2016 INTERIM FINANCIAL REPORT

CONTENTS

1 - 2016 INTERIM MANAGEMENT REPORT

2 - CONSOLIDATED FINANCIAL STATEMENTS

3 - STATUTORY AUDITORS' REPORT

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

1 - 2016 INTERIM MANAGEMENT REPORT

The Lagardère group is a global leader in content production, publishing, broadcasting and distribution, whose powerful brands leverage its virtual and physical networks to attract and enjoy qualified audiences. The Group's business model relies on creating a lasting and exclusive relationship between the content it offers and its customers. Operating in some 40 countries, Lagardère has four business lines.

Lagardère Publishing includes the Group's Book Publishing and e-Publishing businesses, which cover such areas as Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works and Distribution.
Lagardère Travel Retail consists of retail operations in travel areas and concessions in three fields: Travel Essentials, Duty Free & Fashion, and Foodservice.
Lagardère Active encompasses the Press, Audiovisual (Radio, Television, Audiovisual Production), Digital and Advertising Sales Brokerage businesses.
Lagardère Sports and Entertainment is a pre-eminent Sports and Entertainment agency with a global network of local experts dedicated to delivering innovative solutions to its clients.

° °
°

1.1 SIGNIFICANT EVENTS OF THE FIRST HALF OF 2016

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. Pierre Leroy and Thierry Funck-Brentano reappointed as Co-Managing Partners of Lagardère SCA

Pursuant to the recommendation of the General and Managing Partners (Arnaud Lagardère and Arjil Commanditée-Arco) approved on 9 March 2016 by the Supervisory Board, the corporate officers representing Arjil Commanditée-Arco, which has been re-appointed as Managing Partner of Lagardère SCA for a six-year term, are as of that date and for the same term:

- Arnaud Lagardère, Chairman and Chief Executive Officer;
- Pierre Leroy, Deputy Chairman and Chief Operating Officer;
- Thierry Funck-Brentano, Chief Operating Officer.

Pierre Leroy and Thierry Funck-Brentano are therefore, in their above capacities, Co-Managing Partners of Lagardère SCA.

1.1.2. Group Finance Department

On 9 March 2016, it was announced that the Chief Financial Officer Dominique D'Hinnin would be leaving the Group and would be replaced by Bruno Balaire, Statutory Auditor of the Group until the 2013 audit.

In May 2016, the French financial markets authority (*Autorité des marchés financiers* – AMF) informed the Group that pursuant to the rules concerning the minimum period that must elapse between the end date of a Statutory Auditor's appointment and the date on which he or she may hold certain duties at a company previously audited by him or her, and those resulting from the enactment into French law in 2016 of a 2014 European directive, that the appointment of Bruno Balaire did not appear to comply with the applicable regulations, notwithstanding the circumstances under which it took place.

To prevent the proceedings that could arise on the basis of the AMF's allegations that Bruno Balaire's appointment could "impair investor protection or interfere with orderly markets", the

Group decided to replace Bruno Balaire with Gérard Adsuar, Deputy Chief Financial Officer since 2011, with effect from 1 June 2016 (see the press release dated 27 May 2016).

1.1.3. Main changes in the scope of consolidation

See note 2 to the consolidated financial statements for the six months ended 30 June 2016.

1.1.4. Disposal by Lagardère Travel Retail of its Belgian Distribution businesses

On 4 February 2016, Lagardère Travel Retail's subsidiary Lagardère Services Distribution signed an agreement to sell its Belgian distribution and integrated retail subsidiaries to Bpost group. The two parties will also enter into a franchising agreement for the operation of the Lagardère group's brands such as Relay, Hubiz and So! Coffee in Belgium. The businesses covered by this planned divestment generated consolidated revenue of €431 million in 2015.
The closing of the transaction is subject to clearance from the competition authorities.

1.1.5. Acquisition of the publishing business of Perseus Books Group

On 29 February 2016, Lagardère Publishing's US division, Hachette Book Group, signed an agreement to acquire the publishing business of Perseus Books, an American publishing group, from investment firm Centre Lane Partners.

The US competition authorities did not object to the operation and the agreement was finalized on 1 April 2016.

In parallel, the Ingram Content group acquired the Perseus Book Group's circulation and distribution business. The transaction was also completed on 1 April 2016.

1.1.6. Successful bond issue

On 6 April 2016, Lagardère successfully launched €500 million worth of seven-year bonds maturing in April 2023 and paying an annual coupon of 2.75%.
The order book reached a total of €2,700 million, meaning the issue was 5.4 times oversubscribed.
The issue's success illustrates investor confidence in the Lagardère group's strategy and in the soundness of the company's financial profile.
The proceeds of the issue were used to refinance the bridge loan subscribed for the acquisition of Paradies, as well as for general corporate purposes. The issue enables Lagardère to extend the average maturity of its debt profile.

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

A general presentation of risks and uncertainties can be found in Chapter 3, "Risk factors", of the 2015 Reference Document, filed with the AMF on 1 April 2016.

Significant developments in disputes since the 2015 Reference Document was filed are set out, in particular, in note 19 to the consolidated financial statements for the six months ended 30 June 2016.

1.3 COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2016

Lagardère's Operating Activities are carried out through four divisions: Lagardère Publishing, Lagardère Travel Retail, Lagardère Active and Lagardère Sports and Entertainment.

Business is also carried out through "Other Activities", which correspond to activities not directly related to the four operating divisions.

The main changes in the scope of consolidation during the first half of 2016 are described in note 2 to the consolidated financial statements.

1.3.1. Consolidated income statement

Income statement			
	First-half 2016	**First-half 2015**	**Full-year 2015**
Revenue	**3,431**	**3,304**	**7,193**
Recurring operating profit of fully consolidated companies*(*)*	101	122	378
Income from equity-accounted companies*(**)*	4	1	11
Non-recurring/non-operating items	(11)	(72)	(215)
Profit before finance costs and tax	**94**	**51**	**174**
Finance costs, net	(16)	(26)	(66)
Income tax expense	(23)	(6)	(37)
Profit for the period	**55**	**19**	**71**
Attributable to:			
- Owners of the Parent	*44*	*9*	*74*
- Minority interests	*11*	*10*	*(3)*

(*) Recurring operating profit of fully consolidated companies is defined as profit before finance costs and tax excluding the following income statement items:

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

(**) Before impairment losses

In the first half of 2016, the Lagardère group delivered consolidated revenue of €3,431 million, up 3.8% on a reported basis and up 0.5% based on constant Group structure and exchange rates (like-for-like). The like-for-like growth in revenue over the period was mainly driven by the continued growth momentum in Travel Retail. In contrast, Lagardère Sports and Entertainment was hit as expected by the cyclical effect of football tournament scheduling in Africa and Asia. Similarly, Lagardère Active posted a subdued performance, affected by an unfavourable comparison effect in TV Production and the continued downturn in Magazine Publishing. Lagardère Publishing revenue remained virtually stable year-on-year, as the good performance in France and Spain and in Partworks offset the contraction in English-speaking countries.

The difference between reported and like-for-like figures mainly reflects a €153 million positive impact of changes in Group structure. The difference stems chiefly from acquisitions made by Lagardère Travel Retail (particularly Paradies in the US in late October 2015), by Lagardère Active (Spanish TV producer Grupo Boomerang in May 2015) and by Lagardère Publishing (North American publisher Perseus Books in April 2016). These impacts were partly offset by the disposal of press distribution operations by Lagardère Travel Retail (particularly in Switzerland in February 2015 and in Spain in February 2016).
Changes in exchange rates (calculated based on an average rate for the period) had a €42 million negative impact, owing mainly to the depreciation in the pound sterling against the euro (€17 million negative impact).

First-half revenue at Lagardère Publishing came in at €970 million, up 0.3% on a reported basis and down 0.2% like-for-like. Relative to first-half 2015, data on a consolidated basis should be adjusted to reflect (i) an €18 million negative foreign exchange impact mainly related to the depreciation in the pound sterling, and (ii) a €22 million positive Group structure impact, related primarily to the consolidation of Perseus Books.

In France, business grew 2.5% on the back of good momentum in General Literature with the commercial success of paperbacks such as *Grey* by E.L. James and *After* by Anna Todd, along with fiction and non-fiction titles including *Vous n'aurez pas ma haine* by Antoine Leiris, *La puissance de la joie* by Frédéric Lenoir, *Vivez mieux et plus longtemps* by Michel Cymes and *Simplissime* by Jean-François Mallet. Distribution revenue also enjoyed a good start to the year, thanks to the contribution of third party publishers.
In the United Kingdom, the 4.7% downturn in sales results primarily from negative comparison effects with first-half 2015, as a less eventful program dragged down printed and e-book sales. E-book sales were also hit by a return to an agency contract model with distributors.
In the United States, the 6.6% decline in activity in terms of both printed and e-book sales was attributable to a less intensive new release schedule than in first-half 2015 (shaped by an eventful film season based around *The Longest Ride* by Nicholas Sparks and three new releases from James Patterson). However, Distribution activities for third party publishers performed well.
The Spain/Latin America region posted an 11.9% rise in revenue, thanks to early shipment of textbooks in Spain.
Partworks continued to advance (up 9%), driven by successful launches of collections in 2015 and early 2016, especially in Japan, the UK and Italy.
The transition to e-books is still mainly observed in English-speaking markets, essentially in the General Literature segment. In the US, where the e-book market is declining (confirming the slowdown seen since early 2014), the proportion of revenue from e-books was virtually stable year-on-year, at 23% of Trade revenue versus 24% in first-half 2015. In the UK amid a shrinking market, e-books accounted for 19% of Trade revenue versus 22% in the six months to 30 June 2015.
In first-half 2016, the contribution of e-books to Lagardère Publishing's overall revenue fell to 9.2%, versus 10.7% in first-half 2015.

Lagardère Travel Retail posted €1,790 million in revenue in first-half 2016, up 9.1% on a reported basis and up 5.4% like-for-like. The difference between reported and like-for-like data reflects the €93 million positive impact of changes in Group structure described above, partially offset by a €22 million negative foreign exchange impact.

The momentum in the Travel Retail business, which was up 7.8% on a like-for-like basis, boosted the division's performance during the period. In France, business was stable (up 0.3%) owing to the development of the network (particularly in hospitals and railway stations), hit by the impact of terrorist attacks on tourist activities.
Elsewhere in Europe, business enjoyed robust 12.0% growth, thanks mainly to (i) the continued ramp-up of Italian operations (up 8.4%) fuelled by growth in traffic and new sales outlet openings, and (ii) the start-up of operations in Iceland and Luxembourg. Fast-paced growth in Poland (up 29.0%) is being driven by new sales outlet openings, particularly at Warsaw's Terminal 1. Romania also posted strong growth (up 24.4%), lifted by the rise in tobacco prices, as well as the Czech Republic (up 5.0%), despite the impact of reduced spending by Russian passengers in Duty Free businesses.
Revenue in North America grew by 5.1% on the back of network expansion in airports such as Los Angeles and Dallas and good performances across the existing network.
The Asia-Pacific region also enjoyed strong 15.0% revenue growth both in Asia, with a robust performance from fashion sales outlets in China, and in the Pacific region, with the launch of Duty Free operations in Auckland airport as of July 2015.
Distribution and integrated retail revenue slipped 3.1% over the six months to 30 June 2016, hit once again by discontinued export sales in Hungary.

First-half revenue at Lagardère Active was down 0.5% on a reported basis and 7.4% like-for-like, at €436 million. The difference between the two figures corresponds to a €31 million positive Group structure impact, mainly reflecting the consolidation of Grupo Boomerang TV's audiovisual production operations in Spain.

Magazine Publishing revenue was down 6.8% as advertising revenue contracted by 10.4% despite circulation revenue proving resilient.
The Radio segment had a good first half, up 3.4% on the back of robust growth in musical radio both in France (up 11.2%) and internationally (up 2.7%).
As expected, Television (special-interest channels and TV Production) declined sharply in the first half (down 17.1%) owing to TV Production, hurt by an adverse comparison effect after bullish sales of rights and a favourable delivery schedule in first-half 2015.
Excluding LeGuide.com, which remains in decline (down 24%), pure digital and BtoB revenue rose 8.4%.
Advertising sales fell 3.3% for the division as a whole.

Lagardère Sports and Entertainment revenue came in at €235 million, down 9.0% on a reported basis and 11.7% like-for-like. The difference between reported and like-for-like figures is attributable to a €7 million positive Group structure impact related to the marketing and consulting activities acquired in Europe in second-half 2015.
Like-for-like revenue trends reflect a particularly unfavourable calendar effect in the period, as two major football championships had been held in 2015: one in Africa (Orange Africa Cup of Nations) and the other in Asia (AFC Asian Cup). Excluding the cyclical impact of the sporting calendar, revenue grew thanks mainly to a good performance from football businesses in the UK and France.

Recurring operating profit of fully consolidated companies amounted to €101 million, down €21 million on first-half 2015 (€122 million). Movements in this item can by analysed as follows for each division:

- Lagardère Publishing reported €36 million in recurring operating profit of fully consolidated companies, stable on the same prior-year period. Strong profitability gains in the US attributable to disciplined cost management, and robust earnings from Partworks, offset the first-half decline in e-book sales in the UK and expenses incurred in connection with curricular reform in France.

- Lagardère Travel Retail delivered recurring operating profit of fully consolidated companies of €36 million, up €6 million on first-half 2015. Distribution declined by €6 million following the disposal of operations in Switzerland, the US and Spain. Travel Retail was up by €12 million, buoyed by the consolidation of new activities including Paradies, although this was dented by the impact of new activities starting up in New Zealand and new platform launch costs, particularly in Poland. Despite the impact of terrorist attacks on tourism, estimated at a negative €4 million over the six-month period, Travel Retail delivered a strong performance in Europe, particularly in Italy and the Netherlands.
- Lagardère Active reported €33 million in recurring operating profit of fully consolidated companies over the period, stable compared with first-half 2015. Besides the contribution of newly consolidated Grupo Boomerang TV, the impact of cost-cutting plans rolled out helped offset downbeat trends in Magazine Publishing and the contraction in Lagardère Studios business owing to the impact of delivery scheduling discussed above.
- Lagardère Sports and Entertainment reported recurring operating profit of fully consolidated companies of €5 million compared with €32 million in the same prior-year period, due to the unfavourable calendar effect described above. Underlying profitability improved in the division's other businesses in line with the recovery plan.
- Other Activities reported a €9 million recurring operating loss of fully consolidated companies, stable on first-half 2015.

Income from equity-accounted companies (before impairment losses) came in at €4 million in first-half 2016, up from €1 million in first-half 2015, lifted by a higher contribution from the Marie Claire group.

Non-recurring/non-operating items included in profit before finance costs and tax represented a net loss of €11 million in the first half of 2016, comprising:

- €74 million in restructuring costs, including €52 million for Lagardère Active essentially relating to voluntary redundancy plans rolled out in first-half 2016 in the Magazine Publishing and Advertising Sales divisions in France, and €10 million for Lagardère Travel Retail corresponding mainly to the reorganisation of North American operations following the late-2015 acquisition of Paradies. The remaining balance concerns (i) Other Activities (€8 million) as a result of winding up a non-operating entity and employee-related costs, (ii) Lagardère Publishing (€2 million) and (iii) Lagardère Sports and Entertainment (€2 million);
- €39 million in impairment losses recognised against property, plant and equipment and intangible assets, including €32 million attributable to Lagardère Active due to the write-down of almost all goodwill relating to the LeGuide group, and €3 million attributable to Lagardère Travel Retail in respect of property, plant and equipment;
- €37 million in amortisation of intangible assets and costs relating to the acquisition of consolidated companies, including €32 million for Lagardère Travel Retail, €3 million for Lagardère Publishing and €2 million for Lagardère Sports and Entertainment;
- €129 million in net capital gains on disposals, including €106 million on the sale by Lagardère Media (Other Activities) of an office building leased to third parties, and €20 million booked by Lagardère Publishing, including on the sale of its 50% holding in Harlequin, along with a capital gain on the sale of part of the holding in Yen Press in the US. The remaining balance mainly corresponds to the capital gain booked by Lagardère Active on the disposal of its shares in SETC (€5 million), the publisher of Télécâble Sat Hebdo;
- fair value adjustments due to changes in control, representing a positive impact of €10 million. This includes €8 million relating to Lagardère Publishing following the sale of part of its holding in Yen Press (the remaining 49% holding is now carried at fair value).

In first-half 2015, non-recurring/non-operating items represented a net loss of €72 million, comprising (i) restructuring costs for €35 million, (ii) impairment losses for €30 million, relating primarily to the partial write-down of LeGuide group goodwill at Lagardère Active, (iii) amortisation of intangible assets and costs relating to the acquisition of fully consolidated companies for €26 million, and (iv) net capital gains on disposals totalling €19 million.

As a result of the above, consolidated profit before finance costs and tax for the first half of 2016 came out at €94 million, versus €51 million in first-half 2015.

Net finance costs totalled €16 million for first-half 2016, down €10 million on first-half 2015 owing to the favourable impact of the sale of all Deutsche Telekom shares and the decrease in the average cost of the Group's debt.

Income tax expense was €23 million for the six months to 30 June 2016 versus €6 million in first-half 2015. The increase mainly relates to the sale of a building in France.

The portion of profit attributable to minority interests was €11 million for first-half 2016, versus €10 million for the first six months of 2015. The increase in this item results chiefly from the consolidation of Paradies minority interests by Lagardère Travel Retail, offset by lower earnings for Lagardère Sports Asia after fewer sporting events than in the prior-year period.

1.3.2. Consolidated statement of cash flows

Consolidated statement of cash flows			
	First-half 2016	**First-half 2015**	**Full-year 2015**
Cash flows from operations before changes in working capital	181	168	447
Changes in working capital	(153)	(97)	180
Cash flows from operations	**28**	**71**	**627**
Interest paid and received, and income taxes paid*(*)*	(36)	(26)	(103)
Net cash from (used in) operating activities	**(8)**	**45**	**524**
Cash used in investing activities	(222)	(219)	(827)
– Purchases of intangible assets and property, plant and equipment	*(133)*	*(133)*	*(259)*
– Purchases of investments	*(89)*	*(86)*	*(568)*
Proceeds from disposals	241	(104)	(50)
– Disposals of intangible assets and property, plant and equipment	*188*	*4*	*9*
– Disposals of investments	*53*	*(108)*	*(59)*
(Increase) decrease in short-term investments	45	-	-
Net cash from (used in) investing activities	**64**	**(323)**	**(877)**
Net cash from (used in) operating & investing activities	**56**	**(278)**	**(353)**
Net cash from (used in) financing activities	**(224)**	**124**	**375**
Other movements	(2)	3	(3)
Change in cash and cash equivalents	**(170)**	**(151)**	**19**
(*) Including tax on dividends paid in an amount of €5 million in first-half 2016 and first-half 2015.			

1.3.2.1 Cash from (used in) operating and investing activities

In first-half 2016, cash flows from operations before changes in working capital totalled €181 million, up €13 million on the same prior-year period. This increase came despite lower recurring operating profit and results from the combined impact of a rise in depreciation, amortisation and provision expense and an increase in dividends received from equity-accounted companies.

Changes in working capital, typically negative in the first half, represented a higher negative year-on-year amount of €153 million compared to a negative €97 million in first-half 2015. This year-on-year decline is attributable to Lagardère Travel Retail (deconsolidation of Distribution entities and development of new Travel Retail businesses) and to Lagardère Sports and Entertainment due to non-recurring items (payment of the indemnity relating to the cricket dispute in India and adverse impact of the IOC contract terminating in mid-2016).

Interest paid (net of interest received) in first-half 2016 was €9 million versus €5 million in the same prior-year period. Income taxes paid represented €27 million compared to €21 million in first-half 2015.

Operating activities therefore represented a net outflow of €8 million in the six-month period compared with a net inflow of €45 million in first-half 2015.

In the first half of 2016, purchases of intangible assets and property, plant and equipment totalled €133 million, primarily relating to Lagardère Travel Retail in line with its growth strategy, and Lagardère Sports and Entertainment (purchase of sporting rights). In first-half 2015, this item was also €133 million and related mainly to Lagardère Travel Retail, Lagardère Sports and Entertainment and Lagardère Publishing.
Purchases of investments amounted to €89 million in the six months to 30 June 2016 and related to the acquisition of North American publisher Perseus by Lagardère Publishing and, to a lesser extent, earn-out payments by Lagardère Sports and Entertainment.

Disposals of intangible assets and property, plant and equipment represented cash inflows of €188 million in first-half 2016, essentially relating to the sale by Lagardère Media (Other Activities) of an office building leased to third parties and, to a lesser extent, the sale of a building in Spain by Lagardère Publishing.
Disposals of financial assets and short-term investments represented a cash inflow of €98 million in the period and chiefly related to completion of the sale of Deutsche Telekom shares, and to the sale by Lagardère Publishing of its holding in Harlequin and part of its holding in Yen Press. Disposals of investments also include Lagardère Active's sale of its shares in SETC, Lagardère Sports and Entertainment's sale of its endurance activities and Lagardère Travel Retail's sale of its Spanish press distribution operations.

In all, operating and investing activities represented a net cash inflow of €56 million, compared with a net outflow of €278 million in first-half 2015.

1.3.2.2 Cash from (used in) financing activities

In the first half of 2016, net cash used in financing activities totalled €224 million, primarily reflecting:

- €181 million in dividends paid, of which €168 million by Lagardère SCA;
- a €39 million net decrease in debt, reflecting a €75 million repayment on a bank loan, commercial paper issues for €70 million, and a €500 million issue of bonds due in 2023, which enabled the Group to refinance its USD 530 million (€479 million) bridge loan granted to fund its acquisition of Paradies;
- €2 million in purchases of minority interests, mainly at Lagardère Travel Retail;
- purchases and sales of treasury shares under the liquidity agreement, representing a net cash outflow of €3 million.

1.3.2.3. Net debt

Net debt breaks down as follows:

	30 June 2016	**31 Dec. 2015**
Short-term investments and cash and cash equivalents	393	634
Non-current debt	(1,538)	(1,526)
Current debt	(594)	(659)
Net debt	**(1,739)**	**(1,551)**

Changes in net debt in first-half 2016 and first-half 2015 were as follows:

	2016	**2015**
Net debt at 1 January	**(1,551)**	**(954)**
Total cash from (used in) operating & investing activities	56	(278)
(Acquisitions) disposals of minority interests	(2)	(4)
(Acquisitions) disposals of treasury shares	(3)	-
Dividends	(181)	(184)
Increase (decrease) in short-term investments	(45)	-
Debt related to put options granted to minority shareholders	6	(10)
Change in financial liabilities following remeasurement at fair value	-	1
Changes in scope of consolidation	(1)	13
Effect on cash of changes in exchange rates and other	(18)	(20)
Net debt at 30 June	**(1,739)**	**(1,436)**

1.4 RELATED PARTIES

See note 20 to the consolidated financial statements.

1.5 EVENT AFTER THE REPORTING PERIOD

On 26 July 2016, Lagardère Active received a firm offer from online shopping search engine Kelkoo to acquire the shares of LeGuide.com, and accordingly has granted Kelkoo exclusivity to pursue discussions.

1.6 UPDATE TO 2016 GUIDANCE

Based on our first-half performance in line with forecasts and our outlook for the second half, we can confirm our target on recurring EBIT for 2016 as announced in March.

Accordingly, Group recurring EBIT growth for 2016 is expected to be slightly above 10% compared to 2015 (at constant exchange rates and excluding the impact of any disposals of Distribution activities).

* *
*

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2016

(in millions of euros)		**First-half 2016**	**First-half 2015**	**Full-year 201[illegible]**
Revenue	*(Notes 3 and 4)*	3,431	3,304	7,193
Other income from ordinary activities		130	135	263
Total income from ordinary activities		**3,561**	**3,439**	**7,456**
Purchases and changes in inventories		(1,396)	(1,418)	(2,988)
Capitalised production		1	1	1
Production transferred to inventories		61	49	85
External charges		(1,227)	(1,108)	(2,345)
Payroll costs		(819)	(762)	(1,603)
Depreciation and amortisation other than on acquisition-related intangible assets		(98)	(87)	(207)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses		(37)	(27)	(69)
Restructuring costs	*(Note 5)*	(74)	(35)	(77)
Gains (losses) on:	*(Note 6)*			
Disposals of assets		129	19	20
Fair value adjustments due to changes in control		10	0	0
Impairment losses on goodwill, property, plant and equipment and intangible assets	*(Note 7)*	(35)	(28)	(60)
Other operating expenses	*(Note 8)*	(7)	(26)	(88)
Other operating income	*(Note 9)*	25	34	40
Income from equity-accounted companies	*(Note 13)*	0	0	9
PROFIT BEFORE FINANCE COSTS AND TAX	*(Note 3)*	**94**	**51**	**174**
Financial income	*(Note 10)*	30	8	14
Financial expenses	*(Note 10)*	(46)	(34)	(80)
PROFIT BEFORE TAX		**78**	**25**	**108**
Income tax expense	*(Note 11)*	(23)	(6)	(37)
PROFIT FOR THE PERIOD		**55**	**19**	**71**
Attributable to:				
Owners of the Parent		**44**	**9**	**74**
Minority interests		11	10	(3)
Earnings per share – Attributable to owners of the Parent:				
Basic earnings per share	*(Note 12)*	*0.34*	*0.07*	*0.58*
Diluted earnings per share	*(Note 12)*	*0.34*	*0.07*	*0.57*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

(in millions of euros)	**First-half 2016**	**First-half 2015**	**Full-year 2015**
Profit for the period (1)	**55**	**19**	**71**
Actuarial gains and losses on pensions and other post-employment benefit obligations	(31)	5	3
Tax relating to actuarial gains and losses on pensions and other post-employment benefit obligations	9	(2)	(2)
Other comprehensive income (expense) for the period, net of tax, that will not be reclassified subsequently to profit or loss (2)	**(22)**	**3**	**1**
Currency translation adjustments	(81)	88	82
Change in fair value of derivative financial instruments:	(12)	(1)	1
Unrealised gains and losses recognised directly in equity	*(12)*	*(1)*	
Amounts reclassified from equity to profit or loss		*0*	*1*
Change in fair value of investments in non-consolidated companies:	(24)	11	11
Unrealised gains and losses recognised directly in equity		*11*	*11*
Amounts reclassified from equity to profit or loss	*(24)*	*0*	*0*
Share of other comprehensive income (expense) of equity-accounted companies, net of tax:	4	(2)	(3)
Unrealised gains and losses recognised directly in equity			
Amounts reclassified from equity to profit or loss	*4*	*(2)*	*(3)*
Translation reserve	*4*	*(2)*	*(3)*
Valuation reserve			
Tax relating to components of other comprehensive income (expense)	6	(1)	(1)
Other comprehensive income (expense) for the period, net of tax, that may be reclassified subsequently to profit or loss (3)	**(107)**	**95**	**90**
Other comprehensive income (expense) for the period, net of tax (2)+(3)	**(129)**	**98**	**91**
Total comprehensive income (expense) for the period (1)+(2)+(3)	**(74)**	**117**	**162**
Attributable to:			
Owners of the Parent	**(84)**	**104**	**159**
Minority interests	10	13	3

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2016

(in millions of euros)		First-half 2016	First-half 2015	Full-year 2015
Profit for the period		**55**	**23**	**71**
Income tax expense		23	6	37
Finance costs, net		16	26	66
Profit before finance costs and tax		**94**	**55**	**174**
Depreciation and amortisation expense		134	112	263
Impairment losses, provision expense and other non-cash items		73	10	26
(Gains) losses on disposals of assets		(139)	(19)	(20)
Dividends received from equity-accounted companies		19	10	13
(Income) loss from equity-accounted companies		0	0	(9)
Changes in working capital		(153)	(97)	180
Cash flows from operations		**28**	**71**	**627**
Interest paid		(11)	(7)	(52)
Interest received		2	2	5
Income taxes paid		(27)	(21)	(56)
Net cash from (used in) operating activities	**(A)**	**(8)**	**45**	**524**
Cash from (used in) investing activities				
Purchases of intangible assets and property, plant and equipment		(133)	(133)	(259)
Purchases of investments		(87)	(67)	(588)
Cash acquired through acquisitions		0	2	35
Purchases of other non-current assets		(2)	(21)	(15)
Total cash used in investing activities	**(B)**	**(222)**	**(219)**	**(827)**
Cash from (used in) investing activities				
Proceeds from disposals of non-current assets				
Disposals of intangible assets and property, plant and equipment		188	4	9
Disposals of investments		67	44	59
Cash transferred on disposals		(17)	(155)	(155)
Decrease in other non-current assets		3	3	37
Total cash from (used in) investing activities	**(C)**	**241**	**(104)**	**(50)**
Decrease in short-term investments	**(D)**	45	-	-
Net cash from (used in) investing activities	**(E) = (B)+(C)+(D)**	**64**	**(323)**	**(877)**
Net cash from (used in) operating and investing activities	**(F) = (A)+(E)**	**56**	**(278)**	**(353)**
Capital transactions				
Proceeds from capital increase by the Parent		-	-	-
Minority interests' share in capital increases by subsidiaries		1	1	1
(Acquisitions) disposals of treasury shares		(3)	0	0
(Acquisitions) disposals of minority interests		(2)	(4)	(11)
Dividends paid to owners of the Parent(*)		(168)	(167)	(167)
Dividends paid to minority shareholders of subsidiaries		(13)	(17)	(19)
Indemnities paid to holders of free shares		0	0	0
Financing transactions				
Increase in debt		568	334	685
Decrease in debt		(607)	(23)	(114)
Net cash from (used in) financing activities	**(G)**	**(224)**	**124**	**375**
Other movements				
Effect on cash of changes in exchange rates		(1)	3	(3)
Effect on cash of other movements		(1)	-	-
Total other movements	**(H)**	**(2)**	**3**	**(3)**
Change in cash and cash equivalents	**(I) = (F)+(G)+(H)**	**(170)**	**(151)**	**19**
Cash and cash equivalents at beginning of the period		**479**	**460**	**460**
Cash and cash equivalents at end of the period	*(Note 15)*	**309**	**309**	**479**

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

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2016

ASSETS

(in millions of euros)		**30 June 2016**	**31 Dec. 2015**
Intangible assets		1,329	1,403
Goodwill		1,840	1,919
Property, plant and equipment		894	986
Investments in equity-accounted companies	*(Note 13)*	144	155
Other non-current assets		111	115
Deferred tax assets		242	249
Total non-current assets		**4,560**	**4,827**
Inventories		655	648
Trade receivables		1,119	1,236
Other current assets		1,029	962
Short-term investments	*(Note 14)*	0	48
Cash and cash equivalents	*(Note 15)*	393	586
Total current assets		**3,196**	**3,480**
Total assets		**7,756**	**8,307**

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2016

EQUITY AND LIABILITIES

(in millions of euros)		30 June 2016	31 Dec. 2015
Share capital		800	800
Reserves		897	1,121
Profit attributable to owners of the Parent		44	74
Equity attributable to owners of the Parent		**1,741**	**1,995**
Minority interests		128	140
Total equity		**1,869**	**2,135**
Provisions for pensions and other post-employment benefit obligations		169	142
Non-current provisions for contingencies and losses		191	193
Non-current debt	*(Note 16)*	1,538	1,526
Other non-current liabilities		93	111
Deferred tax liabilities		327	354
Total non-current liabilities		**2,318**	**2,326**
Current provisions for contingencies and losses		222	185
Current debt	*(Note 16)*	594	659
Trade payables		1,447	1,617
Other current liabilities		1,306	1,385
Total current liabilities		**3,569**	**3,846**
Total equity and liabilities		**7,756**	**8,307**

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 2015	**800**	**72**	**1,223**	**(141)**	**23**	**8**	**1,985**	**99**	**2,084**
Profit for the period			9				**9**	10	**19**
Other comprehensive income (expense) for the period(a)			3		84	9	**96**	2	**98**
Total comprehensive income (expense) for the period			**12**		**84**	**9**	**105**	**12**	**117**
Dividends paid			(167)				**(167)**	(17)	**(184)**
Parent company capital increase/reduction(b)		(3)	(1)	4			**0**		**0**
Minority interests' share in capital increases							**0**	1	**1**
Changes in treasury shares							**0**		**0**
Share-based payments			6				**6**		**6**
Effect of transactions with minority interests			13				**13**	(15)	**(2)**
Changes in consolidation scope and other							**0**	3	**3**
At 30 June 2015	**800**	**69**	**1,086**	**(137)**	**107**	**17**	**1,942**	**83**	**2,025**
At 1 January 2016	**800**	**54**	**1,144**	**(118)**	**96**	**19**	**1,995**	**140**	**2,135**
Profit for the period			44				**44**	11	**55**
Other comprehensive income (expense) for the period(a)			(23)		(75)	(30)	**(128)**	(1)	**(129)**
Total comprehensive income (expense) for the period			**21**		**(75)**	**(30)**	**(84)**	**10**	**(74)**
Dividends paid			(168)				**(168)**	(13)	**(181)**
Parent company capital increase/reduction(b)		(3)	(2)	5			**0**		**0**
Minority interests' share in capital increases							**0**	1	**1**
Changes in treasury shares				(3)			**(3)**		**(3)**
Share-based payments			5				**5**		**5**
Effect of transactions with minority interests							**0**	(1)	**(1)**
Changes in consolidation scope and other			(3)			(1)	**(4)**	(9)	**(13)**
At 30 June 2016	**800**	**51**	**997**	**(116)**	**21**	**(12)**	**1,741**	**128**	**1,869**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2016

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

Note 1 Accounting principles

The interim consolidated financial statements at 30 June 2016 have been prepared in compliance with IAS 34 – Interim Financial Reporting. The accompanying notes do not contain all the disclosures required for annual financial statements. These condensed consolidated financial statements should therefore be read in conjunction with the annual consolidated financial statements published for 2015.

The Group has applied the new standards, interpretations and/or amendments to IFRSs adopted by the European Union that are effective for periods beginning on or after 1 January 2016, including:

- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation. These amendments state that the use of revenue-based methods to calculate the depreciation charge for property, plant and equipment is not appropriate (IAS 16) and that it is generally presumed to be an inappropriate basis to calculate the amortisation charge for intangible assets (IAS 38). The amendments issue a reminder that the depreciation or amortisation method used should reflect the pattern in which the asset's future economic benefits are expected to be consumed.
- Amendments to IAS 1 – Disclosure Initiative. These amendments clarify the provisions relating to (i) how the notion of materiality should be applied, specifying that it is applicable to the whole of the financial statements, including the notes thereto; and (ii) the use of judgement when preparing the financial statements.
- Amendment to IAS 19 – Defined Benefit Plans: Employee Contributions. This amendment applies to contributions from employees or third parties to defined benefit plans. These contributions may be recognised as a reduction in the service cost in the same period in which they are payable, instead of being attributed to periods of service.
- Amendment to IAS 34 – Interim Financial Reporting stipulates that cross-references should be included in the interim financial statements to the location of the information where this is situated elsewhere in the interim financial report.
- Amendment to IFRS 7 – Financial Instruments: Disclosures provides clarification on the disclosures required where entities have a continuing involvement, as a result of a servicing contract, in transferred financial assets, and also states that the disclosures required on offsetting financial assets and financial liabilities are not applicable to condensed interim financial statements.

The other standards and amendments adopted by the European Union that are effective for periods beginning on or after 1 January 2016 do not have a material impact on the consolidated financial statements.

The new standards and amendments to existing standards published by the International Accounting Standards Board (IASB) at 30 June 2016 which have not yet been endorsed by the European Union and which will be effective subsequent to 2016 are as follows:

- IFRS 15 – Revenue from Contracts with Customers (including clarifications published in April 2016);
- IFRS 9 – Financial Instruments;
- IFRS 16 – Leases;
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture;
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses;
- Amendments to IAS 7 – Disclosure Initiative;
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions.

The possible impact of these amendments on the financial statements is currently being assessed.

The condensed consolidated financial statements were approved for issue by the Managing Partners of Lagardère SCA on 27 July 2016.

Note 2 Main changes in the scope of consolidation

The main changes in the scope of consolidation during the first half of 2016 – none of which had a material impact on the consolidated financial statements – were as follows:

Lagardère Publishing

- Full consolidation over three months in 2016 of the publishing business of Perseus Books, a North American publishing group acquired by Hachette Book Group.
- Sale by Hachette Book Group of 51% of Yen Press, accounted for under the equity method as of June 2016.
- Sale by Hachette Livre of the 50% interest held in Harlequin, which was deconsolidated in April 2016.

Lagardère Travel Retail

- Sale by Lagardère Travel Retail of the Spanish Press Distribution business SGEL, which was deconsolidated in February 2016.

Lagardère Active

- Sale by Lagardère Active of the 49% interest in SETC (Société d'Edition de Télévision par Câble), which was accounted for under the equity method until May 2016.

Lagardère Sports and Entertainment

- Sale by Lagardère Sports of the Endurance division, which specialises in the organisation of running events in European cities. The division was deconsolidated in April 2016.

Note 2.1 Business combinations

Paradies

As described in note 4.2 to the 2015 consolidated financial statements, on 22 October 2015 HDS Retail North America LP closed the acquisition of the entire share capital of Paradies Holding LLC ("Paradies"). The acquisition was funded using a USD 530 million bridge loan, which was refinanced on 13 April 2016 following the issue of €500 million worth of bonds maturing in 2023 (see note 16). Based in Atlanta in the United States, Paradies is a leader in airport Travel Retail in North America.

On 30 June 2016, the preliminary allocation of the purchase price led to the recognition of €107 million (euro-equivalent amount at that date) in provisional goodwill, based on an initial independent valuation of the assets acquired. Intangible assets consisted of €298 million corresponding to agreements, and €88 million in respect of trademarks and brand licensing agreements (euro-equivalent amounts at 30 June 2016). Goodwill chiefly reflects the value of the expected synergies between Paradies and the existing Lagardère Travel Retail businesses in North America, and the capacity of the combination to develop in the future.

Paradies was initially accounted for on a provisional basis at 30 June 2016. The final tax accounting for the assets acquired and liabilities assumed will be completed during 2016.

Note 3 Segment information

Lagardère's operating activities are carried out through the four following business divisions:

- Lagardère Publishing: publication of works in the General Literature, Education, Illustrated Books and Partworks markets.
- Lagardère Travel Retail: Travel Essentials, Duty Free & Fashion, Foodservice and Press Distribution.
- 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 Sports and Entertainment: marketing rights management, organisation and management of events, consulting in the management and operation of stadiums and multipurpose venues, content production and media rights management, athlete management and brand consulting.

In addition to the above 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 2016							
	Lagardère Publishing	Lagardère Travel Retail	Lagardère Active	Lagardère Sports and Entertainment	Operating Activities sub-total	Other activities	Total
Revenue	978	1,790	437	235	**3,440**	-	**3,440**
Inter-segment revenue	(8)	-	(1)	-	**(9)**	-	**(9)**
Consolidated revenue	**970**	**1,790**	**436**	**235**	**3,431**	**-**	**3,431**
Other income from ordinary activities	8	72	38	2	**120**	10	**130**
Total income from ordinary activities	**978**	**1,862**	**474**	**237**	**3,551**	10	**3,561**
Recurring operating profit (loss) of fully consolidated companies	**36**	**36**	**33**	**5**	**110**	(9)	**101**
Income from equity-accounted companies before impairment losses	-	-	3	1	**4**	-	**4**
Recurring operating profit (loss)	**36**	**36**	**36**	**6**	**114**	**(9)**	**105**
Restructuring costs	(2)	(10)	(52)	(2)	**(66)**	(8)	**(74)**
Gains (losses) on disposals *- Disposals of assets* *- Fair value adjustments due to changes in control*	28 *20* *8*	(1) *(1)* -	6 *6* -	2 - *2*	**35** ***25*** ***10***	104 *104* -	**139** ***129*** ***10***
Impairment losses(*) *- Fully consolidated companies* *- Equity-accounted companies*	- - -	(3) *(3)* -	(32) *(32)* -	(4) - (4)	**(39)** ***(35)*** **(4)**	- - -	**(39)** ***(35)*** **(4)**
Amortisation of acquisition-related intangible assets	(2)	(32)	-	(2)	**(36)**	-	**(36)**
Acquisition-related expenses	(1)	-	-	-	**(1)**	-	**(1)**
Purchase price adjustments	-	-	-	-	**-**	-	**-**
Profit (loss) before finance costs and tax	**59**	**(10)**	**(42)**	**-**	**7**	**87**	**94**
Items included in recurring operating profit (loss)							
Depreciation and amortisation of intangible assets and property, plant and equipment	(13)	(52)	(6)	(24)	**(95)**	(3)	**(98)**
Cost of share option plans	(1)	(1)	(1)	-	**(3)**	(2)	**(5)**

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

Income statement for first-half 2015							
	Lagardère Publishing	Lagardère Travel Retail	Lagardère Active	Lagardère Sports and Entertainment	Operating Activities sub-total	Other activities	Total
Revenue	977	1,640	438	259	**3,314**	-	**3,314**
Inter-segment revenue	(9)	-	(1)	-	**(10)**	-	**(10)**
Consolidated revenue	**968**	**1,640**	**437**	**259**	**3,304**	**-**	**3,304**
Other income from ordinary activities	6	69	49	-	**124**	11	**135**
Total income from ordinary activities	**974**	**1,709**	**486**	**259**	**3,428**	11	**3,439**
Recurring operating profit (loss) of fully consolidated companies	**36**	**30**	**33**	**32**	**131**	(9)	**122**
Income (loss) from equity-accounted companies before impairment losses	-	2	-	(1)	**1**	-	**1**
Recurring operating profit (loss)	**36**	**32**	**33**	**31**	**132**	**(9)**	**123**
Restructuring costs	(6)	(4)	(13)	(12)	**(35)**	-	**(35)**
Gains (losses) on disposals - *Disposals of assets* - *Fair value adjustments due to changes in control*	- - -	17 *17* -	2 *2* -	- - -	**19** ***19*** **-**	- - -	**19** ***19*** **-**
Impairment losses(*) - *Fully consolidated companies* - Equity-accounted companies	- - -	(3) *(3)* -	(27) *(25)* *(2)*	- - -	**(30)** ***(28)*** **(2)**	- - -	**(30)** ***(28)*** **(2)**
Amortisation of acquisition-related intangible assets	(2)	(20)	-	(2)	**(24)**	-	**(24)**
Acquisition-related expenses	-	-	(1)	(1)	**(2)**	-	**(2)**
Purchase price adjustments	-	-	-	-	**-**	-	**-**
Profit (loss) before finance costs and tax	**28**	**22**	**(6)**	**16**	**60**	**(9)**	**51**
Items included in recurring operating profit (loss)							
Depreciation and amortisation of intangible assets and property, plant and equipment	(12)	(40)	(6)	(25)	**(83)**	(4)	**(87)**
Cost of share option plans	(2)	(1)	(2)	-	**(5)**	(1)	**(6)**

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

Statement of cash flows for first-half 2016							
	Lagardère Publishing	**Lagardère Travel Retail**	**Lagardère Active**	**Lagardère Sports and Entertainment**	**Operating Activities sub-total**	**Other Activities and eliminations**	**Total**
Cash flows from (used in) operations	(50)	73	22	(16)	29	(1)	**28**
Interest paid and received, and income taxes paid	(30)	(9)	(25)	(16)	(80)	44	**(36)**
Net cash from (used in) operating activities	**(80)**	**64**	**(3)**	**(32)**	**(51)**	**43**	**(8)**
Cash used in investing activities	(89)	(79)	(11)	(39)	(218)	(4)	**(222)**
- Purchases of intangible assets and property, plant and equipment	*(13)*	*(78)*	*(9)*	*(31)*	*(131)*	*(2)*	***(133)***
- Purchases of investments and other non-current assets	*(76)*	*(1)*	*(2)*	*(8)*	*(87)*	*(2)*	***(89)***
Proceeds from disposals of non-current assets	35	10	13	9	67	174	**241**
- Disposals of intangible assets and property, plant and equipment	*12*	*2*	*1*	-	*15*	*173*	***188***
- Disposals of investments and other non-current assets	*23*	*8*	*12*	*9*	*52*	*1*	***53***
(Increase) decrease in short-term investments	-	-	-	-	-	45	**45**
Net cash from (used) in investing activities	**(54)**	**(69)**	**2**	**(30)**	**(151)**	**215**	**64**
Net cash from (used in) operating and investing activities	**(134)**	**(5)**	**(1)**	**(62)**	**(202)**	**258**	**56**

Statement of cash flows for first-half 2015							
	Lagardère Publishing	**Lagardère Travel Retail**	**Lagardère Active**	**Lagardère Sports and Entertainment**	**Operating Activities sub-total**	**Other Activities and eliminations**	**Total**
Cash flows from (used in) operations	(61)	103	18	48	108	(37)	**71**
Interest paid and received, and income taxes paid	(8)	(19)	(24)	(11)	(62)	36	**(26)**
Net cash from (used in) operating activities	**(69)**	**84**	**(6)**	**37**	**46**	**(1)**	**45**
Cash used in investing activities	(31)	(71)	(52)	(64)	(218)	(1)	**(219)**
- Purchases of intangible assets and property, plant and equipment	*(32)*	*(55)*	*(5)*	*(41)*	*(133)*	-	***(133)***
- Purchases of investments and other non-current assets	*1*	*(16)*	*(47)*	*(23)*	*(85)*	*(1)*	***(86)***
Proceeds from disposals of non-current assets	3	(107)	-	-	(104)	-	**(104)**
- Disposals of intangible assets and property, plant and equipment	*2*	*2*	-	-	*4*	-	***4***
- Disposals of investments and other non-current assets	*1*	*(109)*	-	-	*(108)*	-	***(108)***
(Increase) decrease in short-term investments	-	-	-	-	-	-	**-**
Net cash used in investing activities	**(28)**	**(178)**	**(52)**	**(64)**	**(322)**	**(1)**	**(323)**
Net cash used in operating and investing activities	**(97)**	**(94)**	**(58)**	**(27)**	**(276)**	**(2)**	**(278)**

Balance sheet at 30 June 2016							
	Lagardère Publishing	**Lagardère Travel Retail**	**Lagardère Active**	**Lagardère Sports and Entertainment**	**Operating Activities sub-total**	**Other Activities and eliminations**	**Total**
Segment assets	2,523	2,392	1,200	1,001	**7,116**	103	**7,219**
Investments in equity-accounted companies	26	24	91	2	**143**	1	**144**
Segment liabilities	(1,176)	(1,109)	(845)	(635)	**(3,765)**	10	**(3,755)**
Capital employed	**1,373**	**1,307**	**446**	**368**	**3,494**	**114**	**3,608**
Net debt	-	-	-	-	-	-	**(1,739)**
Equity	-	-	-	-	-	-	**1,869**

Balance sheet at 31 December 2015							
	Lagardère Publishing	**Lagardère Travel Retail**	**Lagardère Active**	**Lagardère Sports and Entertainment**	**Operating Activities sub-total**	**Other Activities and eliminations**	**Total**
Segment assets	2,576	2,520	1,243	970	**7,309**	209	**7,518**
Investments in equity-accounted companies	18	29	100	7	**154**	1	**155**
Segment liabilities	(1,314)	(1,208)	(851)	(660)	**(4,033)**	46	**(3,987)**
Capital employed	**1,280**	**1,341**	**492**	**317**	**3,430**	**256**	**3,686**
Net debt	-	-	-	-	-	-	**(1,551)**
Equity	-	-	-	-	-	-	**2,135**

Note 4 Revenue

	First-half 2016	First-half 2015
France	1,051	1,057
Other countries	2,380	2,247
Total	**3,431**	**3,304**

Consolidated revenue rose 3.8% in first-half 2016 on a reported basis and by 0.5% based on a comparable Group structure and exchange rates (like-for-like) compared with first-half 2015.

Like-for-like revenue was calculated by adjusting:

- first-half 2016 revenue to exclude companies consolidated for the first time during the period, and first-half 2015 revenue to exclude companies divested in 2016;
- first-half 2016 and first-half 2015 revenue based on first-half 2015 exchange rates.

Note 5 Restructuring costs

Restructuring costs amounted to €74 million in first-half 2016. Out of this total, €66 million related to the implementation of streamlining programmes and cost reduction plans in the Operating Activities segment, as follows:

- €52 million at Lagardère Active, including €46 million in connection with voluntary redundancy plans rolled out in first-half 2016 as part of the reorganisation of the editorial teams as well as the press and other support functions within the Magazine Publishing and Advertising Sales Brokerage businesses in France;
- €10 million at Lagardère Travel Retail, primarily in (i) the United States and Canada (€5 million), mainly corresponding to the division's reorganisation in North America following the acquisition of Paradies at end-2015, (ii) Australia (€2 million), and (iii) the Distribution businesses (€3 million) in Belgium and Canada;
- €3 million at Lagardère Publishing, chiefly in the United States.

Other Activities recorded an expense of €8 million, mainly relating to the winding up of a non-operating entity, and employee-related costs.

Restructuring costs for the first half of 2015 totalled €35 million, including €13 million at Lagardère Active, which chiefly concerned regional Radio and Press brokerage activities (Lagardère Métropoles), and €12 million at Lagardère Sports and Entertainment for the division's European reorganisation. The balance was divided between Lagardère Publishing and Lagardère Travel Retail for €6 million and €4 million respectively, and mainly resulted from the implementation of cost-cutting measures.

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

In the first half of 2016, the Group recorded a net gain of €129 million relating to the following major transactions:

- a €106 million pre-tax gain on the sale by Lagardère Media of an investment property in France in April 2016 (Other Activities);
- a €12 million gain on the sale of Hachette Livre's 50% interest in Harlequin (Lagardère Publishing);
- a €5 million gain on the sale by Lagardère Active of its interest in SETC, publisher of Télécâble Sat Hebdo;
- a €2 million loss incurred by Lagardère Travel Retail on the sale of its Spanish press distribution businesses in February 2016;

Pursuant to IFRS 10, a gain of €15 million was recognised following the loss of control of Yen Press (interest reduced to 49% from 100%) at Lagardère Publishing in the United States, including €7 million in respect of the fair value of the 49% interest it still holds.

In the first half of 2015, this item represented a €19 million net gain including €17 million recognised by Lagardère Travel Retail, which essentially reflected a €32 million gain on the sale of distribution activities in Switzerland and a €12 million loss on the sale of the American distribution subsidiary, Curtis Circulation Company.

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

At 30 June 2016, impairment tests were carried out only on those assets for which an indication of impairment had been identified at that date.

Total impairment losses recognised by consolidated companies in first-half 2016 amounted to €35 million, including €32 million for goodwill and €3 million for property, plant and equipment at Lagardère Travel Retail, mainly in France. Impairment losses on goodwill relate to the LeGuide group for €32 million.

- LeGuide group

Increased exposure of Google Shopping offers on Google's general search engine, combined with changes decided by Google in its search algorithm, have led to a significant decrease in traffic for all other price comparison sites, including those of the LeGuide group.

Visitor numbers have fallen continuously since 2014, mainly as a result of the new algorithm launched by Google at the end of the year. In addition, its successive updates have accelerated the decrease in visibility of LeGuide group's websites, resulting in a significant decline in performance and a €25 million impairment loss on goodwill in 2015.

A year and three months after submitting a statement of objections to Google in April 2015, the European Commission recently took additional measures, extending the investigation opened in 2010 concerning Google's favourable treatment of its own comparison shopping product.

An additional statement of objections was sent to Google and its parent company Alphabet on 14 July 2016, alleging that Google had abused its dominant position by systematically favouring its own comparison shopping product in its general search results page and presenting additional information in support of the Commission's preliminary conclusion. Google and Alphabet currently have eight weeks to respond to the Commission's allegations, but this deadline may be extended by the Commission.

Based on the assumption that a more balanced competitive environment would be restored as a result of favourable developments in the regulatory framework imposed by the European Commission which will require Google to alter its practices, at the end of the 2015 reporting period, the Group projected that Google would begin displaying "rival links" to price comparison sites other than its own as of 1 July 2016.

The Group currently considers that, while it is not possible to foresee the launch of rival links with reasonable probability by the end of 2016, there is no reason to rule this assumption out completely. Access to Google's rival links has therefore been postponed until the second half of 2017 in the Group's revised projections. The below-budget revenue generated by visitors to LeGuide group websites in the second quarter of 2016 and the mixed results in the Partner activity led the Group to conduct an in-depth review in July 2016 of the assumptions contained in the budgets drawn up at end-2015.

The Group therefore carried out another valuation of LeGuide group's recoverable amount based on cash flow projections from revised budgets that incorporate the trends observed in first-half 2016, as well as the cumulative impact of the postponement until 1 July 2017 of access to Google's rival links, and their significantly lower contribution.

The impairment test carried out based on these assumptions led to the recognition of a €32 million impairment loss in first-half 2016. Goodwill in respect of the LeGuide group now stands at €3 million. Postponement of the launch of rival links by another year could reduce this amount by a further €1 million.

- Lagardère Sports and Entertainment

As stated in note 10 to the consolidated financial statements for 2015, the value of Lagardère Sports and Entertainment's assets remains subject to performance conditions for contracts in progress based on the advertising environment and the sporting context specific to each event, the ability to renew current contracts or win new ones and the related profit margins.

At 30 June 2015, impairment tests were carried out only on those assets for which an indication of impairment had been identified at that date. Accordingly, the Group recorded total impairment losses of €28 million, of which €25 million relating to the LeGuide group and €3 million relating to individual Lagardère Travel Retail assets.

Note 8 Other operating expenses

	First-half 2016	First-half 2015
Net change in asset impairment losses	15	(1)
Impairment losses on advances paid to writers	(21)	(20)
Net additions to provisions for contingencies and losses	-	-
Foreign exchange losses	-	-
Financial expenses other than interest	(1)	(1)
Other operating expenses	-	(4)
Total	**(7)**	**(26)**

In first-half 2016, the net change in asset impairment losses mainly relates to trade receivables.

Note 9 Other operating income

	First-half 2016	First-half 2015
Net reversals of provisions for contingencies and losses	7	21
Foreign exchange gains	2	5
Other operating income	16	8
Total	**25**	**34**

Note 10 Financial income and expenses

Financial income and expenses break down as follows:

	First-half 2016	First-half 2015
Interest income on loans	1	1
Investment income and gains on sales of marketable securities	22	1
Gains on derivative financial instruments acquired as hedges of net debt	5	5
Other financial income	2	1
Financial income	**30**	**8**
Interest expense on borrowings	(32)	(27)
Loss on sales of marketable securities	-	-
Loss on derivative financial instruments acquired as hedges of net debt	(10)	(5)
Other financial expenses	(4)	(2)
Financial expenses	**(46)**	**(34)**
Total	**(16)**	**(26)**

In first-half 2016, investment income and gains on sales of marketable securities included a gain of €22 million relating to the sale of Deutsche Telekom shares on 17 June 2016 (see note 14).

Note 11 Income tax expense

Income tax expense breaks down as follows:

	First-half 2016	First-half 2015
Current taxes	(39)	(20)
Deferred taxes	16	14
Total	**(23)**	**(6)**

The increase mainly relates to the sale of a building in France.

Current taxes included the 3% additional contribution in France on dividends paid, corresponding to €5 million in first-half 2016 and first-half 2015.

Note 12 Earnings per share

Basic earnings per share

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

Diluted earnings per share

The only dilutive ordinary shares are (i) unexercised employee share options which are not 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 2016	**First-half 2015**
Profit for the period attributable to owners of the Parent (in millions of euros)	44	9
Number of shares making up the share capital at 30 June	131,133,286	131,133,286
Treasury shares	(2,335,995)	(2,876,867)
Number of shares outstanding at 30 June	128,797,291	128,256,419
Average number of shares outstanding during the period	**128,803,210**	**128,201,793**
Basic earnings per share attributable to owners of the Parent (in euros)	**0.34**	**0.07**
Dilutive share options and free shares:		
Share options	-	-
Free shares	1,999,575	1,872,220
Average number of shares including dilutive share options and free shares	**130,802,785**	**130,074,013**
Diluted earnings per share attributable to owners of the Parent (in euros)	**0.34**	**0.07**

Note 13 Investments in equity-accounted companies

The Group's main equity-accounted companies are as follows:

	Joint shareholder	Main business	% interest		Balance sheet		Income statement	
			30 June 2016	31 Dec. 2015	30 June 2016	31 Dec. 2015	30 June 2016	30 June 2015
S.D.A. (Société de Distribution Aéroportuaire)	Aéroport de Paris	Travel Retail	45%	45%	8	16	1	3
Société des Commerces en Gares	SNCF Participations	Travel Retail	50%	50%	3	3	-	(1)
Other					-	4	(4)	-
Total joint ventures					**11**	**23**	**(3)**	**2**
Marie Claire (Holding Evelyne Prouvost)		Magazine Publishing	42%	42%	90	90	3	-
Éditions J'ai lu		Publishing	35%	35%	16	17	-	-
SETC (Société d'Edition de Télévision par Câble)[(1)]		Magazine Publishing	0%	49%	-	8	-	-
Inmedio		Travel Retail	49%	49%	11	11	-	-
Yen Press[(2)]		Publishing	49%	100%	10	-	-	-
Other					6	6	-	(2)
Total associates					**133**	**132**	**3**	**(2)**
Total investments in equity-accounted companies					**144**	**155**	**0**	**0**

(1) Sale of SETC in May 2016 (see note 2).
(2) Equity accounted since June 2016 (previously fully consolidated in Hachette Book Group).

Joint ventures

As part of its business operations, Lagardère Travel Retail manages certain travel retail contracts in the form of 50/50 joint ventures entered into with concession grantors. The main joint ventures set up by Lagardère Travel Retail with its partners are (i) Société de Distribution Aéroportuaire and Relay@ADP, with Aéroport de Paris, (ii) Société des Commerces en Gares, with SNCF Participations, (iii) Dutyfly Solutions and SVRLS@LAREUNION, with Servair, and (iv) Lyon Duty Free, with Lyon airport authorities.

Revenue generated by these joint ventures (on a 100% basis) totalled €571 million in first-half 2016 versus €590 million in first-half 2015. Fully consolidated entities invoiced these joint ventures amounts of €155 million in first-half 2016 and €161 million in first-half 2015.

	Figures on a 100% basis		Lagardère's share (50%)	
	First-half 2016	First-half 2015	First-half 2016	First-half 2015
Total revenue	571	590	286	295
Group revenue with joint ventures	*(155)*	*(161)*	*(78)*	*(81)*
Adjusted revenue	416	429	208	215
Recurring operating profit	3	12	2	6
Profit before finance costs and tax	2	11	1	6
Profit before tax	1	10	1	5
Profit for the period	1	5	1	3
Net debt	(94)	(38)	(47)	(19)

Note 14 Short-term investments

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

	30 June 2016	31 Dec. 2015
Shares	-	47
Bonds	-	1
Total	**-**	**48**

The 2,836,835 Deutsche Telekom shares received in 2006 in exchange for T-Online shares as part of the merger between the two companies were subject to a prepaid forward sale agreement, which was concluded in March 2015. The shares were pledged to the purchaser until the effective transfer date on 17 June 2016. The sale resulted in the recognition of a €22 million gain within financial income in first-half 2016 (see note 10).

Note 15 Cash and cash equivalents

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

	30 June 2016	31 Dec. 2015
Cash and cash equivalents	393	586
Short-term bank loans and overdrafts	(84)	(107)
Cash and cash equivalents, net	**309**	**479**

Note 16 Debt

16.1 Breakdown of debt

	30 June 2016	31 Dec. 2015
Bonds	1,488	993
Bank loans	4	491
Finance lease liabilities	6	7
Debt related to put options granted to minority shareholders	34	30
Other debt	6	5
Non-current debt	**1,538**	**1,526**
Bonds	-	-
Bank loans	3	80
Finance lease liabilities	2	2
Debt related to put options granted to minority shareholders	7	17
Commercial paper	469	399
Other debt	113	161
Current debt	**594**	**659**
Total debt	**2,132**	**2,185**

The main movements in debt during first-half 2016 were as follows:

- In April 2016, the issue of €500 million worth of bonds maturing in 2023 and paying an annual coupon of 2.75%. The proceeds of the issue were used to refinance the bridge loan subscribed for the acquisition of Paradies (see note 2.1), as well as for general corporate purposes. The effective interest rate is 2.90%.
- In June 2016, repayment of a bank loan subscribed in 2015 for a nominal amount of €75 million.
- Continuation of the commercial paper programme with a ceiling of €700 million:
  - drawdowns of euro-denominated paper under the programme totalled €460 million at 30 June 2016 versus €354 million at 31 December 2015;
  - drawdowns of USD-denominated paper under the programme totalled €9 million at 30 June 2016 versus €45 million at 31 December 2015.

16.2 Analysis of debt by maturity

Maturity **Total**	**30 June 2017(*)**	**30 June 2018**	**30 June 2019**	**30 June 2020**	**30 June 2021**	**Beyond 5 years**	**Total**
Bonds	-	491	-	499	-	498	**1,488**
Bank loans	3	-	-	-	-	4	**7**
Finance lease liabilities	2	4	1	-	1	-	**8**
Debt related to put options granted to minority shareholders	7	12	4	1	11	6	**41**
Commercial paper	469	-	-	-	-		**469**
Other debt	113	4	-	-	-	2	**119**
At 30 June 2016	**594**	**511**	**5**	**500**	**12**	**510**	**2,132**
(*) Debt due within one year is reported in the balance sheet under "Current debt".							

Note 17 Components of other comprehensive income (expense)

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

(in millions of euros)	**First-half 2016**			**First-half 2015**		
	Attributable to owners(*)	**Minority interests**	**Total equity**	**Attributable to owners(*)**	**Minority interests**	**Total equity**
Translation reserve	**(76)**	**(1)**	**(77)**	**84**	**2**	**86**
- Currency translation adjustments	(80)	(1)	(81)	86	2	88
- Share of other comprehensive income (expense) of equity-accounted companies, net of tax	4	-	4	(2)	-	(2)
Valuation reserve	**(52)**	**-**	**(52)**	**12**	**-**	**12**
Change in fair value of derivative financial instruments	**(9)**	**-**	**(9)**	**(2)**	**-**	**(2)**
- Unrealised gains (losses) recognised directly in equity	(12)	-	(12)	(1)	-	(1)
- Amounts reclassified from equity to profit or loss	-	-	-	-	-	-
- Tax effect	3	-	3	(1)	-	(1)
Change in fair value of investments in non-consolidated companies	**(21)**	**-**	**(21)**	**11**	**-**	**11**
- Unrealised gains (losses) recognised directly in equity	-	-	-	11	-	11
- Amounts reclassified from equity to profit or loss	(24)	-	(24)	-	-	-
- Tax effect	3	-	3	-	-	-
Change in provisions for pensions and other post-employment benefit obligations	**(22)**	**-**	**(22)**	**3**	**-**	**3**
- Actuarial gains and losses on pensions and other post-employment benefit obligations	(31)	-	(31)	5	-	5
- Tax effect	9	-	9	(2)	-	(2)
Other comprehensive income (expense) for the period, net of tax	**(128)**	**(1)**	**(129)**	**96**	**2**	**98**

(*) Equity attributable to owners of the Parent.

Note 18 Off-balance sheet commitments and contractual obligations

The main changes in first-half 2016 compared to the commitments presented in notes 32 and 33 to the consolidated financial statements at 31 December 2015 were as follows:

Contractual obligations

Lagardère Sports and Entertainment

- At 30 June 2016, the minimum payments guaranteed under long-term contracts for sports rights sales totalled €1,359 million, compared to €1,456 million at 31 December 2015.
- At 30 June 2016, commitments received under contracts signed with distributors and partners totalled €1,847 million compared to €1,679 million at 31 December 2015.

Lagardère Travel Retail

- At 30 June 2016, the minimum payments guaranteed under long-term contracts for concession agreements totalled €1,353 million, compared to €1,405 million at 31 December 2015.

Off-balance sheet commitments

Confirmed, unused lines of credit

On 11 May 2015, Lagardère SCA signed a five-year multicurrency syndicated loan with two possible one-year extensions for €1,250 million, which replaced the previous syndicated loan for €1,645 million signed in 2011.

On 26 April 2016, Lagardère SCA used one of the two possible extensions and received the unanimous approval of thirteen banks to extend its syndicated credit facility by one year. Following this extension, the facility will now fall due on 11 May 2021.

At 30 June 2016, the amount of undrawn credit on the syndicated loan amounted to €1,250 million.

Note 19 Litigation

Brazilian Environmental Protection Authority

This dispute is described in note 34 to the consolidated financial statements at 31 December 2015. Following the events reported therein, further to an amicable request by SDB to revise the fine, on 20 April 2016, the president of the IBAMA handed down a decision reducing the fine payable by SDB to BRL 22,534 including interest, which represents a euro-equivalent amount of approximately €6,300 based on the exchange rate at 30 June 2016.

The decision is not thought to be open to an administrative appeal, but could still be subject to a judicial review.

WSG Mauritius/Indian Premier League contracts

As part of the Indian authorities' investigation, described in note 34 to the 2015 consolidated financial statements, into money-laundering allegations concerning the former managers of the BCCI and its commercial partners in the IPL, on 24 May 2016, WSG Mauritius received a summons from the attorney general in Mauritius to provide certain documents.

Competition investigations in the e-books market

This dispute is described in note 34 to the consolidated financial statements at 31 December 2015. Following the events reported therein, between December 2015 and February 2016 the **United States** federal court handed down several decisions dismissing the claims of the three plaintiffs DNAML, Books on Board and Diesel. The decisions have been appealed by Books on Board and Diesel.

In **Canada**, the Competition Tribunal rescinded the "consent agreement" on 10 June 2016 as there was insufficient information to assess the legal basis of the agreement. The Competition Bureau is therefore authorised by the Competition Tribunal to revise the rescinded agreement.

Tax reassessments at Lagardère Duty Free (formerly Aelia) and LS Travel Retail Italia

This dispute is described in note 34 to the consolidated financial statements at 31 December 2015. Following the events reported therein, two different chambers of Rome's Provincial Tax Commission handed down conflicting first instance decisions concerning the reclassification of the sale of an investment as a sale of business assets (*fonds de commerce*). The unfavourable decision will be appealed.

Note 20 Related parties

During the first half of 2016, no new transactions were undertaken by the Lagardère group with related parties other than those described in note 35 to the consolidated financial statements at 31 December 2015.

Note 21 Event after the reporting period and other information

No significant events that could have a material impact on the consolidated financial statements occurred after the end of the interim reporting period.

On 26 July 2016, Lagardère Active received a firm offer from online shopping search engine Kelkoo to acquire the shares of LeGuide.com, and accordingly has granted Kelkoo exclusivity to pursue discussions.

3 – STATUTORY AUDITORS' REPORT

MAZARS
Tour Exaltis
61, rue Henri-Regnault
92400 Courbevoie
S.A. au capital de € 8.320.000

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres
1/2, place des Saisons
92400 Courbevoie – Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

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

Lagardère S.C.A.

Period from January 1 to June, 30, 2016

Statutory Auditors' Review Report on the First Half-yearly Financial Information for 2016

To the Partners,

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

- the limited review of the accompanying condensed half-yearly consolidated financial statements of Lagardère S.C.A., for the period from January 1 to June 30, 2016, and
- the verification of the information contained in the interim management report.

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

1. Conclusion on the financial statements

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

Based on our limited review, nothing has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.
Without calling into question the conclusion expressed above, we draw your attention to Note 7 to the condensed half-yearly consolidated financial statements, which describes that the value of the assets of the Lagardère Sports and Entertainment division 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 July 28, 2016

By the statutory auditors

MAZARS	ERNST & YOUNG et Autres
Thierry Blanchetier	Bruno Bizet

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 2016 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the entities included in the consolidation, and that the accompanying interim management report presented on pages 4 to 15 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.

Paris, 27 July 2016

For Arjil Commanditée-Arco

Pierre Leroy