



**INTERIM FINANCIAL REPORT 2009**

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## 1 - INTERIM MANAGEMENT REPORT

Operating in more than 40 countries, the Lagardère Group is a world leader in the media industry. At 30 June 2009, Lagardère also held a 7.5% share in the EADS group.

Lagardère began to step up the pace of its transformation in late 2006, firstly by combining its "magazine publishing" and "audiovisual" businesses to create a high-performance business segment producing innovative contents for the digital world, and secondly by establishing itself as a key player in the world of sports, particularly through the acquisition of Sportfive.

Lagardère presents the profile of a major Media group, still actively engaged in the news, education, culture and entertainment businesses, but with a concern for strategy adjustment to keep abreast of the technological metamorphoses in the audiovisual industry.

With its sights firmly set on the future and its attention focused on the demands of today's globalised market, the Group is demonstrating its capacity to reinvent itself in response to the changing lifestyles of the digitally mobile age.

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### *1.1 SIGNIFICANT EVENTS OF THE FIRST HALF OF 2009*

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 Renewal of Arnaud Lagardère's appointment as Managing Partner

The decision by the general partners to renew Mr. Arnaud Lagardère's appointment as Managing Partner was ratified by the Supervisory Board of Lagardère SCA at its meeting of 11 March 2009, for a period of six years beginning 26 March 2009.

#### 1.1.2 Advertising market downturn

See section 1.3 (Comments on the financial statements at 30 June 2009).

#### 1.1.3 Hachette Fujingaho and Sumitomo Corporation: strategic alliance in Japan

Hachette Filipacchi Presse and Sumitomo Corporation signed agreements including a plan to develop an e-commerce business around the ELLE brand by September 2009 through Hachette Fujingaho in Japan, selling advertiser-branded products, products selected by ELLE Japan magazine and by the elle.co.jp website, and licensed products. It is planned to expand this new business by capitalising on all the media brands owned by Hachette Fujingaho (ELLE Girl, ELLE Deco, 25 ans, Fujingaho, etc.) and using Sumitomo's distribution channels (e-commerce, m-Commerce, TV shopping, etc).

Under the terms of a conditional contract signed on 14 January 2009 as part of the agreements, Sumitomo Corporation acquired a 34% interest in Hachette Fujingaho from Hachette Filipacchi Presse on 22 May 2009. Hachette Filipacchi Presse continues to hold 66% of the capital of its Japanese subsidiary.

#### 1.1.4 Early redemption of Mandatory Exchangeable Bonds redeemable in EADS NV shares and issued by Lagardère SCA in 2006<sup>1</sup>

In an amendment to the subscription contract signed on 26 January 2009, Lagardère SCA and Natixis, the sole subscriber and only holder of the 20,370 Mandatory Exchangeable Bonds still outstanding, agreed at the initiative of Natixis to bring forward the date of redemption of those bonds and thereby the date of delivery of the third tranche of EADS NV shares from 25 June 2009 to 24 March 2009. In execution of this amendment, on 24 March 2009 Lagardère SCA remitted to Natixis 20,370,000 EADS NV shares representing 2.5% of the share capital and voting rights of EADS.

Lagardère SCA continues to benefit from the initial upside exposure mechanism for adjustment to the market price of the EADS NV share until the date and at the price initially agreed, potentially resulting in Lagardère SCA receiving a balancing cash payment.

This early redemption will reduce the 2009 coupon payable to Natixis, thereby generating interest expense savings of approximately €1.8 million for Lagardère SCA in first half 2009.

#### 1.1.5 Agreement between the International Olympic Committee and Sportfive

Lagardère Sports and the International Olympic Committee (IOC) announced on 18 February 2009 that they had finalised an agreement under which the IOC would award Sportfive, a subsidiary of Lagardère Sports, management of European media rights for the 2014 Winter Olympics in Sochi, Russia, and the 2016 Summer Olympics. Lagardère Sports has thus become a preferred partner to the IOC, which has agreed to outsource control of its media rights to an agency for the first time in its history. The Olympic Games are the world's premier sporting event, attracting an average of 25,200 broadcasters in 220 countries for the Summer Olympics and 200 countries for the Winter Olympics.

Under the terms of this agreement, Sportfive will manage these media rights in 40 European countries (excluding France, Germany, Italy, Spain, Turkey and the UK) for all media platforms, including free and pay television, the Internet and mobile phone communications.

The IOC selected Sportfive in response to a call for tenders initiated in May 2008, notably because of the company's demonstrated ability to market media rights and its commitment to promoting the Olympic Games and Olympic values. The agreement puts Sportfive in a position to diversify its portfolio still further through access to all Olympic sports.

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<sup>1</sup> See the press release issued by Lagardère SCA on 4 April 2006 for more details of this operation.

#### 1.1.6 Médiamétrie surveys

##### **1.1.6.1 January/February/March 2009: 3<sup>rd</sup> consecutive audience increase for Europe 1**

With a 9.4% cumulative audience for the months of January, February and March 2009, Europe 1 gained 0.3 points for cumulative audience and 0.1 point of audience share as its listenership grew steadily over one year in both categories. This was the third consecutive wave of audience rises for Europe 1.

These results confirm the success of the station's new schedule, which has helped the morning programming achieve a record-breaking 10.8% audience share (more than 3.2 million listeners) for the 13+ age group, a first since Médiamétrie began to release figures for this category.

This wave helped Europe 1 continue to renew its audience, in particular through success in reaching its commercial targets. Over one year, audience share in the highest-income categories rose 23%, the most significant one-year increase in the 13+ age group since measurement for the category began. The station also experienced steady growth in the 25-59 age group, with a 17% rise in audience share over one year.

##### **1.1.6.2 January-March 2009: Europe 1 registers strong audience gains in the Paris region**

The most recent Médiamétrie survey of radio audiences over the period January-March 2009 for the Paris region showed that Europe 1 had continued and accentuated the nationwide rise begun the previous autumn.

Reporting 11.2% of cumulative audience and an audience share of 9.6%, Europe 1 achieved year-on-year gains of 0.9 points in cumulative audience and 0.2 points in audience share.

The station now has 1,081,000 listeners in the Paris region, an increase of 103,000 since 2008 (cumulative audience measured in thousands).

#### 1.1.7 Formation of Lagardère Unlimited

On 17 April 2009 Lagardère SCA announced the creation of a subsidiary Lagardère Unlimited, a simplified joint stock company formed to manage the rights and marketing of the images of athletes and artists both in France and internationally.

Less than a month after its formation, Lagardère Unlimited's growth was boosted by an agreement signed on 7 May 2009 with BEST (Blue Entertainment Sports Television), a US group specialising in management and representation of athletes. Under this agreement, the former BEST Tennis Division President, Kenneth Meyerson, and 15 tennis players including Andy Roddick, Fernando Gonzales and Jérémy Chardy joined Lagardère Unlimited LLC, the US subsidiary of Lagardère Unlimited, which was set up at the time and operates from Miami, Florida.

The formation of Lagardère Unlimited and the agreement with BEST are two steps in the sports business development strategy the Lagardère Group has followed for six years now. Lagardère Unlimited is run directly by Arnaud Lagardère.

This operation is in its start-up phase and its impact on the financial statements for first-half 2009 is not significant.

#### 1.1.8 Sale by HFM US of 5 special-interest magazines to Bonnier Corp.

Hachette Filipacchi Media US (HFM US), Lagardère Active's US subsidiary, and Bonnier Corp. announced on 2 June 2009 that Bonnier Corp. had acquired the following five special-interest publications from HFM US: *Popular Photography*, *Flying*, *Boating*, *Sound & Vision* and *American Photo*.

The five titles were sold to Bonnier along with their brand extensions including websites, book publishing, licensing agreements, videos and branded events.

This deal is part of a strategic move announced some time back by HFM US, to refocus on its core target segments (women's and automotive magazines) by selling special-interest magazines that to date account for less than 10 % of its print business in the USA. This will also free up resources that can be better allocated to rolling out HFM's bi-media (print and digital) strategy in those segments.

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## *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 2008, which was filed with the French Financial Market Authority (AMF) on 24 March 2009.

Particular attention should be paid to Note 18 to the consolidated financial statements at 30 June 2009 concerning significant developments in litigations since the 2008 Reference Document was filed. Very important developments are possible for some of these litigations by the end of 2009.

The Group is also carefully monitoring the worldwide swine flu epidemic.

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### 1.3 COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2009

#### 1.3.1 General

	First half 2009	First half 2008	Year 2008
<i>(in millions of euros)</i>			
<b>Net sales</b>	<b>3,720</b>	<b>3,804</b>	<b>8,214</b>
<b>Profit before finance costs and tax</b>	<b>476</b>	<b>678</b>	<b>825</b>
Finance costs, net	(44)	(79)	(176)
Income tax expense	(96)	(13)	(22)
<b>Net profit</b>	<b>336</b>	<b>586</b>	<b>627</b>
- Attributable to equity holders of the parent	318	572	593
- Attributable to minority interests	18	14	34

The consolidated financial statements at 30 June 2009 have been prepared in compliance with International Financial Reporting Standards (IFRS) and IAS 34, "Interim Financial Reporting", using the same accounting principles as those applied for the year ended 31 December 2008.

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

#### 1.3.2 Lagardère Media

Lagardère Media includes the operations of Lagardère Publishing, Lagardère Active which comprises the Press and Audiovisual activities, Lagardère Services and Lagardère Sports.

The major changes in this segment's structure during the first half of 2009 are described in Note 2 to the consolidated financial statements.

Since 1 January 2009, Lagardère SCA has charged a new fee to Group companies operating in the Media for the right to use its brands. For clearer comparability between 2009 and 2008, the 2008 figures have been restated and are presented on a pro forma basis that includes the retrospective cost of this fee, calculated under the invoicing rules adopted in 2009. This has generated an additional proforma charge for Lagardère Media of €4 million at 30 June 2008 and €9 million at 31 December 2008, offset by an increase of equal value in the operating profit of the Other Activities.

As a result of this adjustment, summarised statements of income and cash flows of Lagardère Media are as follows:

<b>Income statement - Lagardère Media</b>			
<i>(in millions of euros)</i>		<b>Proforma</b>	
	<b>First half 2009</b>	<b>First half 2008</b>	<b>Year 2008</b>
<b>Net sales</b>	<b>3,720</b>	<b>3,804</b>	<b>8,214</b>
Recurring operating profit before associates	181	256	648
Income from associates <sup>(*)</sup>	51	46	75
Non-recurring items	(309)	(104)	(466)
Amortization of acquisition-related intangible assets	(25)	(37)	(70)
- Fully consolidated companies	(15)	(27)	(50)
- Companies accounted for by the equity method	(10)	(10)	(20)
<b>Profit (loss) before finance costs and tax</b>	<b>(102)</b>	<b>161</b>	<b>187</b>
Finance costs, net	(41)	(85)	(189)
<b>Profit (loss) before tax</b>	<b>(143)</b>	<b>76</b>	<b>(2)</b>
<i>(*) Excluding amortization of acquisition-related intangible assets and impairment losses.</i>			

<b>Cash flows - Lagardère Media</b>			
	<b>First half 2009</b>	<b>First half 2008</b>	<b>Year 2008</b>
Cash flows from operations before changes in working capital	263	264	725
Changes in working capital	(83)	(327)	(122)
<b>Cash flows from operations</b>	<b>180</b>	<b>(63)</b>	<b>603</b>
Interest paid and received and income taxes paid	(124)	(181)	(424)
<b>Net cash provided by (used in) operating activities</b>	<b>56</b>	<b>(244)</b>	<b>179</b>
Cash used in investing activities	(110)	(502)	(703)
- <i>Intangible assets and property, plant and equipment</i>	(107)	(87)	(220)
- <i>Investments</i>	(3)	(415)	(483)
Proceeds from disposals	22	85	108
- <i>Intangible assets and property, plant and equipment</i>	11	24	29
- <i>Investments</i>	11	61	79
(Increase) decrease in short-term investments	43	(1)	8
<b>Net cash used in investing activities</b>	<b>(45)</b>	<b>(418)</b>	<b>(587)</b>
<b>Total cash provided by (used in) operating and investing activities</b>	<b>11</b>	<b>(662)</b>	<b>(408)</b>
<b>Capital employed <sup>(1)</sup></b>	<b>5,803</b>	<b>6,259</b>	<b>5,953</b>

<sup>(1)</sup>Non-current assets less non-current liabilities (excluding debt) and changes in working capital.

## Income statement

The first half of 2009 brought highly contrasting results. The magazine business was severely affected by low advertising and circulation (-18.5% on a like-for-like basis). The Group's audiovisual business (-15% on a like-for-like basis) suffered from the decline in radio advertising revenues, late deliveries by production companies, and lower advertising revenues for freeview digital channels. The results reported by Lagardère Services (-2.6% on a like-for-like basis) reflect two factors: the fall-off in press sales affecting its distribution operations and some of its retail sales activities, and the decline in air travel (in France, the United States, and Spain among other countries). The effect of the distributor Anderson's bankruptcy on the US markets and difficulties for the wholesaler The Source also had a notable influence on sales. Book Publishing, in contrast, registered one of its best ever growth levels (+11.5% on a like-for-like basis) driven by the international success of Stephenie Meyer's novels, particularly in the United States, the United Kingdom and France.

Lagardère Sports reported a decline in net sales for the first half of 2009 (-7.6%) on a like-for-like basis. The first half of 2008 had included the effects of the Euro 2008 championship and the African Nations Cup which had no equivalent in the same period of 2009. However, in first-half 2009 Lagardère Sports

benefited from the full consolidation of World Sport Group (WSG), which raised sales growth to +31.9% without adjustments for changes in group structure and exchange rates.

Compared to first-half 2008, Lagardère Media's net sales for the first half of 2009 were thus 2.2% lower without adjustments for changes in group structure and exchange rates. This decline incorporates the positive effect (+€93 million) of changes in group structure, essentially the impact of full consolidation of WSG. Changes in exchange rates (average rate over the period) had a negative impact of -€48 million (the fall by the pound sterling and certain Eastern European currencies against the Euro was partly counterbalanced by the rise in the US dollar).

Excluding the effect of changes in group structure and exchange rates, net sales were down by 3.5%. The growth rate was positive in the Book Publishing division and negative in the Press, Audiovisual, Services and Sports divisions.

Recurring operating profit before associates amounted to +€181 million, a decrease of -€75 million or -29.2% from first-half 2008 without adjustments for changes in group structure and exchange rates.

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

- Lagardère Publishing's recurring operating profit rose sharply from 30 June 2008 to +€112 million, an increase of +€43 million. Almost all of this rise was attributable to the impact of sales of Stephenie Meyer's series of novels on the results of Illustrated books and Distribution activities in France, and also in the United Kingdom, Australia and naturally the United States.
- In the Lagardère Active division, where recurring operating profit stood at +€9 million, the contribution by the Press activities (+€1 million) was €58 million lower than in the first half of 2008 as a result of the collapse in advertising revenues and a decline in distribution in nearly all countries. The contribution by Audiovisual activities (+€8 million) was down by €45 million, due to the impact of the advertising crisis on radio and television revenues in France and internationally, and delivery delays at Lagardère Entertainment.
- The Services division reported recurring operating profit of +€27 million, down by €19 million from first-half 2008. This downturn was observed in almost all the countries where Lagardère Services does business, and is partly explained by a fall in press sales, particularly affecting distribution activities (principally in Spain, Belgium, Switzerland and Poland) and newsstand sales in general, and partly by lower airport traffic. Lagardère Services' recurring operating profit for first-half 2009 also included a net loss of \$6.5 million (€4.9 million) following the bankruptcy of US distributor Anderson.
- The recurring operating profit of the Sports division was +€33 million, up by €4 million from first-half 2008. This excludes amortization of the intangible assets created when acquisitions in the division were recognised (-€13 million in first-half 2009 compared to -€24 million in first-half 2008). The effect of full consolidation of WSG was offset by Sportfive's lower contribution in the absence of non-recurring events during the half-year (compared to the Euro 2008 and African Nations Cup in first-half 2008), and also by recognition of provisions for bad debt totalling €11 million at 30 June 2009.

Income from associates was +€51 million for the first half of 2009, compared with +€46 million for the first half of 2008. This includes a +€48 million contribution by Canal+ France, against +€30 million in first-half 2008, before amortization of goodwill recorded on the acquisition of this investment (-€10 million net of deferred taxes in first-half 2009 and 2008).

Non-recurring/non-operating items included in the profit before finance costs and tax for the first half of 2009 represented a net loss of -€334 million compared to a net loss of -€141 million for the first half of 2008.

This loss includes:

- Impairment losses of €274 million (€93 million in first-half 2008), including €271 million on intangible assets relating to magazine publishing in the United States and Japan, and digital

activities. This impairment results from the current economic recession and its effect on prospects for advertising and distribution revenues in the markets concerned.

- Restructuring costs of €32 million, including €20 million for Lagardère Active, principally concerning cost-cutting plans initiated in the United States and Spain.
- Losses of €3 million on disposals, mainly connected to Sumitomo's investment in the Japanese subsidiary Fujin Gaho. These losses were partly offset by the sale to the Bonnier group of a group of specialist magazines in the United States.
- Amortization costs of €25 million on acquisition-related intangible assets, including €13 million for the Sports division and €10 million charged to the contribution by Canal+ France.

As a result of the above items, profit before finance costs and tax of the Media segment for the first half of 2009 totalled -€102 million, down by €263 million from first-half 2008.

Net finance costs were -€41 million against -€85 million in first-half 2008. Reduction of interest rates was the main factor in this improvement.

### **Cash flows**

Cash flows from operations before changes in working capital amounted to +€263 million compared to +€264 million in first-half 2008. This stability reflects the fall in recurring operating profit, mitigated by lower outflows under the Active 2009 restructuring plan.

Working capital increased by -€83 million in the first half of 2009 after a -€327 million increase in first-half 2008. This improvement mainly results from an intensive payment collection campaign by Lagardère Publishing to make up for slow payments in the fourth quarter of 2008, and the impact of the lower level of business on trade receivables, particularly at Lagardère Active.

Following the same trend as indebtedness and financing costs, interest paid (net of interest received) amounted to -€42 million compared to -€76 million in first-half 2008. Taxes paid for the first half-year amounted to -€82 million in 2009 and -€105 million in 2008.

As a result of these items, net cash of +€56 million was provided by operating activities, compared to the -€244 million used in operating activities in first-half 2008.

Purchases of intangible assets and property, plant and equipment, net of disposals, totalled €96 million, €33 million more than in the first half of 2008 principally as a result of full consolidation of WSG.

Purchases of investments in the first half of 2009 were negligible, amounting to €3 million.

Disposals of investments amounted to €22 million, and mainly concerned the sale of a minority share in Fujin Gaho (Lagardère Active's subsidiary in Japan) to Sumitomo, and the sale of a small group of magazines to the Bonnier group in the United States.

There was also a €43 million decrease in short-term investments, corresponding to sales of marketable securities.

As a result, total cash of +€11 million was provided by operating and investing activities in the first half of 2009, whereas -€662 million was used in these activities in first-half 2008.

### 1.3.3 EADS

On 24 March 2009, in accordance with the amendment to the subscription contract for the Mandatory Exchangeable Bonds signed on 26 January 2009, Lagardère remitted 20,370,000 EADS shares or 2.5% of EADS' share capital to the bondholders in redemption of the final tranche of the issue. The first and second tranches were redeemed on 25 June 2007 and 25 June 2008 through remittance of an identical number of shares.

The gain on this transfer has been calculated based on the EADS group's equity at 31 March 2009 and amounts to €539 million at that date, compared to €466 million at 30 June 2008.

Following this transfer and including the effect of other changes in EADS' share capital, Lagardère's holding in EADS was reduced from 14.98% at 31 December 2006 to 12.51% at 31 December 2007, then to 10.00% at 31 December 2008 and 7.50% at 30 June 2009.

EADS has been accounted for by the equity method since 1 January 2007. The share of profit included in the consolidated income statement for the first half of 2009 is based on a percentage interest of 10.00% for the first quarter, and 7.50% for the second quarter (the percentage applied for the whole of first-half 2008 was 12.51%, corresponding to the interest held at the time).

EADS' contribution to Lagardère's consolidated profit for the first half of 2009 amounted to +€34 million, compared to +€52 million for first-half 2008.

### 1.3.4 Other Activities

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

Income statement - Other Activities			
		Proforma <sup>(1)</sup>	
	First half 2009	First half 2008	Year 2008
Recurring operating profit (loss)	5	(1)	(1)
Non-recurring items	-	-	2
<b>Profit (loss) before finance costs and tax</b>	<b>5</b>	<b>(1)</b>	<b>1</b>
Net financial income (loss)	(3)	6	13
<b>Profit before tax</b>	<b>2</b>	<b>5</b>	<b>14</b>

<sup>(1)</sup> The comparative figures for 2008 have been restated as explained in paragraph 1.3.2 above.

Recurring operating profit recorded by Other Activities in the first half of 2009 showed a profit of +€5 million, including a profit resulting from the agreement settling Matra's claim in connection with its former Transit Systems activities (the VAL contract in Taipei).

A net financial loss of -€3 million was recorded in the first half of 2009, €9 million down from the financial profit reported for first-half 2008. This downturn is attributable to reduced interest rates, principally reflected in a lower level of financial income invoiced to the subsidiaries.

### 1.3.5 Overview of consolidated results

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

<i>(in millions of euros)</i>	First half 2009	First half 2008	Year 2008
Lagardère Media	(143)	76	(2)
Income from EADS (accounted for by the equity method)	34	52	171
Gain on sale of EADS shares	539	466	466
Other Activities	2	5	14
<b>Profit before tax</b>	<b>432</b>	<b>599</b>	<b>649</b>
Income tax expense	(96)	(13)	(22)
<b>Consolidated profit for the period</b>	<b>336</b>	<b>586</b>	<b>627</b>
- Attributable to equity holders of the parent	318	572	593
- Attributable to minority interests	18	14	34

### 1.3.6 Cash flows

#### 1.3.6.1 Consolidated statement of cash flows

In the first half of 2009, net cash of +€48 million was provided by the Group's operating activities, including +€56 million generated by Lagardère Media and -€8 million used in Other Activities, which were impacted by interest paid during the period, partially offset by taxes collected from entities belonging to the French tax consolidation group, and the dividend paid by EADS.

Net cash of +€614 million was provided by investing activities in the first half of 2009, essentially comprising -€45 million of funds used by Lagardère Media and proceeds of +€664 million on the sale of shares in EADS.

Net cash of -€694 million was used in financing activities in the first half of 2009, mainly comprising the following:

- applications:
  - dividends paid (-€194 million);
  - redemption of the final tranche of EADS Mandatory Exchangeable Bonds (-€664 million);
- sources:
  - a €179 million drawing on the 2005 syndicated loan.

As a result of the above cash flows, including the -€4 million cash effect of translation adjustments and reclassifications, net cash and cash equivalents decreased by €36 million to €540 million at 30 June 2009.

### 1.3.6.2 Net indebtedness

Net indebtedness is calculated as follows:

	First half 2009	Year 2008
Short-term investments and cash and cash equivalents	858	952
Non-current debt	(2 520)	(2 380)
Current debt	(481)	(1 191)
<b>Net indebtedness</b>	<b>(2 143)</b>	<b>(2 619)</b>
Including: EADS Mandatory Exchangeable Bonds	-	(692)

Changes during the first half of 2009 and the first half of 2008 are analysed as follows:

	2009	2008
<b>Net indebtedness at 1 January</b>	<b>(2,619)</b>	<b>(2,570)</b>
Total cash from operating and investing activities	662	(34)
Acquisition of treasury shares	(3)	-
Dividends	(194)	(196)
Increase (decrease) in short-term investments	(43)	1
Change in put options granted to minority shareholders recognised in debt	10	58
Change in financial liabilities following measurement at fair value	3	(49)
Effect on cash of changes in exchange rates, consolidation scope and other	41	59
<b>Net indebtedness at 30 June</b>	<b>(2,143)</b>	<b>(2,731)</b>

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#### 1.4 RELATED PARTIES

See Note 19 to the consolidated financial statements.

#### 1.5 EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

In the procedure initiated by the AMF following the investigation into trading in EADS shares (see Note 18 to the consolidated financial statements), the report issued on 28 July 2009 by the AMF Enforcement Committee's Examiner cleared the Lagardère group completely.

The Enforcement Committee will meet in November and should announce its final decision towards the end of the year.

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## 2 - CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2009

		First half 2009	First half 2008	Year 2008
<i>(in millions of euros)</i>				
Net sales	<i>(Notes 3 and 4)</i>	3 720	3 804	8 214
Other income from ordinary activities		210	217	406
Revenues		3 930	4 021	8 620
Purchases and changes in inventories		(1 768)	(1 805)	(3 860)
Capitalised production		(1)	6	22
Production transferred to inventories		53	58	74
External charges		(1 103)	(1 127)	(2 392)
Payroll costs		(802)	(866)	(1 673)
Depreciation and amortization other than on acquisition-related intangible assets		(106)	(65)	(151)
Amortization of acquisition-related intangible assets		(15)	(27)	(50)
Restructuring costs	<i>(Note 5)</i>	(33)	(7)	(40)
Gains (losses) on disposals of assets	<i>(Note 6)</i>	537	462	471
Impairment losses on goodwill, property, plant and equipment	<i>(Note 7)</i>	(270)	(93)	(339)
Other operating income (expenses)	<i>(Note 8)</i>	(17)	33	7
Income from associates		71	88	136
<b>PROFIT BEFORE FINANCE COSTS AND TAX</b>	<i>(Note 3)</i>	<b>476</b>	<b>678</b>	<b>825</b>
Financial income	<i>(Note 9)</i>	8	38	39
Financial expenses	<i>(Note 9)</i>	(52)	(117)	(215)
<b>PROFIT BEFORE TAX</b>		<b>432</b>	<b>599</b>	<b>649</b>
Income tax expense	<i>(Note 10)</i>	(96)	(13)	(22)
<b>PROFIT FOR THE PERIOD</b>		<b>336</b>	<b>586</b>	<b>627</b>
<b>Attributable to equity holders of the parent</b>		<b>318</b>	<b>572</b>	<b>593</b>
Attributable to minority interests		18	14	34
<i>Basic earnings per share attributable to equity holders of the parent</i>	<i>(Note 11)</i>	2,51	4,39	4,62
<i>Diluted earnings per share attributable to equity holders of the parent</i>	<i>(Note 11)</i>	2,51	4,36	4,62

## CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES AT 30 JUNE 2009 (a)

<i>(in millions of euros)</i>	<b>First half 2009</b>	<b>First half 2008</b>	<b>Year 2008</b>
<b>Profit for the period</b>	<b>336</b>	<b>586</b>	<b>627</b>
Currency translation adjustments	61	(70)	(128)
Change in fair value of:			
Derivative financial instruments	(420)	(30)	(3)
Investments in non-consolidated companies	(5)	(21)	(42)
Actuarial gains and losses on pension and similar obligations	(18)	9	3
Share of gains and losses of associates (net of tax)	17	(40)	(396)
Income tax on gains and losses recognised in equity	8	1	3
<b>Gains and losses recognised in equity, net of tax</b>	<b>(357)</b>	<b>(151)</b>	<b>(563)</b>
<b>Comprehensive gains and losses</b>	<b>(21)</b>	<b>435</b>	<b>64</b>
<b>Attributable to equity holders of the parent</b>	<b>(38)</b>	<b>420</b>	<b>30</b>
Attributable to minority interests	17	15	34

(a) In compliance with IAS 1 (revised), applicable from 1 January 2009.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2009

<i>(in millions of euros)</i>	First half 2009	First half 2008	Year 2008
<b>Profit for the period</b>	<b>336</b>	<b>586</b>	<b>627</b>
Income tax expense	96	13	22
Finance costs, net	44	79	176
<b>Profit before finance costs and tax</b>	<b>476</b>	<b>678</b>	<b>825</b>
Depreciation and amortization expense	121	92	201
Impairment losses, provision expense and other non-cash items	265	19	262
Gains on disposals of assets	(537)	(462)	(471)
Dividends received from associates	23	25	30
Income from associates	(71)	(88)	(136)
Changes in working capital	(94)	(327)	(141)
<b>Cash flows from operations</b>	<b>183</b>	<b>(63)</b>	<b>570</b>
Interest paid	(97)	(164)	(228)
Interest received	10	37	34
Income taxes paid	(48)	(81)	(178)
<b>Net cash provided by operating activities</b>	<b>(A) 48</b>	<b>(271)</b>	<b>198</b>
<b>Cash used in investing activities</b>			
Purchases of intangible assets and property, plant and equipment	(110)	(89)	(225)
Purchases of investments	(24)	(403)	(474)
Cash acquired through acquisitions	28	6	15
Purchases of other non-current assets	(9)	(18)	(25)
<b>Total cash used in investing activities</b>	<b>(B) (115)</b>	<b>(504)</b>	<b>(709)</b>
<b>Proceeds from disposals of non-current assets</b>			
Intangible assets and property, plant and equipment	10	17	34
Investments	673	682	694
Cash transferred on disposals	0	34	34
Decrease in other non-current assets	3	9	16
<b>Total cash from investing activities</b>	<b>(C) 686</b>	<b>742</b>	<b>778</b>
(Increase) decrease in short-term investments	<b>(D) 43</b>	<b>(1)</b>	<b>8</b>
<b>Net cash provided by investing activities</b>	<b>(E) = (B)+(C)+(D) 614</b>	<b>237</b>	<b>77</b>
<b>Total cash provided by (used in) operating and investing activities</b>	<b>(F) = (A)+(E) 662</b>	<b>(34)</b>	<b>275</b>
<b>Capital transactions</b>			
Proceeds from capital increase by the parent	0	0	0
Change in minority interests in capital increases by subsidiaries	0	0	0
Changes in treasury shares	(3)	0	(102)
Dividends paid to equity holders of the parent (*)	(171)	(175)	(174)
Dividends paid to minority shareholders of subsidiaries	(23)	(21)	(28)
<b>Financing transactions</b>			
Increase in debt	245	945	1 113
Decrease in debt	(742)	(857)	(982)
<b>Net cash used in financing activities</b>	<b>(G) (694)</b>	<b>(108)</b>	<b>(173)</b>
<b>Other movements</b>			
Effect on cash of changes in exchange rates	(4)	18	(1)
Effect on cash of other movements	0	(2)	3
<b>Total other movements</b>	<b>(H) (4)</b>	<b>16</b>	<b>2</b>
<b>Change in net cash and cash equivalents</b>	<b>(I) = (F)+(G)+(H) (36)</b>	<b>(126)</b>	<b>104</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>576</b>	<b>472</b>	<b>472</b>
<b>Cash and cash equivalents at end of the period</b>	<b>(Note 13) 540</b>	<b>346</b>	<b>576</b>

(\*) Including the portion of net profit paid to the general partners.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

### ASSETS

	<b>30 June 2009</b>	<b>31 December 2008</b>
<i>(in millions of euros)</i>		
Intangible assets	1 370	1 340
Goodwill	2 961	2 980
Property, plant and equipment	634	636
Investments in associates	2 286	2 443
Other non-current assets	186	202
Deferred tax assets	175	203
<b>Total non-current assets</b>	<b>7 612</b>	<b>7 804</b>
Inventories	618	551
Trade receivables	1 438	1 647
Other current assets	993	1 377
Short-term investments	68	117
Cash and cash equivalents	790	835
<b>Total current assets</b>	<b>3 907</b>	<b>4 527</b>
<b>Total assets</b>	<b>11 519</b>	<b>12 331</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

### EQUITY AND LIABILITIES

**30 June 2009    31 December 2008**

*(in millions of euros)*

Share capital	800	800
Reserves	3 030	2 962
Profit attributable to equity holders of the parent	318	593
<b>Equity attributable to equity holders of the parent</b>	<b>4 148</b>	<b>4 355</b>
Minority interests	99	91
<b>Total equity</b>	<b>4 247</b>	<b>4 446</b>
Provisions for employee benefits and similar obligations	110	94
Non-current provisions for contingencies and losses	180	189
Non-current debt <span style="float: right;"><i>(Note 9)</i></span>	2 520	2 380
Other non-current liabilities	387	252
Deferred tax liabilities	240	243
<b>Non-current liabilities</b>	<b>3 437</b>	<b>3 158</b>
Current provisions for contingencies and losses	335	336
Current debt <span style="float: right;"><i>(Note 9)</i></span>	481	1 191
Trade payables	1 740	1 845
Other current liabilities	1 279	1 355
<b>Total current liabilities</b>	<b>3 835</b>	<b>4 727</b>
<b>Total equity and liabilities</b>	<b>11 519</b>	<b>12 331</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in millions of euros)</i>	Share capital	Share premiums	Other reserves	Treasury shares	Translation reserve	Valuation reserve	Equity attributable to equity holders of the parent	Minority interests	Equity
<b>At 1 January 2008</b>	<b>818</b>	<b>1 022</b>	<b>2 191</b>	<b>(246)</b>	<b>(64)</b>	<b>853</b>	<b>4 574</b>	<b>85</b>	<b>4 659</b>
Profit for the period			572				572	14	586
Gains and losses recognised in equity (a)			5		(81)	(76)	(152)	1	(151)
<b>Comprehensive gains and losses for the period</b>			<b>577</b>		<b>(81)</b>	<b>(76)</b>	<b>420</b>	<b>15</b>	<b>435</b>
Dividends			(175)				(175)	(21)	(196)
Changes in treasury shares							0		0
Share-based payments			14				14		14
Changes in consolidation scope and other			(17)				(17)		(17)
<b>At 30 June 2008</b>	<b>818</b>	<b>1 022</b>	<b>2 590</b>	<b>(246)</b>	<b>(145)</b>	<b>777</b>	<b>4 816</b>	<b>79</b>	<b>4 895</b>
<b>At 1 January 2009</b>	<b>800</b>	<b>900</b>	<b>2 608</b>	<b>(208)</b>	<b>(153)</b>	<b>408</b>	<b>4 355</b>	<b>91</b>	<b>4 446</b>
Profit for the period			318				318	18	336
Gains and losses recognised in equity (a)			(26)		41	(371)	(356)	(1)	(357)
<b>Comprehensive gains and losses for the period</b>			<b>292</b>		<b>41</b>	<b>(371)</b>	<b>(38)</b>	<b>17</b>	<b>(21)</b>
Dividends			(171)				(171)	(23)	(194)
Changes in treasury shares				(3)			(3)		(3)
Share-based payments			5				5		5
Changes in consolidation scope and other							0	14	14
<b>At 30 June 2009</b>	<b>800</b>	<b>900</b>	<b>2 734</b>	<b>(211)</b>	<b>(112)</b>	<b>37</b>	<b>4 148</b>	<b>99</b>	<b>4 247</b>

(a) See Note 16 for details.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2009**

*(all figures are expressed in millions of euros)*

### **Note 1 Accounting principles**

The consolidated half-year financial statements at 30 June 2009 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 2008.

The Group has applied the new IFRS adopted by the European Union which are mandatory from 1 January 2009. These new standards have no significant impact on the financial statements at 30 June 2009, except for IAS 1 (revised), "Presentation of financial statements", which has led to a change in the format and name of certain information and tables reported. The principal consequences of its application are:

- The "Consolidated Statement of Recognised Income and Expenses" has been replaced by the "Consolidated Statement of Comprehensive Gains and Losses", with a detailed analysis of information regarding gains and losses recognised in equity in the notes to the financial statements;
- The "Consolidated Balance sheet" has been renamed "Consolidated Statement of Financial Position".

### **Note 2 Main changes in the scope of consolidation**

#### **➤ Transfer of 2.5% of the capital of EADS**

On 24 March 2009, in accordance with the amendment to the subscription contract for the Mandatory Exchangeable Bonds signed on 26 January 2009, Lagardère remitted 20,370,000 EADS shares or 2.5% of EADS' share capital to the bondholders in redemption of the final tranche of the issue. The first and second tranches were redeemed on 25 June 2007 and 25 June 2008 through remittal of an identical number of shares.

As a result, including the effect of other changes in EADS' share capital, Lagardère's holding in EADS was reduced from 14.98% at 31 December 2006 to 12.51% at 31 December 2007, then to 10.00% at 31 December 2008 and 7.50% at 30 June 2009.

EADS has been accounted for by the equity method since 1 January 2007. The share of profit included in the consolidated income statement for the first half of 2009 is based on a percentage interest of 10.00% for the first quarter, and 7.50% for the second quarter (the percentage applied for the whole of first-half 2008 was 12.51%, corresponding to the interest held at the time).

The gain on the transfer, calculated on the basis of the EADS group's equity at 31 March 2009, amounted to €539 million, compared with €466 million at 30 June 2008.

#### **➤ Other changes**

The other significant changes in the scope of consolidation, which did not have a material impact on the financial statements for the first half of 2009, were as follows:

##### *Lagardère Publishing*

- Full consolidation from 1 January 2009 of Editions Albert René, the publisher of the Asterix books, in which Lagardère acquired a 60% interest late in 2008.

##### *Lagardère Active*

- The Japanese group Sumitomo acquired an investment in Hachette Fujin Gaho. This 34% investment through a sale of shares was recognised at 31 May 2009.

This operations forms part of a strategic alliance to develop an e-commerce business around the ELLE brand. Fujin Gaho will continue to be fully consolidated, apart from the e-commerce department which will be accounted for by the equity method;

- Sale by Hachette Filipacchi Media US of five specialist magazines, and sale by Lagardère Active of the magazine *Onze Mondial*;
- Full consolidation over six months in 2009 of the Massin group, which was consolidated from 1 May in 2008;
- Full consolidation over six months in 2009 of the Psychologies Magazine group, which was accounted for by the equity method in 2008 until 31 May when the Lagardère Group raised its interest from 51% to 100%.

#### *Lagardère Services*

- Full consolidation since 1 January 2009 of NGSi, an operator of airport sales outlets in the United States acquired by Lagardère in late 2008;
- Consolidation over six months in 2009 of Purely Group and Delstar, both acquired during 2008 and consolidated from 1 March and 1 September 2008 respectively.

#### *Lagardère Sports*

- Full consolidation from 1 January 2009 of World Sport Group Holdings Ltd (WSG). WSG was acquired at the end of first half 2008 and had been accounted for by the equity method since 1 July 2008 in view of the participating rights conferred on minority shareholders by the shareholder agreement in force at the time. This change of method results from a modification to the agreement in early 2009 which included waivers of those rights by the shareholders concerned.

### **Note 3 Segment information**

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

- Lagardère Publishing: publication of general literature, textbooks, illustrated books and part-books.
- Lagardère Active, which comprises:
  - Audiovisual and digital operations including special interest television channels, audiovisual production and distribution, radio and sales of advertising space;
  - Press activities, principally mainstream magazine publishing.
- Lagardère Services: press distribution, retailing in cultural, entertainment and consumer products.
- Lagardère Sports, which specialises in the sports market and comprises three activities:
  - media (production and management of sports broadcasting rights),
  - marketing (sponsoring, hospitality and stadium consulting),
  - event organisation (ownership and management of sporting activities).

At 30 June 2009 Lagardère also held a 7.50% 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, the activities of Matra Manufacturing & Services, whose revenues are reported under "Other income from ordinary activities", and all expenses incurred in operations related to innovative sports projects.

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

Since 1 January 2009, Lagardère SCA has charged a new fee to Group companies operating in the Media for the right to use its brands. For clearer comparability between 2009 and 2008, the 2008 figures have been restated and are presented on a pro forma basis that includes the retrospective cost of this fee, calculated under the invoicing rules adopted in 2009. This has generated an additional proforma charge for Lagardère Media of €4 million at 30 June 2008, offset by an increase of equal value in the operating profit of the Other Activities.

### 3.1 Information by business segment

Income statement for first half 2009									
	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Sports	Lagardère Media	EADS and Other Activitie s ( <sup>(*)</sup> )	Total
		Audiovisual	Press	Total					
Net sales	1,029	198	647	845	1,620	261	3,755	-	3,755
Inter-segment sales	(20)	-	(14)	(14)	(1)	-	(35)	-	(35)
<b>Consolidated sales</b>	<b>1,009</b>	<b>198</b>	<b>633</b>	<b>831</b>	<b>1,619</b>	<b>261</b>	<b>3,720</b>	<b>0</b>	<b>3,720</b>
<b>Recurring operating profit before associates</b>	<b>112</b>	<b>8</b>	<b>1</b>	<b>9</b>	<b>27</b>	<b>33</b>	<b>181</b>	<b>5</b>	<b>186</b>
Income from associates before amortization of acquisition-related intangible assets and impairment losses	1	45	2	47	3	-	51	34	85
<b>Recurring operating profit</b>	<b>113</b>	<b>53</b>	<b>3</b>	<b>56</b>	<b>30</b>	<b>33</b>	<b>232</b>	<b>39</b>	<b>271</b>
Restructuring costs	-	(3)	(17)	(20)	(12)	-	(32)	(1)	(33)
Disposal gains (losses)	-	-	(4)	(4)	1	-	(3)	540	537
Impairment losses ( <sup>(**)</sup> )									
- Fully consolidated companies	-	1	(271)	(270)	-	-	(270)	-	(270)
- Companies accounted for by the equity method	-	(4)	-	(4)	-	-	(4)	-	(4)
Amortization of acquisition-related intangible assets									
- Fully consolidated companies	(1)	-	-	-	(1)	(13)	(15)	-	(15)
- Companies accounted for by the equity method		(10)	-	(10)	-	-	(10)	-	(10)
<b>Profit before finance costs and tax (<sup>(*)</sup>)</b>	<b>112</b>	<b>37</b>	<b>(289)</b>	<b>(252)</b>	<b>18</b>	<b>20</b>	<b>(102)</b>	<b>578</b>	<b>476</b>
Finance costs, net	(2)	(9)	(18)	(27)	(2)	(10)	(41)	(3)	(44)
<b>Profit before tax (<sup>(*)</sup>)</b>	<b>110</b>	<b>28</b>	<b>(307)</b>	<b>(279)</b>	<b>16</b>	<b>10</b>	<b>(143)</b>	<b>575</b>	<b>432</b>
<b>Items included in recurring operating profit</b>									
Depreciation and amortization of intangible assets and property, plant and equipment	(11)	(7)	(10)	(17)	(26)	(49)	(103)	(3)	(106)
Cost of stock option plans	(1)	-	(1)	(1)	(1)	-	(3)	(1)	(4)

(<sup>(\*)</sup>) Including EADS: €573 million (net income from associates €34 million; gain on sale of shares €539 million).

(<sup>(\*\*)</sup>) Impairment losses on goodwill, intangible assets and property, plant and equipment.

Income statement for first half 2008 <sup>(*)</sup>									
	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Sports	Lagardère Media	EADS and Other Activities <sup>(**)</sup>	Total
		Audiovisual	Press	Total					
Net sales	927	240	796	1,036	1,682	197	3,842	-	3,842
Inter-segment sales	(19)	(1)	(17)	(18)	(1)	-	(38)	-	(38)
<b>Consolidated sales</b>	<b>908</b>	<b>239</b>	<b>779</b>	<b>1,018</b>	<b>1,681</b>	<b>197</b>	<b>3,804</b>	-	<b>3,804</b>
<b>Recurring operating profit before associates</b>	<b>69</b>	<b>53</b>	<b>59</b>	<b>112</b>	<b>46</b>	<b>29</b>	<b>256</b>	<b>(1)</b>	<b>255</b>
Income from associates before amortization of acquisition-related intangible assets and impairment losses	1	28	13	41	4	-	46	52	98
<b>Recurring operating profit</b>	<b>70</b>	<b>81</b>	<b>72</b>	<b>153</b>	<b>50</b>	<b>29</b>	<b>302</b>	<b>51</b>	<b>353</b>
Restructuring costs	-	-	(5)	(5)	(2)	-	(7)	-	(7)
Disposal gains (losses)	(1)	-	(3)	(3)	-	-	(4)	466	462
Impairment losses <sup>(***)</sup>									
- Fully consolidated companies	-	-	(93)	(93)	-	-	(93)	-	(93)
- Companies accounted for by the equity method									
Amortization of acquisition-related intangible assets									
- Fully consolidated companies	-	-	(3)	(3)	-	(24)	(27)	-	(27)
- Companies accounted for by the equity method	-	(10)	-	(10)	-	-	(10)	-	(10)
<b>Profit before finance costs and tax <sup>(**)</sup></b>	<b>69</b>	<b>71</b>	<b>(32)</b>	<b>39</b>	<b>48</b>	<b>5</b>	<b>161</b>	<b>517</b>	<b>678</b>
Finance costs, net	(3)	(25)	(40)	(65)	(3)	(14)	(85)	6	(79)
<b>Profit before tax <sup>(**)</sup></b>	<b>66</b>	<b>46</b>	<b>(72)</b>	<b>(26)</b>	<b>45</b>	<b>(9)</b>	<b>76</b>	<b>523</b>	<b>599</b>
<b>Items included in recurring operating profit</b>									
Depreciation and amortization of intangible assets and property, plant and equipment	(12)	(7)	(9)	(16)	(23)	(11)	(62)	(3)	(65)
Cost of stock option plans	(3)	(2)	(2)	(4)	(1)	-	(8)	(4)	(12)

<sup>(\*)</sup> After fees invoiced by Other Activities based on rules introduced in 2009.

<sup>(\*\*)</sup> Including EADS: €518 million (net income from associates €52 million; gain on sale of shares €466 million).

<sup>(\*\*\*)</sup> Impairment losses on goodwill, intangible assets and property, plant and equipment.

**Statement of cash flows for first half 2009**

	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Sports	Lagardère Media	EADS, Other Activities and eliminations	Total
		Audiovisual	Press	Total					
Cash flows from operations	9	35	26	61	61	49	180	3	183
Interest paid and received, income tax paid	(33)	(10)	(39)	(49)	(12)	(30)	(124)	(11)	(135)
<b>Net cash provided by (used in) operating activities</b>	<b>(24)</b>	<b>25</b>	<b>(13)</b>	<b>12</b>	<b>49</b>	<b>19</b>	<b>56</b>	<b>(8)</b>	<b>48</b>
Cash used in investing activities	(2)	(13)	(8)	(21)	(41)	(46)	(110)	(5)	(115)
- Purchases of intangible assets and property, plant and equipment	(11)	(8)	(10)	(18)	(30)	(48)	(107)	(3)	(110)
- Purchases of investments	9	(5)	2	(3)	(11)	2	(3)	(2)	(5)
Proceeds from disposals of non-current assets	1	1	16	17	3	1	22	664	686
- Sales of intangible assets and property, plant and equipment	-	1	7	8	3	-	11	-	11
- Sales of investments	1	-	9	9	-	1	11	664	675
Decrease in short-term investments	-	-	-	-	43	-	43	-	43
<b>Net cash provided by (used in) investing activities</b>	<b>(1)</b>	<b>(12)</b>	<b>8</b>	<b>(4)</b>	<b>5</b>	<b>(45)</b>	<b>(45)</b>	<b>659</b>	<b>614</b>
<b>Total cash provided by (used in) operating and investing activities</b>	<b>(25)</b>	<b>13</b>	<b>(5)</b>	<b>8</b>	<b>54</b>	<b>(26)</b>	<b>11</b>	<b>651</b>	<b>662</b>

**Statement of cash flows for first half 2008**

	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Sports	Lagardère Media	EADS, Other Activities and eliminations	Total
		Audiovisual	Press	Total					
Cash flows from operations	(97)	11	15	26	36	(28)	(63)	-	(63)
Interest paid and received, income tax paid	(36)	(58)	(47)	(105)	(14)	(26)	(181)	(27)	(208)
<b>Net cash provided by (used in) operating activities</b>	<b>(133)</b>	<b>(47)</b>	<b>(32)</b>	<b>(79)</b>	<b>22</b>	<b>(54)</b>	<b>(244)</b>	<b>(27)</b>	<b>(271)</b>
Cash used in investing activities	(25)	(90)	(226)	(316)	(48)	(113)	(502)	(2)	(504)
- Purchases of intangible assets and property, plant and equipment	(15)	(10)	(10)	(20)	(34)	(18)	(87)	(2)	(89)
- Purchases of investments	(10)	(80)	(216)	(296)	(14)	(95)	(415)	-	(415)
Proceeds from disposals of non-current assets	1	3	7	10	73	1	85	657	742
- Sales of intangible assets and property, plant and equipment	-	-	1	1	23	-	24	(7)	17
- Sales of investments	1	3	6	9	50	1	61	664	725
Increase in short-term investments	-	-	-	-	(1)	-	(1)	-	(1)
<b>Net cash provided by (used in) investing activities</b>	<b>(24)</b>	<b>(87)</b>	<b>(219)</b>	<b>(306)</b>	<b>24</b>	<b>(112)</b>	<b>(418)</b>	<b>655</b>	<b>237</b>
<b>Total cash provided by (used in) operating and investing activities</b>	<b>(157)</b>	<b>(134)</b>	<b>(251)</b>	<b>(385)</b>	<b>46</b>	<b>(166)</b>	<b>(662)</b>	<b>628</b>	<b>(34)</b>

Segment assets and liabilities at 30 June 2009									
	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Sports	Lagardère Media	EADS, Other Activities and eliminations	Total
		Audiovisual	Press	Total					
Segment assets	2,272	888	2,421	3,309	1,015	1,601	8,197	177	8,374
Investments in associates	14	1,518	263	1,781	5	1	1,801	485	2,286
Segment liabilities	(1,126)	(609)	(929)	(1,538)	(915)	(616)	(4,195)	(75)	(4,270)
<b>Capital employed</b>	<b>1,160</b>	<b>1,797</b>	<b>1,755</b>	<b>3,552</b>	<b>105</b>	<b>986</b>	<b>5,803</b>	<b>587</b>	<b>6,390</b>
<b>Net indebtedness</b>									<b>(2,143)</b>
<b>Equity</b>									<b>4,247</b>

Segment assets and liabilities at 31 December 2008									
	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Sports	Lagardère Media	EADS, Other Activities and eliminations	Total
		Audiovisual	Press	Total					
Segment assets	2,182	972	2,780	3,752	1,009	1,373	8,316	620	8,936
Investments in associates	13	1,486	265	1,751	10	97	1,871	572	2,443
Segment liabilities	(1,171)	(667)	(965)	(1,632)	(908)	(523)	(4,234)	(80)	(4,314)
<b>Capital employed</b>	<b>1,024</b>	<b>1,791</b>	<b>2,080</b>	<b>3,871</b>	<b>111</b>	<b>947</b>	<b>5,953</b>	<b>1,112</b>	<b>7,065</b>
<b>Net indebtedness</b>									<b>(2,619)</b>
<b>Equity</b>									<b>4,446</b>

#### **Note 4 Net sales**

	<b>First half 2009</b>	<b>First half 2008</b>
France	1,232	1,294
Other countries	2,488	2,510
<b>Total</b>	<b>3,720</b>	<b>3,804</b>

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

- 2009 net sales to exclude companies consolidated for the first time during the period and 2008 net sales to exclude companies divested in 2009;
- first half 2009 and 2008 net sales based on 2009 exchange rates.

Excluding the effect of changes in group structure (+2.5%) and exchange rates (-1.2%), total net sales decreased by 3.5% from first half 2008.

#### **Note 5 Restructuring costs**

Restructuring costs for the first half of 2009 totalled €33 million and include:

- €20 million for Lagardère Active, principally under the cost-cutting plans implemented in the United States and Spain;
- €12 million for Lagardère Services, essentially for discontinuation of book distribution in Belgium;
- €1 million for Other Activities.

In first half 2008 these costs totalled €7 million, including €5 million concerning the businesses of Lagardère Active in the United States and Italy.

#### **Note 6 Gains (losses) on disposals of assets**

In first half 2009, net gains on disposals of assets amounted to €537 million (€462 million at 30 June 2008), including €539 million on the sale of EADS shares for redemption of the Mandatory Exchangeable Bonds (€466 million at 30 June 2008).

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

On 30 June 2009, the Group carried out impairment tests on the entities whose businesses were most affected by the serious deterioration in the economic environment, particularly in advertising revenues. This deterioration was sufficient to justify downward adjustment of the 2009 results forecasts included in the internal budgets and plans used for the impairment tests carried out at the end of 2008. The other assumptions and parameters used are unchanged from 2008, particularly the discount rates and perpetual growth rates specific to each activity.

As a result, impairment losses of €270 million were recorded in first half 2009 for consolidated companies in the Lagardère Active division, chiefly Magazine publishing in the United States (€147 million), digital activities (€102 million, including €44 million for Doctissimo, €22 million for Newsweb and €32 million for Nextedia), and Fujin Gaho (€21 million).

Impairment losses recorded in first half 2008 totalled €93 million and concerned Magazine publishing in the United States.

## **Note 8 Other operating income and expenses**

	<b>First half 2009</b>	<b>First half 2008</b>
Write-downs of current and other non-current assets	(36)	(13)
Exchange gains and losses	1	(1)
Financial expenses other than interest	(2)	(3)
Other income and expenses	20	50
<b>Total</b>	<b>(17)</b>	<b>33</b>

Write-downs of assets totalled €36 million in first half 2009 and €13 million in first half 2008, and principally related to advances paid to writers by Lagardère Publishing.

Other income and expenses recorded in first half 2009 and 2008 reflect changes in provisions.

## **Note 9 Financial income and expenses**

Financial income and expenses break down as follows:

	<b>First half 2009</b>	<b>First half 2008</b>
Interest income on loans	3	32
Investment income and gains on sales of short-term investments	5	6
<b>Financial income</b>	<b>8</b>	<b>38</b>
Interest expenses on borrowings	(47)	(97)
Loss on financial derivative instruments acquired as hedges of net debt <sup>(1)</sup>	(5)	(20)
<b>Financial expenses</b>	<b>(52)</b>	<b>(117)</b>
<b>Total</b>	<b>(44)</b>	<b>(79)</b>

<sup>(1)</sup> Including €3 million in 2009 and €17 million in 2008 related to the derivative instrument attached to the Mandatory Exchangeable Bonds.

## **Note 10 Income tax expense**

Income tax expense breaks down as follows:

	<b>First half 2009</b>	<b>First half 2008</b>
Current taxes	(57)	(77)
Deferred taxes	(39)	64
<b>Total</b>	<b>(96)</b>	<b>(13)</b>

## **Note 11 Earnings per share**

### **Basic earnings per share**

Earnings per share is calculated by dividing net profit attributable to equity holders 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.

	<b>First half 2009</b>	<b>First half 2008</b>
Profit attributable to equity holders of the parent (in millions of €)	318	572
Number of shares making up the share capital at 30 June	131,133,286	134,133,286
Treasury shares	(4,320,948)	(4,004,735)
Number of shares outstanding at 30 June	126,812,338	130,128,551
<b>Average number of shares outstanding during the period</b>	<b>126,882,838</b>	<b>130,125,522</b>
<b>Net earnings per share (in €)</b>	<b>2.51</b>	<b>4.39</b>

## 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 Lagardère SCA shares over the reference period ("in-the-money" options), and free shares allocated subject to stock market performance conditions when the average market price over the reference period is higher than the price required by the condition.

	First half 2009	First half 2008
Profit attributable to equity holders of the parent (in millions of €)	318	572
Number of shares outstanding at 30 June	126,882,838	130,125,522
Adjustment to assume conversion of stock options and free shares		
- Dilutive stock options and free shares ("in the money" options)		996,950
- Other stock options and free shares ("out of the money" options)	996,950	
<b>Average number of shares including dilutive stock options and free shares</b>	<b>126,882,838</b>	<b>131,122,472</b>
<b>Diluted earnings per share (in €)</b>	<b>2.51</b>	<b>4.36</b>

## Note 12 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 2009	31 December 2008
Shares	24	30
Bonds	44	87
<b>Total</b>	<b>68</b>	<b>117</b>

"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 2009 amounted to -€11 million (-€4 million at 31 December 2008).

### **Note 13 Cash and cash equivalents**

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

	<b>30 June 2009</b>	<b>31 December 2008</b>
Cash and cash equivalents	790	835
Short-term bank loans and overdrafts	(250)	(259)
<b>Cash and cash equivalents, net</b>	<b>540</b>	<b>576</b>

### **Note 14 Analysis of debt by maturity**

<b>By maturity - Total debt</b>	<b>Under 1 year <sup>(*)</sup></b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Bonds	-	172	255	427
Bank loans	34	2,043	-	2,077
Finance lease liabilities	-	31	2	33
Debt related to put options granted to minority interests	-	2	6	8
Other debt	432	16	8	456
<b>At 30 June 2009</b>	<b>466</b>	<b>2,264</b>	<b>271</b>	<b>3,001</b>
<b>At 31 December 2008</b>	<b>1,191</b>	<b>2,359</b>	<b>21</b>	<b>3,571</b>

*(\*) Debt due within one year is reported in the statement of financial position under "Current debt".*

### **Note 15 Mandatory Exchangeable Bonds**

In an amendment to the subscription contract signed on 26 January 2009, Lagardère SCA and Natixis, the sole subscriber and only holder of the 20,370 Mandatory Exchangeable Bonds still outstanding, agreed at the initiative of Natixis to bring forward the date of redemption of those bonds, and thereby the date of delivery of the third tranche of EADS shares, from 25 June 2009 to 24 March 2009. In execution of this amendment, on 24 March 2009 Lagardère SCA remitted to Natixis 20,370,000 EADS shares representing 2.5% of the share capital.

The value of this operation, based on the reference per-share price of EADS shares (€32.60) used at the time of the issue, was €664 million. In the consolidated cash flow statement, the value at which shares were remitted is included in cash from investing activities, under proceeds from sales of investments, with a corresponding reduction in debt in the cash flows from financing activities.

The embedded derivative associated with the Mandatory Exchangeable Bonds, which represented an asset of €423 million at 31 December 2008, was transferred to income together with the effective portion of the hedge, included in equity at 31 December 2008 at the value of +€420 million.

## **Note 16 Gains and losses recognised in equity**

Changes in gains and losses recognised in equity during the period are shown below:

<b>First half 2009</b>	<b>Other reserves</b>	<b>Translation reserve</b>	<b>Valuation reserve</b>	<b>Equity attributable to equity holders of the parent</b>	<b>Equity attributable to minority interests</b>	<b>Equity</b>
<b>Currency translation adjustments</b>		62		62	(1)	61
<b>Change in fair value of:</b>						
<b>Derivative financial instruments</b>			(420)	(420)		(420)
- Unrealised gains and (losses) arising during the period recognised in equity						
- Reclassification by transfer from equity to net profit			(420)	(420)		(420)
<b>Investments in non-consolidated companies</b>			(5)	(5)		(5)
- Unrealised gains and (losses) arising during the period recognised in equity			(5)	(5)		(5)
- Reclassification by transfer from equity to net profit						
Actuarial gains and losses on pension and similar obligations	(18)			(18)		(18)
Share of gains and losses of associates (net of tax)	(14)	(21)	52	17		17
Income tax on gains and losses recognised in equity	6		2	8		8
<b>Gains and losses recognised in equity, net of tax</b>	<b>(26)</b>	<b>41</b>	<b>(371)</b>	<b>(356)</b>	<b>(1)</b>	<b>(357)</b>

First half 2008	Other reserves	Translation reserve	Valuation reserve	Equity attributable to equity holders of the parent	Equity attributable to minority interests	Equity
<b>Currency translation adjustments</b>		(71)		(71)	1	(70)
<b>Change in fair value of:</b>						
<b>Derivative financial instruments</b>			(30)	(30)		(30)
- Unrealised gains and (losses) arising during the period recognised in equity			(30)	(30)		(30)
- Reclassification by transfer from equity to net profit						
<b>Investments in non-consolidated companies</b>			(21)	(21)		(21)
- Unrealised gains and (losses) arising during the period recognised in equity			(21)	(21)		(21)
- Reclassification by transfer from equity to net profit						
Actuarial gains and losses on pension and similar obligations	9			9		9
Share of gains and losses of associates (net of tax)	(1)	(10)	(29)	(40)		(40)
Income tax on gains and losses recognised in equity	(3)		4	1		1
<b>Gains and losses recognised in equity, net of tax</b>	<b>5</b>	<b>(81)</b>	<b>(76)</b>	<b>(152)</b>	<b>1</b>	<b>(151)</b>

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

	First half 2009		
	Before tax	Tax expense	After tax
Currency translation adjustments	61	-	61
Change in fair value of:			
- Financial instruments	(420)	-	(420)
- Investments in non-consolidated companies	(5)	2	(3)
Actuarial gains and losses on pension and similar obligations	(18)	6	(12)
Share of gains and losses of associates (net of tax)	17	-	17
<b>Total gains and losses recognised in equity</b>	<b>(365)</b>	<b>8</b>	<b>(357)</b>

	First half 2008		
	Before tax	Tax expense	After tax
Currency translation adjustments	(70)	-	(70)
Change in fair value of:			
- Financial instruments	(30)	-	(30)
- Investments in non-consolidated companies	(21)	4	(17)
Actuarial gains and losses on pension and similar obligations	9	(3)	6
Share of gains and losses of associates (net of tax)	(40)	-	(40)
<b>Total gains and losses recognised in equity</b>	<b>(152)</b>	<b>1</b>	<b>(151)</b>

### **Note 17 Contractual obligations and commitments given**

The main changes in first half 2009 compared to the commitments presented in Notes 32 and 33.1 to the consolidated financial statements at 31 December 2008 were as follows:

#### ***Contractual obligations***

At 30 June 2009, the minimum payments guaranteed by the Sports division under long-term contracts for TV and marketing rights sales totalled €1,176 million, compared to €464 million at 31 December 2008.

Commitments received by the division under contracts signed with distributors and partners totalled €603 million at 30 June 2009, compared to €515 million at 31 December 2008.

#### ***Commitments given***

When the shareholder agreement with minority shareholders of WSG (Sports division) was renegotiated, Lagardère Sport signed a commitment to these shareholders for conditional purchase of their holdings at market value.

### **Note 18 Litigation**

#### ***Litigation with ABN AMRO***

This litigation is described in Note 33.2 to the consolidated financial statements at 31 December 2008.

Since that date, in view of the proceedings pending before the *Cour de Cassation*, the Paris Appeal Court has decided to defer its decision on the question of the admissibility of ABN AMRO's claim for compensation due to non-adjustment of the terms for conversion of convertible bonds.

#### ***Enquiry by the Stock Market regulator AMF, criminal investigation and legal action by EADS shareholders***

Following fluctuations in the EADS share price, particularly the drop observed on 14 June 2006 after EADS' announcement on 13 June 2006 that there would be delays in deliveries of A380 aircraft by its subsidiary Airbus, several lawsuits were initiated by EADS shareholders and various investigations were begun by the competent authorities.

Lagardère SCA (hereafter "Lagardère") is currently aware of the following proceedings, some of which are against Lagardère (the EADS Registration Document also lists known proceedings and actions against EADS).

#### a) AMF investigation

On 1 April 2008, the French Stock Market Authority (AMF) published a statement in which it announced that the Board of AMF had met on 31 March 2008 to examine the findings of the inquiry conducted by the Investigation and Market Surveillance Division (DESM) into trading in EADS shares and financial disclosures made by EADS since 1 May 2005.

The announcement stated that the AMF considered it necessary to serve a statement of objections, firstly for non-compliance with the obligation incumbent upon all issuers of securities listed on a regulated market to provide information to the market, and secondly for non-compliance with the obligation incumbent upon persons in possession of inside information to abstain from trading on the market.

The AMF also stated that the entire file would be transferred without delay to the Paris Public Prosecutor's office, although naturally, the presumption of innocence would apply without reservation to the persons concerned.

A statement of objections was duly sent to Lagardère by the AMF President on 8 April 2008.

It is based on the fact that Lagardère sold a large portion of its holding in EADS through its 11 April 2006 issue of Mandatory Exchangeable Bonds, redeemable in EADS shares, at a time when the company could, in the opinion of AMF investigators, have been in possession of inside information on:

- the EADS group's margin and operating profit objectives as expressed in EADS NV's Operative Planning for 2006/2010,
- the significant increase in development costs for the version of the A350 model launched in October 2005.

This statement of objections marked the start of the phase of the administrative sanction procedure during which both sides may present their arguments in the case. Lagardère also received the Investigation and Market Surveillance Division report from the AMF, and thus had access to the AMF's file.

The Examiner ("Rapporteur") appointed by the AMF Enforcement Committee ("Commission des Sanctions") gave Lagardère until 10 September 2008 to submit its opposing memorandum, and Lagardère filed its memorandum on that date.

Lagardère was formally interviewed on 9 January 2009 by the Enforcement Committee's Examiner and received a copy of his report on 28 July 2009. The Examiner concluded that Lagardère should be fully cleared of the charge of insider trading while in possession of either or both of the types of inside information stated above.

The Enforcement Committee, which has yet to rule on the two objections notified to Lagardère on 8 April 2008, stated that the hearing would take place during the week beginning 23 November 2009. Its decision is expected to be announced near the end of 2009.

#### b) Action against person or persons unknown

Following a complaint by an association of small EADS shareholders and one individual EADS shareholder, a legal investigation for insider trading was initiated.

Searches were conducted as part of this investigation, including on the premises of Lagardère.

The magistrate heading the investigation placed a certain number of current and former EADS and Airbus managers under formal investigation during 2008.

On 29 May 2009, Lagardère, represented by one of its managing partners, was heard as a witness in the context of an inquiry carried out by the *Brigade Financière* (financial police) acting upon delegation of the investigating magistrate in charge of the case.

### c) Action by Crédit Mutuel group companies against Lagardère and Natixis

On 17 June 2008, some companies of the Crédit Mutuel group initiated action against Lagardère and Natixis before the Paris Commercial Court, asking the court to cancel (i) the issuance of Mandatory Exchangeable Bonds by Lagardère and their subscription by IXIS CIB (whose rights and obligations are now exercised by Natixis) in April 2006, and (ii) the forward sales concluded by the plaintiffs with Natixis.

This action concerned Lagardère's 11 April 2006 issue of Mandatory Exchangeable Bonds, redeemable in EADS shares, subscribed by IXIS CIB and NEXGEN.

The companies bringing the action are seeking to have the bond issue contract declared null and void, alleging that Lagardère was in possession of inside information and should therefore have abstained from any operation involving EADS shares. They claim that Lagardère therefore breached a mandatory rule of law which renders the issue incontestably invalid, and argue that if the bond issue is declared null and void, the forward sales will also automatically be null and void.

Lagardère considers that the challenge to the validity of the bond issue brought by these companies, which have no contractual relationship with Lagardère, is particularly ill-founded, and will contest all their claims.

The first case management hearing initially scheduled for 8 September 2008 took place on 7 October 2008 (following the plaintiffs' failure to file the first summons with the commercial court, Lagardère and Natixis received a new summons on 11 September 2008 using the same terms as the original summons of 17 June 2008). Several hearings have taken place, including a hearing on 28 January 2009 during which the defendants filed their submissions. The plaintiffs have responded, and a further hearing to receive the defendants' answering submissions and appoint a *Juge Rapporteur* (reporting judge) is to take place on 9 September 2009.

#### ***Statement of objections from the French Competition Authority concerning Sportfive***

This litigation is described in Note 33.2 to the consolidated financial statements at 31 December 2008.

Since that date, Sportfive responded on 2 April 2009 to the report received from the investigations department of the Competition Authority ("Autorité de la Concurrence"). Following these written exchanges, a hearing took place on 20 May 2009 before the Competition Authority, which is due to issue its decision shortly.

#### ***Statement of objections from the French Competition Authority concerning youth channels***

This litigation is described in Note 33.2 to the consolidated financial statements at 31 December 2008.

Since that date, Lagardère SCA and Lagardère Active submitted their answering observations to the French Competition Authority on 8 April 2009.

#### ***Litigation between Canal+ and Canal J***

This litigation is described in Note 33.2 to the consolidated financial statements at 31 December 2008.

Since that date, the French broadcasting authority (*Conseil Supérieur de l'Audiovisuel – CSA*) interviewed the parties on 7 April 2009.

### ***Brazilian Environmental Protection Authority***

Salvat Do Brasil (SDB) received notification of a breach of regulations from the Brazilian governmental body IBAMA, which is in charge of environmental protection, setting a fine of 39,200,000 Brazilian reais (approximately €15 million) for illegally importing animal species into the country without the required authorisations. This concerned an "Insects" collection with free gifts of small blocks of transparent resin containing the insects concerned.

SDB's first appeal (contesting the fine chiefly on the grounds that the "insects" are dead and set in resin and therefore not "animals") was rejected in April 2009. In May 2009, SDB filed a second appeal before the president of IBAMA, which is due to be examined shortly.

Should the decision of the president of IBAMA be unfavourable for SDB, a third appeal would be possible to the CONAMA (Brazil's National Environmental Council).

### ***Other litigation***

There were no other important developments in the litigations described in Note 33.2 to the consolidated financial statements at 31 December 2008.

### **Note 19 Related party transactions**

During the first half of 2009, no new transactions were undertaken by the Lagardère Group with related parties other than those described in Note 34 to the consolidated financial statements at 31 December 2008.

### 3 - STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST HALF-YEAR FINANCIAL INFORMATION FOR 2009

*This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the shareholders,

In our capacity as statutory auditors and in accordance with article L. 451-1-2 III of the French Monetary and Financial Code, we hereby report to you on:

- our review of the accompanying half-yearly condensed consolidated financial statements of 2009, for the period from 1 January 2009 to 30 June 2009, and
- the verification of the information contained in the interim management report.

These half-yearly condensed consolidated financial statements are the responsibility of the Managing Partners and have been prepared in a context of high volatility on the markets and an economic and financial crisis making future prospects somewhat difficult to assess. Our role is to express a conclusion on these financial statements based on our review.

#### 1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France, and consequently can only provide moderate assurance that the financial statements, taken as a whole, do not contain any material misstatements. This level of assurance is less than can be obtained from an audit.

Based on our review, nothing has come to our attention that causes us to believe that these half-yearly condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

We draw your attention to note 1 to the consolidated financial statements describing the accounting standards, amendments and interpretations applied by the Group since 1 January 2009. This comment in no way affects the conclusion expressed above.

#### 2. Specific verification

We have also verified the information provided in the interim management report in respect of the half-yearly condensed consolidated financial statements on which we based our review.

We have nothing to report on the fairness and consistency of this information with the half-yearly condensed consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, 27 August 2009

The Statutory Auditors  
*French original report signed by*

MAZARS

ERNST & YOUNG et Autres

Bruno Balaire

Jeanne Boillet

◦ ◦  
◦

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

We certify that to the best of our knowledge, the condensed financial statements for the first half of 2009 have been prepared in compliance with the applicable accounting standards and provide a true and fair view of the assets, financial position and net income of the Company and all the entities included in the consolidation, and that the accompanying interim management report presented on pages 1 to 13 fairly presents the significant events of the first six months of the year, their impacts 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.

Paris, 27 August 2009

Arnaud Lagardère

For Arjil Commanditée-Arco:

Arnaud Lagardère - Philippe Camus - Pierre Leroy