Lagardère

INTERIM FINANCIAL REPORT 2012

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1 - INTERIM MANAGEMENT REPORT 2012

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

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

With a holding of 7.41%, Lagardère jointly controls EADS.

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1.1 SIGNIFICANT EVENTS OF THE FIRST HALF OF 2012

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 Arnaud Lagardère appointed Chairman of the Board of Directors of EADS

Arnaud Lagardère was appointed Chairman of the Board of Directors of EADS at the Board meeting held following the shareholders' meeting of 31 May 2012.

The Lagardère group was one of the main driving forces behind EADS' creation, and has always supported EADS' development and strategy as a major shareholder alongside the French state and its German partner Daimler.

As Chairman of EADS' Board of Directors, Arnaud Lagardère intends to strongly pursue the development of this major European company, in the interests of its staff, customers and shareholders.

1.1.2 Acquisition of LeGuide.com

On 7 May 2012 Lagardère SCA, acting in the name and on behalf of its Lagardère Active division, made a voluntary contractual tender offer for all of the shares of LeGuide.com, the leading online shopping guide company on the European market. This offer was made in cash for a purchase price of €24 per share.

Following a statement published by the Board of Directors of LeGuide.com, Lagardère Active decided to increase the purchase price of its public contractual offer from €24 to €28.

Further to this offer, Lagardère Active held 61.39% of LeGuide.com's outstanding shares and 59.32% on a fully diluted basis. In accordance with applicable legislation, on 20 August 2012 Lagardère Active filed a draft simplified tender offer for the shares of the company, at €28 per share.

The Annual General Meeting of LeGuide.com took place on 16 July 2012 and altered the composition of the Board of Directors to reflect the control of Lagardère Active.

The acquisition of this leading aggregation platform will enable Lagardère to expand the digital activities portfolio of its Lagardère Active division. It will increase the division's growth prospects in the Digital segment by adding know-how that is specific and complementary to its own activities, particularly in terms of performance-based monetisation[1], while remaining true to its positioning in respect of generating audiences and turning them into revenue streams.

1.1.3 Acquisition by Aelia, a subsidiary of LS travel retail, of ADR Retail, the current travel retail operator in Rome's Fiumicino and Ciampino airports

In early July 2012, Aelia, a subsidiary of LS travel retail, was selected as the "preferred bidder" for the acquisition of ADR Retail, the current operator of the duty free and duty paid concessions in Rome's Fiumicino and Ciampino airports.

This investment is consistent with LS travel retail's guidance and strategy, and will contribute to increasing Lagardère Services' top line at the same time as boosting the EBITDA margin.

[1] Performance-based monetisation: compensation model under which the comparison shopping website is paid according to the volume of traffic redirected on the e-merchant website.

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 2011, the French version of which was filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on 3 April 2012 (hereinafter the "Reference Document").

Significant developments in disputes since the 2011 Reference Document was filed are set out, in particular, in Note 19 to the consolidated financial statements at 30 June 2012.

Among the factors stated in section 3.2.2 of the Reference Document, please note the developments in competition investigations in the digital books market described in Note 19 to the consolidated financial statements at 30 June 2012.

In addition, among the factors stated in section 3.3.5 of the Reference Document, it should be noted that in France, a law has been passed on the digital exploitation of unavailable books[2] (Law No. 2012-287 of 1 March 2012). This law aims to increase access to 20th century unavailable books via collective management of rights, which could replace the current contractual provisions regarding reproduction and exploitation in digital format.

It should also be noted that the 5.5% VAT rate for print and audio books which was increased to 7% as from 1 April 2012 under the Amending Finance Law passed in France in 2011, should be brought back to 5.5% from 1 January 2013 due to a change in government policy. As regards the rate applying to digital books, the European Commission has launched an infringement procedure against France (and Luxembourg) for potentially infringing EU law by applying a reduced VAT rate of 7%. In parallel with this procedure, the Commission is currently envisaging a general VAT reform at EU level.

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[2] Unavailable books are books that were published in France before 1 January 2001 and are not currently commercially available or published in paper or digital format. A publicly accessible database of unavailable books will be created by the French National Library.

1.3 COMMENTS ON LAGARDÈRE SCA'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2012

1.3.1 General information

	First-half 2012	First-half 2011	Full-year 2011
Net sales	**3,389**	**3,724**	**7,657**
Profit (loss) before finance costs and tax	**112**	**155**	**(489)**
Finance costs, net	(40)	(45)	(95)
Income tax expense	(24)	(66)	(105)
Profit (loss) for the period	**48**	**44**	**(689)**
Attributable to:			
- Owners of the parent	36	28	(707)
- Minority interests	12	16	18

The consolidated financial statements at 30 June 2012 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 (i) the four operating divisions which form Lagardère Media, (ii) the Group's interests in EADS and Canal+ France, and (iii) "Other Activities", corresponding to activities not directly related to the operating divisions.

1.3.2 Lagardère Media

Lagardère Media includes the operations of the four divisions Lagardère Publishing, Lagardère Active which comprises the Press and Audiovisual activities, Lagardère Services and Lagardère Unlimited. The Group's 20% stake in Canal+ France is no longer included within Lagardère Media and is presented separately in section 4 below.

The major changes in this segment's structure during the first half of 2012 are described in Note 2 to the consolidated financial statements.

Income statement			
	First-half 2012	**First-half 2011**	**Full-year 2011**
Net sales	**3,389**	**3,724**	**7,657**
Recurring operating profit before associates(*)	112	168	414
Income from associates	3	13	33
Non-recurring items	(23)	(1)	(608)
Amortisation of acquisition-related intangible assets and expenses	(16)	(26)	(84)
Profit (loss) before finance costs and tax	**76**	**154**	**(245)**

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

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

Cash flows			
	First-half 2012	**First-half 2011**	**Full-year 2011**
Cash flows from operations before changes in working capital	213	281	607
Changes in working capital	(181)	(271)	(165)
Cash flows from operations	**32**	**10**	**442**
Interest paid and received and income taxes paid	(79)	(92)	(191)
Net cash provided by (used in) operating activities	**(47)**	**(82)**	**251**
Cash used in investing activities	(208)	(161)	(335)
- Purchases of intangible assets and property, plant and equipment	*(101)*	*(108)*	*(237)*
- Purchases of investments	*(107)*	*(53)*	*(98)*
Proceeds from disposals	20	518	840
- Intangible assets and property, plant and equipment	*4*	*20*	*26*
- Investments	*16*	*498*	*814*
(Increase) decrease in short-term investments	10	-	21
Net cash provided by (used in) investing activities	**(178)**	**357**	**526**
Total cash provided by (used in) operating and investing activities	**(225)**	**275**	**777**
Capital employed(*)	**2,836**	**4,722**	**2,485**

(*) Non-current assets less non-current liabilities (excluding debt) and working capital, excluding assets held for sale.

Income statement

During the first half of 2012, the Group demonstrated its resilience in a tough economic environment marked by sluggish market conditions which have weighed heavily on advertising and consumption, coupled by a decline in print-media sales.

Lagardère Publishing's net sales edged back 2.4% based on a constant group structure and exchange rates (like-for-like).
Sales of digital books continued to rise and accounted for 8.4% of the division's net sales, compared to 6% in 2011. Digital books represented 27% of trade sales in the United States and 23% in the United Kingdom, although they have yet to take off in France.
In France, Education suffered from an unfavourable basis of comparison, with sales of new publications released in 2010 atypically continuing into the first half of 2011. General Literature suffered a downturn in activity with book returns on the rise, although this effect was partly offset by sparkling performances from Illustrated Books and Practical guides. Lastly, Distribution reported a sharp decline in activity, particularly in Switzerland due to the appreciation of the Swiss franc.

Net sales also contracted in Spain in the first half of 2012, due to lower trade sales and temporary invoicing delays in relation to Education activities.
In the United States and the United Kingdom, paper book sales suffered from sluggish markets and fewer new publications than the previous year. The United Kingdom also continued to be impacted by distribution problems in Australia.

During the first half of 2012, Lagardère Active's business was strongly impacted by changes in Group structure, notably the sale of the International Magazine Publishing operations (deconsolidated in thirteen countries at the end of May 2011, in the United Kingdom at the end of July 2011 and in China at the end of November 2011) and the division's Russian Radio business (at the end of December 2011). Net sales fell by 3.7% on a like-for-like basis.
The division was also affected by a declining advertising market. Net sales from advertising dropped 6.9%, with Magazine Publishing and Radio operations in France hit the hardest. Circulation was down 5%, in line with the continued erosion of the markets which gathered pace over the period. Television production and channels posted strong growth of 13% and 3%, respectively.

Lagardère Services reported steady growth thanks to the strong momentum of the Travel Retail business, which enjoyed growth of 8% in France. Aelia and Relay turned in impressive performances (despite a decrease in print-media sales), with growth of 15.4% in Eastern Europe thanks to the duty free business and 38% in Asia (particularly in Singapore).
However, Wholesale Distribution had a difficult first half of the year, with net sales down 6.9% due to the continued erosion of the print-media market (press and books).
Net sales for Lagardère Services amounted to €1,821 million, up 2.4% on a like-for-like basis.

Lagardère Unlimited reported a decline in like-for-like net sales compared to the prior-year period due to an unfavourable cyclical effect. World Sport Group posted a decrease of 12%, primarily due to the fact that in 2012, there was no event equivalent to the Asian Cup football tournament, which took place in first-half 2011. This effect was only partially offset by Sportfive's revenues from the Africa Cup of Nations, which were higher than those from the African Nations Championship in 2011 and good performances in the sale of German clubs' marketing rights.
Net sales for Lagardère Unlimited totalled €213 million, representing a 5.2% decrease on a like-for-like basis.

Compared to the prior-year period, net sales for Lagardère Media were down 9% like-for-like. This factors in a €368 million negative impact of changes in Group structure, mainly due to the sale by Lagardère Active of the International Magazine Publishing operations and the Russian Radio business in 2011. Changes in exchange rates (average rate over the period) had a positive €40 million impact (mainly for Lagardère Publishing, due to the appreciation of the US dollar and pound sterling against the euro).
Excluding the effect of changes in Group structure and exchange rates, Lagardère Services reported a 2.4% increase in net sales, while Lagardère Unlimited, Lagardère Active and Lagardère Publishing reported declines of 5.2%, 3.7% and 2.4%, respectively.

Recurring operating profit before associates amounted to €112 million, down €56 million from first-half 2011 (€168 million).

Movements in recurring operating profit before associates can be analysed as follows for each division:

- For Lagardère Publishing, recurring operating profit totalled €57 million, representing a decrease of €14 million year on year. This can be attributed to sluggish market conditions in all of the countries where the division operates, in particular in the English-speaking world. The increase in the sale of digital books, which are more profitable, failed to offset negative trends in the United Kingdom and the United States. It is important to note that profitability is lower in the first half of the year than in the second half due to the seasonality of sales. This performance is therefore expected to improve in the remaining six months of the year.

- Excluding the International Magazine Publishing and Russian Radio businesses, Lagardère Active posted a €14 million increase in recurring operating profit, which came in at €31 million in the first half of 2012. The drop in revenue from advertising and circulationdescribed above was more than offset during the period by the combined effect of the performance turned in by audiovisual production and television channels, and strict control of costs.

- First-half 2012 recurring operating profit amounted to €37 million for Lagardère Services, down €4 million on the same prior-year period. This is largely due to a 19% decline in Distribution business revenues, partially offset by the strong resilience of the Travel Retail activity mentioned above. However, the profitability of the latter is still impacted by development costs in Asia.

- Lagardère Unlimited generated a recurring operating loss of €13 million, representing a decrease of €17 million year on year. This includes a €22 million contingency provision relating to the International Olympic Committee contract (sale of media rights in Europe for the 2014 Winter Olympics and the 2016 Summer Olympics). With the exception of this provision, recurring operating profit advanced in line with forecasts reflecting a decrease in non-recurring items and the good performance in the sale of German clubs' marketing rights, the impact of which was mitigated by an unfavourable cyclical effect.

Income from associates totalled €3 million in the first half of 2012 compared with €13 million in the first half of 2011, due to the sale of Lagardère Active's International Magazine Publishing subsidiaries and the lower contribution from Amaury and the Marie Claire group.

Non-recurring items included in profit (loss) before finance costs and tax represented a net expense of €23 million for the first half of 2012, comprising:

- €9 million in impairment losses on property, plant and equipment and intangible assets for Lagardère Active, mainly due to the impairment of an investment property in Italy;
- €14 million in restructuring costs, including €11 million incurred by Lagardère Active for the implementation of new cost-cutting plans and €2 million incurred by Lagardère Services for distribution activities.

Non-recurring items represented a net expense of €1 million for the first half of 2011, comprising gains on disposals of €10 million, including €8 million for Lagardère Services related to the sale of buildings in Lille and in Belgium, and restructuring costs of €11 million.

Amortisation of acquisition-related intangible assets and costs amounted to €16 million for the first half of 2012. Out of this total, €7 million concerned Lagardère Unlimited and €6 million concerned Lagardère Services, compared with costs of €26 million in the first half of 2011, €21 million of which concerned Lagardère Unlimited (mainly related to rights for the 2011 Asian Cup).

As a result of the above items, Lagardère Media's profit before finance costs and tax for the first half of 2012 totalled €76 million, down €78 million compared to the prior-year period.

Cash flows

Cash flows from operations before changes in working capital amounted to €213 million in the first half of 2012, compared to €281 million in the first half of 2011. This change reflects the impact of the decrease in recurring operating profit which was partially offset by an increase in depreciation and amortisation expense.

Changes in working capital, while generally negative at the end of June, improved significantly during the first six months of the year, representing an outflow of €181 million compared to €271 million in the first half of 2011. This is largely due to a favourable trend in trade receivables for both Lagardère Publishing and Lagardère Active, a marked improvement in this item for Lagardère Unlimited due to the impact of cut-offs at end-2010 (payments carried over to the beginning of 2011, in particular by Sportfive International), and the positive impact of the deconsolidation of Lagardère Active's International Magazine Publishing subsidiaries. These favourable impacts were slightly counterbalanced by the negative trend in this item reported by Lagardère Services, whose cash-generating Distribution business in the United States suffered a sharp downturn in activity this year.

Interest paid (net of interest received), which decreased significantly due to the combined effect of scaling back debt and lower interest rates, stood at €10 million, versus €18 million in the first half of 2011. Income taxes paid came to €69 million, compared with €74 million in the same prior-year period.

As a result of the above, net cash used in operating activities totalled €47 million in the first half of 2012 compared to €82 million one year earlier.

Purchases of intangible assets and property, plant and equipment edged down by €7 million to €101 million and principally concerned Lagardère Services and Lagardère Unlimited in both periods.
Purchases of investments amounted to €107 million and mainly reflected (i) the acquisition by Lagardère Active of 61% of LeGuide.com, (ii) the continued development of Lagardère Services in the airport sales business with the acquisition of UG-Air (Prague airport) and Airport Fashion (Geneva airport), and (iii) the acquisition within Lagardère Unlimited of the North American group Gaylord Sports Management, a sports representation agency for golf and baseball players.
Proceeds from disposals of intangible assets and property, plant and equipment amounted to €4 million in first-half 2012.
Proceeds from disposals of financial assets totalled €16 million and mainly related to the sale of the joint venture held with Marie Claire in China to Hearst.

As a result, total cash of €225 million was used in operating and investing activities in the first half of 2012, compared to €275 million provided by operating and investing activities in first-half 2011. This change is mainly attributable to the proceeds from the sale of the International Magazine Publishing business in 2011 (€471 million).

1.3.3 EADS

In first-half 2012, the EADS group was accounted for by the equity method based on a percentage interest of 7.41% compared to 7.5% during the first half of 2011, taking into account the dilutive effect of the share capital increase carried out during the first half of 2012 following the decision by the Group's employees to exercise share subscription options under stock option plans in force. EADS' contribution to Lagardère's consolidated profit in first-half 2012 amounted to €42 million compared to €9 million in the first half of 2011.

1.3.4 Canal+ France

At 30 June 2012, in the absence of any indication of impairment, the value in use of the investment in Canal+ France was maintained at €1,197 million, as estimated and recognised in the financial statements at 31 December 2011. The Group was not aware of any events that took place during the first half of 2012 that could have an impact on the future cash flows used to calculate the value of this investment at 31 December 2011. Consequently, Canal+ France's contribution to consolidated profit for the first half of 2012 has been offset by an impairment loss to write the investment down to its value in use of €1,197 million. The liquidity procedure provided for in the shareholder agreement signed on 4 January 2007 with the Vivendi group remained legally valid at 30 June 2012. However, due to the unfavourable environment on the financial markets, the initial public offering of the investment has been postponed.

1.3.5 Other Activities

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

Income statement			
	First-half 2012	**Full-year 2011**	**First-half 2011**
Recurring operating profit (loss) before associates	(6)	(12)	(8)
Non-recurring items	-	(1)	-
Profit (loss) before finance costs and tax	**(6)**	**(13)**	**(8)**

In the first half of 2012, Other Activities recorded a recurring operating loss before associates of €6 million compared with a loss of €8 million during the first half of 2011, which included €4 million in costs related to the IPO of Canal+ France.

1.3.6 Overview of consolidated results

Profit (loss) before finance costs and tax and profit (loss) for the period break down as follows:

	First-half 2012	First-half 2011	Full-year 2011
Lagardère Media	76	154	(245)
Income from EADS (accounted for by the equity method)	42	9	79
Canal+ France contribution	-	-	(310)
Other Activities	(6)	(8)	(13)
Profit (loss) before finance costs and tax	**112**	**155**	**(489)**
Finance costs, net	(40)	(45)	(95)
Income tax expense	(24)	(66)	(105)
Profit (loss) for the period	**48**	**44**	**(689)**
Attributable to:			
- Owners of the parent	36	28	(707)
- Minority interests	12	16	18

Net finance costs totalled €40 million, down €5 million compared to first-half 2011, largely due to the decrease in average net debt between the two periods following receipt of the proceeds from the sale of the International Magazine Publishing and Russian Radio businesses in the last seven months of 2011.

Income tax expense amounted to €24 million in first-half 2012 compared with €66 million in the same prior-year period, chiefly reflecting the decrease in recurring operating profit and the fact that the tax expense related to the disposal of the International Magazine Publishing business in the first half of 2011 was incurred during that period.

1.3.7 Cash flows

1.3.7.1 Consolidated statement of cash flows

In the first half of 2012, net cash of €2 million was provided by the Group's operating activities, representing an increase of €60 million compared to the same prior-year period. Of this amount, €47 million was used by Lagardère Media, offset by €49 million provided by Other Activities, including €28 million in dividends received from EADS, as well as taxes paid to Lagardère SCA by the subsidiaries of the consolidated tax Group.

Net cash of €180 million was used in investing activities in the first half of 2012, including €178 million by Lagardère Media.

Net cash provided by financing activities came to €43 million, primarily reflecting the following:

- €190 million in dividends paid;
- €56 million worth of buybacks of minority interests, including €53 million for the 50% interest held by Socpresse in Société de Presse Féminine (SPF) under the agreement signed in 2007;
- an increase in debt of €288 million, including an amount of €320 million drawn down on the multicurrency syndicated loan which was offset by a €30 million decrease in Lagardère Active's external debt.

As a result of the above cash flows and the positive impact of changes in exchange rates (€7 million), cash and cash equivalents stood at €466 million at 30 June 2012, representing a decrease of €128 million over the period.

1.3.7.2 Net debt

Net debt breaks down as follows:

	30 June 2012	**31 Dec. 2011**
Short-term investments and cash and cash equivalents	620	737
Non-current debt	(2,146)	(1,843)
Current debt	(203)	(163)
Net debt	**(1,729)**	**(1,269)**

Changes in net debt during the first half of 2012 and the first half of 2011 were as follows:

	2012	2011
Net debt at 1 January	**(1,269)**	**(1,772)**
Total cash provided by (used in) operating and investing activities	(178)	285
(Acquisitions) disposals of minority interests	(56)	(20)
Dividends paid	(190)	(193)
Change in financial liabilities following measurement at fair value	-	(78)
Effect on cash of changes in exchange rates, consolidation scope and other	(36)	41
Net debt at 30 June	**(1,729)**	**(1,737)**

1.4 RELATED PARTIES

See Note 20 to the consolidated financial statements.

1.5 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

None.

1.6 UPDATE TO 2012 GUIDANCE

The second half of the year should benefit from a significant improvement in profitability after a first half performance that cannot be extrapolated to the full year, and which is traditionally weaker in terms of the Group's activity and results.

The recurring media EBIT target is therefore maintained under conditions indicated on 8 March: excluding the 3 items described below, at constant scope (excluding PMI and the Russian radio activities) and currency, recurring media EBIT in 2012 should be stable compared to 2011.

The 3 items excluded from the guidance, which relate to Lagardère Unlimited, are the following:

- the risk provision related to the IOC contract, for which €22m were booked in the first half ;
- the potentially positive settlement of the claim with the French Football Federation;
- the potentially positive settlement of the litigation with the Board of Control for Cricket in India.

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CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2012

(in millions of euros)		First-half 2012	First-half 2011	Full-year 2011
Net sales	*(Notes 3 and 4)*	3,389	3,724	7,657
Other income from ordinary activities		176	194	391
Revenues		3,565	3,918	8,048
Purchases and changes in inventories		(1,696)	(1,754)	(3,746)
Capitalised production		2	1	(4)
Production transferred to inventories		61	83	145
External charges		(961)	(1,141)	(2,202)
Payroll costs		(740)	(821)	(1,600)
Depreciation and amortisation other than on acquisition-related intangible assets		(109)	(117)	(224)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses		(16)	(26)	(84)
Restructuring costs	*(Note 5)*	(14)	(11)	(41)
Gains (losses) on disposals of assets and associated risks		-	10	17
Impairment losses on goodwill, property, plant and equipment and intangible assets	*(Note 6)*	(9)	-	(585)
Other operating expenses	*(Note 7)*	(24)	(28)	(62)
Other operating income	*(Note 8)*	8	19	47
Income (loss) from associates	*(Note 12)*	45	22	(198)
PROFIT (LOSS) BEFORE FINANCE COSTS AND TAX	*(Note 3)*	**112**	**155**	**(489)**
Financial income	*(Note 9)*	5	13	21
Financial expenses	*(Note 9)*	(45)	(58)	(116)
PROFIT (LOSS) BEFORE TAX		**72**	**110**	**(584)**
Income tax expense	*(Note 10)*	(24)	(66)	(105)
PROFIT (LOSS) FOR THE PERIOD		**48**	**44**	**(689)**
Attributable to:				
Owners of the parent		**36**	**28**	**(707)**
Minority interests		12	16	18
Earnings per share – Attributable to owners of the parent:				
Basic earnings per share (in €)	*(Note 11)*	*0.29*	*0.22*	*(5.56)*
Diluted earnings per share (in €)	*(Note 11)*	*0.28*	*0.22*	*(5.56)*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2012

(in millions of euros)	First-half 2012	First-half 2011	Full-year 2011
Profit (loss) for the period	**48**	**44**	**(689)**
Currency translation adjustments	36	(58)	-
Change in fair value of:			
derivative financial instruments	0	0	4
investments in non-consolidated companies	(1)	10	(2)
Actuarial gains and losses on pensions and other post-employment benefit obligations	(20)	(1)	(10)
Share of other comprehensive income (expense) of associates, net of tax(1)	(113)	192	(62)
Tax relating to components of other comprehensive income (expense) recognised in equity	6	(1)	2
Other comprehensive income (expense) for the period, net of tax	**(92)**	**142**	**(68)**
Total comprehensive income (expense) for the period	**(44)**	**186**	**(757)**
Attributable to:			
Owners of the parent	**(57)**	**170**	**(775)**
Minority interests	13	16	18

(1) This item relates chiefly to EADS and is mainly due to:
- (i) the impact of fair value remeasurements of currency hedging instruments, amounting to a negative €65 million, a positive €172 million and a negative €30 million at 30 June 2012, 30 June 2011 and 31 December 2011, respectively;
- (ii) the negative impact of actuarial gains and losses on pension benefit obligations of €50 million at 30 June 2012 and €43 million at 31 December 2011.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2012

(in millions of euros)		First-half 2012	First-half 2011	Full-year 2011
Profit (loss) for the period		**48**	**44**	**(689)**
Income tax expense		24	66	105
Finance costs, net		40	45	95
Profit (loss) before finance costs and tax		**112**	**155**	**(489)**
Depreciation and amortisation expense		121	143	305
Impairment losses, provision expense and other non-cash items		9	(12)	565
Gains on disposals of assets		-	(10)	(17)
Dividends received from associates		40	28	35
(Income) loss from associates		(45)	(22)	198
Changes in working capital		(191)	(278)	(170)
Cash flows from operations		**46**	**4**	**427**
Interest paid		(17)	(33)	(103)
Interest received		5	12	16
Income taxes paid		(32)	(41)	(83)
Net cash provided by (used in) operating activities	**(A)**	**2**	**(58)**	**257**
Cash used in investing activities				
Purchases of intangible assets and property, plant and equipment		(103)	(121)	(253)
Purchases of investments		(102)	(52)	(66)
Cash acquired through acquisitions		10	4	2
Purchases of other non-current assets		(15)	(6)	(35)
Total cash used in investing activities	**(B)**	**(210)**	**(175)**	**(352)**
Cash from investing activities				
Proceeds from disposals of non-current assets				
Intangible assets and property, plant and equipment		4	20	26
Investments		14	433	779
Cash transferred on disposals		-	57	22
Decrease in other non-current assets		2	8	13
Total cash from investing activities	**(C)**	**20**	**518**	**840**
Decrease in short-term investments	**(D)**	10	-	21
Net cash provided by (used in) investing activities	**(E) = (B)+(C)+(D)**	**(180)**	**343**	**509**
Total cash provided by (used in) operating and investing activities	**(F) = (A)+(E)**	**(178)**	**285**	**766**
Capital transactions				
Proceeds from capital increase by the parent		-	-	-
Minority interests' share in capital increases by subsidiaries		-	-	-
(Acquisitions) disposals of treasury shares		1	(2)	(3)
(Acquisitions) disposals of minority interests		(56)	(20)	(21)
Dividends paid to owners of the parent(*)		(166)	(167)	(167)
Dividends paid to minority shareholders of subsidiaries		(24)	(26)	(28)
Financing transactions				
Increase in debt		341	751	553
Decrease in debt		(53)	(939)	(1,104)
Net cash provided by (used in) financing activities	**(G)**	**43**	**(403)**	**(770)**
Other movements				
Effect on cash of changes in exchange rates		7	(19)	(8)
Effect on cash of reclassification of net cash as cash transferred on disposals		-	77	99
Effect on cash of other movements		-	(3)	(4)
Total other movements	**(H)**	**7**	**55**	**87**
Change in cash and cash equivalents	**(I) = (F)+(G)+(H)**	**(128)**	**(63)**	**83**
Cash and cash equivalents at beginning of the period		**594**	**511**	**511**
Cash and cash equivalents at end of the period	*(Note 14)*	**466**	**448**	**594**

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

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2012

ASSETS

(in millions of euros)		**30 June 2012**	**31 Dec. 2011**
Intangible assets		707	746
Goodwill		1,883	1,837
Property, plant and equipment		717	712
Investments in associates	*(Note 12)*	1,673	1,771
Other non-current assets		186	147
Deferred tax assets		184	184
Total non-current assets		**5,350**	**5,397**
Inventories		635	542
Trade receivables		1,121	1,276
Other current assets		1,102	963
Short-term investments	*(Note 13)*	74	83
Cash and cash equivalents	*(Note 14)*	546	654
Total current assets		**3,478**	**3,518**
Assets held for sale	*(Note 17)*	**-**	**13**
Total assets		**8,828**	**8,928**

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2012

EQUITY AND LIABILITIES

(in millions of euros)		**30 June 2012**	**31 Dec. 2011**
Share capital		800	800
Reserves		1,898	2,856
Profit (loss) attributable to owners of the parent		36	(707)
Equity attributable to owners of the parent		**2,734**	**2,949**
Minority interests		66	75
Total equity		**2,800**	**3,024**
Provisions for pensions and other post-employment benefit obligations		116	101
Non-current provisions for contingencies and losses		175	162
Non-current debt	*(Note 15)*	2,146	1,843
Other non-current liabilities		114	147
Deferred tax liabilities		141	143
Total non-current liabilities		**2,692**	**2,396**
Current provisions for contingencies and losses		304	317
Current debt	*(Note 15)*	203	163
Trade payables		1,556	1,613
Other current liabilities		1,273	1,415
Total current liabilities		**3,336**	**3,508**
Liabilities associated with assets held for sale		**-**	**-**
Total equity and liabilities		**8,828**	**8,928**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions of euros)	Share capital	Share premiums	Other reserves	Treasury shares	Translation reserve	Valuation reserve	**Equity attributable to owners of the parent**	Minority interests	**Total equity**
At 1 January 2011	**800**	**888**	**2,556**	**(204)**	**(32)**	**(122)**	**3,886**	**132**	**4,018**
Profit for the period			28				**28**	16	**44**
Other comprehensive income (expense) for the period (a)			(1)		(63)	205	**141**	1	**142**
Total comprehensive income (expense) for the period			**27**		**(63)**	**205**	**169**	**17**	**186**
Dividends paid			(167)				**(167)**	(26)	**(193)**
Minority interests' share in capital increases							**0**		**0**
Changes in treasury shares				(2)			**(2)**		**(2)**
Share-based payments			8				**8**		**8**
Effect of transactions with minority interests			(5)				**(5)**		**(5)**
Changes in consolidation scope and other			1				**1**	(48)	**(47)**
At 30 June 2011	**800**	**888**	**2,420**	**(206)**	**(95)**	**83**	**3,890**	**75**	**3,965**
At 1 January 2012	**800**	**880**	**1,631**	**(193)**	**(35)**	**(134)**	**2,949**	**75**	**3,024**
Profit for the period			36				**36**	12	**48**
Other comprehensive income (expense) for the period (a)			(64)		40	(69)	**(93)**	1	**(92)**
Total comprehensive income (expense) for the period			**(28)**		**40**	**(69)**	**(57)**	**13**	**(44)**
Dividends paid			(166)				**(166)**	(24)	**(190)**
Minority interests' share in capital increases							**0**		**0**
Changes in treasury shares				1			**1**		**1**
Share-based payments			7				**7**		**7**
Effect of transactions with minority interests							**0**	2	**2**
Changes in consolidation scope and other							**0**		**0**
At 30 June 2012	**800**	**880**	**1,444**	**(192)**	**5**	**(203)**	**2,734**	**66**	**2,800**

(a): see Note 16 to the consolidated financial statements.

Note 1 Accounting principles

The interim consolidated financial statements at 30 June 2012 have been prepared in compliance with IAS 34 – Interim Financial Reporting. The accompanying notes do not contain all the disclosures required for annual financial statements. These condensed financial statements should therefore be read in conjunction with the annual consolidated financial statements published for 2011.

With the exception of the amendments to IFRS 7 – Financial Instruments: Disclosures – Transfers of Financial Assets, no other new IFRS standards became mandatory from 1 January 2012. The financial statements for the period ended 30 June 2012 were therefore prepared in accordance with the same accounting standards as those used for the 2011 financial statements.

Note 2 Main changes in the scope of consolidation

The main changes in the scope of consolidation in the first half of 2012 – none of which had a material impact on the consolidated financial statements – were as follows:

- the sale of the joint venture held with Marie Claire in China on 1 February 2012. This transaction completed the divestment of the International Magazine Publishing business in 2011.
- the continued development of Lagardère Services in the airport sales business with the acquisition of UG-Air (Prague airport) and Airport Fashion (Geneva airport), which have been fully consolidated since 1 January 2012 and 1 March 2012, respectively; the creation of Lyon Duty Free in partnership with Aéroport de Lyon and the takeover of the Réunion airport concession in partnership with Servair, which have been accounted for by the equity method since 1 January 2012 and 1 March 2012, respectively;
- the acquisition within Lagardère Unlimited of the North American group Gaylord Sports Management, a sports representation agency for golf and baseball players, which has been fully consolidated since 1 January 2012.

In addition, on 7 May 2012 the Company, acting in the name and on behalf of its division Lagardère Active, made a voluntary contractual tender offer for all of the shares of LeGuide.com, an online shopping guide company listed on Alternext. Lagardère Active held 61.39% of the existing share capital at 28 June 2012. At the Annual General Meeting of LeGuide.com on 16 July 2012, the shareholders appointed a new Board of Directors, the composition of which reflects the control of Lagardère Active. In the balance sheet at 30 June 2012, the shares of LeGuide.com are recognised as investments in non-consolidated companies under non-current assets at their acquisition cost of €60 million. LeGuide.com will be fully consolidated from the second half of 2012.

Note 3 Segment information

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

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

At 30 June 2012 the Group also held:

- A 7.41% 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 a full range of services associated with these products.

- A 20% interest in the Canal+ France group which is no longer included within the scope of Lagardère Media.

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

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

Income statement for first-half 2012							
	Lagardère Publishing	**Lagardère Active**	**Lagardère Services**	**Lagardère Unlimited**	**Lagardère Media**	**EADS and Other Activities (*)**	**Total**
Net sales	920	451	1,821	214	**3,406**	-	**3,406**
Inter-segment sales	(15)	(1)		(1)	**(17)**	-	**(17)**
Consolidated net sales	**905**	**450**	**1,821**	**213**	**3,389**	**-**	**3,389**
Recurring operating profit (loss) before associates	**57**	**31**	**37**	**(13)**	**112**	(6)	**106**
Income from associates before impairment losses and amortisation of acquisition-related intangible assets	1	(1)	2	1	**3**	42	**45**
Recurring operating profit (loss)	**58**	**30**	**39**	**(12)**	**115**	**36**	**151**
Restructuring costs	-	(11)	(2)	(1)	**(14)**	-	**(14)**
Gains (losses) on disposals of assets and associated risks	1	-	(1)	-	**0**	-	**0**
Impairment losses(**)	-	(9)	-	-	**(9)**	-	**(9)**
fully consolidated companies	-	(9)	-	-	(9)	-	(9)
companies accounted for by the equity method							
Amortization of intangible assets	(1)	-	(5)	(6)	**(12)**	-	**(12)**
Acquisition-related expenses	-	(2)	(1)	(1)	**(4)**	-	**(4)**
Profit (loss) before finance costs and tax(*)	**58**	**8**	**30**	**(20)**	**76**	**36**	**112**
Finance costs, net	-	(3)	(2)	(6)	**(11)**	(29)	**(40)**
Profit (loss) before tax(*)	**58**	**5**	**28**	**(26)**	**65**	**7**	**72**
Items included in recurring operating profit (loss)							
Depreciation and amortisation of intangible assets and property, plant and equipment	(11)	(7)	(31)	(56)	**(105)**	(4)	**(109)**
Cost of stock option plans	(1)	(2)	(1)	-	**(4)**	(1)	**(5)**

(*) Including EADS: €42 million in net income from associates.
(**) Impairment losses on goodwill, property, plant and equipment and intangible assets.

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

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

Statement of cash flows for first-half 2012							
	Lagardère Publishing	**Lagardère Active**	**Lagardère Services**	**Lagardère Unlimited**	**Lagardère Media**	**EADS, Other Activities and eliminations**	**Total**
Cash flows from (used in) operations	(74)	52	5	49	32	14	**46**
Interest paid and received, income taxes paid	(17)	(39)	(15)	(8)	(79)	35	**(44)**
Net cash provided by (used in) operating activities	**(91)**	**13**	**(10)**	**41**	**(47)**	**49**	**2**
Cash used in investing activities	(15)	(73)	(55)	(65)	(208)	(2)	**(210)**
- Purchases of intangible assets and property, plant and equipment	*(11)*	*(5)*	*(42)*	*(43)*	*(101)*	*(2)*	***(103)***
- Purchases of investments	*(4)*	*(68)*	*(13)*	*(22)*	*(107)*	-	***(107)***
Proceeds from disposals of non-current assets	-	16	4	-	20	-	**20**
- Intangible assets and property, plant and equipment	-	*1*	*3*	-	*4*	-	***4***
- Investments	-	*15*	*1*	-	*16*	-	***16***
(Increase) decrease in short-term investments	-	-	10	-	10	-	**10**
Net cash used in investing activities	**(15)**	**(57)**	**(41)**	**(65)**	**(178)**	**(2)**	**(180)**
Total cash provided by (used in) operating and investing activities	**(106)**	**(44)**	**(51)**	**(24)**	**(225)**	**47**	**(178)**

Statement of cash flows for first-half 2011							
	Lagardère Publishing	**Lagardère Active**	**Lagardère Services**	**Lagardère Unlimited**	**Lagardère Media**	**EADS, Other Activities and eliminations**	**Total**
Cash flows from (used in) operations	(59)	29	39	1	10	(6)	**4**
Interest paid and received, income taxes paid	(28)	(43)	(7)	(14)	(92)	30	**(62)**
Net cash provided by (used in) operating activities	**(87)**	**(14)**	**32**	**(13)**	**(82)**	**24**	**(58)**
Cash used in investing activities	(21)	(10)	(42)	(88)	(161)	(14)	**(175)**
- Purchases of intangible assets and property, plant and equipment	*(14)*	*(7)*	*(37)*	*(50)*	*(108)*	*(13)*	***(121)***
- Purchases of investments	*(7)*	*(3)*	*(5)*	*(38)*	*(53)*	*(1)*	***(54)***
Proceeds from disposals of non-current assets	-	494	13	11	518	-	**518**
- Intangible assets and property, plant and equipment	-	*1*	*13*	*6*	*20*	-	***20***
- Investments	-	*493*	-	*5*	*498*	-	***498***
(Increase) decrease in short-term investments	-	-	-	-	-	-	**-**
Net cash provided by (used in) investing activities	**(21)**	**484**	**(29)**	**(77)**	**357**	**(14)**	**343**
Total cash provided by (used in) operating and investing activities	**(108)**	**470**	**3**	**(90)**	**275**	**10**	**285**

Balance sheet at 30 June 2012							
	Lagardère Publishing	**Lagardère Active**	**Lagardère Services**	**Lagardère Unlimited**	**Lagardère Media**	**EADS, Other Activities and eliminations**	**Total**
Segment assets	2,223	1,758	1,264	987	**6,232**	302	**6,534**
Investments in associates	19	256	11	4	**290**	1,383	**1,673**
Segment liabilities	(1,051)	(1,040)	(1,005)	(590)	**(3,686)**	8	**(3,678)**
Capital employed	**1,191**	**974**	**270**	**401**	**2,836**	**1,693**	**4,529**
Net debt							**(1,729)**
Equity							**2,800**

Balance sheet at 31 December 2011							
	Lagardère Publishing	**Lagardère Active**	**Lagardère Services**	**Lagardère Unlimited**	**Lagardère Media**	**EADS, Other Activities and eliminations**	**Total**
Segment assets	2,149	1,749	1,159	1,032	**6,089**	317	**6,406**
Investments in associates	18	259	15	5	**297**	1,474	**1,771**
Segment liabilities	(1,139)	(1,136)	(987)	(639)	**(3,901)**	4	**(3,897)**
Capital employed	**1,028**	**872**	**187**	**398**	**2,485**	**1,795**	**4,280**
Assets held for sale and associated liabilities							**13**
Net debt							**(1,269)**
Equity							**3,024**

Note 4 Net sales

	First-half 2012	First-half 2011
France	1,237	1,279
Other countries	2,152	2,445
Total	**3,389**	**3,724**

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

- first-half 2012 net sales to exclude companies consolidated for the first time during the period, and first-half 2011 net sales to exclude companies divested in 2012;
- first-half 2012 and first-half 2011 net sales based on first-half 2012 exchange rates.

Excluding the effect of changes in Group structure (-10%) and exchange rates (+1.2%), total net sales decreased by 0.2% from first-half 2011.

Note 5 Restructuring costs

Restructuring costs for the first half of 2012 totalled €14 million, including €11 million incurred by Lagardère Active, mainly as part of the ongoing cost streamlining programme, and €2 million by Lagardère Services for distribution activities.

For the first half of 2011, these costs totalled €11 million and were mainly incurred by Lagardère Unlimited (€7 million) and Lagardère Services (€3 million).

Note 6 Impairment losses on goodwill, property, plant and equipment and intangible assets

At 30 June 2012, impairment tests were only performed on assets for which an indication of impairment had been identified at that date. This led to the recognition of a loss of €9 million in the first half of 2012 which mainly related to the impairment of investment property in Italy, due to a lacklustre local property market.

The assets that were written down at 31 December 2011 were valued based on the post-tax discount rates used at that date, as set out in Note 10 to the 2011 consolidated financial statements.

Note 7 Other operating expenses

	First-half 2012	First-half 2011
Write-downs of assets	(18)	(18)
Provisions for contingencies and losses	(1)	-
Financial expenses other than interest	(1)	(2)
Other expenses	(4)	(8)
Total	**(24)**	**(28)**

Write-downs of assets totalled €18 million in both first-half 2012 and first-half 2011, and principally related to advances paid to writers by Lagardère Publishing.

Note 8 Other operating income

	First-half 2012	First-half 2011
Exchange gains	3	-
Provisions for contingencies and losses	-	13
Other income	5	6
Total	**8**	**19**

Note 9 Financial income and expenses

Financial income and expenses break down as follows:

	First-half 2012	First-half 2011
Interest income on loans	3	10
Investment income and gains on sales of marketable securities	2	3
Financial income	**5**	**13**
Interest expense on borrowings	(44)	(57)
Loss on financial derivative instruments acquired as hedges of net debt	(1)	(1)
Financial expenses	**(45)**	**(58)**
Total	**(40)**	**(45)**

Note 10 Income tax expense

Income tax expense breaks down as follows:

	First-half 2012	First-half 2011
Current taxes	(24)	(60)
Deferred taxes	-	(6)
Total	**(24)**	**(66)**

Note 11 Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

	First-half 2012	**First-half 2011**
Profit (loss) for the period attributable to owners of the parent (in millions of euros)	36	28
Number of shares making up the share capital at 30 June	131,133,286	131,133,286
Treasury shares	(3,705,043)	(4,167,948)
Number of shares outstanding at 30 June	127,428,243	126,965,338
Average number of shares outstanding during the period	**127,394,416**	**126,999,838**
Basic earnings per share – Attributable to owners of the parent (in €)	**0.29**	**0.22**
Dilutive stock options and free shares		
Stock options	-	-
Free shares	2,002,030	1,206,475
Average number of shares including dilutive stock options and free shares	**129,396,446**	**128,206,313**
Diluted earnings per share attributable to owners of the parent (in euros)	**0.28**	**0.22**

Note 12 Investments in associates

The Group's main associates are as follows:

	% interest		Balance sheet		Income statement	
	30 June 2012	**31 Dec. 2011**	**30 June 2012**	**31 Dec. 2011**	**First-half 2012**	**First-half 2011**
Canal+ France	20%	20%	1,197	1,197	0	0
Marie Claire	42%	42%	125	125	2	3
Amaury group	25%	25%	97	99	-	5
O.E.E. (Because)	25%	25%	16	16	-	0
Editions J'ai lu	35%	35%	15	15	-	0
S.D.A. (Société de Distribution Aéroportuaire)	42%	42%	9	14	2	2
SETC	49%	49 %	14	13	-	1
Other			15	15	(1)	2
Excluding EADS			**1,488**	**1,494**	**3**	**13**
EADS	7.41%	7.5%	185	277	42	9
Total			**1,673**	**1,771**	**45**	**22**

Canal+ France

At 30 June 2012, in the absence of any indication of impairment, the value in use of the investment in Canal+ France was maintained at €1,197 million, as estimated and recognised in the financial statements at 31 December 2011. The Group is not aware of any events that took place during the first half of 2012 that could have an impact on the future cash flows used to calculate the value of this investment at 31 December 2011. Consequently, Canal+ France's contribution to consolidated profit for the first half of 2012 has been offset by an impairment loss to write the investment down to its value in use of €1,197 million. The liquidity procedure provided for in the shareholder agreement signed on 4 January 2007 with the Vivendi group remained legally valid at 30 June 2012. However, due to the unfavourable environment on the financial markets, the initial public offering of the investment has been postponed.

Note 13 Short-term investments

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

	30 June 2012	31 Dec. 2011
Shares	24	25
Bonds	50	58
Total	**74**	**83**

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

Note 14 Cash and cash equivalents

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

	30 June 2012	31 Dec. 2011
Cash and cash equivalents	546	654
Short-term bank loans and overdrafts	(80)	(60)
Cash and cash equivalents, net	**466**	**594**

Note 15 Debt

15.1 Breakdown of debt

	30 June 2012	31 Dec. 2011
Bonds	1,342	1,344
Bank loans	760	460
Finance lease liabilities	1	1
Debt related to put options granted to minority shareholders	28	24
Other debt	15	14
Non-current debt	**2,146**	**1,843**
Bonds	-	-
Bank loans	27	13
Finance lease liabilities	1	1
Debt related to put options granted to minority shareholders	-	4
Other debt	175	145
Current debt	**203**	**163**
Total debt	**2,349**	**2,006**

15.2 Analysis of debt by maturity

Maturity **Total**	30 June 2013(*)	30 June 2014	30 June 2015	30 June 2016	30 June 2017	Over 5 years	Total
Bonds		254	991	97			**1,342**
Bank loans	27			760			**787**
Finance lease liabilities	1	1					**2**
Debt related to put options granted to minority shareholders			1	8	8	11	**28**
Other debt	175	4	3	2		6	**190**
At 30 June 2012	**203**	**259**	**995**	**867**	**8**	**17**	**2,349**

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

Note 16 Components of other comprehensive income (expense)

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

First-half 2012 *(in millions of euros)*	**Other reserves**	**Translation reserve**	**Valuation reserve**	**Equity attributable to owners of the parent**	**Minority interests**	**Total equity**
Currency translation adjustments		**35**		**35**	**1**	**36**
Change in fair value of:						
derivative financial instruments			**0**	**0**		**0**
- unrealised gains and losses recognised directly in equity			1	1		1
- amounts recycled from equity to profit			(1)	(1)		(1)
investments in non-consolidated companies			**(1)**	**(1)**		**(1)**
- unrealised gains and losses recognised directly in equity			(1)	(1)		(1)
- amounts recycled from equity to profit			-	-		-
Actuarial gains and losses on pensions and other post-employment benefit obligations	(20)			**(20)**		**(20)**
Share of other comprehensive income (expense) of associates, net of tax*	(50)	5	(68)	**(113)**		**(113)**
Tax relating to components of other comprehensive income (expense) recognised in equity	6			**6**		**6**
Other comprehensive income (expense) for the period, net of tax	**(64)**	**40**	**(69)**	**(93)**	**1**	**(92)**

(*): only concerns the EADS group.

First-half 2011 *(in millions of euros)*	Other reserves	Translation reserve	Valuation reserve	Equity attributable to owners of the parent	Minority interests	Total equity
Currency translation adjustments		**(59)**		**(59)**	**1**	**(58)**
Change in fair value of:						
derivative financial instruments			**0**	**0**		**0**
- unrealised gains and losses recognised directly in equity			(4)	(4)		(4)
- amounts recycled from equity to profit			4	4		4
investments in non-consolidated companies			**10**	**10**		**10**
- unrealised gains and losses recognised directly in equity			10	10		10
- amounts recycled from equity to profit			-	-		-
Actuarial gains and losses on pensions and other post-employment benefit obligations	(1)			**(1)**		**(1)**
Share of other comprehensive income (expense) of associates, net of tax*		(4)	196	**192**		**192**
Tax relating to components of other comprehensive income (expense) recognised in equity			(1)	**(1)**		**(1)**
Other comprehensive income (expense) for the period, net of tax	**(1)**	**(63)**	**205**	**141**	**1**	**142**

(*): only concerns the EADS group.

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

	First-half 2012		
(in millions of euros)	Before tax	Tax	After tax
Currency translation adjustments	36	-	**36**
Change in fair value of:			
- derivative financial instruments	0	-	**0**
- investments in non-consolidated companies	(1)	-	**(1)**
Actuarial gains and losses on pensions and other post-employment benefit obligations	(20)	6	**(14)**
Share of other comprehensive income (expense) of associates, net of tax*	(113)	-	**(113)**
Other comprehensive income (expense) for the period	**(98)**	**6**	**(92)**

(*): only concerns the EADS group.

	First-half 2011		
(in millions of euros)	**Before tax**	**Tax**	**After tax**
Currency translation adjustments	(58)	-	**(58)**
Change in fair value of:			
- derivative financial instruments	0	-	**0**
- investments in non-consolidated companies	10	(1)	**9**
Actuarial gains and losses on pensions and other post-employment benefit obligations	(1)	-	**(1)**
Share of other comprehensive income (expense) of associates, net of tax*	192	-	**192**
Other comprehensive income (expense) for the period	**143**	**(1)**	**142**
(*): only concerns the EADS group.			

Note 17 Assets held for sale and associated liabilities

At 31 December 2011, the value of Lagardère's interest in the joint venture set up with Marie Claire in China was classified under "Assets held for sale". This joint venture was the last entity of the International Magazine Publishing business that had not been sold at that date. It was subsequently sold on 1 February 2012.

Note 18 Contractual obligations and commitments given

The main changes in first-half 2012 compared to the commitments presented in Notes 33 and 34 to the consolidated financial statements at 31 December 2011 were as follows:

- *Lagardère Unlimited*

  - at 30 June 2012, the minimum payments guaranteed under long-term contracts for sports rights sales totalled €1,024 million, compared to €1,148 million at 31 December 2011;

  - at 30 June 2012, commitments received under contracts signed with distributors and partners totalled €1,202 million compared to €1,119 million at 31 December 2011.

- *Lagardère Services*

  On 28 June 2012, two first-demand bank guarantees for an aggregate maximum amount of €253 million were issued at the request of Lagardère Services in favour of Aeroporti di Roma (ADR). The purpose of these guarantees is to secure certain commitments made by Aelia (a subsidiary of Lagardère Services) in respect of ADR as part of its bid for the entire share capital of ADR Retail, a fully-owned subsidiary of ADR which operates duty free and duty paid concessions at Rome's two major airports. ADR accepted Aelia's bid on 4 July 2012. Subject to the fulfilment of certain conditions precedent, the transaction should be finalised during the second half of 2012.

Note 19 Litigation

Dispute with ABN AMRO

This dispute is described in Note 35 to the consolidated financial statements at 31 December 2011.

Following the events reported therein, ABN AMRO has appealed the decision handed down by the Paris Court of Appeal on 13 March 2012 before the *Cour de Cassation*.

Action by Crédit Mutuel group companies against Lagardère and Natixis

This dispute is described in Note 35 to the consolidated financial statements at 31 December 2011.

Following the events reported therein, on 10 July 2012 the *Cour de Cassation* annulled the decision handed down by the Court of Appeal on 28 April 2011 on procedural grounds and referred the case back to the Paris Court of Appeal for retrial by a different panel of judges.

Competition investigations in the digital books market

These investigations are described in Note 35 to the consolidated financial statements at 31 December 2011.

Following the events reported therein, in April 2012 Hachette Book Group, like other publishers concerned by the investigation of the US Department of Justice (DOJ), accepted the DOJ's proposed settlement (without acknowledging any violation of the law), particularly in view of the costs that would be incurred in the event of a lawsuit. Under the proposed settlement, which consists of behavioural commitments for the future, the publishers undertake in particular to allow their distribution agents to offer price discounts to consumers on digital books for a period of two years, within the limit of the aggregate annual amount of their commission. The complaint filed by the DOJ and the proposed settlement to solve the matter were both published on 11 April 2012, marking the start of the 60-day period for receiving third-party comments. The proposed settlement was presented to the Federal District Court for the Southern District of New York for approval on 3 August 2012. Following the observations and replies from the DOJ and the parties concerned, the Court should rule on this matter in September 2012.

The complaint filed by certain state Attorneys General against a group of publishers was also published on 11 April 2012. On the same day, Hachette Book Group reached an agreement in principle for a settlement with the offices of the Texas and Connecticut Attorneys General. Consequently, a complete draft settlement, open to all 50 states, was signed on 11 June 2012 with the representatives of Texas, Connecticut and Ohio. This settlement provides for the payment by Hachette Book Group of certain amounts to be divided between the consumers (within the limit of USD 32.25 million) and the authorities of participating states, in addition to various expenses, without any admission of liability on Hachette Book Group's behalf. This settlement would have the effect of ending the US class action currently in progress with regard to the consumers of participating states who have not exercised their right to opt out. Almost all of the states opted to participate in this settlement, which has been submitted to a federal state judge for preliminary approval. The judge is expected to rule on this settlement in September 2012. If preliminary approval is granted, it should be followed by a period during which the consumers in question may exercise their right to opt out or claim compensation, followed by a request for final approval which should be submitted in December 2012.

There were no significant developments in class actions in progress in the United States or Canada during the first half of 2012.

In Europe, the procedure launched by the European Commission is still at the investigation phase. Discussions are ongoing between Lagardère Publishing and the Commission, particularly in relation to a possible negotiated outcome, which, if it came about, would take the form of behavioural commitments undertaken by the publishers concerned, without any admission of liability on their behalf and without any fine being imposed. The EU Commissioner for Competition has expressed his desire to reach an outcome in Europe by the end of the year similar to the settlement reached with the DOJ in the United States.

Swiss Competition Commission launches investigation

This investigation is described in Note 35 to the consolidated financial statements at 31 December 2011.

Following the events reported therein, on 14 August 2012 the Secretariat of the Swiss Competition Commission (Comco) submitted a draft decision to the companies concerned. This document concludes that there are various illegal agreements, as defined under Swiss competition law, within the French language books sector in Switzerland and advises the Comco to fine each distributor (including Diffulivre and OLF) and to take certain measures to remove the alleged obstacles to competition. The companies concerned will have the opportunity to defend their case. In principle, the Secretariat will then transfer its draft decision to the Comco for a final decision. This decision may then be appealed, including by suspensive appeal, before the Swiss Federal Administrative Court.

Other litigation

There were no other important developments in the disputes described in Note 35 to the consolidated financial statements at 31 December 2011.

Note 20 Related parties

During the first half of 2012, no new transactions were undertaken by the Lagardère group with related parties other than those described in Note 36 to the consolidated financial statements at 31 December 2011.

3 - STATUTORY AUDITORS' REPORT

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

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S.A. au capital de € 8.320.000

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Membre de la compagnie
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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Lagardère S.C.A.

Period from January 1 to June, 30, 2012

Statutory Auditors' Review Report on the First Half-yearly Financial Information for 2012

To the Shareholders,

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

- the limited review of the accompanying condensed half-yearly consolidated financial statements of Lagardère S.C.A., for the period from January 1 to June 30, 2012, and
- the verification of the information contained in the interim management report.

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

1. Conclusion on the financial statements

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

Based on our limited review, nothing has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.
Without calling into question the conclusion expressed above, we draw your attention to the following matters:

- Note 12 to the condensed half-yearly consolidated financial statements, which describes why the investment in Canal + France, consolidated using the equity method, has been maintained at its value in use;

- The value of the assets of the Lagardère Unlimited branch, as presented in Note 3 “Segment information”, which, as was already the case at December 31, 2011, still depends on the conditions in which current contracts will be completed, the ability to renew these contracts or to win new ones, as well as the related margin conditions.

2. Specific verification

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

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

French original signed at Courbevoie and Paris-La Défense on August 30, 2012

By the statutory auditors

Mazars	Ernst & Young et Autres
Bruno Balaire	Jeanne Boillet

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

We hereby declare that, to the best of our knowledge, the condensed interim consolidated financial statements for the first half of 2012 have been prepared in compliance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the entities included in the consolidation, and that the accompanying interim management report presented on pages 1 to 13 provides a fair view of the significant events of the first six months of the year, their impact on the financial statements, the principal related party transactions and a description of the main risks and uncertainties for the remaining six months of the year.

The Statutory Auditors' report on the 2011 consolidated financial statements for the year ended 31 December 2011 contains two observations:

- one concerning Note 10 to the consolidated financial statements related to impairment losses on goodwill and intangible fixed assets, especially with regard to Lagardère Unlimited;
- the other concerning Note 19 to the consolidated financial statements, which presents the accounting treatment used at 31 December 2011 for the investment in Canal+ France.

The Statutory Auditors' report on the 2012 condensed interim consolidated financial statements presented on page 38 of the 2012 interim financial report contains two observations:

- one concerning Note 12 to the condensed half-yearly consolidated financial statements, which describes why the investment in Canal + France, consolidated using the equity method, has been maintained at its value in use;
- the other concerning the value of the assets of the Lagardère Unlimited branch, as presented in Note 3 “Segment information”, which, as was already the case at December 31, 2011, still depends on the conditions in which current contracts will be completed, the ability to renew these contracts or to win new ones, as well as the related margin conditions.

Paris, 30 August 2012

Arnaud Lagardère

For Arjil Commanditée-Arco

Arnaud Lagardère - Pierre Leroy