Revised by Replacement

Publicis Limited

Report and Financial Statements

31 December 2007

Registered No 01046052

Directors
G Stewart
R C Pinder
A Pinto

Secretaries
M Gonzalez-Gomez
S Ewing

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers
NatWest Bank Plc
Charing Cross
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Registered Office
82 Baker Street
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Revised Directors' report

Revised financial statements

The revised directors' report and financial statements replace the original directors' report and financial statements for the financial year 31 December 2007 and are now the statutory directors' report and financial statements of the company for that financial year The revised directors' report and financial statements of the company have been prepared as at 25 March 2008, the date of the original report and financial statements, and not as at 11 August 2008, the date of the revision, and accordingly, do not deal with events between those dates

The original directors' report and financial statements have been revised as a result of

- an error whereby the dividend declared and paid in 2007 in the amount of £4,809,000 and correctly accounted for in the underlying books of the company was subsequently omitted from the Balance Sheet and the Reconciliation of Shareholders' Funds Therefore consequential amendments have been made to the directors' report and related notes 11 and 17

- a classification error whereby cost of sales in the amount of £4,705,000 was incorrectly classified as administrative expenses

- a typographical error made in note 21

Therefore, the original report and financial statements did not comply with the requirements of the Companies Act 1985

Results and dividends

The profit for the year, after taxation, is £14,238,000 (2006 restated - £23,215,000) The directors paid ordinary dividends of £4,809,000 for the year (2006 - £35,321,000)

Principal activity and review of the business

The company's principal activity during the year continued to be that of an advertising agency

The company's key financial and other performance indicators during the year were as follows

	2007 £000	restated 2006 £000	Change %
Turnover	79,883	90,364	-12%
Operating profit	5,490	6,386	-14%
Profit after tax	14,238	23,215	-39%
Shareholders' funds	15,655	5,705	+174%
Current assets as % of current liabilities	162%	111%	+51%
Average number of employees	209	271	-23%

Turnover decreased by 12% due to some client losses in the first quarter

Operating profit decreased by 14% during the year in line with turnover

Profit after tax decreased by 39% partly due to a restructure of the business completed in the first quarter

Shareholders' funds increased by 174% due to retained earnings and the actuarial gain on the company's defined benefit pension scheme during the year

The company's "current ratio" (current assets as a percentage of current liabilities) increased due to the reduction in intercompany creditor balances

The total average number of employees decreased by 23% during the year This was as a result of the restructure

Revised Directors' report

Principal risks and uncertainties

The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives

The principal risks faced by the company are as follows

- Competitive risks

The business operates in a competitive market The company makes new business conversion a high priority in order to mitigate this risk to the greatest extent possible

- Exposure to credit, liquidity and cash flow risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation Our policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities We aim to mitigate liquidity risk by managing cash generation by our operations and applying cash collection targets Publicis Limited is part of the Publicis Group, and as such is able to obtain financial support from the group if required

Cash flow risk is the risk that inflows and outflows of cash and cash equivalents will not be sufficient to finance the day-to-day operations We manage cash flow risk by careful negotiation of terms with customers and suppliers

Future developments

A change of management team in 2007 and a quick response to the client issues in the first quarter of 2008 should lead to a return to revenue and margin growth

Directors

The directors who served during the year were as follows

G Stewart
R C Pinder
A Pinto

Charitable and political contributions

The company contributed £nil (2006 – £42,144) to charities during the year No political donations were made (2006 – £nil)

Employees

Information on the trading performance of the company is made available to all employees and consultation procedures are maintained to ensure that employees are aware of the group's progress

Suitable procedures are in operation to support the company's policy that the disabled (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitude and abilities

The company has insured its officers against liabilities for breach of trust in relation to the group

Revised Directors' report

Elective resolution

The Company has passed elective resolutions under Sections 252, 366a and 386 of the Companies Act 1985 dispensing with the requirements to lay accounts and reports before the company in general meetings, hold annual general meetings and re-appoint auditors each year

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Re-appointment of auditors

Ernst & Young LLP will be reappointed as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985

On behalf of the board

Graham Stewart
Director

4 September 2008

Statement of directors' responsibilities

The directors are responsible for preparing the revised financial statements in accordance with the provision of the Companies Act 1985 s245 and the Companies (Revision of Defective Accounts and Report) Regulations 1990 and subsequent amendments (together "the Regulations")

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditor's report

to the members of Publicis Limited

We have audited the company's revised financial statements for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Shareholders' Funds, the Balance Sheet, and the related notes 1 to 23 These revised financial statements have been prepared under the accounting policies set out therein The revised financial statements replace the original financial statements approved by the directors on 25 March 2008

The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Report) Regulations 1990 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the revised financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the revised financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the revised financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 as they have effect under the Companies (Revision of Defective Accounts and Report) Regulations 1990 We also report to you whether, in our opinion, the information given in the revised Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions with the company is not disclosed

We read the revised Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

We are also required to report whether, in our opinion, the original financial statements failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

The audit of the revised financial statements includes the performance of additional procedures to assess whether the revisions made by the directors are appropriate and have been properly made

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Independent auditor's report

to the members of Publicis Limited

Opinion

In our opinion

- the revised financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, seen as at the date the original financial statements were approved, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,

- the revised financial statements have been properly prepared in accordance with the Companies Act 1985 as they have effect under the Companies (Revision of Defective Accounts and Report) Regulations 1990,

- the original financial statements for the year ended 31 December 2007 failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors in the statement contained in note 1 to these revised financial statements, and

- the information given in the revised Directors' Report is consistent with the revised financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

4 September 2008

Profit and loss account

for the year ended 31 December 2007

	Notes	2007 £000	restated 2006 £000
Turnover	2	79,883	90,364
Cost of sales		(49,160)	(54,556)
Gross profit		30,723	35,808
Administrative expenses		(25,233)	(29,422)
Operating profit	3	5,490	6,386
Interest receivable and similar income	7	10,909	19,165
Interest payable and similar charges	8	(329)	(108)
Other finance costs	9	(37)	(61)
Profit on ordinary activities before taxation		16,033	25,382
Tax on profit on ordinary activities	10	(1,795)	(2,167)
Profit for the financial year		14,238	23,215

The company's turnover and operating profit all relate to continuing operations

Statement of total recognised gains and losses
for the year ended 31 December 2007

	Note	2007	restated 2006
		£000	*£000*
Profit for the financial year		14,238	23,215
Actuarial gain/(loss) recognised in the pension scheme	20	290	(130)
Movement on deferred tax relating to pension scheme		(81)	39
Total gains and losses recognised relating to the year		14,447	23,124

Reconciliation of shareholders' funds

for the year ended 31 December 2007

	2007 £000	restated 2006 £000
Total recognised gains and losses	14,447	23,124
Dividends	(4,809)	(35,321)
Reserve credit for share-based payment plans	312	262
Total movement during the year	9,950	(11,935)
Shareholders' funds at 1 January	5,705	17,640
Shareholders' funds at 31 December	15,655	5,705

Balance sheet

at 31 December 2007

	Note	2007 £000	restated 2006 £000
Fixed assets			
Tangible fixed assets	12	1,217	1,186
Investments	13	1	1
		1,218	1,187
Current assets			
Work in progress		4,555	5,510
Debtors	14	37,845	57,259
Cash at bank and in hand		–	2,509
		42,400	65,278
Creditors: amounts falling due within one year	15	(26,232)	(58,550)
Net current assets		16,168	6,728
Total assets less current liabilities		27,386	7,915
Pension deficit	20	(1,731)	(2,210)
Net assets		15,655	5,705
Capital and reserves			
Called up share capital	16	100	100
Pension reserve	17	(2,748)	(2,957)
Profit and loss account	17	18,303	8,562
		15,655	5,705

Graham Stewart
Director

4 September 2008

Notes to the financial statements

For the year ended 31 December 2007

1. Accounting policies

The principal accounting polices of the company are set out below

Basis of preparation

The accounting period is the year from 1 January 2007 to 31 December 2007 The company is a wholly owned subsidiary of Publicis Groupe S A , a company incorporated in France, which prepares consolidated financial statements Therefore Publicis Limited is not required to prepare group financial statements under section 228 of the Companies Act 1985

Revised financial statements

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- a classification error whereby cost of sales in the amount of £4,705,000 was incorrectly classified as administrative expenses

- a typographical error made in note 21

Therefore, the original report and financial statements did not comply with the requirements of the Companies Act 1985

Restatement of comparatives

Due to an immaterial error in the pension reserve the profit and loss account and shareholders' funds has been restated for 2006

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its services Revenue represents amounts billed to clients during the year, excluding advanced billings, and is stated net of allowances, VAT and other sales – related taxes

The following criteria must also be met before revenue is recognised

Rendering of services
Retainer fees are recognised by the company based on the public presentation date for media advertising and when production is delivered to clients for production work Fee income is recognised when billed, over the period of service and in accordance with client contracts

Interest income
Income is recognised as interest accrues using the effective interest method

Notes to the financial statements

For the year ended 31 December 2007

Fixed assets investments

Fixed asset investments are included at cost Provision is made for any permanent impairment in the value of an investment

1. Accounting policies (continued)

Impairment review

The carrying values of the company's investments are reassessed at least annually If an analysis indicates that the value recorded is too high, the assets recoverable value is set which is the higher of the fair value less costs to sell and its value in use A writedown consists of the difference between carrying value and recoverable value

Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at the exchange rate at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is reported in the profit and loss account

Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term

Pension costs

The company operates on a money purchase pension scheme which requires contributions to be made to separately administered fund It is the policy of the company to fund pension liabilities on the advice of external actuaries by payments to independent trusts, the major one being the Institute of Practitioners in Advertising (IPA)

The cost of providing benefits under the money purchase schemes is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based in actuarial advice Past service costs are recognised in the profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested When a settlement or a curtailment occurs the charge in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committee to the transaction

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year The expected return on plan assets is based on an assessment made a the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year The difference between the expected return on plan assets and the interest costs is recognised in the income statement as other finance income or expense

Actuarial gains and losses are recognised in full in the statement of total recognised gains and losses in the period in which they occur

The money purchase pension asset or liability in the balance sheet comprises the total for each plan of the present value of the money purchase benefit obligation, less any past service costs not yet recognised and less fair-value of plan assets out of which the obligations are to be settled directly Fair value is based on market price information

Further information on pension costs is provided in note 20

Notes to the financial statements

For the year ended 31 December 2007

1. Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost Depreciation is provided to write off the cost, less estimated residual value, of all fixed assets on straight line basis over their expected useful lives

Leasehold improvements	–	over the term of the lease
Furniture, fixtures and equipment	–	between 3 and 10 years
Motor vehicles	–	4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Work in progress

Work in progress comprises outlays on behalf of clients which are to be recharged and is stated at the lower of cost and net realisable value

Share-based payments

The cost of equity-settled transactions with employees is measure by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award Fair value is determined by an external valuer of Publicis Groupe, Paris, using the Black-Scholes model In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Publicis Groupe (market conditions)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied

At each balance sheet date before vesting, the cumulative expense is calculated representing the extent to which the vesting period has expired and Group management's best estimate of the achievement or otherwise of non-market conditions number of equity instruments that will ultimately vest or in case of an instrument subject to a market condition, be treated as vesting as described above The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity

Where the term of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period In addition, an expense is recognised over the remainder of the new vesting period of the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification No reduction is recognised if this difference is negative

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement

The company has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2006

Notes to the financial statements

For the year ended 31 December 2007

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable, and

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Statement of cash flows

The company is exempt from the requirement of Financial Reporting Standard 1 (Revised) "Cash Flow Statement" to include a statement of cash flows as part of its financial statements because its ultimate parent undertaking, Publicis Groupe S A , prepares consolidated financial statements which include the financial statements of the company for the year and which are publicly available (see note 23)

2. Turnover

The company has one class of business, which is the provision of advertising and related services

During the current year the company was responsible for raising invoices overseas on behalf of other group companies The receipts are then recharged to these companies in full As such substantially all of the gross profit for the company arises from activity within the United Kingdom

3. Operating profit

This is stated after charging/(crediting)

		restated
	2007	**2006**
	£000	**£000**
Auditors' remuneration (see note 4)	27	27
Staff costs (see note 5)	20,288	20,889
Depreciation of tangible fixed assets	691	800
(Gain)/loss on sale of fixed assets	(41)	19
Operating lease rentals – land and buildings	1,752	1,769
Management charges	(4,973)	(4,941)
Exchange gain	(271)	(141)

Notes to the financial statements

For the year ended 31 December 2007

4. Auditors' remuneration

The remuneration of the auditors is further analysed as follows

	2007 £000	2006 £000
Audit of the financial statements	27	27
Other fees to auditors– other services	-	-
	27	27

5. Staff costs

	2007 £000	restated 2006 £000
Wages and salaries	17,677	18,404
Social security costs	2,071	1,674
Other pension costs	540	811
	20,288	20,889

Included in total staff costs is £193,552 (2006 – £1,028,902) in respect of directors' remuneration (see note 6) and a total expense of share-based payments of £311,722 (2006 – £262,344) arising from transactions accounted for as equity-settled share-based payment transactions Other director remuneration was borne by another group company A management charge of £684,000 (2006 – £192,000) has been levied by that company This charge includes the directors' emoluments which are not possible to identify separately

The average monthly number of persons employed by the company during the year was

	2007 No.	2006 No.
Production and administration of communications activities	209	271

6. Directors' emoluments

	2007 £000	2006 £000
Emoluments	177	983
Company contributions under money purchase pension schemes	17	46
	194	1,029

Retirement benefits are accruing to 1 director under a money purchase pension scheme (2006 – two)

Notes to the financial statements

For the year ended 31 December 2007

6. Directors' emoluments (continued)

The following details relate to the highest paid director

	2007 £000	2006 £000
Emoluments and benefits	177	740
Company contributions under money purchase pension scheme	17	30
	194	770

7. Interest receivable and similar income

	2007 £000	2006 £000
Bank deposit interest	-	9
Intercompany interest receivable	634	1,220
Intercompany dividends	10,275	17,782
Exchange gain	-	154
	10,909	19,165

8. Interest payable and similar charges

	2007 £000	2006 £000
Bank interest/charges payable	1	10
Intercompany interest payable	118	98
Exchange loss	210	-
	329	108

9. Other finance costs

	2007 £000	2006 £000
Defined benefit cost medical scheme – financial component (see note 20)	37	61

Notes to the financial statements

For the year ended 31 December 2007

10. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2007 £000	2006 £000
Current tax		
UK corporation tax at 30% (2006 – 30%)	1,656	2,569
Tax underprovided in prior years	293	-
Total current tax (note 10(b))	1,949	2,569
Deferred tax		
Origination and reversal of timing differences	38	(180)
Prior year adjustment	(232)	(222)
Effect of decreased tax rate on deferred tax balance	40	-
Total deferred tax (note 10(c))	(154)	(402)
Tax on profit on ordinary activities	1,795	2,167

(b) Factors affecting current tax charge for the year

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% The actual current tax charge for the current and previous year differed from the standard rate for the reasons set out in the following reconciliation

	2007 £000	restated 2006 £000
Profit on ordinary activities before taxation	16,033	25,382
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2006 – 30%)	4,811	7,615
Expenses not deductible for taxation	222	353
Depreciation in excess of capital allowances	(77)	-
Group relief claimed with no payment	(56)	-
UK dividend not taxable	(3,083)	(5,334)
Adjustment to tax charge in respect of FRS 17	(86)	(159)
Employee share options	(114)	(86)
Other short-term timing differences	39	180
Tax underprovided in prior years	293	-
Total current tax	1,949	2,569

Notes to the financial statements

For the year ended 31 December 2007

10. Tax (continued)

(c) Deferred tax

	2007	***2006***
	£000	***£000***
Depreciation in excess of capital allowances	359	222
Other timing differences	197	180
Deferred tax asset	556	402
At 1 January 2007	402	
Profit & loss account	154	
At 31 December 2007	556	

11. Dividend

	2007	**2006**
	£000	**£000**
Declared and paid during the year		
Equity dividends on ordinary shares	4,809	35,321

Notes to the financial statements

For the year ended 31 December 2007

12. Tangible fixed assets

	Leasehold improvements £000	Furniture, fixtures and equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 January 2007	3,568	4,038	294	7,900
Additions	595	167	-	762
Disposals	(1,024)	(347)	(59)	(1,430)
At 31 December 2007	3,139	3,858	235	7,232
Depreciation				
At 1 January 2007	3,173	3,334	207	6,714
Charge for the year	460	196	35	691
Disposals	(1,024)	(336)	(30)	(1,390)
At 31 December 2007	2,609	3,194	212	6,015
Net book value				
At 31 December 2007	530	664	23	1,217
At 1 January 2007	395	704	87	1,186

13. Investments

	Subsidiary undertakings £000
Shares at cost	
At 1 January and 31 December 2007	1

The company's investments in subsidiary undertakings, which are engaged in the advertising, print, sales promotion and graphic studio industries, are as follows as at 31 December 2007

	Country of incorporation	*Class of shares*	*Percentage of share held*
Publicis Dialog Limited	England & Wales	Ordinary	100%
Publicis Blueprint Limited	England & Wales	Ordinary	100%

Notes to the financial statements

For the year ended 31 December 2007

14. Debtors

	2007 £000	2006 £000
Trade debtors	7,567	19,449
Amounts owed by group undertakings	23,537	35,504
Other debtors	2,095	157
Prepayments and accrued income	4,090	1,747
Deferred tax (note 9(c))	556	402
	37,845	57,259

15. Creditors: amounts falling due within one year

	2007 £000	2006 £000
Payments on account	8,123	16,887
Trade creditors	3,254	1,056
Amounts owed to group undertakings	505	30,405
Corporation tax	4,965	1,806
Other creditors	1,573	1,210
Accruals and deferred income	6,412	6,570
Other taxation and social security costs	1,400	616
	26,232	58,550

Accruals and deferred income has increased significantly due to the implementation of a new process for the accrual of outstanding purchase orders on work in progress

16. Authorised and issued share capital

	2007 £000	2006 £000
Authorised, allotted, called up and fully paid		
100,000 ordinary shares of £1	100	100

17 Reserves

	Profit and loss account £000	Pension reserve account £000
At 1 January 2007 (restated)	8,562	(2,957)
Profit for the year	14,238	–
Dividends	(4,809)	–
Actuarial gain on pension scheme	–	290
Deferred tax relating to actuarial gain on pension schemes	–	(81)
Share-based payment transaction	312	-
	18,303	(2,748)

Notes to the financial statements

For the year ended 31 December 2007

18. Capital commitments

At the end of the year there were no capital commitments contracted for (2006 – £nil)

19. Operating lease commitments

At 31 December 2007 the company was committed to making the following annual payments under non-cancellable operating leases

	Land and buildings 2007 £000	Land and buildings restated 2006 £000
Operating leases which expire		
In over 5 years	2,038	1,764

20. Pension commitments

Composition of the schemes

The Company operates a defined benefit scheme in the UK In order to provide information about the existence of a surplus or deficit on the scheme, a separate valuation of the scheme as at 31 December 2007 using the measurement basis required by the Standard has been obtained The assumptions used by the actuary were as follows

Assumptions	*As at 31 December* 2007	2006	2005
Discount rate	5 75%	5 00%	5 00%
Inflation	3 25%	3 00%	2 75%
Salary increases	n/a	n/a	n/a
Pension increases	3 25%	3 00%	2 75%
Increases to deferred pensions before retirement	3 25%	3 00%	2 75%

Based on these assumptions, the fair value of the scheme's assets and liabilities at 31 December 2007 were

Long-term rate	*Long-term rate of return expected*	*2007 £000*	*2006 £000*	*2005 £000*
Assets				
– equities	8 00%	4,525	4,182	3,748
– gilts	5 02%	5,657	5,111	4,502
– cash	4 50%	103	–	117
Fair value of assets		10,285	9,293	8,367
Present value of the scheme liabilities		(12,689)	(12,450)	(11,835)
		(2,404)	(3,157)	(3,468)
Related deferred tax asset		673	947	1,041
Net pension scheme liabilities		(1,731)	(2,210)	(2,427)

Notes to the financial statements

For the year ended 31 December 2007

20. Pension commitments (continued)

Analysis of the defined benefit cost for the year ended 31 December is as follows

	2007 *£000*	*2006* *£000*	*2005* *£000*
Expected return on pension scheme assets	559	530	472
Interest on pension liabilities	(596)	(591)	(582)
Net return	(37)	(61)	(110)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL) under FRS 17

	2007 *£000*	*2006* *£000*	*2005* *£000*
Actual return less expected return	238	(78)	721
Experience gain/(loss) on liabilities	769	68	222
Changes in assumptions	(717)	(120)	(411)
Actuarial gain/(loss) recognised in STRGL	290	(130)	532

	2007 *£000*	*2006* *£000*	*2005* *£000*
Movement in deficit during the year under FRS 17			
Deficit in scheme at the beginning of the year	(3,157)	(3,466)	(4,388)
Movement in year			
Actual contributions	500	500	500
Other finance income	(37)	(61)	(110)
Actuarial gain/(loss)	290	(130)	532
Deficit in scheme at year end	(2,404)	(3,157)	(3,466)

History of experience gains and losses	*2007*	*2006*	*2005*	*2004*	*2003*
Difference between expected and actual return on scheme assets					
Amount (£000)	238	(78)	721	221	449
Percentage of scheme assets	2 3%	(0 8)%	8 6%	3 3%	7 7%
Experience gains and losses on scheme liabilities					
Amount (£000)	769	68	222	(205)	(125)
Percentage of scheme liabilities	6 1%	0 6%	1 9%	(1 8)%	(1 3)%
Total amount recognised in statement of total recognised gains and losses					
Amount (£000)	290	(130)	532	(1,161)	(337)
Percentage of scheme liabilities	2 3%	(1 0)%	4 5%	(10 5)%	(3 6)%

Notes to the financial statements

For the year ended 31 December 2007

21. Share-based payments

Description of existing plans

Share Options are granted to senior employees of the company at the discretion of the Management Board of the ultimate parent Company Publicis Groupe The stock option plans outstanding at 31 December 2007 have the following characteristics

Long Term Incentive Plan (LTIP) 2006-2008
(twenty second tranche in 2006 and twenty third tranche in 2007)

Options granted under this plan have an exercise price equal to the average Publicis Groupe share price for the 20 days preceding the date of grant Out of the total number of option granted, the number which can be exercised is contingent on the achievement of growth and profitability objectives of Publicis Groupe over the entire period 2006-2008 The exercise period commences in 2009 when the number of options which may be exercised will be determined Half of the number of options declared to be exercisable may be exercised as of this date, the other half will be exercisable one year later in 2010 The options expire 10 years after the date of grant

Long Term Incentive Plan (LTIP) 2003-2005
(seventeenth tranche in 2003, nineteenth tranche in 2004, twentieth tranche in 2005)

Options granted under this plan have an exercise price equal to the average cost of Publicis Groupe's treasury stock in portfolio at the date of grant Out of the total number of options granted, the number which can be exercised was determined in April 2006 on the basis of achievement of growth and profitability objectives for Publicis Groupe over the entire period 2003-2005 For half of the exercisable options the exercise period commenced in April 2006 The other half will be exercisable as from 25 April 2007 The options expire 10 years after the date of grant

The expense recognised for share-based payments in respect of employee services received during the year to 31 December 2007 is £311,722 (2006 – £262,344) The total expense arose from equity-settled share-based payment transactions

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the year

	2007 *No*	*2007* *WAEP-EUR*	*2006* *No*	*2006* *WAEP-EUR*
Outstanding as at 1 January	313,614	27 21	271,000	24 92
Granted during the year	31,500	31 31	136,200	29 27
Exercised	(86,754)	24 82	(77,900)	24 15
Cancelled	(65,400)	29 27	(2,925)	25 38
Group transfer	-	-	(12,761)	25 38
Outstanding at 31 December	192,960	27 51	313,614	27 21
Exercisable at 31 December	90,660	24 82	49,760	27 21

Notes to the financial statements

For the year ended 31 December 2007

21. Share-based payments (continued)

Shares with 0.40 euro par value	*Type of option*	*Date of grant*	*Exercise price of options (EUR)*	*Outstanding options at 31/12/07*	*Of which exercisable 31/12/07*	*Expiry date*	*Remaining contractual life (in years)*
17th tranche	Acquisition	28/08/2003	24 82	90,660	90,660	2013	5 65
20th tranche	Acquisition	24/05/2005	24 76	-	-	2015	7 39
22nd tranche	Acquisition	21/08/2006	29 27	70,800	-	2016	8 64
23rd tranche	Acquisition	24/08/2007	31 31	31,500	-	2017	9 35

The weighted average fair value of options granted during the year was €6 50 (2006 – €6 67)

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted The following table lists the inputs to the model for each applicable tranche for the year ended 31 December 2007

Tranche	**17th**	**20th**	**22nd**	**23rd**
Rate of return on dividends (%)	1 12	1 22	1 23	1 60
Expected Publicis share price volatility (%)	34	21	24	25
Expected comparator group volatility (%)	98 92	98 92	75 00	75 00
Risk-free interest rate (%)	-	2 28	3 68	4 41
Expected life of options (years)	4 2	2 4	4 3	2 8
Share price at the date of the grant	24 84	22 99	29 27	31 31

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur

Note that the 23rd tranche relates to share options granted for the year ended 31 December 2007

No other features of options grant were incorporated into the measurement of fair value

The impact of Publicis stock options on the 2007 income statement amounts to £311,722 (2006 – £262,344)

22. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8, "Related Party Disclosures", not to disclose transactions with other members of the group

Notes to the financial statements

For the year ended 31 December 2007

23. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and the parent undertaking of the largest group to include the company in its consolidated financial statements is Publicis Groupe S A , incorporated in France Copies of its consolidated financial statements are available from 133 Avenue des Champs Elysees, 75008 Paris, France

The immediate parent undertaking is MMS UK(Holdings) Limited, incorporated in England at Pembroke Building, Kensington Village, Avonmore Road, London, W14 8DG