



INTERIM FINANCIAL REPORT 2010

CONTENTS

1 - INTERIM MANAGEMENT REPORT

1.1 SIGNIFICANT EVENTS OF THE FIRST HALF OF 2010

- 1.1.1. Executive Management appointments
- 1.1.2. Resolutions proposed by a shareholder
- 1.1.3. Supervisory Board
- 1.1.4. Liquidity right for the investment in Canal+ France
- 1.1.5. Formation of Lagardère Unlimited
- 1.1.6. Framework agreement concerning Presstalis
- 1.1.7. Sale of Virgin 17
- 1.1.8. Le Monde

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

1.3 COMMENTS ON LAGARDERE SCA'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2010

- 1.3.1. General
- 1.3.2. Lagardère Media
- 1.3.3. EADS
- 1.3.4. Other Activities
- 1.3.5. Overview of consolidated results
- 1.3.6. Cash flows

1.4 *RELATED PARTIES*

1.5 *EVENT SUBSEQUENT TO THE BALANCE SHEET DATE*

2 - CONSOLIDATED FINANCIAL STATEMENTS

3 - STATUTORY AUDITORS' REPORT

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

1 - INTERIM MANAGEMENT REPORT

With operations in more than 40 countries, the Lagardère Group is a world leader in the media industry. At the end of June 2010, Lagardère also held a 7.5% share in the EADS group.

Following the formation in June 2010 of a new business division named *Lagardère Unlimited*, the Lagardère Group is now actively engaged in the news, education, culture, sports, and entertainment businesses through four divisions: *Lagardère Publishing* (Book and e-publishing), *Lagardère Active* (Press, Audiovisual, Radio, Television, Digital media and Advertising sales), *Lagardère Services* (Retail and Press Distribution) and *Lagardère Unlimited* (Sports and Entertainment).

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1.1 SIGNIFICANT EVENTS OF THE FIRST HALF OF 2010

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 Executive Management appointments

At its meeting of 10 March 2010, following the proposal by Mr. Arnaud Lagardère, General and Managing Partner, the Supervisory Board of Lagardère SCA ratified the appointment of Mr. Pierre Leroy, Co-Managing Partner, as Deputy Chairman and Chief Operating Officer of Arco (SA). Mr. Arnaud Lagardère and Arco (SA) are the two General and Managing Partners of Lagardère SCA.

At the same meeting of 10 March 2010, following the proposal by the General Partners, the Board also ratified the appointment of Messrs Thierry Funck-Brentano and Dominique D'Hinnin as Co-Managing Partners of Lagardère SCA for a six-year term beginning 10 March 2010.

1.1.2 Resolutions proposed by a shareholder

The two additional resolutions placed on the agenda of Lagardère SCA's Annual General Meeting of 27 April 2010 by a shareholder were rejected. The Supervisory Board had issued a unanimous negative opinion on these two proposed resolutions, and the Managing Partners had decided not to approve them.

1.1.3 Supervisory Board

At a meeting held after the Annual General Meeting on Tuesday 27 April 2010, Lagardère SCA's Supervisory Board unanimously elected Mr. Xavier de Sarrau Chairman of the Supervisory Board and Chairman of the Audit Committee. Mr. Raymond H. Lévy, who did not wish to be re-elected as Chairman, was appointed Honorary Chairman of the Supervisory Board.

The Supervisory Board also set up an Appointments and Remuneration Committee, whose members are Messrs François David, Georges Chodron de Courcel and Pierre Lescure. This Committee is chaired by Mr. François David.

1.1.4 Liquidity right for the investment in Canal+ France

In April 2010 Lagardère exercised its liquidity right for all of its 20% investment in Canal+ France, informing Vivendi that it wished to start the procedure set forth in the shareholder agreement signed on 4 January 2007.

Since Lagardère and Vivendi could not reach an agreement over the sale of Lagardère's investment in Canal+ France, Lagardère decided in July 2010 to begin the initial public offering (IPO) process for Canal+ France, in accordance with the aforementioned shareholder agreement.

1.1.5 Formation of Lagardère Unlimited

When Lagardère acquired the US company Best, which specialises in the representation of sports personalities and celebrities, it announced that it would combine all its sports and entertainment activities into a specific division named "Lagardère Unlimited".

This division comprises the activities of Lagardère Sports. Following the acquisition of Best, it is positioned as a major player in the sports value chain, with operations planned to take place in six fundamental areas (sports academies, representation of athletes, sports events, marketing, consulting and media rights).

To give it the impetus needed for development, Arnaud Lagardère himself will temporarily take charge of the division's General Management, with the support of two co-general managers, Messrs Olivier Guiguet and Kevin O'Connor.

1.1.6 Framework agreement concerning Presstalis

The report issued on 29 March 2010 by Mr. Bruno Mettling identified several causes for Presstalis' growing financial difficulties; they included the inappropriate scales applied for actual daily press distribution costs, the deterioration of sales of daily and other publications, and the specific labour relations difficulties that result from the company's past history.

Lagardère has been actively working with the public authorities and other interested parties (the Cooperatives and Presstalis) to provide the fullest support for this assessment, and on 27 May 2010 signed a framework agreement defining a plan containing measures coherent with the Mettling report's recommendations. With milestones set over time, these measures (cost reduction, new cost scales, long-term State support for distribution of daily publications) are intended to enable Presstalis to lay the foundations for recovery.

This plan is covered by the overall financing requirements identified by the Mettling report. Through a well-balanced combination of efforts from all the players concerned (the Cooperatives, the authorities and Lagardère), it should create the right conditions for Presstalis to recover its financial autonomy.

It also paves the way for a governance reform, moving to a simpler and more traditional management method and structure that will lead the Lagardère Group to withdraw from all specific positions by mid-2011 (especially as a shareholder of Presstalis), to retain only its role as publisher in the Cooperatives.

1.1.7 Sale of Virgin 17

Bolloré Média and Lagardère Active (via its subsidiary Lagardère Thématiques) signed a final agreement on 9 June 2010 for the sale of the freeview digital terrestrial television (DTT) channel Virgin 17.

Subject to fulfilment of certain conditions, on 1 September 2010 Bolloré Média will acquire all the shares in MCM SA, the company that broadcasts Virgin 17, which entails taking over the personnel who work for the channel. The Virgin 17 brand name will not be transferred to Bolloré Média and the channel will be renamed.

On 30 June 2010, the French broadcasting authority *Conseil Supérieur de l'Audiovisuel* notified Lagardère of its approval of the transfer of control over the channel to Bolloré Média.

This operation illustrates Lagardère Active's intent to focus on its operations as a broadcaster of pay TV channels (Canal J, TiJi, MCM, June, Mezzo) and Gulli, the number three DTT channel in France for ages 4 and up.

1.1.8 Le Monde

Lagardère's share in the capital of Le Monde SA stood at 17.27% at 31 December 2009. During 2010, the Le Monde group began a recapitalisation process, which had become necessary in view of its deteriorating financial position, and Lagardère decided not to participate. At the end of June, in the current exclusive negotiations, an investment offer from external investors was accepted. If this offer is finalised and implemented, the Lagardère Group's investment in Le Monde SA would therefore be diluted. In this event, the Lagardère Group will then define the terms of its withdrawal while exercising its rights under the existing shareholder agreement.

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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 2009, the French version of which was filed with the French Financial Market Authority (AMF) on 24 March 2010.

Particular attention should be paid to Note 19 to the consolidated financial statements at 30 June 2010 concerning significant developments in litigations since the 2009 Reference Document was filed.

Among the factors stated in section 3.3.6. of the Reference Document, it should be noted that in France, measures have recently been adopted to govern advertising for the benefit of authorised operators in the gambling and sports betting sectors, following enactment of Law 2010-476 of 12 May 2010 and its implementing decrees concerning greater competition and regulation of online gambling. The reform of the French system for TV channels' contribution to audiovisual production also continued, with adoption of decree 2010-416 on 27 April 2010 defining the obligations for cable, satellite, ADSL, internet and mobile channels. Law 2010-626 of 9 June 2010 governing sports agents then reinforced the French regulations applicable to their profession. Lastly, the Lagardère Group may be concerned in the short or longer term by certain aspects of France's "*Grenelle 2*" draft law on national commitments for the environment. Currently, it is difficult to assess the impacts of these changes for the players involved, including the Lagardère Group.

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1.3 COMMENTS ON LAGARDERE SCA'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2010

1.3.1 General

	First half 2010	First half 2009	Year 2009
<i>(in millions of euros)</i>			
Net sales	3,716	3,720	7,892
Profit before finance costs and tax	157	476	369
Finance costs, net	(39)	(44)	(82)
Income tax expense	(22)	(96)	(123)
Net profit	96	336	164
- Attributable to owners of the parent	80	318	137
- Attributable to minority interests	16	18	27

The consolidated financial statements at 30 June 2010 have been prepared in compliance with International Financial Reporting Standards (IFRS) and IAS 34, "Interim Financial Reporting", using the accounting principles described in Note 1 to the consolidated financial statements.

The Lagardère Group's business is carried out through the four operating divisions which form Lagardère Media, through its holding in EADS, and through "Other Activities", i.e. business not directly related to Lagardère Media's 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 Unlimited, which in the first half of 2010 comprises the activities of the former Lagardère Sports division.

The major changes in this segment's structure during the first half of 2010 are described in Note 2 to the consolidated financial statements.

Income statement			
<i>(in millions of euros)</i>	First half 2010	First half 2009	Year 2009
Net sales	3,716	3,720	7,892
Recurring operating profit before associates	183	181	463
Income from associates ^(*)	6	51	78
Non-recurring items	13	(309)	(591)
Amortization of acquisition-related intangible assets and costs	(12)	(25)	(66)
- Fully consolidated companies	(12)	(15)	(46)
- Companies accounted for by the equity method	-	(10)	(20)
Profit (loss) before finance costs and tax	190	(102)	(116)
Finance costs, net	(22)	(41)	(71)
Profit (loss) before tax	168	(143)	(187)
<i>(*) Excluding amortization of acquisition-related intangible assets and impairment losses.</i>			

Cash flows			
<i>(in millions of euros)</i>	First half 2010	First half 2009	Year 2009
Cash flows from operations before changes in working capital	255	263	641
Changes in working capital	(142)	(83)	134
Cash flows from operations	113	180	775
Interest paid and received and income taxes paid	(96)	(124)	(242)
Net cash provided by operating activities	17	56	533
Cash used in investing activities	(155)	(110)	(295)
- <i>Intangible assets and property, plant and equipment</i>	(97)	(107)	(233)
- <i>Investments</i>	(58)	(3)	(62)
Proceeds from disposals	20	22	35
- <i>Intangible assets and property, plant and equipment</i>	3	11	12
- <i>Investments</i>	17	11	23
(Increase) decrease in short-term investments	(7)	43	37
Net cash used in investing activities	(142)	(45)	(223)
Total cash provided by (used in) operating and investing activities	(125)	11	310
Capital employed ^(*)	4,279	5,803	5,398
<small>(*) Non-current assets less non-current liabilities (excluding debt) and changes in working capital, excluding assets held for sale.</small>			

Income statement

The first half of 2010 again brought highly contrasting results.

Lagardère Publishing's business showed a downturn (-3.4%), as sales were unable to match the exceptional sales levels generated in 2009 by Stephenie Meyer's series of novels. There was also a slight decline in Education publications and in Spain and France, as the economic crisis affected public expenditure.

The magazine business recovered, registering 1.1% growth driven by international sales. Results in France were stable over the half-year.

The Group's audiovisual business (+8.3%) returned to growth, largely thanks to the performances by Europe 1 and radio stations in Poland and the Czech Republic.

Lagardère Services progressed (+5.7%) primarily due to consolidation of a small company acquired in the Czech Republic (duty-free sales). On a like-for-like basis, business registered growth of 1.6% boosted by retail sales performances in France and in the Eastern European countries. Distribution continued to suffer the effects of low press sales.

Lagardère Unlimited's sales declined by 33.1%. The first half of 2009 had included world cup football qualification matches for Sportfive and WSG, sales of the African Nations Cup matches and income from the world handball championship, which had no equivalents in 2010.

Compared to first-half 2009, Lagardère Media's net sales for the first half of 2010 were thus stable (-0.1%) without adjustments for changes in group structure and exchange rates. This includes the positive effect (+€14 million) of changes in group structure, essentially at Lagardère Services. Changes in exchange rates (average rate over the period) had a positive impact of +€85 million (the rise in the Canadian and Australian dollar and certain Eastern European currencies against the euro).

Excluding the effect of changes in group structure and exchange rates, net sales increased in the Lagardère Active (+0.6%) and Lagardère Services (+1.6%) divisions and decreased in the Lagardère Publishing and Lagardère Unlimited divisions.

Recurring operating profit before associates amounted to +€183 million, a very slight increase from first-half 2009 (+€181 million).

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

- Lagardère Publishing's recurring operating profit was lower than at 30 June 2009, standing at +€101 million, down by -€11 million. This decline is almost entirely attributable to the impact of falling sales of Stephenie Meyer's novels, principally in France (in the Illustrated books and Distribution activities), and also in the United Kingdom and United States.
- In the Lagardère Active division, where recurring operating profit stood at +€36 million, the contribution by the Press activities (+€28 million) was €27 million higher than in the first half of 2009, due to the beginnings of an economic recovery and the effect of cost-cutting plans outside France. The contribution by Audiovisual activities (+€8 million) was stable: the rise in radio advertising revenues was offset by greater losses for Virgin 17 and a downturn in performance by programmes for immediate broadcast.
- The Lagardère Services division reported recurring operating profit of +€37 million, up by €10 million from first-half 2009. The distribution activities were the main contributors, thanks to the effect of cost-cutting plans, particularly in Belgium and Spain. Retail sales activities were stable after a negative impact of -€2 million related to the air traffic disruption caused by the Icelandic volcano eruption.
- The recurring operating profit of the Lagardère Unlimited division was +€9 million, down by -€24 million from first-half 2009. Almost all of this downturn is attributable to World Sport Group and the lack of World Cup qualification matches. It more than absorbed the higher contribution by Sportfive, which benefited from good marketing performances and the impact of the African Nations Cup.

Income from associates (excluding amortization of acquisition-related intangible assets and impairment losses) was +€6 million for the first half of 2010, compared with +€51 million for the first half of 2009.

At 30 June 2010, Lagardère's investment in Canal+ France was reclassified as an asset held for sale at its book value in the financial statements at 31 December 2009. Consequently, no contribution by Canal+ France has been recorded in the first-half financial statements for 2010, compared to +€48 million in first-half 2009.

Non-recurring/non-operating items included in the profit before finance costs and tax for the first half of 2010 represented a net profit of +€13 million, comprising the following items:

- A +€49 million gain on the sale of the freeview digital TV channel Virgin 17 to Bolloré Média;
- A loss of -€12 million on disposal of Lagardère Publishing's Brazilian subsidiary Escala Educacional;
- A loss of -€9 million on Lagardère Active's 5% investment in Le Monde SA, in connection with the operation described in Note 6 to the consolidated financial statements;
- Restructuring costs of €14 million, including €8 million for Lagardère Active, €3 million for Lagardère Services and €3 million for Lagardère Unlimited;
- Impairment losses on intangible assets, limited to €1 million.

In the first half of 2009, non-recurring items represented a net loss of -€309 million, including -€270 million of impairment losses on intangible assets of Lagardère Active and -€32 million of restructuring costs.

Amortization of acquisition-related intangible assets and costs amounted to -€12 million, compared to -€25 million in first-half 2009, which included -€10 million for acquisition of Canal+ France that was not recorded in the 2010 half-year financial statements.

As a result of the above items, Lagardère Media's profit before finance costs and tax for the first half of 2010 totalled +€190 million, €292 million more than in first-half 2009.

Net finance costs were -€22 million, against -€41 million in first-half 2009. Among other factors, this improvement reflects the recapitalisation of Lagardère Active in late 2009.

Cash flows

Cash flows from operations before changes in working capital were down slightly in first-half 2010 to +€255 million compared to +€263 million in first-half 2009. This reflects the stability of the recurring operating profit, a negative effect resulting from a slight rise in outflows for restructuring and deferral to the second half-year of dividend payments from one associate.

Working capital, which generally shows an increase at the end of June, stood at -€142 million for the first half of 2010, compared to -€83 million in the first half of 2009, which saw an improvement that made up for the particularly unfavourable situation at the end of 2008.

Following the same trend as indebtedness (including the positive impact of Lagardère Active's recapitalisation) and financing costs, interest paid (net of interest received) amounted to -€20 million compared to -€42 million in first-half 2009. Income taxes paid for the first half-year amounted to -€76 million in 2010 and -€82 million in 2009.

As a result of these items, net cash of +€17 million was provided by operating activities, compared to +€56 million in first-half 2009.

Purchases of intangible assets and property, plant and equipment, net of disposals, were stable at €94 million, compared to €96 million in the first half of 2009, and principally concerned Lagardère Services and Lagardère Unlimited in both periods.

Purchases of investments, net of disposals, totalled €41 million, and mainly concerned the acquisition by the Lagardère Unlimited division of the US corporation Best (a company specialising in representation of sports personalities and celebrities), which will be consolidated in the second half of 2010, and additional payments made on acquisitions by the Lagardère Active and Lagardère Unlimited divisions. Other changes in investments included a €7 million increase in short-term investments. In the first half of 2009, changes in investments (including €43 million on the sale of marketable securities) provided cash of €51 million.

As a result, total cash of -€125 million was used in operating and investing activities in the first half of 2010, whereas +€11 million was provided by these activities in first-half 2009. This change is principally due to the decrease in net cash provided by operating activities, and to the amount of cash used in investing activities in the first half of 2010 (compared to net cash provided by these activities in first-half 2009).

1.3.3 EADS

In the first half of 2010, the EADS group was accounted for by the equity method based on a percentage interest of 7.5%. In first-half 2009, the share of profit included in the consolidated income statement was based on a percentage interest of 10% for the first quarter and 7.5% for the second quarter, following the disposal of 2.5% of EADS on 24 March 2009. EADS' contribution to Lagardère's consolidated profit for the first half of 2010 amounted to +€15 million, compared to +€34 million for first-half 2009. The gain recorded in 2009 on the sale of shares was +€539 million.

1.3.4 Other Activities

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

Income statement			
	First half 2010	First half 2009	Year 2009
<i>(in millions of euros)</i>			
Recurring operating profit (loss)	(4)	5	(2)
Non-recurring items	(44)	-	(3)
Profit (loss) before finance costs and tax	(48)	5	(5)
Net financial income (loss)	(17)	(3)	(11)
Profit (loss) before tax	(65)	2	(16)

In the first half of 2010, Other Activities recorded a recurring operating loss of -€4 million, compared to a profit of +€5 million in first-half 2009 which included income resulting from the agreement settling Matra's claim in connection with its former Transit Systems activities (the VAL contract in Taipei).

Non-recurring items amounted to -€44 million, comprising:

- -€27.5 million for Hachette SA's participation in the recovery plan for Presstalis (plus €2.5 million recorded in Lagardère Active's restructuring costs). This operation is described in Note 5 to the consolidated financial statements;
- a -€20 million loss provided for against shares in Le Monde SA, related to Hachette SA's 12% holding (see Note 6 to the consolidated financial statements);
- a +€6 million gain on sale of the service company Arlis;
- restructuring costs making up the balance.

The net financial loss recorded in the first half of 2010 increased by €14 million to -€17 million, largely as a result of the lower financial income invoiced to subsidiaries reflecting reduced interest rates and Lagardère Active's recapitalisation at the end of 2009.

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 2010	First half 2009	Year 2009
Lagardère Media	168	(143)	(187)
Income (loss) from EADS (accounted for by the equity method)	15	34	(49)
Gain on sale of EADS shares	-	539	539
Other Activities	(65)	2	(16)
Profit before tax	118	432	287
Income tax expense	(22)	(96)	(123)
Consolidated profit for the period	96	336	164
- Attributable to owners of the parent	80	318	137
- Attributable to minority interests	16	18	27

1.3.6 Cash flows

1.3.6.1 Consolidated statement of cash flows

In the first half of 2010, net cash of +€55 million was provided by the Group's operating activities, including +€17 million generated by Lagardère Media and +€38 million by Other Activities, which benefited from taxes collected from entities belonging to the French tax consolidation group.

Net cash of €149 million was used in investing activities in the first half of 2010, including €142 million of funds used by Lagardère Media.

Net cash of €2 million was provided by financing activities in the first half of 2010, mainly comprising the following:

- sources:
 - a €231 million increase in drawings on the syndicated loan.
- applications:
 - dividends paid (€192 million);
 - repayment of the debt attached to the lease on the building occupied by Presstalis until 31 December 2009, after it was purchased by Hachette SA during the first half of 2010 (€22 million);
 - a reduction in loans contracted for securitisation of commercial receivables of the Press division (€10 million).

1.3.6.2 Net indebtedness

Net indebtedness is calculated as follows:

	First half 2010	Year 2009
Short-term investments and cash and cash equivalents	798	842
Non-current debt	(2,336)	(2,174)
Current debt	(661)	(492)
Net indebtedness	(2,199)	(1,824)

Changes during the first half of 2010 and the first half of 2009 are analysed as follows:

	2010	2009
Net indebtedness at 1 January	(1,824)	(2,619)
Total cash provided by (used in) operating and investing activities	(94)	662
Sales (purchases) of treasury shares	2	(3)
Dividends	(192)	(194)
Increase (decrease) in short-term investments	7	(43)
Change in put options granted to minority interests recognised in debt	(1)	10
Change in financial liabilities following measurement at fair value	(33)	3
Effect on cash of changes in exchange rates, consolidation scope and other	(64)	41
Net indebtedness at 30 June	(2,199)	(2,143)

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1.4 RELATED PARTIES

See Note 20 to the consolidated financial statements.

1.5 EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

None

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2 - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2010

<i>(in millions of euros)</i>		First half 2010	First half 2009	Year 2009
Net sales	<i>(Notes 3 and 4)</i>	3,716	3,720	7,892
Other income from ordinary activities		186	210	397
Revenues		3,902	3,930	8,289
Purchases and changes in inventories		(1,748)	(1,768)	(3,738)
Capitalised production		(12)	(1)	(5)
Production transferred to inventories		74	53	90
External charges		(1,129)	(1,103)	(2,289)
Payroll costs		(805)	(802)	(1,608)
Depreciation and amortization other than on acquisition-related intangible assets		(107)	(106)	(210)
Amortization of acquisition-related intangible assets and costs		(12)	(15)	(47)
Restructuring costs	<i>(Note 5)</i>	(44)	(33)	(93)
Gains (losses) on disposals of assets and associated risks	<i>(Note 6)</i>	14	537	524
Impairment losses on goodwill, property, plant and equipment and intangible assets	<i>(Note 7)</i>	(1)	(270)	(451)
Other operating expenses	<i>(Note 8)</i>	(25)	(43)	(96)
Other operating income	<i>(Note 9)</i>	29	26	29
Income (loss) from associates		21	71	(26)
PROFIT BEFORE FINANCE COSTS AND TAX	<i>(Note 3)</i>	157	476	369
Financial income	<i>(Note 10)</i>	6	8	14
Financial expenses	<i>(Note 10)</i>	(45)	(52)	(96)
PROFIT BEFORE TAX		118	432	287
Income tax expense	<i>(Note 11)</i>	(22)	(96)	(123)
PROFIT FOR THE PERIOD		96	336	164
Attributable to:				
Owners of the parent		80	318	137
Minority interests *		16	18	27
<i>Earnings per share - Attributable to owners of the parent</i>				
<i>Basic earnings per share (in euros)</i>	<i>(Note 12)</i>	0.63	2.51	1.08
<i>Diluted earnings per share (in euros)</i>	<i>(Note 12)</i>	0.63	2.51	1.07

* Non-controlling interests.

CONSOLIDATED STATEMENT OF COMPREHENSIVE GAINS AND LOSSES AT 30 JUNE 2010

<i>(in millions of euros)</i>	First half 2010	First half 2009	Year 2009
Profit for the period	96	336	164
Currency translation adjustments	149	61	43
Change in fair value of:			
- derivative financial instruments	0	(420)	(420)
- investments in non-consolidated companies	2	(5)	5
Actuarial gains and losses on employee benefit and similar obligations	(21)	(18)	(15)
Share of gains and losses of associates, net of tax ⁽¹⁾	(413)	17	10
Income tax on gains and losses recognised in equity	7	8	5
Gains and losses recognised in equity, net of tax	(276)	(357)	(372)
Comprehensive gains and losses	(180)	(21)	(208)
Attributable to:			
Owners of the parent	(202)	(38)	(235)
Minority interests *	22	17	27

* Non-controlling interests.

⁽¹⁾ The €413 million loss recorded at 30 June 2010 essentially reflects the negative impact of the fair value adjustment of foreign exchange instruments hedging EADS future sales flows following the strong appreciation of the US dollar at 30 June 2010.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2010

<i>(in millions of euros)</i>	First half 2010	First half 2009	Year 2009
Profit for the period	96	336	164
Income tax expense	22	96	123
Finance costs, net	39	44	82
Profit before finance costs and tax	157	476	369
Depreciation and amortization expense	117	121	257
Impairment losses, provision expense and other non-cash items	27	265	496
Gains on disposals of assets	(44)	(537)	(524)
Dividends received from associates	8	23	31
(Income) loss from associates	(21)	(71)	26
Changes in working capital	(142)	(94)	127
Cash flows from operations	102	183	782
Interest paid	(17)	(97)	(124)
Interest received	6	10	13
Income taxes paid	(36)	(48)	(119)
Net cash provided by operating activities	(A) 55	48	552
Cash used in investing activities			
Purchases of intangible assets and property, plant and equipment	(105)	(110)	(240)
Purchases of investments	(61)	(24)	(44)
Cash acquired through acquisitions	10	28	28
Purchases of other non-current assets	(9)	(9)	(47)
Total cash used in investing activities	(B) (165)	(115)	(303)
Proceeds from disposals of non-current assets			
Intangible assets and property, plant and equipment	3	11	12
Investments	11	673	673
Cash transferred on disposals	0	0	(1)
Decrease in other non-current assets	9	2	16
Total cash from investing activities	(C) 23	686	700
(Increase) decrease in short-term investments	(D) (7)	43	37
Net cash provided by (used in) investing activities	(E) = (B)+(C)+(D) (149)	614	434
Total cash provided by (used in) operating and investing activities	(F) = (A)+(E) (94)	662	986
Capital transactions			
Proceeds from capital increase by the parent	0	0	0
Change in minority interests in capital increases by subsidiaries	3	0	1
Change in treasury shares	2	(3)	(2)
Dividends paid to owners of the parent (*)	(166)	(171)	(171)
Dividends paid to minority shareholders of subsidiaries	(26)	(23)	(31)
Financing transactions			
Increase in debt	261	245	1,061
Decrease in debt	(72)	(742)	(1,913)
Net cash provided by (used in) financing activities	(G) 2	(694)	(1,055)
Other movements			
Effect on cash of changes in exchange rates	42	(4)	7
Effect on cash of other movements	(2)	0	5
Total other movements	(H) 40	(4)	12
Change in net cash and cash equivalents	(I) = (F)+(G)+(H) (52)	(36)	(57)
Cash and cash equivalents at beginning of the period	519	576	576
Cash and cash equivalents at end of the period	(Note 14) 467	540	519

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

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2010

ASSETS

<i>(in millions of euros)</i>	30 June 2010	31 December 2009
Intangible assets	1,436	1,386
Goodwill	2,915	2,810
Property, plant and equipment	639	635
Investments in associates	272	2,169
Other non-current assets	187	206
Deferred tax assets	204	169
Total non-current assets	5,653	7,375
Inventories	599	538
Trade receivables	1,327	1,468
Other current assets	1,096	902
Short-term investments	<i>(Note 13)</i> 89	78
Cash and cash equivalents	<i>(Note 14)</i> 709	764
Total current assets	3,820	3,750
Assets held for sale	<i>(Note 17)</i> 1,507	-
Total assets	10,980	11,125

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2010

EQUITY AND LIABILITIES

<i>(in millions of euros)</i>	30 June 2010	31 December 2009
Share capital	800	800
Reserves	2,716	3,021
Profit attributable to owners of the parent	80	137
Equity attributable to owners of the parent	3,596	3,958
Minority interests *	129	124
Total equity	3,725	4,082
Provisions for employee benefit and similar obligations	129	102
Non-current provisions for contingencies and losses	189	179
Non-current debt <i>(Note 15)</i>	2,336	2,174
Other non-current liabilities	364	395
Deferred tax liabilities	235	223
Total non-current liabilities	3,253	3,073
Current provisions for contingencies and losses	341	370
Current debt <i>(Note 15)</i>	661	492
Trade payables	1,629	1,754
Other current liabilities	1,371	1,354
Total current liabilities	4,002	3,970
Total equity and liabilities	10,980	11,125

* Non-controlling interests.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2010

(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 *	Equity
At 1 January 2009	800	888	2,630	(208)	(153)	398	4,355	91	4,446
Net profit for the period			318				318	18	336
Gains and losses recognised in equity (a)			(26)		41	(371)	(356)	(1)	(357)
Comprehensive gains and losses for the period			292		41	(371)	(38)	17	(21)
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
At 30 June 2009	800	888	2,756	(211)	(112)	27	4,148	99	4,247
At 1 January 2010	800	888	2,560	(210)	(129)	49	3,958	124	4,082
Net profit for the period			80				80	16	96
Gains and losses recognised in equity (a)			(46)		152	(388)	(282)	6	(276)
Comprehensive gains and losses for the period			34		152	(388)	(202)	22	(180)
Dividends			(166)				(166)	(26)	(192)
Capital increase attributable to minority interests							0	3	3
Changes in treasury shares				2			2		2
Share-based payments			4				4		4
Changes in consolidation scope and other							0	6	6
At 30 June 2010	800	888	2,432	(208)	23	(339)	3,596	129	3,725

(a) See Note 16 for details.

* Non-controlling interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2010

(All figures are expressed in millions of euros)

Note 1 Accounting principles

The consolidated half-year financial statements at 30 June 2010 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 2009.

The Group has applied the new IFRS and amendments adopted by the European Union which are mandatory from 1 January 2010. These new standards and amendments have no significant impact on the financial statements at 30 June 2010 as compared to the principles applied for the annual consolidated financial statements for 2009.

Among the new standards, IFRS 3 (revised) and IAS 27 (revised) change the accounting principles for business combinations. They are applied prospectively to transactions occurring on or after 1 January 2010, resulting primarily in the following changes:

- new methods for recognition of the change in percentage interest held in consolidated entities;
- the choice at the time of an acquisition to value minority interests either at fair value or at the share in the value of the assets and liabilities acquired;
- recognition in the income statement of certain items previously charged to goodwill arising on an acquisition, i.e. expenses on acquisitions and changes in liabilities corresponding to "earn-out" clauses. The Group has decided to exclude these new items from calculation of the recurring operating profit, which is its main performance indicator, as defined in Note 3.3 to the 2009 consolidated financial statements. No significant amount was recognised in this respect in the financial statements for first-half 2010.

Note 2 Main changes in the scope of consolidation

There was no significant first consolidation during the first half of 2010.

Deconsolidations concerned the TV channel Virgin 17 and the Brazilian publishing house Escala Educacional from 31 May and 30 April 2010 respectively, following signature of the relevant sale agreements.

The Group's investment in Canal+ France, which until 31 December 2009 was accounted for by the equity method, was reclassified in the balance sheet at 30 June 2010 as an asset held for sale, at its book value as stated in the 2009 annual financial statements. Consequently, no profit contributed by Canal+ France has been recognised in the financial statements for the first half-year of 2010. Details of this operation are provided in Note 17.

In the first half of 2010, the EADS group was accounted for by the equity method based on a percentage interest of 7.5%. In first-half 2009, the share of profit included in the consolidated income statement was based on a percentage interest of 10% for the first quarter and 7.5% for the second quarter, following the disposal of 2.5% of EADS on 24 March 2009.

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 Unlimited, which in first-half 2010 comprises the business of the former Lagardère Sports

division. This division specialises in the sports economy, with operations in three activities:

- media (management and sale of sports broadcasting rights),
- marketing (sale of marketing, sponsoring, and hospitality rights),
- event organisation (ownership, management and organisation of sports events).

At 30 June 2010 Lagardère also held a 7.5% investment in the EADS group which manufactures commercial aircraft, civil and military helicopters, commercial launch vehicles, missiles, military aircraft, satellites, defence systems and defence electronics, and provides the full range of services associated with these products.

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

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

3.1 Information by business segment

Income statement for first half 2010									
	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Unlimited	Lagardère Media	EADS and Other Activities (*)	Total
		Audiovisual	Press	Total					
Net sales	994	214	655	869	1,712	174	3,749	-	3,749
Inter-segment sales	(19)	-	(14)	(14)	-	-	(33)	-	(33)
Consolidated sales	975	214	641	855	1,712	174	3,716	0	3,716
Recurring operating profit (loss) before associates	101	8	28	36	37	9	183	(4)	179
Income (loss) from associates before amortization of acquisition-related intangible assets and impairment losses	1	(5)	6	1	4	-	6	15	21
Recurring operating profit	102	3	34	37	41	9	189	11	200
Restructuring costs	-	(1)	(7)	(8)	(3)	(3)	(14)	(30)	(44)
Disposal gains (losses)	(12)	49	(9)	40	-	-	28	(14)	14
Impairment losses (**)									
- Fully consolidated companies	-	-	-	-	(1)	-	(1)	-	(1)
- Companies accounted for by the equity method	-	-	-	-	-	-	-	-	-
Amortization of acquisition-related intangible assets and costs									
- Fully consolidated companies	(1)	-	-	-	(3)	(8)	(12)	-	(12)
- Companies accounted for by the equity method	-	-	-	-	-	-	-	-	-
Profit (loss) before finance costs and tax (*)	89	51	18	69	34	(2)	190	(33)	157
Finance costs, net	(1)	(6)	(9)	(15)	(2)	(4)	(22)	(17)	(39)
Profit (loss) before tax (*)	88	45	9	54	32	(6)	168	(50)	118
Items included in recurring operating profit									
Depreciation and amortization of intangible assets and property, plant and equipment	(12)	(5)	(10)	(15)	(27)	(50)	(104)	(3)	(107)
Cost of stock option plans	(1)	-	(1)	(1)	(1)	-	(3)	(1)	(4)

(*) Including EADS: €15 million net income from associates.

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

Income statement for first half 2009

	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Unlimited	Lagardère Media	EADS and Other Activities (*)	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)
Consolidated sales	1,009	198	633	831	1,619	261	3,720	0	3,720
Recurring operating profit before associates	112	8	1	9	27	33	181	5	186
Income from associates before amortization of acquisition- related intangible assets and impairment losses	1	45	2	47	3	-	51	34	85
Recurring operating profit	113	53	3	56	30	33	232	39	271
Restructuring costs	-	(3)	(17)	(20)	(12)	-	(32)	(1)	(33)
Disposal gains (losses)	-	-	(4)	(4)	1	-	(3)	540	537
Impairment losses (**)									
- 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)
Profit (loss) before finance costs and tax (*)	112	37	(289)	(252)	18	20	(102)	578	476
Finance costs, net	(2)	(9)	(18)	(27)	(2)	(10)	(41)	(3)	(44)
Profit (loss) before tax (*)	110	28	(307)	(279)	16	10	(143)	575	432
Items included in recurring operating profit									
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)

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

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

Statement of cash flows for first half 2010

	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Unlimited	Lagardère Media	EADS, Other Activities and eliminations	Total
		Audiovisual	Press	Total					
Cash flows from operations	(7)	(3)	48	45	38	37	113	(11)	102
Interest paid and received, income tax paid	(50)	(17)	(14)	(31)	(8)	(7)	(96)	49	(47)
Net cash provided by (used in) operating activities	(57)	(20)	34	14	30	30	17	38	55
Cash used in investing activities	(14)	(12)	(9)	(21)	(35)	(85)	(155)	(10)	(165)
- Purchases of intangible assets and property, plant and equipment	(9)	(3)	(5)	(8)	(33)	(47)	(97)	(8)	(105)
- Purchases of investments	(5)	(9)	(4)	(13)	(2)	(38)	(58)	(2)	(60)
Proceeds from disposals of non-current assets	5	3	3	6	5	4	20	3	23
- Sales of intangible assets and property, plant and equipment	-	-	-	-	1	2	3	-	3
- Sales of investments	5	3	3	6	4	2	17	3	20
Increase in short-term investments	-	-	-	-	(7)	-	(7)	-	(7)
Net cash used in investing activities	(9)	(9)	(6)	(15)	(37)	(81)	(142)	(7)	(149)
Total cash provided by (used in) operating and investing activities	(66)	(29)	28	(1)	(7)	(51)	(125)	31	(94)

Statement of cash flows for first half 2009

	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Unlimited	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)
Net cash provided by (used in) operating activities	(24)	25	(13)	12	49	19	56	(8)	48
Cash used in investing activities	(2)	(13)	(8)	(21)	(41)	(46)	(110)	(5)	(115)
<i>- Purchases of intangible assets and property, plant and equipment</i>	(11)	(8)	(10)	(18)	(30)	(48)	(107)	(3)	(110)
<i>- Purchases of investments</i>	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
<i>- Sales of intangible assets and property, plant and equipment</i>	-	1	7	8	3	-	11	-	11
<i>- Sales of investments</i>	1	-	9	9	-	1	11	664	675
Decrease in short-term investments	-	-	-	-	43	-	43	-	43
Net cash provided by (used in) investing activities	(1)	(12)	8	(4)	5	(45)	(45)	659	614
Total cash provided by (used in) operating and investing activities	(25)	13	(5)	8	54	(26)	11	651	662

Segment assets and liabilities at 30 June 2010									
	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Unlimited	Lagardère Media	EADS, Other Activities and eliminations	Total
		Audiovisual	Press	Total					
Segment assets	2,312	913	2,246	3,159	1,101	1,682	8,254	149	8,403
Investments in associates	16	15	233	248	6	1	271	1	272
Segment liabilities	(1,174)	(576)	(907)	(1,483)	(961)	(628)	(4,246)	(12)	(4,258)
Assets held for sale and associated liabilities									1,507
Capital employed	1,154	352	1,572	1,924	146	1,055	4,279	138	4,417
Net indebtedness									(2,199)
Equity									3,725

Segment assets and liabilities at 31 December 2009									
	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Unlimited	Total Lagardère Media	EADS, Other Activities and eliminations	Total
		Audiovisual	Press	Total					
Segment assets	2,154	898	2,200	3,098	1,032	1,669	7,953	162	8,115
Investments in associates	16	1,520	234	1,754	3	1	1,774	395	2,169
Segment liabilities	(1,225)	(629)	(880)	(1,509)	(912)	(683)	(4,329)	(49)	(4,378)
Capital employed	945	1,787	1,554	3,343	123	987	5,398	508	5,906
Net indebtedness									(1,824)
Equity									4,082

Note 4 Net sales

	First half 2010	First half 2009
France	1,260	1,232
Other countries	2,456	2,488
Total	3,716	3,720

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

- 2010 net sales to exclude companies consolidated for the first time during the period and 2009 net sales to exclude companies divested in 2010;
- first-half 2010 and 2009 net sales based on 2010 exchange rates.

Excluding the effect of changes in group structure (+0.4%) and exchange rates (+2.2%), total net sales decreased by 2.7% from first half 2009.

Note 5 Restructuring costs

Restructuring costs for the first half of 2010 totalled €44 million.

These costs include €30 million for the Group's exceptional contractual contribution to financing for the Presstalis recovery plan, under the terms of the framework agreement of 27 May 2010 signed by Presstalis, the Press cooperatives and Hachette SA which will ultimately lead to the Lagardère Group's full withdrawal. The agreement stipulates that:

- Hachette SA's 49% investment in Mediakiosk (also owned 51% by Presstalis) will be transferred to Presstalis. The sale price for this transaction is estimated at €20 million, and Hachette's receivable will probably be waived in order to reinforce Presstalis' equity. In the financial statements of Hachette SA at 31 December 2009, the shares in Mediakiosk were stated at book value of €5 million.
- A financial contribution of €25 million will also be paid, comprising €22.5 million by Hachette SA and €2.5 million by Lagardère Active as press publisher.

These transactions are all due to be completed by 30 June 2011, and at that date Hachette SA will transfer its 49% investment in Presstalis to the cooperatives for a symbolic price.

Other restructuring expenses concern Lagardère Active (€6 million), Lagardère Services (€3 million), Lagardère Unlimited (€3 million) and Other Activities (€2 million).

In first-half 2009 these costs totalled €33 million, distributed between Lagardère Active (€20 million, principally under the cost-cutting plans implemented in the United States and Spain), Lagardère Services (€12 million, essentially for discontinuation of book distribution in Belgium) and Other Activities (€1 million).

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

At 30 June 2010, this item showed a net profit of €14 million comprising the following main components:

- a €49 million gain on sale by Lagardère Thématiques to Bolloré Média of the freeview digital channel Virgin 17. A final agreement for this sale was signed on 9 June 2010, and the French broadcasting authority *Conseil Supérieur de l'Audiovisuel* announced its approval on 30 June 2010;
- a loss of €29 million on the value of the shares held in Le Monde SA (LMSA). This results from valuation of the Group's overall investment at €7 million, corresponding to the estimated recoverable value of the shares following finalisation of Le Monde group's recapitalisation plan entailing commitments for the selected candidates in the current exclusive negotiations. The Lagardère Group has chosen not to participate in Le Monde group's recapitalisation process and expects to see its investment diluted. The Group wishes to withdraw entirely from the capital of LMSA while exercising its rights under the existing shareholder agreement.

At 31 December 2009, Lagardère's shares in Le Monde SA were carried in the balance sheet at a net value of €30 million, after a €6 million write-down recognised in equity. At 30 June 2010,

this write-down of €6 million was transferred to net profit and an additional write-down of €23 million was recorded directly in the income statement.

As approximately 5% of the capital of LMSA is held by Quillet (Lagardère Active division) and approximately 12% by Hachette SA, this loss is carried by the Lagardère Active division to the extent of €9 million and by Other Activities to the extent of €20 million;

- a €12 million loss on disposal of Escala Educacional, a subsidiary in Brazil owned 51% by Lagardère Publishing;
- a gain of €6 million recorded by Other Activities on the sale of the service company Arlis on 1 January 2010 to a subsidiary of the Paribas BNP group. Arlis specialises in organisation and administration for general shareholders' meetings and registered shareholders.

In first-half 2009, net gains on disposals of assets amounted to €537 million, including €539 million on the sale of 2.5% of EADS shares for redemption of the last tranche of the Mandatory Exchangeable Bonds.

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

No significant impairment losses were recognised in the first half of 2010 (€1 million), as the economic indicators used for impairment tests carried out at the end of 2009 showed no signs of deterioration.

In the first half of 2009, Lagardère Active recognised impairment losses of €270 million following the serious deterioration in the economic environment over the period, particularly in advertising revenues. This led to downward adjustment of the budgets and plans that had been used for the impairment tests carried out at the end of 2008.

Note 8 Other operating expenses

	First half 2010	First half 2009
Write-downs of assets	(9)	(36)
Exchange losses	(2)	-
Financial expenses other than interest	(2)	(2)
Provisions for contingencies and losses	-	-
Other expenses	(12)	(5)
Total	(25)	(43)

Write-downs of assets (€9 million in first-half 2010 and €36 million in first-half 2009) principally related to advances paid to writers by Lagardère Publishing.

Other income and expenses recorded in first-half 2010 and 2009 reflect changes in provisions.

Note 9 Other operating income

	First half 2010	First half 2009
Exchange gains	-	1
Provisions for contingencies and losses	19	21
Other income	9	4
Total	28	26

Note 10 Financial income and expenses

Financial income and expenses break down as follows:

	First half 2010	First half 2009
Interest income on loans	3	3
Investment income and gains on sales of short-term investments	3	5
Financial income	6	8
Interest expense on borrowings	(43)	(47)
Loss on financial derivative instruments acquired as hedges of net debt ⁽¹⁾	(2)	(5)
Financial expenses	(45)	(52)
Total	(39)	(44)

⁽¹⁾ Including €3 million in 2009 related to the derivative instrument attached to the Mandatory Exchangeable Bonds.

Note 11 Income tax expense

Income tax expense breaks down as follows:

	First half 2010	First half 2009
Current taxes	(36)	(57)
Deferred taxes	14	(39)
Total	(22)	(96)

Note 12 Earnings per share

Basic earnings per share

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

	First half 2010	First half 2009
Profit attributable to owners of the parent (in millions of euros)	80	318
Number of shares making up the share capital at 30 June	131,133,286	131,133,286
Treasury shares	(4,208,948)	(4,320,948)
Number of shares outstanding at 30 June	126,924,338	126,812,338
Average number of shares outstanding during the period	126,909,338	126,882,838
Net earnings per share (in euros)	0.63	2.51

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, when their allocation at the date set in the plan is probable (specific case of free shares allocated subject to stock market performance conditions).

	First half 2010	First half 2009
Profit attributable to owners of the parent (in millions of euros)	80	318
Number of shares outstanding at 30 June	126,909,338	126,882,838
Adjustment to assume conversion of stock options and free shares		
- Dilutive stock options and free shares ("in the money" options)	571,525	
- Other stock options and free shares ("out of the money" options)		996,950
Average number of shares including dilutive stock options and free shares	127,480,863	126,882,838
Diluted earnings per share (in euros)	0.63	2.51

Note 13 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 2010	31 December 2009
Shares	28	29
Bonds	61	49
Total	89	78

“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 2010 amounted to -€7 million (-€5 million at 31 December 2009).

Note 14 Cash and cash equivalents

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

	30 June 2010	31 December 2009
Cash and cash equivalents	709	764
Short-term bank loans and overdrafts	(242)	(245)
Cash and cash equivalents, net	467	519

Note 15 Analysis of debt by maturity

By maturity - Total debt	Under 1 year (*)	1 to 5 years	Over 5 years	Total
Bonds	189	1,255	-	1,444
Bank loans	22	1,025	-	1,047
Finance lease liabilities	1	2	-	3
Debt related to put options granted to minority interests	-	40	1	41
Other debt	449	6	7	462
At 30 June 2010	661	2,328	8	2,997
At 31 December 2009	492	2,165	9	2,666

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

Note 16 Gains and losses recognised in equity

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

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

First half 2009	Other reserves	Translation reserve	Valuation reserve	Equity attributable to owners of the parent	Equity attributable to minority interests	Equity
Currency translation adjustments		62		62	(1)	61
Change in fair value of:						
Derivative financial instruments			(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)
Investments in non-consolidated companies			(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 employee benefit 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
Gains and losses recognised in equity, net of tax	(26)	41	(371)	(356)	(1)	(357)

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

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

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

Note 17 Assets held for sale

On 15 April 2010, in accordance with the liquidity contract covering its entire 20% holding in Canal+ France, Lagardère informed Vivendi that it wished to start the procedure set forth in the shareholder agreement signed on 4 January 2007.

Since Lagardère and Vivendi could not reach an agreement over the sale of Lagardère's holding, on 2 July 2010 Lagardère announced that it had decided to begin the IPO process for Canal+ France, in accordance with the aforementioned shareholder agreement.

In the balance sheet at 30 June 2010, the shares in Canal+ France, which were accounted for by the equity method up to and including 2009, are presented as assets held for sale at their book value in the balance sheet at 31 December 2009, which is considered to represent their market value.

Note 18 Contractual obligations and commitments given

The main changes in first-half 2010 compared to the commitments presented in Notes 32 and 33.1 to the consolidated financial statements at 31 December 2009 concerned only contractual obligations and were as follows:

At 30 June 2010, the minimum payments guaranteed by the Lagardère Unlimited division under long-term contracts for sports rights sales totalled €1,166 million, compared to €1,103 million at 31 December 2009.

Commitments received by the division under contracts signed with distributors and partners totalled €627 million at 30 June 2010, compared to €644 million at 31 December 2009.

Note 19 Litigation

Litigation with ABN AMRO

This litigation is described in Note 33.2 to the consolidated financial statements at 31 December 2009.

Since the events described, the *Cour de Cassation* has rejected on 8 April 2010 the two appeals lodged by ABN AMRO and Lagardère SCA. Consequently, the Paris Appeal Court is due to resume consideration of the outstanding question of the admissibility of ABN AMRO's claim for compensation due to non-adjustment of the terms for conversion of convertible bonds.

Action by Crédit Mutuel group companies against Lagardère and Natixis

This litigation is described in Note 33.2 to the consolidated financial statements at 31 December 2009.

Since the events described, the Crédit Mutuel group companies have filed an appeal (on 8 March 2010) against the Paris Commercial Court's ruling of 27 January 2010.

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 2009.

Since the events described, the Investigation Services of the French Competition Authority have notified the companies concerned of a further report containing two opinions respectively from the French Broadcasting Authority (*Conseil supérieur de l'audiovisuel*) and the French Electronic Communications and Postal Service Regulator (*Autorité de régulation des communications électroniques et des postes*) concerning a complaint from France Telecom, which has also been under investigation since December 2008 in connection with automatic referral of the matter to the French Competition Authority. Lagardère Active and Lagardère SCA both filed their observations on this additional report on 15 June 2010, and a hearing concerning the whole affair was held before the panel of the French Competition Authority on 7 July 2010. A decision is to be issued by early 2011 at the latest.

These developments provide no indication of the final outcome of the procedure.

Litigation with SCPE

This litigation is described in Note 33.2 to the consolidated financial statements at 31 December 2009.

Since the events described, several Group companies received summons on 23 April 2010 intended to extend the administration procedure (*redressement judiciaire*) concerning SCPE and include these companies. The next hearing is scheduled for September 2010, when the case will be heard or adjourned to a later date.

World Sport Group / Indian Premier League contracts

In 2007, the BCCI (Board of Control for Cricket in India) launched a call for tenders to market the rights attached to its new cricket competition, the IPL (Indian Premier League), until 2017. Lagardère Sports' subsidiary World Sport Group (WSG) was awarded most of these rights in early 2008, with the rest going to another unrelated operator.

A global reorganisation of the distribution of these rights took place in March 2009 at the initiative of the BCCI. In the course of the negotiations for this reorganisation, WSG entered into an assistance agreement with the other operator.

In June 2010, two actions were brought against WSG: (i) by the BCCI for termination of the IPL rights marketing contract for the period 2009/2017 for the rest of the world, and (ii) by the other operator for termination of the aforementioned assistance agreement, with a demand for immediate reimbursement of the sums already paid (approximately USD 25 million).

WSG immediately began arbitration proceedings in order to preserve its rights. At this very early stage, the exact grounds for such proceedings are far from clearly identified.

Other litigation

There were no other important developments in the litigations described in Note 33.2 to the consolidated financial statements at 31 December 2009.

Note 20 Related party transactions

During the first half of 2010, 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 2009.

3 – STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL INFORMATION

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 accordance with the assignment entrusted to us by your General Meetings of Shareholders and in accordance with Article L.451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we performed:

- the limited review of the accompanying condensed interim consolidated financial statements of Lagardère S.C.A., for the period from January 1 to June 30, 2010,
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements were drawn up under the responsibility of the management. 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 the professional standards applicable in France. A limited review mainly consists of interviewing management in charge of accounting and financial matters and applying analytical procedures. These procedures are less broad in scope than those required for an audit performed in accordance with French auditing standards. Accordingly, a limited review only provides moderate assurance, which is less assurance than that provided by an audit, that the financial statements taken as a whole are free of material misstatements.

Based on our limited review, we did not identify any material misstatements that would cause us to believe that the interim condensed consolidated financial statements did not comply with IAS 34, the IFRS standard relating to interim financial reporting adopted by the European Union.

Without qualifying the above conclusion, we draw your attention to Note 1 to the consolidated financial statements which sets out the accounting standards, amendments and interpretations applied by the group since January 1, 2010.

2. Specific verification

We have also verified the information provided in the interim management report in respect of the condensed interim consolidated financial statements that were the object of our limited review.

We have no matters to report on the fairness and consistency of this information with the condensed interim consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, 25 August 2010

The Statutory Auditors
French original signed by

MAZARS

ERNST & YOUNG et Autres

Bruno Balaire

Jeanne Boillet

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

We certify that to the best of our knowledge, the condensed financial statements for the first half of 2010 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. A statutory auditors' report was issued on the condensed interim consolidated financial statements presented in this document. This report, presented on page 36, contains a technical observation regarding the impact of the new accounting standards applicable with effect from 1 January 2010.

Paris, 25 August 2010

Arnaud Lagardère

For Arjil Commanditée-Arco :

Arnaud Lagardère - Pierre Leroy