COMMUNIQUÉ

Boulogne-Billancourt – November 9, 2010

12% growth in consolidated revenue over the first nine months of the year Fourfold increase in current operating profit to €125m

The TF1 Board of Directors, chaired by Nonce Paolini, met on November 9, 2010 to adopt the financial statements for the first nine months of 2010.

CONSOLIDATED FIGURES (€m)	H1 2010	H1 2009	Change %	Q3 2010	Q3 2009	Change %	9m 2010	9m 2009	Change %
Revenue	**1,285**	**1,130**	**+14%**	**541**	**498**	**+9%**	**1,826**	**1,628**	**+12%**
TF1 Channel advertising	*765*	*687*	*+11%*	*307*	*280*	*+9%*	*1,071*	*967*	*+11%*
Other activities	*520*	*443*	*+17%*	*234*	*218*	*+8%*	*755*	*661*	*+14%*
Current operating profit	**104**	**38**	**x3**	**21**	**(5)**	**na**	**125**	**33**	**x4**
Operating profit	**104**	**38**	**x3**	**117**	**(5)**	**na**	**221**	**33**	**x7**
Cost of net debt	(10)	(10)	-	(6)	**(5)**	-20%	(16)	**(15)**	-7%
Net profit	**74**	**49**	**+51%**	**96**	**2**	**x48**	**170**	**51**	**x3**

The TF1 Group generated consolidated revenue of €1,826m in the first nine months of 2010, up 12% on the comparable period of 2009.

Advertising revenue for the TF1 channel grew by 11% to €1,071m.

Diversification revenue advanced by 14% to €755m. This figure includes €33m from the resale of 2010 FIFA World Cup rights, and 100% of the revenue generated by TMC and NT1 from July 1, 2010 onwards.

Dynamic third quarter

Revenue by segment (€m)	H1 2010	H1 2009	Change %	Q3 2010	Q3 2009	Change %	9m 2010	9m 2009	Change %
Broadcasting France	1,044	913	+14%	425	375	+13%	1,469	1,288	+14%
Audiovisual Rights	60	69	-13%	22	35	-37%	82	104	-21%
Broadcasting International	181	147	+23%	94	88	+7%	275	235	+17%
Other Activities	-	1	na	-	-	na	-	1	na
Total group TF1	**1,285**	**1,130**	**+14%**	**541**	**498**	**+9%**	**1,826**	**1,628**	**+12%**

Third-quarter revenue was up 9% at €541m.

TF1 channel third-quarter advertising revenue reached €306m, up 9% on the third quarter of 2009.
During the quarter, the TF1 channel achieved excellent audience ratings in time slots providing advertisers with a strong exposure. TF1 is the only major French national channel to have increased its prime-time audiences since the start of the year, attracting an average of 6.2 million viewers [(1)] (up 1% year-on-year).

Third quarter of 2010: current operating profit of €21m

Current operating profit/(Loss) by segment (€m)	H1 2010	H1 2009	Change (€m)	Q3 2010	Q3 2009	Change (€m)	9m 2010	9m 2009	Change (€m)
Broadcasting France	83	32	+51	13	(7)	+20	96	25	+71
Audiovisual Rights	(6)	(15)	+9	(2)	(7)	+5	(8)	(22)	+14
Broadcasting International	27	23	+4	10	13	(3)	37	36	+1
Other Activities	-	(2)	+2	-	(4)	+4	-	-6	+6
Total group TF1	**104**	**38**	+66	**21**	**(5)**	+26	**125**	**33**	+92

TF1 channel programming costs for the third quarter of 2010 were €211m, only €2m higher than in the third quarter of 2009, even though the 2010 third-quarter figure includes €18m of costs relating to the 2010 FIFA World Cup.

Over the first nine months of 2010, TF1 channel programming costs were €693m (versus €664m in the first nine months of 2009), including €78m of costs relating to the 2010 FIFA World Cup. Year-to-date programming costs excluding the World Cup were €615m, a year-on-year reduction of €49m, of which €16m can be regarded as recurring savings.

Renegotiations of contracts other than broadcasting rights contracts generated a further €3m of recurring savings on top of the €6m already achieved in the first half of 2010. Tight overhead control and cost optimisation across all Group subsidiaries drove current operating profit sharply higher in the third quarter of 2010 to €21m, versus a loss of €5m in the third quarter of 2009 and a loss of €42m in the third quarter of 2008.

This is the first time that the Group has turned a profit at current operating level in the third quarter since 2005.

First-time consolidation of TMC and NT1: one-off gain of €96m

Following the first-consolidation of TMC and NT1, the previously-held equity interests in these two entities were remeasured at fair value as determined by an independent firm of experts. This remeasurement generated a gain of €96m, recognised in "Other operating income and expenses".

Results for the first nine months of the year

The optimisation plan has generated €25m of recurring savings since the start of the year.

Current operating profit for the first nine months of 2010 was €125m, versus €33m for the comparable period of 2009. After taking account of the €96m one-off gain, operating profit for the nine-month period came to €221m.

Cost of net debt totalled €16m in the first nine months of 2010, reflecting the net interest expense generated by the bond issue. Other financial income and expenses showed a net expense of €4m, versus a net gain of €24m in the first nine months of 2009; the year-on-year change was due to the recognition in the nine months to September 30, 2009 of the fair value remeasurement of the put option over the 9.9% equity interest in Canal+ France.

The share of profits from associates was €7m, with the 33.5% interest retained by the TF1 in the other activities of the AB Group no longer accounted for as an associate by the equity method but instead recognised as a non-current financial asset in the balance sheet.

Net profit for the first nine months of 2010 was €170m. This compares with the €51m generated in the comparable period of 2009, which included €31m for the remeasurement of the put option over the equity interest in Canal+ France.

Healthy balance sheet

As of September 30, 2010, TF1 had shareholders' equity of €1,485m out of a balance sheet total of €3,729m.

Non-current assets increased by €323m over the first nine months of the year to €1,466m, mainly as a result of the acquisition by TF1 of additional equity interests in the TMC and NT1 channels.

Net debt at end September 2010 was €8m.

The €500m bond issue that matures on November 12, 2010 will be redeemed out of the Group's available cash.

Outlook for 2010

Based on the better-than-expected revenue growth achieved in the third quarter, the TF1 Group is raising its guidance for 2010 full-year consolidated revenue from €2,530m (7% year-on-year growth) to €2,555m to (8% year-on-year growth).

You can find the full financial statements and notes to the consolidated financial statements at TF1finance.com

The statutory auditors have conducted a review of the financial statements, on which they have issued an unqualified report.

(1) Source: Médiamétrie

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Financial Report

First 9 months of 2010

Contents

Consolidated key figures

€m	2010: 9 months	2009: 9 months	2009: full year
Revenue	1,826.0	1,628.5	2,364.7
TF1 channel advertising revenue	*1,071.1*	*966.9*	*1,429.4*
Revenue from other activities	*754.9*	*661.6*	*935.3*
Current operating profit	124.9	32.7	101.3
Operating profit	220.8	32.7	101.3
Net profit	170.1	50.7	114.5
Operating cash flow*	159.8	100.5	185.8
Shareholders' equity	1,485.3	1,329.1	1,396.6
Net surplus cash (+) / net debt	(8.3)	(787.1)	72.8
Basic earnings per share (€)	0.80	0.24	0.54
Diluted earnings per share (€)	0.79	0.24	0.53

	2010: 9 months	2009: 9 months	2009: full year
Weighted average number of shares outstanding ('000)	213,396	213,396	213,396
Closing share price at end of period (€)	11.4	12.0	12.9
Market capitalisation at end of period (€bn)	2.4	2.6	2.8

* Operating cash flow before cost of net debt and income taxes

Income statement contributions by segment

€m	Revenue 2010: 9 months	Revenue 2009: 9 months	Revenue 2009: full year	Current operating profit 2010: 9 months	Current operating profit 2009: 9 months	Current operating profit 2009: full year
BROADCASTING FRANCE	**1,468.8**	**1,288.6**	**1,893.0**	**96.4**	**24.9**	**87.8**
TF1 SA [a]	1,080.5	973.2	1,443.9	56.1	1.3	44.0
Téléshopping	80.9	75.8	103.7	3.9	2.6	4.0
Theme channels – France [b]	169.1	140.5	194.3	18.4	13.0	15.1
TF1 Entreprises	23.7	22.2	39.1	1.4	- 1.0	-1.6
Production [c]	13.0	14.1	22.1	1.3	4.4	1.8
e-TF1	54.4	51.8	72.8	1.8	- 4.3	-3.4
Other [d]	47.2	11.0	17.1	13.5	8.9	27.9
AUDIOVISUAL RIGHTS	**82.3**	**104.3**	**151.0**	**- 8.0**	**- 22.5**	**-22.5**
Catalogue [e]	31.0	40.5	57.6	1.1	- 11.2	-9.4
TF1 Vidéo [f]	51.3	63.8	93.4	- 9.1	- 11.3	-13.1
BROADCASTING INTERNATIONAL [g]	**274.9**	**234.7**	**319.2**	**36.5**	**35.7**	**41.3**
Eurosport International	274.2	234.7	319.2	43.5	35.7	42.3
SPS	0.7	-	-	- 7.0	- 2.0	- 3.0
France 24	-	-	-	-	2.0	2.0
OTHER ACTIVITIES [h]	**-**	**0.9**	**1.5**	**-**	**- 5.4**	**-5.3**
TOTAL – CONTINUING OPERATIONS	**1,826.0**	**1,628.5**	**2,364.7**	**124.9**	**32.7**	**101.3**

[a] Includes SNC Aphélie.
[b] Includes Eurosport France, LCI, TV Breizh, TMC, NT1, TF6, Série Club, Odyssée, Histoire, Ushuaïa TV, TF1 Digital and TF1 Thématiques.
[c] TV and movie production entities.
[d] Mainly comprises TF1 Publicité, TF1 Expansion and TF1 DS, which carries the resale of rights to the 2010 FIFA World Cup.
[e] Mainly comprises TF1 Audiovisual rights, TF1 International, UGC Distribution, Telema and TCM.
[f] Including CIC.
[g] Eurosport International, SPS and France 24 (the interest in France 24 was sold to Audiovisuel Extérieur de la France (AEF) on February 12, 2009).
[h] Top Ticket.s (Pilipili). This company was sold on November 17, 2009.

Quarterly revenue figures

€m	Q1 2010	Q1 2009	*Change 2010/09*	Q2 2010	Q2 2009	*Change 2010/09*	Q3 2010	Q3 2009	*Change 2010/09*
BROADCASTING FRANCE	480.5	435.4	*+10.4%*	562.9	477.6	*+ 17.9%*	425.4	375.6	*+13.3%*
AUDIOVISUAL RIGHTS	32.4	33.0	*-1.8%*	27.6	35.9	*-23.1%*	22.3	35.4	*-37.0%*
BROADCASTING INTERNATIONAL	84.0	69.2	*+21.4%*	97.2	78.1	*+24.5%*	93.7	87.4	*+7.2%*
OTHER ACTIVITIES	-	0.3	*ns*	-	0.6	*ns*	-	-	*ns*
TOTAL – CONTINUING OPERATIONS	**596.9**	**537.9**	***+11.0%***	**687.7**	**592.2**	***+16.1%***	**541.4**	**498.4**	***+8.6%***

2010 Key Events

January

January 11, 2010: TF1 signed a Diversity Charter, underscoring the Group's commitment in this area.

January 26, 2010: The French Competition Authority cleared the purchase by TF1 of direct ownership of the 100% interest in the NT1 channel and the 40% interest in the TMC channel owned by the AB Group.

February

February 2, 2010: TF1 and La Française des Jeux, France's leading consumer gaming operator, announced a 3-year partnership deal that will give TV viewers and internet users access to a dedicated gaming zone on the TF1.fr website.

February 11, 2010: TF1 received the Top Com Corporate Business 2010 award in the Internal Communication category for its Disability Awareness campaign, devised by the Publicis Consultants agency.

February 15, 2010: TF1 launched *MyTéléfoot*, the first dedicated multi-screen football platform for younger audiences.

February 15, 2010: TF1, France Télévisions and the Canal+ Group signed an agreement on broadcasting rights for the FIFA 2010 World Cup, under which the TF1 group granted France Télévisions and the Canal+ Group live broadcasting rights to 37 of the 64 matches in the competition.

March

March 8, 2010: TF1 Publicité, e-TF1 and HighCo, the European market-leader in couponing and sampling, launched TF1 CONSO, a unique cross-media promotional offering with a presence on TV, on the web, and in the field.

March 8, 2010: TF1, which already owned 50% of SPS via its Eurosport subsidiary, raised its interest to 100% by buying out the 50% stake held by the Serendipity investment fund.

March 9, 2010: TF1 received the *Décision Achats* magazine award in the "Professionalisation of Purchasing" category in recognition of the Group's achievements in deploying the Purchasing Project launched at end 2007.

March 23, 2010: The CSA, the French audiovisual regulator, cleared the acquisition by TF1 of direct ownership of the 100% of NT1 and the 40% of TMC held by the AB Group.

April

April 6, 2010: The French National Assembly passed a law allowing online gaming, and establishing an Online Gaming Regulatory Authority (ARJEL).

April 15, 2010: The "Hommage" campaign once again won an award in the 25th "Grand Prix" of the French Association for the Promotion of Magazine Advertising (APPM).

May 2010

May 3, 2010: TF1 and Orange, the leading mobile phone operator, signed a partnership deal to offer Orange subscribers access to the MyTF1 portal on Livebox, along with a range of TF1 entertainment content on the internet and on Orange mobiles.

May 6, 2010: The new version of WAT.tv, the TF1 group's video platform, was launched.

May 25, 2010: A world first: TF1 announced that it would broadcast 5 matches from the FIFA 2010 Football World Cup in 3D.

June 2010

June 8, 2010: SPS obtained two licences from ARJEL, enabling it to operate in the French online sports betting and poker markets under the EurosportBET and EurosportPoker brands.

June 11, 2010: The AB Group and TF1 finalised the purchase by TF1 of direct ownership of the 100% interest in the NT1 channel and the 40% interest in the TMC channel owned by the AB Group.

June 17, 2010: Record audience figures for the France/Mexico match, which attracted 15.2 million viewers or 56% of individuals aged 4 and over[1]. This was the 15th largest audience for a football match since Médiamat ratings began in 1989.

June 29, 2010: MyTF1 won first prize in the "Design and Graphics" category of the International Interactive TV Awards.

July 2010

July 2, 2010: The results of the first TF1 group opinion survey were published, with a very high participation rate of 68%.

July 11, 2010: The FIFA World Cup Final between the Netherlands and Spain attracted 14.1 million viewers, the highest viewing figures for a football match not involving a French team since Médiamat ratings began.

August 2010

August 30, 2010: the new online insurance comparison site AutomotoCompare.fr was launched, building on the expertise of the Automoto brand and policies offered by nearly 50 car and motorcycle insurers.

September 2010

September 1, 2010: The TF1 Enterprise Foundation welcomed its third annual intake as part of its mission to provide career opportunities for young people from deprived areas.

September 1, 2010: Eurosport opened a subsidiary in Lisbon to produce a Portuguese version of Eurosport.

September 8, 2010: The *Défi Intégration* team set sail on board the *Jolokia*: the mixed crew of six, including two disabled sailors, is hoping to break the record for the 9,000-mile voyage from Lorient in Brittany to Mauritius via the Cape of Good Hope.

September 11, 2010: The new Ushuaïa TV logo was unveiled.

September 12, 2010: TF1 won two prizes at the 12th TV Drama Festival in La Rochelle: best screenplay for the TV movie *Un divorce de chien*, and best TV movie drama for *Vieilles Canailles*.

September 13, 2010: The new season's schedules were unveiled at a conference held at the Palais Brongniart in Paris.

September 14, 2010: The first-ever new season's conference for viewers was held in association with the *Métro* newspaper.

September 16, 2010: The TF1 group created a new post of Executive Vice President – Audiovisual Rights Acquisition and Trading, in order to adapt the Group's structures and processes to changes in the competitive environment and to optimise broadcasting of the Group's content and channels.

September 23, 2010: EurosportBET obtained an operating licence for betting on horse-racing, and is now one of only three sites licensed to provide all three types of online gaming allowed in France (sporting bets, horse-racing bets, and online poker).

[1] Source: Médiamétrie

Management Review

Boulogne-Billancourt – November 9, 2010

Significant events of the period

The significant events of the period are described in note 1 to the quarterly consolidated financial statements.

Changes in accounting policy

There were no changes in accounting policy in the third quarter of 2010.

Consolidated revenue

TF1 group consolidated revenue for the first nine months of 2010 was €1,826.0m, an improvement of €197.5m (12.1%) on the comparable period of 2009.

Revenue for the nine-month period comprised:

- €1,071.1m of TF1 channel advertising revenue, an improvement of €104.2m (10.8%).
- €754.9m of diversification revenue, an increase of €93.3m (14.1%), including €33m from the resale of rights to the 2010 FIFA World Cup in the second quarter of 2010. Excluding the resale of rights to the 2010 FIFA World Cup, diversification revenue rose by 9.1%, thanks largely to the consolidation of TMC and NT1 from July 1, 2010 and to continuing strong performances from Eurosport International.

TF1 group consolidated revenue for the third quarter of 2010 was €541.4m, an improvement of €43.0m (8.6%).

Revenue for the quarter comprised:

- €306.5m of TF1 channel advertising revenue, an improvement of €26.1m (9.3%). The volume growth reported in the first half of 2010 continued through the summer and into September, despite an ever tougher comparative.
- €234.9m of diversification revenue, an increase of €16.9m (7.8%).

Programming costs

TF1 channel programming costs, including the impact of non-recurring sporting events (such as the 2010 FIFA World Cup), totalled €693.1m in the first nine months of 2010, against €664.3m in the first nine months of 2009.

The year-on-year increase of €28.8m reflected the following factors:

- €77.6m of additional costs arising from the showing of 27 FIFA World Cup matches in June and July 2010. The rights to the 27 matches that TF1 chose to broadcast in June and July cost €70.0m, while production costs amounted to €7.6m.
- €48.8m of savings, comprising:
    - €14.3m due to the replacement of some programmes by football matches in June and July;
    - €34.5m across the rest of the channel's programming.

TF1 channel programming costs for the third quarter of 2010 were €210.5m, compared with €209.0m for the third quarter of 2009.

The year-on-year increase of €1.5m reflected the following factors:

- €17.5m for rights and production costs relating to the six 2010 FIFA World Cup matches broadcast in July.
- €16.0m of savings, comprising:
    - €3.5m due to the replacement of some programmes by football matches in July;
    - €12.5m across the rest of the channel's programming.

Bear in mind that third-quarter programming costs were €26m lower in 2009 than in 2008 as a result of efforts to tailor these costs to reflect seasonal audience and advertising revenue trends, in particular by increasing the proportion of repeats shown on the channel during the summer.
This strategy was redeployed successfully in the summer of 2010, with audiences and revenues maintained at very satisfactory levels.

Ongoing optimisation measures

Of the €12.5m of savings achieved in the third quarter of 2010 on the rest of the channel's programming, €4.0m can be regarded as recurring. These savings were achieved by further renegotiation of some contracts and the optimisation of schedules.

Overall, of the €34.5m of programming cost savings generated over the first nine months of 2010, €16.0m can be regarded as recurring.

Renegotiations of supplier contracts (other than rights contracts) generated €3.0m of savings in the third quarter of 2010, taking cumulative recurring savings for the first nine months of 2010 to €9m.

After the €32m of savings achieved in 2008 and the €74m achieved in 2009, the TF1 group therefore achieved a further €25m of recurring savings in the first nine months of 2010.

Current operating profit

The TF1 group made a current operating profit of €124.9m for the first nine months of 2010, an improvement of €92.2m on the comparable period of 2009.
Current operating margin for the first nine months of 2010 was 6.8%, versus 2.0% for the first nine months of 2009 and 4.3% for 2009 as a whole.

Third-quarter current operating profit was €20.5m, an improvement of €25.3m relative to the loss recorded in the third quarter of 2009.
Current operating margin for the third quarter of 2010 was 3.8%.

Operating profit

On June 11, 2010, the TF1 group acquired control over TMC, TMC Régie and NT1.

Under the revised IFRS 3 (Business Combinations), equity interests held prior to the acquisition of control must be remeasured at fair value. TF1 applied this principle to the acquisition of TMC and NT1 in the consolidated financial statements for the nine months ended September 30, 2010, resulting in the recognition of a gain of €95.9 million in the income statement.

Indeed, the fair value of the equity interests in the channels was measured by an independent firm of experts at €429 million. Based on the €191.7 million paid to acquire the equity interests in 2010 and the €134.9 million carrying amount of the previously-held equity interest, a remeasurement gain - net of transaction costs - of €95.9 million was recognised in "Other operating income".

Thus, operating profit for the nine-month period came to €220.8m.

Profit for the period

The cost of net debt increased from €15.3m in the first nine months of 2009 to €15.7m in the first nine months of 2010, with the impact of an improvement in the average net cash position cancelled out by the absence of any gains on interest rate hedges.

Other financial income and expenses showed a net loss of €4.2m for the first nine months of 2010, versus a net gain of €23.7m in the comparable period of 2009. The main reasons for the year-on-year difference were:

- the recognition in the financial statements for the first nine months of 2009 of a €30.7m gain arising from the fair value remeasurement of the put option over the 9.9% interest in Canal+ France;
- the recognition in the financial statements for the first nine months of 2009 of a non-recurring expense relating to changes in the fair value of financial assets and liabilities, and a favourable change in the fair value of currency hedges during the first nine months of 2010.

Income tax expense for the first nine months of 2010 was €38.0m, a year-on-year increase of €35.2m (bear in mind that the fair value remeasurement of the Canal+ France put option in 2009 and the remeasurement of the previously-held equity interests in TMC and NT1 in 2010 are not taxable).

The share of profits from associates for the first nine months of 2010 was €7.2m, compared with €12.4m for the first nine months of 2009. The TF1 group has retained a 33.5% equity interest, valued at €155 million, in the other activities of the AB Group. TF1 has granted the AB Group management team a call option over this interest, exercisable at any time up to and including June 12, 2012 at a price of €155 million.
In accordance with IAS 27 (Consolidated and Separate Financial Statements), because the TF1 group has granted a call option that is exercisable at any time this interest is no longer accounted for as an associate by the equity method, but instead is recognised as a non-current financial asset in the balance sheet at its market value of €155 million.

Overall, the TF1 group made a net profit of €170.1m for the first nine months of 2010, against €50.7m for the comparable period of 2009.

Net profit for the third quarter of 2010 was €96.2m, compared with €1.7 million for the third quarter of 2009.
Note that the 2009 third-quarter net profit figure included a gain of €30.7m on the remeasurement of the Canal+ France put option, while the 2010 third-quarter net profit figure included a gain of €95.9m on the remeasurement of the previously-held equity interests.

Balance sheet

As of September 30, 2010, shareholders' equity was €1,485.3m, out of a balance sheet total of €3,728.7m.

Under the revised IFRS 3 (Business Combinations), equity interests held prior to the acquisition of control must be remeasured at fair value. TF1 applied this principle to the acquisition of TMC and NT1 in the consolidated financial statements for the nine months ended September 30, 2010, resulting in the recognition of provisional goodwill of €401.5 million in the balance sheet.

The TF1 group had net debt of €8.3m at September 30, 2010, compared with net surplus cash of €72.8m at December 31, 2009 and net debt of €787.1m at September 30, 2009. The year-on-year change reflects TF1's sale of its 9.9% interest in Canal+ France at the end of 2009, partly offset by the June 2010 acquisition by TF1 of additional equity interests in the TMC and NT1 channels.

As of September 30, 2010, the TF1 group had confirmed bilateral credit facilities totalling €1,155.5m with various banks, enabling the Group to retain a solid financial position. None of these facilities was drawn down as of September 30, 2010.

The financial position of the TF1 group remains sound.

The bond issue carried out on November 12, 2003 matures on November 12, 2010.
The principal of €500m, and the interest of €22m due for the 2009-2010 period, will be repaid out of the Group's available cash resources.

Once the bond issue has been redeemed, the Group's average financing needs will be funded by drawdowns on TF1's confirmed bank credit facilities. This portfolio of confirmed credit facilities is renewed regularly as and when each facility expires (terms of 3 to 5 years, depending on the facility), so that the Group has sufficient liquidity at all times.

The TF1 group has a credit rating from Standard & Poor's. On July 7, 2010, Standard & Poor's reiterated the Group's "BBB/A-2" rating, but upgraded its outlook from "stable" to "positive".

2010 full-year outlook

Based on the better-than-expected revenue growth achieved in the third quarter, the TF1 group is raising its guidance for 2010 full-year consolidated revenue from €2,530m (7% year-on-year growth) to €2,555m to (8% year-on-year growth).

1. Broadcasting France

In the first nine months of 2010, the Broadcasting France division generated revenue of €1,468.8m (up 14.0%) and a current operating profit of €96.4m (up €71.5m on the first nine months of 2009). Current operating margin for the first nine months of 2010 was 6.6%, against 1.9% for the comparable period of 2009.

1.1. TF1 channel

During the first nine months of 2010, the recovery in the advertising market helped the TF1 channel generate revenue of €1,080.5m (an increase of €107.3m) and a current operating profit of €56.1m (an improvement of €54.8m, even after the cost of the 2010 FIFA World Cup).
The channel's advertising revenue advanced by 10.8% to €1,071.1m.

TF1 channel[2]

Television viewing in France was very buoyant during the first nine months of 2010, with the average daily viewing time per head reaching 3 hours, 25 minutes (a year-on-year increase of 6 minutes). In particular, the target audience of "women aged under 50 purchasing decision-makers" is watching ever more TV, with the average viewing time rising by 9 minutes to 3 hours, 36 minutes. This is the second-highest level ever, after the record of 3 hours, 48 minutes set in the first nine months of 2007.

As of September 30, 2010, 96% of individuals aged 4 and over in France had access to 18 or more TV channels, 11 percentage points higher than at the same stage in 2009. The analogue signal switch-off in the first French regions to go fully digital stimulated sales of TV sets, which hit record levels of over 8 million in the nine months to the end of September.
Free-to-air digital terrestrial TV (DTT) continued to grow, attracting a 19.4% audience share, versus 14.6% for the comparable period of 2009 (individuals aged 4 and over), a rise of 33%.

In such a fragmented environment, all the established channels were affected by the expansion of DTT. In the first nine months of 2010, TF1 attracted a 24.5% audience share among individuals aged 4 and over, against 26.3% for the comparable period of 2009. Among the target audience of "women aged under 50 purchasing decision-makers", TF1 had a 28.1% audience share for the same period, versus 29.9% a year earlier.
In line with its strategy, TF1 continued to record excellent figures in time slots with high monetisation potential, with a bigger gap over its closest rival than for the day as a whole, especially among target audiences for advertisers. TF1 was the only major national channel to attract new prime-time viewers year-on-year (with a 1% rise), and achieved an average prime-time audience of 6.2 million over the first nine months of 2010. The gap over the channel's nearest rival widened from 2.5 million in the first nine months of 2009 to 2.7 million in the first nine months of 2010.
The channel also achieved 49 of the top 50 audience figures, and was the only channel to attract audiences of more than 9 million in the period (for 21 programmes in the first nine months of 2010, versus 20 to end September 2009). Over the same period, audience figures topped 10 million for 6 programmes, versus 4 in the comparable period of 2009.

Thanks to an editorial policy focusing on popular, must-see programming, TF1 was the no.1 player across all the genres broadcast by the channel.

French drama: TF1's French drama programming attracted the top 10 prime-time viewing figures in the first nine months of 2010.
Successes included the Monday-night drama offering, with one-off dramas like *Clem* (9.4 million viewers, 2.8 million video hits on TF1.fr) and *Folie douce* (7.4 million viewers) and brands like *Joséphine, Ange Gardien* (8.5 million viewers for the 50th episode), *Une Famille Formidable* (up to 8.4 million viewers) and *Camping Paradis* (a record 7.9 million viewers).
Crime drama also performed well, including *Julie Lescaut* (7.5 million viewers), the second season of *Profilage* (6.7 million viewers) and *Section de Recherche* (7.4 million viewers).

Non-scripted programmes: With a combination of major live events, reality TV, game-shows, and magazine programmes, TF1 attracted the highest audience ratings. Highlights included:

- prime-time:

[2] Source: Médiamétrie – Market leadership in TF1 prime-time slots
Source: eStat streaming TV data

- *Les Enfoirés, la Crise de Nerfs* with 11.6 million viewers, and the live broadcast of *La dernière de Gad Elmaleh* with 6.8 million viewers;
- *Koh Lanta*, which drew up to 8.3 million viewers and also attracted 6 million unique visitors to its official website and generated over 8.7 million video hits;
- *Masterchef,* TF1's new programme, which enjoyed an average audience of 4.2 million to end September (until midnight) and was especially popular among target audiences for advertisers (31% audience share of the "women aged under 50 purchasing decision-makers" category).

- access prime-time:
  - *Le Juste Prix*, with an average of 5.1 million viewers and a peak of 6.3 million;
  - *La Roue de la Fortune* and *Une famille en Or*, averaging 3.9 million and 3.8 million viewers respectively.
- late evening:
  - The reality show *Secret Story 4* attracted 2.9 million viewers and was particularly popular with younger audiences (53% share of the 15-24 age bracket). 179 million video hits were recorded on the internet, vindicating the channel/web rebound strategy.
  - *Opération Tambacounda,* a new format, which attracted 2.3 million viewers.

Kids: With blockbusters like *Dora l'Exploratrice, Les Mini-justiciers*, *Totally Spies*, *Bob l'Eponge* and *Casper*, TFou is the favourite kids' channel, attracting 25% average audience ratings in the 4-10 age bracket during the first nine months of 2010.

American series: The five most-viewed prime-time American series in France were all shown on TF1:

- *Mentalist* led the way with 8.4 million viewers for the two all-new seasons and a peak audience of 9.8 million. There were 5.1 million video hits for this series on the TF1.fr website. *Criminal Minds* (French title: *Esprits Criminels*) attracted an average of 7.7 million viewers, and a peak of 8.5 million. *House* (French title: *Dr House*) achieved very high audiences, peaking at 9.1 million. *CSI: Crime Scene Investigation* and *CSI: Miami* (French titles: *Les Experts* and *Les experts Miami*) attracted peak audiences of 8.3 million and 7.2 million respectively during the period*.*

Movies: 9 of the top 10 prime-time audience ratings during the first nine months of were for films shown on TF1. Highlights included a record 7.7 million audience for *The Ice Age 2* (French title: *L'âge de Glace 2*), and strong performances by *National Treasure* (French title: *Benjamin Gates et le Trésor des Templiers*) with 7.0 million viewers and *Enfin Veuve !* with 6.9 million viewers.

News: TF1 confirmed its position as the market leader in daily news, with an unrivalled capacity for bringing the nation together and deploying exceptional resources in response to major news stories.
Audiences for the regular news bulletins peaked at 8.2 million on 9 January for the lunchtime news (*Journal de 13h*) and 10.4 million viewers on 11 May for the evening news (*Journal de 20h*).
Current affairs programming was also very popular on the website, with an average of 22 million video hits per month.
Other highlights included:

- an excellent performance by *Paroles de Français*, which attracted 8.6 million viewers in prime-time;
- a 6.1 million audience peak for *Reportages*;
- a 5.8 million audience peak for *Sept à Huit*.
- good ratings for the new late-evening magazine show hosted by Harry Roselmack (1.6 million viewers for *Harry Roselmack avec les SDF*);

Sport[3]: the Champions League season was watched by an average of 6.7 million viewers, and the Euro 2012 qualifier between France and Belarus attracted 8.7 million.

Throughout the period, TF1 confirmed its status as the must-see French family viewing channel, with a mission to inform, unite, move and entertain.

Advertising revenue[4]

Plurimedia advertising spend (excluding the internet) rose by 11.4% during the period to end September 2010.

[3] See the section on the 2010 FIFA World Cup later in this report.
[4] Kantar Media Intelligence

Television (national and regional channels, DTT, cable and satellite) has been the no.1 medium in terms of advertising spend in France since the first quarter, with a market share of 35.4% and gross revenues of €5.5bn in the nine months to end September 2010. The growth rate reached 17.3%, driven mainly by a recovery in spend on national TV channels (up 12.7%, an increase of €419m) and higher spend on free-to-air DTT (up 38.5%, an increase of €340m).

Print media ranked no.2 for the third consecutive quarter, with gross revenue of €5.1bn (up 7.9%, a rise of €371m) in the first nine months of 2010.

Against this backdrop, the TF1 channel reported an 11.9% rise in gross advertising revenue during the first nine months of 2010 versus the comparable period of 2009. The channel's share of the total TV advertising market was 40.9%, down 1.9 percentage point year-on-year.

All sectors except publishing increased their advertising spend in the first nine months of 2010. Gross revenue from the Food sector rose by 7.0% in the period, while Cosmetics & Beauty rose by 9.2% and Auto/Transport by 21.2% ahead of the October 2010 Paris Motor Show. Publishing, a sector currently in a restructuring phase, reduced its advertising spend by 8.5% over the first nine months of 2010.

Demand was strong throughout the first nine months of 2010, generating significant volume growth despite ever tougher comparatives.

In order to gradually rebuild value, the channel's advertising sales strategy has developed in two directions:

- continuing the segmentation strategy adopted in 2009, enabling the channel to increase rates for slots with high monetisation potential (especially the 7 p.m. to 1 a.m. time slot, and the 2010 FIFA World Cup in the second and third quarters);
- developing Media Way (TNS World Panel), a tool to enable advertisers to constantly track the sales impact of their TV campaigns, making TF1 the most effective advertising medium.

Net advertising revenue for the first nine months of 2010 grew by 10.8% to €1,071.1m. Revenue growth was 13.0% in the first quarter (to €362.8m), 9.9% in the second quarter (to €401.8m), and 9.3% in the third quarter (to €306.5m).

2010 FIFA World Cup

A highlight of the second and third quarters of 2010 was the 2010 FIFA World Cup, a major event for the TF1 group. Throughout the competition, the Group achieved outstanding performances, generating record figures on its various media.

Over the 27 matches shown, TF1 attracted an average audience of 7.1 million, and audience shares of 40% among individuals aged 4 and over and 33% among "women aged under 50 purchasing decision-makers". For matches shown in prime-time, the average audience rose to 8.9 million (39% of individuals aged 4 and over). On June 17, TF1 achieved the highest viewing figures of 2010 to date with the France-Mexico match, watched by 15.2 million viewers and generating audience shares of 56% among individuals aged 4 and over and 51% among "women aged under 50 purchasing decision-makers". This was the 15th largest audience for a football match since the creation of Médiamat in 1989[5].
In terms of tie-in magazine programmes, TF1 achieved the highest viewing figures for a late-evening magazine show since 2000 with 7.7 million viewers (40% audience share) for *Coupe du Monde FIFA 2010, le Mag*, while the June 20 edition of *Téléfoot, au Cœur des Bleus* attracted the highest audience ratings since 2007 with over 2.9 million viewers.

The FIFA World Cup Final between the Netherlands and Spain on July 11 attracted 14.1 million viewers, the highest viewing figures for a football match not involving a French team since Médiamat ratings began[4].

[5] Source: Médiamétrie

1.2. Téléshopping

Over the first nine months of 2010, the Téléshopping business reported growth of 6.7%, contributing €80.9m to consolidated revenue (versus €75.8m in the comparable period of 2009). This improvement was driven mainly by Infomercials (new distribution contracts with DTT and cable/satellite channels), and good performances from the Place des Tendances business during the summer sale season.

Efforts to cut costs and increase margins across the various Téléshopping activities propelled current operating profit to €3.9m, 50.0% higher than in the first nine months of 2009.

1.3. Theme channels[6]

The theme channels generated revenue of €169.1m in the first nine months of 2010, a year-on-year increase of 20.4%, thanks largely to the consolidation of TMC and NT1 from July 1, 2010.

In the third quarter of 2010, the theme channels generated revenue of €61.2m, up 42.3% on the third quarter of 2009, following the consolidation of TMC and NT1. On a constant structure basis, growth in theme channel revenue would have been 8.6%.

Subscription revenues from the pay TV channels advanced by 6.1%. Advertising revenues were 42.9% higher, with excellent results from TMC, NT1, TV Breizh and Eurosport France more than offsetting loss of advertising on the other theme channels, now that cable/satellite channels are in direct competition with free-to-air DTT.

Current operating profit for the theme channels rose by 41.5% in the first nine months of 2010 to €18.4m.
Third-quarter operating profit was up 46.7% at €6.6m. On a constant structure basis, current operating profit would have risen by 20.0%.

Following the integration of TMC and NT1 and under the accounting standards, equity interests held prior to the acquisition of control have been remeasured at fair value based on fair value of the equity interests in the channels measured by an independent firm of experts. This remeasurement has resulting in the recognition of a gain in the income statement.

TMC

In September 2010, TMC attracted an audience share of 3.6% among individuals aged 4 and over, making this general-interest channel (France's leading DTT broadcaster) the fifth most-watched national channel (ranking equally with Canal+). The channel attracted a 3.8% share among the target audience of "women aged under 50 purchasing decision-makers".

Over the first nine months of the year, TMC achieved an average audience share of 3.2% among individuals aged 4 and over (up 0.7 of a point on the comparable period of 2009) and of 3.5% among "women aged under 50 purchasing decision-makers" (up 0.8 of a point on the comparable period of 2009). TMC is consistently gaining viewers, especially among target audiences for advertisers.

The biggest audience attracted by TMC in the period was 1.7 million, for the screening of the movie *The Green Mile* (French title: *La Ligne Verte*). The channel has attracted more than 1.2 million viewers on 15 occasions since the start of the year, compared with just two at the same stage last year. 794,000 viewers now watch the channel's prime-time programmes, a year-on-year increase of 39%.

The acquisition of control over TMC and NT1 by TF1 received clearance from the French Competition Authority on January 26, 2010 and from the CSA (the French audiovisual regulator) on March 23, subject to undertakings on future conduct and guarantees on the pluralism and diversity of programming[7].
On April 23, 2010, the *Conseil d'Etat* rejected the application by M6 for a suspension of the decisions by the French Competition Authority and the CSA.

[6] Source: Médiamat / Médiaplanning or MédiaCabSat / Médiamat'Thématik
[7] For details of the undertakings given by TF1, refer to page 52 of the 2009 Annual Report

Consequently, on June 11, 2010 the AB Group and TF1 finalised the acquisition by TF1 of direct ownership of the 100% interest in the NT1 channel and the 40% interest in the TMC channel held by the AB Group.
TMC and NT1 have been consolidated by the TF1 group since July 1, 2010.

NT1

In September 2010, NT1 attracted an audience share of 1.5% among individuals aged 4 and over, making it the 13th most watched channel in France. The channel's share of target audiences was higher, at 1.8% for "women aged under 50 purchasing decision-makers" and 2.0% for the 25-49 age bracket.

Over the first nine months of the year, NT1 achieved average audience shares of 1.5% among individuals aged 4 and over (up 0.1 of a point on the comparable period of 2009), 1.4% among "women aged under 50 purchasing decision-makers" (down 0.1 of a point on the comparable period of 2009), and 1.8% in the 25-49 age bracket (up 0.1 of a point on the comparable period of 2009).

NT1[8] has been consolidated by the TF1 group since July 1, 2010.

Eurosport France

The subscriber base as at September 30, 2010 was unchanged year-on-year at 7.5 million, with an increase in subscribers in French-speaking Belgium offsetting a slight fall in the French subscriber base. Subscription revenue increased during the period. The success of the HD offering illustrated Eurosport France's skill in building viewer loyalty and mastery of cutting-edge technology.

The channel also posted a rise in advertising revenue, fuelled by the popularity of the 2010 FIFA World Cup.

Internet advertising revenue increased during the period. The site had 2.9 million unique visitors in September 2010, up 7% year-on-year. The French-language version of the site is the no.2 sports website in France.

On the rights front, Eurosport France has renewed its broadcasting rights contract for the "Ligue 2" and "Coupe de France" football competitions.

Current operating profit rose for the first nine months of 2010, despite a slight increase in programming costs due to the screening of the Vancouver Olympics and the 2010 FIFA World Cup. However, the impact was offset by a continuation of the tight cost control policy introduced in 2009.

LCI

As part of the ongoing reorganisation of the TF1 group's News division launched in 2008, LCI switched over to PNS2 (Process News and Sports 2) software at the start of 2010.

LCI saw a fall in advertising revenue during the period, but the effect was cushioned by stronger subscription revenue. Despite the operating cost savings achieved since the start of 2010, operating profit fell slightly.

Other theme channels

TV Breizh is France's no.1 mini-generalist pay-TV channel among individuals aged 4 and over, and the sixth most-watched pay-TV channel of any type among "women aged under 50 purchasing decision-makers". The channel achieved good results in terms of both advertising and subscription revenue.

The channel recorded excellent audience ratings thanks to programming schedules designed to build loyalty among target audiences for advertisers across most genres:
- movies, such as *In the Line of Fire* (French title: *Dans la ligne de mire*), *US Marshals, Les visiteurs 2* and *Bewitched* (French title: *Ma Sorcière bien aimée*);
- premium American serials, such as *Crossing Jordan* (French title: *Preuve à l'appui*) and *Law & Order: Trial by Jury* (French title: *New York, Cour de Justice*);

[8] See the section on TMC for details about the timing of the NT1 acquisition

- well-loved American serials, such as *Murder, She Wrote* (French title: *Arabesque*) and *Columbo*;
- French drama.

TV Breizh is a strong brand that has just celebrated its 10th anniversary. With 8.3 million viewers every month, its offering is clearly focused on relaxing, feel-good family viewing.

The **Découverte division** channels continued to build their editorial positioning as genuine affinity channels in a tough competitive environment.
Throughout the period, the Histoire channel pursued its dynamic creative policy, focused on discussion programmes and commemorations of historical events.

On October 2, Odyssée was relaunched as Stylía, a brand new lifestyle, luxury and fashion channel. Stylía aims to become a trendy urban channel with a definite feminine slant. Following a review of its policy on co-production and on buying in new exclusive programming, first-time broadcasts now account for 90% of the channel's output. The new schedules are built around seven core themes: style & fashion, art & design, fine dining, excellence (French luxury goods know-how), first-class travel (with a focus on dream hotels), celebrities, and lifestyle.
Stylía is a pay-TV channel distributed on satellite, cable and ADSL, also available in catch-up on new platforms.

Ushuaïa TV, the sustainable development channel, continued to broadcast magazine programmes and special editions focused on protecting the planet, along with exclusive documentaries in HD.

1.4. TF1 Entreprises

TF1 Entreprises reported revenue of €23.7m for the first nine months of 2010, up 6.8% on the comparable period of 2009.

The period saw a number of successes in the music business:
- the album *Spiritus Dei, Les Prêtres*, which topped the charts for 9 weeks and sold over 453,000 copies;
- new contracts with and strong performances from artists such as Zaz, Christophe Maé, Mylène Farmer, Stanislas, Lady Gaga, Black Eyed Peas, Johnny Hallyday and Era;
- further triumphs for *Mozart: the Rock Opera* (667,000 tickets sold in France).

Of the 10 best-selling albums in France of the first nine months of 2010, 7 were TF1/TF1 Musique productions or partnerships.

TF1 Entreprises made a current operating profit of €1.4m for the period, against an operating loss of €1.0m for the first nine months of 2009, with the improvement in revenues accompanied by tight control of overheads.

1.5. Production

The Production business generated revenue of €13.0m, 7.8% lower than the prior-year figure of €14.1m.
At €1.3m, operating profit was €3.1m down on the comparable period of 2009.

TF1 Films Production[9]

Cinema attendances to end September 2010 were 149.8 million, 5.5% higher than at the same stage in 2009. French films had an estimated market share of 33% over the period, compared with 34% in 2009.

In the nine months to end September 2010, 8 films co-produced by TF1 Films Production went on general release, 4 of which attracted more than a million cinema-goers: *La Rafle* (2.9 million), *L'Immortel* (1.1 million), *Adèle Blanc-Sec* (1.6 million), and *Camping 2* (3.9 million).

[9] Source: CNC

TF1 Production

The subsidiary played a key role in the 2010 FIFA World Cup, providing coverage to all TF1 group channels.

The TF1 channel magazine programmes produced by TF1 Production were also highly successful. Throughout the tournament, TF1 screened *Coupe du Monde FIFA 2010, Le Mag*. The 21 shows attracted excellent audiences, averaging 4.7 million viewers and winning a 29% share of individuals aged 4 and over; viewing figures peaked on June 17 at 7.7 million (40% of individuals aged 4 and over, and 40% of women viewers).

The success of the 2010 FIFA World Cup offset a decline in revenue from Magazines and Drama.

1.6. e-TF1 [10]

With 18.0 million unique visitors in September 2010, the TF1 group retained its place as the leading French media group on the internet and advanced to no.6 in the rankings of all groups with a web presence.

The TF1.fr site attracted 7.1 million unique visitors per month to end September 2010.

Video performed remarkably well on TF1.fr. During the first nine months of 2010, 1.3 billion free videos were watched on the Group's sites, including 684 million catch-up videos. This means that over the nine-month period, considerably more catch-up videos were viewed than over the whole of 2009 (400 million).

The TF1 group's pure internet players continued to make progress: in September 2010, WAT.tv attracted 6.6 million unique visitors and the Plurielles.fr women's interest site attracted 2.6 million. Overblog confirmed its no.1 status with 10.8 million unique visitors.

Despite the negative revenue impact of reduced interactivity (due to fewer game-shows being broadcast on the TF1 channel), e-TF1 reported a sharp recovery in advertising revenue year-on-year, largely driven by strong marketing of video formats.

Overall, e-TF1 posted revenue of €54.4m for the first nine months of 2010, an improvement of €2.6m (5.0%) on the comparable period of 2009.

This robust top-line performance, plus the non-recurrence of website makeover costs incurred in the first nine months of 2009, enabled e-TF1 to significantly improve its current operating performance by €6.1m, moving from a current operating loss of €4.3m in the first nine months of 2009 to a current operating profit of €1.8m in the first nine months of 2010 even after the €1.5m effect of the new tax on interactive services.

1.7. Other activities

Revenue from other activities totalled €47.2m in the first nine months of 2010 versus €11.0m in the comparable period of 2009, due mainly to the resale of 2010 FIFA World Cup rights to France Télévisions and Canal+ for €33m in the second quarter.

Current operating profit for the period was €13.5m, compared with €8.9m for the first nine months of 2009. The improvement of €4.6m was mainly due to commission for selling advertising airtime on independent radio stations and on non-Group theme channels.

2. Audiovisual Rights

The Audiovisual Rights division generated revenue of €82.3m in the first nine months of 2010, €22.0m less than in the comparable period of 2009.

[10] Source: Panel Médiamétrie NNR September 2010
Source: eStat, streaming TV

The division made a current operating loss of €8.0m, versus a loss of €22.5m in the first nine months of 2009.

Revenue from the **Catalogue** business was down €9.5m at €31.0m. Although the films released during the period were successful (especially *Planète 51* which attracted 970,000 cinema-goers, *Les Invités de mon Père* with 840,000 and *Liberté* with 234,000), this was not enough to offset the fact that there were eight fewer releases than in the comparable period of 2009.
Current operating profit showed a marked improvement, coming in at €1.1m, compared with a loss of €11.2m for the first nine months of 2009.

The **Video** business saw revenue fall by 19.6% to €51.3m. There were major successes such as *The White Ribbon* (French title: *Le Ruban blanc*, winner of the Palme d'Or at the 2009 Cannes Film Festival and the Golden Globe for best foreign-language film) and *Un Prophète* (winner of 9 César awards, Oscar-nominated for best foreign-language film), and growth in video-on-demand. However, in an environment characterised by structural downward price pressure TF1 Vidéo saw a decline in volumes sold, due to a limited line-up and a tough comparative as a result of successful releases in 2009.
Despite tight cost control, the dip in revenues led to a current operating loss of €9.1m, versus a loss of €11.3m for the first nine months of 2009.

3. Broadcasting International

Revenue for the Broadcasting International segment for the first nine months of 2010 was €274.9m, up 17.1% on the €234.7m reported for the comparable period of 2009.

Figures for the segment include 50% of the SPS online gaming and betting business for the first quarter of 2010, and 100% of this business from the second quarter of 2010.

Broadcasting International reported an operating profit of €36.5m for the period, up 2.2%. This includes:

- Eurosport International's operating profit of €43.5m, up €7.8m (21.8%) year-on-year;
- the remeasurement of Eurosport's previously-held equity interest in SPS following TF1's buyout of the remaining 50% held by Serendipity;
- the €13.1m of losses generated by SPS.

Note that the Broadcasting International operating profit figure for the first nine months of 2009 included a €2m gain on the sale of France 24.

Eurosport International [11]

The Eurosport channels achieved strong audience ratings in the first nine months of 2010, with an average of 657,000 viewers per average quarter-hour (including 542,000 for the Eurosport channel alone). This good performance reflects attractive programming, including the screening of the Vancouver Olympics (120 million viewers over the period) and the African Cup of Nations, and resilience in the face of increased competition from broadcasters screening 2010 FIFA World Cup matches.

At end September 2010, Eurosport was received by 121.3 million households in Europe, up 3.9 million year-on-year. The ongoing spread of cable and ADSL boosted all the Group's channels, as did expansion into new territories and technological developments. An alliance with Panasonic enabled Eurosport to show the French Open tennis tournament in 3D in more than 3,000 hi-fi stores across Europe. Backed by targeted print media campaigns, these 3D screenings were a great success and confirmed Eurosport's ability to innovate.

The paying subscriber base grew by 7% (up 5.0 million) relative to the first nine months of 2009, with most of the growth concentrated in Eastern and Central Europe, Asia-Pacific and the Mediterranean basin.
The Eurosport 2 channel subscriber base rose to 45.7 million (up 7.5 million year-on-year), with growth driven by Eastern Europe and by the April 2010 launch of a Swedish-language version in Scandinavia. The channel's offering has now been further enhanced by the German Bundesliga, which is available in HD.

[11] Source: comScore Networks, no.1 site in Europe with an average of 11.7 million unique visitors in January-September 2010
Source: NedStat unique visitor cookies

The Eurosport HD channel now has 10.8 million subscribers (up 6.8 million year-on-year), and is performing very well in the United Kingdom, the Mediterranean countries of Europe, and Scandinavia. This channel has significantly strengthened the market positioning of the Eurosport group.

EurosportNews also continues to expand, and now has 6.3 million subscribers, virtually all of them paying.

The rollout of Eurosport into the Asia-Pacific region under alliance deals with Australian platforms is gathering pace, helping to secure the channel's position in the region over the longer term.

This expansion in the subscriber base generated strong year-on-year growth of 17% in subscription revenue.

Eurosport International also reported robust growth (of 17.3%) in advertising revenue in the first nine months of 2010, thanks to events with strong appeal for advertisers, a better economic climate, and a soft comparative.

Internet activity grew strongly in the first nine months of 2010, with the number of unique visitors per day hitting 2.3 million. On these figures, Eurosport ranked as the leading European sports network over the period, and has become the sixth highest ranking brand among sports sites worldwide (ComScore).
At end June 2010, English-language sites aimed at Australia and South-East Asia were launched as part of the accelerated expansion programme in the region. Following this launch, the site is now available in 13 local versions and 10 language versions.

Revenue from other activities also rose, driven by the success of the Eurosport player pay-TV catch-up service, the launch of Eurosport Arabia, and the free Eurosport app on iPhone (nearly 2.8 million downloads to end September 2010) and on smartphone. A total of 1.1 million people used the Eurosport app on iPhone in September 2010.

Eurosport International generated total revenue of €93.0m in the third quarter of 2010, up €5.5m (6.3%) on the third quarter of 2009.
Third-quarter operating profit at Eurosport International was €16.7m, giving operating margin of 18.0% (versus 16.4% in the third quarter of 2009).

Overall, Eurosport International generated revenue of €274.2m in the first nine months of 2010, an increase of €39.5m (16.8%) on the comparable period of 2009.
Eurosport International made an operating profit of €43.5m, giving operating margin of 15.9% (versus 15.2% in the first nine months of 2009). Generating this level of margin in a year of big sporting events is a remarkable achievement; it reflects rigorous control of overheads, cost optimisation, and a good balance between rights acquisition costs (the key to building audiences and securing the channel's reputation) and associated revenue streams.

SPS

TF1 – which already held 50% of the capital of SPS via its Eurosport subsidiary – raised its interest to 100% on March 8, 2010 by buying out the 50% stake held by the Serendipity investment fund.

Three months later (June 8) the French Online Gaming Regulatory Authority (ARJEL) granted two licences to SPS, allowing it to operate in the French online sports betting and poker markets. On the same day, the EurosportBET.fr site was launched.

In the United Kingdom, the site has been up and running since June 2009, but is not earmarked for further development because the market is mature and highly competitive.

The offering in France was extended when the EurosportPOKER.fr site went online on June 30, 2010.

On September 23, 2010, EurosportBET obtained an operating licence for betting on horse-racing, and is now one of only three sites licensed to provide all three types of online gaming allowed in France (sporting bets, horse-racing bets, and online poker).

4. Post balance sheet events

There are no material post balance sheet events to report.

5. Human resources update

Total headcount of the TF1 group at September 30, 2010 was 3,767, versus 3,669 at September 30, 2009 and 3,638 at December 31, 2009.
The increase since the start of 2010 reflects the incorporation of the employees (142 at September 30, 2010) of companies that have newly joined the Group.

6. Risk factors and litigation

As far as TF1 SA and the TF1 group are aware, no new risk factors or litigation have arisen since publication of the TF1 Annual Report on March 29, 2010 that taken individually would be liable to have a material effect on the business activities, profits, financial position or net assets of TF1 SA or the TF1 group. A description of the principal risk factors of the TF1 group is provided on pages 48 to 58 of the Annual Report.

As regards specific risks relating to certain reality TV shows, proceedings are ongoing.

On the issue of the distribution of pay-TV theme channels, discussions with the investigations department of the French Competition Authority have continued during 2010, and a hearing was held before the members of the Authority's Council on July 7, 2010. A decision is expected by the end of the year.

As regards the appeal by M6 against the decisions of the French Competition Authority and the CSA on TF1's acquisition of TMC and NT1, the *Conseil d'Etat* is due to deliver its judgment in late 2010 or early 2011.

The decision to discontinue advertising on French public service channels has been debated in Parliament in connection with the draft 2011 Finance Bill. These discussions could result in the adoption of a moratorium of 3 to 5 years and to changes in the tax on television advertising.

7. Sustainable development

Corporate social responsibility (CSR)

On September 30, Nonce Paolini outlined the TF1 group's corporate social responsibility policy to the chief executives of French companies that have signed up to the Global Compact.
The United Nations Global Compact (to which TF1 signed up in 2006), is a personal initiative of former UN Secretary General Kofi Annan to unite companies, UN agencies, labour and civil society around ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.
Nonce Paolini described the initiatives being taken by TF1 on social and environmental issues, both as regards the Group itself and the content which it produces and broadcasts. Although the Group has a well-developed and diversified CSR policy, awareness of this policy among stakeholders is still low.

Content-related issues

- **Solidarity and raising public awareness on major issues**

The first half of 2010 saw the broadcasting of TF1's three recurring appeals in support of good causes: *Opération Pièces Jaunes* (helping children undergoing hospital treatment), *Sidaction* (an AIDS charity), and *Restos du cœur* (which provides meals and other assistance to the deprived).
Between April 12 and 18, 2010, the TF1 News Department mobilised all its channels to support the second *Semaine pour l'Emploi*, a week-long event designed to help the unemployed find work.

- **Helping the deaf and hard-of-hearing access programmes**

During the first half of 2010, LCI added sign language to its televised news bulletins, making them accessible to the deaf and hard-of-hearing.

The TV Breizh, Odyssée, Ushuaïa TV and Histoire channels also opened up their flagship programmes to the deaf and hard-of-hearing during the period by adding sub-titles.

- **Online betting and responsible gaming**

EurosportBET is a founder member of the French Online Gaming Federation alongside Française des Jeux, PMU and the Lucien Barrière group. This trade body represents the interests of licensed operators, especially in dealings with the authorities and in promoting responsible gaming.

Social issues

In its efforts to obtain "Diversity Label" certification from AFNOR, the French standards agency, the TF1 group has retained a firm of consultants to prepare a status report and created working parties to work on ten different issues. The Group was subjected to a diversity audit beginning of October, with the results expected at the start of 2011.

The TF1 Enterprise Foundation has hired its third annual intake, with ten young people joining the Group in a variety of posts: journalist, assistant director, technician, communications officer, and roles in human resources and marketing.

Environmental issues

On September 22, Ecoprod – an initiative in which TF1 is a partner – unveiled Carbon'Clap®, a new tool for measuring carbon emissions from film and TV production. The calculator – which the public can access on the ecoprod.com website – gives a rapid measurement of the greenhouse gas effect of film and TV production, using an industry-specific approach and terminology. Carbon'Clap®, which is derived from the Bilan Carbone® tool developed by ADEME (the French Environment and Energy Management Agency), sheds light on the link between audiovisual production activities and carbon, while highlighting the industry's dependence on fossil-based energy.

TF1 launched a business travel plan in July 2010. This plan aims to optimise business-related travel within the Group, and to reduce individual use of cars by encouraging other methods of transport or working practices. A questionnaire has been issued to employees; the results will be used to set up working groups in late 2010.

Responsible purchasing

Since it was set up in 2007, the Purchasing Department has been working to involve suppliers in its CSR approach.
In 2010, the department strengthened the sustainable development criteria in calls for tenders and toughened its responsible purchasing policy, inserting a standard diversity clause.
A further 30 suppliers were assessed using Ecovadis CSR software, increasing coverage to 40% of the turnover analysed.
The Group is constantly increasing its use of suppliers in the "protected" sector (firms that employ disabled people); to end August 2010, a total of €320,000 had been invoiced to the Group by protected-sector firms.

8. Share price

On September 30, 2010, TF1 shares closed at €11.42, 5% lower than at September 30, 2009. Over the same period, the CAC 40 fell by 2% and the SBF 80 rose by 11%.

Over the first nine months of the year, the TF1 share price fell by 13%, against a fall of 7% for the CAC 40 and a rise of 11% for the SBF 80.
After an uptrend in stock markets during the second half of 2009, fears about the world economic recovery led to uncertainty in the markets during 2010.

The TF1 group had a market capitalisation of €2.4bn at September 30, 2010, compared with €2.6bn at September 30, 2009.

Consolidated income statement in management accounting format

€m	2010: 9 months	2009: 9 months	2009: full year
TF1 Channel			
Advertising revenue	1,071.1	966.9	1,429.4
Advertising costs	(52.6)	(49.3)	(71.7)
NET BROADCASTING REVENUE	**1,018.5**	**917.6**	**1,357.7**
Royalties and contributions			
- Royalties	(39.8)	(36.7)	(54.8)
- CNC	(58.0)	(52.3)	(77.6)
- Tax on broadcast advertising	(13.5)	(14.0)	(9.3)
Broadcasting costs			
- TDF, satellites, transmission costs	(36.3)	(39.9)	(51.5)
Programming costs (excl. exceptional sporting events)	**(615.5)**	**(664.3)**	**(926.9)**
Exceptional sporting events	**(77.6)**		**-**
GROSS PROFIT	**177.8**	**110.4**	**237.6**
Diversification revenue and other revenue from operations	753.5	659.9	933.2
Other operating expenses	(740.9)	(655.0)	(955.6)
Depreciation, amortisation and provisions, net	(65.5)	(82.6)	(113.9)
CURRENT OPERATING PROFIT	**124.9**	**32.7**	**101.3**
Other operating income and expenses	95.9	-	-
OPERATING PROFIT	**220.8**	**32.7**	**101.3**
Cost of net debt	**(15.7)**	**(15.3)**	**(22.3)**
Other financial income and expenses	**(4.2)**	**23.7**	**36.2**
Income tax expense	(38.0)	(2.8)	(15.3)
Share of profits/(losses) of associates	7.2	12.4	14.6
NET PROFIT	**170.1**	**50.7**	**114.5**
Attributable to minority interests	0.4	-	0.1
NET PROFIT ATTRIBUTABLE TO THE GROUP	169.7	50.7	114.4

Consolidated financial statements for the nine months ended September 30, 2010

The statutory auditors have conducted a review of the financial statements, on which they have issued an unqualified report.

CONSOLIDATED BALANCE SHEET

ASSETS (€m)	*Note*	**Sept. 30, 2010**	**Dec. 31, 2009**	**Sept. 30, 2009**
Goodwill	*5*	**905.8**	**506.9**	**506.9**
Intangible assets		**162.0**	**137.7**	**156.5**
Audiovisual rights		89.3	98.6	118.0
Other intangible assets		72.7	39.1	38.5
Property, plant and equipment		**189.0**	**191.4**	**191.3**
Investments in associates	*6*	**18.6**	**275.4**	**273.2**
Non-current financial assets	*7*	**177.3**	**20.2**	**24.8**
Non-current tax assets		**13.1**	**11.5**	**17.3**
Total non-current assets		**1,465.8**	**1,143.1**	**1,170.0**
Inventories		**665.0**	**600.6**	**622.6**
Programmes and broadcasting rights		648.1	589.3	607.8
Other inventories		16.9	11.3	14.8
Trade and other debtors		**1,060.3**	**1,350.2**	**1,176.1**
Current tax assets		**-**	**9.5**	**11.9**
Other current financial assets	*8*	**3.6**	**8.9**	**757.0**
Cash and cash equivalents		**534.0**	**570.5**	**13.4**
Total current assets		**2,262.9**	**2,539.7**	**2,581.0**
Held-for-sale assets		**-**	**-**	**-**
TOTAL ASSETS		**3,728.7**	**3,682.8**	**3,751.0**
Net surplus cash/(Net debt)		**(8.3)**	**72.8**	**(787.1)**

CONSOLIDATED BALANCE SHEET (CONTINUED)

SHAREHOLDERS' EQUITY AND LIABILITIES (€m)	*Note*	**Sept. 30, 2010**	**Dec. 31, 2009**	**Sept. 30, 2009**
Share capital		42.7	42.7	42.7
Share premium and reserves		1,264.8	1,239.3	1,235.7
Net profit attributable to the Group		169.7	114.4	50.7
Shareholders' equity attributable to the Group		**1,477.2**	**1,396.4**	**1,329.1**
Minority interests		8.1	0.2	-
Total shareholders' equity		**1,485.3**	**1,396.6**	**1,329.1**
Non-current debt	*8*	**17.3**	**0.5**	**767.1**
Non-current provisions		**46.1**	**44.0**	**58.8**
Non-current tax liabilities		**12.5**	**1.3**	**3.1**
Total non-current liabilities		**75.9**	**45.8**	**829.0**
Current debt	*8*	**524.9**	**505.5**	**41.0**
Trade and other creditors		**1,557.6**	**1,696.0**	**1,481.1**
Current provisions		**56.4**	**36.4**	**52.1**
Current tax liabilities		**24.2**	**1.1**	**0.8**
Other current financial liabilities		**4.4**	**1.4**	**17.9**
Total current liabilities		**2,167.5**	**2,240.4**	**1,592.9**
Liabilities related to held-for-sale assets		**-**	**-**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,728.7**	**3,682.8**	**3,751.0**

CONSOLIDATED INCOME STATEMENT

(€m)	Note	2010 9 months	2009 9 months	2010 3rd quarter	2009 3rd quarter	2009 full year
Net advertising revenue		1,226.9	1,085.0	362.0	317.5	1,604.6
- TF1 channel		*1,071.1*	*966.9*	*306.5*	*280.4*	*1,429.4*
- Other media		*155.8*	*118.1*	*55.5*	*37.1*	*175.2*
Diversification revenue (excluding advertising)		599.1	543.5	179.4	180.9	760.1
Revenue		**1,826.0**	**1,628.5**	**541.4**	**498.4**	**2,364.7**
Other operating revenue		-	-	(0.1)	-	-
External production costs		(456.2)	(434.1)	(153.8)	(142.6)	(645.5)
Other purchases and changes in inventory		(417.6)	(325.4)	(96.3)	(97.6)	(436.1)
Staff costs		(305.7)	(304.1)	(94.2)	(97.7)	(445.2)
External expenses		(339.6)	(349.5)	(111.5)	(112.1)	(487.7)
Taxes other than income taxes		(111.0)	(99.2)	(34.1)	(29.0)	(136.2)
Depreciation and amortisation, net		(66.0)	(69.3)	(20.9)	(24.5)	(99.9)
Provisions and impairment, net		0.5	(13.3)	(12.5)	(5.8)	(14.0)
Other current operating income		63.6	65.7	23.3	25.9	109.3
Other current operating expenses		(69.1)	(66.6)	(20.8)	(19.8)	(108.1)
Current operating profit/(loss)		**124.9**	**32.7**	**20.5**	**(4.8)**	**101.3**
Other operating income	*9*	95.9	-	95.9	-	-
Other operating expenses		-	-	-	-	-
Operating profit		**220.8**	**32.7**	**116.4**	**(4.8)**	**101.3**
Income associated with net debt	*10*	2.5	8.2	0.9	0.9	13.1
Expenses associated with net debt	*10*	(18.2)	(23.5)	(6.2)	(6.4)	(35.4)
Cost of net debt		**(15.7)**	**(15.3)**	**(5.3)**	**(5.5)**	**(22.3)**
Other financial income		0.7	36.5	(3.4)	13.7	51.2
Other financial expenses		(4.9)	(12.8)	(4.2)	(9.5)	(15.0)
Income tax expense		(38.0)	(2.8)	(7.7)	2.8	(15.3)
Share of profits of associates	*4*	7.2	12.4	0.4	5.0	14.6
Net profit from continuing operations		**170.1**	**50.7**	**96.2**	**1.7**	**114.5**
Post-tax profit from discontinued/ held-for-sale operations		**-**	**-**	**-**	**-**	**-**
Net profit		**170.1**	**50.7**	**96.2**	**1.7**	**114.5**
attributable to the Group		**169.7**	***50.7***	***95.5***	***1.7***	***114.4***
attributable to minority interests		*0.4*	-	**0.7**	-	*0.1*
Weighted average number of shares outstanding ('000)		213,396	213,396	213,396	213,396	213,396
Basic earnings per share from continuing operations (€)		0.80	0.24	0.45	0.01	0.54
Diluted earnings per share from continuing operations (€)		0.79	0.24	0.44	0.01	0.53

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€m)	2010 9 months	2009 9 months	2009 full year
Consolidated net profit for the period	**170.1**	**50.7**	**114.5**
Remeasurement of derivative hedging instruments*	2.4	0.8	2.7
Remeasurement of available-for-sale financial assets	-	-	-
Remeasurement of non-current assets	-	-	-
Change in cumulative translation difference of controlled entities	0.1		0.2
Actuarial gains/(losses) on employee benefits	-	-	3.2
Taxes on items credited or debited directly to equity	(0.7)	-	(2.1)
Share of income and expenses of associates recognised directly in equity	-	-	-
Other movements, net	-	-	-
Income and expenses recognised directly in equity	**1.8**	**0.8**	**4.0**
Total recognised income and expense	**171.9**	**51.5**	**118.5**
attributable to the Group	171.5	51.5	118.4
attributable to minority interests	0.4	-	0.1

** Includes reclassification adjustments recognised in net profit for the period: cash flow hedges (amount: +€0.8m).*

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€m)	Share capital	Share premium	Treasury shares	Reserves	Income and expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Minority interests	**Consolidated shareholders' equity**
BALANCE AT DECEMBER 31, 2009	**42.7**	**2.8**	**(0.4)**	**1,352.3**	**(1.0)**	**1,396.4**	**0.2**	**1,396.6**
Capital increase (share options exercised)	-	-	-	-	-	**-**	-	**-**
Share-based payment	-	-	-	1.1	-	**1.1**	-	**1.1**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(91.8)	-	**(91.8)**	-	**(91.8)**
Other transactions with shareholders	-	-	-	-	-	**-**	7.5	**7.5**
Net profit attributable to the Group	**-**	**-**	**-**	**169.7**	**-**	**169.7**	**0.4**	**170.1**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**1.8**	**1.8**	**-**	**1.8**
BALANCE AT SEPTEMBER 30, 2010	**42.7**	**2.8**	**(0.4)**	**1,431.3**	**0.8**	**1,477.2**	**8.1**	**1,485.3**

(€m)	Share capital	Share premium	Treasury shares	Reserves	Income and expense recognised directly in equity	**Shareholders' equity attributable to the Group**	Minority interests	**Consolidated shareholders' equity**
BALANCE AT DECEMBER 31, 2008	**42.7**	**2.8**	**(0.4)**	**1,336.8**	**(5.0)**	**1,376.9**		**1,376.9**
Capital increase (share options exercised)	-	-	-	-	-	**-**	-	**-**
Share-based payment	-	-	-	1.0	-	**1.0**	-	**1.0**
Purchase of treasury shares	-	-	-	-	-	**-**	-	**-**
Cancellation of treasury shares	-	-	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(100.3)	-	**(100.3)**	-	**(100.3)**
Other transactions with shareholders	-	-	-	-	-	**-**	-	**-**
Net profit attributable to the Group	**-**	**-**	**-**	**50.7**	**-**	**50.7**	**-**	**50.7**
Income and expense recognised directly in equity	**-**	**-**	**-**	**-**	**0.8**	**0.8**	**-**	**0.8**
BALANCE AT SEPTEMBER 30, 2009	**42.7**	**2.8**	**(0.4)**	**1,288.2**	**(4.2)**	**1,329.1**	**-**	**1,329.1**

CONSOLIDATED CASH FLOW STATEMENT

(€m)	2010 9 months	2009 9 months	2009 full year
Consolidated net profit (including minority interests)	170.1	50.7	114.5
Depreciation, amortisation, provisions & impairment (excluding current assets)	59.8	80.2	103.1
Intangible assets and goodwill	*36.1*	*51.5*	*79.2*
Property, plant and equipment	*20.3*	*19.8*	*26.7*
Financial assets	*2.0*	*7.1*	*6.8*
Non-current provisions	*1.4*	*1.8*	*(9.6)*
Other non-cash income and expenses	(11.7)	(10.7)	(18.5)
Effect of fair value remeasurement	(106.0)	(25.8)	(36.6)
Share-based payment	1.1	1.0	1.4
Net (gain)/loss on asset disposals	0.1	(0.6)	0.3
Share of (profits)/losses and dividends of associates	(7.2)	(12.4)	(14.6)
Dividend income from non-consolidated companies	(0.1)	-	(1.4)
Sub-total	**106.1**	**82.4**	**148.2**
Cost of net debt	15.7	15.3	22.3
Income tax expense (including deferred taxes)	38.0	2.8	15.3
Operating cash flow	**159.8**	**100.5**	**185.8**
Income taxes (paid)/reimbursed	(2.5)	36.7	32.3
Change in operating working capital needs	106.3	(35.0)	23.8
Net cash generated by/(used in) operating activities	**263.6**	**102.2**	**241.9**
Cash outflows on acquisitions of property, plant & equipment and intangible assets	(36.2)	(77.0)	(98.3)
Cash inflows from disposals of property, plant & equipment and intangible assets	1.5	2.5	4.0
Cash outflows on acquisitions of financial assets	(6.0)	(3.3)	(5.7)
Cash inflows from disposals of financial assets	-	1.3	747.9
Effect of changes in scope of consolidation (1)	(195.8)	(4.5)	(7.0)
Dividends received	0.2	-	1.4
Change in loans and advances receivable	0.3	8.1	12.5
Net cash generated by/(used in) investing activities	**(236.0)**	**(72.9)**	**654.8**
Cash received on exercise of share options	-	-	-
Purchases and sales of treasury shares	-	-	-
Dividends paid during the period	(91.8)	(100.3)	(100.3)
Cash inflows from new debt contracted	20.4	71.6	-
Repayment of debt (including finance leases)	(0.9)	(0.7)	(198.5)
Net interest paid (including finance leases)	10.1	(3.5)	(26.9)
Net cash generated by/(used in) financing activities	**(62.2)**	**(32.9)**	**(325.7)**
CHANGE IN CASH POSITION OF CONTINUING OPERATIONS	**(34.6)**	**(3.6)**	**571.0**
Cash position at beginning of period	**566.8**	**(4.2)**	**(4.2)**
Change in cash position during the period	(34.6)	(3.6)	571.0
Cash position at end of period	**532.2**	**(7.8)**	**566.8**

The 2010 figures include the €198m paid to acquire the equity interest in TMC/NT1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant events

1.1. Acquisition of TMC and NT1

Since 2007, the TF1 group had held a 33.5% interest in the AB Group, which in turn held investments including a 40% interest in TMC and a 100% interest in NT1. TF1 also held a direct interest of 40% in TMC, acquired in 2005.

On June 11, 2010, TF1 and the AB Group finalized the implementation of the agreement signed on June 10, 2009, as a result of which TF1 acquired from the other AB Group shareholders their remaining 66.5% stake in the AB Group's 40% interest in TMC and 100% interest in NT1, for a total price of €198 million. Consequently, the TMC and NT1 channels are fully consolidated by the TF1 group with effect from July 1, 2010.

TF1 has retained the same 33.5% interest in the other activities of the AB Group as it held prior to this transaction, carried at a value of €155 million. The AB Group management team has been granted a call option over this interest, exercisable at any time during a two-year period starting June 11, 2010 at a price of €155 million.

Under the revised IFRS 3 (Business Combinations), equity interests held prior to the acquisition of control must be remeasured at fair value. TF1 applied this principle to the acquisition of TMC and NT1 in the consolidated financial statements for the nine months ended September 30, 2010, resulting in the recognition of provisional goodwill of €401.5 million in the balance sheet and a gain of €95.9 million in the income statement.

For a detailed description of the accounting treatment, see note 3-1 (Changes in the scope of consolidation).

1.2. Buyout of Serendipity's interest in SPS

On March 8, 2010, TF1 agreed to buy out the 50% interest in SPS held by the Serendipity investment fund for €6.4 million, comprising €1.7 million in the form of equity instruments and €4.7 million via the offset of current account advances. On completion of the transaction, TF1 holds 100% of the capital of SPS.

This transaction was accounted for in accordance with the revised IFRS 3 (Business Combinations). The main impacts were the recognition of goodwill of €12.2 million (pending the final purchase price allocation), and the recognition of a €6.1 million gain in "Other current operating income" arising from the remeasurement of the previously-held equity interest.

2. Accounting policies

2.1. Declaration of compliance and basis of preparation

The condensed consolidated financial statements for the nine months ended September 30, 2010 have been prepared in accordance with IAS 34 (Interim Financial Reporting). They include the minimum content and disclosures defined in IAS 34, and consequently should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2009 as published in the 2009 *Document de Référence* filed with the *Autorité des Marchés Financiers* (AMF) on March 29, 2010 under reference number D.10-0182.

An English-language version of the audited consolidated financial statements for the year ended December 31, 2009 is included in the TF1 Annual Report, which is available on the TF1 corporate website at www.tf1finance.fr/en/index.php.
The consolidated financial statements of the TF1 group include the financial statements of TF1 SA and its subsidiaries and joint ventures, and the TF1 group's interests in associated undertakings. They are presented in millions of euros.

These consolidated financial statements were examined by the Board of Directors on November 9, 2010, and have been subject to a review by the statutory auditors.

2.2. New and amended accounting standards and interpretations

2.2.1. New standards, amendments and interpretations effective within the European Union which are mandatorily applicable to, or may be early adopted in, periods beginning on or after January 1, 2010

In preparing its condensed financial statements for the nine months ended September 30, 2010, the TF1 group applied the same standards, interpretations and accounting policies as those used in the preparation of its consolidated financial statements for the year ended December 31, 2009, plus any new standards, amendments and interpretations applicable from January 1, 2010 as described in the table below.

As of September 30, 2010 the TF1 group decided not to apply any of the pronouncements issued by the IASB and endorsed by the European Union that companies may elect to early adopt with effect from January 1, 2010.

Standard/Interpretation		Effective date			Impact
		EU[1]		TF1	
Revised IAS 24	Related Party Disclosures	January 1, 2011		July 20, 2010	No impact on the financial statements
Revised IAS 27	Consolidated and Separate Financial Statements	July 1, 2009		January 1, 2010	No impact on the financial statements
Amendment to IAS 32	Classification of Rights Issues	December 23, 2009		February 1, 2010	No impact on the financial statements
Amendment to IAS 39	Financial Instruments – Eligibility of hedged items	September 15, 2009		January 1, 2010	No impact on the financial statements
Amendments to IAS 39/IFRIC 9	Embedded Derivatives	November 27, 2009		January 1, 2010	No impact on the financial statements
Amendment to IFRS 1	Additional Exemptions	July 1, 2010		June 24, 2010	No impact on the financial statements
Amendment to IFRS 1	Limited Exemptions	July 1, 2010		July 1, 2010	No impact on the financial statements
Revised IFRS 1	First-Time Adoption of IFRSs	November 25, 2009		January 1, 2010	No impact on the financial statements
Amendment to IFRS 2	Group Cash-Settled Share-Based Payment Transactions	March 23, 2010		January 1, 2010	No impact on the financial statements
Revised IFRS 3	Business Combinations	July 1, 2009		January 1, 2010	The effects of the revised IFRS 3 on business combinations completed during the period are described in Note 1 (Significant events).
Amendment to IFRS 7	Financial Instruments: Enhanced Disclosures	November 27, 2009		January 1, 2010	No impact on the financial statements
IFRIC 12	Service Concession Arrangements	March 25, 2009		January 1, 2010	No impact on the financial statements
Amendment to IFRIC 14	**Prepayments of a Minimum Funding Requirement**	January 1, 2011		July 20, 2010	No impact on the financial statements
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	June 4, 2009		January 1, 2010	No impact on the financial statements
IFRIC 17	Distributions of Non-Cash Assets to Owners	November 26, 2009		January 1, 2010	No impact on the financial statements
IFRIC 18	Transfers of Assets from Customers	November 27, 2009		January 1, 2010	No impact on the financial statements
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010		July 24, 2010	No impact on the financial statements
Annual Improvements to IFRSs (except IFRS 5 and IFRS 1)		January 23, 2009		January 1, 2010	No impact on the financial statements
Annual Improvements to IFRSs (IFRS 5 and IFRS 1 only)		January 23, 2009		January 1, 2010	No impact on the financial statements

***(1)** Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column*

2.2.2. Standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union

Standard/Interpretation		IASB effective date*	Expected impact on the TF1 group
IFRS 9	Financial Instruments	January 1, 2013	Not quantifiable at this stage
Annual Improvements to IFRSs		July 1, 2010	No impact on the financial statements
***** *Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column*			

2.3. Changes in accounting policy

TF1 has not made any changes in accounting policy during 2010 to date other than those required to comply with new or amended IFRS requirements applicable on or after January 1, 2010, as shown in note 2-2-1. The impact of the revisions to IFRS 3 on business combinations completed during the period is described in note 1 (Significant events).

2.4. Changes in presentation

Changes in presentation and reclassifications are made when they provide information that is reliable and more relevant to users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. If the effect of a change in presentation is regarded as material, comparative information must also be reclassified.

With effect from January 1, 2010, the TF1 group has clarified the nature of reversals of provisions for programmes and broadcasting rights. Reversals of provisions for programmes and broadcasting rights where transmission has occurred between the start of the financial year and the balance sheet date, or that have been put up for sale or sold, are classified as reversals of unused provisions. As such, they are reported in the income statement in “Other operating income”; previously, they were reported in “Provisions and impairment, net”.
The published financial statements of TF1 have not been restated to reflect this change in presentation. For information, the effect of this reclassification would have been €1.8 million for the three months ended March 31, 2009; €5.5 million for the six months ended June 30, 2009; €8.2 million for the nine months ended September 30, 2009; and €16.3 million for the year ended December 31, 2009.

2.5. Use of estimates

Preparation of the condensed consolidated financial statements requires the TF1 group to make various estimates and use assumptions regarded as realistic or reasonable. Events or circumstances may result in changes to these estimates or assumptions, which could affect the value of the Group’s assets, liabilities, equity or net profit.

The principal accounting policies requiring the use of estimates are:

- Impairment of audiovisual rights
- Impairment of goodwill
- Impairment of programmes and broadcasting rights
- Measurement of provisions

These estimates were made using the same valuation approaches as those used in preparing the financial statements for the year ended December 31, 2009 and previous interim financial statements. As of the date on which the condensed consolidated financial statements were examined by the Board of Directors, management believes that as far as possible, these estimates incorporate all information available to it.

2.6. Seasonal trends

Advertising revenues are traditionally lower during the summer than during the rest of the year.

3. Changes in the scope of consolidation

3.1. Consolidation of TMC and NT1

On June 11, 2010, the TF1 group acquired control over TMC, TMC Régie and NT1.

TMC and TMC Régie, which prior to the acquisition were accounted for by the proportionate consolidation method at 40%, are fully consolidated with effect from July 1, 2010. As from this date, 100% of all the assets, liabilities, income and expenses of these two companies are included in the TF1 group consolidated financial statements. Net profit and shareholders' equity are split between TF1 and minority interests on the basis of their respective interests in the companies (80% TF1, 20% minority interests).
NT1 was included in the scope of consolidation for the first time effective July 1, 2010, and is fully consolidated based on a percentage interest of 100%.

The equity interests acquired in June 2010 were paid for in cash, at a price of €198 million (including a contingent purchase consideration of €6 million).

The fair value of the equity interests in the channels was measured by an independent firm of experts at €429 million. Based on the €191.7 million paid to acquire the equity interests in 2010 and the €134.9 million carrying amount of the previously-held equity interest, a remeasurement gain of €102.4 million was recognised in "Other operating income".

Transaction costs incurred in connection with the acquisitions were €6.5 million, and were recognised in the income statement for the nine months ended September 30, 2010 as a reduction in the remeasurement gain, in "Other operating income".

As part of the fair value remeasurement of the assets and liabilities of the acquired companies, the TMC brand was recognised as an asset in the balance sheet at its estimated fair value of €30 million, and an impairment loss of €11 million was recognised against acquired audiovisual rights.

After recognition of these various items, total goodwill of €401.5 million was recognised. The goodwill recognised in respect of this acquisition as of September 30, 2010 is provisional, and may be adjusted during a 12-month period from the acquisition date, i.e. up to and including June 11, 2011.

The TF1 group elected to apply the partial goodwill method in accounting for this acquisition, which means that the minority interests in TMC held by the Principality of Monaco were not remeasured at fair value. Consequently, these minority interests were maintained at their carrying amount after remeasurement of the acquired assets and liabilities.

Revenue from the acquired equity interests in TMC and NT1 recognised in the consolidated financial statements for the nine months ended September 30, 2010 for the period from the date of acquisition of control amounts to €14.6 million. If the equity interests had been acquired on and consolidated from January 1, 2010, they would have contributed €54.8 million to consolidated revenue.

3.2. Treatment of the equity interest in the AB Group

The TF1 group has retained a 33.5% equity interest, valued at €155 million, in the other activities of the AB Group. TF1 has granted the AB Group management team a call option over this interest, exercisable at any time up to and including June 12, 2012 at a price of €155 million.

In accordance with IAS 27 (Consolidated and Separate Financial Statements), because the TF1 group has granted a call option that is exercisable at any time this interest is no longer accounted for as an associate by the equity method, but instead is recognised as a non-current financial asset in the balance sheet at its market value of €155 million.

3.3. Change in consolidation method – SPS

The buyout of the 50% interest in SPS held by the Serendipity investment fund (see note 1, Significant events) gave the TF1 group control over SPS. The change in the consolidation method used for this entity, from proportionate consolidation to full consolidation, was applied in the consolidated financial statements for the period with effect from March 31, 2010.

4. Operating segments

TF1 organises its operating activities into strategic business units, each of which is managed appropriately to the nature of the products and services sold and the specific economic environment. This segmentation into business units forms the basis for the presentation of internal management data and is used by the Group's operating decision-makers to assess performance.

Management assesses segment performance on the basis of current operating profit. Segmental results, assets and liabilities include items directly or indirectly attributable to the relevant segment. Segmental capital expenditure represents total acquisitions of property, plant and equipment and intangible assets as recognised in the corresponding balance sheet line items. Inter-segment sales and transfers are conducted on an arm's length basis.

The TF1 group has the following operating segments:

Broadcasting France
This segment includes the TF1 channel, associated and spin-off activities regarded as inseparable from this channel, and other free-to-air or pay-TV channels broadcasting primarily to France. Activities inseparable from TF1 include the in-house advertising airtime sales agency, and companies involved in the production or co-production of programmes intended exclusively for the TF1 channel, such as TF1 Production.

Audiovisual Rights
Subsidiaries whose principal activity is production, publishing or distribution of audiovisual rights not exclusively intended for TF1 group channels are included in this segment. Production activities include delegated productions or co-productions of films. Publishing and distribution activities include all media (CD, DVD, etc) and all channels (cinemas, TV channels and all retail distribution channels).

Broadcasting International
This segment comprises subsidiaries involved in the development and broadcasting of pay-TV programmes primarily broadcast outside France, and in online gaming and sports betting activities.

Other Activities
This segment comprises all activities not included in any of the segments described above.

The contribution of each operating segment to the TF1 consolidated financial statements is as follows:

	Broadcasting France		**Audiovisual Rights**		**Broadcasting International**		**Other Activities**		**Total TF1**	
(€m)	2010 9 months	**2009 9 months**	2010 9 months	**2009 9 months**	2010 9 months	**2009 9 months**	2010 9 months	**2009 9 months**	2010 9 months	**2009 9 months**
EXTRACT FROM THE INCOME STATEMENT										
Revenue	**1,468.8**	**1,288.6**	**82.3**	**104.3**	**274.9**	**234.7**	**-**	**0.9**	**1,826.0**	**1,628.5**
Current operating profit	**96.4**	**24.9**	**(8.0)**	**(22.5)**	**36.5**	**35.7**	**-**	**(5.4)**	**124.9**	**32.7**
Share of profits/(losses) of associates (1)	6.7	13.5	-	-	-	-	0.5	(1.1)	**7.2**	**12.4**
Post-tax profit from discontinued or held-for-sale operations	-	-	-	-	-	-	-	-	**-**	**-**

(1) The share of profits/losses of associates recorded for each segment is as follows:
- *Broadcasting France: the share of profit/loss for the period relates primarily to the AB Group for the period from January 1 to June 30;*
- *Other Activities: the share of profit/loss for the period relates mainly to Metro France Publications.*

Segmental assets as of September 30, 2010 are not materially different from those reported as of December 31, 2009, except for goodwill (as described in Note 5 below).

5. Goodwill

The change in goodwill during the nine months ended September 30, 2010 is due to the recognition of provisional goodwill on the acquisitions described in Note 1 (Significant Events), comprising €401.5 million arising on the acquisition of control over TMC and NT1 (including the €15.4 million of goodwill recognised on the acquisition of the initial 40% equity interest in TMC) and €12.2 million arising on the SPS acquisition.

6. Investments in associates

The table below gives a breakdown of investments in associates:

(€m)	AB Group [(1)]	WBTV	Metro France Publications	Other associates [(3)]	Total
Country	**France**	**Belgium**	**France**	**France**	
December 31, 2008	**241.0**	**3.3**	**11.2**	**3.8**	**259.3**
Share of net profit/(loss) for period	13.4	0.2	(1.1)	(0.1)	**12.4**
Dividends paid	-	-	-	-	**-**
Change in scope of consolidation	-	1.5	-	-	**1.5**
September 30, 2009	**254.4**	**5.0**	**10.1**	**3.7**	**273.2**
December 31, 2009	**256.3**	**4.5**	**11.2**	**3.4**	**275.4**
Share of net profit/(loss) for period	7.7	(1.0)	0.5	-	7.2
Dividends paid	-	-	-	-	-
Change in scope of consolidation [(2)]	(264.0)	-	-	-	(264.0)
Other movements	-	-	-	-	-
September 30, 2010	**-**	**3.5**	**11.7**	**3.4**	**18.6**

(1) Because of the timing of the preparation of the financial statements of the AB Group, the share of this associate's profits for the six months to June 30, 2010 was calculated on the basis of results for the fourth quarter of 2009 and the first quarter of 2010.
(2) Comprises €109 million relating to the equity interests in TMC/NT1 and €155 million relating to the equity interest in the other activities of the AB Group (see Notes 1 and 3.2)
(3) In 2010, "Other associates" comprise JFG Networks and Sky Art Media. In 2009, "Other associates" also included Sailing One, the interest in which was divested during the third quarter of 2009.

7. Non-current financial assets

The change in goodwill during the nine months ended September 30, 2010 is due to the recognition of the 33.5% interest in the AB Group at its market value of €155 million effective July 1, 2010.

This interest is designated as a financial asset at fair value through profit or loss, the same accounting treatment having been applied to the associated call option.

8. Net debt

Net debt as reported by the TF1 group comprises the following items:

(€m)	Sept. 30, 2010	Dec. 31, 2009
Cash and cash equivalents	534.0	570.5
Financial assets held for treasury management purposes	-	-
Available cash	**534.0**	**570.5**
Fair value of interest rate derivative instruments	**(0.1)**	**8.3**
Non-current debt	(17.3)	(0.5)
Current debt	(524.9)	(505.5)
Total debt	**(542.2)**	**(506.0)**
Net surplus cash/(net debt)	**(8.3)**	**72.8**

In November 2003, TF1 issued €500 million of bonds redeemable at par in a single instalment after 7 years (in 2010). The issue bears interest at 4.375%.

As of September 30, 2010, TF1 had the following financing in place:

- a €500 million bond issue maturing November 12, 2010;
- confirmed bilateral bank credit facilities of €1,155.5 million with a range of maturities between one and five years, supplemented by a cash pooling agreement with the Bouygues group. As of September 30, 2010, TF1 was not using this cash pooling agreement as a source of financing, and instead had used the agreement to place €390.4 million of surplus cash;

- a finance lease obligation of €21.2 million relating to the financing of technical plant and equipment.

The TF1 group makes use of the various sources of available financing, including both bank financing (such as confirmed credit facilities) and the financial markets.

At present, the TF1 group has sufficient cash resources and confirmed credit facilities available to redeem the bond issue that matures on November 12, 2010.

As of September 30, 2010, the TF1 group had gearing (i.e. the ratio of net debt to equity) of 0.5%. As of December 31, 2009, the Group had a positive net cash position.

9. Other operating income

The €95.9 million reported in "Other operating income" for the nine months ended September 30, 2010 represents the net gain on the fair value remeasurement of the previously-held equity interests in TMC and NT1, as described in Note 3.1.

10. Cost of net debt

Cost of net debt for the nine months ended September 30, 2010 comprised the following items:

(€m)	**2010: 9 months**	**2009: 9 months**
Interest income	2.1	5.0
Change in fair value of hedged portion of bond issue	-	-
Change in fair value of interest rate derivatives	0.4	2.8
Income and revenues from financial assets	-	0.4
Income associated with net debt	**2.5**	**8.2**
Interest expense on net debt	(10.8)	(23.5)
Change in fair value of interest rate derivatives	(7.3)	-
Expenses associated with net debt	**(18.1)**	**(23.5)**
Cost of net debt	**(15.6)**	**(15.3)**

11. Definition of cash position

The cash flow statement analyses movements in the net cash position, which equals cash and cash equivalents less bank overdrafts and treasury current account credit balances.

(€m)	**Sept. 30, 2010**	**Dec. 31, 2009**
Cash and cash equivalents in the balance sheet	534.0	570.5
Treasury current account credit balances	(1.7)	(3.2)
Bank overdrafts	(0.1)	(0.5)
Total net cash position at end of period per cash flow statement	**532.2**	**566.8**

12. Dividends paid

The table below shows the dividend per share paid by the TF1 group on May 3, 2010 in respect of the 2009 financial year, and the dividend paid during 2009 in respect of the 2008 financial year.

	Paid in 2010	**Paid in 2009**
Total dividend (€m)	91.8	100.3
Ordinary dividend per share (€)	0.43	0.47

13. Post balance sheet events

There are no material post balance sheet events to report.

Télévision Française 1

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