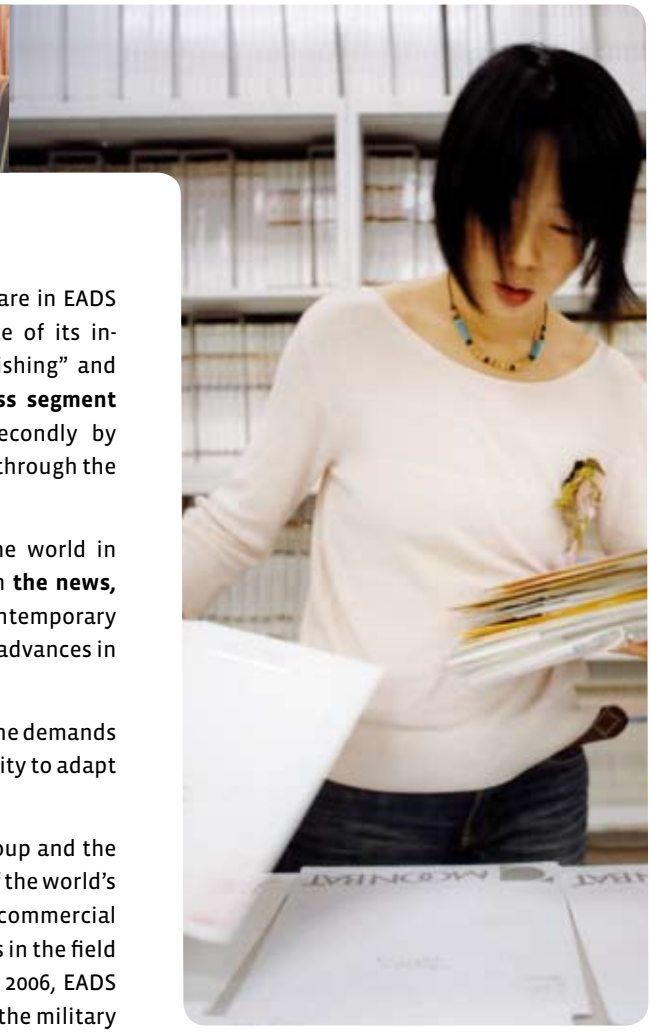
Lagardère

Interim Report 2007

1 January - 30 June 2007

Lagardère

Operating in more than 40 countries, the Lagardère Group is a world leader in the media industry, with Media activities constituting its core business. Lagardère is also involved in High Technologies, through its strategic holding in the EADS group.



In 2006, Lagardère set in motion the process of decreasing its share in EADS from 14.98% to 7.5%. Today, the Group is accelerating 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 in 2007: 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 media.

With its sights set firmly on the future and its careful attention to the demands of today's globalised market, the Group is demonstrating its capacity to adapt to **the changing lifestyles of the digitally mobile age**.

EADS is the leading European aeronautics, space and defence group and the second largest in the world. In terms of market share, EADS is one of the world's top two manufacturers of commercial aircraft, civil helicopters, commercial launch vehicles and missile systems. It also holds leading positions in the field of military aircraft, satellites and electronic defence systems. In 2006, EADS achieved approximately 75% of sales in the civil sector and 25% in the military sector.

Significant events (Lagardère Media)

The first half of 2007 was marked by several acquisitions.

The most important of these acquisitions concerned Sportfive.

On 19 November 2006, Lagardère and S5 Hattrick SARL (a company indirectly owned by Advent International, RTL Group and Goldman Sachs Private Equity) signed an agreement under which, subject to certain conditions, Lagardère would become the owner of 100% of the shares and voting rights of Sportfive Group SAS, which heads the Sportfive group, for an enterprise value of €865 million. This operation required the approval of the relevant competition authorities, which was received on 18 January 2007.

As all the conditions stipulated in the agreement of 19 November 2006 were fulfilled, the acquisition was completed on 24 January 2007, at which date Hachette SA became the owner of Sportfive.

A leading manager of television broadcasting and marketing rights for European football, Sportfive works in partnership with sports bodies and clubs to help them draw maximum benefit from their rights. These rights comprise broadcasting rights, which are bought by television channels and other content distribution platforms (including Internet and mobile phones) and the marketing rights that enable advertisers to communicate through various channels and materials (players' shirts, signs and stadium sponsoring).

In the first half of 2007, Sportfive's contribution to Lagardère's consolidated sales amounted to €205 million.

Two other smaller-scale transactions were also announced during the first half of 2007:

- On 19 April 2007, the signature of an agreement for acquisition by HFM US (Lagardère Active) of 100% of Jumpstart Automotive Media (this acquisition was completed on 16 May 2007). Jumpstart is the leading online advertising space sales network in the US automotive sector, offering a full line of advertising products and services to auto makers and dealers. Jumpstart's advertiser client base includes all auto manufacturers and over a thousand auto dealerships and dealer groups.
  In 2006, Jumpstart reported sales revenues of US$ 17.1 million [1] (95.5% higher than in 2005), while operating profit before finance costs and tax (EBIT) was at breakeven point.

(1) 2006 revenues are unaudited and proforma as restated for IFRS as applied by the Lagardère Group.

Significant events

continued

- On 11 June 2007, the signature of an agreement to acquire International Events and Communication in Sports (IEC), a Swedish company specialised in management of sports broadcasting and marketing rights for tennis, football, volleyball and athletics (this acquisition was completed on 31 August 2007).
  In 2006 (year ended 31 August), IEC reported sales of some €17 million (up 40% from 2005), and EBIT climbed 40.3% to €4.1 million.

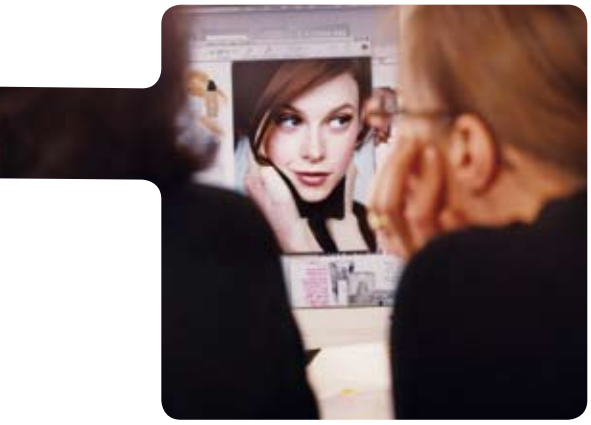
The agreements for these two transactions provide for initial payments (of €62 million and €43 million respectively) and potential subsequent payments, depending on the profit levels reached. However, these subsequent payments may under no circumstances exceed the respective limits of €20 million and €37 million.

Since 30 June 2007, two further transactions have been announced:

- On 28 August 2007, the acquisition of ID REGIE, an online advertising space sales agency selling advertising space on over thirty websites. ID REGIE was set up in 1999 and has been profitable since 2002. In 2006 it doubled its gross margin to €1.1 million for a workforce of 11 people.

- On 29 August 2007, the acquisition of Nextedia, France's leading independent provider of interactive marketing services. Nextedia is an interactive advertising agency offering a full package of services to advertisers wishing to expand their Internet footprint, including strategic and operational consultancy in online marketing, development of e-marketing tools, digital advertising space buying and database design and management.
  In 2006, Nextedia generated a gross margin of €9.7 million and operating profit of €1.7 million. Under the terms of the acquisition agreement, an initial payment of €50 million will be made, followed by potential subsequent payments depending on profit levels. These additional payments may under no circumstances exceed the limit of €50 million.

As part of the planned combination of the Group's Print Media and Audiovisual business operations, a reorganisation of Lagardère's activities in France, involving some three hundred voluntary redundancies, is under consideration. The information/consultation procedure has begun in the entities concerned, and the employee representative bodies should issue a statement of their position by the end of September 2007. The expenses resulting from this plan will be recognised as restructuring expenses in the second half-year.



The Lagardère Group, which entered into exclusive negotiations with the Hersant Média group on 19 July 2007, signed a contract on 13 August 2007 for the sale of its regional daily press interests in Southern France (principal titles: La Provence, Nice Matin, Var Matin, Corse Matin and Marseille Plus) to the Hersant Média group. Lagardère is to sell its interest in the capital of the companies that publish these titles for a price of €160 million. It is expected that the divested business will have a marginally positive net cash position on the completion date of the transaction. The Nice Matin and La Provence works councils have been informed and consulted about the sale, completion of which remains subject only to approval from the French anti-trust authorities.

The Lagardère Group's regional daily press division in Southern France generated revenues of €222 million and recurring operating profit of €3 million for the year ended December 31, 2006.

Consolidated results

The consolidated income statements are summarised below:

(in millions of euros)	**First half 2007**	**First half 2006** Restated	**Year 2006** Restated
Net sales	**3,955**	**3,705**	**7,910**
Profit before finance costs and tax	**659**	**421**	**585**
Finance costs, net	(105)	(64)	(174)
Income tax expense	(41)	(65)	(92)
Net profit	**513**	**292**	**319**
Attributable to equity holders of the parent	*499*	*280*	*291*
Attributable to minority interests	*14*	*12*	*28*

The consolidated financial statements at 30 June 2007 have been prepared in compliance with International Financial Reporting Standards (IFRS) and under the same accounting principles as those applied for the year ended 31 December 2006, except for two changes summarised below:

- As of 1 January 2007, the Group applies the option allowed by IAS 31, Interests in joint ventures, whereby interests in jointly controlled entities may be accounted for by the equity method as an alternative to proportionate consolidation. This change of method particularly concerns EADS.
- As of 1 January 2007, the Group applies the option allowed by IAS 19 (revised) under which actuarial gains and losses on pension and similar obligations can be recognised directly in equity.

The comparative figures presented for first-half 2006 and the full year 2006 have been restated for retrospective application of these changes of method. As a result, the contribution to sales by jointly controlled entities, particularly EADS, is no longer consolidated.

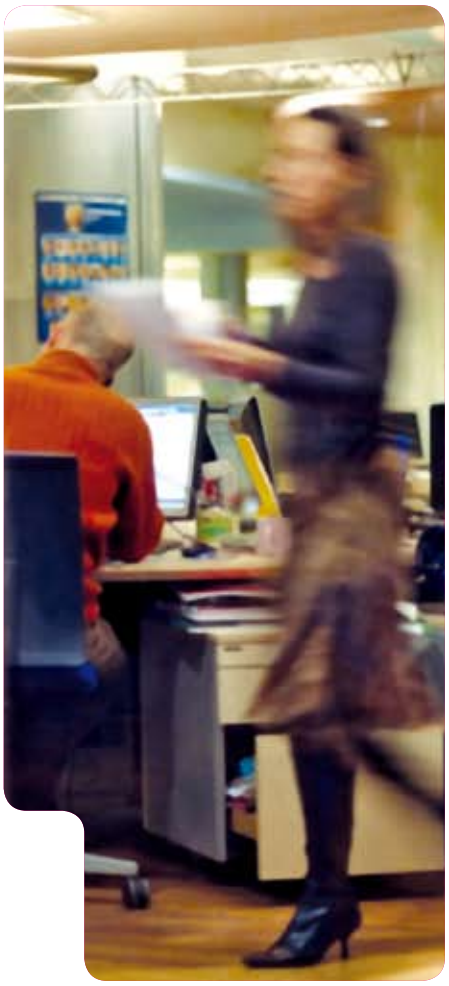
The operations by the Group's main business segments are analysed in the following pages.

Lagardère Media

Lagardère Media comprises the following divisions: Lagardère Publishing (formerly Book Publishing), Lagardère Active which includes the Print Media and Audiovisual business operations, Lagardère Services (formerly Distribution Services) and, in 2007, the new sports division, Lagardère Sports.

The major changes in this segment's structure during the first half of 2007 were the acquisition of Sportfive (the Lagardère Sports division) which is fully consolidated from 1 January 2007 and the acquisition of a 20% interest in Canal+ France, accounted for by the equity method from 1 January 2007.

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



Income statement

(in millions of euros)	**First half 2007**	**First half 2006** Restated	**Year 2006** Restated
Net sales	**3,955**	**3,705**	**7,910**
Recurring operating profit before associates	251	196	520
Income from associates (*)	36	48	81
Non-recurring items	(113)	8	(54)
Amortisation of intangible assets arising on acquisitions	(24)	–	–
– Fully and proportionately consolidated companies	*(14)*	–	–
– Associates	*(10)*	–	–
Profit before finance costs and tax	**150**	**252**	**547**
Finance costs, net	(63)	(30)	(84)
Profit before tax	**87**	**222**	**463**

(*) Excluding amortisation of intangible assets arising on acquisitions.

The first half of 2007 was a markedly sluggish period for magazine and radio advertising in mature countries, but this was offset by expansion in the advertising markets in Eastern European countries and China. Book publishing, as anticipated, suffered in France from the moderate number of new works published and sales levels during the election period; however, the good results of Education books, Hodder Headline in the UK and Hachette Book Group in the US compensated for that effect. Lagardère Services continued to benefit from a sustained level of air traffic which encouraged retail sales growth at airport outlets, and an increase in retail sales in Eastern European countries and the Asia-Pacific zone. This counterbalanced the fall in sales for certain magazine segments and wholesale businesses in certain European countries (Spain and Belgium).

Magazines held up well in a market experiencing circulation difficulties. In audiovisual activities, the results for first-half 2007 also incorporate the lower volume of television productions.

For the first half of 2007, Lagardère Sports, which includes the newly-acquired Sportfive and Newsweb, contributed €210 million (5.7% of the increase) to Lagardère Media's sales.

Cash flows

(in millions of euros)	**First half 2007**	**First half 2006** Restated	**Year 2006** Restated
Cash flows from operations before change in working capital	304	333	760
Change in working capital requirement	(220)	(212)	20
Cash generated from operations	**84**	**121**	**780**
Interest paid and received and income taxes paid	(165)	(100)	(286)
Net cash from operating activities	**(81)**	**21**	**494**
Cash used in investing activities	(1,078)	(599)	(1,179)
– Intangible assets and property, plant and equipment	*(90)*	*(68)*	*(149)*
– Investments	*(988)*	*(531)*	*(1,030)*
Proceeds from disposals of non-current assets	33	168	185
– Intangible assets and property, plant and equipment	*13*	*37*	*42*
– Investments	*20*	*131*	*143*
Sales (purchases) of short-term investments	8	(1)	5
Net cash used in investing activities	**(1,037)**	**(432)**	**(989)**
Total cash used in operating and investing activities	**(1,118)**	**(411)**	**(495)**
Capital employed (*)	**6,124**	**4,629**	**4,910**

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

Lagardère Media's sales for the first half of 2007 thus increased by 6.8% compared with first-half 2006, without adjustments for changes in group structure and exchange rates. Changes in exchange rates (average rate over the period) had a negative impact of almost 1%, due to the change in the US dollar/euro rate. The main changes in group structure for the period, i.e. consolidation of Lagardère Sports' operations, consolidation of Time Warner Book Group's publishing activities over the entire first half of 2007 (not consolidated in first-half 2006), and application of the equity method to Cellfish Media, had a net positive impact on sales of €242 million.

Excluding the effect of changes in group structure and exchange rates, sales growth was 1.2%. Sales trends were also positive in the Publishing, Print Media and Services divisions and radio operations outside France.

Recurring operating profit before associates amounted to €251 million, a rise of €55 million or 28% from first-half 2006 without adjustments for changes in group structure and exchange rates.

Recurring operating profit before associates changed as follows for each division:

- Recurring operating profit for Lagardère Publishing rose by €4 million. The rises registered by Education books, Illustrated books, Part works and Hachette Book Group offset the downturn observed for General literature in France and in some British publishing houses.

Lagardère Media

continued

- In the **Lagardère Active** division, Print Media's recurring operating profit increased by €16 million as a consequence of the initial effects of cost-cutting plans introduced in 2006, which involved discontinuation of unprofitable titles among other measures. The consolidation of women's weekend magazines sold as supplements with newspapers (accounted for by the equity method in the restated comparative financial statements for 2006) and the sale of photo agencies also contributed to the improvement in recurring operating profit. Print Media continued its investments in websites, with a negative impact on profitability for the first half of 2007. The audiovisual businesses' results were stable. The lower profit reported by French radio operations and television production activities was offset by the rising profit from radio operations outside France, special interest TV channels and the deconsolidation of businesses previously consolidated by Lagardère Active Broadband.

- Recurring operating profit for the **Services** division increased by €6 million, supported by brisk retail sales at airport outlets in many countries, particularly France and the Australia-Asia-Pacific zone, and higher profitability in retail networks in other European countries. Thanks to the dynamic policy of diversification in products sold, other activities displayed good staying power in the face of declining press and telephone card sales and new tobacco sales regulations.
- Recurring operating profit for the **Sports** division amounted to €29 million, before amortisation of intangible assets resulting from revaluation of contracts for measurement at fair value at the acquisition date when Sportfive's acquisition was recorded (€14 million).

Income from associates (including entities now accounted for by the equity method) amounted to €36 million, €12 million less than in the first half of 2006. The 2006 result included the €32 million contribution of CanalSatellite, while in 2007 the Canal+ France group's results – a contribution of only €23 million – incorporate major reorganisation costs following the merger of the satellite TV platforms Canalsat and TPS. This contribution is reduced by amortisation of -€10 million, net of deferred tax, recognised in respect of intangible assets (corresponding to the value of the Canal+ subscribers list) that arose when Lagardère recorded its investment in Canal+ France.

Non-recurring items included in profit before finance costs and tax for the first half of 2007 resulted in a net loss of €113 million, compared with a net gain of €8 million for the first half of 2006.

This net loss includes:

- €102 million of impairment on goodwill and intangible assets, including €60 million relating to the Virgin group and €42 million for magazine publishing, particularly in the US (€35 million). This impairment results from revision of the medium-term forecasts for music CDs and DVDs at Virgin, and the reduction of growth forecasts for advertising income on the US press market.

- €20 million of restructuring costs, including €18 million incurred by the Print Media division in connection with rationalisation of the costs of French Magazine activities and discontinuation of certain publications.
- €9 million of disposal gains, including €4 million on the disposal of a warehouse and premises belonging to Lagardère Publishing in Spain, and €4 million principally on the sale by Lagardère Active of its investment in the TV channel Teva.

As a result of the above items, profit before finance costs and tax for the first half of 2007 totalled €150 million, a decrease of €102 million from first-half 2006.

Net finance costs were €63 million, an increase of €33 million from first-half 2006. This incorporates the impact of the higher indebtedness at the Media segment resulting primarily from the acquisitions of Sportfive and Jumpstart in 2007 and of shares in Newsweb and Canal+ France at the end of 2006, together with the additional quarter of interest paid on the acquisition of Time Warner Book Group which was consolidated in April 2006, and the increase in interest rates.

Cash flows

Cash flows from operations before the change in working capital amounted to €304 million for the first half of 2007, a decrease of €29 million from first-half 2006 which included dividends of €71 million received from CanalSatellite under the agreements signed in early 2006 concerning Lagardère's investment in Canal+ France.

The working capital requirement increased by €220 million in the first half of 2007, compared with €212 million in first-half 2006. The significant improvement noted in the Print Media division was counterbalanced by the higher working capital requirements of the Publishing and Services divisions, and consolidation of the Sports division from the beginning of 2007.

Reflecting higher debt and finance costs, interest paid (less interest received) totalled €60 million in the first half of 2007, compared with €30 million in first-half 2006, and taxes paid amounted to €105 million compared to €70 million in 2006.

As a result of these items, net cash of €81 million was used in operating activities in the first half of 2007, compared with €21 million of net cash generated by operating activities in first-half 2006.

Purchases of intangible assets and property, plant and equipment, net of disposals, totalled €77 million in the first half of 2007, €46 million higher than in 2006. This change reflects €21 million of investments by the Sports division. Also, Lagardère Publishing sold a British business in 2006, and there was no equivalent transaction in 2007.

Purchases of investments in the first half of 2007 amounted to €988 million, and principally relate to the acquisitions of Sportfive (€861 million) and Jumpstart (€65 million).

Disposals of investments amounted to €28 million including in particular the reduction of non-current receivables and investments.

As a result, total cash of €1,118 million was used in operating and investing activities in the first half of 2007, compared with €411 million in first-half 2006.

At 30 June 2007, capital employed totalled €6,124 million, an increase of €1,214 million from 2006 due to the new investments made and the increase in working capital requirements during the period.

EADS

EADS comprises five major divisions: Airbus, Military Transport Aircraft, Eurocopter, Defence and Security, and Astrium.

Since 1 January 2007, EADS has been accounted for by the equity method. On 25 June 2007, Lagardère transferred 20,370,000 shares in EADS or approximately 2.5% of the capital of EADS to the holders of Mandatory Exchangeable Bonds, in redemption of the first third of the issue carried out in April 2006. At 30 June 2007, Lagardère's investment in EADS stood at 12.44%. The gain on the transfer was €472 million. The share of profit recorded for first-half 2007 was based on the percentage prior to the transfer, i.e. 14.98%. EADS' contribution to Lagardère's consolidated profit for the period thus amounted to €18 million, compared to €163 million for first-half 2006.

EADS' half-year results (the comments below concern the entire EADS group) reflect the group's restructuring efforts and charges incurred to move large programmes forward. The recent shareholder decisions on the group's governance and leadership structure set the stage for better management empowerment, clearer accountability and an enhanced decision making process.

Revenues were €18.5 billion compared with €19.0 billion for first-half 2006, supported by strong commercial deliveries by Airbus, Eurocopter and EADS Astrium. The slight falloff was due to the absence of an A400M billing milestone in the first half of 2007 and a negative US dollar impact.

In the first six months of 2007, EADS recorded EBIT [1] (before goodwill and exceptionals) of €367 million compared to €1,654 million in first-half 2006. EBIT was mainly impacted by the Power8 restructuring plan and programme charges at Airbus, as well as by a charge in respect of the NH90 helicopter programme.

EADS registered net income of €71 million compared with €1,043 million for first-half 2006.

In the first six months of 2007, self-financed R&D expenses increased to €1,268 million (€1,139 million in first-half 2006). This followed from Airbus' continuing aircraft development programmes and greater efforts in Research & Technology (R&T).

The dynamic market environment for aerospace and defence remained favourable. The group's order intake benefited from the commercial successes of Airbus and Eurocopter and reached €70.2 billion (€14.2 billion in first-half 2006), although growth was partly curbed by the weaker US dollar.

At 30 June 2007, EADS' order book grew to €308.2 billion (€262.8 billion at year-end 2006), despite a -€5.4 billion adjustment due to the weaker US dollar. Orders of commercial aircraft activities are based on list prices. The group's defence order book increased further through new contracts for Eurocopter and Defence & Security, reaching €55.9 billion at 30 June 2007 compared with €52.9 billion at 31 December 2006. At 30 June 2007, EADS had 116,848 employees (116,805 at 31 December 2006).

(1) EADS uses EBIT pre goodwill impairment and exceptionals as a key indicator of its economic performance. The term "exceptionals" refers to such items as depreciation expenses on fair value adjustments relating to the EADS merger, the Airbus combination and the formation of MBDA, as well as the corresponding impairment charges.

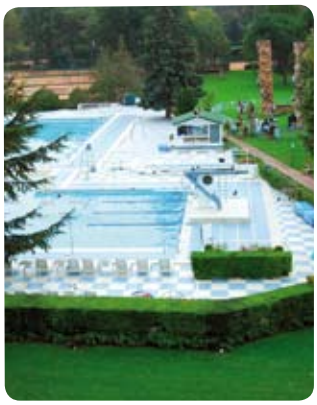
Other Activities

Other Activities include interest expenses for borrowings obtained by the Group that are not directly attributable to business activities, the results of holding companies (including Lagardère Ressources, which comprises the Group's central departments, whose services are reinvoiced to the subsidiaries), the contribution of the former Automobile division's spare parts activity and all sponsorship expenses related to innovative sports projects, as well as the financial consequences of one-off events that do not concern the activities already presented.

Income statement

(in millions of euros)	**First half 2007**	**First half 2006** Restated	**Year 2006** Restated
Recurring operating profit before associates	19	6	1
Non-recurring items	–	–	14
Profit before finance costs and tax	**19**	**6**	**15**
Net financial loss	(42)	(34)	(90)
Loss before tax	**(23)**	**(28)**	**(75)**

For the first half of 2007, Other Activities recorded recurring operating profit of €19 million, an increase of €13 million from first-half 2006.



In 2007, it includes amounts received as a result of the claim filed by Matra in connection with its former Transit Systems activities (the VAL contract in Taipei), offset by a decline in the fees received for the operation of the press distribution companies NMPP and Transport Presse following an agreement signed in late June 2007 with press cooperatives when the Plan Défi 2010 was introduced.

The rise in the net financial loss compared to first-half 2006 (+€8 million) is mainly attributable to expenses on the Mandatory Exchangeable Bonds redeemable in EADS shares, which were issued in April 2006 and are taken into account for a full half-year in 2007.

Overview of consolidated results

Total profit before tax of the Group's business segments and consolidated profit for the first half of 2007 are as follows:

(in millions of euros)	**First half 2007**	**First half 2006** Restated	**Year 2006** Restated
Lagardère Media	87	222	463
EADS profit (equity method)	18	163	23
Gain on sale of EADS shares	472	–	–
Other Activities	(23)	(28)	(75)
Profit before tax	**554**	**357**	**411**
Income tax expense	(41)	(65)	(92)
Consolidated profit for the period	**513**	**292**	**319**
Attributable to equity holders of the parent	*499*	*280*	*291*
Attributable to minority interests	*14*	*12*	*28*

Financing and consolidated net cash

Cash flow statement

In the first half of 2007, net cash of €115 million was used in the Group's operating activities, including €81 million in the Media segment and €34 million in Other Activities which were affected by finance costs incurred during the period.

Net cash used in investing activities during the first half of 2007 totalled €360 million including net cash outflows of €1,037 million for investments in the Media segment, offset by cash inflows of €664 million representing the sale price of EADS shares.

Net cash of €342 million was used in financing activities in the first half of 2007, essentially comprising:

- dividends paid (€175 million);
- redemption of the first tranche of Mandatory Exchangeable Bonds redeemable in EADS shares (€664 million);
- €650 million drawn on the Lagardère SCA syndicated loan to finance the acquisition of Sportfive;
- acquisition of treasury shares (€177 million).

As a result of the above cash flows, including the effect of translation adjustments and reclassifications, net cash and cash equivalents decreased by €802 million from 31 December 2006 to €369 million at 30 June 2007.

Net indebtedness

Net indebtedness is calculated as follows:

(in millions of euros)	**First half 2007**	**Year 2006** Restated
Short-term investments and cash and cash equivalents	803	1,633
Non-current debt	(2,118)	(2,309)
Current debt	(1,460)	(1,369)
Net indebtedness	**(2,775)**	**(2,045)**
Including Mandatory Exchangeable Bonds	*(1,392)*	*(2,144)*

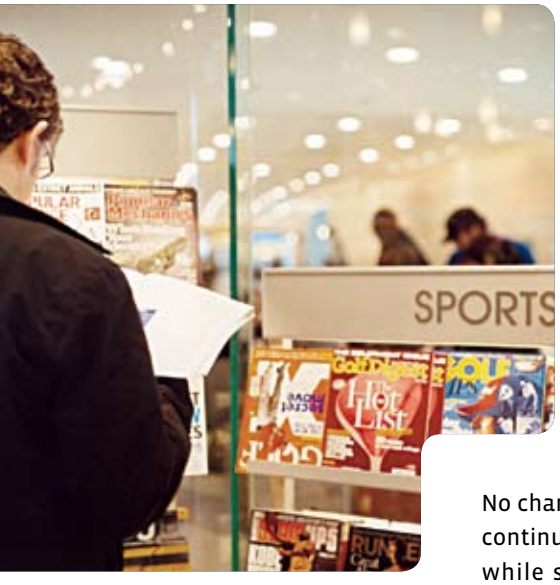
Changes during the first half of 2007 are analysed as follows:

Net indebtedness at 31 December 2006 (restated)	**(2,045)**
Total cash from operating and investing activities	(475)
Cash used in capital transactions	(349)
Decrease in short-term investments	(8)
Change in put options granted to minority shareholders recognised in debt	2
Change in financial liabilities following measurement at fair value	19
Effect on cash of changes in exchange rates, consolidation scope and other	81
Net indebtedness at 30 June 2007	**(2,775)**

Parent company results

Lagardère SCA's results for the first half of 2007 showed an operating loss of €11 million and a net profit of €222 million (compared to losses of €12 million and €22 million for the first half of 2006).

Outlook



The outlook for the second half of 2007 is good for Lagardère Publishing, particularly Education in France and Spain (which is set to catch up with normal publication rates in the third quarter), and for Literature in the US. However, sales growth will, as anticipated, be affected by the low sales levels for the Literature segment in France and for Larousse (where loss-making editorial lines are being discontinued).

For Lagardère Active, forecasts for anything beyond the immediate future are impossible given the lack of clear information on future developments in Radio operations.

TV production should make up for some, but not all, of the delays in programme delivery observed in the first half of the year. However, the impact on recurring operating profit is expected to be very modest.

No change from first-half market trends is anticipated for the Print Media division. The Group is continuing its work to reposition this division in a limited number of segments and countries, while simultaneously developing digital activities through organic growth and external acquisitions. Progress so far is in line with forecasts.

The progression in retail activities by Lagardère Services should support the growth rate for the rest of the year.

2007 should be a good year for Lagardère Sports, in keeping with the Group's expectations.

Consolidated balance sheet at 30 June 2007

ASSETS *(in millions of euros)*	**30 June 2007**	**31 Dec. 2006** Restated*
Intangible assets	1,668	1,501
Goodwill	2,865	2,062
Property, plant and equipment	717	711
Investments in associates	2,758	2,496
Other non-current assets	242	749
Deferred tax assets	131	144
Total non-current assets	**8,381**	**7,663**
Inventories	697	597
Trade receivables	1,503	1,367
Other current assets	1,357	1,317
Short-term investments	145	156
Cash and cash equivalents	658	1,477
Total current assets	**4,360**	**4,914**
TOTAL ASSETS	**12,741**	**12,577**

EQUITY AND LIABILITIES *(in millions of euros)*	**30 June 2007**	**31 Dec. 2006** Restated*
Share capital	818	870
Reserves	3,257	3,349
Profit attributable to holders of the parent	499	291
Minority interests	101	100
Total equity	**4,675**	**4,610**
Provisions for employee benefit obligations	113	134
Non-current provisions for contingencies and losses	185	195
Non-current debt	2,118	2,309
Other non-current liabilities	107	89
Deferred tax liabilities	419	419
Total non-current liabilities	**2,942**	**3,146**
Current provisions for contingencies and losses	364	367
Current debt	1,460	1,369
Trade payables	1,802	1,766
Other current liabilities	1,498	1,319
Total current liabilities	**5,124**	**4,821**
TOTAL EQUITY AND LIABILITIES	**12, 741**	**12,577**

** The comparative figures presented at 31 December 2006 have been restated, with retrospective application of the equity method to jointly-controlled entities, and the recognition in equity of actuarial gains and losses on pension and similar obligations.*

Consolidated income statement for the six months ended 30 June 2007

(in millions of euros)	**First half 2007**	**First half 2006** Restated*	**Year 2006** Restated*
Net sales	3,955	3,705	7,910
Other income from ordinary activities	266	252	471
Revenue	4,221	3,957	8,381
Purchases and changes in inventories	(1,829)	(1,723)	(3,575)
Capitalised production	1	3	5
Production transferred to inventories	43	38	(5)
External charges	(1,217)	(1,176)	(2,427)
Payroll costs	(880)	(841)	(1,720)
Depreciation and amortisation other than on intangible assets arising on acquisitions	(74)	(60)	(128)
Amortisation of intangible assets arising on acquisitions	(14)	–	–
Other operating income and expenses	364	12	(50)
Income from associates	44	211	104
PROFIT BEFORE FINANCE COSTS AND TAX	**659**	**421**	**585**
Financial income	19	29	67
Financial expenses	(124)	(93)	(241)
PROFIT BEFORE TAX	**554**	**357**	**411**
Income tax expense	(41)	(65)	(92)
PROFIT FOR THE PERIOD	**513**	**292**	**319**
Attributable to holders of the parent	499	280	291
Attributable to minority interests	14	12	28
Basic earnings per share attributable to holders of the parent	*3.72*	*2.02*	*2.13*
Diluted earnings per share attributable to holders of the parent	*3.71*	*2.01*	*2.09*

** The comparative figures presented at 31 December 2006 have been restated, with retrospective application of the equity method to jointly-controlled entities, and the recognition in equity of actuarial gains and losses on pension and similar obligations.*

Lagardère SCA
A French limited partnership with shares with capital stock of €818,191,517.70 divided into 134,129,757 shares of €6.10 par value each
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