INTERIM FINANCIAL REPORT 2011

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1 - INTERIM MANAGEMENT REPORT 2011

Lagardère is a 100% media group and one of the world leaders in this business sector. Operating in nearly 40 countries, it is divided into four distinct and complementary divisions:

- Lagardère Publishing: Book and e-Publishing;
- Lagardère Active: Press, Audiovisual (Radio, Television, Audiovisual production), Digital activities and Advertising Sales Brokerage;
- Lagardère Services: Travel Retail and Press Distribution;
- Lagardère Unlimited: Sport Industry and Entertainment.

Lagardère also holds a 7.5% co-controlling investment in the EADS group.

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1.1 SIGNIFICANT EVENTS OF THE FIRST HALF OF 2011

Any existing or significant link between these events and their impact on the financial statements is presented in section 1.3 below, or in Note 2 to the consolidated financial statements.

1.1.1 Signature by Lagardère of a new syndicated loan contract for the amount of €1,645 million, replacing the syndicated loan signed on 22 June 2005 for the amount of €2,200 million

On 26 January 2011, Lagardère SCA signed a new multicurrency syndicated loan contract for €1,645 million (€642 million of which had been drawn down at 30 June 2011), replacing the syndicated loan signed in 2005 for €2,200 million and due to expire in 2012. This new five-year loan bears interest at the Euribor rate (or the equivalent for other currencies) with an initial margin of 0.90%.

1.1.2 Reimbursement of the third and final tranche of the borrowing subscribed by Lagardère SCA on 21 January 2001

On 31 January 2011, Lagardère SCA reimbursed the third and final tranche of the borrowing subscribed on 21 January 2001 with a group of private US investors for an initial amount of US$500 million.

1.1.3 Sale by Lagardère Active of the majority of its International Magazine business to Hearst Corporation Inc.

Lagardère Active sold the majority of its International Magazine business to Hearst Corporation Inc. in the following countries:

- 31 May 2011: United States, Italy, Spain, Japan, the Netherlands, Hong Kong, Mexico, Taiwan, Canada and Germany;

- 6 June 2011: Russia and Ukraine;

- 29 July 2011: United Kingdom.

Activities in the Czech Republic were not sold to Hearst Corporation Inc., but to a local partner (for the same price as that offered by Hearst Corporation Inc.) who wished to exercise its pre-emptive right.

All of the activities impacted by the sale prior to 30 June 2011 were deconsolidated in the interim financial statements and represent an amount of €471 million, of which €57 million attributable to the deconsolidation of financial debt associated with the assets sold.
The activities in the United Kingdom were sold on 29 July 2011.
The disposal of the Group's assets in China should take place towards the end of the year.

The parties also entered into a framework agreement relating to the licence for the use of the ELLE brand in the above-mentioned countries. Under this agreement, Lagardère granted a licence to Hearst (for magazines, Internet, mobile, and all digital and audiovisual media), which will not affect merchandising licensing. As a result, Lagardère will receive an annual royalty payment from Hearst, based on ELLE net sales generated by Hearst in the countries concerned:

- based on unaudited 2010 figures, this annual royalty payment (net of associated expenses) would amount to a contribution of approximately €8 million to Lagardère Active's recurring operating profit before associates;

- the net present value of these future payments is estimated at approximately €70 million (net of tax).

In some countries, Lagardère retained real estate assets currently used by the International Magazine business, worth some €40 million.

1.1.4 Postponement of initial public offering of investment in Canal+ France

In view of the scale of the catastrophe in Japan, which has caused extreme volatility on the markets, the Lagardère group announced on 16 March 2011 the postponement of the IPO for its holding in Canal+ France. The IPO will proceed as soon as market conditions improve (see Note 13 to the interim consolidated financial statements at 30 June 2011).

1.1.5 Presstalis

Since the events described in Chapter 5, section 5.2.2.2 of the Reference Document, the French version of which was filed with the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) on 14 April 2011, all of the measures, in particular the financial actions aimed at strengthening Presstalis' equity – as provided for in the framework agreement of 27 May 2010 signed by Lagardère, the publisher cooperatives and Presstalis, under the aegis of the French authorities – were implemented at the end of 2010 and during the first half of 2011.

Consequently, and in accordance with the governance reform set out in said framework agreement, at the end of the first half of 2011, Lagardère sold its 49% interest in Presstalis and Transports Presse to the publisher cooperatives for a token price of €1. At the same time Lagardère relinquished all general management and administrative positions it held in these companies, retaining only its position as a publisher within the cooperatives.

1.2 MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING SIX MONTHS OF THE YEAR

A general presentation of these risks and uncertainties can be found in Chapter 3, "Risk factors", of the Reference Document containing the financial statements for the year 2010, the French version of which was filed with the AMF on 14 April 2011 (hereinafter the "Reference Document"). Particular attention should be paid to the risks related to sports agreements in section 3.1 ("Strategic and commercial risks: worldwide advertising markets, economic environment, changes in consumer behaviour"), section 3.2 ("Risks and dependency associated with major contracts"), section 3.3.1 ("Special regulations applying to the Group") and section 3.3.5 ("Exposure to governmental, economic, budgetary, monetary or political factors or strategies with a potentially significant influence on the Group's operations") of the Reference Document.

Significant developments in disputes since the 2010 Reference Document was filed are set out, in particular, in Note 20 to the interim consolidated financial statements at 30 June 2011.

Among the factors stated in section 3.3.5 of the Reference Document, it should be noted that in France, the adoption of Law No. 2011-590 of 26 May 2011 extends the single price principle introduced by the "Lang law" of 1981 for printed books to books sold in digital format.

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1.3 COMMENTS ON LAGARDÈRE SCA'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2011

1.3.1 General

	First-half 2011	First-half 2010	Full-year 2010
Net sales	**3,724**	**3,716**	**7,966**
Profit before finance costs and tax	**155**	**157**	**343**
Finance costs, net	(45)	(39)	(82)
Income tax expense	(66)	(22)	(67)
Consolidated profit for the period	**44**	**96**	**194**
Attributable to:			
- Owners of the parent	28	80	163
- Minority interests	16	16	31

The consolidated financial statements at 30 June 2011 have been prepared in compliance with International Financial Reporting Standards (IFRS) and IAS 34, "Interim Financial Reporting", using the accounting principles described in Note 1 to the consolidated financial statements.

The Lagardère group's business is carried out through the four operating divisions which form Lagardère Media, through its holding in EADS, and through "Other Activities", i.e., business not directly related to the operating divisions.

1.3.2 Lagardère Media

Lagardère Media includes the operations of the four divisions Lagardère Publishing, Lagardère Active which comprises the Press and Audiovisual activities, Lagardère Services and Lagardère Unlimited.
The major changes in this segment's structure during the first half of 2011 are described in Note 2 to the consolidated financial statements

Income statement			
	First-half 2011	**First-half 2010**	**Full-year 2010**
Net sales	**3,724**	**3,716**	**7,966**
Recurring operating profit before associates	168	183	468
Income from associates(*)	13	6	22
Non-recurring items	(1)	13	(102)
Amortization of acquisition-related intangible assets and costs	(26)	(12)	(34)
- Fully consolidated companies	*(26)*	*(12)*	*(34)*
- Companies accounted for by the equity method	-	-	-
Profit before finance costs and tax	**154**	**190**	**354**
Finance costs, net	(22)	(22)	(46)
Profit before tax	**132**	**168**	**308**
(*) Excluding amortization of acquisition-related intangible assets and impairment losses.			

Cash flows			
	First-half 2011	**First-half 2010**	**Full-year 2010**
Cash flows from operations before changes in working capital	281	255	656
Changes in working capital	(271)	(142)	48
Cash flows from operations	**10**	**113**	**704**
Interest paid and received, and income taxes paid	(92)	(96)	(188)
Net cash provided by (used in) operating activities	**(82)**	**17**	**516**
Cash used in investing activities	(187)	(155)	(294)
- Purchases of intangible assets and property, plant and equipment	*(108)*	*(97)*	*(214)*
- Purchases of investments	*(79)*	*(58)*	*(80)*
Proceeds from disposals	524	20	74
- Sales of intangible assets and property, plant and equipment	*20*	*3*	*10*
- Sales of investments	*504*	*17*	*64*
(Increase) decrease in short-term investments	-	(7)	(29)
Net cash provided by (used in) investing activities	**337**	**(142)**	**(249)**
Total cash provided by (used in) operating and investing activities	**255**	**(125)**	**267**
Capital employed(*)	**4,722**	**4,279**	**4,574**
(*) Non-current assets less non-current liabilities (excluding debt) and changes in working capital, excluding assets held for sale.			

Income statement

The first half of 2011 again brought contrasting results.

Lagardère Publishing's business declined by -6.0% on a like-for-like basis (constant group structure and exchange rates), once again chiefly due to a decrease in sales of Stephenie Meyer's series of novels in the United States, United Kingdom and France. Excluding this impact, France reported an excellent performance in General Literature and Education, while e-book sales advanced at a consistent pace in the United States.

At the end of June 2011, Lagardère Active was impacted by changes in the scope of consolidation, notably the sale and subsequent deconsolidation of the International Magazine business in 13 countries at the end of May (the United States, Italy, Spain, Japan, the Netherlands, Hong Kong, Mexico, Taiwan, Canada, Germany, Russia, Ukraine and the Czech Republic). On a like-for-like basis, and excluding the International Magazine business, Lagardère Active retreated -3.1% during the period under review. The Radio Broadcasting business contracted in France, but growth was sustained in Russia and Poland. The decline reported by the Television business was entirely attributable to a timing difference in the delivery schedule compared to the first half of 2010. Lastly, the French Magazine business edged back under pressure from lower overall market sales.

Lagardère Services advanced +5.4%, powered mainly by the consolidation of retail sales activities in Bulgaria and Singapore. On a like-for-like basis, growth came out at +2.1%, boosted by strong retail sales momentum in France and in Eastern Europe. Press Distribution continued to suffer the effects of sluggish press sales in newsstands.

Net sales for Lagardère Unlimited grew +6.3% like for like in the first half of 2011. This item benefited from a favourable comparison basis due to the inclusion of World Sports Group's (WSG) income from the Asian Cup football event during the period. This more than offset the negative impact on Sportfive's sales of the absence of revenues from the Indian Premier League rights and the fact that the Africa Cup of Nations was not held during the year.

Compared to first-half 2010, Lagardère Media's net sales for the period therefore remained stable (+0.2%) on a reported basis, including a negative -€10 million impact of changes in group structure, essentially at Lagardère Active, further to the sale of the majority of its International Magazine business at the end of May. Changes in exchange rates (average rate over the period) had a positive impact of +€21 million (mainly for Lagardère Services, due to the appreciation of the Swiss franc and Australian dollar against the euro).
Excluding the effect of changes in group structure and exchange rates, net sales advanced at Lagardère Services (+2.1%), Lagardère Unlimited (+6.3%) and Lagardère Active (+1.0%), and moved back at Lagardère Publishing (-6.0%). Overall, consolidated net sales fell -0.1%.

Recurring operating profit before associates amounted to +€168 million, down -€15 million from first-half 2010 (+€183 million).

Changes in recurring operating profit before associates were as follows by division:

- Lagardère Publishing posted recurring operating profit of +€71 million, -€30 million less than in first-half 2010. This decline was almost entirely attributable to the impact of falling sales of Stephenie Meyer's novels in the United States, the United Kingdom and France;

- Lagardère Active reported recurring operating profit of +€52 million, up +€16 million from first-half 2010. Excluding the International Magazine business, recurring operating profit came in at +€20 million versus +€18 million for the six months to 30 June 2010, as a result of the positive impact of the deconsolidation in 2010 of the lossmaking Virgin 17 TV channel and the negative impact of the above-mentioned downturn in sales at Lagardère Entertainment and the Radio Broadcasting activity in France;

- Lagardère Services reported recurring operating profit of +€41 million, up +€4 million from first-half 2010. This increase reflects robust retail sales momentum (particularly in France), on the back of stronger airport traffic, and despite unfavourable weather conditions in North America and Australia and the catastrophe in Japan in March. The Press Distribution businesses improved their profitability thanks to the effect of cost-cutting plans, particularly in Belgium and Spain;

- Lagardère Unlimited posted recurring operating profit of +€4 million, down by -€5 million from first-half 2010. Profitability for this activity was hit by a number of non-recurring items during the period, despite improved net sales compared to first-half 2010.

Income from associates amounted to +€13 million in the first half of 2011 compared to +€6 million for first-half 2010, mainly as a result of improved performances at TV channel Gulli and the Marie Claire group.

Non-recurring/non-operating items included in the profit before finance costs and tax represented a net expense of -€1 million for the first half of 2011, comprising:

- €10 million in gains on disposals, including €8 million related to Lagardère Services further to the sale of real estate assets. The disposal of the International Magazine business also generated a small gain;
- -€11 million in restructuring costs, including -€7 million at Lagardère Unlimited, -€3 million at Lagardère Services and -€1 million at Lagardère Active.

In the first half of 2010, net non-recurring income amounted to +€13 million, and included a +€49 million gain on the sale of Digital Terrestrial Television (DTT) channel Virgin 17, a -€12 million loss on the disposal of Lagardère Publishing's Brazilian subsidiary Escala Educacional, a -€9 million loss on Lagardère Active's 5% investment in Le Monde SA and -€14 million in restructuring costs.

Amortization of acquisition-related intangible assets and costs amounted to -€26 million for the first half of 2011, including -€21 million for Lagardère Unlimited, compared to -€12 million in first-half 2010, which included -€8 million for Lagardère Unlimited.

As a result of the above items, Lagardère Media's profit before finance costs and tax for the first half of 2011 totalled +€154 million, down -€36 million compared to first-half 2010.

Net finance costs came out at -€22 million, almost unchanged from the prior-year period.

Cash flows

Cash flows from operations before changes in working capital advanced to +€281 million in first-half 2011, compared to +€255 million for first-half 2010. This reflects the decrease in recurring operating profit before associates, as well as an increase in dividends from associates and higher depreciation and amortization expenses.

Working capital, which is generally negative at the end of June, deepened to -€271 million, compared to -€142 million in the first half of 2010. This deterioration is due to higher inventory levels in the first half of 2011 (especially at Lagardère Active and Lagardère Services), and a less favourable change in trade receivables at Lagardère Active, Lagardère Unlimited and Lagardère Publishing.

Net interest expense (including paid interest) remained practically stable compared to first-half 2010 at -€18 million. Income taxes paid for the first half year decreased from -€76 million in the first half of 2010 to -€74 million.

Consequently, operating activities during the first half of 2011 resulted in a net cash outflow of -€82 million compared to a net cash inflow of +€17 million one year earlier.

Purchases of property, plant and equipment and intangible assets increased +€11 million to €108 million and principally concerned Lagardère Services and Lagardère Unlimited in both periods.

Purchases of investments amounted to €78 million and mainly comprised earnouts in connection with the acquisitions of IEC in Sports and World Sport Group (Lagardère Unlimited) as well as acquisitions of minority interests (Éditions Albert René by Lagardère Publishing and Purely Group by Lagardère Services).

Disposals of property, plant and equipment and intangible assets generated €20 million, and chiefly concerned the sale of real estate assets by Lagardère Services. Disposals of financial assets generated €504 million, including €471 million relating to the disposal of International Magazine business assets and €19 million from the balance outstanding on the sale in 2010 of DTT channel Virgin 17.

As a result, operating and investing activities in the first half of 2011 generated a net cash inflow of +€255 million, compared to a net cash outflow of -€125 million in first-half 2010. This change is principally due to the proceeds from the sale of the International Magazine business which more than offset the change in net cash used in operating activities.

1.3.3 EADS

In 2010 and the first half of 2011, the EADS group was accounted for by the equity method based on a percentage interest of 7.5%. EADS' contribution to Lagardère's consolidated profit in the first-half 2011 amounted to +€9 million compared to +€15 million for first-half 2010.

1.3.4 Other Activities

Other Activities comprise those operations not directly related to one of Lagardère Media's operating divisions.

Income statement			
	First-half 2011	**First-half 2010**	**Full-year 2010**
Recurring operating profit (loss)	(8)	(4)	(6)
Non-recurring items	-	(44)	(48)
Profit (loss) before finance costs and tax	**(8)**	**(48)**	**(54)**
Net financial income (loss)	(23)	(17)	(36)
Profit (loss) before tax	**(31)**	**(65)**	**(90)**

In the first half of 2011, Other Activities recorded a recurring operating loss of -€8 million, including -€4 million in costs related to the preliminary phase of the IPO of Canal+ France. Adjusted for this impact, recurring operating income was on a par with first-half 2010.

Net non-recurring items amounted to -€44 million in the first half of 2010, mainly comprising the costs related to Presstalis' financial recovery plan (€28 million) and a provision for losses related to Hachette SA's 12% holding in Le Monde SA (€20 million).

The net financial loss recorded in the first half of 2011 amounted to €23 million, an increase of €6 million compared to first-half 2010, mainly as a result of higher interest rates.

1.3.5 Overview of consolidated results

Profit before tax of the Group's activities and consolidated profit are as follows:

	First-half 2011	First-half 2010	Full-year 2010
Lagardère Media	132	168	308
Income from EADS (accounted for by the equity method)	9	15	43
Other Activities	(31)	(65)	(90)
Profit before tax	**110**	**118**	**261**
Income tax expense	(66)	(22)	(67)
Consolidated profit for the period	**44**	**96**	**194**
Attributable to:			
- Owners of the parent	28	80	163
- Minority interests	16	16	31

1.3.6 Cash flows

1.3.6.1 Consolidated statement of cash flows

In the first half of 2011, net cash of €58 million was used in the Group's operating activities, including €82 million used by Lagardère Media, offset by +€24 million provided by Other Activities, including +€13 million in dividends received from EADS.

Net cash of €323 million was provided by investing activities in the first half of 2011, including €337 million by Lagardère Media.

Net cash of €383 million was used in financing activities in the first half of 2011, corresponding to (i) the payment of dividends (€193 million) and (ii) the repayment of net debt (€188 million) principally comprising:

- the reimbursement at maturity of the third and final tranche of the borrowing subscribed in 2001 with a group of private US investors for €254 million;
- the repayment of debt by Lagardère Active in the amount of €86 million, chiefly in the International Magazine business prior to its sale;

offset by:

- the issuance of €100 million in bonds by Hachette SA;
- an increase in amounts drawn on the multicurrency syndicated loan for €59 million. On 26 January 2011, a new syndicated loan of €1,645 million, maturing in 2016, replaced the syndicated loan of €2,200 million which was due to expire in 2012.

Other movements in cash flows include:

- the reclassification to proceeds from disposals of investments of net cash (€77 million) held by International Magazine companies that were sold in the first half of 2011. At 31 December 2010, these companies' net cash was classified under assets and liabilities held for sale;
- the impact of translation adjustments and other reclassifications for -€22 million.

As a result of the above cash flows, cash and cash equivalents decreased by -€63 million compared to 31 December 2010 and stood at €448 million at 30 June 2011.

1.3.6.2 Net indebtedness

Net indebtedness is calculated as follows:

	30 June 2011	31 Dec. 2010
Short-term investments and cash and cash equivalents	696	722
Non-current debt	(2,043)	(1,953)
Current debt	(390)	(541)
Net indebtedness	**(1,737)**	**(1,772)**

Changes in net indebtedness during the first half of 2011 and the first half of 2010 are analysed as follows:

	2011	2010
Net indebtedness at 1 January	**(1,772)**	**(1,824)**
Total cash provided by (used in) operating and investing activities	265	(94)
Sale (acquisition) of treasury shares	(2)	2
Dividends	(193)	(192)
Increase (decrease) in short-term investments	-	7
Change in put options granted to minority interests recognised in debt	7	(1)
Change in financial liabilities following measurement at fair value	(78)	(33)
Effect on cash of changes in exchange rates, consolidation scope and other	36	(64)
Net indebtedness at 30 June	**(1,737)**	**(2,199)**

1.4 RELATED PARTIES

See Note 21 to the consolidated financial statements.

1.5 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

None

1.6 UPDATE TO 2011 GUIDANCE

The deconsolidation of International Magazine Publishing (PMI) during the year (which will have an estimated negative impact of €35m on 2011 recurring EBIT), in addition to the non-recurring events that impacted the Lagardère Unlimited division first-half results, lower than initial forecasts, have led the Group to adjust the recurring EBIT guidance for Lagardère Media in 2011, which is now expected to decline by about 5% to 7% on a constant exchange rate basis, vs. 2010. Without the PMI deconsolidation and given the revision of expected results for Lagardère Unlimited, recurring EBIT for 2011 would have risen slightly.

2 - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2011

(in millions of euros)

		First-half 2011	First-half 2010	Full-year 2010
Net sales	*(Notes 3 and 4)*	3,724	3,716	7,966
Other income from ordinary activities		194	186	373
Revenues		3,918	3,902	8,339
Purchases and changes in inventories		(1,754)	(1,748)	(3,660)
Capitalised production		1	(12)	3
Production transferred to inventories		83	74	107
External charges		(1,141)	(1,129)	(2,404)
Payroll costs		(821)	(805)	(1,652)
Depreciation and amortization other than on acquisition-related intangible assets		(117)	(107)	(206)
Amortization of acquisition-related intangible assets and costs		(26)	(12)	(34)
Restructuring costs	*(Note 5)*	(11)	(44)	(90)
Gains (losses) on disposals of assets and associated risks	*(Note 6)*	10	14	40
Impairment losses on goodwill, property, plant and equipment and intangible assets	*(Note 7)*	-	(1)	(100)
Other operating expenses	*(Note 8)*	(28)	(25)	(89)
Other operating income	*(Note 9)*	19	29	24
Income from associates	*(Note 13)*	22	21	65
PROFIT BEFORE FINANCE COSTS AND TAX	*(Note 3)*	**155**	**157**	**343**
Financial income	*(Note 10)*	13	6	21
Financial expenses	*(Note 10)*	(58)	(45)	(103)
PROFIT BEFORE TAX		**110**	**118**	**261**
Income tax expense	*(Note 11)*	(66)	(22)	(67)
PROFIT FOR THE PERIOD		**44**	**96**	**194**
Attributable to:				
Owners of the parent		**28**	**80**	**163**
Minority interests		16	16	31
Earnings per share – Attributable to owners of the parent				
Basic earnings per share (in euros)	*(Note 12)*	*0.22*	*0.63*	*1.29*
Diluted earnings per share (in euros)	*(Note 12)*	*0.22*	*0.63*	*1.27*

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES FOR THE PERIOD ENDED 30 JUNE 2011

(in millions of euros)	**First-half 2011**	**First-half 2010**	**Full-year 2010**
Profit for the period	**44**	**96**	**194**
Currency translation adjustments	(58)	149	92
Change in fair value of:			
- derivative financial instruments	0	0	(2)
- investments in non-consolidated companies	10	2	9
Actuarial gains and losses on employee benefit and similar obligations	(1)	(21)	-
Share of gains and losses of associates, net of tax (1)	192	(413)	(171)
Income tax on gains and losses recognised in equity	(1)	7	(1)
Gains and losses recognised in equity, net of tax	**142**	**(276)**	**(73)**
Comprehensive gains and losses	**186**	**(180)**	**121**
Attributable to:			
Owners of the parent	**170**	**(202)**	**90**
Minority interests	**16**	**22**	**31**

(1) This item chiefly represents the impacts of fair value adjustments of EADS currency hedging instruments at 30 June 2011 (€172 million gain), 30 June 2010 (€385 million loss) and 31 December 2010 (€165 million loss).

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2011

(in millions of euros)		**First-half 2011**	**First-half 2010**	**Full-year 2010**
Profit for the period		**44**	**96**	**194**
Income tax		66	22	67
expense		45	39	82
Profit before finance costs and tax		**155**	**157**	**343**
Depreciation and amortization expense		143	117	238
Impairment losses, provision expense and other non-cash items		(12)	27	98
Gains on disposals of assets		(10)	(44)	(40)
Dividends received from associates		28	8	17
Income from associates		(22)	(21)	(65)
Changes in working capital		(278)	(142)	81
Cash flows from operations		**4**	**102**	**672**
Interest paid		(33)	(17)	(87)
Interest received		12	6	20
Income taxes paid		(41)	(36)	(74)
Net cash provided by (used in) operating activities	**(A)**	**(58)**	**55**	**531**
Cash used in investing activities				
Purchases of intangible assets and property, plant and equipment		(121)	(105)	(228)
Purchases of investments		(78)	(61)	(74)
Cash acquired through acquisitions		4	10	17
Purchases of other non-current assets		(6)	(9)	(25)
Total cash used in investing activities	**(B)**	**(201)**	**(165)**	**(310)**
Cash provided by investing activities				
Proceeds from disposals of non-current assets				
Sales of intangible assets and property, plant and equipment		20	3	10
Sales of investments		439	11	78
Cash transferred on disposals		57	0	1
Decrease in other non-current assets		8	9	15
Total cash provided by investing activities	**(C)**	**524**	**23**	**104**
(Increase) decrease in short-term investments	**(D)**	0	(7)	(29)
Net cash provided by (used in) investing activities	**(E) = (B)+(C)+(D)**	**323**	**(149)**	**(235)**
Total cash provided by (used in) operating and investing activities	**(F) = (A)+(E)**	**265**	**(94)**	**296**
Capital transactions				
Proceeds from capital increase by the parent		0	0	0
Change in minority interests in capital increases by subsidiaries		0	3	3
Change in treasury shares		(2)	2	5
Dividends paid to owners of the parent (*)		(167)	(166)	(167)
Dividends paid to minority shareholders of subsidiaries		(26)	(26)	(33)
Financing transactions				
Increase in debt		751	261	92
Decrease in debt		(939)	(72)	(133)
Net cash provided by (used in) financing activities	**(G)**	**(383)**	**2**	**(233)**
Other movements				
Effect on cash of changes in exchange rates		(19)	42	32
Effect on cash of reclassification of net cash as assets held for sale and associated		0	0	(99)
Effect on cash of reclassification of net cash as cash transferred on disposals		77	0	0
Effect on cash of other movements		(3)	(2)	(4)
Total other movements	**(H)**	**55**	**40**	**(71)**
Change in net cash and cash equivalents	**(I) = (F)+(G)+(H)**	**(63)**	**(52)**	**(8)**
Cash and cash equivalents at beginning of the period		**511**	**519**	**519**
Cash and cash equivalents at end of the period	*(Note 15)*	**448**	**467**	**511**

(*) Including the portion of net profit paid to the General Partners.

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2011

ASSETS

(in millions of euros)		**30 June 2011**	**31 Dec. 2010**
Intangible assets		773	846
Goodwill		2,549	2,583
Property, plant and equipment		623	625
Investments in associates	*(Note 13)*	2,245	2,054
Other non-current assets		109	112
Deferred tax assets		176	167
Total non-current assets		**6,475**	**6,387**
Inventories		614	523
Trade receivables		1,142	1,189
Other current assets		1,030	983
Short-term investments	*(Note 14)*	107	106
Cash and cash equivalents	*(Note 15)*	589	616
Total current assets		**3,482**	**3,417**
Assets held for sale	*(Note 18)*	**290**	**1,097**
Total assets		**10,247**	**10,901**

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2011

EQUITY AND LIABILITIES

(in millions of euros)		**30 June 2011**	**31 Dec. 2010**
Share capital		800	800
Reserves		3,062	2,923
Profit attributable to owners of the parent		28	163
Equity attributable to owners of the parent		**3,890**	**3,886**
Minority interests		75	132
Total equity		**3,965**	**4,018**
Provisions for employee benefit and similar obligations		102	101
Non-current provisions for contingencies and losses		160	170
Non-current debt	*(Note 16)*	2,043	1,953
Other non-current liabilities		235	219
Deferred tax liabilities		137	126
Total non-current liabilities		**2,677**	**2,569**
Current provisions for contingencies and losses		334	342
Current debt	*(Note 16)*	390	541
Trade payables		1,545	1,618
Other current liabilities		1,255	1,414
Total current liabilities		**3,524**	**3,915**
Liabilities associated with assets held for sale		**81**	**399**
Total equity and liabilities		**10,247**	**10,901**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of euros)	Share capital	Share premiums	Other reserves	Treasury shares	Translation reserve	Valuation reserve	**Equity attributable to owners of the parent**	Minority interests	**Total equity**
At 1 January 2010	**800**	**888**	**2,560**	**(210)**	**(129)**	**49**	**3,958**	**124**	**4,082**
Net profit for the period			80				**80**	16	**96**
Gains and losses recognised in equity (a)			(46)		152	(388)	**(282)**	6	**(276)**
Comprehensive gains and losses for the period			**34**		**152**	**(388)**	**(202)**	**22**	**(180)**
Dividends			(166)				**(166)**	(26)	**(192)**
Capital increase attributable to minority interests							**0**	3	**3**
Changes in treasury shares				2			**2**		**2**
Share-based payments			4				**4**		**4**
Changes in consolidation scope and other							**0**	6	**6**
At 30 June 2010	**800**	**888**	**2,432**	**(208)**	**23**	**(339)**	**3,596**	**129**	**3,725**
At 1 January 2011	**800**	**888**	**2,556**	**(204)**	**(32)**	**(122)**	**3,886**	**132**	**4,018**
Net profit for the period			28				**28**	16	**44**
Gains and losses recognised in equity (a)			(1)		(63)	205	**141**	1	**142**
Comprehensive gains and losses for the period			**27**		**(63)**	**205**	**169**	**17**	**186**
Dividends			(167)				**(167)**	(26)	**(193)**
Capital increase attributable to minority interests							**0**		**0**
Changes in treasury shares				(2)			**(2)**		**(2)**
Share-based payments			8				**8**		**8**
Effect of transactions with minority interests			(5)				**(5)**		**(5)**
Changes in consolidation scope and other			1				**1**	(48)	**(47)**
At 30 June 2011	**800**	**888**	**2,420**	**(206)**	**(95)**	**83**	**3,890**	**75**	**3,965**

(a) See details in Note 17 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2011

(All figures are expressed in millions of euros)

Note 1 Accounting principles

The interim consolidated financial statements at 30 June 2011 are prepared in compliance with IAS 34, "Interim Financial Reporting". The accompanying notes do not contain all the disclosures required for annual financial statements. These condensed financial statements should therefore be read in conjunction with the annual consolidated financial statements published for 2010.

The Group has applied the new IFRS and amendments adopted by the European Union which are mandatory from 1 January 2011. These new standards and amendments have no significant impact on the financial statements at 30 June 2011 as compared to the principles applied for the annual consolidated financial statements for 2010.

Note 2 Main changes in the scope of consolidation

In first-half 2011, the only material change in the scope of consolidation was the deconsolidation, as of 31 May 2011, of the Group's International Magazine business which were sold in the following 13 countries: the United States, Italy, Spain, Japan, the Netherlands, Hong Kong, Mexico, Taiwan, Canada, Germany, Russia, Ukraine and the Czech Republic. All of these assets were sold to Hearst Corporation, with the exception of those in the Czech Republic which were sold to a local partner who wished to exercise its pre-emptive right.

Lagardère SCA and Hearst Corporation announced on 31 December 2010 that they had signed an agreement opening exclusive negotiations for the sale of the Lagardère group's International Press and Magazine business. As a result of this agreement, on 31 January 2011 Hearst Corporation made Lagardère SCA a firm offer to buy these businesses in 15 countries.

In the balance sheet at 31 December 2010, the assets and liabilities concerned by the sales were reclassified as assets held for sale and associated liabilities. At 30 June 2011, the assets and liabilities of the businesses based in the United Kingdom and China are still recognised under these line items. The UK-based business was sold on 29 July 2011 and the Chinese business is expected to be sold in late 2011.

In the six months to 30 June 2011, the International Magazine business as a whole (including subsidiaries not yet sold at that date) generated net sales of €325 million and recurring operating profit before associates of €32 million.

Note 3 Segment information

Lagardère's main businesses are carried out through Lagardère Media, which comprises the following divisions (business segments):

• Lagardère Publishing: publication of General Literature, Education, Illustrated books and Partworks;

• Lagardère Active, which comprises:
  - Audiovisual and Digital activities including special interest television channels, Audiovisual production and distribution, Radio and Advertising Sales Brokerage;
  - Press activities, principally mainstream Magazine publishing;

• Lagardère Services: Press Distribution, Retailing in cultural, entertainment and consumer products;

• Lagardère Unlimited, which specialises in Sport industry and Entertainment and operates in the six following areas:
  - Media (management and administration of sports broadcasting rights);
  - Marketing (sports marketing, sponsoring and hospitality);
  - Event organisation (production, management and ownership of events);
  - Representation of sports and entertainment celebrities;
  - Sports training academies;
  - Consulting (advice and assistance to operators of stadiums and sports facilities).

Lagardère also holds a 7.5% investment in the EADS group which manufactures commercial aircraft, civil and military helicopters, commercial launch vehicles, missiles, military aircraft, satellites, defence systems and defence electronics, and provides the full range of services associated with these products.

In addition to the above business divisions, the Group has a "corporate" reporting unit ("Other Activities") used primarily to report the effect of financing obtained by the Group, the net operating costs of Group holding companies, and the activities of Matra Manufacturing & Services (whose revenues are reported under "Other income from ordinary activities").

Transactions between business divisions are generally carried out on arm's length terms.

Income statement for first-half 2011							
	Lagardère Publishing	**Lagardère Active**	**Lagardère Services**	**Lagardère Unlimited**	**Lagardère Media**	**EADS and Other Activities (*)**	**Total**
Net sales	919	817	1,804	213	**3,753**	-	**3,753**
Inter-segment sales	(19)	(10)	-	-	**(29)**	-	**(29)**
Consolidated net sales	**900**	**807**	**1,804**	**213**	**3,724**	**-**	**3,724**
Recurring operating profit (loss) before associates	**71**	**52**	**41**	**4**	**168**	(8)	**160**
Income from associates before amortization of acquisition-related intangible assets and impairment losses	0	10	2	1	**13**	9	**22**
Recurring operating profit	**71**	**62**	**43**	**5**	**181**	**1**	**182**
Restructuring costs	-	(1)	(3)	(7)	**(11)**	-	**(11)**
Gains on disposals of assets and associated risks	-	2	8	-	**10**	-	**10**
Impairment losses (**)	-	-	-	-	**-**	-	**-**
- Fully consolidated companies	-	-	-	-	**-**	-	**-**
- Companies accounted for by the equity method	-	-	-	-	**-**	-	**-**
Amortization of acquisition-related intangible assets and costs	(1)	-	(4)	(21)	**(26)**	-	**(26)**
Fully consolidated companies	(1)	-	(4)	(21)	**(26)**	-	**(26)**
Companies accounted for by the equity method	-	-	-	-	**-**	-	**-**
Profit (loss) before finance costs and tax (*)	**70**	**63**	**44**	**(23)**	**154**	**1**	**155**
Finance costs, net	-	(13)	(1)	(8)	**(22)**	(23)	**(45)**
Profit (loss) before tax (*)	**70**	**50**	**43**	**(31)**	**132**	**(22)**	**110**
Items included in recurring operating profit							
Depreciation and amortization of intangible assets and property, plant and equipment	(12)	(11)	(29)	(62)	**(114)**	(3)	**(117)**
Cost of stock option plans	(2)	(2)	(1)	-	**(5)**	(2)	**(7)**

(*) Including EADS: €9 million in net income from associates.
(**) Impairment losses on goodwill, intangible assets and property, plant and equipment.

Income statement for first-half 2010							
	Lagardère Publishing	**Lagardère Active**	**Lagardère Services**	**Lagardère Unlimited**	**Lagardère Media**	**EADS and Other Activities (*)**	**Total**
Net sales	994	869	1,712	174	**3,749**	-	**3,749**
Inter-segment sales	(19)	(14)	-	-	**(33)**	-	**(33)**
Consolidated net sales	**975**	**855**	**1,712**	**174**	**3,716**	**0**	**3,716**
Recurring operating profit (loss) before associates	**101**	**36**	**37**	**9**	**183**	(4)	**179**
Income from associates before amortization of acquisition-related intangible assets and impairment losses	1	1	4	-	**6**	15	**21**
Recurring operating profit	**102**	**37**	**41**	**9**	**189**	**11**	**200**
Restructuring costs	-	(8)	(3)	(3)	**(14)**	(30)	**(44)**
Gains (losses) on disposals of assets and associated risks	(12)	40	-	-	**28**	(14)	**14**
Impairment losses (**)							
- Fully consolidated companies	-	-	(1)	-	**(1)**	-	**(1)**
- Companies accounted for by the equity method	-	-	-	-	-	-	-
Amortization of acquisition-related intangible assets and costs							
- Fully consolidated companies	(1)	-	(3)	(8)	**(12)**	-	**(12)**
- Companies accounted for by the equity method	-	-	-	-	-	-	-
Profit (loss) before finance costs and tax (*)	**89**	**69**	**34**	**(2)**	**190**	**(33)**	**157**
Finance costs, net	(1)	(15)	(2)	(4)	**(22)**	(17)	**(39)**
Profit (loss) before tax (*)	**88**	**54**	**32**	**(6)**	**168**	**(50)**	**118**
Items included in recurring operating profit							
Depreciation and amortization of intangible assets and property, plant and equipment	(12)	(15)	(27)	(50)	**(104)**	(3)	**(107)**
Cost of stock option plans	(1)	(1)	(1)	-	**(3)**	(1)	**(4)**

(*) Including EADS: €15 million in net income from associates.
(**) Impairment losses on goodwill, intangible assets and property, plant and equipment.

Statement of cash flows for first-half 2011							
	Lagardère Publishing	**Lagardère Active**	**Lagardère Services**	**Lagardère Unlimited**	**Lagardère Media**	**EADS, Other Activities and eliminations**	**Total**
Cash flows from operations	(59)	29	39	1	10	(6)	**4**
Interest paid and received, income tax paid	(28)	(43)	(7)	(14)	(92)	30	**(62)**
Net cash provided by (used in) operating activities	**(87)**	**(14)**	**32**	**(13)**	**(82)**	**24**	**(58)**
Cash used in investing activities	(35)	(16)	(48)	(88)	(187)	(14)	**(201)**
- Purchases of intangible assets and property, plant and equipment	*(14)*	*(7)*	*(37)*	*(50)*	*(108)*	*(13)*	***(121)***
- Purchases of investments	*(21)*	*(9)*	*(11)*	*(38)*	*(79)*	*(1)*	***(80)***
Proceeds from disposals of non-current assets	6	494	13	11	524	-	**524**
- Sales of intangible assets and property, plant and equipment	-	*1*	*13*	*6*	*20*	-	***20***
- Sales of investments	*6*	*493*	-	*5*	*504*	-	***504***
(Increase) decrease in short-term investments	-	-	-	-	-	-	**-**
Net cash provided by (used in) investing activities	**(29)**	**478**	**(35)**	**(77)**	**337**	**(14)**	**323**
Total cash provided by (used in) operating and investing activities	**(116)**	**464**	**(3)**	**(90)**	**255**	**10**	**265**

Statement of cash flows for first-half 2010							
	Lagardère Publishing	**Lagardère Active**	**Lagardère Services**	**Lagardère Unlimited**	**Lagardère Media**	**EADS, Other Activities and eliminations**	**Total**
Cash flows from operations	(7)	45	38	37	**113**	(11)	**102**
Interest paid and received, income tax paid	(50)	(31)	(8)	(7)	**(96)**	49	**(47)**
Net cash provided by (used in) operating activities	**(57)**	**14**	**30**	**30**	**17**	**38**	**55**
Cash used in investing activities	(14)	(21)	(35)	(85)	**(155)**	(10)	**(165)**
- Purchases of intangible assets and property, plant and equipment	*(9)*	*(8)*	*(33)*	*(47)*	***(97)***	*(8)*	***(105)***
- Purchases of investments	*(5)*	*(13)*	*(2)*	*(38)*	***(58)***	*(2)*	***(60)***
Proceeds from disposals of non-current assets	5	6	5	4	**20**	3	**23**
- Sales of intangible assets and property, plant and equipment	-	-	*1*	*2*	***3***	-	***3***
- Sales of investments	*5*	*6*	*4*	*2*	***17***	*3*	***20***
Increase in short-term investments	-	-	(7)	-	**(7)**	-	**(7)**
Net cash used in investing activities	**(9)**	**(15)**	**(37)**	**(81)**	**(142)**	**(7)**	**(149)**
Total cash provided by (used in) operating and investing activities	**(66)**	**(1)**	**(7)**	**(51)**	**(125)**	**31**	**(94)**

Balance sheet at 30 June 2011							
	Lagardère Publishing	**Lagardère Active**	**Lagardère Services**	**Lagardère Unlimited**	**Lagardère Media**	**EADS, Other Activities and eliminations**	**Total**
Segment assets	2,074	1,916	1,133	1,568	**6,691**	327	**7,018**
Investments in associates	18	1,759	6	5	**1,788**	457	**2,245**
Segment liabilities	(1,033)	(1,189)	(985)	(550)	**(3,757)**	(13)	**(3,770)**
Capital employed	**1,059**	**2,486**	**154**	**1,023**	**4,722**	**771**	**5,493**
Assets held for sale and associated liabilities							**209**
Net indebtedness							**(1,737)**
Equity							**3,965**

Balance sheet at 31 December 2010							
	Lagardère Publishing	**Lagardère Active**	**Lagardère Services**	**Lagardère Unlimited**	**Lagardère Media**	**EADS, Other Activities and eliminations**	**Total**
Segment assets	2,101	1,973	1,080	1,600	**6,754**	273	**7,027**
Investments in associates	18	1,756	4	5	**1,783**	271	**2,054**
Segment liabilities	(1,174)	(1,189)	(962)	(638)	**(3,963)**	(26)	**(3,989)**
Capital employed	**945**	**2,540**	**122**	**967**	**4,574**	**518**	**5,092**
Assets held for sale and associated liabilities							698
Net indebtedness							**(1,772)**
Equity							**4,018**

Note 4 Net sales

	First-half 2011	First-half 2010
France	1,279	1,260
Other countries	2,445	2,456
Total	**3,724**	**3,716**

Like-for-like net sales are calculated by adjusting:

• 2011 net sales to exclude companies consolidated for the first time during the period, and 2010 net sales to exclude companies divested in 2011;
• first-half 2011 and 2010 net sales based on 2011 exchange rates.

Excluding the effect of changes in group structure (-0.3%) and exchange rates (+0.6%), total net sales decreased by 0.1% from first-half 2010.

Note 5 Restructuring costs

Restructuring costs for the first half of 2011 totalled €11 million, including €7 million incurred by Lagardère Unlimited and €3 million by Lagardère Services.

For the first half of 2010, these costs totalled €44 million, including €30 million for the Group's contribution to financing for the Presstalis recovery plan. The remaining costs were incurred by Lagardère Active (€6 million), Lagardère Services (€3 million), Lagardère Unlimited (€3 million), and Other Activities (€2 million).

As regards the Presstalis recovery plan, all of the measures, in particular the financial actions aimed at strengthening Presstalis' equity as provided for by the framework agreement of 27 May 2010 signed by Lagardère, the publisher cooperatives and Presstalis, under the aegis of the French authorities, were implemented at the end of 2010 and during the first half of 2011. Consequently, and in accordance with the governance reform set out in said framework agreement, at the end of the first half of 2011 Lagardère sold its 49% interest in Presstalis and Transports Presse to the publisher cooperatives for a token price of €1. At the same time, Lagardère relinquished all general management and administrative positions it held in these companies, retaining only its position as a publisher within the cooperatives. A provision was set aside in the 2010 consolidated financial statements for the financial consequences of these transactions and there was no impact on the first-half 2011 results.

Note 6 Gains (losses) on disposals of assets and associated risks

In the first half of 2011, this item showed a net profit of €10 million, corresponding chiefly to gains on the disposal of real estate assets by Lagardère Services in the amount of €8 million.

The disposal of the International Magazine business, described above in Note 2, generated a small €0.4 million gain, net of the related costs.

In the first half of 2010, net gains on disposals came in at €14 million, corresponding to gains on the sale of DTT channel Virgin 17 (+€49 million) and Arlis (+€6 million) which were offset by losses on the sale of shares held in Le Monde SA (-€29 million) and Brazilian subsidiary Escala Educacional (-€12 million).

Note 7 Impairment losses on goodwill, property, plant and equipment and intangible assets

In the absence of any indications of impairment, no impairment tests were carried out on assets at 30 June 2011. Accordingly, intangible assets that were written down at 31 December 2010 continue to be measured based on the after-tax discount rates effective at that date, as described in Note 10 to the 2010 consolidated financial statements. These rates are as follows:

	2010	2009
Publishing	9.00%	8.57%
Active	7.15% - 10.83%	8.28% - 10.25%
Services	9.11%	9.07%
Unlimited	7.15%	8.28%

As described in the notes to prior-year consolidated financial statements, these rates are calculated based on internal rates of return published by the market, it being specified that for the Audiovisual businesses and the Unlimited division, the benchmark discount rate at end-2009 of 6.47% reflected the nascent economic recovery observed in the final quarter of 2009. In view of the lack of visibility over the economic outlook at that time, at 31 December 2009, the Group opted to maintain the 8.28% discount rate used at end-2008. At 31 December 2010, the Group reapplied the internal rates of return published by the market for all of its businesses, leading to a decrease in the discount rate used for impairment tests on the Audiovisual businesses and the Unlimited division from 8.28% to 7.15%. This change reflects the Group's assessment of the economic upturn, notably in the advertising field, which took hold at the end of 2009 and continued in 2010.

Note 8 Other operating expenses

	First-half 2011	First-half 2010
Write-downs of assets	(18)	(9)
Exchange losses	-	(2)
Financial expenses other than interest	(2)	(2)
Other expenses	(8)	(12)
Total	**(28)**	**(25)**

Write-downs of assets totalled €18 million in first-half 2011 and €9 million in first-half 2010, principally relating to advances paid to writers by Lagardère Publishing.

Note 9 Other operating income

	First-half 2011	First-half 2010
Exchange gains	-	-
Provisions for contingencies and losses	13	19
Other income	6	10
Total	**19**	**29**

Note 10 Financial income and expenses

Financial income and expenses break down as follows:

	First-half 2011	First-half 2010
Interest income on loans	10	3
Investment income and gains on sales of short-term investments	3	3
Financial income	**13**	**6**
Interest expense on borrowings	(57)	(43)
Loss on financial derivative instruments acquired as hedges of net debt	(1)	(2)
Financial expenses	**(58)**	**(45)**
Total	**(45)**	**(39)**

Note 11 Income tax expense

Income tax expense breaks down as follows:

	First-half 2011	First-half 2010
Current taxes	(60)	(36)
Deferred taxes	(6)	14
Total	**(66)**	**(22)**

Note 12 Earnings per share

Basic earnings per share

Earnings per share is calculated by dividing net profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares. Changes in the number of shares as a result of employees exercising their stock options (movements throughout the period) are included using the average of opening and closing balances for the period.

Diluted earnings per share

The only dilutive ordinary shares are unexercised uncovered employee stock options, with exercise prices lower than the average quoted price of the Lagardère SCA share over the reference period ("in-the-money" options), and free shares, when their allocation at the date set in the plan is probable (specific case of free shares allocated subject to performance conditions).

	First-half 2011	**First-half 2010**
Net profit attributable to owners of the parent (in millions of euros)	28	80
Number of shares making up the share capital at 30 June	131,133,286	131,133,286
Treasury shares	(4,167,948)	(4,208,948)
Number of shares outstanding at 30 June	126,965,338	126,924,338
Average number of shares outstanding during the period	**126,999,838**	**126,909,338**
Basic earnings per share attributable to owners of the parent (in euros)	**0.22**	**0.63**
Dilutive stock options and free shares		
Stock options	-	-
Free shares	1,206,475	571,525
Average number of shares including dilutive stock options and free shares	**128,206,313**	**127,480,863**
Diluted earnings per share attributable to owners of the parent (in euros)	**0.22**	**0.63**

Note 13 Investments in associates

The following amounts are recognised in the consolidated financial statements for the principal companies accounted for by the equity method:

	% interest		Balance sheet		Income statement	
	30 June 2011	31 Dec. 2010	30 June 2011	31 Dec. 2010	First-half 2011	First-half 2010
Canal+ France	20%	20%	1,507	1,507	0	0
Marie Claire	42%	42%	126	127	3	1
Amaury group	25%	25%	96	94	5	5
O.E.E. (Because)	25%	25%	16	16	0	0
SETC	49%	49%	11	11	1	(1)
Editions J'ai lu	35%	35%	14	15	0	0
Other			19	13	4	1
Excluding EADS			**1,789**	**1,783**	**13**	**6**
EADS	7.5%	7.5%	456	271	9	15
Total			**2,245**	**2,054**	**22**	**21**

Canal+ France

The process initiated in April 2010 for the sale of Lagardère's 20% holding in Canal+ France was described in Note 19 to the consolidated financial statements at 31 December 2010. The note states that on 16 March 2011, Lagardère announced that it had decided to postpone the IPO of its holding in Canal+ France in view of the scale of the catastrophe in Japan, which has caused extreme volatility on the markets, making the environment unfavourable for an IPO.

At 30 June 2011, this process is still on hold and the Group confirms that it intends to proceed with the sale through an IPO as soon as market conditions permit the expected minimum price to be obtained. In light of the ongoing uncertainty due to financial market volatility, at 30 June 2011, the Group considers that the conditions required for a highly-probable sale within one year are not yet in place.

At 30 June 2011, the investment is accounted for by the equity method and, like at 31 December 2010, is valued at €1,507 million. The associate's contribution to the first-half 2011 results was offset by the impairment required to write it down to its value in use of €1,507 million, as confirmed at 30 June 2011 in the absence of any indication of impairment.

Note 14 Short-term investments

Short-term investments are solely comprised of available-for-sale investments measured at fair value. They break down as follows:

	30 June 2011	31 Dec. 2010
Shares	31	27
Bonds	76	79
Total	**107**	**106**

Shares are Deutsche Telekom shares received in 2006 in exchange for T-Online shares as part of the merger between the two companies.

The cumulative fair value adjustments taken to equity at 30 June 2011 amounted to +€4 million.

Note 15 Cash and cash equivalents

Details of cash and cash equivalents reported in the cash flow statement are as follows:

	30 June 2011	31 Dec. 2010
Cash and cash equivalents	589	616
Short-term bank loans and overdrafts	(141)	(105)
Cash and cash equivalents, net	**448**	**511**

Note 16 Debt

16.1 Analysis of debt by maturity

By maturity – Total debt	Under 1 year (*)	1 to 5 years	Over 5 years	Total
Bonds	-	1,341	-	1,341
Bank loans	155	667	-	822
Finance lease liabilities	1	1	-	2
Debt related to put options granted to minority shareholders	-	21	1	22
Other debt	234	3	9	246
At 30 June 2011	**390**	**2,033**	**10**	**2,433**
At 31 December 2010	**541**	**1,944**	**9**	**2,494**
(*) Debt due within one year is reported in the balance sheet under "Current debt".				

16.2 A new syndicated credit facility

On 26 January 2011, Lagardère SCA signed a new multicurrency syndicated loan contract for the amount of €1,645 million, replacing the syndicated loan signed in 2005 for €2,200 million and due to expire in 2012. This new five-year loan bears interest at the Euribor rate (or equivalent for other currencies) with an initial margin of 0.90%. At 30 June 2011, €643 million had been drawn down.

16.3 Issue of Hachette SA bonds with preferred share subscription warrants (OBSAP)

On 12 January 2011, Hachette SA issued five-year bonds with preferred share subscription warrants for a nominal amount of €100 million and bearing interest at the six-month Euribor rate +0.95%. They were fully subscribed by Société Générale. Following this issue, which contributes to the financing of Hachette SA's and its subsidiaries' business activities, the warrants were separated from the bonds and acquired by certain Lagardère group managers in France and abroad (excluding Lagardère SCA Managing Partners) designated by the Board of Directors of Hachette SA. The sale price of the warrants was set on the basis of an independent expert's report.

The warrants grant their holders the right to subscribe to preferred shares in Hachette SA between 12 January 2014 and 12 January 2018. These preferred shares carry no voting rights and benefit from a preferred dividend aimed at offsetting the financial expense resulting from the minority interest indirectly held by Hachette SA in Canal+ France. In the event that this interest is sold, the preferred shares will be converted into ordinary shares based on a conversion ratio that offsets the impacts of the change in the percentage interest held in Canal+ France (gain or loss on the disposal of the interest, financial expense on the interest held, dividends paid by Canal+ France). The warrants provide a means for the managers who acquired them to participate in the growth of Lagardère's media industry businesses (excluding its interest in Canal+ France) and to strengthen their involvement in the development of these businesses.

The warrants are subject to a three-year lock-up period following the issue date. Following this period, Lagardère SCA has undertaken to acquire from the warrant holders, at their request and during specified periods, warrants or preferred shares (or ordinary shares if the warrants have been converted) issued when the warrants are exercised. In return, should the warrant holders not exercise their right to sell, they undertake to sell to Lagardère SCA, at its request and during specified periods, the warrants or preferred shares (or ordinary shares if the warrants have been converted) issued when the warrants are exercised. The warrants and shares will be valued based on a method determined by an independent expert. Hachette SA also reserves the right to buy back the warrants under certain conditions between 12 January 2017 and 12 January 2018.

The issue price of the OBSAP is recognised under debt in the consolidated financial statements for an amount of €98.4 million (net of costs) and breaks down into two distinct components as follows:

- the sale price of the warrants acquired by Group managers: a total amount of €1.6 million;
- the bond component, which corresponds to the issue price of the OBSAP less the sale price of the warrants: €96.8 million.

At the end of each reporting period, the warrants are measured at fair value through profit and loss. Fair value is assessed in accordance with the above-described valuation process. It represents the redemption value of the warrants at the end of the three-year lock-up period. The bond component is recognised at amortized cost based on the effective interest rate.

16.4 Reimbursement of the third and final tranche of the 24 January 2001 US Private Placement Notes issue

This tranche was reimbursed at its maturity date on 31 January 2011 for an amount of €254 million.

Note 17 Gains and losses recognised in equity

Changes in gains and losses recognised in equity are shown below:

First-half 2011 *(in millions of euros)*	**Other reserves**	**Translation reserve**	**Valuation reserve**	**Equity attributable to owners of the parent**	**Minority interests**	**Total equity**
Currency translation adjustments		**(59)**		**(59)**	**1**	**(58)**
Change in fair value of:						
derivative financial instruments			**0**	**0**		**0**
- Unrealised gains and losses arising during the period recognised in equity			(4)	(4)		(4)
- Reclassification by transfer from equity to profit			4	4		4
investments in non-consolidated companies			**10**	**10**		**10**
- Unrealised gains and losses arising during the period recognised in equity			10	10		10
- Reclassification by transfer from equity to profit			-	-		-
Actuarial gains and losses on employee benefit and similar obligations	(1)			**(1)**		**(1)**
Share of gains and losses of associates (net of tax)		(4)	196	**192**		**192**
Income tax on gains and losses recognised in equity			(1)	**(1)**		**(1)**
Gains and losses recognised in equity, net of tax	**(1)**	**(63)**	**205**	**141**	**1**	**142**

First-half 2010 *(in millions of euros)*	**Other reserves**	**Translation reserve**	**Valuation reserve**	**Equity attributable to owners of the parent**	**Minority interests**	**Total equity**
Currency translation adjustments		**143**		**143**	**6**	**149**
Change in fair value of:						
derivative financial instruments			**0**	**0**		**0**
- Unrealised gains and losses arising during the period recognised in equity			(1)	(1)		(1)
- Reclassification by transfer from equity to profit			1	1		1
investments in non-consolidated companies			**2**	**2**		**2**
- Unrealised gains and losses arising during the period recognised in equity			(4)	(4)		(4)
- Reclassification by transfer from equity to profit			6	6		6
Actuarial gains and losses on employee benefit and similar obligations	(21)			**(21)**		**(21)**
Share of gains and losses of associates (net of tax)	(31)	9	(391)	**(413)**		**(413)**
Income tax on gains and losses recognised in equity	6		1	**7**		**7**
Gains and losses recognised in equity, net of tax	**(46)**	**152**	**(388)**	**(282)**	**6**	**(276)**

Details of the tax effects relating to gains and losses recognised in equity are as follows:

	First-half 2011		
(in millions of euros)	**Before tax**	**Tax expense**	**After tax**
Currency translation adjustments	(58)	-	**(58)**
Change in fair value of:			
- derivative financial instruments	0	-	**0**
- investments in non-consolidated companies	10	(1)	**9**
Actuarial gains and losses on employee benefit and similar obligations	(1)	-	**(1)**
Share of gains and losses of associates (net of tax)	192	-	**192**
Total gains and losses recognised in equity	**143**	**(1)**	**142**

	First-half 2010		
(in millions of euros)	**Before tax**	**Tax expense**	**After tax**
Currency translation adjustments	149	-	**149**
Change in fair value of:			
- derivative financial instruments	0	-	**0**
- investments in non-consolidated companies	2	1	**3**
Actuarial gains and losses on employee benefit and similar obligations	(21)	6	**(15)**
Share of gains and losses of associates (net of tax)	(413)	-	**(413)**
Total gains and losses recognised in equity	**(283)**	**7**	**(276)**

Note 18 Assets held for sale and associated liabilities

This item represents the assets and liabilities of the Group's International Magazine business in the United Kingdom and China which had not been sold at 30 June 2011. This transaction is described in Note 2.

Note 19 Contractual obligations and commitments given

The main changes in first-half 2011 compared to the commitments presented in Notes 33 and 34.1 to the consolidated financial statements at 31 December 2010 concerned Lagardère Unlimited's contractual obligations:

- at 30 June 2011, the minimum payments guaranteed under long-term contracts for sports rights sales totalled €1,128 million, compared to €1,200 million at 31 December 2010;
- at 30 June 2011, commitments received under contracts signed with distributors and partners totalled €962 million compared to €799 million at 31 December 2010.

Note 20 Litigation

Action filed by Odile Jacob for cancellation of the decision approving Wendel Investissement as buyer of Editis assets

This dispute is described in Note 34.2 to the consolidated financial statements at 31 December 2010.

Following on from these events, on 13 May 2011, the European Commission confirmed the approval of Wendel as buyer of Editis. The European Commission set 30 July 2004 – the date of the first approval that was cancelled by one of the decisions issued by the European Union's General Court in September 2010 – as the date on which its decision took effect.

The written proceedings relating to the different appeals lodged before the Court of Justice of the European Union have been closed and hearings in these matters are expected to take place shortly. The proceedings before the Paris Commercial Court are ongoing and Lagardère has requested as a preliminary point that the court decline jurisdiction in favour of the EU institutions.

Action by Crédit Mutuel group companies against Lagardère and Natixis

This dispute is described in Note 34.2 to the consolidated financial statements at 31 December 2010.

Following on from these events, on 28 April 2011, the Court of Appeal confirmed the Paris Commercial Court's decision of 27 January 2010 and cleared Lagardère SCA.

The appellants have appealed to the Court of Cassation.

Statement of objections from the French Competition Authority concerning youth channels

This dispute is described in Note 34.2 to the consolidated financial statements at 31 December 2010.

Following on from these events, on 15 July 2011, France Telecom requested the Paris Appeal Court to acknowledge its withdrawal of the appeal it had lodged against the French Competition Authority's decision of 16 November 2010, which should bring these proceedings to an end. The additional investigation ordered by the Competition Authority in the aforementioned decision has not yet given rise to any new exchanges between Lagardère SCA or Lagardère Active and the Investigation Services of the French Competition Authority.

World Sport Group/Indian Premier League contracts

This dispute is described in Note 34.2 to the consolidated financial statements at 31 December 2010.

Following on from these events, the Indian Supreme Court took a series of interim measures that, without calling into question the marketing already carried out by World Sport Group (WSG) and without prejudging the substance of the case, temporarily grant the Board of Control for Cricket in India (BCCI), under the supervision of the Court, media rights to the Indian Premier League (IPL) outside the Indian subcontinent that are not already marketed by WSG as well as the recovery of the amounts owed by the broadcasters.

In addition, in February 2011, WSG was notified of an investigation by the Indian Competition Authority into different aspects of BCCI's distribution of various rights relating to the IPL. WSG is cooperating with the investigation.

The other proceedings relating to the IPL that are described in the notes to the financial statements are ongoing.

Proceedings in the digital books business

The Group has recently been informed of the filing of a certain number of class action lawsuits in the United States implicating Apple and several anglosaxon publishers, including Hachette Book Group, in relation to digital books.

These complaints fall within the context of the competition investigations described in Note 34.2 to the consolidated financial statements at 31 December 2010. As these investigations are only in the preliminary stages, it is not currently possible to determine whether they will lead to any charges being brought.

Other litigation

There were no other important developments in the disputes described in Note 34.2 to the consolidated financial statements at 31 December 2010.

Note 21 Related party transactions

During the first half of 2011, no new transactions were undertaken by the Lagardère group with related parties other than those described in Note 35 to the consolidated financial statements at 31 December 2010.

3 - STATUTORY AUDITORS' REPORT

This is a free translation into English of the statutory auditors' review report on the half-yearly consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. This report also includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Lagardère S.C.A.
Period from January 1 to June, 30, 2011

Statutory Auditors' Review Report on the First Half-yearly Financial Information for 2011

To the Shareholders,

In compliance with the assignment entrusted to us by your general shareholders' meetings and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code, we hereby report to you on:

- the limited review of the accompanying condensed half-yearly consolidated financial statements of Lagardère S.C.A., for the period from January 1 to June 30, 2011, and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements were drawn up under the responsibility of the Managing Partners. Our role is to express a conclusion on these financial statements based on our limited review.

1. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review mainly consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our limited review, nothing has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without calling into question the conclusion expressed above, we draw your attention to the following matters:

- Note 13 in the notes to the condensed half-yearly consolidated financial statements, which presents, as was already the case at December 31, 2010, the accounting treatment of the investment in Canal + France using the equity method based on value in use;
- Note 7 (which must be read in the context described in Note 1), which mentions that the Group has not identified any indications of impairment. In the specific case of the Unlimited Division and given the current environment, Lagardère management has considered that the negative events of the semester do not have a structural impact on the mid-term forecasts that support the value of intangible assets.

2. Specific verification

We have also verified the information presented in the interim management report in respect of the condensed half-yearly financial statements subject to our limited review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly financial statements.

French original signed at Courbevoie and Neuilly-sur-Seine on August 31, 2011

By the statutory auditors

MAZARS	ERNST & YOUNG et Autres
Bruno Balaire	Jeanne Boillet

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4 - PERSONS RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT – CERTIFICATION BY THE MANAGING PARTNERS

We certify that to the best of our knowledge, the condensed interim consolidated financial statements for the first half of 2011 have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and all the entities included in the consolidation, and that the accompanying interim management report presented on pages 1 to 12 fairly presents the significant events of the first six months of the year, their impact on the financial statements, the principal related party transactions and a description of the main risks and uncertainties for the remaining six months of the year. A statutory auditors' report was issued on the condensed interim consolidated financial statements, and is presented on page 37. The report contains two observations relating to:

- the accounting treatment of the investment in Canal+ France using the equity method based on value in use, as was already the case at December 31, 2010;
- the fact that the Group has not identified any indications of impairment. In the specific case of the Unlimited division and given the current environment, Lagardère's management has considered that the negative events of the first-half year do not have a structural impact on the mid-term forecasts that support the value of intangible assets.

Paris, 31 August 2011

Arnaud Lagardère

For Arjil Commanditée-Arco:

Arnaud Lagardère - Pierre Leroy