Lagardère

Interim Financial Report 2008

CONTENTS

1 - INTERIM MANAGEMENT REPORT

Operating in more than 40 countries, the Lagardère Group is a world leader in the media industry. At 30 June 2008, Lagardère also held a 10.01% interest in the EADS group, which will be reduced to approximately 7.5% by the end of June 2009.

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

Lagardère therefore presents a radically different profile to the world today: that of a major Media corporation still actively engaged in the news, education, culture and entertainment businesses, but with a contemporary concern for strategy adjustment to keep abreast of technological advances in the audiovisual industry.

Resolutely looking to the future and attentive to the demands of today's globalised market, the Group is demonstrating its capacity to reinvent itself in response to changing lifestyles in the digitally mobile age.

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1.1 SIGNIFICANT EVENTS OF THE FIRST HALF OF 2008

The impact of these events on the financial statements is described in Note 2 to the consolidated financial statements (there is no material impact except for the transactions described in 1.1.6 and 1.1.7).

1.1.1 Formation of Lagardère Entertainment

It has been decided to consolidate and develop Lagardère Active's audiovisual production and distribution activities within a new entity named Lagardère Entertainment, which will also develop activities related to live entertainment, management of artists and audiovisual rights management. The creation of Lagardère Entertainment reinforces the strategy designed to make Lagardère a world leader in audiovisual content and rights for all types of media, including digital media.

1.1.2 Acquisition of Doctissimo

In early 2008, Lagardère SCA announced an agreement under which its subsidiary Lagardère Active Digital acquired 53.38% of the capital and 57.92% of the voting rights of Doctissimo, France's leading publisher of web content for women, from its founders and senior managers. The deal was based on a price of €30.50 per share, giving a total value of €138 million for 100% of Doctissimo. On 8 April 2008, Lagardère Active Digital filed a standing market offer with the French Financial Market Authority (AMF) for the Doctissimo shares it did not yet hold, at the same price as that paid to acquire the controlling interest, i.e. €30.50 per share. This enabled the company to reach the levels of shareholding and voting right ownership required by the regulations to make a compulsory buyout offer to the remaining minority shareholders, which it did on 27 June 2008 in application of articles L.433-4 III of the French Monetary and Financial Code and 237-14 and following of the AMF regulations. As a result, Lagardère Digital Active has held 100% of shares in Doctissimo since 9 July 2008, and the shares were delisted from Euronext Paris at that date.
This acquisition furthers Lagardère's strategy of building a position as a leading player on the internet, especially in the women's interests and health segments. With the acquisition of Doctissimo, Lagardère has become the French no.1 in websites for women.

1.1.3 Memorandum of agreement signed by Hachette Livre and Numilog for the acquisition of Numilog by Hachette Livre

Hachette Livre and Numilog announced on 5 May 2008 that they had signed a memorandum of agreement for the acquisition of Numilog by Hachette Livre.

This transaction is an important step in Hachette Livre's digital strategy. In acquiring Numilog, Hachette Livre will gain an infrastructure that will enable it to distribute books published by its own group and other publishers in a variety of digital formats, with each content provider retaining control of its content.

Numilog provides services to all publishers across the market, similar to Hachette Livre's long-standing distribution system.

1.1.4 Acquisition by Lagardère Sports of a majority investment in World Sport Group

On 16 May 2008, Lagardère Sports acquired approximately 70% of the capital and voting rights of World Sport Group Holdings Ltd (WSG). Based in Singapore, WSG specialises in the management of marketing and television rights, and sponsorship consultancy for Asian sporting events (in South-East Asia, the Middle East, India and Japan).

The agreement is based on an enterprise value of US$125 million (for 70% of WSG). A deferred payment of up to US$25 million may be due in 3 years, contingent upon the level of cash flow from operations.

WSG is the leading player in the Asian football market, which accounted for a large part of its 2007 revenues. It also specialises in golf, and is continuing to expand its investment into cricket.

For Lagardère Sports, the acquisition offers a number of benefits:

- Access to the fast-growing Asian football market, with unchallenged market leadership in the region;
- Development of its leadership position in the world football rights industry;
- Broader market penetration for Lagardère Sports' strategic partners (rights holders and sports governing bodies);
- A move into the cricket market via a competition (Twenty20) which shows very substantial growth potential.

In 2007, WSG reported EBIT of US$19 million for revenues of US$146 million.

1.1.5 Acquisition by Lagardère Active of the Psychologies magazine group

The shares held by the Servan-Schreiber Family, representing 51% of the Psychologies group (Finev, Inter psycho, Selma), were sold in May 2008 to the Lagardère Active Group, which had held a 49% interest in Psychologies since June 2004.

Lagardère Active wishes to consolidate the presence of the Psychologies group in the women's/health/wellbeing segment where Lagardère is the market leader both in and outside France.

Over the last ten years the Psychologies group has enjoyed remarkable uninterrupted growth in terms of circulation (372,630 copies, OJD 2007) and advertising revenues. The first half of 2008 has seen a continuation of these trends, notably in advertising, with Psychologies steadily increasing its market share. In France, Psychologies magazine is one of the top three upscale monthly women's magazines in terms of circulation and advertising revenue.

Over the last four years, Psychologies magazine has been launched in eight countries with the support of Lagardère Active, and has become a global brand.

Meanwhile, the psychologies.com website and its affiliated sites have attracted more than one million unique visitors (*source:* Nielsen) since the start of 2008, with more than 20 million page views, one of the best performances by magazine spinoff websites.

Its web-based advertising revenue accounts for 10% of the Psychologies group's total advertising revenue, in a perfect illustration of the Lagardère Active Group's digital transformation model.

1.1.6 Sale of Virgin Stores group

On 28 February 2008, following the agreement signed on 21 December 2007, Lagardère and Butler Capital Partners announced that they had signed the final contracts for the acquisition of a majority interest in Virgin Stores by Butler Capital Partners (see Note 2 to the consolidated financial statements at 30 June 2008).

Prior to completion of this sale transaction, Lagardère Services' 51% investment in Virgin Mega was transferred to Virgin Stores SA, while the residual 49% remained in the possession of the Lagardère Group through Lagardère Active.

1.1.7 Sale of 2.5% of the capital of EADS

See Note 2 to the consolidated financial statements at 30 June 2008.

1.1.8 Litigation in process concerning EADS

These proceedings are described in Note 13 to the consolidated financial statements at 30 June 2008, "Litigation".

1.1.9 Principal related party transactions

See Note 14 to the consolidated financial statements at 30 June 2008.

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 2007, which was filed with the French Financial Market Authority (AMF) on 3 April 2008.

1.3 COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2008

1.3.1 General

The consolidated income statements are summarised below.

(in millions of euros)	**First half 2008**	**First half 2007**	**Year 2007**
Net sales	**3,804**	**3,955**	**8,582**
Profit before finance costs and tax	**678**	**659**	**867**
Finance costs, net	(79)	(105)	(204)
Income tax expense	(13)	(41)	(99)
Net profit	**586**	**513**	**564**
Attributable to equity holders of the parent	*572*	*499*	*534*
Attributable to minority interests	*14*	*14*	*30*

The consolidated financial statements at 30 June 2008 have been prepared in compliance with International Financial Reporting Standards (IFRS) and IAS 34, “Interim Financial Reporting”, using the same accounting principles as those applied for the year ended 31 December 2007.

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

1.3.2 Lagardère Media

Lagardère Media includes the operations of Lagardère Publishing, Lagardère Active which comprises the Press and Audiovisual activities, Lagardère Services, and since 2007, Lagardère Sports.

The major changes in this segment’s structure during the first half of 2008 are described in Note 2 to the consolidated financial statements.

Summarised statements of income and cash flows of Lagardère Media are as follows:

Income statement *(in millions of euros)*	**First half 2008**	**First half 2007**	**Year 2007**
Net sales	**3,804**	**3,955**	**8,582**
Recurring operating profit before associates	260	251	636
Income from associates *(*)*	46	36	64
Non-recurring items	(104)	(113)	(201)
Amortization of acquisition-related intangible assets	(37)	(24)	(59)
- Fully consolidated companies	*(27)*	*(14)*	*(39)*
- Companies accounted for by the equity method	*(10)*	*(10)*	*(20)*
Profit before finance costs and tax	**165**	**150**	**440**
Finance costs, net	(85)	(63)	(145)
Profit before tax	**80**	**87**	**295**

(*) Excluding amortization of acquisition-related intangible assets.

Cash flows	**First half 2008**	**First half 2007**	**Year 2007**
Cash flows from operations before changes in working capital	264	304	780
Changes in working capital	(327)	(220)	(5)
Cash flows from operations	**(63)**	**84**	**775**
Interest paid and received and income taxes paid	(181)	(165)	(375)
Net cash provided by (used in) operating activities	**(244)**	**(81)**	**400**
Cash used in investing activities	(502)	(1,078)	(1,373)
- Intangible assets and property, plant and equipment	(87)	(90)	(218)
- Investments	(415)	(988)	(1,155)
Proceeds from disposals	85	33	193
- Intangible assets and property, plant and equipment	24	13	16
- Investments	61	20	177
(Increase) decrease in short-term investments	(1)	8	57
Net cash used in investing activities	**(418)**	**(1,037)**	**(1,123)**
Total cash used in operating and investing activities	**(662)**	**(1,118)**	**(723)**

	First half 2008	**First half 2007**	**Year 2007**
Capital employed *(*)*	**6,259**	**6,124**	**5,600**

(*) Non-current assets less non-current liabilities (excluding debt) and changes in working capital.

The first half of 2008 saw contrasting results: the sluggish advertising and distribution environment had an ongoing effect on the magazine and radio businesses in mature countries, counterbalanced by the expansion of advertising markets in Eastern Europe and China. The Group's audiovisual businesses progressed well, due both to production companies' output and higher advertising income from digital TV channels. Book publishing saw a good level of activity, particularly in the United States, Spain and the United Kingdom, and in Educational publishing in France, although there was a decline in France in literature and part-works. Lagardère Services continues to benefit from the high volumes of air traffic which boost airport retail sales, and rising retail sales in Eastern European countries and the Asia-Pacific zone. These developments offset the falloff in distribution in some segments of the press, and the lower sales of telephone cards and tobacco that have affected wholesale business.
As anticipated, first-half net sales by Lagardère Sports were lower in 2008 than 2007, since the first half of 2007 contained Euro 2008 qualifying matches which had no equivalent in first-half 2008.

Lagardère Media's sales for the first half of 2008 thus decreased by 3.8% compared with first-half 2007, without adjustments for changes in group structure and exchange rates. Changes in group structure – principally the sales of Virgin Stores and Regional Daily Press activities – had a negative impact of -€191 million. Changes in exchange rates (average rate over the period) had a negative impact of -€90 million, mainly due to the movements in the US dollar/euro and GBP/euro rates.

Excluding the effect of changes in group structure and exchange rates, sales grew by 3.6%. The growth rate was positive in the Book Publishing, Press, Audiovisual and Services divisions, but negative in the Sports division.

Recurring operating profit before associates amounted to €260 million, a rise of €9 million or 3.6% from first-half 2007 without adjustments for changes in group structure and exchange rates.

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

- Lagardère Publishing's recurring operating profit was stable compared to first-half 2007 at €71 million. The rising income from Educational publishing in France, Spain and the UK offset the decline observed in France in literature and part-works.

- In the Lagardère Active division, where recurring operating profit reached €114 million, the contribution by the Press activities registered a decline of €1 million as a result of the sluggish distribution market and the deterioration in advertising revenues, particularly in the United States and Spain, as website investment continued. Profits on Audiovisual activities increased by €9 million, largely due to significant development in income from international radio stations.

- The Services division reported recurring operating profit of €46 million, up by €1 million. This increase covered contrasting performances. Lagardère Services stepped up the opening of new sales outlets, and therefore bore the corresponding start-up costs.

- The recurring operating profit of the Sports division was €29 million, in line with the results at 30 June 2007. This excludes amortization of the intangible assets created when acquisitions in the division were recognised (-€24 million at 30 June 2008 compared to -€14 million at 30 June 2007).

Income from associates was €46 million, compared with €36 million for the first half of 2007. This includes a €30 million contribution by Canal+ France (€23 million in first-half 2007) before amortization of the goodwill created when Lagardère recorded its investment (-€10 million net of deferred taxes at 30 June 2008 and 2007).

Non-recurring/non-operating items included in the profit before finance costs and tax for the first half of 2008 represented a net loss of €141 million compared to a net loss of €137 million for the first half of 2007.

This loss includes:

- Impairment losses of €93 million on intangible assets relating entirely to magazine publishing in the United States (€35 million in the first half of 2007), booked after revision of medium-term forecasts for advertising revenue and distribution on the US press market.
- Restructuring costs of €7 million, including €5 million for the Press division, principally in the United States and Italy.
- Losses of €4 million on disposals, mainly the sale of the men's magazine publisher SCPE.
- Amortization costs of acquisition-related intangible assets of €37 million, including €24 million for the Sports division and €10 million charged to the contribution by Canal+ France.

As a result of the above items, profit before finance costs and tax of the Media segment for the first half of 2008 totalled €165 million, an increase of €15 million from first-half 2007.

Net finance costs were €85 million, an increase of €22 million from first-half 2007. This reflects the rise in average interest rates and investments over the period, together with the increase in the Media segment's intragroup debt following the legal restructuring of Lagardère Active in late December 2007 in which certain holdings, including Lagardère Active Broadcast, were purchased from the group's central holding companies.

Cash flows

Cash flows from operations before changes in working capital amounted to €264 million, a decrease of €40 million from first-half 2007. This change includes €26 million related to the higher outflows corresponding to the Active 2009 plan's restructuring costs.

Working capital increased by €327 million in the first half of 2008 after a €220 million increase in first-half 2007, reflecting rises in working capital requirements at Lagardère Publishing, Lagardère Sports and Lagardère Active.

Following the same trend as indebtedness and financing costs, interest paid (net of interest received) amounted to €76 million in the first half of 2008 compared to €60 million in first-half 2007. Taxes paid for the first half-year amounted to €105 million in both 2008 and 2007.

As a result of these items, net cash of €244 million was used in operating activities, compared to €81 million in first-half 2007.

Purchases of intangible assets and property, plant and equipment net of disposals totalled €63 million, €14 million less than in the first half of 2007.

Purchases of investments in the first half of 2008 amounted to €415 million. The principal investments were the acquisitions of Doctissimo, World Sport Group, Editions Massin and of third party interests in Psychologies Magazine and Lagardère Active TV.

Disposals of investments amounted to €61 million, and mainly concerned the sale of Virgin Stores.

As a result, total cash of €662 million was used in operating and investing activities in the first half of 2008, compared with €1,118 million in first-half 2007.

1.3.3 EADS

EADS has been accounted for by the equity method since 1 January 2007. On 25 June 2008, Lagardère transferred 20,370,000 EADS shares or 2.5% of the capital of EADS to the holders of the Mandatory Exchangeable Bonds, in redemption of the second tranche of the issue carried out in April 2006. At 30 June 2008, Lagardère's holding in EADS stood at 10.01%. The gain on the transfer was €466 million. The share of profit recorded for first-half 2008 was based on the percentage interest prior to the transfer, i.e. 12.51%.

EADS' contribution to Lagardère's consolidated profit for the first half of 2008 amounted to €52 million, compared to €18 million for first-half 2007.

1.3.4 Other Activities

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

Income statement *(in millions of euros)*	**First half 2008**	**First half 2007**	**Year 2007**
Recurring operating profit (loss)	(5)	19	-
Non-recurring items	-	-	(1)
Profit (loss) before finance costs and tax	**(5)**	**19**	**(1)**
Net financial income (loss)	6	(42)	(59)
Profit (loss) before tax	**1**	**(23)**	**(60)**

Recurring operating profit recorded by Other Activities in the first half of 2008 showed a loss of €5 million, compared to a profit of €19 million in first-half 2007 which included amounts received as a result of the claim filed by Matra in connection with its former Transit Systems activities (the VAL contract in Taipei).

Net financial income of €6 million was recorded in the first half of 2008, a €48 million improvement from the financial loss of first-half 2007, which is mainly attributable to lower finance costs on the EADS Mandatory Exchangeable Bonds.

1.3.5 Overview of consolidated results

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

(in milions of euros)	**First half 2008**	**First half 2007**	**Year 2007**
Lagardère Media	80	87	295
Income (loss) from EADS (accounted for by the equity method)	52	18	(44)
Gain on sale of EADS shares	466	472	472
Other Activities	1	(23)	(60)
Profit before tax	**599**	**554**	**663**
Income tax expense	(13)	(41)	(99)
Consolidated profit for the year	**586**	**513**	**564**
Attributable to equity holders of the parent	*572*	*499*	*534*
Attributable to minority interests	*14*	*14*	*30*

1.3.6 Cash flows

1.3.6.1 Consolidated cash flow statement

In the first half of 2008, net cash of €271 million was used in the Group's operating activities, including €244 million in the Media segment and €27 million in Other Activities, which were impacted by finance costs incurred during the period, partially offset by cash inflows corresponding to taxes collected from entities belonging to the French tax consolidation group.

Net cash of €237 million was provided by investing activities in the first half of 2008, resulting mainly from net cash outflows of €418 million for investments in the Media segment, offset by the €664 million cash inflow corresponding to the sale price of EADS shares.

Net cash of €108 million was used in financing activities in the first half of 2008, mainly comprising the following:

- applications:

- dividends paid (€196 million);
- redemption of the second tranche of EADS Mandatory Exchangeable Bonds (€664 million);
- redemption of the 2001 US Private Placement 7-year notes (€169 million).

- sources:

- a €880 million drawing on the 2005 syndicated loan;
- €53 million in new bank borrowings for Lagardère Active's Press division.

As a result of the above cash flows, including the +€16 million effect of translation adjustments and reclassifications, net cash and cash equivalents decreased by €126 million from 31 December 2007 to €346 million at 30 June 2008.

1.3.6.2 Net indebtedness

Net indebtedness is calculated as follows:

(in millions of euros)	**First half 2008**	**Year 2007**
Short-term investments and cash and cash equivalents	820	869
Non-current debt	(2,152)	(1,960)
Current debt	(1,399)	(1,479)
Net indebtedness	**(2,731)**	**(2,570)**
Including Mandatory Exchangeable Bonds	*(690)*	*(1,423)*

Changes during the first half of 2008 and the first half of 2007 are analysed as follows:

(in millions of euros)	**2008**	**2007**
Net indebtedness at 1 January	**(2,570)**	**(2,045)**
Total cash from operating and investing activities	(34)	(475)
Acquisition of treasury shares	-	(177)
Dividends	(196)	(175)
Increase (decrease) in short-term investments	1	(8)
Change in put options granted to minority shareholders recognised in debt	58	2
Change in financial liabilities following measurement at fair value	(49)	19
Effect on cash of changes in exchange rates, consolidation scope and other	59	84
Net indebtedness at 30 June	**(2,731)**	**(2,775)**

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1.4 EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 21 July 2008, Lagardère SCA's Managing Partners decided to cancel 3,000,000 treasury shares representing 2.23% of the company's share capital.

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2 - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2008

(in millions of euros)		**First half 2008**	**First half 2007**	**Year 2007**
Net sales	*(Notes 3 & 4)*	3,804	3,955	8,582
Other income from ordinary activities		217	266	493
Revenues		4,021	4,221	9,075
Purchases and changes in inventories		(1,805)	(1,829)	(3,901)
Capitalised production		6	1	2
Production transferred to inventories		58	43	6
External charges		(1,127)	(1,217)	(2,518)
Payroll costs		(866)	(880)	(1,796)
Depreciation and amortization other than on acquisition-related intangible assets		(65)	(74)	(164)
Amortization of acquisition-related intangible assets		(27)	(14)	(39)
Other operating income (expenses)	*(Note 5)*	395	364	202
Income from associates		88	44	0
PROFIT BEFORE FINANCE COSTS AND TAX	*(Note 3)*	**678**	**659**	**867**
Financial income	*(Note 6)*	38	19	59
Financial expenses	*(Note 6)*	(117)	(124)	(263)
PROFIT BEFORE TAX		**599**	**554**	**663**
Income tax expense	*(Note 7)*	(13)	(41)	(99)
PROFIT FOR THE PERIOD		**586**	**513**	**564**
Attributable to equity holders of the parent		572	499	534
Attributable to minority interests		14	14	30
Basic earnings per share attributable to equity holders of the parent	*(Note 8)*	*4.39*	*3.72*	*4.03*
Diluted earnings per share attributable to equity holders of the parent	*(Note 8)*	*4.36*	*3.71*	*3.99*

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2008

(in millions of euros)		First half 2008	First half 2007	Year 2007
Profit for the period		**586**	**513**	**564**
Income tax expense		13	41	99
Finance costs, net		79	105	204
Profit before finance costs and tax		**678**	**659**	**867**
Depreciation and amortization expense		92	88	203
Impairment losses, provision expense and other non-cash items		19	106	271
Gains on disposals of assets		(462)	(481)	(565)
Dividends received from associates		25	13	19
Income from associates		(88)	(44)	0
Changes in working capital		(327)	(251)	(23)
Cash flows from operations		**(63)**	**90**	**772**
Interest paid		(164)	(174)	(242)
Interest received		37	19	39
Income taxes paid		(81)	(50)	(140)
Net cash provided by (used in) operating activities	**(A)**	**(271)**	**(115)**	**429**
Cash used in investing activities				
Purchases of intangible assets and property, plant and equipment		(89)	(94)	(227)
Purchases of investments		(403)	(1,069)	(1,227)
Cash acquired through acquisitions		6	101	103
Purchases of other non-current assets		(18)	(21)	(38)
Total cash used in investing activities	**(B)**	**(504)**	**(1,083)**	**(1,389)**
Cash from investing activities				
Proceeds from disposals of non-current assets				
Intangible assets and property, plant and equipment		17	30	33
Investments		682	672	859
Cash acquired (transferred) on disposals		34	(8)	(37)
Decrease in other non-current assets		9	21	35
Total cash from investing activities	**(C)**	**742**	**715**	**890**
(Increase) decrease in other non-current assets	**(D)**	(1)	8	14
Net cash provided by (used in) investing activities	**(E) = (B)+(C)+(D)**	**237**	**(360)**	**(485)**
Total cash used in operating and investing activities	**(F) = (A)+(E)**	**(34)**	**(475)**	**(56)**
Capital transactions				
Proceeds from capital increase by the parent				
Change in minority interests in capital increases by subsidiaries			3	7
Change in treasury shares			(177)	(337)
Dividends paid to equity holders of the parent (*)		(175)	(162)	(163)
Dividends paid to minority shareholders of subsidiaries		(21)	(13)	(18)
Financing transactions				
Increase in debt		945	707	623
Decrease in debt		(857)	(700)	(760)
Net cash used in financing activities	**(G)**	**(108)**	**(342)**	**(648)**
Other movements				
Effect on cash of changes in exchange rates		18	2	16
Effect on cash of other movements		(2)	13	(11)
Change in net cash and cash equivalents	**(I) = (F)+(G)+(H)**	**(126)**	**(802)**	**(699)**
Cash and cash equivalents at beginning of the period		**472**	**1,171**	**1,171**
Cash and cash equivalents at end of the period	*(Note 10)*	**346**	**369**	**472**

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

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2008

ASSETS

(in millions of euros)		30 June 2008	31 December 2007
Intangible assets		1,339	1,428
Goodwill		3,084	2,975
Property, plant and equipment		648	640
Investments in associates		2,640	2,847
Other non-current assets		327	205
Deferred tax assets		182	166
Total non-current assets		**8,220**	**8,261**
Inventories		620	529
Trade receivables		1,637	1,585
Other current assets		1,371	1,306
Short-term investments	*(Note 9)*	117	136
Cash and cash equivalents	*(Note 10)*	703	733
Total current assets		**4,448**	**4,289**
Assets held for sale			229
Total assets		**12,668**	**12,779**

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2008

EQUITY AND LIABILITIES

(in millions of euros)		30 June 2008	31 December 2007
Share capital		818	818
Reserves		3,426	3,222
Profit attributable to equity holders of the parent		572	534
Minority interests		79	85
Total equity		**4,895**	**4,659**
Provisions for employee benefits and similar obligations		89	103
Non-current provisions for contingencies and losses		180	200
Non-current debt	*(Note 11)*	2,152	1,960
Other non-current liabilities		197	193
Deferred tax liabilities		293	340
Total non-current liabilities		**2,911**	**2,796**
Current provisions for contingencies and losses		362	432
Current debt	*(Note 11)*	1,399	1,479
Trade payables		1,735	1,849
Other current liabilities		1,366	1,405
Total current liabilities		**4,862**	**5,165**
Liabilities associated with assets held for sale			159
Total equity and liabilities		**12,668**	**12,779**

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

(in millions of euros)	Other reserves	Translation reserve	Valuation reserve	Minority interests	**Equity**
Net profit for the first half of 2007	**499**			**14**	**513**
Currency translation adjustments		(31)		(1)	**(32)**
Change in fair value of:					
Derivative financial instruments			(125)		**(125)**
Investments in non-consolidated companies			(10)		**(10)**
Actuarial gains and losses on pension and similar obligations	47				**47**
Income and expenses recognised directly in equity	**47**	**(31)**	**(135)**	**(1)**	**(120)**
Total recognised income and expenses for the first half of 2007	**546**	**(31)**	**(135)**	**13**	**393**

Net profit for the first half of 2008	**572**			**14**	**586**
Currency translation adjustments		(81)		1	**(80)**
Change in fair value of:					
Derivative financial instruments			(41)		**(41)**
Investments in non-consolidated companies			(35)		**(35)**
Actuarial gains and losses on pension and similar obligations	5				**5**
Income and expenses recognised directly in equity	**5**	**(81)**	**(76)**	**1**	**(151)**
Total recognised income and expenses for the first half of 2008	**577**	**(81)**	**(76)**	**15**	**435**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2008

(in millions of euros)	Share capital	Share premiums	Other reserves	Treasury shares	Translation reserve	Valuation reserve	Minority interests	**Equity**
At 31 December 2006 - restated	**870**	**1,460**	**1,720**	**(408)**	**97**	**771**	**100**	**4,610**
Profit for the period			499				14	**513**
Income and expenses recognised directly in equity			47		(31)	(135)	(1)	**(120)**
Total recognised income and expenses (a)			**546**		**(31)**	**(135)**	**13**	**393**
Dividends			(162)				(13)	**(175)**
Capital reduction by the parent (b)	(52)	(437)		489				**0**
Capital increase attributable to minority interests							5	**5**
Changes in treasury shares				(174)				**(174)**
Share-based payments			20					**20**
Changes in consolidation scope and other							(4)	**(4)**
At 30 June 2007	**818**	**1,023**	**2,124**	**(93)**	**66**	**636**	**101**	**4,675**

(in millions of euros)	Share capital	Share premiums	Other reserves	Treasury shares	Translation reserve	Valuation reserve	Minority interests	**Equity**
At 31 December 2007	**818**	**1,022**	**2,191**	**(246)**	**(64)**	**853**	**85**	**4,659**
Profit for the period			572				14	**586**
Income and expenses recognised directly in equity			5		(81)	(76)	1	**(151)**
Total recognised income and expenses (a)			**577**	**0**	**(81)**	**(76)**	**15**	**435**
Dividends			(175)				(21)	**(196)**
Capital increase by the parent (c)								**0**
Capital increase attributable to minority interests								**0**
Changes in treasury shares								**0**
Share-based payments			14					**14**
Changes in consolidation scope and other			(17)					**(17)**
At 30 June 2008	**818**	**1,022**	**2,590**	**(246)**	**(145)**	**777**	**79**	**4,895**

(a) See details on previous page.
(b) Capital reduction by cancellation of treasury shares.
(c) Options exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2008

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

NOTE 1 – ACCOUNTING PRINCIPLES

The consolidated half-year financial statements at 30 June 2008 are prepared in compliance with IAS 34, "Interim Financial Reporting". The accompanying notes do not contain all the disclosures required for annual financial statements. These condensed financial statements should therefore be read in conjunction with the annual consolidated financial statements published for 2007.
The accounting principles applied at 30 June 2008 are identical to those used for the year ended 31 December 2007.

NOTE 2 – MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

➢ ***Sale of the Virgin Stores group***

On 28 February 2008, following the agreement signed on 21 December 2007, the final contracts were signed for the acquisition of a majority interest in Virgin Stores by Butler Capital Partners.
The assets and liabilities of the Virgin Stores group were presented in the balance sheet at 31 December 2007 as assets held for sale and associated liabilities, and Virgin Stores was deconsolidated from 1 January 2008.
In the first half of 2007, the Virgin Stores group contributed sales of €168 million and registered an operating loss of €9 million.

➢ ***Sale of 2.5% of the capital of EADS***

On 25 June 2008, in accordance with the redemption schedule established in the contract for the Mandatory Exchangeable Bonds issue, Lagardère remitted 20,370,000 EADS shares or 2.5% of the capital of EADS to the holders of the bonds, in redemption of the second tranche of the issue. Redemption of the first tranche had taken place on 25 June 2007 through remittance of an identical number of shares.
As a result, including the effect of changes in EADS' share capital, Lagardère's holding in EADS was reduced from 14.98% at 31 December 2006 to 12.51% at 31 December 2007, and subsequently to 10.01% at 30 June 2008.
EADS has been accounted for by the equity method since 1 January 2007. The share of profit included in the consolidated income statement for the first half of 2008 was based on a percentage interest of 12.51%, i.e. the percentage interest held in EADS during that period, compared with 14.98% for the first half of 2007.
The gain on the transfer, calculated on the basis of the EADS group's equity at 30 June 2008, amounted to €466 million, compared with €472 million at 30 June 2007.

➢ ***Other changes***

The other changes in the scope of consolidation, which did not have a material impact on the financial statements for the first half of 2008, were as follows:

Lagardère Publishing

- Consolidation over the whole half-year of the French publisher Pika, which was only consolidated as of 1 April in 2007;
- Consolidation in 2008 of the publishers Grupo Patria Cultural, Piatkus Books and Escala Educacional, which were acquired during the second half of 2007 and thus not consolidated in the first half of 2007.

Lagardère Active

- Acquisition by Lagardère Active Digital of Doctissimo, France’s leading publisher of web content for women. This acquisition took the form of a transfer of 53.38% of the capital from the company’s founders and managers, followed by a standing market offer for Doctissimo shares listed on Euronext’s Eurolist market. On 27 June 2008, Lagardère Active Digital, which by then held more than 95% of Doctissimo, informed the French stock market authority (AMF) that it intended to make a compulsory buyout offer for the remaining shares. This took place on 9 July 2008 and will ultimately lead to delisting of Doctissimo shares from Euronext Paris, with Lagardère Active Digital owning 100% of the capital. Doctissimo has been fully consolidated with effect from 1 January 2008.
- Acquisition of 51% of the Psychologies magazine group. This group was already held 49% by Lagardère Active and was accounted for by the equity method in the 2007 financial statements. It has been fully consolidated with effect from 1 June 2008;
- Purchase of the 35% holding in Lagardère Active TV (formerly Lagardère Images) owned by Caisse des Dépôts et Consignations following exercise of their put option, raising Lagardère's overall investment from 65% to 100%. Lagardère Active TV was already fully consolidated in previous years;
- Sale of SCPE, which publishes men’s magazine in France. The company was deconsolidated with effect from 1 April 2008;
- Consolidation over six months in 2008 of Société de Presse Féminine (SPF), Jumpstart Automotive Media and the Nextedia group, which in 2007 were only consolidated from 1 April, 1 June and 1 July respectively;
- Non-consolidation in 2008 of the Regional Daily Newspapers in southern France, and magazine companies Hachette Filipacchi Sweden, Hachette Filipacchi Burda Poland and Hachette Filipacchi Publicações (Portugal). These entities were sold during the second half of 2007 and were consolidated over the whole first half of 2007.

Lagardère Services

- Acquisition and full consolidation from 1 March 2008 of Purely Group, a 51%-owned Australian airport retail operator.

Lagardère Sports

- Acquisition at the end of the first half of 2008 of approximately 70% of the capital of World Sport Group Holdings Ltd (WSG). WSG, based in Singapore, is specialised in management of marketing rights, television broadcasting rights and event sponsorship consulting in South-East Asia, the Middle East, India and Japan. This investment will be consolidated with effect from 1 July 2008. The shares acquired have been recorded as non-consolidated investments in the balance sheet at 30 June 2008;
- Acquisition of the German group Upsolut Sports AG, a sporting event organiser in Germany, which is fully consolidated from 1 January 2008;
- Consolidation over six months in 2008 of IEC, which has only been consolidated since 1 September 2007.

NOTE 3 - SEGMENT INFORMATION

Lagardère's main activities are carried out in Media businesses, which comprise the following business divisions (business segments):

- Lagardère Publishing: publication of general literature, textbooks, illustrated books and part-books.
- Lagardère Active, which comprises:
  - Audiovisual and digital operations including special interest television channels, audiovisual production and distribution, radio and sales of advertising space.
  - Press activities, principally mainstream magazine publishing.
- Lagardère Services: press distribution, retailing in cultural, entertainment and consumer products.
- Lagardère Sports, a business division formed on 1 January 2007, which handles management and marketing of sports rights and content.

At 30 June 2008 Lagardère also held a 10.01% investment in the EADS group which manufactures commercial aircraft, civil and military helicopters, commercial launch vehicles, missiles, military aircraft, satellites, defence systems and defence electronics, and provides the full range of services associated with these products.

In addition to the above business divisions, the Group has a "corporate" reporting unit ("Other Activities") used primarily to report the effect of financing obtained by the Group, the net operating costs of Group holding companies, the "Spare Parts" activity of the former Automobile business, whose revenues are reported under "Other income from ordinary activities", and all expenses incurred in operations related to innovative sports projects.

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

Income statement for first half 2008	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Sports	**Lagardère Media**	EADS and Other Activities *(*)*	**Total**
		Audiovisual	Press	Total					
Net sales	927	240	796	1,036	1,682	197	**3,842**	-	**3,842**
Inter-segment sales	(19)	(1)	(17)	(18)	(1)	-	**(38)**	-	**(38)**
Consolidated net sales	**908**	**239**	**779**	**1,018**	**1,681**	**197**	**3,804**	**-**	**3,804**
Recurring operating profit before associates	**71**	**53**	**61**	**114**	**46**	**29**	**260**	**(5)**	**255**
Income from associates before amortization of acquisition-related intangible assets	1	28	13	41	4	-	**46**	52	**98**
Recurring operating profit	**72**	**81**	**74**	**155**	**50**	**29**	**306**	**47**	**353**
Restructuring costs	-	-	(5)	(5)	(2)	-	**(7)**	-	**(7)**
Disposal gains (losses)	(1)	-	(3)	(3)	-	-	**(4)**	466	**462**
Impairment losses *(**)*	-	-	(93)	(93)	-	-	**(93)**	-	**(93)**
Amortization of acquisition-related intangible assets									
- Fully consolidated companies	-	-	(3)	(3)	-	(24)	**(27)**	-	**(27)**
- Companies accounted for by the equity method	-	(10)		(10)	-	-	**(10)**	-	**(10)**
Profit before finance costs and tax *(*)*	**71**	**71**	**(30)**	**41**	**48**	**5**	**165**	**513**	**678**
Finance costs, net	(3)	(25)	(40)	(65)	(3)	(14)	**(85)**	6	**(79)**
Profit before tax *(*)*	**68**	**46**	**(70)**	**(24)**	**45**	**(9)**	**80**	**519**	**599**

(*) Including EADS: €518 million (income from associates €52 million; gain on sale of shares €466 million).

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

Items included in recurring operating profit	Lagardère Publishing	Audiovisual	Press	Total	Lagardère Services	Lagardère Sports	**Lagardère Media**	EADS and Other Activities	**Total**
Depreciation and amortization of intangible assets and property, plant and equipment	(12)	(7)	(9)	(16)	(23)	(11)	**(62)**	(3)	**(65)**
Cost of stock option plans	(3)	(2)	(2)	(4)	(1)	-	**(8)**	(4)	**(12)**

Income statement for first half 2007	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Sports	**Lagardère Media**	EADS and Other Activities *(*)*	**Total**
		Audiovisual	Press	Total					
Net sales	929	227	887	1,114	1,755	210	**4,008**	-	**4,008**
Inter-segment sales	(32)	(1)	(19)	(20)	(1)	-	**(53)**	-	**(53)**
Consolidated net sales	**897**	**226**	**868**	**1,094**	**1,754**	**210**	**3,955**	**-**	**3,955**
Recurring operating profit before associates	**71**	**44**	**62**	**106**	**45**	**29**	**251**	**19**	**270**
Income from associates before amortization of acquisition-related intangible assets	1	22	10	32	3	-	**36**	18	**54**
Recurring operating profit	**72**	**66**	**72**	**138**	**48**	**29**	**287**	**37**	**324**
Restructuring costs	-	-	(18)	(18)	(2)	-	**(20)**	-	**(20)**
Disposal gains	4	-	4	4	1	-	**9**	472	**481**
Impairment losses *(**)*	-	-	(42)	(42)	(60)	-	**(102)**	-	**(102)**
Amortization of acquisition-related intangible assets									
- Fully consolidated companies	-	-	-	-	-	(14)	**(14)**	-	**(14)**
- Companies accounted for by the equity method	-	(10)	-	(10)	-	-	**(10)**	-	**(10)**
Profit before finance costs and tax *(*)*	**76**	**56**	**16**	**72**	**(13)**	**15**	**150**	**509**	**659**
Finance costs, net	(6)	(22)	(18)	(40)	(3)	(14)	**(63)**	(42)	**(105)**
Profit before tax *(*)*	**70**	**34**	**(2)**	**32**	**(16)**	**1**	**87**	**467**	**554**

(*) Including EADS: €490 million (income from associates €18 million; gain on sale of shares €472 million).

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

Items included in recurring operating profit	Lagardère Publishing	Audiovisual	Press	Total	Lagardère Services	Lagardère Sports	**Lagardère Media**	EADS and Other Activities	**Total**
Depreciation and amortization of intangible assets and property, plant and equipment	(12)	(6)	(13)	(19)	(26)	(14)	**(71)**	(3)	**(74)**
Cost of stock option plans	(4)	(2)	(3)	(5)	(1)		**(10)**	(5)	**(15)**

Cash flow statement for first half 2008	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Sports	**Lagardère Media**	EADS, Other Activities and eliminations	**Total**
		Audiovisual	Press	Total					
Cash flows from operations	(97)	11	15	26	36	(28)	**(63)**	-	**(63)**
Interest paid and received, income tax paid	(36)	(58)	(47)	(105)	(14)	(26)	**(181)**	(27)	**(208)**
Net cash provided by (used in) operating activities	**(133)**	**(47)**	**(32)**	**(79)**	**22**	**(54)**	**(244)**	**(27)**	**(271)**
Cash used in investing activities	(25)	(90)	(226)	(316)	(48)	(113)	**(502)**	(2)	**(504)**
- Purchases of intangible assets and property, plant and equipment	*(15)*	*(10)*	*(10)*	*(20)*	*(34)*	*(18)*	***(87)***	*(2)*	***(89)***
- Purchases of investments	*(10)*	*(80)*	*(216)*	*(296)*	*(14)*	*(95)*	***(415)***		***(415)***
Proceeds from disposals of non-current assets	1	3	7	10	73	1	**85**	657	**742**
- Sales of intangible assets and property, plant and equipment			*1*	*1*	*23*		***24***	*(7)*	***17***
- Sales of investments	*1*	*3*	*6*	*9*	*50*	*1*	***61***	*664*	***725***
Increase in short-term investments	-	-	-	-	(1)	-	**(1)**	-	**(1)**
Net cash provided by (used in) investing activities	**(24)**	**(87)**	**(219)**	**(306)**	**24**	**(112)**	**(418)**	**655**	**237**
Total cash provided by (used in) operating and investing activities	**(157)**	**(134)**	**(251)**	**(385)**	**46**	**(166)**	**(662)**	**628**	**(34)**

Cash flow statement for first half 2007	Lagardère Publishing	Lagardère Active			Lagardère Services	Lagardère Sports	**Lagardère Media**	EADS, Other Activities and eliminations	**Total**
		Audiovisual	Press	Total					
Cash flows from operations	(58)	35	65	100	6	36	**84**	6	**90**
Interest paid and received, income tax paid	(55)	(51)	(27)	(78)	(12)	(20)	**(165)**	(40)	**(205)**
Net cash provided by (used in) operating activities	**(113)**	**(16)**	**38**	**22**	**(6)**	**16**	**(81)**	**(34)**	**(115)**
Cash used in investing activities	(32)	(21)	(95)	(116)	(36)	(894)	**(1,078)**	(5)	**(1,083)**
- Purchases of intangible assets and property, plant and equipment	*(16)*	*(6)*	*(14)*	*(20)*	*(33)*	*(21)*	***(90)***	*(4)*	***(94)***
- Purchases of investments	*(16)*	*(15)*	*(81)*	*(96)*	*(3)*	*(873)*	***(988)***	*(1)*	***(989)***
Proceeds from disposals of non-current assets	8	3	2	5	9	11	**33**	682	**715**
- Sales of intangible assets and property, plant and equipment	*8*	-	*1*	*1*	*4*	-	***13***	*17*	***30***
- Sales of investments	-	*3*	*1*	*4*	*5*	*11*	***20***	*665*	***685***
Decrease in short-term investments	-	-	-	-	8	-	**8**	-	**8**
Net cash provided by (used in) investing activities	**(24)**	**(18)**	**(93)**	**(111)**	**(19)**	**(883)**	**(1,037)**	**677**	**(360)**
Total cash provided by (used in) operating and investing activities	**(137)**	**(34)**	**(55)**	**(89)**	**(25)**	**(867)**	**(1,118)**	**643**	**(475)**

Balance sheet at 30 June 2008	Lagardère Publishing	Lagardère Active Audiovisual	Lagardère Active Press	Lagardère Active Total	Lagardère Services	Lagardère Sports	Lagardère Media	EADS, Other Activities and eliminations	Total
Segment assets	2,253	1,041	2,824	3,865	998	1,338	**8,454**	754	**9,208**
Investments in associates	13	1,476	354	1,830	6	-	**1,849**	791	**2,640**
Segment liabilities	(1,113)	(745)	(965)	(1,710)	(907)	(314)	**(4,044)**	(178)	**(4,222)**
Capital employed	**1,153**	**1,772**	**2,213**	**3,985**	**97**	**1,024**	**6,259**	**1,367**	**7,626**
Net cash (indebtedness)									**(2,731)**
Equity									**4,895**

Balance sheet at 31 December 2007	Lagardère Publishing	Lagardère Active Audiovisual	Lagardère Active Press	Lagardère Active Total	Lagardère Services	Lagardère Sports	Lagardère Media	EADS, Other Activities and eliminations	Total
Segment assets	2,183	944	2,735	3,679	938	1,238	**8,038**	796	**8,834**
Investments in associates	12	1,456	365	1,821	10	-	**1,843**	1,004	**2,847**
Segment liabilities	(1,190)	(738)	(1,060)	(1,798)	(920)	(373)	**(4,281)**	(241)	**(4,522)**
Capital employed	**1,005**	**1,662**	**2,040**	**3,702**	**28**	**865**	**5,600**	**1,559**	**7,159**
Assets held for sale and associated liabilities									**70**
Net cash (indebtedness)									**(2,570)**
Equity									**4,659**

NOTE 4 - NET SALES

	First half 2008 (*)	**First half 2007**
France	1,294	1,469
Other countries	2,510	2,486
Total	**3,804**	**3,955**

(*) Excluding the effect of changes in group structure (-4.9%) and exchange rates (-2.5%), total net sales increased by 3.6% from first half 2007.

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

- *2008 net sales to exclude companies consolidated for the first time during the period and 2007 net sales to exclude companies divested in 2008;*
- *2008 and 2007 net sales based on 2008 exchange rates.*

Sales outside France break down as follows:

	First half 2008	First half 2007
European Union	1,517	1,501
Rest of Europe	325	310
USA and Canada	409	442
Middle East	14	17
Asia Pacific	168	159
Other (Africa, Latin America)	77	57
Total	**2,510**	**2,486**

NOTE 5 - OTHER OPERATING INCOME AND EXPENSES

	First half 2008	First half 2007
Restructuring costs	(7)	(20)
Gains and losses on disposals of assets	462	481
Impairment losses on goodwill, intangible assets and property, plant and equipment	(93)	(102)
Write-downs of current and other non-current assets	(13)	(1)
Exchange gains and losses	(1)	2
Financial expenses other than interest	(3)	(2)
Other income and expenses	50	6
Total	**395**	**364**

In the first half of 2008, other operating income and expenses principally included:

- a €466 million disposal gain on EADS shares;
- restructuring costs of €7 million including €5 million for Lagardère Active, principally in the United States and Italy;
- impairment losses of €93 million concerning titles published in the United States, booked after forecast advertising revenue growth was again revised downwards due to deteriorating market conditions;
- other income and expenses reflecting changes in provisions.

In the first half of 2007, other operating income and expenses principally included:

- the gain on the disposal of EADS shares remitted in redemption of the first tranche of the Mandatory Exchangeable Bond issue (€472 million);
- restructuring costs of €20 million including €18 million under the cost-cutting plans implemented in the Press division and the discontinuation of certain magazine titles;
- impairment losses on goodwill and intangible assets amounting to €102 million and concerning the Virgin group (€60 million), and assets in the Press division (€42 million, including €35 million for magazine titles in the United States).

NOTE 6 - FINANCIAL INCOME AND EXPENSES

Financial income and expenses break down as follows:

	First half 2008	First half 2007
Interest income on loans	32	8
Investment income and gains on sales of short-term investments	6	11
Financial income	**38**	**19**
Interest expense on borrowings	(97)	(89)
Loss on financial derivative instruments acquired as hedges of debt *(1)*	(20)	(35)
Financial expenses	**(117)**	**(124)**
Total	**(79)**	**(105)**

(1) Including €17 million in 2008 and €33 million in 2007 related to the derivative instrument attached to Mandatory Exchangeable Bonds.

NOTE 7 - INCOME TAX EXPENSE

Income tax expense breaks down as follows:

	First half 2008	First half 2007
Current taxes	(77)	(64)
Deferred taxes *(1)*	64	23
Total	**(13)**	**(41)**

(1) Including in 2008 a tax gain of €40 million associated with impairment losses.

NOTE 8 - EARNINGS PER SHARE

Basic earnings per share

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

	First half 2008	First half 2007
Profit attributable to equity holders of the parent (in millions of €)	572	499
Number of shares making up the share capital at 30 June	134,133,286	134,132,469
Treasury shares	(4,004,735)	(1,235,174)
Number of shares outstanding at 30 June	130,128,551	132,897,295
Average number of shares outstanding during the period	**130,125,522**	**134,084,181**
Net earnings per share (in €)	**4.39**	**3.72**

Diluted earnings per share

The only dilutive ordinary shares are unexercised uncovered employee stock options with exercise prices lower than the average quoted price of Lagardère SCA shares over the reference period (“in-the-money” options), and free shares allocated in December 2007.

	First half 2008	First half 2007
Profit attributable to equity holders of the parent (in millions of €)	572	499
Average number of shares outstanding	130,125,522	134,084,181
Adjustment to assume conversion of stock options and free shares		
Dilutive stock options ("in the money" options)	996,950	411,950
Other stock options ("out of the money" options)		1,007,325
Average number of shares including dilutive stock options and shares	**131,122,472**	**134,496,131**
Diluted earnings per share (in €)	**4.36**	**3.71**

NOTE 9 - SHORT-TERM INVESTMENTS

Short-term investments are solely comprised of available-for-sale investments measured at fair value. They break down as follows:

	30 June 2008	31 December 2007
Shares	29	43
Bonds	88	93
Total	**117**	**136**

“Shares” are Deutsche Telekom shares received in 2006 in exchange for T-Online shares as part of the merger between the two companies.

NOTE 10 - CASH AND CASH EQUIVALENTS

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

	30 June 2008	31 December 2007
Cash and cash equivalents	703	733
Short-term bank loans and overdrafts	(357)	(261)
Cash and cash equivalents, net	**346**	**472**

NOTE 11 - ANALYSIS OF DEBT BY MATURITY

Debt breaks down as follows by maturity:

	Under 1 year *(1)*	1 to 5 years	Over 5 years	Total
Mandatory Exchangeable Bonds	690	-	-	690
Other bonds	-	380	-	380
Bank loans	167	1,700	-	1,867
Finance lease liabilities	14	30	3	47
Debt related to put options granted to minority interests	-	25	-	25
Other debt	528	10	4	542
At 30 June 2008	**1,399**	**2,145**	**7**	**3,551**
At 31 December 2007	**1,479**	**1,711**	**249**	**3,439**

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

NOTE 12 - MANDATORY EXCHANGEABLE BONDS REDEEMABLE IN EADS SHARES

On 25 June 2008, Lagardère redeemed the second tranche and remitted 20,370,000 EADS shares (or 2.5% of the capital of EADS) to the holders of mandatory exchangeable bonds. The value of this operation, based on the reference per-share price of EADS shares (€32.60) used at the time of the issue, was €664 million. In the consolidated cash flow statement, the value at which shares were remitted is included in cash from investing activities, under Proceeds from sales of investments, with a corresponding reduction in debt in the cash flows from financing activities.

At 30 June 2008 the derivative embedded in the bonds was measured using the method described in Note 25-3 to the consolidated financial statements at 31 December 2007. As of 30 June 2008, based on the quoted market price of EADS shares at that date (€12.04), the effective portion of the hedge was measured at a positive value of €394 million (€424 million at 31 December 2007), recognised as an increase in equity. The ineffective portion, which is spread over the duration of the bonds, was measured at a net value of €13 million (€30 million at 31 December 2007), and the fair value at 30 June 2008 was measured at €2 million (€6 million at 31 December 2007).

NOTE 13 - LITIGATION

Pending litigation related to EADS

Following movements in the EADS share price, notably the drop in the share price occurred on 14 June 2006 after the publication by EADS, on 13 June 2006, of a press release announcing that there would be delays in delivery of the A380 by its subsidiary Airbus, several legal actions were initiated by EADS shareholders and various investigations were begun by the competent authorities.

Lagardère SCA (“Lagardère”) is currently aware of the following proceedings, some of which concern the company.

a) Legal action by the AMF

On 1 April 2008, the French stock market authority (AMF) published a statement in which it announced that the Board of AMF had met on 31 March 2008 to examine the findings of the inquiry conducted by the Investigation and Market Surveillance Division (DESM) into trading in EADS shares and financial disclosures made by EADS since 1 May 2005.
The announcement stated that the AMF considered it necessary to issue statements of complaint, firstly, for non-compliance with the obligations incumbent upon all issuers of securities listed on a regulated market to provide information to the market, and, secondly, for non-compliance with the obligations incumbent upon persons in possession of insider information to abstain from trading on the market.

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

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

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

- the EADS group's margin and operating profit objectives as expressed in EADS NV's Operative Planning for 2006/2010,

- the significant increase in development costs for the version of the A350 model launched in October 2005.

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

The Disciplinary Committee's Rapporteur has given Lagardère until 10 September 2008 to submit its opposing memorandum.

In addition to filing this memorandum and possible addendum, Lagardère intends to request a hearing in order to put forward the reasons it considers the accusations against the company should be dismissed.

<u>b) Action against person or persons unknown</u>

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

As part of this investigation, various searches were conducted including in the premises of Lagardère.

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

To date, Lagardère has not been interviewed or summoned by the investigating magistrate.

<u>c) Action by Crédit Mutuel group companies against Lagardère and Natixis</u>

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

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

The plaintiffs are seeking to have the bond issue contract declared null and void, alleging that Lagardère was in possession of insider information and should therefore have abstained from any operation involving EADS shares. They therefore claim that Lagardère breached a mandatory rule of law which renders the issue incontestably invalid. They argue that if the bond issue is declared null and void, the forward sales will also automatically be null and void. Lagardère considers that the challenge to the validity of the bond issue brought by these companies, which have no contractual relationship with Lagardère, is particularly ill-founded, and will contest all their claims.

The first case management hearing is scheduled for 8 September 2008.

d) Class action initiated in the USA against Lagardère by a shareholder of EADS

On 13 June 2008, the law firm Dreier LLP announced that it, on behalf of Ms Bobin as plaintiff and as representative of purchasers of listed shares in EADS NV during the period of 9 May 2005 to 11 March 2008, inclusive, had filed a complaint in the United States District Court for the Southern District of New York against Lagardère and other defendants (Bobin v Lagardère et al.). The suit was brought on the grounds of alleged violation of the Securities Exchange Act of 1934 by Lagardère, Daimler and certain EADS managers.

On 4 August 2008, the plaintiff in Bobin v. Lagardère et al. terminated the action and the case was therefore dismissed.

Lagardère, which has always believed that the complaint was defective and without foundation, takes note of this outcome which marks the end of the case brought against it.

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In view of the above, Lagardère has not established any provision for litigation.

New developments in the appeal against the CSA's decision to enter into an agreement with MCM

After the French Conseil d'Etat cancelled the decision of 19 July 2005 by the French broadcasting authority CSA (Conseil Supérieur de l'Audiovisuel) authorising MCM to operate the freeview digital musical TV channel Europe 2 TV (now renamed Virgin 17) with effect from 1 July 2008, a new agreement was signed with the CSA on 24 June 2008, defining prime time as 9am-12 noon and 3-11pm.

Statement of objections from the French Competition Council concerning Sportfive

On 23 June 2008, Sportfive received a statement of objections from the French Competition Council concerning alleged illegal arrangements with the French Football Federation (FFF) occurring since 1992, and alleged abuses of its dominant market position since 2001 in managing the rights of the FFF. This statement of objections is the first stage in the formal procedure initiated by the Competition Council, and Sportfive is now entitled to present its arguments to the Council and have access to the file. The observance of this phase is no indication of the final outcome of the procedure. This procedure is one of the events covered by the representations and warranties granted by certain former Sportfive shareholders to Lagardère Sports when it acquired Sportfive in 2007.

Other litigation

There were no other important developments during the first half-year of 2008 in the litigations described in Note 30.2 to the consolidated financial statements at 31 December 2007.

NOTE 14 - RELATED PARTY TRANSACTIONS

During the first half of 2008, no new transactions were undertaken by the Lagardère Group with related parties other than those described in Note 31 to the consolidated financial statements at 31 December 2007.

3 - STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST HALF-YEAR FINANCIAL INFORMATION FOR 2008

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

To the Partners of Lagardère S.C.A.,

In our capacity as statutory auditors and in accordance with articles L. 232-7 of the French Company Law and L. 451-1-2 III of the French Monetary and Financial Code, we hereby report to you on:

- our review of the accompanying half-yearly condensed consolidated financial statements of 2008, for the period from January 1, 2008 to June 30, 2008, and
- the verification of the information contained in the interim management report.

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

1 CONCLUSION ON THE FINANCIAL STATEMENTS

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

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

2 SPECIFIC VERIFICATION

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

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

Courbevoie and Neuilly-sur-Seine, August 28, 2008

The Statutory Auditors
French original report signed by

MAZARS & GUERARD	ERNST & YOUNG et Autres
Bruno Balaire	Jean-François Ginies

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

We certify that to the best of our knowledge, the condensed financial statements for the first half of 2008 have been prepared in compliance with the applicable accounting standards and provide a true and fair view of the assets, financial position and net income of the Company and all the entities included in the consolidation, and that the accompanying interim management report presented on page 1 fairly presents the significant events of the first six months of the year, their impacts on the financial statements, the principal related party transactions and a description of the main risks and uncertainties for the remaining six months of the year.

Paris, 28 August 2008

Arnaud Lagardère

For Arjil Commanditée-Arco:

Arnaud Lagardère - Philippe Camus - Pierre Leroy

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