## Unaudited condensed consolidated interim income statement for the six months ended 30 June 2014

| £ million | Notes | Six months ended 30 June 2014 | Six months ended 30 June 2013 | +/(-)% | Constant Currency[1] +/(-)% | Year ended 31 December 2013 |
|---|---|---|---|---|---|---|
| **Billings** | | 22,060.1 | 22,735.9 | (3.0) | 5.7 | 46,209.3 |
| | | | | | | |
| **Revenue** | 6 | 5,468.7 | 5,326.7 | 2.7 | 11.3 | 11,019.4 |
| Direct costs | | (677.0) | (442.4) | (53.0) | (64.2) | (943.3) |
| **Net sales** | 6 | 4,791.7 | 4,884.3 | (1.9) | 6.4 | 10,076.1 |
| Operating costs | 4 | (4,260.6) | (4,370.5) | 2.5 | (5.3) | (8,665.8) |
| **Operating profit** | | 531.1 | 513.8 | 3.4 | 16.7 | 1,410.3 |
| Share of results of associates | 4 | 28.7 | 27.6 | 4.0 | 26.7 | 68.1 |
| **Profit before interest and taxation** | | 559.8 | 541.4 | 3.4 | 17.2 | 1,478.4 |
| Finance income | 5 | 43.0 | 25.0 | 72.0 | 113.7 | 64.3 |
| Finance costs | 5 | (133.4) | (138.3) | 3.5 | (1.7) | (267.9) |
| Revaluation of financial instruments | 5 | 21.7 | (1.0) | - | - | 21.0 |
| **Profit before taxation** | | 491.1 | 427.1 | 15.0 | 33.7 | 1,295.8 |
| Taxation | 7 | (94.9) | (111.7) | 15.0 | 4.7 | (283.7) |
| **Profit for the period** | | 396.2 | 315.4 | 25.6 | 47.9 | 1,012.1 |
| | | | | | | |
| **Attributable to:** | | | | | | |
| Equity holders of the parent | | 364.8 | 280.9 | 29.9 | 53.3 | 936.5 |
| Non-controlling interests | | 31.4 | 34.5 | 9.0 | (4.8) | 75.6 |
| | | 396.2 | 315.4 | 25.6 | 47.9 | 1,012.1 |
| | | | | | | |
| Headline PBIT | 6,19 | 622.0 | 637.0 | (2.4) | 9.0 | 1,661.6 |
| **Net sales margin** | 6,19 | 13.0% | 13.0% | | | 16.5% |
| Headline PBT | 19 | 531.6 | 523.7 | 1.5 | 15.6 | 1,458.0 |
| | | | | | | |
| **Earnings per share[2]** | | | | | | |
| Basic earnings per ordinary share | 9 | 27.7p | 22.3p | 24.2 | 46.5 | 72.4p |
| Diluted earnings per ordinary share | 9 | 27.0p | 21.5p | 25.6 | 47.7 | 69.6p |

[1] The basis for calculating the constant currency percentage changes shown above and in the notes to this appendix are described in the glossary attached to this appendix.
[2] The calculations of the Group's earnings per share and headline earnings per share are set out in note 9.

## Unaudited condensed consolidated interim statement of comprehensive income for the six months ended 30 June 2014

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| **Profit for the period** | 396.2 | 315.4 | 1,012.1 |
| **Items that may be reclassified subsequently to profit or loss:** | | | |
| Exchange adjustments on foreign currency net investments | (315.0) | 296.9 | (372.6) |
| Gain on revaluation of available for sale investments | 46.1 | 5.5 | 72.0 |
| | (268.9) | 302.4 | (300.6) |
| **Items that will not be reclassified subsequently to profit or loss:** | | | |
| Actuarial gain on defined benefit pension plans | - | - | 76.2 |
| Deferred tax on defined benefit pension plans | - | - | (1.2) |
| | - | - | 75.0 |
| **Other comprehensive (loss)/income relating to the period** | (268.9) | 302.4 | (225.6) |
| **Total comprehensive income relating to the period** | 127.3 | 617.8 | 786.5 |
| | | | |
| **Attributable to:** | | | |
| Equity holders of the parent | 104.6 | 578.9 | 727.0 |
| Non-controlling interests | 22.7 | 38.9 | 59.5 |
| | 127.3 | 617.8 | 786.5 |

## Unaudited condensed consolidated interim cash flow statement for the six months ended 30 June 2014

| £ million | Notes | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|---|
| **Net cash (outflow)/inflow from operating activities** | 10 | (17.3) | 175.2 | 1,374.2 |
| **Investing activities** | | | | |
| Acquisitions and disposals | 10 | (219.7) | (93.8) | (201.4) |
| Purchase of property, plant and equipment | | (80.1) | (128.4) | (240.7) |
| Purchase of other intangible assets (including capitalised computer software) | | (15.3) | (22.2) | (43.8) |
| Proceeds on disposal of property, plant and equipment | | 1.1 | 3.5 | 7.3 |
| **Net cash outflow from investing activities** | | (314.0) | (240.9) | (478.6) |
| **Financing activities** | | | | |
| Share option proceeds | | 6.8 | 16.7 | 42.4 |
| Cash consideration for non-controlling interests | 10 | (1.8) | (4.7) | (19.6) |
| Share repurchases and buybacks | 10 | (390.2) | (133.1) | (197.0) |
| Net (decrease)/increase in borrowings | 10 | (33.8) | - | 436.8 |
| Financing and share issue costs | | (0.2) | (1.2) | (19.1) |
| Equity dividends paid | | - | - | (397.3) |
| Dividends paid to non-controlling interests in subsidiary undertakings | | (21.7) | (24.4) | (53.2) |
| **Net cash outflow from financing activities** | | (440.9) | (146.7) | (207.0) |
| **Net (decrease)/increase in cash and cash equivalents** | | (772.2) | (212.4) | 688.6 |
| Translation differences | | (86.3) | 111.7 | (164.7) |
| Cash and cash equivalents at beginning of period | | 1,883.2 | 1,359.3 | 1,359.3 |
| **Cash and cash equivalents at end of period** | 10 | 1,024.7 | 1,258.6 | 1,883.2 |

| | | | | |
|---|---|---|---|---|
| **Reconciliation of net cash flow to movement in net debt:** | | | | |
| **Net (decrease)/increase in cash and cash equivalents** | | (772.2) | (212.4) | 688.6 |
| Cash outflow/(inflow) from decrease/(increase) in debt financing | | 34.0 | 1.2 | (418.1) |
| Conversion of bond to equity | | - | 390.0 | 449.9 |
| Other movements | | 5.7 | 5.6 | 21.0 |
| Translation differences | | 15.7 | (80.3) | (160.6) |
| **Movement of net debt in the period** | | (716.8) | 104.1 | 580.8 |
| Net debt at beginning of period | | (2,240.4) | (2,821.2) | (2,821.2) |
| **Net debt at end of period** | 11 | (2,957.2) | (2,717.1) | (2,240.4) |

## Unaudited condensed consolidated interim balance sheet as at 30 June 2014

| £ million | Notes | 30 June 2014 | 30 June 2013 | 31 December 2013 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Intangible assets: | | | | |
| Goodwill | 12 | 9,465.7 | 9,938.2 | 9,472.8 |
| Other | 13 | 1,662.6 | 1,843.9 | 1,667.8 |
| Property, plant and equipment | | 742.7 | 821.0 | 773.3 |
| Interests in associates and joint ventures | | 755.0 | 886.6 | 792.8 |
| Other investments | | 331.2 | 209.8 | 270.6 |
| Deferred tax assets | | 109.7 | 91.3 | 119.4 |
| Trade and other receivables | 14 | 132.4 | 210.9 | 158.5 |
| | | 13,199.3 | 14,001.7 | 13,255.2 |
| **Current assets** | | | | |
| Inventory and work in progress | | 324.9 | 336.9 | 304.5 |
| Corporate income tax recoverable | | 137.9 | 128.8 | 136.0 |
| Trade and other receivables | 14 | 9,322.6 | 9,495.1 | 9,088.1 |
| Cash and short-term deposits | | 1,208.0 | 1,425.3 | 2,221.6 |
| | | 10,993.4 | 11,386.1 | 11,750.2 |
| **Current liabilities** | | | | |
| Trade and other payables | 15 | (10,493.3) | (11,001.0) | (10,710.7) |
| Corporate income tax payable | | (55.7) | (64.4) | (120.1) |
| Bank overdrafts and loans | | (952.5) | (994.2) | (941.4) |
| | | (11,501.5) | (12,059.6) | (11,772.2) |
| **Net current liabilities** | | (508.1) | (673.5) | (22.0) |
| **Total assets less current liabilities** | | 12,691.2 | 13,328.2 | 13,233.2 |
| | | | | |
| **Non-current liabilities** | | | | |
| Bonds and bank loans | | (3,212.7) | (3,148.2) | (3,520.6) |
| Trade and other payables | 16 | (511.3) | (553.5) | (457.6) |
| Corporate income tax payable | | (389.9) | (402.3) | (362.6) |
| Deferred tax liabilities | | (643.8) | (709.3) | (650.7) |
| Provisions for post-employment benefits | | (238.9) | (354.1) | (247.5) |
| Provisions for liabilities and charges | | (147.5) | (151.0) | (147.7) |
| | | (5,144.1) | (5,318.4) | (5,386.7) |
| **Net assets** | | 7,547.1 | 8,009.8 | 7,846.5 |
| **Equity** | | | | |
| Called-up share capital | 17 | 135.0 | 133.4 | 134.9 |
| Share premium account | | 490.1 | 399.7 | 483.4 |
| Shares to be issued | | 0.4 | 1.7 | 0.5 |
| Other reserves | | (47.3) | 898.7 | 317.3 |
| Own shares | | (535.9) | (215.7) | (253.0) |
| Retained earnings | | 7,204.2 | 6,525.7 | 6,903.7 |
| **Equity share owners' funds** | | 7,246.5 | 7,743.5 | 7,586.8 |
| Non-controlling interests | | 300.6 | 266.3 | 259.7 |
| **Total equity** | | 7,547.1 | 8,009.8 | 7,846.5 |

# Unaudited condensed consolidated interim statement of changes in equity for the six months ended 30 June 2014

| £ million | Called-up share capital | Share premium account | Shares to be issued | Other reserves | Own shares | Retained earnings | Total equity share owners' funds | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2014** | **134.9** | **483.4** | **0.5** | **317.3** | **(253.0)** | **6,903.7** | **7,586.8** | **259.7** | **7,846.5** |
| Ordinary shares issued | 0.1 | 6.7 | (0.1) | - | - | 0.1 | 6.8 | - | 6.8 |
| Treasury share additions | - | - | - | - | (316.2) | - | (316.2) | - | (316.2) |
| Treasury share allocations | - | - | - | - | 0.5 | (0.5) | - | - | - |
| Net profit for the period | - | - | - | - | - | 364.8 | 364.8 | 31.4 | 396.2 |
| Exchange adjustments on foreign currency net investments | - | - | - | (306.3) | - | - | (306.3) | (8.7) | (315.0) |
| Gain on revaluation of available for sale investments | - | - | - | 46.1 | - | - | 46.1 | - | 46.1 |
| Comprehensive income | - | - | - | (260.2) | - | 364.8 | 104.6 | 22.7 | 127.3 |
| Dividends paid | - | - | - | - | - | - | - | (21.7) | (21.7) |
| Non-cash share-based incentive plans (including share options) | - | - | - | - | - | 53.8 | 53.8 | - | 53.8 |
| Tax adjustment on share-based payments | - | - | - | - | - | (6.1) | (6.1) | - | (6.1) |
| Net movement in own shares held by ESOP Trusts | - | - | - | - | 32.8 | (106.8) | (74.0) | - | (74.0) |
| Recognition/remeasurement of financial instruments | - | - | - | (28.4) | - | (4.0) | (32.4) | - | (32.4) |
| Share purchases - close period commitments | - | - | - | (76.0) | - | - | (76.0) | - | (76.0) |
| Acquisition of subsidiaries[1] | - | - | - | - | - | (0.8) | (0.8) | 39.9 | 39.1 |
| **Balance at 30 June 2014** | **135.0** | **490.1** | **0.4** | **(47.3)** | **(535.9)** | **7,204.2** | **7,246.5** | **300.6** | **7,547.1** |

[1] Acquisition of subsidiaries represents movements in retained earnings and non-controlling interests arising from increases in ownership of existing subsidiaries and recognition of non-controlling interests on new acquisitions.

# Unaudited condensed consolidated interim statement of changes in equity for the six months ended 30 June 2014 (continued)

| £ million | Called-up share capital | Share premium account | Shares to be issued | Other reserves | Own shares | Retained earnings | Total equity share owners' funds | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2013** | **126.5** | **175.9** | **1.8** | **(4,513.0)** | **(166.5)** | **11,186.3** | **6,811.0** | **249.6** | **7,060.6** |
| Reclassification due to Group reconstruction[1] | - | (176.0) | - | 5,133.7 | - | (4,957.7) | - | - | - |
| Ordinary shares issued | 0.3 | 16.4 | (0.1) | - | - | 0.1 | 16.7 | - | 16.7 |
| Shares issued on conversion of bond | 6.6 | 383.4 | - | - | - | - | 390.0 | - | 390.0 |
| Reclassification of convertible bond | - | - | - | (38.6) | - | 31.0 | (7.6) | - | (7.6) |
| Treasury share additions | - | - | - | - | (17.6) | - | (17.6) | - | (17.6) |
| Treasury share allocations | - | - | - | - | 3.2 | (3.2) | - | - | - |
| Net profit for the period | - | - | - | - | - | 280.9 | 280.9 | 34.5 | 315.4 |
| Exchange adjustments on foreign currency net investments | - | - | - | 292.5 | - | - | 292.5 | 4.4 | 296.9 |
| Gain on revaluation of available for sale investments | - | - | - | 5.5 | - | - | 5.5 | - | 5.5 |
| Comprehensive income | - | - | - | 298.0 | - | 280.9 | 578.9 | 38.9 | 617.8 |
| Dividends paid | - | - | - | - | - | - | - | (24.4) | (24.4) |
| Non-cash share-based incentive plans (including stock options) | - | - | - | - | - | 50.1 | 50.1 | - | 50.1 |
| Tax adjustment on share-based payments | - | - | - | - | - | 23.5 | 23.5 | - | 23.5 |
| Net movement in own shares held by ESOP Trusts | - | - | - | - | (34.8) | (80.7) | (115.5) | - | (115.5) |
| Recognition/remeasurement of financial instruments | - | - | - | 0.3 | - | (2.5) | (2.2) | - | (2.2) |
| Share purchases – close period commitments | - | - | - | 18.3 | - | - | 18.3 | - | 18.3 |
| Acquisition of subsidiaries[2] | - | - | - | - | - | (2.1) | (2.1) | 2.2 | 0.1 |
| **Balance at 30 June 2013** | **133.4** | **399.7** | **1.7** | **898.7** | **(215.7)** | **6,525.7** | **7,743.5** | **266.3** | **8,009.8** |
| Ordinary shares issued | 0.4 | 25.3 | (1.2) | - | - | 1.1 | 25.6 | - | 25.6 |
| Share issue/cancellation costs | - | (0.4) | - | - | - | - | (0.4) | - | (0.4) |
| Shares issued on conversion of bond | 1.1 | 58.8 | - | - | - | - | 59.9 | - | 59.9 |
| Reclassification of convertible bond | - | - | - | (5.9) | - | 5.1 | (0.8) | - | (0.8) |
| Deferred tax on convertible bond | - | - | - | 9.7 | - | (7.8) | 1.9 | - | 1.9 |
| Treasury share allocations | - | - | - | - | 0.1 | (0.1) | - | - | - |
| Net profit for the period | - | - | - | - | - | 655.6 | 655.6 | 41.1 | 696.7 |
| Exchange adjustments on foreign currency net investments | - | - | - | (649.0) | - | - | (649.0) | (20.5) | (669.5) |
| Gain on revaluation of available for sale investments | - | - | - | 66.5 | - | - | 66.5 | - | 66.5 |
| Actuarial gain on defined benefit pension plans | - | - | - | - | - | 76.2 | 76.2 | - | 76.2 |
| Deferred tax on defined benefit pension plans | - | - | - | - | - | (1.2) | (1.2) | - | (1.2) |
| Comprehensive income | - | - | - | (582.5) | - | 730.6 | 148.1 | 20.6 | 168.7 |
| Dividends paid | - | - | - | - | - | (397.3) | (397.3) | (28.8) | (426.1) |
| Non-cash share-based incentive plans (including stock options) | - | - | - | - | - | 55.3 | 55.3 | - | 55.3 |
| Tax adjustment on share-based payments | - | - | - | - | - | 24.4 | 24.4 | - | 24.4 |
| Net movement in own shares held by ESOP Trusts | - | - | - | - | (37.4) | (26.5) | (63.9) | - | (63.9) |
| Recognition/remeasurement of financial instruments | - | - | - | (2.7) | - | 2.3 | (0.4) | - | (0.4) |
| Acquisition of subsidiaries[2] | - | - | - | - | - | (9.1) | (9.1) | 1.6 | (7.5) |
| **Balance at 31 December 2013** | **134.9** | **483.4** | **0.5** | **317.3** | **(253.0)** | **6,903.7** | **7,586.8** | **259.7** | **7,846.5** |

[1] On 2 January 2013, pursuant to a scheme of arrangement under Article 125 of the Companies (Jersey) Law 1991, a new parent company was introduced. Upon implementation, the Group's share premium account and merger reserve (included in other reserves) have been transferred to retained earnings.

[2] Acquisition of subsidiaries represents movements in retained earnings and non-controlling interests arising from increases in ownership of existing subsidiaries and recognition of non-controlling interests on new acquisitions.

## Notes to the unaudited condensed consolidated interim financial statements

### 1. Basis of accounting

The unaudited condensed consolidated interim financial statements are prepared under the historical cost convention, except for the revaluation of certain financial instruments as disclosed in our accounting policies.

### 2. Accounting policies

The unaudited condensed consolidated interim financial statements comply with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union and issued by the International Accounting Standards Board (IASB), IAS 34 Interim Financial Reporting and with the accounting policies of the Group which were set out on pages 191 to 199 of the 2013 Annual Report and Accounts. No changes have been made to the Group's accounting policies in the period ended 30 June 2014.

### Statutory Information and Independent Review

The unaudited condensed consolidated interim financial statements for the six months to 30 June 2014 and 30 June 2013 do not constitute statutory accounts. The financial information for the year ended 31 December 2013 does not constitute statutory accounts. The statutory accounts for the year ended 31 December 2013 have been delivered to the Jersey Registrar and received an unqualified auditors' report. The interim financial statements are unaudited but have been reviewed by the auditors and their report is set out on page 43.

The announcement of the interim results was approved by the board of directors on 26 August 2014.

### 3. Currency conversion

The reporting currency of the Group is pound sterling and the unaudited condensed consolidated interim financial statements have been prepared on this basis.

The 2014 unaudited condensed consolidated interim income statement is prepared using, among other currencies, average exchange rates of US$1.6689 to the pound (period ended 30 June 2013: US$1.5441; year ended 31 December 2013: US$1.5646) and €1.2176 to the pound (period ended 30 June 2013: €1.1753; year ended 31 December 2013: €1.1776). The unaudited condensed consolidated balance sheet as at 30 June 2014 has been prepared using the exchange rates on that day of US$1.7102 to the pound (30 June 2013: US$1.5185; 31 December 2013: US$1.6566) and €1.2494 to the pound (30 June 2013: €1.1675; 31 December 2013: €1.2014).

The basis for calculating the constant currency percentage changes, shown on the face of the unaudited condensed consolidated interim income statement, is described in the glossary attached to this appendix.

## Notes to the unaudited condensed consolidated interim financial statements (continued)

### 4. Operating costs and share of results of associates

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| Staff costs | 3,192.2 | 3,246.4 | 6,477.1 |
| Establishment costs | 351.3 | 368.6 | 727.4 |
| Other operating costs | 717.1 | 755.5 | 1,461.3 |
| Total operating costs | 4,260.6 | 4,370.5 | 8,665.8 |

Staff costs include:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| Wages and salaries | 2,198.5 | 2,239.7 | 4,481.4 |
| Cash-based incentive plans | 59.2 | 77.8 | 222.2 |
| Share-based incentive plans | 53.8 | 50.1 | 105.4 |
| Social security costs | 296.8 | 302.5 | 577.3 |
| Pension costs | 76.2 | 76.7 | 151.3 |
| Severance | 27.5 | 18.1 | 26.9 |
| Other staff costs | 480.2 | 481.5 | 912.6 |
| | 3,192.2 | 3,246.4 | 6,477.1 |
| Staff cost to net sales ratio | 66.6% | 66.5% | 64.3% |

Other operating costs include:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| Amortisation and impairment of acquired intangible assets | 74.0 | 94.2 | 179.8 |
| Goodwill impairment | - | - | 23.3 |
| Gains on disposal of investments | (17.1) | (0.3) | (6.0) |
| Gains on re-measurement of equity interest on acquisition of controlling interest | (5.9) | - | (30.0) |
| Investment write-downs | - | - | 0.4 |
| Restructuring costs | 9.1 | - | 5.0 |

In 2014, the Group incurred restructuring costs of £9.1 million (period ended 30 June 2013: nil; year ended 31 December 2013: £5.0 million) as a result of the continuing rationalisation of its IT infrastructure, a project initiated in 2012.

## Notes to the unaudited condensed consolidated interim financial statements (continued)

### 4. Operating costs and share of results of associates (continued)

Share of results of associates include:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| Share of profit before interest and taxation | 44.7 | 44.1 | 111.0 |
| Share of exceptional losses | (2.1) | (1.7) | (10.7) |
| Share of interest and non-controlling interests | (0.8) | (2.2) | (4.6) |
| Share of taxation | (13.1) | (12.6) | (27.6) |
| | 28.7 | 27.6 | 68.1 |

### 5. Finance income, finance costs and revaluation of financial instruments

Finance income includes:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| Income from available for sale investments | 11.3 | - | 10.1 |
| Interest income | 31.7 | 25.0 | 54.2 |
| | 43.0 | 25.0 | 64.3 |

Finance costs include:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year Ended 31 December 2013 |
|---|---|---|---|
| Net interest expense on pension plans | 4.0 | 5.4 | 11.4 |
| Interest on other long-term employee benefits | 0.9 | 0.8 | 1.7 |
| Interest payable and similar charges | 128.5 | 132.1 | 254.8 |
| | 133.4 | 138.3 | 267.9 |

Revaluation of financial instruments include:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| Movements in fair value of treasury instruments | 19.7 | (0.8) | 6.3 |
| Revaluation of put options over non-controlling interests | 0.1 | (7.4) | (1.1) |
| Revaluation of payments due to vendors (earnout agreements) | 1.9 | 7.2 | 15.8 |
| | 21.7 | (1.0) | 21.0 |

## Notes to the unaudited condensed consolidated interim financial statements (continued)

### 6. Segmental analysis

Reported contributions by operating sector were as follows:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| **Revenue** | | | |
| Advertising and Media Investment Management | 2,390.6 | 2,192.4 | 4,578.8 |
| Data Investment Management | 1,176.8 | 1,238.3 | 2,549.7 |
| Public Relations & Public Affairs | 435.4 | 457.8 | 920.7 |
| Branding & Identity, Healthcare and Specialist Communications | 1,465.9 | 1,438.2 | 2,970.2 |
| | 5,468.7 | 5,326.7 | 11,019.4 |
| **Net sales** | | | |
| Advertising and Media Investment Management | 2,117.9 | 2,144.5 | 4,463.6 |
| Data Investment Management | 842.5 | 899.3 | 1,843.7 |
| Public Relations & Public Affairs | 430.3 | 450.7 | 907.5 |
| Branding & Identity, Healthcare and Specialist Communications | 1,401.0 | 1,389.8 | 2,861.3 |
| | 4,791.7 | 4,884.3 | 10,076.1 |
| **Headline PBIT**[1] | | | |
| Advertising and Media Investment Management | 312.0 | 315.1 | 824.4 |
| Data Investment Management | 88.1 | 93.3 | 263.8 |
| Public Relations & Public Affairs | 64.7 | 59.4 | 133.8 |
| Branding & Identity, Healthcare and Specialist Communications | 157.2 | 169.2 | 439.6 |
| | 622.0 | 637.0 | 1,661.6 |
| **Net sales margin**[2] | | | |
| Advertising and Media Investment Management | 14.7% | 14.7% | 18.5% |
| Data Investment Management | 10.5% | 10.4% | 14.3% |
| Public Relations & Public Affairs | 15.0% | 13.2% | 14.7% |
| Branding & Identity, Healthcare and Specialist Communications | 11.2% | 12.2% | 15.4% |
| | 13.0% | 13.0% | 16.5% |
| **Total assets** | | | |
| Advertising and Media Investment Management | 11,915.8 | 12,381.4 | 11,787.6 |
| Data Investment Management | 3,337.0 | 3,453.9 | 3,330.2 |
| Public Relations & Public Affairs | 1,654.9 | 1,855.4 | 1,693.7 |
| Branding & Identity, Healthcare and Specialist Communications | 5,829.4 | 6,051.7 | 5,716.9 |
| Segment assets | 22,737.1 | 23,742.4 | 22,528.4 |
| Unallocated corporate assets[3] | 1,455.6 | 1,645.4 | 2,477.0 |
| | 24,192.7 | 25,387.8 | 25,005.4 |

[1] Headline PBIT is defined in note 19.
[2] Net sales margin is defined in note 19.
[3] Unallocated corporate assets are corporate income tax recoverable, deferred tax assets and cash and short term deposits.

## Notes to the unaudited condensed consolidated interim financial statements (continued)

### 6. Segmental analysis (continued)

Reported contributions by geographical area were as follows:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| **Revenue** | | | |
| North America[1] | 1,878.1 | 1,839.6 | 3,744.7 |
| United Kingdom | 783.6 | 668.7 | 1,414.0 |
| Western Continental Europe | 1,243.9 | 1,258.1 | 2,592.6 |
| Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe | 1,563.1 | 1,560.3 | 3,268.1 |
| | 5,468.7 | 5,326.7 | 11,019.4 |
| **Net sales** | | | |
| North America[1] | 1,677.7 | 1,742.6 | 3,547.0 |
| United Kingdom | 665.2 | 613.4 | 1,303.9 |
| Western Continental Europe | 1,052.4 | 1,088.8 | 2,217.8 |
| Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe | 1,396.4 | 1,439.5 | 3,007.4 |
| | 4,791.7 | 4,884.3 | 10,076.1 |
| **Headline PBIT[2]** | | | |
| North America[1] | 250.5 | 254.6 | 616.5 |
| United Kingdom | 90.9 | 85.0 | 204.7 |
| Western Continental Europe | 97.8 | 99.8 | 272.0 |
| Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe | 182.8 | 197.6 | 568.4 |
| | 622.0 | 637.0 | 1,661.6 |
| **Net sales margin[3]** | | | |
| North America[1] | 14.9% | 14.6% | 17.4% |
| United Kingdom | 13.7% | 13.9% | 15.7% |
| Western Continental Europe | 9.3% | 9.2% | 12.3% |
| Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe | 13.1% | 13.7% | 18.9% |
| | 13.0% | 13.0% | 16.5% |

[1] North America includes the US with revenue of £1,766.9 million (period ended 30 June 2013: £1,716.3 million; year ended 31 December 2013: £3,498.1 million), net sales of £1,573.1 million (period ended 30 June 2013: £1,624.7 million; year ended 31 December 2013: £3,310.8 million) and headline PBIT of £237.5 million (period ended 30 June 2013: £239.0 million; year ended 31 December 2013: £582.6 million).

[2] Headline PBIT is defined in note 19.

[3] Net sales margin is defined in note 19.

## Notes to the unaudited condensed consolidated interim financial statements (continued)

## 7. Taxation

The headline tax rate was 20.0% (30 June 2013: 21.8%; 31 December 2013: 20.2%). The tax rate on reported PBT was 19.3% (30 June 2013: 26.2%; 31 December 2013: 21.9%).

The tax charge comprises:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| **Corporation tax** | | | |
| Current year | 98.5 | 118.6 | 359.1 |
| Prior years | 5.5 | (5.1) | (48.1) |
| | 104.0 | 113.5 | 311.0 |
| **Deferred tax** | | | |
| Current year | 2.2 | 0.6 | (9.0) |
| Net credit in relation to the amortisation of acquired intangible assets and other goodwill items | (11.3) | (2.4) | (10.6) |
| | (9.1) | (1.8) | (19.6) |
| Prior years | - | - | (7.7) |
| | (9.1) | (1.8) | (27.3) |
| **Tax charge** | 94.9 | 111.7 | 283.7 |

The calculation of the headline tax rate is as follows:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| Headline PBT[1] | 531.6 | 523.7 | 1,458.0 |
| Tax charge | 94.9 | 111.7 | 283.7 |
| Net credit in relation to the amortisation of acquired intangible assets and other goodwill items | 11.3 | 2.4 | 10.6 |
| Headline tax charge | 106.2 | 114.1 | 294.3 |
| Headline tax rate | 20.0% | 21.8% | 20.2% |

## 8. Ordinary dividends

The Board has recommended an interim dividend of 11.62p (2013: 10.56p) per ordinary share. This is expected to be paid on 10 November 2014 to share owners on the register at 10 October 2014.

The Board recommended a final dividend of 23.65p per ordinary share in respect of 2013. This was paid on 7 July 2014.

[1] Headline PBT is defined in note 19.

## 9. Earnings per share

### Basic EPS

The calculation of basic reported and headline EPS is as follows:

| | Six months ended 30 June 2014 | Six months ended 30 June 2013 | +/(-)% | Constant Currency +/(-)% | Year ended 31 December 2013 |
|---|---|---|---|---|---|
| Reported earnings[1] (£ million) | 364.8 | 280.9 | | | 936.5 |
| Headline earnings (£ million) (note 19) | 394.0 | 375.1 | | | 1,088.1 |
| Average shares used in basic EPS calculation (million) | 1,318.7 | 1,260.5 | | | 1,293.8 |
| Reported EPS | 27.7p | 22.3p | 24.2 | 46.5 | 72.4p |
| Headline EPS | 29.9p | 29.8p | 0.3 | 14.8 | 84.1p |

### Diluted EPS

The calculation of diluted reported and headline EPS is as follows:

| | Six months ended 30 June 2014 | Six months ended 30 June 2013 | +/(-)% | Constant Currency +/(-)% | Year ended 31 December 2013 |
|---|---|---|---|---|---|
| Diluted reported earnings (£ million) | 364.8 | 291.5 | | | 947.1 |
| Diluted headline earnings (£ million) | 394.0 | 385.7 | | | 1,098.7 |
| Shares used in diluted EPS calculation (million) | 1,349.2 | 1,355.9 | | | 1,360.3 |
| Diluted reported EPS | 27.0p | 21.5p | 25.6 | 47.7 | 69.6p |
| Diluted headline EPS | 29.2p | 28.4p | 2.8 | 17.1 | 80.8p |

Diluted EPS has been calculated based on the reported and headline earnings amounts above. On 19 May 2009 the Group issued £450 million 5.75% convertible bonds due in 2014. During 2013 these bonds were converted into 76.5 million shares. For the six months ended 30 June 2013 these convertible bonds were dilutive and earnings were consequently increased by £10.6 million (year ended 31 December 2013: £10.6 million) for the purpose of the calculation of diluted earnings.

A reconciliation between the shares used in calculating basic and diluted EPS is as follows:

| million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| Average shares used in basic EPS calculation | 1,318.7 | 1,260.5 | 1,293.8 |
| Dilutive share options outstanding | 5.4 | 6.2 | 6.8 |
| Other potentially issuable shares | 25.1 | 28.4 | 30.8 |
| £450 million 5.75% convertible bonds | - | 60.8 | 28.9 |
| Shares used in diluted EPS calculation | 1,349.2 | 1,355.9 | 1,360.3 |

At 30 June 2014 there were 1,349,819,897 ordinary shares in issue.

[1] Reported earnings is equivalent to profit for the period attributable to equity holders of the parent.

## 10. Analysis of cash flows

The following tables analyse the items included within the main cash flow headings on page 18:

### Net cash (outflow)/inflow from operating activities:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| **Profit for the period** | 396.2 | 315.4 | 1,012.1 |
| Taxation | 94.9 | 111.7 | 283.7 |
| Revaluation of financial instruments | (21.7) | 1.0 | (21.0) |
| Finance costs | 133.4 | 138.3 | 267.9 |
| Finance income | (43.0) | (25.0) | (64.3) |
| Share of results of associates | (28.7) | (27.6) | (68.1) |
| **Operating profit** | 531.1 | 513.8 | 1,410.3 |
| Adjustments for: | | | |
| Non-cash share-based incentive plans (including share options) | 53.8 | 50.1 | 105.4 |
| Depreciation of property, plant and equipment | 95.8 | 100.5 | 202.0 |
| Goodwill impairment | - | - | 23.3 |
| Amortisation and impairment of acquired intangible assets | 74.0 | 94.2 | 179.8 |
| Amortisation of other intangible assets | 15.1 | 16.0 | 32.7 |
| Investment write-downs | - | - | 0.4 |
| Gains on disposal of investments | (17.1) | (0.3) | (6.0) |
| Gains on re-measurement of equity interest on acquisition of controlling interest | (5.9) | - | (30.0) |
| Losses/(gains) on sale of property, plant and equipment | 0.2 | 0.4 | (0.4) |
| **Operating cash flow before movements in working capital and provisions** | 747.0 | 774.7 | 1,917.5 |
| Movements in working capital and provisions[1] | (539.6) | (371.8) | (133.4) |
| **Cash generated by operations** | 207.4 | 402.9 | 1,784.1 |
| Corporation and overseas tax paid | (133.7) | (129.8) | (273.3) |
| Interest and similar charges paid | (155.2) | (145.4) | (254.7) |
| Interest received | 30.4 | 24.5 | 51.3 |
| Investment income | 4.4 | - | 10.1 |
| Dividends received from associates | 29.4 | 23.0 | 56.7 |
| | (17.3) | 175.2 | 1,374.2 |

### Acquisitions and disposals:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| Initial cash consideration | (239.7) | (69.1) | (165.1) |
| Cash and cash equivalents acquired (net) | 54.1 | 5.3 | 25.0 |
| Earnout payments | (15.3) | (7.1) | (27.7) |
| Purchase of other investments (including associates) | (53.8) | (22.9) | (45.6) |
| Proceeds on disposal of investments | 35.0 | - | 12.0 |
| **Acquisitions and disposals** | (219.7) | (93.8) | (201.4) |
| Cash consideration for non-controlling interests | (1.8) | (4.7) | (19.6) |
| **Net acquisition payments and investments** | (221.5) | (98.5) | (221.0) |

[1] The Group typically experiences an outflow of working capital in the first half of the financial year and an inflow in the second half. This is primarily due to the seasonal nature of working capital flows associated with its media buying activities on behalf of clients.

## 10. Analysis of cash flows (continued)

### Share repurchases and buybacks:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| Purchase of own shares by ESOP Trusts | (74.0) | (115.5) | (179.4) |
| Shares purchased into treasury | (316.2) | (17.6) | (17.6) |
| | (390.2) | (133.1) | (197.0) |

### Net (decrease)/increase in borrowings:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| Increase in drawings on bank loans | 201.5 | - | - |
| Repayment of $369 million bonds | (235.3) | - | - |
| Proceeds from issue of €750 million bonds | - | - | 624.8 |
| Proceeds from issue of $500 million bonds | - | - | 314.2 |
| Repayment of €600 million bonds | - | - | (502.1) |
| Repayment of convertible bonds | - | - | (0.1) |
| | (33.8) | - | 436.8 |

### Cash and cash equivalents:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| Cash at bank and in hand | 1,064.7 | 1,327.7 | 2,099.1 |
| Short-term bank deposits | 143.3 | 97.6 | 122.5 |
| Overdrafts[1] | (183.3) | (166.7) | (338.4) |
| | 1,024.7 | 1,258.6 | 1,883.2 |

## 11. Net debt

| £ million | 30 June 2014 | 30 June 2013 | 31 December 2013 |
|---|---|---|---|
| Cash and short-term deposits | 1,208.0 | 1,425.3 | 2,221.6 |
| Bank overdrafts and loans due within one year | (952.5) | (994.2) | (941.4) |
| Bonds and bank loans due after one year | (3,212.7) | (3,148.2) | (3,520.6) |
| | (2,957.2) | (2,717.1) | (2,240.4) |

[1] Bank overdrafts are included in cash and cash equivalents because they form an integral part of the Group's cash management.

## 11. Net debt (continued)

The Group estimates that the fair value of corporate bonds is £4,092.3 million at 30 June 2014 (30 June 2013: £4,260.6 million; 31 December 2013: £4,344.9 million). The Group considers that the carrying amount of bank loans approximates their fair value.

The following table is an analysis of future anticipated cash flows in relation to the Group's debt, on an undiscounted basis which, therefore, differs from the carrying value:

| £ million | **30 June 2014** | **30 June 2013** | **31 December 2013** |
|---|---|---|---|
| Within one year | (938.1) | (1,027.3) | (807.8) |
| Between one and two years | (750.1) | (987.7) | (575.3) |
| Between two and three years | (711.1) | (765.6) | (757.5) |
| Between three and four years | (89.4) | (480.2) | (500.0) |
| Between four and five years | (89.4) | (60.2) | (92.0) |
| Over five years | (2,832.6) | (1,675.8) | (2,968.3) |
| **Debt financing (including interest) under the Revolving Credit Facility and in relation to unsecured loan notes** | (5,410.7) | (4,996.8) | (5,700.9) |
| Short-term overdrafts – within one year | (183.3) | (166.7) | (338.4) |
| Future anticipated cash flows | (5,594.0) | (5,163.5) | (6,039.3) |
| Effect of discounting/financing rates | 1,428.8 | 1,021.1 | 1,577.3 |
| **Debt financing** | (4,165.2) | (4,142.4) | (4,462.0) |
| Cash and short-term deposits | 1,208.0 | 1,425.3 | 2,221.6 |
| **Net debt** | (2,957.2) | (2,717.1) | (2,240.4) |

## 12. Goodwill and acquisitions

Goodwill in relation to subsidiary undertakings decreased by £7.1 million (30 June 2013: increased by £481.0 million) in the period. This movement includes both goodwill arising on acquisitions completed in the period and adjustments to goodwill relating to acquisitions completed in prior years, net of the effect of currency translation.

The contribution to revenue and operating profit of acquisitions completed in the period was not material. There were no material acquisitions completed during the period or between 30 June 2014 and the date the interim financial statements were approved.

## 13. Other intangible assets

The following are included in other intangibles:

| £ million | 30 June 2014 | 30 June 2013 | 31 December 2013 |
|---|---|---|---|
| Brands with an indefinite useful life | 933.4 | 1,035.3 | 957.9 |
| Acquired intangibles | 635.0 | 711.3 | 613.6 |
| Other (including capitalised computer software) | 94.2 | 97.3 | 96.3 |
| | 1,662.6 | 1,843.9 | 1,667.8 |

## 14. Trade and other receivables

### Amounts falling due within one year:

| £ million | 30 June 2014 | 30 June 2013 | 31 December 2013 |
|---|---|---|---|
| Trade receivables | 5,897.9 | 6,115.4 | 5,986.5 |
| VAT and sales taxes recoverable | 122.1 | 91.1 | 82.0 |
| Prepayments | 297.1 | 304.9 | 251.1 |
| Accrued income | 2,482.4 | 2,433.3 | 2,282.2 |
| Fair value of derivatives | 10.7 | 58.9 | 57.9 |
| Other debtors | 512.4 | 491.5 | 428.4 |
| | 9,322.6 | 9,495.1 | 9,088.1 |

### Amounts falling due after more than one year:

| £ million | 30 June 2014 | 30 June 2013 | 31 December 2013 |
|---|---|---|---|
| Prepayments | 3.6 | 2.6 | 3.7 |
| Accrued income | 35.2 | 36.1 | 20.8 |
| Other debtors | 63.9 | 88.1 | 78.7 |
| Fair value of derivatives | 29.7 | 84.1 | 55.3 |
| | 132.4 | 210.9 | 158.5 |

The Group considers that the carrying amount of trade and other receivables approximates their fair value.

## 15. Trade and other payables: amounts falling due within one year

| £ million | 30 June 2014 | 30 June 2013 | 31 December 2013 |
|---|---|---|---|
| Trade payables | 7,003.4 | 7,306.1 | 7,150.2 |
| Deferred income | 947.8 | 1,027.3 | 917.8 |
| Payments due to vendors (earnout agreements) | 57.5 | 48.2 | 49.7 |
| Liabilities in respect of put option agreements with vendors | 74.5 | 62.3 | 53.5 |
| Fair value of derivatives | 25.4 | 31.9 | 41.8 |
| Share purchases - close period commitments | 76.0 | - | - |
| Other creditors and accruals | 2,308.7 | 2,525.2 | 2,497.7 |
| | 10,493.3 | 11,001.0 | 10,710.7 |

The Group considers that the carrying amount of trade and other payables approximates their fair value.

## 16. Trade and other payables: amounts falling due after more than one year

| £ million | 30 June 2014 | 30 June 2013 | 31 December 2013 |
|---|---|---|---|
| Payments due to vendors (earnout agreements) | 203.4 | 157.4 | 143.8 |
| Liabilities in respect of put option agreements with vendors | 90.9 | 94.5 | 85.6 |
| Fair value of derivatives | 1.9 | 103.6 | 19.9 |
| Other creditors and accruals | 215.1 | 198.0 | 208.3 |
| | 511.3 | 553.5 | 457.6 |

The Group considers that the carrying amount of trade and other payables approximates their fair value.

The following table sets out payments due to vendors, comprising deferred consideration and the directors' best estimates of future earnout-related obligations:

| £ million | 30 June 2014 | 30 June 2013 | 31 December 2013 |
|---|---|---|---|
| Within one year | 57.5 | 48.2 | 49.7 |
| Between 1 and 2 years | 46.4 | 34.8 | 26.1 |
| Between 2 and 3 years | 61.1 | 34.2 | 44.1 |
| Between 3 and 4 years | 45.5 | 48.8 | 54.0 |
| Between 4 and 5 years | 30.9 | 32.5 | 12.9 |
| Over 5 years | 19.5 | 7.1 | 6.7 |
| | 260.9 | 205.6 | 193.5 |

The Group's approach to payments due to vendors is outlined in note 21.

## 16. Trade and other payables: amounts falling due after more than one year (continued)

The following table sets out the movements of deferred and earnout related obligations during the period:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| **At the beginning of the period** | 193.5 | 194.0 | 194.0 |
| Earnouts paid | (15.3) | (7.1) | (27.7) |
| New acquisitions | 61.9 | 22.9 | 51.9 |
| Revision of estimates taken to goodwill | 28.4 | (7.5) | (5.7) |
| Revaluation of payments due to vendors (note 5) | (1.9) | (7.2) | (15.8) |
| Exchange adjustments | (5.7) | 10.5 | (3.2) |
| **At the end of the period** | 260.9 | 205.6 | 193.5 |

The Group does not consider there to be any material contingent liabilities as at 30 June 2014.

## 17. Issued share capital – movement in the period

| Number of equity ordinary shares (million) | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| **At the beginning of the period** | 1,348.7 | 1,265.4 | 1,265.4 |
| Conversion of bond to equity | - | 66.3 | 76.5 |
| Exercise of share options | 1.1 | 2.6 | 6.8 |
| **At the end of the period** | 1,349.8 | 1,334.3 | 1,348.7 |

## 18. Related party transactions

From time to time the Group enters into transactions with its associate undertakings. These transactions were not material for any of the periods presented.

## 19. Non-GAAP measures of performance

### Reconciliation of profit before interest and taxation to headline PBIT for the six months ended 30 June 2014:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| **Profit before interest and taxation** | 559.8 | 541.4 | 1,478.4 |
| Amortisation and impairment of acquired intangible assets | 74.0 | 94.2 | 179.8 |
| Goodwill impairment | - | - | 23.3 |
| Gains on disposal of investments | (17.1) | (0.3) | (6.0) |
| Gains on re-measurement of equity interest on acquisition of controlling interest | (5.9) | - | (30.0) |
| Investment write-downs | - | - | 0.4 |
| Restructuring costs | 9.1 | - | 5.0 |
| Share of exceptional losses of associates | 2.1 | 1.7 | 10.7 |
| **Headline PBIT** | 622.0 | 637.0 | 1,661.6 |
| | | | |
| Finance income | 43.0 | 25.0 | 64.3 |
| Finance costs | (133.4) | (138.3) | (267.9) |
| | (90.4) | (113.3) | (203.6) |
| | | | |
| **Interest cover on headline PBIT** | 6.9 times | 5.6 times | 8.2 times |

### Calculation of headline EBITDA:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| Headline PBIT (as above) | 622.0 | 637.0 | 1,661.6 |
| Depreciation of property, plant and equipment | 95.8 | 100.5 | 202.0 |
| Amortisation of other intangible assets | 15.1 | 16.0 | 32.7 |
| **Headline EBITDA** | 732.9 | 753.5 | 1,896.3 |

## 19. Non-GAAP measures of performance (continued)

### Net sales margin before and after share of results of associates:

| £ million | Margin | Six months ended 30 June 2014 | Margin | Six months ended 30 June 2013 | Margin | Year ended 31 December 2013 |
|---|---|---|---|---|---|---|
| **Net sales** | | 4,791.7 | | 4,884.3 | | 10,076.1 |
| **Headline PBIT** | 13.0% | 622.0 | 13.0% | 637.0 | 16.5% | 1,661.6 |
| Share of results of associates (excluding exceptional gains/losses) | | 30.8 | | 29.3 | | 78.8 |
| **Headline PBIT excluding share of results of associates** | 12.3% | 591.2 | 12.4% | 607.7 | 15.7% | 1,582.8 |

### Reconciliation of profit before taxation to headline PBT and headline earnings for the six months ended 30 June 2014:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| **Profit before taxation** | 491.1 | 427.1 | 1,295.8 |
| Amortisation and impairment of acquired intangible assets | 74.0 | 94.2 | 179.8 |
| Goodwill impairment | - | - | 23.3 |
| Gains on disposal of investments | (17.1) | (0.3) | (6.0) |
| Gains on re-measurement of equity interest on acquisition of controlling interest | (5.9) | - | (30.0) |
| Investment write-downs | - | - | 0.4 |
| Restructuring costs | 9.1 | - | 5.0 |
| Share of exceptional losses of associates | 2.1 | 1.7 | 10.7 |
| Revaluation of financial instruments | (21.7) | 1.0 | (21.0) |
| **Headline PBT** | 531.6 | 523.7 | 1,458.0 |
| Headline tax charge (note 7) | (106.2) | (114.1) | (294.3) |
| Non-controlling interests | (31.4) | (34.5) | (75.6) |
| **Headline earnings** | 394.0 | 375.1 | 1,088.1 |
| Ordinary dividends[1] | 156.8 | 139.3 | 397.3 |
| **Dividend cover on headline earnings** | 2.5 times | 2.7 times | 2.7 times |

[1] For the six months ended 30 June 2014, ordinary dividends represent an estimate of the 2014 interim dividend expected to be paid to share owners in November 2014, based on the number of shares in issue at 30 June 2014. The corresponding figure for the six months ended 30 June 2013 represents the 2013 interim dividend paid in November 2013.

## 19. Non-GAAP measures of performance (continued)

### Reconciliation of free cash flow for the six months ended 30 June 2014:

| £ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|---|---|---|
| **Cash generated by operations** | 207.4 | 402.9 | 1,784.1 |
| Plus: | | | |
| Interest received | 30.4 | 24.5 | 51.3 |
| Investment income | 4.4 | - | 10.1 |
| Dividends received from associates | 29.4 | 23.0 | 56.7 |
| Share option proceeds | 6.8 | 16.7 | 42.4 |
| Proceeds on disposal of property, plant and equipment | 1.1 | 3.5 | 7.3 |
| Movements in working capital and provisions | 539.6 | 371.8 | 133.4 |
| Less: | | | |
| Interest and similar charges paid | (155.2) | (145.4) | (254.7) |
| Purchase of property, plant and equipment | (80.1) | (128.4) | (240.7) |
| Purchase of other intangible assets (including capitalised computer software) | (15.3) | (22.2) | (43.8) |
| Corporation and overseas tax paid | (133.7) | (129.8) | (273.3) |
| Dividends paid to non-controlling interests in subsidiary undertakings | (21.7) | (24.4) | (53.2) |
| **Free cash flow** | 413.1 | 392.2 | 1,219.6 |

## 20. Going concern and risk management policies

In considering going concern and liquidity risk, the directors have reviewed the Group's future cash requirements and earnings projections. The directors believe these forecasts have been prepared on a prudent basis and have also considered the impact of a range of potential changes to trading performance. The directors have concluded that the Group should be able to operate within its current facilities and comply with its banking covenants for the foreseeable future and therefore believe it is appropriate to prepare the financial statements of the Group on a going concern basis.

At 30 June 2014, the Group has access to £5.0 billion of committed bank facilities with maturity dates spread over the years 2014 to 2043 as illustrated below:

| £ million | | Maturity by year | | | | |
|---|---|---|---|---|---|---|
| | | **2014** | **2015** | **2016** | **2017** | **2018+** |
| US bond $500m (5.625%'43) | 292.4 | | | | | 292.4 |
| US bond $300m (5.125% '42) | 175.4 | | | | | 175.4 |
| Eurobonds €750m (3.0%'23) | 600.3 | | | | | 600.3 |
| US bond $500m (3.625% '22) | 292.4 | | | | | 292.4 |
| US bond $812m (4.75% '21) | 475.0 | | | | | 475.0 |
| £ bonds £200m (6.375% '20) | 200.0 | | | | | 200.0 |
| £ bonds £400m (6.0% '17) | 400.0 | | | | 400.0 | |
| Bank revolver ($1,200m and £475m) | 1,176.7 | | | 1,176.7 | | |
| Eurobonds €750m (6.625% '16) | 600.3 | | | 600.3 | | |
| Eurobonds €500m (5.25% '15) | 400.2 | | 400.2 | | | |
| US bond $600m (8.0% '14) | 350.8 | 350.8 | | | | |
| TNS private placements $25m | 14.6 | 14.6 | | | | |
| Total committed facilities available | 4,978.1 | 365.4 | 400.2 | 1,777.0 | 400.0 | 2,035.5 |
| Drawn down facilities at 30 June 2014 | 4,002.9 | 365.4 | 400.2 | 801.8 | 400.0 | 2,035.5 |
| Undrawn committed credit facilities | 975.2 | | | | | |
| Drawn down facilities at 30 June 2014 | 4,002.9 | | | | | |
| Net cash at 30 June 2014 | (1,024.7) | | | | | |
| Other adjustments | (21.0) | | | | | |
| Net debt at 30 June 2014 | 2,957.2 | | | | | |

Given the strong cash generation of the business, its debt maturity profile and available facilities, the directors believe the Group has sufficient liquidity to match its requirements for the foreseeable future.

### Treasury management

The Group's treasury activities are principally concerned with monitoring of working capital, managing external and internal funding requirements and monitoring and managing financial market risks, in particular risks from movements in interest and foreign exchange rates.

The Group's risk management policies relating to foreign currency risk, interest rate risk, liquidity risk, capital risk and credit risk are presented in the notes to the consolidated financial statements of the 2013 Annual Report and Accounts and in the opinion of the Board remain relevant for the remaining six months of the year.

## 21. Financial instruments

The fair values of financial assets and liabilities are based on quoted market prices where available. Where the market value is not available, the Group has estimated relevant fair values on the basis of publicly available information from outside sources or on the basis of discounted cash flow models where appropriate.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| £ million | Level 1 | Level 2 | Level 3 | Carrying value |
|---|---|---|---|---|
| **Derivatives in designated hedge relationships** | | | | |
| Derivative assets | - | 39.8 | - | 39.8 |
| Derivative liabilities | - | (26.9) | - | (26.9) |
| **Held for trading** | | | | |
| Derivative assets | - | 0.6 | - | 0.6 |
| Derivative liabilities | - | (0.4) | - | (0.4) |
| Payments due to vendors (earnout agreements) (note 16) | - | - | (260.9) | (260.9) |
| Liabilities in respect of put options | - | - | (165.4) | (165.4) |
| **Available for sale** | | | | |
| Other investments | 13.5 | - | 317.7 | 331.2 |
| **30 June 2014** | 13.5 | 13.1 | (108.6) | (82.0) |

### Reconciliation of level 3 fair value measurements[1]:

| £ million | Liabilities in respect of put options | Other investments | Carrying value |
|---|---|---|---|
| **1 January 2014** | (139.1) | 247.6 | 108.5 |
| Gains recognised in the income statement | 0.1 | - | 0.1 |
| Gains recognised in other comprehensive income | - | 52.5 | 52.5 |
| Exchange adjustments | 1.4 | (7.9) | (6.5) |
| Additions | (29.2) | 35.8 | 6.6 |
| Disposals | - | (10.3) | (10.3) |
| Settlements | 1.4 | - | 1.4 |
| **30 June 2014** | (165.4) | 317.7 | 152.3 |

[1] Payments due to vendors (earnout agreements) are reconciled in note 16.

## 21. Financial instruments (continued)

### Payments due to vendors and liabilities in respect of put options

Future anticipated payments due to vendors in respect of contingent consideration (earnout agreements) are recorded at fair value, which is the present value of the expected cash outflows of the obligations. Liabilities in respect of put option agreements are initially recorded at the present value of the redemption amount and subsequently measured at fair value. Both types of obligations are dependent on the future financial performance of the entity and it is assumed that future profits are in line with directors' estimates. The directors derive their estimates from internal business plans together with financial due diligence performed in connection with the acquisition. At 30 June 2014, the weighted average growth rate in estimating future financial performance was 18.7%, which reflects the prevalence of recent acquisitions in the faster growing markets and new media sectors.

A one percentage point increase or decrease in the growth rate in estimated future financial performance would increase or decrease the combined liabilities due to earnout agreements and put options by approximately £9.3 million and £13.6 million, respectively. An increase in the liability would result in a reduction in the revaluation of financial instruments (note 5), while a decrease would result in a further gain.

### Other investments

Other investments included in level 1 are based on quoted market prices. Other investments included in level 3 are unlisted securities, where market value is not readily available. The Group has estimated relevant fair values on the basis of publicly available information from outside sources or on the basis of discounted cash flow models where appropriate. The sensitivity to changes in unobservable inputs is specific to each individual investment.

## 22. Principal risks and uncertainties

The directors have considered the principal risks and uncertainties affecting the Group for the second half of 2014 and determined that these are unchanged from those presented in the Group's published Annual Report and Accounts and Form 20-F for the year ended 31 December 2013. The Annual Report and Accounts and Form 20-F are published in the Investor Relations section of the Group website (www.wpp.com) and are available from the Group on request.

WPP plc has specific policies in place to ensure that risks are properly evaluated and managed at the appropriate level within the business. These are presented on pages 182 to 185 of the published 2013 Annual Report and Accounts. Pages 5 and 6 of the Group's Form 20-F for the year ended 31 December 2013 contain a detailed explanation of the risk factors identified by the Group and these are summarised below:

### Clients

- The Group competes for clients in a highly competitive industry and client loss may have a material adverse effect on the Group's market share and its business, revenues, results of operations, financial condition or prospects.

## 22. Principal risks and uncertainties (continued)

- The Group receives a significant portion of its revenues from a limited number of large clients and the loss of these clients could have a material adverse effect on the Group's prospects, business, financial condition and results of operations.

### Data Security

- The Group is subject to strict data protection and privacy legislation in the jurisdictions in which it operates and relies extensively on information technology systems. The Group operates on a largely decentralised basis with a large number of different agencies and operating entities and the resulting size and diversity of the operational systems increases the vulnerability of such systems to breakdown or malicious intrusion.

### Economic

- The Group's businesses are subject to recessionary economic cycles. Many of the economies in which the Group operates currently have significant economic challenges.

### Financial

- Currency exchange rate fluctuations could adversely impact the Group's consolidated results.
- The interest rates and fees payable by the Group in respect of certain of its borrowings are, in part, influenced by the credit ratings issued by the international debt rating agencies.
- The Group is subject to credit risk through the default of a client or other counterparty.

### Mergers & Acquisitions

- The Group may be unsuccessful in evaluating material risks involved in completed and future acquisitions and may be unsuccessful in integrating any acquired operations with its existing businesses.
- Goodwill and other intangible assets recorded on the Group's balance sheet with respect to acquired companies may become impaired.

### Operational

- The Group operates in 110 countries and is exposed to the risks of doing business internationally.

### People

- The Group's performance could be adversely affected if it were unable to attract and retain key talent or had inadequate talent management and succession planning for key management roles.

### Regulatory/Legal

- The Group may be subject to regulations restricting its activities or effecting changes in taxation.
- The Group may be exposed to liabilities from allegations that certain of its clients' advertising claims may be false or misleading or that its clients' products may be defective or harmful.
- The Group is subject to strict anti-corruption and anti-bribery legislation and enforcement in the countries in which it operates.
- Civil liabilities or judgements against the Company or its directors or officers based on United States federal or state securities laws may not be enforceable in the United States or in England and Wales or in Jersey.

## Responsibility statement

We confirm that to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

b) the interim management report and note 22 includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) the interim management report and note 18 includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

Signed on behalf of the Board on 26 August 2014.

P W G Richardson

Group finance director

# Independent review report to WPP plc

## Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 which comprises the condensed consolidated interim income statement, statement of comprehensive income, cash flow statement, balance sheet, statement of changes in equity and related notes 1 to 21. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

## Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and issued by the International Accounting Standards Board. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

## Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

**Deloitte LLP**

Chartered Accountants and Statutory Auditor
London, UK
26 August 2014

# Appendix 2: Interim results for the six months ended 30 June 2014 in reportable US Dollars[1]

## Unaudited illustrative condensed consolidated interim income statement for the six months ended 30 June 2014

| $ million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | +/(-)% | Year ended 31 December 2013 |
|---|---|---|---|---|
| **Billings** | 36,850.9 | 35,037.4 | 5.2 | 72,344.5 |
| | | | | |
| **Revenue** | 9,135.0 | 8,210.8 | 11.3 | 17,251.5 |
| Direct costs | (1,132.2) | (681.7) | (66.1) | (1,477.0) |
| **Net sales** | 8,002.8 | 7,529.1 | 6.3 | 15,774.5 |
| Operating costs | (7,111.7) | (6,742.4) | (5.5) | (13,547.9) |
| **Operating profit** | 891.1 | 786.7 | 13.3 | 2,226.6 |
| Share of results of associates | 48.0 | 42.6 | 12.7 | 107.8 |
| **Profit before interest and taxation** | 939.1 | 829.3 | 13.2 | 2,334.4 |
| Finance income | 71.7 | 38.6 | 85.8 | 101.2 |
| Finance costs | (222.3) | (213.3) | (4.2) | (418.7) |
| Revaluation of financial instruments | 36.8 | (1.6) | - | 34.4 |
| **Profit before taxation** | 825.3 | 653.0 | 26.4 | 2,051.3 |
| Taxation | (159.2) | (172.3) | 7.6 | (448.1) |
| **Profit for the period** | 666.1 | 480.7 | 38.6 | 1,603.2 |
| | | | | |
| **Attributable to:** | | | | |
| Equity holders of the parent | 613.7 | 427.6 | 43.5 | 1,485.1 |
| Non-controlling interests | 52.4 | 53.1 | 1.3 | 118.1 |
| | 666.1 | 480.7 | 38.6 | 1,603.2 |
| | | | | |
| Headline PBIT | 1,042.8 | 976.8 | 6.8 | 2,620.1 |
| **Net sales margin** | 13.0% | 13.0% | | 16.6% |
| Headline PBT | 892.2 | 802.1 | 11.2 | 2,302.6 |
| | | | | |
| **Reported earnings per share[2]** | | | | |
| Basic earnings per ordinary share | 46.5¢ | 33.9¢ | 37.2 | 114.8¢ |
| Diluted earnings per ordinary share | 45.5¢ | 32.7¢ | 39.1 | 110.4¢ |
| | | | | |
| **Headline earnings per share[2]** | | | | |
| Basic earnings per ordinary share | 50.2¢ | 45.5¢ | 10.3 | 132.9¢ |
| Diluted earnings per ordinary share | 49.0¢ | 43.5¢ | 12.6 | 127.6¢ |

[1] The unaudited consolidated income statement above is presented in reportable US Dollars for information purposes only and has been prepared assuming the US Dollar is the reporting currency of the Group, whereby local currency results are translated into US Dollars at actual monthly average exchange rates in the periods presented. Among other currencies, this includes an average exchange rate of US$1.6689 to the pound for the period ended 30 June 2014 (period ended 30 June 2013: US$1.5441; year ended 31 December 2013: US$1.5646).

[2] The basis of the calculations of the Group's earnings per share and headline earnings per share are set out in note 9 of Appendix 1.

# Appendix 3: Interim results for the six months ended 30 June 2014 in reportable Euros[1]

## Unaudited illustrative condensed consolidated interim income statement for the six months ended 30 June 2014

| € million | Six months ended 30 June 2014 | Six months ended 30 June 2013 | +/(-)% | Year ended 31 December 2013 |
|---|---|---|---|---|
| **Billings** | 26,871.7 | 26,699.8 | 0.6 | 54,431.2 |
| | | | | |
| **Revenue** | 6,663.1 | 6,254.9 | 6.5 | 12,978.1 |
| Direct costs | (825.9) | (519.5) | (59.0) | (1,111.0) |
| **Net sales** | 5,837.2 | 5,735.4 | 1.8 | 11,867.1 |
| Operating costs | (5,187.6) | (5,133.7) | (1.0) | (10,201.5) |
| **Operating profit** | 649.6 | 601.7 | 8.0 | 1,665.6 |
| Share of results of associates | 35.1 | 32.4 | 8.3 | 80.5 |
| **Profit before interest and taxation** | 684.7 | 634.1 | 8.0 | 1,746.1 |
| Finance income | 52.4 | 29.2 | 79.5 | 75.8 |
| Finance costs | (162.1) | (162.3) | 0.1 | (315.4) |
| Revaluation of financial instruments | 27.0 | (1.1) | - | 25.1 |
| **Profit before taxation** | 602.0 | 499.9 | 20.4 | 1,531.6 |
| Taxation | (116.5) | (131.2) | 11.2 | (335.1) |
| **Profit for the period** | 485.5 | 368.7 | 31.7 | 1,196.5 |
| | | | | |
| **Attributable to:** | | | | |
| Equity holders of the parent | 447.2 | 328.2 | 36.3 | 1,107.6 |
| Non-controlling interests | 38.3 | 40.5 | 5.4 | 88.9 |
| | 485.5 | 368.7 | 31.7 | 1,196.5 |
| | | | | |
| Headline PBIT | 760.1 | 746.5 | 1.8 | 1,961.6 |
| **Net sales margin** | 13.0% | 13.0% | | 16.5% |
| Headline PBT | 650.4 | 613.4 | 6.0 | 1,722.0 |
| | | | | |
| **Reported earnings per share**[2] | | | | |
| Basic earnings per ordinary share | 33.9¢ | 26.0¢ | 30.4 | 85.6¢ |
| Diluted earnings per ordinary share | 33.1¢ | 25.1¢ | 31.9 | 82.3¢ |
| | | | | |
| **Headline earnings per share**[2] | | | | |
| Basic earnings per ordinary share | 36.5¢ | 34.8¢ | 4.9 | 99.4¢ |
| Diluted earnings per ordinary share | 35.7¢ | 33.3¢ | 7.2 | 95.4¢ |

[1] The unaudited consolidated income statement above is presented in reportable Euros for information purposes only and has been prepared assuming the Euro is the reporting currency of the Group, whereby local currency results are translated into Euros at actual monthly average exchange rates in the periods presented. Among other currencies, this includes an average exchange rate of €1.2176 to the pound for the period ended 30 June 2014 (period ended 30 June 2013: €1.1753; year ended 31 December 2013: €1.1776).

[2] The basis of the calculations of the Group's earnings per share and headline earnings per share are set out in note 9 of Appendix 1.

### Average net debt

Average net debt is calculated as the average daily net borrowings of the Group. Net debt at a period end is calculated as the sum of the net borrowings of the Group, derived from the cash ledgers and accounts in the balance sheet.

### Billings and estimated net new billings

Billings comprise the gross amounts billed to clients in respect of commission-based/fee-based income together with the total of other fees earned. Net new billings represent the estimated annualised impact on billings of new business gained from both existing and new clients, net of existing client business lost. The estimated impact is based upon initial assessments of the clients' marketing budgets, which may not necessarily result in actual billings of the same amount.

### Constant currency

The Group uses US dollar-based, constant currency models to measure performance. These are calculated by applying budgeted 2014 exchange rates to local currency reported results for the current and prior year. This gives a US dollar – denominated income statement which excludes any variances attributable to foreign exchange rate movements.

### Free cash flow

Free cash flow is calculated as headline operating profit before non cash charges for share-based incentive plans, depreciation of property, plant and equipment and amortisation of other intangible assets, including dividends received from associates, interest received, investment income received, proceeds from the issue of shares, and proceeds from the disposal of property, plant and equipment, less corporation and overseas tax paid, interest and similar charges paid, dividends paid to non-controlling interests in subsidiary undertakings, purchases of property, plant and equipment and purchases of other intangible assets.

### Net sales/ net sales margin

Net sales are revenue less direct costs. Net sales margin is calculated as headline PBIT (defined below) as a percentage of net sales. The Group has previously used the terms gross margin and gross profit to refer to net sales.

### Headline earnings

Headline PBT less taxation (excluding net deferred tax credit in relation to the amortisation of acquired intangible assets and other goodwill items) and non-controlling interests.

### Headline operating profit/Headline PBIT

Profit before finance income/costs and revaluation of financial instruments, taxation, investment gains/losses and write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, Group restructuring costs, share of exceptional gains/losses of associates and gains/losses on remeasurement of equity interest on acquisition of controlling interest.

### Headline PBT

Profit before taxation, investment gains/losses and write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, Group restructuring costs, share of exceptional gains/losses of associates, gains/losses arising from the revaluation of financial instruments, and gains/losses on remeasurement of equity interest on acquisition of controlling interest.

### Operating margin

Headline operating profit as a percentage of net sales.

### Pro forma ('like-for-like')

Pro forma comparisons are calculated as follows: current year, constant currency actual results (which include acquisitions from the relevant date of completion) are compared with prior year, constant currency actual results, adjusted to include the results of acquisitions for the commensurate period in the prior year. The Group uses the terms 'pro forma' and 'like-for-like' interchangeably.