2014 INTERIM FINANCIAL REPORT

CONTENTS

1 - 2014 INTERIM MANAGEMENT REPORT

Lagardère, a world-class diversified media group, operates in around 30 countries and is structured around four distinct, complementary divisions:

- Lagardère Publishing includes the Book Publishing and e-Publishing businesses;
- Lagardère Services encompasses the Travel Retail and Distribution businesses;
- Lagardère Active comprises the Press, Audiovisual (Radio, Television, Audiovisual Production), Digital and Advertising Sales Brokerage businesses;
- Lagardère Unlimited is a global leader in Sports and Entertainment.

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1.1 SIGNIFICANT EVENTS OF THE FIRST HALF OF 2014

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. Main changes in the scope of consolidation

See Note 2 to the consolidated financial statements for the six months ended 30 June 2014.

1.1.2. Acquisition by Aelia SAS, a subsidiary of Lagardère Services, of an operator of retail stores in Amsterdam's Schiphol airport

On 3 January 2014, Aelia SAS, a subsidiary of Lagardère Services, acquired all of the shares of Gerzon Holding, becoming the operator of 12 fashion and accessory stores in Amsterdam’s Schiphol airport, Europe’s fourth largest hub. In 2013, Gerzon Holding reported net sales of €55 million.

This acquisition consolidates LS Travel Retail’s position in the fast-growing duty free and luxury segment as well as its leading position in fashion travel retail in Europe.

1.1.3. Lagardère and SAVE enter into a partnership as regards Airest

On 16 April 2014, Lagardère Services acquired a 50% stake from SAVE in Airest (the remaining 50% is held by SAVE) which operates more than 200 sales outlets in 11 countries, including at Venice and Treviso airports.

The agreement provides for the future reorganisation of the Airest group through the demerger of the Italian and international activities from the food services and travel retail activities at Venice and Treviso airports.

Lagardère Services and SAVE will jointly control the two groups on a 50-50 basis.

For the Italian and international activities, the agreement provides for a put and call option (which can be exercised until 31 December 2016) on SAVE's 50% stake. However, the 50-50 partnership between Lagardère Services and SAVE at Venice and Treviso airports will remain in place, guaranteeing a long-term commitment to the joint industrial project of developing the Venice Airport food services and travel retail activities.

1.1.4 Médiamétrie radio survey of 15 April 2014 (radio audience figures for January-March 2014)

Europe 1 radio recorded the strongest performance in the radio market with a fifth consecutive increase and a cumulative audience share of 9.3%, i.e., a rise of 0.8 percentage points on the prior-year period.

Europe 1's audience share also increased significantly, up by 1 percentage point to 8.1%. This performance is all the more spectacular given that Europe 1 gained over 450,000 listeners while the general-interest radio market as a whole was shedding listeners.

Europe 1 currently has a daily following of 4,923,000 listeners, up 10% year on year.

1.1.5 Extra dividend of €6 per share

On 13 May 2014, Lagardère SCA paid an extra dividend of €6 per share, with an ex-dividend date of 8 May 2014.

Based on the number of shares comprising the share capital and including the number of shares held in treasury by the Company at the payment date, the total dividend payment amounted to €765 million, representing the payment to shareholders of a portion of the proceeds from the sale of the Group's interest in Canal+ France.

1.1.6 New management structure at Lagardère Unlimited aligned with the reorganisation by business line of its operations

Lagardère Unlimited has changed its management structure to facilitate the integration of the businesses acquired in recent years.

The newly-appointed Executive Committee's objective is to develop Lagardère Unlimited through global sports business lines with streamlined management of costs and resources, allowing it to create value for its customers through its global media rights, sponsorship and events platforms.

1.1.7. Hachette Book Group signs agreement to acquire Perseus Books group

On 24 June 2014, Hachette Book Group, the US subsidiary of Hachette Livre, signed an agreement to acquire the publishing business of US publishing group Perseus Books. The acquisition is expected to close in second-half 2014.

If the acquisition is finalised, the Perseus Books group's distribution business could be acquired by the Ingram Content group.

The publishing business of Perseus Books has net sales in the region of USD 90 million. In 2016, its operating profit is expected to represent around 10% of its publishing net sales.

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

A general presentation of risks and uncertainties can be found in Chapter 3, "Risk factors", of the Reference Document containing the 2013 consolidated financial statements, filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on 4 April 2014.

Significant developments in disputes since the 2013 Reference Document was filed are set out, in particular, in Note 19 to the consolidated financial statements for the six months ended 30 June 2014.

1.3 COMMENTS ON LAGARDÈRE SCA'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2014

Lagardère's main businesses are carried out through Lagardère Media, which includes the divisions Lagardère Publishing, Lagardère Services, Lagardère Active and Lagardère Unlimited.

Business is also carried out through "Other Activities", corresponding to activities not directly related to Lagardère Media's operating divisions.

The main changes in the scope of consolidation during the first half of 2014 are described in Note 2 to the consolidated financial statements.

1.3.1 Income statement

Income statement			
	First-half 2014	**First-half 2013**	**Full-year 2013**
Net sales	**3,364**	**3,406**	**7,216**
Recurring operating profit before associates*(*)*	113	105	327
Income (loss) from associates*(**)*	1	(2)	7
Non-recurring/non-operating items	(47)	1,489	1,193
Profit before finance costs and tax	**67**	**1,592**	**1,527**
Finance costs, net	(38)	(55)	(91)
Income tax expense	(58)	(46)	(117)
Profit (loss) for the period	**(29)**	**1,491**	**1,319**
Attributable to:			
- Owners of the Parent	(33)	1,483	*1,307*
- Minority interests	4	8	*12*

(*) Recurring operating profit before associates corresponds to profit before finance costs and tax excluding the following income statement items:

- *Income (loss) from associates;*
- *Gains (losses) on disposals of assets;*
- *Impairment losses on goodwill, property, plant and equipment and intangible assets;*
- *Restructuring costs;*
- *Items related to business combinations:*
  - *Acquisition-related expenses,*
  - *Gains and losses resulting from purchase price adjustments,*
  - *Amortisation of acquisition-related intangible assets.*

(**) Before impairment losses.

In the first half of 2014, the Lagardère group delivered consolidated net sales of €3,364 million, down 1.2% on a reported basis and down 2.6% based on a constant group structure and exchange rates (like-for-like). A strong performance from Travel Retail partly offset the expected slowdown at Lagardère Publishing (due to an unfavourable comparison basis in the first half of 2013 which was marked by numerous bestsellers) and the continued downturn in print-media sales, especially in Magazine Publishing.
The difference between reported and like-for-like figures reflects a €93 million positive impact of changes in group structure, related mainly to acquisitions carried out by Lagardère Services in early 2014 – Gerzon Holding (Amsterdam's Schiphol airport), the Airest group (mainly Venice airport) – and to a lesser extent Lagardère Active (Groupe Réservoir). Changes in exchange rates (average rate for the period) had a negative €45 million impact, due chiefly to the depreciation of the Australian dollar and Canadian dollar against the euro for Lagardère Services, and of the US dollar against the euro for Lagardère Publishing.

In the first half of 2014, Lagardère Publishing's net sales edged down 1.0% on a reported basis to €903 million.
This anticipated downturn mainly concerned France (down 9.0%) which benefited during the previous year from a number of bestsellers, especially E.L. James's trilogy *Fifty Shades* and Dan Brown's new novel, *Inferno*.
On the other hand, business in the United States increased 5.6%, driven by a strong bestseller offering (including R. Galbraith's new novel, *The Silkworm*) and robust backlist sales.
Net sales in the United Kingdom also increased (up 1.1%) thanks to a sparkling performance from Education and strong growth in digital sales.
Net sales for Spain and Latin American fell back 6.7% in the six months ended 30 June 2014, due to delays in its back-to-school campaign against a backdrop of unevenly applied reforms.
Partworks delivered a strong performance (up 7.0%) with publishing successes in all markets.
Sales of e-books levelled off at 11.3% of the division's net sales, in line with the first half of 2013. Sales of e-books remain concentrated in English-speaking countries, although the situations are contrasted: in the declining US market, the share of digital sales fell from 34% of Trade sales in the first half of 2013 to 29% for the first half of 2014. However, in the United Kingdom e-book sales continued to grow and represented 36% of Adult trade sales (compared with 31% in the same prior-year period).

Lagardère Services delivered €1,852 million in net sales in first-half 2014, up 2.1% on a reported basis and relatively stable (down 0.1%) like-for-like. The difference between reported and like-for-like data reflects the positive impact of changes in group structure related to recent acquisitions of activities at Schiphol airport and of the Airest group, mitigated by a negative exchange rate impact.
Excluding the impact of discontinuing tobacco sales in Hungary, like-for-like net sales rose 2.4%.
The momentum in Travel Retail (up 4.3% on a like-for-like basis) boosted the division's performance during the period. In France, strong performances by the Duty Free and Food Services segments offset the decrease in print products at Relay. In the rest of Europe, business was very robust, particularly in Italy (up 26%) following the modernisation and expansion of stores at Rome airport, Germany (up 5.7%) on the back of network expansion and in central Europe which benefited from the increase in air traffic and network expansion (up 5% in the Czech Republic, 1.5% in Poland, 18.5% in Bulgaria and 4.2% in Romania). Business in North America continued to grow at a sustained pace (up 9.7%), driven by network expansion (opening of sales outlets at Los Angeles, Houston and JFK airports), along with Asia-Pacific (up 10.7%) thanks to a strong performance in Duty Free.
The Distribution business contracted by 6.6%. Excluding the impact of discontinuing tobacco sales in Hungary, growth was relatively stable (down 0.5%) thanks to diversification initiatives.

The decrease in net sales at Lagardère Active (€435 million in the first half of 2014, down 10% like-for-like) reflects the unfavourable calendar effect during the period of audiovisual production deliveries, which were extremely high during the first half of 2013, and is expected to reverse in the second half of the year.
Excluding this anticipated impact, the decrease in net sales was restricted to 5.6% and was mainly attributable to a 5.9% decrease in advertising revenue.
Net sales for the Magazine Publishing business decreased by 6.6%, held back by an 11% drop in advertising revenue. Price increases and the positive effect of appealing news stories in early 2014 softened the decrease in circulation (down 2.3%).

The Radio business recorded mixed performances in the first six months of the year (down 0.8%) with increases at Europe 1 and the international segment offset by a contraction mainly related to advertising revenue at music stations in France.

Net sales at Lagardère Unlimited fell 14.8% like-for-like to €174 million.
As expected, business was impacted by an unfavourable calendar effect at Sportfive (no Africa Cup of Nations) and on the Asian Football Confederation contract (no qualifying matches for the World Cup).
The significant decrease in the Media Rights business in Europe (mainly agreements with European football federations) also weighed down Lagardère Unlimited's performance.
These lacklustre results were partly offset by strong performances in marketing rights agreements (hospitality services for the 2014 World Cup) and the expansion of the golf business (including the contribution from the recently-acquired Nordea Masters golf tournament in Sweden).

Recurring operating profit before associates amounted to €113 million, up €8 million from first-half 2013 (€105 million). Movements can by analysed as follows for each division:

- Lagardère Publishing's recurring operating income before associates fell €20 million on the prior-year period to €51 million. This decrease was mainly attributable to the decline in business in France against an unfavourable comparison basis due to an exceptional first half in 2013.
- Lagardère Services reported recurring operating profit before associates of €36 million, up €7 million on first-half 2013. This increase reflects Travel Retail's strong performance (up €8 million) which, alongside good business momentum, benefited from a more favourable product mix, the successful development of new concepts and contributions from acquisitions. The performance of Distribution (down €1 million) was hit hard by tobacco regulations in Hungary. Excluding this impact, operating profit before associates edged up thanks to the diversification strategy and a tight control over costs.
- Lagardère Active posted a €2 million increase in recurring operating profit before associates, which came in at €35 million in the first half of 2014. The drop in net sales (see above) was more than offset during the period by the discontinuation of loss-making activities as well as by ongoing cost-cutting measures.
- Lagardère Unlimited reported recurring operating profit before associates of €6 million, compared with €5 million in the same prior-year period. The discontinuation of loss-making activities and cost-cutting measures offset the aforementioned unfavourable calendar effect.
- Other Activities recorded a recurring operating loss of €15 million. In first-half 2013, Other Activities reported a recurring operating loss before associates of €33 million, including a €15 million provision for the special bonus paid to all employees following the sale of EADS shares.

Income from associates (before impairment losses) came in at €1 million in the first half of 2014 compared to a €2 million loss in the first half of 2013, mainly reflecting stronger contributions from Lagardère Services and Lagardère Active, which both increased their contribution by €1 million.

Non-recurring/non-operating items included in profit before finance costs and tax represented a net loss of €47 million in the first half of 2014, comprising:

- €22 million in restructuring costs, including €10 million at Lagardère Services, which chiefly concerned distribution activities in Belgium, with the balance divided between Lagardère Active (€5 million), Lagardère Unlimited (€4 million) and Lagardère Publishing (€3 million), mainly related to the implementation of cost-cutting measures;
- €21 million in amortisation of intangible assets and acquisition-related expenses for consolidated companies, including €14 million for Lagardère Services, €5 million for Lagardère Unlimited and €2 million for Lagardère Publishing;
- €2 million in net disposal losses, including €4 million in net disposal losses at Lagardère Active.

In the first half of 2013, non-recurring/non-operating items represented a net profit of €1,489 million including €1,810 million (net of expenses) in disposal gains and losses, primarily reflecting the €1,823 million gain on the sale of EADS shares, €249 million in impairment losses on intangible assets (mainly at Lagardère Active and Lagardère Services), €35 million in impairment losses taken against the interest held in the Marie Claire group, €14 million in restructuring costs and €12 million in amortisation of acquisition-related intangible assets and expenses.

As a result of the above items, consolidated profit before finance costs and tax for the first half of 2014 came out at €67 million, versus €1,592 million in first-half 2013.

Net finance costs decreased €17 million on first-half 2013 to €38 million, reflecting expenses incurred in 2013 relating to the partial redemption of the bond maturing in 2014 and the decrease in the average outstanding debt between the two periods.

In the first half of 2014, income tax expense amounted to €58 million and mainly included the 3% additional contribution in France on dividends paid for €28 million.

Profit attributable to minority interests came in at €4 million in the first half of 2014, compared to €8 million in the first half of 2013.

1.3.2 Consolidated statement of cash flows

Cash flows			
	First-half 2014	**First-half 2013**	**Full-year 2013**
Cash flows from operations before changes in working capital	136	178	454
Changes in working capital	(201)	(91)	116
Cash flows from (used in) operations	**(65)**	**87**	**570**
Interest paid and received, and income taxes paid(*)	(61)	(98)	(235)
Net cash from (used in) operating activities	**(126)**	**(11)**	**335**
Cash used in investing activities	(299)	(210)	(337)
– Purchases of intangible assets and property, plant and equipment	*(98)*	*(163)*	*(296)*
– Purchases of investments	*(201)*	*(47)*	*(41)*
Proceeds from disposals	34	2,382	3,418
– Intangible assets and property, plant and equipment	*7*	*1*	*8*
– Investments	*27*	*2,381*	*3,410*
(Increase) decrease in short-term investments	-	14	29
Net cash from (used in) investing activities	**(265)**	**2,186**	**3,110**
Total cash from (used in) operating and investing activities	**(391)**	**2,175**	**3,445**
Net cash used in financing activities	**(860)**	**(2,237)**	**(2,361)**
Other movements	2	(8)	(6)
Change in cash and cash equivalents	**(1,249)**	**(70)**	**1,078**
(*) Including tax on dividends paid in the amount of €28 million in first-half 2014 and €40 million in first-half 2013.			

1.3.2.1 Cash from (used in) operating and investing activities

Cash flows from operations before changes in working capital totalled €136 million in the first half of 2014, versus €178 million in the first half of 2013, reflecting the decrease in charges to depreciation, amortisation and provisions as well as the impact of restructuring costs, particularly at Lagardère Active.

Changes in working capital, while generally negative at the end of June, deteriorated markedly during the first six months of the year, and represented a negative €201 million compared to a negative €91 million in the first half of 2013. This was due to unfavourable working capital trends at Lagardère Publishing, as a result of higher advances paid to writers in the United States (renewal of multiple title contracts) and payments to writers in France (royalties on successful titles in 2013). Changes in working capital amounted to a negative €25 million at Lagardère Unlimited, reflecting an unfavourable comparison basis with the first half of 2013 when the Group received the proceeds on the IOC agreement with Sportfive International.

Interest paid (net of interest received) in first-half 2014 was €4 million versus €28 million in the same prior-year period. In first-half 2013, interest paid included expenses relating to the redemption of a portion of the bonds maturing in October 2014. Income taxes paid totalled €57 million versus €70 million in first-half 2013, including the additional contribution on dividends paid of €28 million in first-half 2014 compared to €40 million in the prior-year period.

In view of all of these items, operating activities represented a net outflow of €126 million in the first half of 2014 compared to a net outflow of €11 million one year earlier.

In the first half of 2014, purchases of property, plant and equipment and intangible assets totalled €98 million, primarily relating to Lagardère Services (sales outlet refurbishments in line with the growth in Travel Retail). In the first half of 2013, these items totalled €163 million and mainly related to Lagardère Services and Lagardère Unlimited (acquisition of sports rights).
Purchases of investments amounted to €201 million in the six months ended 30 June 2014, and concerned the acquisitions of Gerzon Holding (fashion sales outlets at Schiphol airport) and the Airest group (which mainly operates at Venice airport) at Lagardère Services, and to a lesser extent various acquisitions at Lagardère Publishing (Constable & Robinson and Quercus, fiction and non-fiction publishing businesses in the United Kingdom) and Lagardère Unlimited (Casino de Paris).
Proceeds from disposals of property, plant and equipment and intangible assets amounted to €7 million in first-half 2014.
Proceeds from disposals of investments came to €27 million during the period under review, and mainly concerned the sale of shares held in Viel for €19 million (within “Other Activities” as a reporting segment) and of the sale of the 25% stake in the Because group for €3 million.

As a result, operating and investing activities represented a net outflow of €391 million in the first half of 2014, compared to a net inflow of €2,175 million in first-half 2013. This change mainly reflects the cash generated during the first half of 2013 through the sale of EADS and Amaury.

1.3.2.2 Cash from (used in) financing activities

In the first half of 2014, net cash used in financing activities came to €860 million, primarily reflecting:

- €959 million in dividends paid, of which €945 million by Lagardère SCA. This amount includes an extra dividend of €765 million following the sale of the stake held in Canal+ France;
- a €127 million increase in net debt, which mainly includes commercial paper issued by Lagardère SCA in the amount of €146 million offset in part by a €12 million decrease in the securitisation of trade receivables within Lagardère Active;
- €17 million in purchases of treasury shares;
- €15 million in purchases of minority interests.

1.3.2.3 Net debt

Net debt breaks down as follows:

	30 June 2014	31 Dec. 2013
Short-term investments and cash and cash equivalents	539	1,784
Non-current debt	(536)	(617)
Current debt	(1,094)	(806)
Net debt	**(1,091)**	**361**

Changes in net debt during the first half of 2014 and the first half of 2013 were as follows:

	2014	2013
Net debt at 1 January	**361**	**(1,700)**
Total cash from (used in) operating and investing activities	(391)	3,445
(Acquisitions) disposals of minority interests	(15)	(7)
(Acquisitions) disposals of treasury shares	(17)	(12)
Dividends	(959)	(1,339)
Increase (decrease) in short-term investments	-	(29)
Debt related to put options granted to minority shareholders	(5)	(3)
Change in financial liabilities following remeasurement at fair value	-	-
Changes in consolidation scope	(42)	10
Effect on cash of changes in exchange rates and other	(23)	(4)
Net debt at 30 June	**(1,091)**	**361**

1.4 RELATED PARTIES

See Note 20 to the consolidated financial statements.

1.5 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Lagardère Active sells ten Magazine Publishing titles

As part of the strategic refocusing of its Press business, on 10 July 2014 Lagardère Active sold ten Magazine Publishing titles (*Be*, *Auto Moto*, *Union*, *Campagne Décoration*, *Maison & Travaux*, *Mon Jardin Ma Maison*, *Le Journal de la Maison*, *Psychologies*, *Première* and the print version of *Pariscope*).

As a result:

- *Psychologies* (the print and online versions) joined the 4B Media consortium, equally held by four Belgian media conglomerates (Rossel group, Edition Ventures, Deficom group and Olidipoli);

- *Première* (the print and online versions) joined the Rossel group;

- *Be*, *Auto Moto*, *Union*, *Campagne Décoration*, *Maison & Travaux*, *Mon Jardin Ma Maison*, *Le Journal de la Maison* and the print version of *Pariscope* joined listed group Reworld Media, which owns seven magazines in France, including *Marie-France* and *Télé Magazine*.

1.6 UPDATE TO 2014 GUIDANCE

Objective confirmed for increase in operating profit before associates for Lagardère Media

In line with forecasts, the Group's first-half results and outlook for the second half of the year confirm the 2014 objective for recurring operating profit before associates for Lagardère Media set out in March 2014.
Consequently, in 2014 recurring operating profit before associates for Lagardère Media should continue to grow between 0% and 5% on the 2013 figure (at constant exchange rates and excluding the impact of the potential disposal of the Distribution business).

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2 – CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2014

(in millions of euros)		**First-half 2014**	**First-half 2013**	**Full-year 2013**
Net sales	*(Notes 3 and 4)*	3,364	3,406	7,216
Other income from ordinary activities		141	161	348
Revenues		**3,505**	**3,567**	**7,564**
Purchases and changes in inventories		(1,605)	(1,697)	(3,500)
Capitalised production		1	8	10
Production transferred to inventories		68	46	102
External charges		(1,037)	(962)	(2,124)
Payroll costs		(752)	(772)	(1,537)
Depreciation and amortisation other than on acquisition-related intangible assets		(76)	(94)	(189)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses		(21)	(12)	(27)
Restructuring costs	*(Note 5)*	(22)	(14)	(122)
Gains (losses) on disposals of assets and associated risks	*(Note 6)*	(2)	1,810	1,671
Impairment losses on goodwill, property, plant and equipment and intangible assets	*(Note 7)*	(2)	(249)	(281)
Other operating expenses	*(Note 8)*	(25)	(17)	(33)
Other operating income	*(Note 9)*	34	25	33
Income (loss) from associates	*(Note 13)*	1	(47)	(40)
PROFIT BEFORE FINANCE COSTS AND TAX	*(Note 3)*	**67**	**1,592**	**1,527**
Financial income	*(Note 10)*	6	5	9
Financial expenses	*(Note 10)*	(44)	(60)	(100)
PROFIT BEFORE TAX		**29**	**1,537**	**1,436**
Income tax expense	*(Note 11)*	(58)	(46)	(117)
PROFIT (LOSS) FOR THE PERIOD		**(29)**	**1,491**	**1,319**
Attributable to:				
Owners of the Parent		**(33)**	**1,483**	**1,307**
Minority interests		4	8	12
Earnings (loss) per share – Attributable to owners of the Parent:				
Basic earnings (loss) per share	*(Note 12)*	*(0.26)*	*11.60*	*10.22*
Diluted earnings (loss) per share	*(Note 12)*	*(0.26)*	*11.47*	*10.09*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2014

(in millions of euros)	First-half 2014	First-half 2013	Full-year 2013
Profit (loss) for the period (1)	**(29)**	**1,491**	**1,319**
Actuarial gains and losses on pensions and other post-employment benefit obligations	(21)	0	2
Tax relating to actuarial gains and losses on pensions and other post-employment benefit obligations	6	0	(1)
Other comprehensive income (expense) for the period, net of tax, that will not be reclassified subsequently to profit or loss (2)	**(15)**	**0**	**1**
Currency translation adjustments	28	(33)	(55)
Change in fair value of derivative financial instruments:	(2)	1	2
Unrealised gains and losses recognised directly in equity	*0*	*1*	*2*
Amounts reclassified from equity to profit or loss	*(2)*		
Change in fair value of investments in non-consolidated companies:	(1)	(2)	7
Unrealised gains and losses recognised directly in equity	*1*	*(2)*	*7*
Amounts reclassified from equity to profit or loss	*(2)*		
Share of other comprehensive income (expense) of associates (net of tax): (*)	0	9	10
Unrealised gains and losses recognised directly in equity			
Amounts reclassified from equity to profit or loss	*0*	*9*	*10*
Translation adjustments		*(70)*	*(69)*
Valuation reserve		*79*	*79*
Tax relating to components of other comprehensive income (expense)	1	0	(4)
Other comprehensive income (expense) for the period, net of tax, that may be reclassified subsequently to profit or loss (3)	**26**	**(25)**	**(40)**
Other comprehensive income (expense) for the period, net of tax (2)+(3)	**11**	**(25)**	**(39)**
Total comprehensive income (expense) for the period (1)+(2)+(3)	**(18)**	**1,466**	**1,280**
Attributable to:			
Owners of the Parent	**(21)**	**1,458**	**1,269**
Minority interests	3	8	11

(*) Data for 2013 concern the EADS group only.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2014

(in millions of euros)		First-half 2014	First-half 2013	Full-year 2013
Profit (loss) for the period		**(29)**	**1,491**	**1,319**
Income tax expense		58	46	117
Finance costs, net		38	55	91
Profit before finance costs and tax		**67**	**1,592**	**1,527**
Depreciation and amortisation expense		94	106	214
Impairment losses, provision expense and other non-cash items		(30)	235	334
(Gains) losses on disposals of assets		2	(1,810)	(1,671)
Dividends received from associates		4	8	10
(Income) loss from associates		(1)	47	40
Changes in working capital		(201)	(91)	116
Cash flows from (used in) operations		**(65)**	**87**	**570**
Interest paid		(8)	(30)	(91)
Interest received		4	2	5
Income taxes paid(*)		(57)	(70)	(149)
Net cash from (used in) operating activities	**(A)**	**(126)**	**(11)**	**335**
Cash used in investing activities				
Purchases of intangible assets and property, plant and equipment		(98)	(163)	(296)
Purchases of investments		(214)	(19)	(29)
Cash acquired through acquisitions		37	-	9
Purchases of other non-current assets		(24)	(28)	(21)
Total cash used in investing activities	**(B)**	**(299)**	**(210)**	**(337)**
Cash from investing activities				
Proceeds from disposals of non-current assets				
Disposals of intangible assets and property, plant and equipment		7	1	8
Disposals of investments		23	2,365	3,383
Cash transferred on disposals		2	(1)	(2)
Decrease in other non-current assets		2	17	29
Total cash from investing activities	**(C)**	**34**	**2,382**	**3,418**
Decrease in short-term investments	**(D)**	-	14	29
Net cash from (used in) investing activities	**(E) = (B)+(C)+(D)**	**(265)**	**2,186**	**3,110**
Total cash from (used in) operating and investing activities	**(F) = (A)+(E)**	**(391)**	**2,175**	**3,445**
Capital transactions				
Proceeds from capital increase by the Parent		-	-	0
Minority interests' share in capital increases by subsidiaries		4	-	1
(Acquisitions) disposals of treasury shares		(17)	(1)	(12)
(Acquisitions) disposals of minority interests		(15)	-	(7)
Dividends paid to owners of the Parent(**)		(945)	(1,318)	(1,323)
Dividends paid to minority shareholders of subsidiaries		(14)	(14)	(16)
Financing transactions				
Increase in debt		158	5	6
Decrease in debt		(31)	(909)	(1,010)
Net cash used in financing activities	**(G)**	**(860)**	**(2,237)**	**(2,361)**
Other movements				
Effect on cash of changes in exchange rates		2	(8)	(6)
Effect on cash of other movements		-	-	
Total other movements	**(H)**	**2**	**(8)**	**(6)**
Change in cash and cash equivalents	**(I) = (F)+(G)+(H)**	**(1,249)**	**(70)**	**1,078**
Cash and cash equivalents at beginning of the period		**1,677**	**599**	**599**
Cash and cash equivalents at end of the period	*(Note 15)*	**428**	**529**	**1,677**

(*) Including tax on dividends paid of €28 million in first-half 2014 and €40 million in first-half 2013.
(**) Including the portion of profit for the period paid to the General Partners.

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2014

ASSETS

(in millions of euros)		30 June 2014	31 Dec. 2013
Intangible assets		984	885
Goodwill		1,683	1,619
Property, plant and equipment		833	762
Investments in associates	*(Note 13)*	154	152
Other non-current assets		132	123
Deferred tax assets		224	190
Total non-current assets		**4,010**	**3,731**
Inventories		658	559
Trade receivables		1,128	1,239
Other current assets		1,011	1,019
Short-term investments	*(Note 14)*	37	36
Cash and cash equivalents	*(Note 15)*	502	1,748
Total current assets		**3,336**	**4,601**
Total assets		**7,346**	**8,332**

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2014

EQUITY AND LIABILITIES

(in millions of euros)		30 June 2014	31 Dec. 2013
Share capital		800	800
Reserves		1,095	742
Profit (loss) attributable to owners of the Parent		(33)	1,307
Equity attributable to owners of the Parent		**1,862**	**2,849**
Minority interests		67	78
Total equity		**1,929**	**2,927**
Provisions for pensions and other post-employment benefit obligations		143	117
Non-current provisions for contingencies and losses		150	158
Non-current debt	*(Note 16)*	536	617
Other non-current liabilities		121	108
Deferred tax liabilities		286	245
Total non-current liabilities		**1,236**	**1,245**
Current provisions for contingencies and losses		323	342
Current debt	*(Note 16)*	1,094	806
Trade payables		1,613	1,645
Other current liabilities		1,151	1,367
Total current liabilities		**4,181**	**4,160**
Total equity and liabilities		**7,346**	**8,332**

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 2013	**800**	**870**	**1,431**	**(179)**	**60**	**(73)**	**2,909**	**82**	**2,991**
Profit (loss) for the period			1,483				**1,483**	8	**1,491**
Other comprehensive income (expense) for the period (a)					(103)	78	**(25)**		**(25)**
Total comprehensive income (expense) for the period			**1,483**		**(103)**	**78**	**1,458**	**8**	**1,466**
Dividends paid			(1,318)				**(1,318)**	(14)	**(1,332)**
Parent company capital reduction (b)		(2)		2			**0**		**0**
Minority interests' share in capital increases							**0**		**0**
Changes in treasury shares				(1)			**(1)**		**(1)**
Share-based payments			5				**5**		**5**
Effect of transactions with minority interests							**0**		**0**
Changes in consolidation scope and other							**0**	1	**1**
At 30 June 2013	**800**	**868**	**1,601**	**(178)**	**(43)**	**5**	**3,053**	**77**	**3,130**
At 1 January 2014	**800**	**855**	**1,409**	**(163)**	**(64)**	**12**	**2,849**	**78**	**2,927**
Profit (loss) for the period			(33)				**(33)**	4	**(29)**
Other comprehensive income (expense) for the period (a)			(14)		28	(2)	**12**	(1)	**11**
Total comprehensive income (expense) for the period			**(47)**		**28**	**(2)**	**(21)**	**3**	**(18)**
Dividends paid		(765)	(180)				**(945)**	(14)	**(959)**
Parent company capital reduction (b)		(15)	(18)	33			**0**		**0**
Minority interests' share in capital increases							**0**	3	**3**
Changes in treasury shares				(17)			**(17)**		**(17)**
Share-based payments			6				**6**		**6**
Effect of transactions with minority interests			(10)				**(10)**	(3)	**(13)**
Changes in consolidation scope and other							**0**		**0**
At 30 June 2014	**800**	**75**	**1,160**	**(147)**	**(36)**	**10**	**1,862**	**67**	**1,929**

(a) See Note 17 to the interim consolidated financial statements.
(b) Capital increase carried out by capitalising reserves and capital reduction carried out by cancelling treasury shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2014

(All figures are expressed in millions of euros unless otherwise specified)

Note 1 Accounting principles

The interim consolidated financial statements at 30 June 2014 have been 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 consolidated financial statements should therefore be read in conjunction with the annual consolidated financial statements published for 2013.

The Group has applied the new standards and/or amendments to IFRSs adopted by the European Union that are effective for periods beginning on or after 1 January 2014, including:

- IFRS 10 – Consolidated Financial Statements, to be applied retrospectively, supersedes IAS 27 – Consolidated and Separate Financial Statements, which now only applies to separate financial statements, and SIC12 – Consolidation – Special Purpose Entities.

  It defines the principle of control as the basis for determining which entities are consolidated in the financial statements, regardless of the level of interest held in an entity. The principle of control sets out the following three elements of control: (i) power to direct the investee's key activities, (ii) exposure, or rights, to variable returns from involvement with the investee, and (iii) the ability to use its power over the investee to affect the amount of the investor's returns. For the purpose of assessing power, only substantive rights, which are exercisable when decisions about the direction of the key activities need to be made and are not simply protective, shall be considered.

  This standard does not have an impact on the Group's scope of consolidation.

- IFRS 11 – Joint Arrangements, to be applied retrospectively, supersedes IAS 31 – Interests in Joint Ventures and SIC 13 – Jointly Controlled Entities.

  According to this standard, accounting for joint arrangements depends on the type of joint arrangement and the rights and obligations arising from the arrangement. Joint operations are recognised in relation to a joint operator's share in the assets, liabilities, revenue and expenses. Jointly controlled entities are now only accounted for using the equity method defined in IAS 28 – Investments in Associates and Joint Ventures which has been revised accordingly (elimination of the method of proportionate consolidation).

  Since the Group opted to adopt the equity method to recognise its interests in jointly controlled entities in 2007, none of these changes have an impact on the financial statements.

- IFRS 12 – Disclosure of Interests in Other Entities outlines the disclosures required when an entity has an interest in a subsidiary, a joint venture, an associate or an unconsolidated structured entity. This standard does not apply to interim financial reporting. Its impact on the notes to the annual financial statements is currently being analysed.

The other standards and amendments adopted by the European Union that are effective for periods beginning on or after 1 January 2014 do not have an impact on the Group's financial statements.

The new standards, interpretations and amendments to existing standards published by the International Accounting Standards Board (IASB) during the first half of 2014 which have not yet been endorsed by the European Union and which will be effective subsequent to 2014 are as follows:

- IFRS 15 – Revenue from Contracts with Customers;
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation;
- Amendment to IFRS 11 – Acquisition of an Interest in a Joint Operation;
- IFRS 14 – Regulatory Deferral Accounts.

The European Union also adopted IFRIC 21 – Levies in June 2014, which is effective for annual periods beginning on or after 17 June 2014. This interpretation relating to the recognition of levies within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets modifies the obligating event that gives rise to the recognition of a liability to pay a levy or contribution. The obligating event for the recognition of the liability is now the activity that triggers the payment of the levy. This interpretation is applied retrospectively and its impact is currently being analysed.

The consolidated financial statements were approved for issue by the Managing Partners of Lagardère SCA on 29 July 2014.

Note 2 Main changes in the scope of consolidation

During the first half of 2014, there were no significant changes in the scope of fully-consolidated subsidiaries.

The main changes in the scope of consolidation since 30 June 2013 are as follows:

Lagardère Publishing

- Full consolidation over five months in 2014 of the British publishing house Constable & Robinson, acquired by Hachette UK on 31 January 2014.

Lagardère Services

- Full consolidation since 1 January 2014 of Gerzon Holding, operator of 12 retail stores in Amsterdam's Schiphol airport. This company was acquired on 3 January 2014.
- Full consolidation over three months in 2014 of Airest following the takeover by Lagardère Services in April 2014. The industrial partnership and business combination with SAVE, announced in September 2013, was completed through the acquisition of a 50% stake in Airest. Airest operates in the food services and travel retail activities, managing more than 200 points of sale in 11 countries with its leading market in Italy (mainly Venice airport). The governance arrangements provided for in the shareholder agreement confer control to Lagardère Services, which fully consolidated these activities from April 2014.

  The agreement provides for the reorganisation of the Airest group through the demerger of the Italian and international activities from the food services and travel retail activities at Venice and Treviso airports, which will remain within the scope of the 50-50 partnership with SAVE (fully consolidated by Lagardère). Lagardère Services will have the option to purchase SAVE's 50% stake in the Italian and international activities' holding company through a put and call option which can be exercised until end-December 2016.

Lagardère Active

- Full consolidation over five months in 2014 of Groupe Réservoir following Lagardère Entertainment's acquisition of 70% of its share capital in February 2014.

Lagardère Unlimited

- Full consolidation over three months in 2014 of the Casino de Paris operating company, which was acquired in April 2014.

Note 3 Segment information

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

- Lagardère Publishing: publication of works in the General Literature, Education, Illustrated Books and Partworks markets.
- Lagardère Active, which comprises:
  - Audiovisual and Digital businesses including special interest television channels, Audiovisual Production and Distribution, Radio and Advertising Sales Brokerage;
  - Press activities, principally mainstream Magazine Publishing.
- Lagardère Services: Travel Retail and Distribution.
- Lagardère Unlimited, which specialises in Sports and Entertainment: management of broadcasting rights; marketing of sports rights and associated products; organisation and management of events; consulting in the management and operation of stadiums and multipurpose venues; talent representation; management of sports academies.

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

Income statement for first-half 2014							
	Lagardère Publishing	**Lagardère Services**	**Lagardère Active**	**Lagardère Unlimited**	**Lagardère Media**	**Other Activities**	**Total**
Net sales	917	1,852	435	174	**3,378**	-	**3,378**
Inter-segment sales	(14)	-	-	-	**(14)**	-	**(14)**
Consolidated net sales	**903**	**1,852**	**435**	**174**	**3,364**	**-**	**3,364**
Recurring operating profit (loss) before associates	**51**	**36**	**35**	**6**	**128**	(15)	**113**
Income (loss) from associates before impairment losses	1	3	(4)	1	**1**	-	**1**
Recurring operating profit (loss)	**52**	**39**	**31**	**7**	**129**	**(15)**	**114**
Restructuring costs	(3)	(10)	(5)	(4)	**(22)**	-	**(22)**
Gains (losses) on disposals of assets and associated risks	-	1	(4)	-	**(3)**	1	**(2)**
Impairment losses(*)	-	(1)	-	(1)	**(2)**	-	**(2)**
Fully consolidated companies	-	*(1)*	-	*(1)*	***(2)***	-	***(2)***
Associates	-	-	-	-	**-**	-	**-**
Amortisation of intangible assets	(1)	(13)	-	(4)	**(18)**	-	**(18)**
Acquisition-related expenses	-	-	-	-	**-**	-	**-**
Purchase price adjustments (beyond one year deadline)	(1)	(1)	-	(1)	**(3)**	-	**(3)**
Profit (loss) before finance costs and tax	**47**	**15**	**22**	**(3)**	**81**	**(14)**	**67**
Items included in recurring operating profit (loss)							
Depreciation and amortisation of intangible assets and property, plant and equipment	(11)	(37)	(6)	(18)	**(72)**	(4)	**(76)**
Cost of share option plans	(1)	(1)	(2)	(1)	**(5)**	(1)	**(6)**

(*) Impairment losses on goodwill, property, plant and equipment and intangible assets.

Income statement for first-half 2013							
	Lagardère Publishing	**Lagardère Services**	**Lagardère Active**	**Lagardère Unlimited**	**Lagardère Media**	**EADS and Other Activities (*)**	**Total**
Net sales	931	1,814	473	204	**3,422**	-	**3,422**
Inter-segment sales	(14)	-	(2)	-	**(16)**	-	**(16)**
Consolidated net sales	**917**	**1,814**	**471**	**204**	**3,406**	**-**	**3,406**
Recurring operating profit (loss) before associates	**71**	**29**	**33**	**5**	**138**	(33)	**105**
Income (loss) from associates before impairment losses	1	2	(5)	-	**(2)**	-	**(2)**
Recurring operating profit (loss)	**72**	**31**	**28**	**5**	**136**	**(33)**	**103**
Restructuring costs	(1)	(2)	(8)	(3)	**(14)**	-	**(14)**
Gains (losses) on disposals of assets and associated risks	-	(2)	(11)	-	**(13)**	1,823	**1,810**
Impairment losses(*)	(10)	(30)	(254)	-	**(294)**	-	**(294)**
Fully consolidated companies	*(10)*	*(30)*	*(209)*	-	***(249)***	-	***(249)***
Associates	-	-	*(45)*	-	***(45)***	-	***(45)***
Amortisation of intangible assets	(1)	(7)	-	(4)	**(12)**	-	**(12)**
Acquisition-related expenses	-	-	-	-	**-**	-	**-**
Purchase price adjustments (beyond one year deadline)	-	-	(1)	-	**(1)**	-	**(1)**
Profit (loss) before finance costs and tax(**)	**60**	**(10)**	**(246)**	**(2)**	**(198)**	**1,790**	**1,592**
Items included in recurring operating profit (loss)							
Depreciation and amortisation of intangible assets and property, plant and equipment	(12)	(33)	(6)	(39)	**(90)**	(4)	**(94)**
Cost of share option plans	(1)	(1)	(2)	-	**(4)**	(1)	**(5)**

(*) Impairment losses on goodwill, property, plant and equipment and intangible assets.
(**) Including a €1,823 million gain on the sale of the Group's stake in EADS.

Statement of cash flows for first-half 2014							
	Lagardère Publishing	**Lagardère Services**	**Lagardère Active**	**Lagardère Unlimited**	**Lagardère Media**	**Other Activities and eliminations**	**Total**
Cash flows from (used in) operations	(101)	8	6	48	(39)	(26)	**(65)**
Interest paid and received, and income taxes paid	(22)	(11)	(10)	(4)	(47)	(14)	**(61)**
Net cash from (used in) operating activities	**(123)**	**(3)**	**(4)**	**44**	**(86)**	**(40)**	**(126)**
Cash used in investing activities	(53)	(180)	(12)	(51)	(296)	(3)	**(299)**
- Purchases of intangible assets and property, plant and equipment	*(19)*	*(59)*	*(5)*	*(14)*	*(97)*	*(1)*	***(98)***
- Purchases of investments and other non-current assets	*(34)*	*(121)*	*(7)*	*(37)*	*(199)*	*(2)*	***(201)***
Proceeds from disposals of non-current assets	1	8	6	-	15	19	**34**
- Intangible assets and property, plant and equipment		*5*	*2*	-	*7*	-	***7***
- Investments and other non-current assets	*1*	*3*	*4*	-	*8*	*19*	***27***
(Increase) decrease in short-term investments	-		-	-	-	-	**-**
Net cash from (used in) investing activities	**(52)**	**(172)**	**(6)**	**(51)**	**(281)**	**16**	**(265)**
Total cash used in operating and investing activities	**(175)**	**(175)**	**(10)**	**(7)**	**(367)**	**(24)**	**(391)**

Statement of cash flows for first-half 2013							
	Lagardère Publishing	**Lagardère Services**	**Lagardère Active**	**Lagardère Unlimited**	**Lagardère Media**	**EADS, Other Activities and eliminations**	**Total**
Cash flows from (used in) operations	(18)	12	7	100	101	(14)	**87**
Interest paid and received, and income taxes paid	(28)	(13)	(27)	(3)	(71)	(27)	**(98)**
Net cash from (used in) operating activities	**(46)**	**(1)**	**(20)**	**97**	**30**	**(41)**	**(11)**
Cash used in investing activities	(18)	(71)	(11)	(104)	(204)	(6)	**(210)**
- Purchases of intangible assets and property, plant and equipment	*(13)*	*(65)*	*(7)*	*(76)*	*(161)*	*(2)*	***(163)***
- Purchases of investments and other non-current assets	*(5)*	*(6)*	*(4)*	*(28)*	*(43)*	*(4)*	***(47)***
Proceeds from disposals of non-current assets	-	1	98	10	109	2,273	**2,382**
- Intangible assets and property, plant and equipment	-	*1*	-	-	*1*	-	***1***
- Investments and other non-current assets	-	-	*98*	*10*	*108*	*2,273*	***2,381***
(Increase) decrease in short-term investments	-	14	-	-	14	-	**14**
Net cash from (used in) investing activities	**(18)**	**(56)**	**87**	**(94)**	**(81)**	**2,267**	**2,186**
Total cash from (used in) operating and investing activities	**(64)**	**(57)**	**67**	**3**	**(51)**	**2,226**	**2,175**

Balance sheet at 30 June 2014							
	Lagardère Publishing	**Lagardère Services**	**Lagardère Active**	**Lagardère Unlimited**	**Lagardère Media**	**Other Activities and eliminations**	**Total**
Segment assets	2,215	1,920	1,405	868	**6,408**	244	**6,652**
Investments in associates	19	16	108	11	**154**	1	**155**
Segment liabilities	(1,027)	(1,203)	(990)	(582)	**(3,802)**	15	**(3,787)**
Capital employed	**1,207**	**733**	**523**	**297**	**2,760**	**260**	**3,020**
Net debt							**(1,091)**
Equity							**1,929**

Balance sheet at 31 December 2013							
	Lagardère Publishing	**Lagardère Services**	**Lagardère Active**	**Lagardère Unlimited**	**Lagardère Media**	**Other Activities and eliminations**	**Total**
Segment assets	2,158	1,574	1,448	974	**6,154**	241	**6,395**
Investments in associates	18	15	116	3	**152**		**152**
Segment liabilities	(1,195)	(1,071)	(1,061)	(677)	**(4,004)**	23	**(3,981)**
Capital employed	**981**	**518**	**503**	**300**	**2,302**	**264**	**2,566**
Net cash and cash equivalents							**361**
Equity							**2,927**

Note 4 Net sales

	First-half 2014	First-half 2013
France	1,184	1,233
Other countries	2,180	2,173
Total	**3,364**	**3,406**

Consolidated net sales contracted 1.2% in first-half 2014 on a reported basis and 2.6% based on a comparable group structure and exchange rates (like-for-like) compared with first-half 2013.

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

- first-half 2014 net sales to exclude companies consolidated for the first time during the period, and first-half 2013 net sales to exclude companies divested in 2014;
- first-half 2013 and first-half 2014 net sales based on first-half 2013 exchange rates.

Note 5 Restructuring costs

Restructuring costs for the first half of 2014 totalled €22 million, including €10 million at Lagardère Services, which chiefly concerned distribution activities in Belgium, with the balance divided between Lagardère Publishing (€3 million), Lagardère Active (€5 million) and Lagardère Unlimited (€4 million), mainly related to the implementation of cost-cutting measures.

Restructuring costs for the first half of 2013 totalled €14 million, including €8 million incurred by Lagardère Active, mainly as part of the ongoing cost streamlining programme, with the remaining amount mainly divided between Lagardère Services (€2 million) and Lagardère Unlimited (€3 million).

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

In the first half of 2014, this item represented a €2 million net loss including €4 million incurred by Lagardère Active, which comprised the following items:

- an €8 million expense corresponding to the €20 million provision recognised at 30 June 2014 in respect of the loss recorded on the sale of ten titles in the Magazine Publishing business on 10 July 2014, net of the €12 million reversal of a provision set aside at 31 December 2013 for a restructuring plan announced with a view to refocusing the Press business on its most powerful brands;
- a reversal of provisions for €4 million for sellers' warranties recognised in 2011 in respect of the sale of the International Magazine Publishing (PMI) business.

In the first half of 2013, this item represented a net gain of €1,810 million which mainly included a €1,823 million gain on the sale of the Group's EADS shares and a €9 million loss on the sale of the Group's Amaury shares.

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

No significant impairment losses were recognised at 30 June 2014 (€2 million mainly relating to individual assets of Lagardère Unlimited). Since no indication of impairment was identified, no impairment tests were carried out at 30 June 2014 and the recoverable amount of the cash-generating units is based on the budgets drawn up at end-2013.

As stated in Note 10 to the consolidated financial statements for 2013, Google's general search engine has been increasingly favouring its own services, such as Google Shopping, which has led to a significant decrease in traffic for all other price comparison sites, including those of the LeGuide group. Following a number of complaints lodged by various market players, the European Commission launched an investigation into this issue as well as a number of Google's other practices. The assumption that the Commission would reach a decision further to negotiations with Google that would lead to a more balanced competitive environment was factored into the provisional budget drawn up by the LeGuide group at end-2013. At 30 June 2014, the investigation was ongoing and the Group retained the same assumptions used to estimate the cash flows contained in the entity's provisional budget. Goodwill allocated to the entity amounted to €76 million.

As stated in Note 10 to the consolidated financial statements for 2013, the value of Lagardère Unlimited's assets remains subject to performance conditions for contracts in progress based on the advertising environment and the sporting context specific to each event, the ability to renew current contracts or win new ones and the related profit margins.

At 30 June 2013, impairment losses recognised on fully-consolidated companies amounted to €249 million. The contraction of the press market during the first half of 2013 led to the recognition of a €234 million impairment loss divided between the assets of Lagardère Active's Magazine Publishing business (€204 million) and Lagardère Services' distribution activity in Switzerland (€30 million). The other impairment losses recognised related to Lagardère Publishing's Partworks activity in Spain and Latin America (€10 million) and Lagardère Active's digital subsidiary Newsweb (€5 million).

Note 8 Other operating expenses

	First-half 2014	First-half 2013
Asset impairment losses	(14)	(11)
Provisions for contingencies and losses	-	-
Foreign exchange losses	(4)	(1)
Financial expenses other than interest	(1)	(1)
Other expenses	(6)	(4)
Total	**(25)**	**(17)**

Asset impairment losses totalled €14 million in first-half 2014 (€11 million in first-half 2013) and principally related to advances paid to writers by Lagardère Publishing.

Note 9 Other operating income

	First-half 2014	First-half 2013
Reversals of provisions for contingencies and losses	27	19
Foreign exchange gains	-	-
Other income	7	6
Total	**34**	**25**

Note 10 Financial income and expenses

Financial income and expenses break down as follows:

	First-half 2014	First-half 2013
Interest income on loans	1	2
Investment income and gains on sales of marketable securities	3	1
Gains on derivative financial instruments acquired as hedges of net debt	1	2
Other financial income	1	-
Financial income	**6**	**5**
Interest expense on borrowings	(37)	(55)
Loss on sales of marketable securities	-	(1)
Loss on derivative financial instruments acquired as hedges of net debt	(6)	(1)
Other financial expenses	(1)	(3)
Financial expenses	**(44)**	**(60)**
Total	**(38)**	**(55)**

Note 11 Income tax expense

Income tax expense breaks down as follows:

	First-half 2014	First-half 2013
Current taxes	(59)	(83)
Deferred taxes	1	37
Total	**(58)**	**(46)**

Current taxes included the 3% additional contribution in France on dividends paid, corresponding to €28 million in first-half 2014 (€40 million in first-half 2013).

In first-half 2013, deferred taxes included the reversal of a deferred tax liability in the amount of €31 million following impairment losses recorded on publication titles for the Magazine Publishing business.

Note 12 Earnings per share

Basic earnings per share

Earnings per share is calculated by dividing 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 share 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 (i) unexercised employee share options which are not hedged and whose exercise prices are lower than the average quoted price of the Lagardère SCA share over the reference period ("in-the-money" options), and (ii) free shares, when it is probable that they will vest at the vesting date set in the plan (specific case of performance shares).

	First-half 2014	**First-half 2013**
Profit (loss) for the period attributable to owners of the Parent (in millions of euros)	(33)	1,483
Number of shares making up the share capital at 30 June	131,133,286	131,133,286
Treasury shares	(3,208,343)	(3,252,446)
Number of shares outstanding at 30 June	127,924,943	127,880,840
Average number of shares outstanding during the period	**127,935,829**	**127,869,567**
Basic earnings per share attributable to owners of the Parent (in euros)	**(0.26)**	**11.60**
Dilutive share options and free shares:		
Share options	-	-
Free shares	- (*)	1,520,280
Average number of shares including dilutive share options and free shares	**127,935,829**	**129,389,847**
Diluted earnings per share attributable to owners of the Parent (in euros)	**(0.26)**	**11.47**

(*) In the first half of 2014, the free shares to be awarded, totalling 1,405,530, are considered to be non-dilutive as their inclusion in the calculation would lead to a reduction in basic earnings (loss) per share.

Note 13 Investments in associates

The Group's main associates are as follows:

	% interest		Balance sheet		Income statement	
	30 June 2014	31 Dec. 2013	30 June 2014	31 Dec. 2013	First-half 2014	First-half 2013
Marie Claire(*)	42%	42%	90	90	-	(35)
Éditions J'ai lu	35%	35%	17	16	1	-
SDA (Société de Distribution Aéroportuaire)	45%	45%	16	14	3	2
SETC (Société d'Edition de Télévision par Câble)	49%	49%	12	12	-	-
O.E.E. (Because)(**)	-	25%	-	3	-	(10)
Other			19	17	(3)	(4)
Total			**154**	**152**	**1**	**(47)**

(*) Profit (loss) for the first half of 2013 corresponds to the recognition of an impairment loss.
(**) The 25% interest held in the Because group (music rights management specialist) was sold in April 2014.

Note 14 Short-term investments

Short-term investments solely comprise available-for-sale investments measured at fair value. They can be analysed as follows:

	30 June 2014	31 Dec. 2013
Shares	36	35
Bonds	1	1
Total	**37**	**36**

Shares recorded under this item correspond to the Deutsche Telekom shares received in 2006 in exchange for T-Online shares as part of the merger between the two companies.

Note 15 Cash and cash equivalents

Cash and cash equivalents reported in the statement of cash flows were as follows:

	30 June 2014	31 Dec. 2013
Cash and cash equivalents	502	1,748
Short-term bank loans and overdrafts	(74)	(71)
Cash and cash equivalents, net	**428**	**1,677**

Note 16 Debt

16.1 Breakdown of debt

	30 June 2014	31 Dec. 2013
Bonds	491	587
Bank loans	6	1
Finance lease liabilities	5	-
Debt related to put options granted to minority shareholders	22	16
Other debt	12	13
Non-current debt	**536**	**617**
Bonds	738	639
Bank loans	31	12
Finance lease liabilities	2	1
Debt related to put options granted to minority shareholders	12	13
Commercial paper	146	-
Other debt	165	141
Current debt	**1,094**	**806**
Total debt	**1,630**	**1,423**

16.2 Analysis of debt by maturity

Maturity **Total**	**30 June 2015(*)**	**30 June 2016**	**30 June 2017**	**30 June 2018**	**30 June 2019**	**Beyond 5 years**	**Total**
Bonds	738	-	-	491	-	-	**1,229**
Bank loans	31	1	1	1	-	3	**37**
Finance lease liabilities	2	2	1	1	1	-	**7**
Debt related to put options granted to minority shareholders	12	-	4	2	3	13	**34**
Commercial paper	146	-	-	-	-	-	**146**
Other debt	165	1	2	-	-	9	**177**
At 30 June 2014	**1,094**	**4**	**8**	**495**	**4**	**25**	**1,630**

(*) Debt due within one year is reported in the balance sheet under "Current debt".

Note 17 Components of other comprehensive income (expense)

The components of other comprehensive income (expense) can be analysed as follows:

First-half 2014 *(in millions of euros)*	**Other reserves**	**Translation reserve**	**Valuation reserve**	**Equity attributable to owners of the Parent**	**Minority interests**	**Total equity**
Currency translation adjustments		**28**		**28**		**28**
Change in fair value of:						
derivative financial instruments			(2)	**(2)**		**(2)**
- unrealised gains and losses recognised directly in equity			*0*	*0*		*0*
- amounts reclassified from equity to profit or loss			*(2)*	*(2)*		*(2)*
investments in non-consolidated companies			(1)	**(1)**		**(1)**
- unrealised gains and losses recognised directly in equity			*1*	*1*		*1*
- amounts reclassified from equity to profit or loss			*(2)*	*(2)*		*(2)*
Actuarial gains and losses on pensions and other post-employment benefit obligations	(20)			**(20)**	(1)	**(21)**
Share of other comprehensive income (expense) of associates (net of tax)	-		-	**-**		**-**
Tax relating to components of other comprehensive income (expense)	6		1	**7**		**7**
Other comprehensive income (expense) for the period, net of tax	**(14)**	**28**	**(2)**	**12**	**(1)**	**11**

First-half 2013 *(in millions of euros)*	**Other reserves**	**Translation reserve**	**Valuation reserve**	**Equity attributable to owners of the Parent**	**Minority interests**	**Total equity**
Currency translation adjustments		**(33)**		**(33)**		**(33)**
Change in fair value of:						
derivative financial instruments			**1**	**1**		**1**
- unrealised gains and losses recognised directly in equity			*1*	*1*		*1*
- amounts reclassified from equity to profit or loss			-	-		-
investments in non-consolidated companies			**(2)**	**(2)**		**(2)**
- unrealised gains and losses recognised directly in equity			*(2)*	*(2)*		*(2)*
- amounts reclassified from equity to profit or loss			-	-		-
Actuarial gains and losses on pensions and other post-employment benefit obligations				**0**		**0**
Share of other comprehensive income (expense) of associates (net of tax)*		(70)	79	**9**		**9**
Tax relating to components of other comprehensive income (expense)				**0**		**0**
Other comprehensive income (expense) for the period, net of tax		**(103)**	**78**	**(25)**		**(25)**

(*) Only concerns the EADS group.

Tax relating to components of other comprehensive income (expense) breaks down as follows:

	First-half 2014		
(in millions of euros)	**Before tax**	**Tax**	**After tax**
Currency translation adjustments	28	-	28
Change in fair value of:			
- derivative financial instruments	(2)	1	(1)
- investments in non-consolidated companies	(1)	-	(1)
Actuarial gains and losses on pensions and other post-employment benefit obligations	(21)	6	(15)
Share of other comprehensive income (expense) of associates (net of tax)	-	-	-
Other comprehensive income (expense) for the period	**4**	**7**	**11**

	First-half 2013		
(in millions of euros)	**Before tax**	**Tax**	**After tax**
Currency translation adjustments	(33)	-	(33)
Change in fair value of:			
- derivative financial instruments	1	-	1
- investments in non-consolidated companies	(2)	-	(2)
Actuarial gains and losses on pensions and other post-employment benefit obligations	0	-	0
Share of other comprehensive income (expense) of associates (net of tax)*	9	-	9
Other comprehensive income (expense) for the period	**(25)**	**-**	**(25)**
(*) Only concerns the EADS group.			

Note 18 Contractual obligations and commitments given

The main changes in first-half 2014 compared to the commitments presented in Notes 33 and 34 to the consolidated financial statements at 31 December 2013 were as follows:

Lagardère Unlimited

- At 30 June 2014, the minimum payments guaranteed under long-term contracts for sports rights sales totalled €628 million, compared to €680 million at 31 December 2013.
- At 30 June 2014, commitments received under contracts signed with distributors and partners totalled €1,168 million compared to €1,055 million at 31 December 2013.

Lagardère Services

- At 30 June 2014, the minimum payments guaranteed under long-term contracts for concession agreements totalled €1,156 million, compared to €785 million at 31 December 2013.

Note 19 Litigation

Criminal investigation and legal action brought by Airbus Group (previously named EADS) shareholders

This investigation is described in Note 35 to the consolidated financial statements at 31 December 2013. Following the events reported therein, the dates for the hearing before the criminal court have been set. The hearings will be held during the last quarter of 2014.

World Sport Group/Indian Premier League contracts

This dispute is described in Note 35 to the consolidated financial statements at 31 December 2013. Following the events reported therein, after the Indian tax authorities' audit of WSG India's operations, the company was issued with tax reassessment notices representing an overall liability of €8.5 million. This reassessment is currently under discussion.

Competition investigations in the e-books market

This dispute is described in Note 35 to the consolidated financial statements at 31 December 2013. Following the events reported therein, as part of the class-action lawsuit launched in Canada, the court gave its preliminary approval to a settlement with the five publishers involved on 12 June 2014 (Apple is still party to the proceedings). The decision grants consumers a 60-day period to opt out of the compensation procedure provided for in the settlement agreement.

Hachette Book Group, like all the other publishers party to the settlement, paid its share of the compensation (CAD 635,000) to a trust. This amount covers both damages paid to consumers and legal fees.

World Sport Group/Union of Arab Football Associations

On 1 July 2013, World Sport Group (WSG) decided to terminate in advance two agreements entered into with the Union of Arab Football Associations (UAFA) relating to the Arab Cup of Nations and the UAFA Club Cup on the grounds that certain sports competitions organised by UAFA did not correspond to its contractual agreements. UAFA disputes the termination of these agreements and on 9 May 2014 it brought the case before the International Chamber of Commerce for arbitration, seeking USD 20.3 million in compensation from WSG. Without prejudice to its defence on the merits, WSG considers this arbitration request to be premature in light of the fact that the parties have not yet exhausted the dispute settlement procedures provided for in the agreements.

Commercial disputes resulting from the shutdown of Lawebco

Following the closure of Lawebco, a subsidiary of Lagardère Active in charge of e-commerce activities for *Elle* and *Be*, a number of trials were brought before the Paris Commercial Court between Lagardère Digital France and Lawebco and (i) the minority shareholder and former Chief Executive Officer of Lawebco and (ii) Lawebco's former logistics and services providers who claim their contracts were wrongfully and prematurely terminated.

These claims are patently unreasonable.

Other litigation

There were no other important developments in the disputes described in Note 35 to the consolidated financial statements at 31 December 2013.

Note 20 Related parties

During the first half of 2014, no new transactions were undertaken by the Lagardère group with related parties other than those described in Note 36 to the consolidated financial statements at 31 December 2013.

Note 21 Event subsequent to the balance sheet date and other significant event

Lagardère Active sells ten Magazine Publishing titles

As part of the strategic refocusing of its Press business, on 10 July 2014, Lagardère Active sold ten Magazine Publishing titles (*Be*, *Auto Moto*, *Union*, *Campagne Décoration*, *Maison & Travaux*, *Mon Jardin Ma Maison*, *Le Journal de la Maison*, *Psychologies*, *Première* and the print version of *Pariscope*).

As a result:

- *Psychologies* (print and online versions) joined the 4B Media consortium, equally held by four Belgian media conglomerates (Rossel Group, Edition Ventures, Deficom Group and Olidipoli);
- *Première* (the print and online versions) joined the Rossel group;
- *Be*, *Auto Moto*, *Union*, *Campagne Décoration*, *Maison & Travaux*, *Mon Jardin Ma Maison*, *Le Journal de la Maison* and the print version of *Pariscope* joined listed group Reworld Media, which owns seven magazines in France, including *Marie-France* and *Télé Magazine*.

This sale resulted in a loss of €20 million for which a provision had been set aside in full at 30 June 2014 in accordance with Note 6 above.

Hachette Book Group signs an agreement for the acquisition of Perseus Books group

On 24 June 2014, Hachette Book Group, the US subsidiary of Hachette Livre, signed an agreement to acquire the publishing business of US publishing group Perseus Books. The acquisition is expected to close in second-half 2014.

If the acquisition is finalised, the Perseus Books group's distribution business could be acquired by the Ingram Content group.

The publishing business of Perseus Books has net sales in the region of USD 90 million. In 2016, its operating profit is expected to represent around 10% of its publishing net sales.

3 - STATUTORY AUDITORS' REPORT

MAZARS	**ERNST & YOUNG et Autres**
Tour Exaltis	1/2, place des Saisons
61, rue Henri-Regnault	92400 Courbevoie – Paris-La Défense 1
92400 Courbevoie	S.A.S. à capital variable
S.A. au capital de € 8.320.000	
Commissaire aux Comptes	Commissaire aux Comptes
Membre de la compagnie	Membre de la compagnie
régionale de Versailles	régionale de Versailles

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.

Lagardère S.C.A.

Period from January 1 to June, 30, 2014

Statutory Auditors' Review Report on the First Half-yearly Financial Information for 2014

To the Partners,

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, 2014, 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 Note 7 to the condensed half-yearly consolidated financial statements, which describes:

- The value of the assets of the Lagardère Unlimited division, which, as was already the case at December 31, 2013, still depends on the conditions in which current contracts will be completed, the ability to renew these contracts or to win new ones, as well as the related margin conditions.

- The value of the assets of Le Guide (Lagardère Active), which, as was already the case at December 31, 2013, relies in particular on the re-establishment of a fairer and more balanced competitive environment.

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 Paris-La Défense on July 30, 2014

By the statutory auditors

MAZARS	ERNST & YOUNG et Autres
Thierry Blanchetier	Jeanne Boillet

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

We hereby declare that, to the best of our knowledge, the condensed interim consolidated financial statements for the first half of 2014 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the entities included in the consolidation, and that the accompanying interim management report presented on pages 3 to 13 provides a fair view of 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.

The Statutory Auditors' report on the 2013 condensed interim consolidated financial statements presented on page 39 of the 2013 Interim Financial Report contains three observations concerning:

- Note 13 “Investments in associates” and Note 20 “Litigation” to the condensed half-yearly consolidated financial statements, which describe why the investment in Canal + France, consolidated using the equity method, has been maintained at its value in use;
- Note 7 “Impairment losses on goodwill, property, plant and equipment and intangible assets” to the condensed half-yearly consolidated financial statements, which describes indications of impairment identified in first half of 2013, and the impairment losses recognized in particular on the assets of the Magazine Publishing activity of the Active division;
- the value of the assets of the Lagardère Unlimited division, as presented in Note 3 “Segment information”, which, as was already the case at December 31, 2012, still depends on the conditions in which current contracts will be completed, the ability to renew these contracts or to win new ones, as well as the related margin conditions.

The Statutory Auditors’ report on the consolidated financial statements for the year ended 31 December 2013 contains one observation concerning Note 10 to the consolidated financial statements, which presents the assumptions used for impairment tests carried out on goodwill and other intangible assets, relating in particular to Lagardère Unlimited.

The Statutory Auditors' report on the 2014 interim consolidated financial statements presented on page 38 of the 2014 Interim Financial Report contains two observations concerning Note 7 “Impairment losses on goodwill, property, plant and equipment and intangible assets” to the consolidated financial statements, which describes:

- the value of the assets of the Lagardère Unlimited division, which, as was already the case at December 31, 2013, still depends on the conditions in which current contracts will be completed, the ability to renew these contracts or to win new ones, as well as the related margin conditions.
- the value of the assets of Le Guide (Lagardère Active), which, as was already the case at December 31, 2013, relies in particular on the re-establishment of a fairer and more balanced competitive environment.

Paris, 30 July 2014

For Arjil Commanditée-Arco

Dominique D’Hinnin