets	893.7	892.1	882.1
Audiovisual rights	98.9	97.4	102.5
Other intangible fixed assets	794.8	794.7	779.6
Goodwill	106.9	111.5	113.7
Tangible fixed assets	199.1	217.6	221.6
Land	45.7	45.7	45.7
Freehold buildings	35.3	37.1	37.7
Other tangible fixed assets	118.1	134.8	138.2
Financial fixed assets	12.3	9.8	18.3
Investments consolidated under the equity method	0.0	0.0	0.1
Investments and loans to associated undertakings	6.5	6.1	5.4
Other financial assets	5.8	3.7	12.8
FIXED ASSETS	1,212.0	1,231.0	1,235.7
Programmes and film rights	704.5	666.6	676.8
Raw materials and supplies	11.9	8.7	13.6
Trade debtors	571.2	671.7	629.0
Other debtors and adjustment accounts	566.2	503.5	584.9
Marketable securities and cash at bank and in hand	36.0	55.0	53.0
CURRENT ASSETS	1,889.8	1,905.5	1,957.3
TOTAL ASSETS	3,101.8	3,136.5	3,193.0

1. TPS is proportionately consolidated at 66% for the first nine months of 2003

2. TPS was proportionately consolidated at 50 % in H1 2002 and at 66% in H2 2002

SHAREHOLDERS' EQUITY AND LIABILITES (€ million)	30.09.03¹	31.12.02²	30.09.02²
Share capital	42.9	42.8	42.8
Share premium	59.8	53.4	51.7
Retained earnings	571.3	554.8	554.7
Profit attributable to the group	145.2	155.2	115.5
SHAREHOLDERS' FUNDS	819.2	806.2	764.7
Minority interest	3.3	0.6	(0.1)
Government grants for investment	5.6	6.3	5.0
Provisions for liabilities and charges	84.2	71.4	73.7
Deferred taxation	64.3	68.4	67.8
Financial creditors and borrowings ^{(1) (2)}	510.1	547.6	632.3
Trade creditors	858.4	952.7	901.8
Other creditors and adjustment accounts	756.7	683.3	747.8
CREDITORS	2,125.2	2,183.6	2,281.9
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES	3,101.8	3,136.5	3,193.0
(1) including current bank overdrafts	0.4	18.6	14.0
(2) including less than one year	496.3	532.2	620.7

1. TPS is proportionately consolidated at 66% for the first nine months of 2003
2. TPS was proportionately consolidated at 50 % in H1 2002 and at 66% in H2 2002

PROFIT AND LOSS ACCOUNT

(€ million)	9 months 2003 ¹	9 months 2002 ²	2002 ²
Turnover	1,993.8	1,917.3	2,655.3
Net advertising revenue	1,197.1	1,181.8	1,628.5
TF1	1,115.9	1,088.1	1,507.3
OTHERS	81.2	93.7	121.2
Diversification revenue	759.5	689.8	968.8
Technical service revenue	17.6	21.2	27.3
Other revenue	19.6	24.5	30.7
Operating expenses	(1,739.2)	(1,697.9)	(2,361.8)
External production costs	(418.0)	(360.4)	(538.4)
Staff costs	(258.7)	(236.6)	(337.3)
Other operating expenses	(954.9)	(996.5)	(1,351.8)
Depreciation, amortisation and provisions (net)			
- depreciation	(83.7)	(86.7)	(111.7)
- provisions	(23.9)	(17.7)	(22.6)
OPERATING PROFIT	254.6	219.4	293.5
Financial revenue	6.3	7.4	11.2
Financial expenses	(21.5)	(32.8)	(40.9)
FINANCIAL LOSS	(15.2)	(25.4)	(29.7)
PROFIT BEFORE TAX AND EXCEPTIONNAL ITEMS	239.4	194.0	263.8
Exceptional expenses	(1.2)	(3.0)	(4.4)
Goodwill amortisation	(9.1)	(6.7)	(8.9)
Corporate income tax	(87.3)	(67.5)	(94.2)
Share in net losses of companies consolidated under the equity method	0.0	(0.9)	(1.2)
NET PROFIT	141.8	115.9	155.1
Minority interest	3.4	(0.4)	0.1
NET PROFIT ATTRIBUTABLE TO THE GROUP	145.2	115.5	155.2
Average number of outstanding shares (in thousands)	213,133	212,252	211,970
Earnings per share (€)	0.68	0.54	0.73
Diluted earnings per share (€)	0.68	0.54	0.73

1. TPS is proportionately consolidated at 66% for the first nine months of 2003

2. TPS was proportionately consolidated at 50 % in H1 2002 and at 66% in H2 2002

CASH FLOW STATEMENT

(€ million)	30.09.03	31.12.02	30.09.02
1 – Operating activities			
• Net profit	141.8	155.1	115.9
• Depreciation, amortisation and provision	101.1	129.3	95.5
- Intangible fixed assets	33.3	55.0	36.9
- Tangible fixed assets	44.5	65.1	49.0
- Financial fixed assets	0.1	0.0	0.0
- Expenses to amortise	1.5	0.1	0.1
- Goodwill	9.0	8.9	6.6
- Provisions for liabilities and charges	12.7	0.2	2.9
• Investment grants released to revenue	(7.1)	(7.8)	(7.6)
• Expenses to amortise	(0.5)	(11.0)	(0.5)
• Capital gains / (losses) on disposal of fixed assets	0.0	2.0	1.4
• Changes in deferred tax	(0.1)	1.4	6.8
• Share of investments consolidated under the equity method	0.0	1.2	0.9
Cash flow	235.2	270.2	212.4
• Stocks	(33.6)	(20.7)	(36.7)
• Trade debtors	63.6	95.6	61.0
• Trade creditors	(61.6)	(21.1)	(75.4)
• Net advance from third parties	14.4	10.1	10.4
Increase / (decrease) in working capital needs	(17.2)	63.9	(40.7)
NET CASH INFLOW FROM OPERATING ACTIVITIES	218.0	334.1	171.7
2 – Investing activities	(63.8)	(327.6)	(243.3)
• Purchase of intangible fixed assets	(31.6)	(51.0)	(38.9)
• Purchase of tangible fixed assets	(23.3)	(31.7)	(18.1)
• Disposal of tangible, intangible and financial fixed assets	1.8	61.1	5.9
• Purchase of financial asset investments	(4.9)	(372.8)	(200.4)
• Change in liabilities on purchase of financial asset investments	0.0	50.2	0.0
• Increase / (decrease) in other financial assets	(2.0)	8.6	7.3
• Increase / (decrease) in fixed assets creditors	(3.8)	8.0	0.9
Consolidation adjustments	2.4	9.0	3.3
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(61.4)	(318.6)	(240.0)
3 – Financing activities			
• Increase in shareholders' funds	11.9	24.7	21.6
• Increase in capital subscribed by minorities	2.4	0.0	0.0
• Net change in loans	(33.2)	122.5	212.4
• Dividends paid	(138.3)	(138.7)	(138.2)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	(157.2)	8.5	95.8
TOTAL INCREASE IN CASH AND CASH EQUIVALENTS	(0.6)	24.0	27.5
Cash at beginning of period	36.3	12.3	11.4
Net inflow	(0.6)	24.0	27.5
Cash at end of period	35.7	36.3	38.9

NOTES TO THE FINANCIAL STATEMENTS

1. GROUP ACCOUNTING POLICIES

The consolidated financial statements of the TF1 Group as at September 30, 2003 have been prepared in accordance with Generally Accepted French Accounting Standards, notably the 99/02 rules of the Accounting Regulations Committee, confirmed by the governmental order dated June 22, 1999, and the recommendations of the National Accounting Council on interim accounts.

The accounting policies adopted for the consolidated financial statements for the first nine months of 2003 are comparable to those for the previous years' consolidated financial statements.

2. SCOPE OF CONSOLIDATION

The changes in the scope of consolidation between September 30, 2002 and September 30, 2003 result from:

- the increase from 50% to 66% of the TF1 Group's stake in TPS during second half 2002 (see below - Accounts comparison);
- the additional interest taken in Visiowave during second half 2002, and the full consolidation of this company;
- the interests taken in Ciby 2000 and Cabale during first half 2003, and the full consolidation of these companies;
- the additional interest taken in TV Breizh in 2003, and the correlative change in the method of consolidation of this company, from the under the equity method to the full consolidation;
- the first and full consolidation, on September 30, 2003 of TF1 Production.

3. ACCOUNTS COMPARISON

In 2002, the increase of TF1's stake in TPS was made in two steps:

- during the first half of 2002, the purchase of the 25% stake jointly owned by France Télévision and France Telecom, which increased the Group's stake in TPS to 50% ;
- during the second half of 2002, the purchase of the 25% stake of Suez, and the immediate sale of a 9% stake in TPS to M6, which increased, as from July 1, 2002, the Group's stake in TPS to 66%.

TF1 Group's consolidated financial statements as at September 30, 2002 thus took into account the proportionate consolidation of TPS at 50% in the first half year. The following table shows the effect an additional 16% interest would have had on the consolidated profit and loss account, if it had been taken into account in first half 2002.

June 30 , 2002 (€ million)	TPS 100%	TPS 16% ⁽¹⁾
Turnover	249.8	40.0
Other operating revenue	0.2	0.0
Total operating revenue	250.0	40.0
External production costs	(39.5)	(6.3)
Staff costs	(25.0)	(4.0)
Other operating expenses	(155.7)	(24.9)
Depreciation, amortisation and provisions (net) :		
<i>Depreciation</i>	(34.2)	(5.5)
<i>Provisions</i>	(5.2)	(0.8)
Operating profit	(9.6)	(1.5)
Financial revenue	0.4	0.1
Financial expenses	(7.6)	(1.2)
Financial loss	(7.2)	(1.1)
Net exceptional income	0.9	0.1
Net profit attributable to the Group	(15.9)	(2.5)

⁽¹⁾ Before elimination of inter-company transactions at the TF1 level

4. SUBSEQUENT EVENTS

In order to refinance its debt, TF1 issued on November 12, 2003 a €500 M bond, with a maturity at November 12, 2010.

No other significant event has occurred since September 30, 2003.

5. SHAREHOLDERS' FUNDS

(€ million)	Share Capital	Retained earnings	Shareholders' funds
Shareholders' funds at Dec. 31, 2000	42.2	642.7	684.9
Capital increase (1)	0.2	18.9	19.1
Purchase of TF1 shares		(7.4)	(7.4)
Dividends		(136.5)	(136.5)
Net profit at 31 Dec. 2001		210.3	210.3
Shareholders' funds at Dec. 31, 2001	42.4	728.0	770.4
Capital increase (2)	0.4	17.1	17.5
Dividends		(136.9)	(136.9)
Net profit at 31 Dec. 2002		155.2	155.2
Shareholders' funds at Dec. 31, 2002	42.8	763.4	806.2
Capital increase (2)	0.1	6.4	6.5
Dividends		(138.3)	(138.3)
Currency loss		(0.4)	(0.4)
Net profit at Sept 30, 2003		145.2	145.2
Shareholders' funds at Sept. 30, 2003 (3)	42.9	776.3	819.2

(1) Capital increase reserved for employees.

(2) Stock options exercised.

(3) Share capital is divided into 214, 737,079 ordinary shares with a nominal value of €0.2. Share capital is fully subscribed.

6. FINANCIAL CREDITORS AND BORROWINGS

Financial creditors and borrowings were €510.1 M at September 30, 2003, and mainly consist in :

- a €325.8 M current account with Bouygues Group,
- the share in TPS' bank debt amounting to €147.5 M.

In addition, TF1 has subscribed two syndicated loans amounting to €731.0M, which have not yet been used.

7. BUSINESS LINE INFORMATION – SEPTEMBER 30, 2003

(€ million)	Turnover			Operating profit		
	09.2003	09.2002	12.2002	09.2003	09.2002	12.2002
TF1 core channel	1,138.1	1,111.3	1,538.7	210.2	194.7	274.4
Publishing and Distribution	243.7	232.2	338.0	24.5	20.4	30.6
TPS ¹	259.9	206.0	289.6	15.3	(2.9)	(13.8)
Eurosport	211.3	226.0	293.9	23.5	25.9	25.9
Thematic channels	37.1	33.9	47.2	(12.4)	(8.1)	(10.9)
Internet	14.5	7.7	11.0	(2.3)	(6.9)	(8.9)
Production	36.1	48.1	56.8	(1.2)	2.8	3.6
Audiovisual rights	28.2	27.4	46.8	(0.2)	(6.5)	(7.5)
Miscellaneous	5.3	-	2.7	(2.9)	-	0.1
Total	1,974.2	1,892.6	2,624.7	254.5	219.4	293.5

(1) TPS was consolidated under the proportionate method at 50% until June 30, 2002 and at 66% since July 1, 2002

8. TF1 COMPANY FINANCIAL STATEMENTS

(€ million)	September 30, 2003	September 30, 2002	Full year 2002
Turnover	1,063.8	1,036.9	1435.2
Operating profit	224.8	196.6	280.3
Net profit	72.8	150.6	198.0

TF1 SA net profit as of September 30, 2003 includes a provision of €83.8 M to write down the value of its shareholding in TF1 Digital, issued in 2000, in consideration for the contribution made by TF1 SA to this thematic channel company.

Télévision Française 1

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