PUBLICIS GROUPE

HALF-YEAR FINANCIAL REPORT

(FOR THE SIX MONTHS ENDED ON JUNE 30, 2014)

Summary

Message from Chairman & CEO of Publicis Groupe

Maurice Lévy

The first half-year was heavily impacted by exchange rates which had an adverse effect on revenue of euro 148 million. At constant exchange rate, revenue would have increased by close to 5% during the period.

As we predicted last fall, growth stalled in the second quarter. However, it should be underscored that weakness was stronger than expected mostly due to the cancellation or postponement of campaigns and lagging economies in Europe and in emerging countries. Our organic growth was +1.8% for the first half-year. Our margin remained strong, though fractionally down, as a result of accounting treatments and lagging growth.

These figures are not satisfactory by our standards. They are not consistent with what our operations can achieve. As can be seen from our digital growth (+8.8%) or the numerous awards from various juries (Gunn Report, Gartner and an impressive haul of awards at the Cannes International Festival), our strategy is spot-on and our networks are at the cutting edge of the industry.

For the second part of the year, we can confirm that we are already on track for higher growth, and this should be evident as of the third quarter.

Given the situation in Europe and the slow pick-up in the emerging economies, we prefer to be extremely cautious on growth prospects and prioritize cost control in order to achieve a margin closer to our goal for the full year.

Although 2014 will be a difficult year, it does not undermine our mid-term prospects. Our business plan between now and 2018, as announced on April 23, 2013, is currently being revised to factor in market developments and the investments required to reach our transformation goals ahead of schedule. The strong feedback from our entities leaves us very confident about achieving all our goals.

Maurice Lévy

Chairman & CEO

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INTERIM MANAGEMENT REPORT

Publicis Groupe's Supervisory Board met on July 21, 2014, under the chairmanship of Élisabeth Badinter, to examine the first half-year accounts at June 30, 2014 presented by Maurice Lévy, Chairman of the Management Board.

Key figures

Data from the Income Statement In million of euros, except percentages and per-share data (in euros)	H1 2014	H1 2013 Restated*	2014/2013
Revenue	3,358	3,351	+0.2%
Operating margin before depreciation and amortization	493	521	-5.4%
% of revenue	*14.7%*	*15.5%*	
Operating margin	435	460	-5.4%
% of revenue	*13.0%*	*13.7%*	
Operating income	395	449	-12.0%
Net income attributable to the Groupe	260	313	-16.9%
Earnings Per Share (1)	1.17	1.47	-20.4%
Diluted Earnings Per Share (2)	1.14	1.42	-19.7%
Free cash-flow before changes in working capital requirements	294	344	-14.5%
Data from the Balance Sheet	June 30, 2014	December. 31, 2013	
Total assets	16,475	17,110	
Groupe share of consolidated shareholders' equity	5,181	5,095	

* *Restated for compliance with IFRIC 21.*

(1) *Earnings Per Share calculations based on an average of 222.3 million shares in the first half of 2014 and 213.5 million in the first half of 2013.*

(2) *Diluted Earnings Per Share based on an average of 227.4 million shares in the first half of 2014, and 221.7 million in the first half of 2013. These calculations include stock options, free shares, equity warrants and convertible bonds that dilute EPS. Stock options and equity warrants are deemed to have a dilutive effect when their strike price is below the average share price for the period.*

The IMF anticipated the publication of its global growth forecast when it hinted at various tensions at the Aix-en-Provence economic conference in early July. For instance, the recovery of the global economy should be "weaker than expected", despite forecasting in April that the global economy would grow by 3.6% in 2014, before accelerating to 3.9% in 2015. The economy is slowly pulling out of the crisis, "the recovery is modest, laborious, fragile, and measures to boost demand, despite the good will of central banks, will find their limits" said the IMF's Managing Director in support of strengthening supply capacity. Against this broader backdrop, the USA confirmed its recovery, Europe is struggling to pull out of recession and the emerging countries, despite the slowdown observed since the summer of 2013, will continue to make the biggest contribution to global economic growth. The IMF also took the opportunity to lower its forecast for France, estimating growth at 0.7% in 2014 after initially forecasting 1% in April, and does not expect unemployment to fall before 2016. The IMF also encouraged France to accompany its measures aimed at reinforcing the supply side by budgetary and labor market reforms. By way of conclusion, global economic activity, which has been sluggish since the start of the year, could pick up in the second half of the year and then accelerate in 2015, but the momentum should be weaker than expected.

With economic uncertainties prevailing in several regions of the world, Publicis Groupe, as announced, reported second quarter results well below its first quarter performance.

Consolidated revenue in the first half-year 2014 totaled euro 3,358 million, up 0.2% on the corresponding period in 2013, with exchange rates adversely affecting revenue by euro 148 million as a result of several currencies weakening against the euro, thereby limiting growth over the period. Factoring out the euro 148 million impact of exchange rates, revenue growth would have been +4.8%. Organic growth was +1.8% for the first half-year.

In the second quarter, reported revenue was -1.5% (the negative impact of exchange rates was euro 81 million) and organic growth was +0.5%. This deterioration was expected and was due to the strong basis of comparison (5.0% growth in Q2 2013), but also to weaker growth in the USA, negative growth in Europe, the discontinuation of investments by certain clients and the persistent weakness of certain markets. Media and healthcare both reported very good results and digital achieved strong growth.

In the first half-year, digital activities accounted for 40.6% of consolidated revenue (after 36.9% for the corresponding period in 2013), *i.e.* 8.8% thus confirming the soundness of the Group's strategy.

The high-growth markets generated 22.9% of total revenue after 24.0% in 2013, an erosion stemming from the persistent weakness of economic growth in certain countries and the weakness of their currencies against the euro. Organic growth in these markets was +2.2% for the period.

The 2018 growth and profitability enhancement plan is being updated to factor in markets developments and trends, and will be presented to the Supervisory Board in September.

Publicis Groupe's robust balance sheet means it has the means to invest and accelerate its growth. However, The Groupe's profitability is nonetheless a central issue and the various optimization programs, in progress or being prepared, are more than ever among our top priorities. The ERP project is still under development with the roll-out due to be launched from July in France.

The operating margin rate was 13.0% in the first half of 2014. Whilst this margin is down on the first half-year of 2013 (13.7% when restated for compliance with IFRIC 21), it is still solid given the absence of growth.

Net income attributable to the Groupe was euro 260 million at June 30, 2014, compared with 313 million at June 30, 2013 (when restated for compliance with IFRIC 21).

Headline EPS (as defined in note 8 to the consolidated financial statements) was euro 1.34, and euro 1.31 when fully diluted, *i.e.* decreases of -8.8% and -7.7% respectively. Earnings Per Share stood at euro 1.17 and diluted EPS at euro 1.14, down -20.4% and -19.7% respectively.

The net debt is a cash surplus of euro 20 million at June 30, 2014, after a cash-positive situation of euro 593 million at December 31, 2013. The Groupe's average net debt during H1 2014 was a cash-positive situation of euro 128 million, compared with an average net debt of euro 555 million at June 30, 2013.

Distinctions/creativity

Publicis Groupe won an outstanding 208 Lions at the 61st annual Cannes Lions Festival in 2014, with 1 Network of the Year, 2 Creative Effectiveness awards, 27 Gold, 86 Silver and 92 Bronze.

At the inaugural Lions Health, Publicis Groupe won 16 Health Lions, including 1 Grand Prix for Good, 1 Network of the Year, 2 Gold, 8 Silver and 4 Bronze.

At the 2014 North American EFFIE Awards, Publicis Groupe was named the Most Effective Holding Company of the year.

According to the Gunn Report, since 2004 Publicis Groupe continues to rank first in Creative Performance.

RECMA's 2013 Overall Activity Billings Rankings shows Publicis Groupe as the no. 1 group in North America and N°2 in the world.

Notable awards are listed by network below:

LEO BURNETT

- International ANDY Awards "Network of the Year 2014" (5th consecutive year);
- Art Directors Club of New York "Network of the Year 2014";
- Cannes Lions Health "Network of the Year 2014";
- One Show "The 2nd Most Awarded Network in the World 2014";
- MENA Cristal Awards "The Most Awarded Network in MENA 2014";
- AdFest "The 2nd Most Awarded Network in Asia Pacific 2014";
- El Sol "The 2nd Most Awarded Network in Iberoamerica 2014";
- Dubai Lynx "The 3rd Most Awarded Network in MENA 2014";
- 11 major Grand Prix winners in 2014, including Cannes Lions Health "Grand Prix for Good" 2014 and AdFest Awards Grand Prix 2014;
- A record 63 Cannes Lions won in 2014: Leo Burnett is the first agency network to win the Cannes Grand Prix for Good in both the Cannes Lions and Lions Health festivals;
- A record 9 D&AD Silver Pencil Nominations in 2014.

BBH

- Creativity Awards, One of the Top 10 Innovators of the Year for BBH London;
- The Gunn Report's Most Awarded UK Film;
- The British Arrows Chairman's Award to Nick Gill;
- 4 Creative Circle Gold awards for BBH London;
- 6 total Cannes Lions awards in Cyber and Film to BBH New York.

DIGITASLBI

- Ranked by LinkedIn as one of North America's Most iNDEMAND Employers 2014;
- Awarded twice as one of the 101 Best and Brightest Companies to work for in Atlanta and Chicago by the National Association for Business Resources;
- Awarded the inaugural AD Club Action Award by the Advertising Club in the US;
- 14 times official honoree by the Webby Awards in the US;
- One gold and two bronze awards at the Effies in the US;
- Silver at the inaugural AdWeek Watch Awards for eBay;
- Silver for Innovation in Media at the 6th Annual Internationalist Awards for Innovation in Media.

MSLGROUP

- 3 Cannes Lions silver awards in the Film and PR categories;
- 7 awards including 2 Gold, 4 Silver and 1 Bronze at the Topcom Corporate Business Awards;
- 2nd time Gold SABRE winner at the EMEA SABRE Awards;
- Twice awarded at the PR Week USA awards for Non-Profit Campaign of the Year and PR Product/Service of the Year for PurPle.

PRODIGIOUS

- 20 Cannes Lions won including 5 Gold, 10 Silver, and 5 Bronze;
- 4 awards at the ***Grand Prix des Stratégies de la Publicité*** including one Grand Prix and one ***Prix du Jury des Annonceurs*** ;
- One Grand Prix du Brand Content for its work with Publicis Conseil on Nestlé's "Really Friends" Campaign;
- One Gold at the Phénix UDA awards.

PUBLICIS WORLDWIDE

- 1 Grand Prix and 2 first prize awards at the NY Festivals 2014 for Publicis Italy and Singapore;
- 3 Gold awards at the Adfest 2014 for Publicis Singapore;
- A Grand Prix Clio Image Award at the 2014 Clio Image Awards for Marcel;
- A total of 34 Cannes Lions including 5 Gold, 15 Silver and 14 Bronze;
- 4 Gold and 1 Euro Effie at the Effie Awards.

ROSETTA

- 1 Silver Effie at the Effie Awards.

RAZORFISH

- 13 Webby Awards and 4 nominations;
- 2 Gold ADDY Awards;
- 3 Bronze North American EFFIE Awards and 1 Gold Global EFFIE.

SMG – STARCOM MEDIAVEST GROUP

- Awarded a record 6 time Network of the Year by Cannes Lions, Festival of Media, Dubai Lynx, MENA Cristal Awards, Media Trendy, Ireland Media Awards;
- Twice awarded Most Effective Media Network and Office of the Year at the North American EFFIE Awards;
- 59 Cannes Lions including 5 Gold, 27 Silver, 26 Bronze, 1 Creative Effectiveness, and 147 shortlists at the Cannes Festival;
- According to RECMA, Starcom MediaVest Group is ranked number 1 global media network for the fourth consecutive year.

VIVAKI

- 2014 Online Trust Alliance Honor Roll;
- 3 commendations at The Drum's Digital Trading Awards.

ZENITHOPTIMEDIA

- Silver for Best Content Creation at the Festival of Media Global;
- Cannes Media Lions Bronze award;
- Best Agency at the 2014 European Search Awards;
- Twice Media Agency of the Year at the AMMA Awards and the ***L'Agence Média de L'Année France*** by **Offremedia**;
- Agency Network of the Year at The Media Awards 2014;
- According to RECMA, ZenithOptimedia Group is ranked number 3 global media network.

Groupe's CSR Policy

The Groupe's 2013 CSR report took us to another milestone with CSR now more deeply integrated in our corporate strategy. In accordance with article 225 of the French ***Grenelle 2*** law which includes 42 quantitative and qualitative indicators, the Groupe had its reporting system verified by independent auditors SGS for the second consecutive year. The 2013 CSR report was also separately verified and audited, as it comprises a larger number of indicators and more detailed information (under GRI-4) for a scope comparable to that of 2012, *i.e.* almost the entire Groupe (97%). The entities audited on-site represented close to 25% of the Groupe's total staff which constitutes a very significant and representative sample. This undertaking took place over a large part of the first half-year 2014 and enabled us to interact more closely with the networks as we continued to fine-tune our CSR indicators.

The Groupe's CSR policy is articulated around four main areas: Social issues, Society/Communities, Governance/Economic issues, and the Environment.

For the second year in succession (after a two-year test period), June 2014 is our Month of Action (under the "Create & Impact" signature), a month when we ask our agencies to mobilize staff around CSR-related themes such as activities promoting well-being in the workplace, conferences, associative and group endeavors, initiatives in favor of the environment, as well as spontaneous support of local causes.

The Groupe's CSR strategy is perceived very positively by its clients who expect their agencies to play an active role in this area.

External growth

On January 10, acquisition of **Qorvis Communications**, one of the foremost PR firms in the USA, which will join MSLGROUP, the Groupe's PR and strategic communications network. Qorvis was founded in 2000 by Managing Partner Michael Petruzzello, and has a team of over 80 specialists based in Washington, D.C. Qorvis is mainly specialized in public affairs, but also has considerable resources in the social media and digital services, and provides a fully integrated approach. Qorvis will substantially reinforce MSLGROUP's presence in this part of the USA.

On January 21, acquisition of **Applied Media Logic** (AML), one of the main media agencies in South Africa, which will be aligned the ZenithOptimedia network. Johannesburg-based AML was created in 2002 and employs a staff of 25 professionals. Considered to be one of the ten best media agencies in South Africa, the AML clientele includes L'Oréal, Reckitt Benckiser, FutureLife, Frank.net, House of Mandela, Fedhealth and Nashua.

On January 30, acquisition by Publicis Groupe of a majority stake in **Law & Kenneth**, India's biggest independent advertising and digital services agencies, which will join the Saatchi & Saatchi India network. Law & Kenneth was founded in 2004 by Praveen Kenneth and Andy Law, alongside investor and co-founder Anita Roddick (The Body Shop). It currently employs over 285 experts. This firm has become a full-service agency specialized in traditional and digital advertising as well as brand management and marketing, and boasts a wide range of local and international clients.

On February 25, announcement of the acquisition of **Lighthouse Digital**, a leading South African agency specialized in digital media and a pioneer in analytical tools for the social media. Lighthouse, which will be aligned with Starcom MediaVest Group (SMG) in South Africa, is the first African agency to offer its clients a secure, on-line real-time reporting dashboard. It is also specialized in programmatic media buying and the use of automated bid management tools for paid search. Founded in 2009 by Aaron van Schaik and Steven Waidelich, Lighthouse has grown to become the largest digital media agency in Africa with a team of 30 digital media experts across its offices in Johannesburg and Cape Town.

On March 6, acquisition of **Hawkeye**, a leading digital marketing services agency specialized in data analytics, digital strategy, CRM and experiential marketing. The Dallas-based agency will be aligned with Publicis North-America as part of the Publicis Worldwide network. Hawkeye offers a range of integrated digital marketing services including data management and analytics, website design and development, and social and mobile marketing.

On April 8, acquisition of **OwenKessel** in Johannesburg, one of the best creative agencies in South Africa with 80 experts offering a full range of communications services including consulting, creative, on-line marketing, social media and branded content.

On May 9, 2014, **Publicis Groupe SA and Omnicom Group Inc.** jointly announced their decision to terminate the proposed merger of equals by mutual agreement, in view of the difficulties encountered completing the deal within a reasonable period of time. The two entities said they were releasing each other from all obligations and that no termination fees would be payable by either party.

The decision was unanimously approved by Publicis Groupe's Management Board and Supervisory Board, as well as by Omnicom group's Board of Directors.

On June 12, the Groupe announced the disposal of its stake in French agency **Royalties**. Publicis Groupe had been the majority shareholder since 2008, but agreed to sell its 60% stake to the founders.

On June 26, Publicis Groupe revealed the launch of **ROAR**, an agency headquartered in New York and boasting the most talented people hand-picked from among the Groupe's digital resources. The creation of ROAR saw strategy, creative, user experience, media and analytics brought together in a single agency offering.

Financial transactions

2018 OCÉANE BONDS

Of the 559,278 Océane bonds (2018) in existence at December 31, 2013, 554,604 were tendered for conversion in December 2013 and January 2014. Accordingly, 562,921 Publicis shares were delivered in January 2014, while the remaining 4,674 bonds were redeemed in cash at a unit price of euro 48.74.

ORANE BONDS

As part of the compensation proposed by Publicis to its Orane bondholders, and as approved by the General Meeting of Orane bondholders on October 10, 2013, the bondholders who exercised their rights received euro 865,656 in additional interest and 109,924 Publicis Groupe shares on January 15, 2014, in respect of the redemption parity adjustment.

EQUITY WARRANTS

The 2002 equity warrants became exercisable on September 24, 2013. In the course of 2013, 2,757,571 warrants were exercised, giving rise to the issuance of 2,798,937 new shares. In the first half of 2014, a further 620,124 warrants were exercised, giving rise to the issuance of another 629,424 new shares. As of June 30, 2014, there were 2,225,004 equity warrants in circulation (and exercisable up until 2022).

Analysis of the financial position and results

SIMPLIFIED CONSOLIDATED INCOME STATEMENT

(in million of euros)	H1 2014	H1 2013*	2014/2013
Revenue	**3,358**	**3,351**	**+0.2%**
Operating margin	**435**	**460**	**-5.4%**
Percentage operating margin (% of revenue)	13.0%	13.7%	
Amortization of intangibles arising from acquisitions	(24)	(23)	
Impairment	(24)	(1)	
Other non-recurring income (expense)	8	13	
Operating income	**395**	**449**	**-12.0%**
Financial income (expense)	(19)	(5)	
Income tax	(113)	(124)	
Share of Associates	2	2	
Minority interests	(5)	(9)	
NET INCOME ATTRIBUTABLE TO THE GROUPE	**260**	**313**	**-16.9%**

* *The impact of IFRIC 21 on the Operating margin is euro (2) million and euro (1) million on Net income.*

Q2 2014 REVENUE BY REGION

(in million of euros)	Reported revenue Q2 2014	Q2 2013	Q2 2014/Q2 2013	Organic growth Q2 2014
Europe*	531	528	+0.6%	-2.4%
North America	842	854	-1.4%	+1.3%
BRIC+MISSAT**	222	233	-4.7%	+0.4%
Rest of the world	166	173	-4.0%	+6.1%
TOTAL	**1,761**	**1,788**	**-1.5%**	**+0.5%**

* *Europe excluding Russia and Turkey.*
** *MISSAT: Mexico, Indonesia, Singapore, South Africa and Turkey.*

The Groupe's reported consolidated revenue for Q2 2014 was euro 1,761 million, down 1.5% on Q2 2013 mainly as a result of the substantial euro 81 million negative impact of exchange rates against the euro. Factoring out the impact of exchange rates, revenue growth would have been +3.1%. Organic growth of +0.5%, also lower than in the first quarter, was largely due to unfavorable comparable (+5.0% in Q2 2013), but also to the persistent weakness of certain markets and the downsizing of investments on the part of a number of clients who substantially reduced their budgets.

H1 2014 REVENUE

In H1 2014, consolidated revenue totaled euro 3,358 million, up 0.2% from euro 3,351 million for the corresponding period in 2013 due to the euro (148) million impact of exchange rates as a result of the weakness of a number of currencies against the euro, which considerably limited growth. If exchange rates are factored out, revenue growth would have been +4.8%. Organic growth was +1.8% for the first half-year, thanks to a satisfactory first quarter (+3.3%). Though certain regions performed poorly, media and healthcare reported very good results and digital activities performed particularly well.

In fact, digital activities accounted for 40.6% of total revenue, up from 36.9% in H1 2013. Digital also posted +8.8% organic growth, thus confirming the relevance of our strategy. Analog activities were down 2.4% for the period worldwide. High-growth economies accounted for 22.9% of the Groupe's revenue, after 24.0% in 2013. The emerging markets have seen their growth slow down to varying degrees.

The breakdown of 2014 revenue is as follows: 41% from digital activities (37% in 2013), 29% from advertising (29% in 2013), 15% from the SAMS (17% in 2013) and 15% from media (17% in 2013).

H1 2014 REVENUE BY REGION

(in million of euros)	Reported revenue H1 2014	H1 2013	H1 2014/H1 2013	Organic growth H1 2014
Europe*	1,005	970	+3.6%	-0.3%
North America	1,637	1,630	+0.4%	+2.8%
BRIC+MISSAT**	412	434	-5.1%	+0.4%
Rest of the world	304	317	-4.1%	+5.6%
TOTAL	**3,358**	**3,351**	**+0.2%**	**+1.8%**

* *Europe excluding Russia and Turkey.*
** *MISSAT: Mexico, Indonesia, Singapore, South Africa and Turkey.*

Europe remained negative overall (-0.3%), while all the other regions reported growth in the first half-year.

Within Europe, France performed well at +4.2%, the UK improved slightly on the first quarter but was still in negative territory at -1.9%, mainly due to certain clients reducing their investment. Germany, after a good first quarter, dropped -1.1%. The southern European countries are still experiencing declines, with Spain at -1.2%, Greece down -8.0% and Italy returning -0.4%, though these figures are still an improvement on the corresponding period in 2013.

North America recorded growth of +2.8%, and continues to show resilience. The high proportion of digital revenue in this region continues to fuel growth which would have been much stronger were it not for certain clients canceling or postponing investments during the period. The BRIC and MISSAT countries achieved growth of +0.4%, including most notably the Greater China region where growth was +1.4% but slow to pick up, Russia at +5.9%, and Brazil slightly negative (-0.6%) but with contrasting situations. India's at -14.7% remains very negative and adversely affected the BRIC group. Mexico, at +10.3%, Turkey at +2.5% and Singapore at +7.2% showed good performances in H1 2014. The economic slowdown observed since mid-2013 in the emerging countries has had a significant impact on advertising investments.

The rest of the world, which includes Australia and Japan, reported growth of +5.6%.

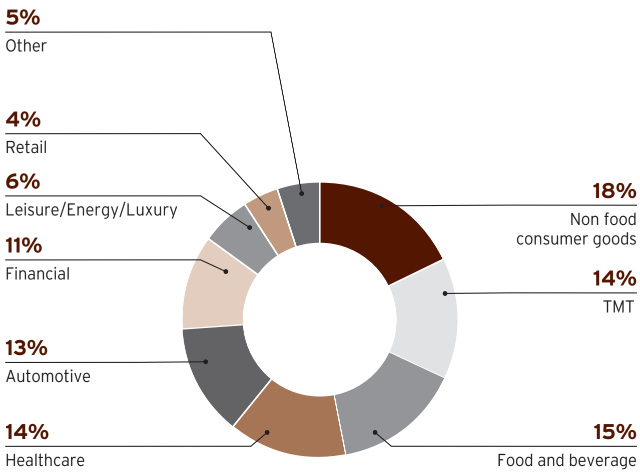
ACTIVITIES

The table below shows the gulf in organic growth between digital and analog activities throughout the world.

	Europe*	North America	BRIC+MISSAT**	Rest of the world	Total
Digital	+9.5%	+5.5%	+28.2%	+41.8%	+8.8%
Analog	-4.6%	-0.1%	-3.4%	-1.6%	-2.4%
TOTAL	**-0.3%**	**+2.8%**	**+0.4%**	**+5.6%**	**+1.8%**

* *Europe excluding Russia and Turkey.*
** *MISSAT: Mexico, Indonesia, Singapore, South Africa and Turkey.*

H1 REVENUE BY CLIENT SECTOR



Based on 2,085 clients representing 83% of the Groupe's revenue.

OPERATING MARGIN AND OPERATING INCOME

The Operating margin before depreciation and amortization was down 5.4% to 493 million in H1 2014 (versus 521 million in H1 2013) and was penalized by several factors: exchange rates (20 basis points), "net to gross" change impact (30 basis points), but the downturn was mainly due to growth failing to materialize in the second quarter.

The Operating margin was euro 435 million, down 5.4% on 2013. The margin remained strong in view of the weak growth of revenue in the first half-year, particularly in the second quarter.

Personnel costs totaled euro 2,199 million in H1 2014, compared with 2,168 million for the corresponding period in 2013, *i.e.* 65.5% of consolidated revenues (versus 64.7% en 2013). Fixed personnel costs rose to 58.0% of consolidated revenue, after 56.8% in H1 2013. Headcount was well managed and the higher percentage can mainly be attributed to the growth lag. The cost of freelancers was euro 139 million for the period, down from the 152 million recorded in 2013. Restructuring costs were stable at euro 32 million (euro 31 million in H1 2013). Strict control of personnel costs remains a central issue and requires a selective approach which entails investing in growth segments through targeted recruitment, while reducing costs in low-growth sectors and countries. A number of current investments (implementation of our ERP, the development of production platforms, the continued regionalization of Shares Services Centers or technological developments) are enabling us to improve operational efficiency and reduce costs in the medium term.

Other operating costs (excluding depreciation and amortization) totaled euro 666 million, *i.e.* a very slight increase (+0.6%) as a result of various measures taken, notably in real estate. They represented 19.8% of consolidated revenue (19.8% in 2013). Commercial expenses amounted to euro 146 million, *i.e.* 4.3% of revenue. Administrative costs continued to fall thanks to various optimization programs and notably the regionalization of the Shared Services Centers. The impact of acquisition-related costs was euro 5 million in H1 2014.

Depreciation and amortization totaled euro 58 million for the first six months of 2014, after 61 million for the corresponding period in 2013, evidence that investments are well under control.

The Operating margin was euro 435 million, down 5.4% on the 460 million margin achieved in H1 2013, the greater part of this downturn being due to weak top-line growth, increased personnel costs (80 basis points) and commercial costs, these negative factors were partly offset by the gains achieved by the Shares Services Centers, in real estate and SG&A costs optimization.

At June 30, 2014, the percentage operating margin was 13.0%, down 70 basis points on June 30, 2013 (percentage margin restated at 13.7% in compliance with IFRIC 21).

The percentage margins by region were as follows: 8.1% in Europe, 17.6% in North America, 9.6% in Asia Pacific, 6.2% in Latin America, and 13.5% in Africa/Middle East.

Amortization of intangibles arising from acquisitions amounted to euro 24 million in the first half of 2014, up very slightly from 23 million in 2013. An impairment of euro 24 million was booked for the period (entirely on the goodwill and intangibles of BBH), after 1 million for the corresponding period in 2013. Other non-recurring items amounted to a net income of euro 8 million (including proceeds from the partial disposal of one of our Venture Capital Fund investment programs alongside Orange), compared with euro 13 million in 2013.

Operating income stood at euro 395 million at June 30, 2014, down 12.0% from euro 449 million in 2013.

OTHER INCOME STATEMENT ITEMS

Financial income/expense (***i.e.*** the cost of Net financial debt and Other financial income and expenses) was a net expense of euro 19 million in H1 2014, compared with a net expense of euro 5 million in H1 2013. This increase in financial expense was mainly due to the impact of exchange rates and the revaluation of earn-out payments which led to losses in 2014, after having had a positive impact in the first-half of 2013.

Income tax for the period amounted to euro 113 million in the first half-year, ***i.e.*** an effective tax rate forecast at 28.4%, down from 124 million in 2013 (corresponding to an effective tax rate of 28.8%).

The Associates share of profit was euro 2 million, unchanged by comparison with June 30, 2013. Minority interests for the period totaled euro 5 million, after euro 9 million in H1 2013.

All totaled, Net income attributable to the Groupe was euro 260 million for the first half of 2014, compared with euro 313 million the previous year.

BALANCE SHEET & CASH SITUATION

SIMPLIFIED BALANCE SHEET

(in million of euros)	June 30, 2014	December 31, 2013*
Goodwill, net	6,299	6,123
Other intangible assets	929	939
Tangible assets	647	662
Current and deferred tax	(121)	(132)
Working capital	(2,034)	(2,545)
TOTAL	**5,720**	**5,047**
Shareholders' equity	5,181	5,095
Minority interests	39	38
	5,220	5,133
Short and long-term provisions	520	507
Net financial debt	(20)	(593)
TOTAL	**5,720**	**5,047**
Debt/Equity ratio (incl. Minority interests)	**Cash positive**	**Cash positive**

* *Restated for compliance with IFRIC 21.*

The Groupe's share of consolidated shareholders' equity rose from euro 5,095 million at December 31, 2013 to euro 5,181 million at June 30, 2014. This increase can be mainly ascribed to income for the period, largely offset by the dividend paid out (euro 229 million). Minority interests totaled euro 39 million at June 30, 2014, compared with euro 38 million at December 31, 2013.

NET FINANCIAL DEBT

(in million of euros)	June 30, 2014	December 31, 2013	June 30, 2013
Financial debt (long and short-term)	823	860	1,392
Fair value of the derivative hedging exposure on the 2015 Eurobonds[1]	-	-	-
Fair value of the derivatives hedging intra-group loans and borrowings[1]	(7)	(11)	(5)
Total financial debt including the market value of the associated derivatives	816	849	1,387
Cash and cash equivalents	(836)	(1,442)	(750)
NET FINANCIAL DEBT	**(20)**	**(593)**	**637**

(1) Reported under "Other receivables and current assets" and/or "Other creditors and current liabilities" on the consolidated balance sheet".

Net financial debt is a cash surplus of euro 20 million at June 30, 2014, after a cash-positive situation of euro 593 million at December 31, 2013. Deterioration of net debt is customary at this time of year due to changes in working capital requirements, but was less marked than usual in H1 2014 as a result of the temporary slowing of our acquisitions policy and the absence of share buybacks during the first half-year.

The Groupe's average net debt during H1 2014 was a cash-positive situation of euro 128 million, compared with an average net debt of euro 555 million at June 30, 2013.

CASH-FLOW

Cash-flow from operations used up euro 448 million in the first half-year 2014, up from 116 million for the corresponding period in 2013. Working capital requirements deteriorated, as is customary for this time of year, by euro 779 million compared with a deterioration of euro 512 million in 2013. Income tax paid rose to euro 165 million in H1 2014, up from euro 159 million the previous year. Interest paid totaled euro 26 million at June 30, 2014, up from euro 18 million for the corresponding period in 2013 as a result of the liquidation of the interest rate swap on the 2015 Eurobond, which now requires annual payment of interest at a fixed rate as opposed to quarterly payment at a variable rate. Interest received amounted to euro 10 million, down from euro 22 million in 2013 (which included a euro 12 million cash component from the liquidation of the 2015 Eurobond swap).

Cash-flow from investing operations comprises purchases and disposals of tangible and intangible assets, net acquisitions of financial assets, and the acquisition and sale of subsidiaries. In the first half-year 2014, cash-flow from investing operations amounted to a net outflow of euro 133 million, compared with a net outflow of euro 452 million in 2013. The net investment in fixed assets was euro 37 million in H1 2014, down from euro 51 million in 2013, and the acquisition of subsidiaries and other financial assets (***i.e.*** net of disposals) amounted to euro 96 million, compared with euro 401 million at June 30, 2013 (mainly LBi which used up euro 320 million).

Cash-flow from financing activities includes dividends paid, changes in borrowing, and trading in the Company's shares and equity warrants. Financing activities generated a surplus of euro 28 million in the first half of 2014, compared with an outflow of euro 194 million in H1 2013, essentially to buy back 3.9 million Publicis shares from Dentsu at a net cost of euro 169 million (***i.e.*** after deduction of the proceeds from shares sold when stock options were exercised).

Overall, the Group's cash position, net of bank credit balances, was reduced by euro 568 million in the first half-year of 2014, after a decrease of euro 800 million in the first half of 2013.

FREE CASH-FLOW

The Group's free cash-flow, before changes in Working Capital Requirements (WCR), fell 14.5% against H1 2013 amounting to euro 294 million.

The Group uses this indicator to measure liquidity generated by the operating activities after investments in fixed assets, but before acquisitions or disposals of equity investments and before financing activities (including the financing of working capital requirements).

The table below shows the calculation of the Groupe's free cash-flow (before changes in working capital requirements):

(in million of euros)	June 30, 2014	June 30, 2013
Operating margin before depreciation and amortization	493	521
Net interest paid	(16)	4
Taxes paid	(165)	(159)
Other	19	29
Cash-flow from operating activities before changes in WCR	**331**	**395**
Net investment in fixed assets	(37)	(51)
Free cash-flow before changes in WCR	**294**	**344**

OTHER RELATED PARTY TRANSACTIONS

The related party transactions did not change materially since December 31, 2013.

PUBLICIS GROUPE (PARENT COMPANY OF THE GROUP)

Publicis Groupe SA's revenue consists exclusively of rental income from property and fees for management services to subsidiaries of the Groupe. This revenue totaled euro 22 million in H1 2014, compared with euro 20 million in 2013. Financial income totaled euro 89 million in the first half of 2014, compared with 97 million in 2013 when the liquidation of the 2015 Eurobond swap generated income of euro 12 million.

Operating expenses amounted to euro 46 million in H1 2014, up from 21 million the previous year. This increase was due to the inclusion on the income statement of costs relating to the proposed Publicis – Omnicom merger which had been carried as intangible assets on the balance sheet at December 31, 2013.

Financial expenses totaled euro 65 million in H1 2014, down from euro 74 million in 2013 when a provision was booked for exchange rate risk on a euro 12 million loan (denominated in sterling) that has since been capitalized.

Pre-tax profit from recurring operations was breakeven in H1 2014, after a profit of euro 22 million at June 30, 2013.

After inclusion of a euro 9 million tax credit arising from tax consolidation in France, the Net income of Publicis Groupe SA, the Group's parent company, was a profit of 9 million at June 30, 2014, compared with a profit of euro 36 million at June 30, 2013.

Recent events

ACQUISITIONS

On July 1, Publicis Groupe announced the acquisition of **Crown Partners** in the USA, a leading e-business firm providing a full range of services driving e-commerce and on-line content solutions.

On July 3, the Groupe announced the acquisition of **Salterbaxter**, the UK-based international consulting firm acknowledged for its expertise in sustainability strategy and communications.

On July 8, the Groupe announced the buyout of **Cybermedia**, the parent company of **Proximedia**, the leading web services provider for SMEs in Belgium and the Netherlands. The acquisition of this Brussels-based firm will accelerate the development of Publicis Webformance, the in-house start-up launched in France in 2011. In 2012, Publicis Webformance began its international development by setting up operations in Spain.

On July 10: Publicis Groupe announced of 2 key acquisitions and a financial participation, thus reinforcing its digital expertise in Africa and Latin America: the acquisition of **Prima Integrated Marketing** (Prima) in South Africa, a stake in **AG Partners**, a pan-African network of communication agencies and the acquisition of **Lead2Action**, the best digital agency in Mexico.

Outlook

In a difficult global economic environment where GDP growth forecasts are again being revised downwards, Publicis Groupe expects a much better improvement in the second half-year with growth picking up smartly as of the third quarter.

Publicis Groupe intends to pursue its policy of targeted investment, mainly in digital services. This strategic plan, which was presented in London in April 2013, is being reviewed in-depth in order to integrate foreseeable developments and trends in the advertising market over the next four years. The Groupe has taken a bottom-up approach by asking all its entities to submit their proposals. The feedback has proved very encouraging and a detailed plan will be submitted to the Supervisory Board in mid-September and published shortly thereafter.

The Groupe's solid financial position ensures that it has the means to implement its strategy, not only regarding acquisitions (mainly in digital) but also in terms of its shareholder compensation policy.

Publicis Groupe confirms that it expects its organic growth to be higher in the second half-year than in the first half-year of 2014. Achievement of objectives will depend on how the economy performs, in particular in the European and emerging countries. At this point in time, it would appear appropriate to privilege caution and to focus on rigorous cost control in order to achieve a margin closer to our goals.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS HALF-YEAR ENDED JUNE 30, 2014

Consolidated income statement

(in millions of euros)	Notes	June 30, 2014 (6 months)	June 30, 2013* (6 months)	December 31, 2013* (12 months)
REVENUE		**3,358**	**3,351**	**6,953**
Personnel expenses	3	(2,199)	(2,168)	(4,330)
Other operating expenses		(666)	(662)	(1,396)
OPERATING MARGIN BEFORE DEPRECIATION AND AMORTIZATION		**493**	**521**	**1,227**
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	4	(58)	(61)	(120)
OPERATING MARGIN		**435**	**460**	**1,107**
Amortization of intangibles arising from acquisitions	4	(24)	(23)	(49)
Impairment loss	4	(24)	(1)	(4)
Non-current income and expenses	5	8	13	69
OPERATING INCOME		**395**	**449**	**1,123**
Financial expense		(22)	(23)	(46)
Financial income		10	10	20
COST OF NET FINANCIAL DEBT	6	**(12)**	**(13)**	**(26)**
Other financial income and expenses	6	7	8	5
PRE-TAX INCOME OF CONSOLIDATED COMPANIES		**376**	**444**	**1,102**
Income taxes	7	(113)	(124)	(298)
NET INCOME OF CONSOLIDATED COMPANIES		**263**	**320**	**804**
Share of profit of associates	10	2	2	5
NET INCOME		**265**	**322**	**809**
Of which:				
• Net income attributable to non-controlling interests (minority interests)		5	9	17
• **Net income attributable to equity holders of the parent company (Group share)**		**260**	**313**	**792**
Per share data (in euros) **- Net income attributable to equity holders of the parent company**	8			
Number of shares		*222,276,420*	*213,478,263*	*215,516,919*
Earnings per share		1.17	1.47	3.67
Number of diluted shares		*227,437,919*	*221,704,582*	*224,430,805*
Diluted earnings per share		1.14	1.42	3.54

* *Figures have been restated as explained in Note 1 "Accounting policies and methods" in accordance with IFRIC 21 – Levies.*

Consolidated statement of comprehensive income

(in millions of euros)	June 30, 2014 (6 months)	June 30, 2013* (6 months)	December 31, 2013* (12 months)
NET INCOME FOR THE PERIOD (A)	265	322	809
Items that will not be reclassified to profit or loss			
• Actuarial gains and losses on defined benefit plans	(36)	29	26
• Deferred taxes on other comprehensive income that will not be reclassified to profit or loss	(19)	(9)	(12)
Items that may be reclassified to profit or loss			
• Revaluation of available-for-sale investments	(2)	11	(26)
• Consolidation translation adjustments	26	(67)	(249)
• Deferred taxes on other comprehensive income	1	-	3
TOTAL OTHER COMPREHENSIVE INCOME (B)	(30)	(36)	(258)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A) + (B)	**235**	**286**	**551**
Of which:			
• Attributable to non-controlling interests	3	6	11
• Attributable to equity holders of the parent company	232	280	540

* *Figures have been restated as explained in Note 1 "Accounting policies and methods" in accordance with IFRIC 21 – Levies.*

Consolidated balance sheet

(in millions of euros)	Notes	June 30, 2014	December 31, 2013*
Assets			
Goodwill, net	9	6,299	6,123
Intangible assets, net		929	939
Property, plant and equipment, net		495	513
Deferred tax assets		130	126
Investments in associates	10	28	28
Other financial assets	11	124	121
NON-CURRENT ASSETS		8,005	7,850
Inventory and work in progress		284	307
Accounts receivable		6,812	6,994
Other receivables and current assets		538	517
Cash and cash equivalents		836	1,442
CURRENT ASSETS		8,470	9,260
TOTAL ASSETS		**16,475**	**17,110**
Liabilities and equity			
Share capital		87	86
Additional paid-in capital and retained earnings, Group share		5,094	5,009
Equity attributable to holders of the parent company	**12**	**5,181**	**5,095**
Non-controlling interests		39	38
TOTAL EQUITY		5,220	5,133
Long-term borrowings	14	259	538
Deferred tax liabilities		267	295
Long-term provisions	13	409	368
NON-CURRENT LIABILITIES		935	1,201
Trade payables		7,793	8,636
Short-term borrowings	14	564	322
Income taxes payable		48	31
Short-term provisions	13	111	139
Other creditors and current liabilities		1,804	1,648
CURRENT LIABILITIES		10,320	10,776
TOTAL LIABILITIES AND EQUITY		**16,475**	**17,110**

* *Figures have been restated as explained in Note 1 "Accounting policies and methods" in accordance with IFRIC 21 – Levies.*

Consolidated cash flow statement

(in millions of euros)	June 2014 (6 months)	June 2013* (6 months)	December 2013* (12 months)
Cash flow from operating activities			
Net income	265	322	809
Neutralization of non-cash income and expenses:			
Income taxes	113	125	298
Cost of net financial debt	12	13	26
Capital (gains) losses on disposals (before tax)	(8)	(12)	(68)
Depreciation, amortization and impairment on property, equipment and intangible assets	106	85	173
Non-cash expenses on stock options and similar items	21	18	40
Other non-cash income and expenses	4	-	2
Share of profit of associates	(2)	(2)	(5)
Dividends received from associates	1	2	4
Taxes paid	(165)	(159)	(244)
Interest paid	(26)	(18)	(42)
Interest received	10	22	31
Change in working capital requirements(1)	(779)	(512)	355
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES (I)	**(448)**	**(116)**	**1,379**
Cash flows from investing activities			
Purchases of property, equipment and intangible assets	(40)	(53)	(126)
Proceeds from sale of property, equipment and intangible assets	3	2	3
Purchases of investments and other financial assets, net	-	(15)	49
Acquisitions of subsidiaries	(96)	(386)	(686)
Disposals of subsidiaries	-	-	7
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES (II)	**(133)**	**(452)**	**(753)**
Cash flows from financing activities			
Dividends paid to holders of the parent company	-	-	(108)
Dividends paid to non-controlling interests	(8)	(14)	(22)
Cash received on new borrowings	9	138	1
Reimbursement of borrowings	(8)	(91)	(102)
Net purchases of non controlling interests	(4)	(58)	(102)
Net (purchases)/sales of treasury shares and equity warrants	39	(169)	(72)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES (III)	**28**	**(194)**	**(405)**
Impact of exchange rate fluctuations (IV)	**(15)**	**(38)**	**(125)**
NET CHANGE IN CONSOLIDATED CASH FLOWS (I + II + III + IV)	**(568)**	**(800)**	**96**
Cash and cash equivalents on January, 1	1,442	1,314	1,314
Bank overdrafts on January, 1	(60)	(28)	(28)
Net cash and cash equivalents at beginning of period (V)	**1,382**	**1,286**	**1,286**
Cash and cash equivalents at closing date	836	750	1,442
Bank overdrafts at closing date	(22)	(264)	(60)
Net cash and cash equivalents at closing date (VI)	**814**	**486**	**1,382**
NET CHANGE IN CASH AND CASH EQUIVALENTS (VI – V)	**(568)**	**(800)**	**96**
(1) Breakdown of change in working capital requirements:			
Change in inventory and work in progress	*27*	*8*	*34*
Change in accounts receivable and other receivables	*264*	*(107)*	*(305)*
Change in accounts payable, other payables and provisions	*(1,070)*	*(413)*	*626*
Change in working capital requirements	*(779)*	*(512)*	*355*

* *Figures have been restated as explained in Note 1 "Accounting policies and methods" in accordance with IFRIC 21 – Levies.*

Consolidated statement of changes in equity

Number of outstanding shares	(in millions of euros)	Share capital	Additional paid-in capital
206,587,262	**JANUARY 1, 2014***	**86**	**2,957**
	Net income		
	Other comprehensive income		
	TOTAL INCOME AND EXPENSES FOR THE PERIOD		
	Publicis Groupe SA capital increase		
	Dividends		
74,607	Share-based compensation		
109,924	Additional reimbursement of Orane		
	Effect of acquisitions and commitments to buy-out non-controlling interests		
629,424	Exercise of warrants	1	18
562,921	Conversion of Océane 2018		
716,966	Purchases/sales of treasury shares		
208,681,104	**JUNE 30, 2014**	**87**	**2,975**

* *Figures have been restated as explained in Note 1 "Accounting policies and methods" in accordance with IFRIC 21 – Levies.*

Number of outstanding shares	(in millions of euros)	Share capital	Additional paid-in capital
199,203,650	**JANUARY 1, 2013***	**84**	**2,851**
	Net income		
	Other comprehensive income		
	TOTAL INCOME AND EXPENSES FOR THE PERIOD		
5,045	Publicis Groupe SA capital increase		
	Dividends		
	Share-based compensation		
	Additional interest on Orane		
	Effect of acquisitions and commitments to buy-out non-controlling interests		
(1,212,812)	Purchases/sales of treasury shares		
197,996,243	**JUNE 30, 2013***	**84**	**2,851**

* *Figures have been restated as explained in Note 1 "Accounting policies and methods" in accordance with IFRIC 21 – Levies.*

Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to the holders of the parent company	Non-controlling interests	Total equity*
2,281	**(337)**	**108**	**5,095**	**38**	**5,133**
260			260	5	265
(55)	29	(2)	(28)	(2)	(30)
205	**29**	**(2)**	**232**	**3**	**235**
-			-		-
(229)			(229)	(8)	(237)
20			20		20
			-		-
(3)			(3)	6	3
			19		19
27			27		27
20			20		20
2,321	**(308)**	**106**	**5,181**	**39**	**5,220**

Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to the holders of the parent company	Non-controlling interests	Total equity*
1,643	**(97)**	**134**	**4,615**	**44**	**4,659**
313			313	9	322
20	(64)	11	(33)	(3)	(36)
333	**(64)**	**11**	**280**	**6**	**286**
-			-		-
(178)			(178)	(14)	(192)
18			18		18
(3)			(3)		(3)
(11)			(11)	12	1
(169)			(169)		(169)
1,633	**(161)**	**145**	**4,552**	**48**	**4,600**

Notes to the consolidated financial statements

The interim consolidated financial statements for the half-year ending June 30, 2014 and the accompanying notes were approved by the Management Board on July 18, 2014 and examined by the Supervisory Board on July 21, 2014.

The condensed consolidated interim financial statements are presented in euros rounded to the nearest million.

Note 1 Accounting policies and methods

In application of European regulation no. 1606/2002 of July 19, 2002, Publicis Groupe's consolidated financial statements as of June 30, 2014 have been prepared in accordance with the IAS/IFRS international accounting standards as approved by the European Union at that date. The IAS/IFRS are available on the European Commission's websitehttp://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The condensed consolidated interim financial statements as of June 30, 2014 were prepared in conformity with IAS 34 "Interim Financial Reporting". The accounting policies and methods applied to the interim financial statements are consistent with those used by the Group for the consolidated financial statements as of December 31, 2013, presented in the registration document filed with the Autorité des marchés financiers (the French Financial Markets Authority, or AMF) on April 4, 2014, ("2013 registration document", pages 124 ***et seq.***), except for the standards and interpretations adopted by the European Union applicable as of January 1, 2014 and described below.

New applicable Standards and interpretations

Application of new standards and interpretations

the Group's application of the following standards and interpretations, adopted by the European Union and mandatory in financial years beginning on or after January 1, 2014, had no major impact on the Group's financial statements:

- IAS 32 "Offsetting Financial Assets and Financial Liabilities";
- amendments to IAS 39 "Financial instruments: Classification and Measurement of Financial Assets, and fair value option for financial liabilities";
- amendment to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets".

Please note that on December 31, 2013, the Publicis Group was an early adopter of the new standards on consolidation, IFRS 10, IFRS 11 and IFRS 12 together with their amendments.

Early application

IFRIC interpretation 21 "Levies charged by Public Authorities", published by the IASB, and adopted by the European Union for financial years beginning on, or after, June 17, 2014 was adopted on January 1, 2014. This interpretation involves the date on which liabilities associated with the payment of taxes, other than income taxes, are recognized. Consequently, a liability to pay a tax can only be recognized if there is no present obligation on the reporting date for the period.

This new interpretation impacts the Group with regard to the recognition of several taxes, mainly in France and the US.

The impact of this change of recognition on the income statement as of June 30, 2014 is an additional expense of euro 2 million, recognized under other operating expenses. The effects on the income statement for prior periods are as follows:

- an additional expense of euro 2 million at the half-year ended June 30, 2013 was recognized under other operating expenses in order to present a restated, comparable income statement. A euro 1 million income tax impact associated with this expense was also recognized;
- no impact on the income statement for 2012 and 2013.

The only restated accounts in the statement of financial position are:

- other current liabilities, down by euro 2 million at December 31, 2013;
- deferred tax assets, down by euro 1 million at December 31, 2013;
- equity, up by euro 1 million at January 1, 2013 and December 31, 2013.

Compliance with the IFRS standards as published by the IASB

The principles applied by the Group do not differ from IFRS standards as published by the IASB, since the application of the following standards and interpretations is not mandatory in financial years beginning on or after January 1, 2014:

- IFRS 9 and amendments to IFRS 9 "Financial instruments: Classification and Measurement of Financial Assets, and fair value option for financial liabilities";
- amendment to IAS 19 "Defined Benefit Plans: Employee Contributions";
- IFRS 15 "Revenue from Contracts with Customers".

Use of estimates

The Group's financial position and earnings depend on the accounting methods applied and the assumptions, estimates and judgments made when the consolidated financial statements are prepared. The Group bases its estimates on its past experience and on a series of other assumptions considered reasonable under the circumstances to measure the amounts to be used for the Group's assets and liabilities. The assumptions on which the main estimates considered for the first half of 2014 are based are of the same nature as those described as of December 31, 2013 in the 2013 registration document. Management revises these estimates when it identifies new events to take into account or in the event of a change in the circumstances on which these assumptions were based. Actual outcomes may, however, vary significantly from these estimates.

Note 2 Changes to consolidation scope

Takeovers during the period

No takeovers (individually or taken as a whole) occurred during the period.

Disposals during the period

No material disposals (individually or taken as a whole) occurred during the period.

Note 3 Personnel expenses and headcount

Personnel expenses includes salaries, commissions, bonuses, employee profit sharing and holiday pay. They also include the bonus estimates, expenses related to stock option and free share plans and expenses related to pensions (excluding the effect of the discount on benefit obligations, which is included in "Other financial income and expenses").

(In millions of euros)	June 30, 2014	June 30, 2013
Compensation	(1,702)	(1,654)
Social security charges	(287)	(293)
Post-employment benefits	(50)	(51)
Stock option expense	(21)	(18)
Temporary employees and freelancers	(139)	(152)
TOTAL	**(2,199)**	**(2,168)**

Changes in and breakdown of headcount by region

	June 30, 2014	June 30, 2013
Europe	19,773	19,252
North America	21,527	20,158
Latin America	5,699	4,855
Asia Pacific	12,856	13,564
Middle East and Africa	2,393	2,156
TOTAL	**62,248**	**59,985**

Note 4 Depreciation, amortization and impairment

(In millions of euros)	June 30, 2014	June 30, 2013
Amortization of other intangible assets (excluding intangibles arising from acquisitions)	(7)	(9)
Depreciation of property, plant and equipment	(51)	(52)
DEPRECIATION AND AMORTIZATION EXPENSE (EXCLUDING INTANGIBLES FROM ACQUISITIONS)	**(58)**	**(61)**
AMORTIZATION OF INTANGIBLES FROM ACQUISITIONS	**(24)**	**(23)**
IMPAIRMENT	**(24)**	**(1)**
TOTAL DEPRECIATION, AMORTIZATION AND IMPAIRMENT	**(106)**	**(85)**

Impairment tests were performed on cash-generating units (agencies or combinations of agencies) and on intangible assets where triggering events (general decline in business, decline in business with one of the unit's major clients, etc.) were identified. At June 30, 2014, the after tax discount rates used for impairment tests on the assets concerned ranged between 10.5 and 14.5%. The terminal growth rate used in the projections for the impairment tests was between 2.5 and 3%.

These tests resulted in the Group recognizing two impairment losses: one of euro 2 million on intangibles from acquisitions, and one of euro 22 million on goodwill at June 30, 2014.

Note 5 Other non-current income and expenses

This line includes unusual income and expenses. This line item mainly includes gains and losses on the disposal of assets.

(In millions of euros)	June 30, 2014	June 30, 2013
Gains/(losses) on disposal of assets	8	12
Other non-current income and expenses	-	1
TOTAL OTHER NON-CURRENT INCOME AND EXPENSES	**8**	**13**

Note 6 Financial income and expenses

(In millions of euros)	June 30, 2014	June 30, 2013
Interest expense on loans and bank overdrafts	(17)	(18)
Interest expense on finance leases	(5)	(5)
Financial expenses	**(22)**	**(23)**
Financial income	10	10
COST OF NET FINANCIAL DEBT	**(12)**	**(13)**
Foreign exchange gains (losses) (including the change in the fair value of derivatives)	(2)	9
Net financial expense related to unwinding of discount on pension provisions	(3)	(3)
Revaluation of earn-out payments on acquisitions	(2)	2
OTHER FINANCIAL INCOME AND EXPENSES	**(7)**	**8**
TOTAL NET FINANCIAL INCOME AND (EXPENSES)	**(19)**	**(5)**

Note 7 Income taxes

Effective tax rate

Income tax expense for the half-year to June 30, 2014 was calculated by applying the estimated effective tax rate for the full year to profit before tax for the period.

(In millions of euros)		June 30, 2014	June 30, 2013*
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	**A**	**376**	**444**
Gain on deconsolidation		-	(12)
Goodwill impairment		22	-
RESTATED PRE-TAX INCOME OF CONSOLIDATED COMPANIES	**B**	**398**	**432**
EFFECTIVE TAX RATE	**C**	**28.4%**	**28.8%**
INCOME TAX PER THE INCOME STATEMENT	**B X C**	**(113)**	**(124)**

* *Figures have been restated as explained in Note 1 "Accounting policies and methods" in accordance with IFRIC 21 - Levies.*

Note 8 Earnings per share

Earnings per share and diluted earnings per share

(in millions of euros, except for share data)		June 30, 2014	June 30, 2013*
Net income used for the calculation of earnings per share			
Group net income	**A**	**260**	**313**
Impact of dilutive instruments:			
• Savings in financial expenses linked to the conversion of debt instruments, net of tax		-	1
Group net income - diluted	**B**	**260**	**314**
Number of shares used to calculate earnings per share			
Average number of shares that make up the share capital		216,356,438	210,011,153
Treasury shares to be deducted (average for the year)		(8,350,066)	(12,154,180)
Shares to be issued to redeem the Orane		14,270,048	15,621,290
Average number of shares used for the calculation	**C**	**222,276,420**	**213,478,263**
Impact of dilutive instruments:			
• Free shares and dilutive stock options		3,753,957	3,284,649
• Warrants		1,368,321	2,317,132
• Shares resulting from the conversion of convertible bonds		39,221	2,624,538
Number of diluted shares	**D**	**227,437,919**	**221,704,582**
(in euros)			
EARNINGS PER SHARE	**A/C**	**1.17**	**1.47**
DILUTED EARNINGS PER SHARE	**B/D**	**1.14**	**1.42**

* *Figures have been restated as explained in Note 1 "Accounting policies and methods" in accordance with IFRIC 21 – Levies.*

Following the conversions made at the end of 2013, all remaining Océane 2018 bonds were either converted, or redeemed in cash in January 2014.

In addition, between September 24, 2013 and June 30, 2014, 3,377,695 stock warrants were exercised, creating 3,428,361 new shares.

Headline earnings per share (basic and diluted)

(in millions of euros, except for share data)		June 30, 2014	June 30, 2013*
Net income used to calculate headline earnings per share [(1)]			
Group net income		**260**	**313**
Items excluded:			
• Amortization of intangibles from acquisitions, net of tax		15	14
• Impairment, net of tax		23	1
• Revaluation of earn-out payments		2	(2)
• Gains on deconsolidation and venture capital funds, net of tax		(3)	(12)
Headline Group net income	**E**	**297**	**314**
Impact of dilutive instruments:			
• Savings in financial expenses related to the conversion of debt instruments, net of tax		-	1
Headline Group net income – diluted	**F**	**297**	**315**
Number of shares used to calculate earnings per share			
Average number of shares that make up the share capital		216,356,438	210,011,153
Treasury shares to be deducted (average for the year)		(8,350,066)	(12,154,180)
Shares to be issued to redeem the Orane		14,270,048	15,621,290
Average number of shares used for the calculation	**C**	**222,276,420**	**213,478,263**
Impact of dilutive instruments:			
• Free shares and dilutive stock options		3,753,957	3,284,649
• Warrants		1,368,321	2,317,132
• Shares resulting from the conversion of convertible bonds		39,221	2,624,538
Number of diluted shares	**D**	**227,437,919**	**221,704,582**
(in euros)			
HEADLINE EARNINGS PER SHARE	**E/C**	**1.34**	**1.47**
HEADLINE EARNINGS PER SHARE - DILUTED	**F/D**	**1.31**	**1.42**

(1) EPS after elimination of the impairment losses, amortization of intangibles from acquisitions, the main capital gains and losses on disposal of assets and the revaluation of earn-out payments.

* *Figures have been restated as explained in Note 1 "Accounting policies and methods" in accordance with IFRIC 21 – Levies.*

Note 9. Goodwill

Changes in goodwill

(In millions of euros)	Gross amount	Impairment	Net amount
JANUARY 1, 2013	**5,821**	**(154)**	**5,667**
Acquisitions	617	-	617
Changes related to the recognition of commitments to purchase non-controlling interests	37	-	37
Disposals and derecognition	(6)	1	(5)
Translation adjustments and other	(201)	8	(193)
DECEMBER 31, 2013	**6,268**	**(145)**	**6,123**
Acquisitions	125	-	125
Impairment	-	(22)	(22)
Changes related to the recognition of commitments to purchase non-controlling interests	2	-	2
Disposals and derecognition	-	-	-
Translation adjustments and other	75	(4)	71
JUNE 30, 2014	**6,470**	**(171)**	**6,299**

Note 10 Investments in associates

Investments accounted using the equity method amounted to euro 28 million on June 30, 2014 (versus euro 28 million as of December 31, 2013).

(in millions of euros)	Investments in associates
AMOUNT AT JANUARY 1, 2014	**28**
Acquisitions	-
Disposals	-
Share of profit of associates	2
Dividends paid	(1)
Effect of translation and other	(1)
AMOUNT AT JUNE 30, 2014	**28**

The Group's main associates are Jana Mobile, Burell Communications and M Publicité. As of June 30, 2014, the carrying amounts of these three associates amounted to euro 10 million, euro 5 million, euro 3 million respectively.

Note 11 Other financial assets

Other financial assets mainly include investments classified as "available for sale".

(in millions of euros)	June 30, 2014	December 31, 2013
Available-for-sale financial assets		
• Venture Capital Fund [(1)]	43	41
• Other	9	8
Security deposits	25	23
Loans to unconsolidated companies	17	26
Loans and advances to invested entities	13	13
Other financial assets	48	49
Gross amount	**155**	**160**
Impairment	(31)	(39)
NET AMOUNT	**124**	**121**

(1) In March 2012, France Telecom-Orange and Publicis Groupe formalized their partnership with Iris Capital Management. Under this partnership arrangement, Publicis Groupe undertook to contribute the sum of euro 74 million to invest in businesses creating value in the digital economy.

Note 12 Equity

Share capital of the parent company

(in shares)	June 30, 2014	December 31, 2013
Share capital on January 1	216,023,378	210,008,734
Capital increase	704,031	6,014,644
SHARES COMPRISING THE SHARE CAPITAL AT THE END OF PERIOD	**216,727,409**	**216,023,378**
Treasury shares on June 30	(8,046,305)	(9,436,116)
SHARES IN CIRCULATION AT THE END OF PERIOD	**208,681,104**	**206,587,262**

Publicis Groupe SA's share capital rose by euro 281,613 in the first half 2014 corresponding to 704,031 shares with a par value of euro 0.40, of which 629,424 shares created as a result of warrants being exercised by certain holders, and 74,607 shares created as part of the LTIP 2011 bonus stock plan.

Publicis Groupe SA's share capital stood at euro 86,690,964 on June 30, 2014, divided into 216,727,409 shares with a par value of euro 0.40.

Neutralization of the treasury shares existing on June 30, 2014

Treasury shares held at the end of the year, including those owned under the liquidity contract, are deducted from the share capital.

The portfolio of treasury shares showed the following movements in the first half of 2014:

	Number of shares
TREASURY SHARES HELD ON DECEMBER 31, 2013 (1)	**9,436,116**
Disposals (exercise of stock options) and delivery of free shares	(723,466)
Delivery of shares as a result of Océane	(562,921)
Delivery of shares for the supplemental compensation of Orane redemptions	(109,924)
Movements as part of the liquidity contract	6,500
TREASURY SHARES HELD ON JUNE 30, 2014 (1)	**8,046,305**

(1) Including shares held under the liquidity contract (45,000).

Dividends

As resolved by the shareholders at the General Shareholders' Meeting held on May 28, 2014, Publicis Groupe SA, on July 3, 2014:

- issued 2,094,672 new shares for the dividend payment in shares to bearers who exercised this option;
- paid out euro 110 million in dividends (***i.e.*** euro 1.10 per share). The cash portion of this payment is subject to the 3% tax on dividends.

Note 13 Provisions for liabilities and charges

(in millions of euros)	Restructuring	Vacant property commitments	Pension and other retirement benefits	Risks and litigation	Other provisions	Total
JANUARY 1, 2013	**22**	**27**	**285**	**197**	**99**	**630**
Increases	18	5	32	26	12	93
Releases	(13)	(5)	(43)	(15)	(18)	(94)
Other releases	(1)	(6)	(3)	(44)	(27)	(81)
Changes to consolidation scope	1	-	1	1	3	6
Actuarial losses (gains)	-	-	(26)	-	-	(26)
Translation adjustments and other	(1)	(1)	(8)	(5)	(6)	(21)
DECEMBER 31, 2013	**26**	**20**	**238**	**160**	**63**	**507**
Increases	13	-	14	12	5	44
Releases	(12)	(2)	(18)	(5)	(5)	(42)
Other releases	(1)	(2)	-	(29)	(2)	(34)
Changes to consolidation scope	-	-	-	2	-	2
Actuarial losses (gains)	-	-	36	-	-	36
Translation adjustments and other	-	1	3	2	1	7
JUNE 30, 2014	**26**	**17**	**273**	**142**	**62**	**520**
Of which short-term	20	4	33	40	14	111
Of which long-term	6	13	240	102	48	409

Actuarial assumptions (weighted average rates)

The provision for pension commitments was discounted at June 30, 2014. Discount rates are calculated using rates of long-term investment grade bonds (with at least an AA rating) and bonds with maturities equivalent to the length of the plans assessed. They were determined based on external indexes commonly considered to be benchmarks, namely the iBoxx in Europe and the Citigroup Index in the United States.

JUNE 30, 2014

	Pension plans				Post-employment health coverage	
	United States	United Kingdom	Zone Euro	Other Countries	United States	United Kingdom
Discount rate	3.53%	3.95 – 4.15%	2.40%	0.80 – 3.79%	3.53%	3.95 – 4.15%
Future wage increases	n/a	4.10 – 4.35%	2.25% [1]	1.50 – 6.00%	5.00%	n/a
Future pension increases	n/a	2.00 – 3.70%	2.00% [1]	n/a	n/a	n/a

DECEMBER 31, 2013

	Pension plans				Post-employment health coverage	
	United States	United Kingdom	Zone Euro	Other Countries	United States	United Kingdom
Discount rate	4.11%	4.25% - 4.45%	3.17%	1.00% - 4.15%	4.11%	4.25% - 4.45%
Future wage increases	n/a	4.10%- 4.35%	2.25% (1)	1.50% - 6.00%	5.00%	n/a
Future pension increases	n/a	2.00% - 3.70%	2.00% (1)	n/a	n/a	n/a

(1) For Germany only.

Note 14 Borrowings and other financial liabilities

Number of securities on June 30, 2014	(in millions of euros)	June 30, 2014	December 31, 2013
	Bonds (excluding interest accrued) issued by Publicis Groupe:		
253,242	Eurobond 4.25% - March 2015 (Effective interest rate 3.85%)	258	262
-	Océane 2.75% - January 2018 (Effective interest rate 2.75%)	-	27
1,562,129	Orane 0.82%, variable, - September 2022 (Effective interest rate 8.50%)	42	42
	Other debt:		
	Accrued interest	3	8
	Other borrowings and credit lines	36	33
	Bank overdrafts	22	60
	Debt related to finance leases contracts	79	78
	Debt related to acquisitions of shareholdings	250	223
	Debt arising from commitments to buy-out minority interests	133	127
	TOTAL BORROWINGS	**823**	**860**
	Of which short-term	564	322
	Of which long-term	259	538

The bonds issued by Publicis Groupe SA are at a fixed rate and are denominated in euros.

In accordance with IAS 39, the fixed rate/variable rate swap was qualified as a hedge of the fair value of the Eurobond 2015 liability. In January 2013, the swap was unwound, triggering the receipt of a euro 20 million payment, and the recognition of euro 12 million in income, which, in accordance with IAS 39, was staggered over the remaining life of the bond. This bond is currently no longer hedged.

Out of the 559,278 outstanding Océane 2018 bonds as of December 31, 2013, 554,604 bonds were converted in December 2013 and January 2014. As a result, 562,921 Publicis shares were delivered in January 2014. The balance, ***i.e.*** 4,674 bonds, were redeemed in cash at the unit price of euro 48.74, also in January 2014.

Changes in debt resulting from commitments to purchase minority interests are as follows:

(In millions of euros)	Debt arising from commitments to buy-out minority interests
AT DECEMBER 31, 2013	**127**
Debt contracted during the period	3
Buyouts	(4)
Revaluation of the debt and translation adjustments	7
AT JUNE 30, 2014	**133**

The buyouts during the half-year were paid for in cash.

Analysis by date of maturity

	June 30, 2014						
		Maturity					
(in millions of euros)	Total	-1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	+5 years
Bonds and other bank borrowings	361	354	7	-	-	-	-
Debt related to finance leases contracts	79	-	-	-	-	-	79
Debt related to acquisitions of shareholdings	250	122	78	35	14	1	-
Debt arising from commitments to buy-out minority interests	133	88	25	9	10	1	-
TOTAL	**823**	**564**	**110**	**44**	**24**	**2**	**79**

	December 31, 2013						
		Maturity					
(in millions of euros)	Total	-1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 yrs	+5 years
Bonds and other bank borrowings	432	156	276	-	-	-	-
Debt related to finance leases contracts	78	-	-	-	-	-	78
Debt related to acquisitions of shareholdings	223	89	55	56	14	9	-
Debt arising from commitments to buy-out minority interests	127	77	20	16	13	1	-
TOTAL	**860**	**322**	**351**	**72**	**27**	**10**	**78**

Analysis by currency

(in millions of euros)	June 30, 2014	December 31, 2013
Euros	346	435
US dollars	177	148
Other currencies	300	277
TOTAL	**823**	**860**

Analysis by interest rate type

Borrowings comprise fixed rate loans, that make up 88% of gross borrowings (excluding borrowings for acquisitions of investment securities and commitments to buy-out non-controlling interests) on June 30, 2014, and variable rate loans for the remaining 12%.

Exposure to liquidity risk

In order to manage its liquidity risk, Publicis holds a substantial amount of cash (cash and cash equivalents for a total of euro 836 million as of June 30, 2014) and unused credit lines (for a total of euro 2,129 million as of June 30, 2014, of which euro 1,910 million in confirmed credit lines and euro 219 million in unconfirmed credit lines). The main credit line is a multi-currency syndicated facility in the amount of euro 1,200 million, expiring in 2016. These immediately available or almost immediately available amounts allow the Group to pay its financial debt maturing in less than one year.

Apart from bank overdrafts, most of the Group's debt consists of bonds, which do not include financial "covenants". They only include standard credit default event clauses (liquidation, cessation of payment, default on the debt itself or on the repayment of another debt above a given threshold) which are generally applicable above a threshold of euro 25 million. The only early redemption option exercisable by the holders relates to the Océane 2018 which was exercised in January 2014.

Note 15 Commitments

Operating leases

	June 30, 2014						
		Maturity					
(in millions of euros)	Total	-1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	+5 years
Commitments given							
Operating leases	1,588	261	242	212	190	158	525
Commitments received							
Sub-lease commitments	14	5	2	1	1	1	4

	December 31, 2013						
		Maturity					
(in millions of euros)	Total	- 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	+5 years
Commitments given							
Operating leases	1,586	255	235	203	183	158	552
Commitments received							
Sub-lease commitments	15	4	2	2	1	1	5

Other commitments

(in millions of euros)	June 30, 2014			
		Maturity		
	Total	-1 year	1 to 5 years	+5 years
Commitments given				
Guarantees and deposits [(1)]	167	86	35	46
Other commitments [(2)]	594	77	406	111
Commitments to purchase investment [(3)]	11	11	-	-
TOTAL	**772**	**174**	**441**	**157**
Commitments received				
Undrawn credit lines [(4)]	2,129	424	1,705	-
Other commitments [(5)]	44	18	18	8
TOTAL	**2,173**	**442**	**1,723**	**8**

(1) At June 30, 2014, guarantees included a guarantee to pay real estate taxes and expenses relating to the Leo Burnett building in Chicago for a total of euro 45 million until 2019. They also include around euro 8 million of guarantees for media-buying.

(2) These included euro 542 million of minimum fees guaranteed under advertising space usage contracts. In addition, the Group remains committed to minimum purchases which if not concluded could entail up to euro 36 million in payments (cash and services) for the entire term of the contract expiring on June 30, 2016 (maximum of euro 18 million each year). This contract is currently being renegotiated.

(3) These related to share buyback commitments.

(4) The undrawn credit lines included euro 1,910 million of confirmed credit lines.

(5) They comprise primarily annual billing commitments received with a remaining five-year period as from 2010, for a sum of euro 18 million per year for the duration of the contract, expiring on June 30, 2016.

(in millions of euros)	December 31, 2013			
		Maturity		
	Total	-1 year	1 to 5 years	+5 years
Commitments given				
Guarantees and deposits [(1)]	157	45	64	48
Other commitments [(2)]	560	131	352	77
Commitments to purchase investment [(3)]	11	11	-	-
TOTAL	**728**	**187**	**416**	**125**
Commitments received				
Undrawn credit lines [(4)]	2,124	420	1,704	-
Other commitments [(5)]	38	22	9	7
TOTAL	**2,162**	**442**	**1,713**	**7**

(1) On December 31, 2013, guarantees included a guarantee to pay real estate taxes and expenses relating to the Leo Burnett building in Chicago for a total of euro 58 million until 2019. They also included guarantees of approximately euro 7 million relating to media-buying operations.

(2) These included euro 519 million of minimum fees guaranteed under advertising space usage contracts. In addition, the Group has committed to minimum purchases which if not concluded could entail up to euro 27 million in payments (cash and services) for the entire term of the contract expiring on June 30, 2015 (maximum of euro 18 million each year).

(3) These related to share buyback commitments.

(4) The undrawn credit lines included euro 1,909 million of confirmed credit lines.

(5) They comprise primarily annual billing commitments received with a remaining five-year period as from 2010, expiring on June 30, 2015, for a sum of euro 18 million per year.

Commitments related to bonds and Oranes

Orane – Bonds redeemable in new or existing shares – September 2022

Following the redemption of the first nine tranches of the bond on September 1 of every year since 2005 and the adjustment of the conversion ratio from 1 to 1.015 shares per Orane, each Orane legally confers a right to 9.135 new or existing Publicis Groupe shares at a rate of 1.015 shares per year until the 20th anniversary of the bond's issue. Therefore, Publicis Groupe has a commitment to deliver 1,585,561 shares each year from September 2014 to September 2022, ***i.e.***, 14,270,048 shares in total that may be issued at Publicis Groupe's discretion in either new shares or existing shares already in its portfolio.

In addition, a meeting of the Orane holders was held on October 10, 2013 to decide, subject to the approval of the merger by the shareholders of both the Publicis Groupe and the Omnicom Group, on the redemption of the debt component of all of the outstanding Oranes immediately following these Shareholders' Meetings.

As a result of the merger project being abandoned, provisions for the early redemption of Oranes will not be applied and the bonds will continue to be governed by the terms of their current issuance contract. The Publicis Group announced on May 9, 2014 that discussions would take place which may result in a proposal for the early redemption of Oranes between now and mid-2015.

Océane 2018 – 2.75% actuarial – January 2018

At June 30, 2014, all bonds still in existence at December 31, 2013, had been either converted, or redeemed (See Note 14).

Obligations related to warrants

The exercise of warrants, which could occur at any time from September 24, 2013 to September 24, 2022, will lead to an increase in the Publicis Groupe's capital stock. The conversion ratio was adjusted by a factor of 1.015 so as to reflect those distributions drawn from the Company's reserves and premiums. After cancellation of the warrants bought back in previous years or exercised since September 24, 2013, Publicis Groupe would be committed to creating, at June 30, 2014, (in the event the 2,225,004 outstanding warrants are exercised) 2,258,379 shares with a par value of euro 0.40 and a premium of euro 30.10.

Other commitments

As at June 30, 2014, there were no significant commitments such as pledges, guarantees or collateral, or any other significant off-balance sheet commitments according to the accounting standards in force.

Note 16 Planned merger

On July 28, 2013, Publicis Groupe SA and Omnicom Group Inc. announced the signing of an agreement relating to a possible merger of the two groups.

On May 9, 2014, Publicis Groupe SA and Omnicom Group Inc. made a joint announcement to the effect that their planned merger of equals was to be terminated by mutual agreement in light of the difficulties encountered in implementing this transaction within reasonable deadlines. The two enterprises mutually released one another from any liability and no compensation is to be paid on either side.

As well, an appeal to have the merger agreement prohibited or canceled was lodged with the New York State Supreme Court on August 5, 2013 by certain Omnicom Group Inc. shareholders. On May 22, 2014, following the announcement that the planned merger had been abandoned, the applicants withdrew their appeal.

Note 17 Operating segment information

Information by business sector

The Publicis Groupe structure, developed over several years, is designed to provide the Group's clients with comprehensive, holistic communication services involving all disciplines.

The Group has identified 13 operating segments which correspond to our networks of agencies and which may be categorized together since they share similar economic features (similar margin levels across the various operating segments) and provide similar services (a full range of advertising and communications services) and do so for similar types of clients (the Group's top 20 clients are clients of several operating segments). The 13 operating segments are thus pooled into a single sector in accordance with IFRS 8.

Reporting by region

Given the importance of geographic location for the analysis of our business, the Group has chosen to provide specific information by region.

Data are established on the basis of the location of the agency.

JUNE 2014

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East and Africa	Total
Income statement items [(1)]						
Revenue [(1)]	1,046	1,637	384	195	96	**3,358**
Depreciation and amortization expense (excluding intangibles from acquisitions)	(22)	(24)	(8)	(2)	(2)	**(58)**
Operating margin	85	288	37	12	13	**435**
Amortization of intangibles from acquisitions	(5)	(16)	-	(2)	(1)	**(24)**
Impairment	(19)	-	-	(5)	-	**(24)**
Balance sheet items [(1)]						
Goodwill, net	2,120	2,917	717	440	105	**6,299**
Intangible assets, net	195	692	4	38	-	**929**
Property, plant and equipment	279	168	25	16	7	**495**
Other financial assets	68	23	27	5	1	**124**
Cash flow statement items						
Purchases of property, plant and equipment and intangible assets	(19)	(13)	(3)	(4)	(1)	**(40)**
Purchases of investments and other financial assets, net	-	-	-	-	-	**-**
Acquisitions of subsidiaries	(22)	(62)	(11)	(2)	1	**(96)**

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), no eliminations are required between the different zones.

JUNE 2013*

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East and Africa	Total
Income statement items [1]						
Revenue [1]	1,015	1,630	397	216	93	**3,351**
Depreciation and amortization expense (excluding intangibles from acquisitions)	(25)	(26)	(7)	(2)	(1)	**(61)**
Operating margin	75	301	42	25	17	**460**
Amortization of intangibles from acquisitions	(4)	(15)	(1)	(3)	-	**(23)**
Impairment	(1)	-	-	-	-	**(1)**
Balance sheet items [1]						
Goodwill, net	1,997	2,858	714	433	79	**6,081**
Intangible assets, net	167	756	4	44	1	**972**
Property, plant and equipment	283	178	30	12	6	**509**
Other financial assets	56	78	34	5	1	**174**
Cash flow statement items						
Purchases of property, plant and equipment and intangible assets	(31)	(14)	(2)	(5)	(1)	**(53)**
Purchases of investments and other financial assets, net	(10)	1	-	(6)	-	**(15)**
Acquisitions of subsidiaries	(320)	(27)	(31)	(1)	(7)	**(386)**

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), no eliminations are required between the different zones.
** Figures have been restated as explained in Note 1 "Accounting policies and methods" in accordance with IFRIC 21 – Levies.*

FISCAL YEAR 2013*

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East and Africa	Total
Income statement items [(1)]						
Revenue [(1)]	2,154	3,303	836	464	196	**6,953**
Depreciation and amortization expense (excluding intangibles from acquisitions)	(48)	(49)	(15)	(4)	(3)	**(119)**
Operating margin including merger costs	204	670	113	78	42	**1,107**
Merger costs	(38)	-	-	-	-	**(38)**
Operating margin excluding merger costs	242	670	113	78	42	**1,145**
Amortization of intangibles from acquisitions	(9)	(34)	(1)	(5)	-	**(49)**
Impairment	(1)	(3)	-	-	-	**(4)**
Balance sheet items [(1)]						
Goodwill, net	2,095	2,813	701	408	106	**6,123**
Intangible assets, net	196	702	4	37	-	**939**
Property, plant and equipment	285	174	32	15	7	**513**
Other financial assets	67	22	26	5	1	**121**
Cash flow statement items						
Purchases of property, plant and equipment and intangible assets	(61)	(39)	(16)	(7)	(3)	**(126)**
Purchases of investments and other financial assets, net	(14)	63	1	(1)	-	**49**
Acquisitions of subsidiaries	(395)	(115)	(143)	(13)	(20)	**(686)**

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), no eliminations are required between the different zones.
** Figures have been restated as explained in Note 1 "Accounting policies and methods" in accordance with IFRIC 21 – Levies.*

Note 18 Publicis Groupe SA stock option and free share plans

One free share option plan was introduced in the first half of 2014, with the following features:

- Long Term Incentive Plan "LTIP 2014" (March 2014)

  Under this plan, a certain number of Group managers were awarded free shares, subject to two conditions. Firstly, employment must continue throughout the four-year vesting period, except for tax residents of France who have a shorter three-year vesting period but an additional two-year lock-in period. Furthermore, the free shares are subject to performance criteria, such that the total number of shares received will depend on the overall attainment of growth and profitability targets in 2014. The allocation, made in March 2014, will take effect in March 2018, with the exception of French employees for whom it will take effect in March 2017.

In addition, in the first half of 2014, the following performance awards were made based on the following plans:

- LTIP 2013: the performance targets set for 2013 were 59.7% achieved. The free shares are still subject to vesting until April 2016 (French beneficiaries) or April 2017 (foreign beneficiaries).

Share subscription or purchase options originated by Publicis Groupe

Characteristics of the Publicis Groupe stock option plans outstanding at June 30, 2014

Plan	Type [1]	Date of grant	Exercise price of options (in euros)	Options outstanding at January 1, 2014 (or if later: grant date)	Options canceled or lapsed in the first half 2014	Options exercised in the first half 2014	Options outstanding at June 30, 2014	Of which exercisable at June 30, 2014	Expiry date	Remaining contract life (in years)
19th tranche LTIP 2003-2005	A	09/28/2004	24.82	236,905	-	(195,835)	41,070	41,070	09/28/2014	0.24
20th tranche LTIP 2003-2005	A	05/24/2005	24.76	71,077	-	(5,754)	65,323	65,323	05/24/2015	0.89
21st tranche	A	08/21/2006	29.27	100,000	-	(100,000)	-	-	08/21/2016	2.14
22nd tranche LTIP 2006-2008	A	08/21/2006	29.27	1,034,347	-	(367,958)	666,389	666,389	08/21/2016	2.14
23rd tranche LTIP 2006-2008	A	08/24/2007	31.31	238,610	(2,504)	(43,162)	192,944	192,944	08/24/2017	3.15
Co-investment plan 2013 - options [2]	S	04/30/2013	52.76	5,778,302	(38,179)	-	5,740,123	-	04/30/2023	8.83
TOTAL OF ALL TRANCHES				**7,459,241**	**(40,683)**	**(712,709)**	**6,705,849**	**965,726**		

(1) A = share purchase options – S = share subscription options.
(2) Options subject to a service condition during the vesting period (three years for French beneficiaries and four years for foreign beneficiaries) and performance objectives under a three-year plan from 2013 to 2015. Furthermore, a market condition limits the theoretical gain to 50% of the exercise price, calculated following a three-year period.

Movements in Publicis Groupe stock option plans in the first half of 2014

	H1 2014	
	Number of options	Average exercise price (in euros)
Stock options at January 1	7,459,241	47.35
Options granted during the year	-	-
Stock options exercised [1]	(712,709)	28.13
Stock options canceled or lapsed	(40,683)	51.44
OPTIONS AT JUNE 30, 2014	**6,705,849**	**49.36**
Of which exercisable	965,726	29.18

(1) Average share price on exercise (in euros): 64.17

The Publicis Groupe free share plans

Characteristics of the Publicis Groupe free share plans outstanding at June 30, 2014

Plan	Date of grant	Awards at January 1, 2014 (or if later: grant date)	Shares canceled, lapsed or transferred [1] in the first half 2014	Shares vesting in the first half 2014	Shares yet to vest at June 30, 2014	Vesting date of shares [2]	Remaining contract life (in years)
LTIP Plan 2010 – Outside France	08/19/2010	441,000	(40,650)	(2,200)	398,150	08/19/2014	0.14
LTIP Plan 2010-2012 (Management Board members Outside France)	09/22/2010	98,566	-	-	98,566	09/22/2014	0.23
50 Free Shares Plan 2010 – United States	12/01/2010	303,150	(27,600)	-	275,550	12/01/2014	0.42
LTIP Plan 2011 – France	04/19/2011	75,565	(958)	(74,607)	-	04/19/2014	-
LTIP Plan 2011 – Outside France	04/19/2011	466,862	(34,912)	-	431,950	04/19/2015	0.80
50 Free Shares Plan 2011 – 14 countries	12/01/2011	274,775	(35,800)	-	238,975	12/01/2015	1.42
LTIP Plan 2012 – France	04/17/2012	90,500	2,750	-	93,250	04/17/2015	0.80
LTIP Plan 2012 - Outside France	04/17/2012	535,274	(46,685)	-	488,589	04/17/2016	1.80
50 Free Shares Plan 2013 – 26 countries	02/01/2013	250,425	-	-	250,425	02/01/2017	2.59
LTIP Plan 2013 – France	04/16/2013	81,975	(33,269)	-	48,706	04/16/2016	1.80
LTIP Plan 2013 – Outside France	04/16/2013	540,550	(240,149)	-	300,401	04/16/2017	2.80
LTIP Plan 2013-2015 (Management Board members)	06/17/2013	70,000	(9,402)	-	60,598	06/17/2016	1.97
LTIP Plan 2013-2015 (Management Board members Outside France)	06/17/2013	35,000	(4,701)	-	30,299	06/17/2017	2.97
Co-investment plan 2013 - Free shares France	04/30/2013	133,335	-	-	133,335	04/30/2016	1.84
2013 co-investment plan – Free shares Outside France	04/30/2013	688,628	(5,431)	-	683,197	04/30/2017	2.84
LTIP Plan 2014 – France	03/20/2014	85,960	(1,720)	-	84,240	03/20/2017	2.72
LTIP Plan 2014 – Outside France	03/20/2014	553,790	(105)	-	553,685	03/20/2018	3.72
TOTAL OF FREE SHARE PLANS		**4,725,355**	**(478,632)**	**(76,807)**	**4,169,916**		

(1) These are transfers where necessary between French and foreign plans due to the geographic mobility of beneficiaries.
(2) After this date, French beneficiaries must observe an additional two-year lock-in period.

The award of the free shares listed above is conditional on continued employment by the employee throughout the vesting period. The grant is, or was, also subject to non-market performance conditions for all LTIP 2010 to 2014 plans, the 2009 and 2013 co-investment plans concerning Management Board members.

Movements in Publicis Groupe free share plans in the first half of 2014

	H1 2014
Provisional share grants at January 1	4,085,605
Provisional share grants in H1	639,750
Vested shares	(76,807)
Expired shares	(478,632)
PROVISIONAL SHARE AWARDS AT JUNE 30, 2014	**4,169,916**

Fair value of free Publicis Groupe shares granted in the first half of 2014

Free shares	LTIP 2014 (1)
Date of Management Board Meeting	03/20/2014
Number of shares originally granted	639,750
Initial valuation of shares granted (weighted average, in euros)	59.84
Assumptions:	
Share price at the grant date (in euros)	64.10
Lock-in period (in years) (2)	4

(1) Conditional shares subject to the achievement of targets set for 2014.
(2) The vesting period for French beneficiaries is three years, followed by a two-year lock-in period.

Publicis Groupe free share plans granted to certain Razorfish employees

The Publicis Groupe free share plan established on December 1, 2009 to replace the plans granted to certain Razorfish employees and that were in effect at the time of the acquisition, resulted in the granting of 493,832 free shares in Publicis Groupe. The rights' vesting period extends as far as 2018. At June 30, 2014, the number of free shares yet to be vested was 1,203.

Stock options originated by Digitas

On the acquisition of Digitas these plans were converted into the Publicis Groupe stock option plans, applying the ratio existing between the acquisition price of our public offering for Digitas (translated into euros) and to the Publicis Groupe share price at the completion date of the merger. The subscription price was correspondingly adjusted.

Characteristics of the Digitas stock option plans outstanding at June 30, 2014

Shares with a euro 0.40 par value	Date of grant		Exercise price of options (in euros)		Number of options outstanding at June 30, 2014	Of which exercisable at June 30, 2014	Expiry date		Remaining contract life (in years)
	min	max	min	max			min	max	
Digitas Plans									
2001	03/01/2001	01/24/2007	5.08	35.42	65,964	65,964	03/01/2011	01/24/2017	1.52
2005 UK	06/01/2005	12/01/2006	21.70	35.42	5,055	5,055	06/01/2015	12/01/2016	2.00
TOTAL OF ALL TRANCHES					**71,019**	**71,019**			
Average exercise price *(in euros)*					28,00	28,00			

Movements in Digitas stock option plans in the first half of 2014

	Number of options	Average exercise price (in euros)
Stock options at January 1	91,020	27.59
Stock options exercised (1)	(6,798)	25.64
Stock options canceled or lapsed	(13,203)	26.35
STOCK OPTIONS AT JUNE 30, 2014	**71,019**	**28.00**
OF WHICH EXERCISABLE	**71,019**	**28.00**

(1) Average share price on exercise: 64.17

Effect of Publicis Groupe and Digitas stock option and free share plans on the interim 2014 income statement

The total impact of these plans on the interim income statement for the first half 2014 was euro 21 million (excluding taxes and social security charges) compared to euro 18 million for the first half 2013.

With regard to the share or options plans granted subject to non-market performance conditions, and for which performances have not yet been definitively measured as of June 30, 2014, the probability of the targets for first half 2014 being met has been estimated as follows:

- LTIP Plan 2014: 80%;
- LTIP Plan 2013-2015 (Management Board): 87%;
- Co-investment Plan 2013: 87%.

Note 19 Related party disclosures

There have been no significant developments in related party transactions since December 31, 2013.

Note 20 Subsequent events

None.

STATUTORY AUDITOR'S REPORT ON INTERIM FINANCIAL INFORMATION FOR 2014

This is a free translation into English of the statutory auditors' report on the interim financial statements issued in the French language and is provided solely for the convenience of English speaking readers. The report must be read in conjunction and construed in accordance with French law and French auditing professional standards.

To the Shareholders,

In accordance with the assignment entrusted to us by your General Meetings and in accordance with article L. 451-1-2 III of the French Monetary and Financial Code ***(Code monétaire et financier)***, we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Publicis Groupe, for the period from January 1 to June 30, 2014, and,
- the verification of the information contained in the interim management report.

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

I CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making enquiries, 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 does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II SPECIFIC VERIFICATION

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

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

Paris-La Défense and Courbevoie, July 22, 2014

The statutory auditors
French original signed by

MAZARS		ERNST & YOUNG ET AUTRES	
Loïc Wallaert	Anne-Laure Rousselou	Vincent de la Bachelerie	Christine Staub

CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE FIRST HALF-YEAR FINANCIAL REPORT

As Chairman of the Management Board of Publicis Groupe, I hereby certify that, to the best of my knowledge, the consolidated interim financial statements for the 6 months ended on June 30, 2014 were prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company as well as the entities consolidated by Publicis Groupe and that the here enclosed interim management report provides a true and fair schedule of the highlights of the first half of the financial year and of their impact on the financial statements, of the main transactions with related parties and a description of the main risks and uncertainties for the remaining six months of the financial year.

Maurice Lévy

Chairman & CEO of Publicis Groupe

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Publicis Groupe SA

Société anonyme (French public limited company) with a Management Board and a Supervisory Board, with share capital of euro 86,690,964

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