HAVAS

HALF YEAR FINANCIAL REPORT for the period ended

JUNE 30, 2011

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Contents

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I. Declaration by the person responsible for the half-yearly financial report

Declaration by the person responsible for

the half-yearly financial report

I undersigned, Hervé Philippe, "Directeur Général Délégué" of Havas, certify that, to the best of my knowledge, the condensed financial statements for the half year ended June 30, 2011 are prepared in accordance with the accounting standards applicable and give a true and fair view of the assets, financial position and results of the company and all the subsidiaries included in the scope of consolidated and that the interim management report gives a true and fair view of the material events that occurred in the first half of the financial year and of their impact on the financial statements, of the main transactions with related parties and a description of the main risks and uncertainties for the remaining six months of the financial year.

Suresnes, August 30, 2011

Hervé PHILIPPE
"Directeur Général Délégué" of Havas

II. Activity report for the first half of 2011

Activity report for the first half of 2011

1. Accounting methods and principles

The condensed consolidated financial statements of the Havas Group (the “Group” or “Havas”) for the interim period ended June 30, 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union on this date. These standards are available on the following website of the European Union:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

Comparative consolidated financial statements for the first half of 2011 and full year 2010 have also been prepared in accordance with the same accounting principles and rules.

In compliance with IAS 34, these financial statements do not include all the notes as required for an annual report, merely selected explanatory notes. These financial statements should be read in connection with the Group’s financial statements as at December 31, 2010.

2. Activity and highlights of first half 2011

The first half of 2011 was characterized by a strong recovery in North America, and a moderate growth in Europe. Businesses in Latin America recorded remarkable dynamism with organic growth at 24.6%. Although the euro remained at a high level against the US dollar and the British pound, Havas posted a marked improvement in its results for the first half of 2011. Havas also reported continued dynamism in its Net New Business, with billings of €940 million in the first half of 2011.

As a result, the Group reported revenue of €764.9 million in the first half of 2011 compared with €728.9 million in the first half of 2010, representing an increase of 4.9%.
Applying first half 2011 exchange rates to first half 2010 revenue (constant exchange rates), the increase would have been 6.7%.
Excluding exchange rate variations and changes in the scope of consolidation, organic growth was 5.6% over the first six months of the current year.

Consolidated income

Income from operations amounted to €94.9 million in the first half of 2011 compared with €84.1 million in the first half of 2010, representing a gain of €10.8 million. Margins on income from operations were 12.4% and 11.5% respectively.

Operating income amounted to €85.2 million in the first half of 2011 compared with €81.0 million in the first half of 2010, an increase of €4.2 million.
Other operating income and expenses amounted to €-9.7 million for the first half of 2011 against €-3.1 million for the first half of 2010. The settlement of certain former litigations and further restructuring have generated total unusual expenses of €-9.0 million in the first half of 2011.

Net financial loss amounted to €-14.5 million for the first half of 2011, stable compared with the first half of 2010.

The effective income tax rate was 23% for the first half of 2011 compared with 25% for the first half of 2010.

Consolidated net income, Group share, reached €52.8 million in the first half of 2011 compared with €48.5 million in the first half of 2010. Diluted earnings per share amounted to €0.12 and €0.11 respectively.

3. Related party transactions

The Group did not enter into any significant new transactions with related parties in the first half of either 2011 or 2010. The operating transactions with entities controlled by the members of the families of Alfonso Rodés Vilà, Deputy CEO of Havas and Chief Executive Officer of Havas Media, of Leopoldo Rodés Castañe, a director of Havas SA, and with the Bolloré Group were carried out at market value and were fully described in the notes to the financial statements in the 2010 annual report.

4. First half 2011 balance sheet and statement of cash flows

The Group share in equity amounted to €1,172.0 million as at June 30, 2011 compared with €1,200.1 million as at December 31, 2010. It was impacted by negative currency translation adjustments of €44.1 million.

Net debt as at June 30, 2011 amounted to €105.4 million against Net cash and cash equivalents of €87.1 million as at December 31, 2010. The increase in indebtedness mainly resulted from the following:

- change in working capital which is traditionally negative in the first half of the year, amounting to €175.4 million for the period, partly offset by positive operating cash flows for the period, resulting in net operating cash used in operating activities of €103.5 million;
- capital expenditure of €15.4 million, net of proceeds from disposals;
- net financial investments of €8.3 million including in particular earn-out and buy-out payments, loans and deposits; and
- total dividend payment of €45.0 million of which €43.1 million to Havas SA shareholders;
- proceeds from issuance of stock for €2.3 million; and
- proceeds from borrowings, net of repayments, for €9.0 million.

5. Risk and uncertainties

The second half 2011 economic context is uncertain. The Group remains vigilant in tracking current international economic trends, and confident in its ability to react.

III. Condensed consolidated financial statements

Condensed consolidated financial statements for the interim period ended June 30, 2011

1. Consolidated balance sheet

For the interim period ended June 30, 2011

ASSETS (in euro million)	Notes	06.30.11 Net	12.31.10 Net
Non-current assets			
Goodwill	5.2.2	1 461	1 494
Other intangible assets		35	34
Property and equipment		62	69
Equity investments		3	2
Financial assets available for sale		9	9
Deferred tax assets		95	87
Other non-current financial assets		12	11
Total non-current assets		**1 677**	**1 706**
Current assets			
Inventories and work in progress		41	37
Accounts receivable		1 390	1 415
Current tax receivables		15	16
Other receivables		531	542
Other current financial assets		21	17
Cash and cash equivalents	5.2.3	785	961
Total current assets		**2 783**	**2 988**
TOTAL ASSETS		**4 460**	**4 694**

EQUITY AND LIABILITIES (in euro million)	Notes	06.30.11 Net	12.31.10 Net
Shareholders' equity		**1 172**	**1 200**
Capital		172	172
Share premium account		1 470	1 468
Option components of compound instruments		18	18
Retained earnings		(406)	(420)
Currency translation adjustments		(82)	(38)
Minority interests		**3**	**3**
Total equity	3	**1 175**	**1 203**
Non-current liabilities			
Long-term borrowings	5.2.4	623	623
Earn-out and minority interest buy-out obligations	5.2.4	48	41
Long-term provisions, pension and post-employment benefits	5.2.5	68	71
Deferred tax liabilities		8	9
Other non-current liabilities		3	3
Total non-current liabilities		**750**	**747**
Current liabilities			
Current maturities of long-term borrowings	5.2.4	187	170
Bank overdrafts	5.2.3 - 5.2.4	7	7
Earn-out and minority interest buy-out obligations	5.2.4	25	33
Provisions	5.2.5	39	39
Accounts payable		1 246	1 402
Tax payables		23	12
Other payables		1 002	1 073
Other current liabilities		6	8
Total current liabilities		**2 535**	**2 744**
TOTAL EQUITY AND LIABILITIES		**4 460**	**4 694**

2. Consolidated income statement – Consolidated statement of comprehensive income

For the interim period ended June 30, 2011

(in euro million)	Notes	1st half 2011	1st half 2010	Full year 2010
Revenue	5.2.12	**765**	**729**	**1 558**
Compensation	5.2.9	(471)	(451)	(963)
Other expenses and income from operations	5.2.10	(199)	(194)	(393)
Income from operations	5.2.12	**95**	**84**	**202**
Other operating expenses		(13)	(3)	(20)
Other operating income		3		
Operating income	5.2.11	**85**	**81**	**182**
Interest income		7	3	9
Cost of debt		(20)	(18)	(37)
Other financial expenses		(1)		(3)
Net financial expense	5.2.13	**(14)**	**(15)**	**(31)**
Income of fully consolidated companies before tax		**71**	**66**	**151**
Income tax expense	5.2.8	(16)	(16)	(36)
Net income of fully consolidated companies		**55**	**50**	**115**
Share of profit of associates				
Net income		**55**	**50**	**115**
Minority interests		(2)	(1)	(5)
Net income, Group share		**53**	**49**	**110**

Earnings per share (in €)	5.2.14			
Basic and diluted		**0.12**	**0.11**	**0.26**

(in euro million)	1st half 2011	1st half 2010	Full year 2010
Net income	**55**	**50**	**115**
Net income accounted for against goodwill (1)	(1)	(1)	(4)
Actuarial gains (losses) recognized in equity (2)		(7)	(15)
Deferred tax relating to actuarial gains and losses		1	3
Changes in the fair value of financial assets available for sale		1	
Net gains (losses) on cash flow hedges	5	(3)	2
Stock-options		1	
Currency translation adjustments relating to foreign operations (3)	(44)	86	46
Total comprehensive income	**15**	**128**	**147**
- Group share	*14*	*128*	*146*
- Minority interests	*1*	*0*	*1*

(1) Share in net income of minority interests which are under buy-out commitment undertaken by the Group.

(2) In compliance with Amendment to IAS 19, actuarial losses of €0.4 million net of tax were recognized in equity in the first half of 2011 compared to €6.3 million in the first half of 2010. For the year ended December 31, 2010, Havas posted actuarial losses net of tax of €12.2 million.

(3) In the first half of 2011, the weaker US dollar impacted Group equity by €-32.7 million, the British pound by €-5.5 million, and the HK dollar by €-3.3 million.

In the first half of 2010, currency translation adjustments mainly resulted from gains on the US dollar for €61.6 million, the British pound for €11.4 million and the Mexican peso for €3.4 million.

3. Consolidated statement of changes in shareholders' equity

For the interim period ended June 30, 2011

(in euro million)		**Group share**									Minority interests	Total equity
	Number of shares in thousands	Capital (1)	Share premium account	Retained earnings and net income	Option components of compound instruments	Changes in fair value of financial instruments	Actual gains (losses)	Transactions between shareholders (4)	Currency translation adjustments	Total		
Shareholders' equity as at 01/01/2010	**429 874**	**172**	**1 466**	**(650)**	**206**	**(15)**	**(10)**		**(84)**	**1 085**	**2**	**1 087**
Dividends distributed (2)				(34)						(34)		(34)
Stock options	533		1	1						2		2
Other (3)				187	(187)					0		0
Net income				49						49		49
Other recognized income and expenses						(2)	(6)		86	78		78
Shareholders' equity as at 06/30/2010	**430 407**	**172**	**1 467**	**(447)**	**19**	**(17)**	**(16)**		**2**	**1 180**	**2**	**1 182**
Shareholders' equity as at 01/01/2011	**430 523**	**172**	**1 468**	**(386)**	**18**	**(13)**	**(21)**		**(38)**	**1 200**	**3**	**1 203**
Dividends distributed (2)				(43)						(43)	(1)	(44)
Stock options	555		2							2		2
Other								(1)		(1)		(1)
Net income				53						53	1	54
Other recognized income and expenses						5			(44)	(39)		(39)
Shareholders' equity as at 06/30/2011	**431 078**	**172**	**1 470**	**(376)**	**18**	**(8)**	**(21)**	**(1)**	**(82)**	**1 172**	**3**	**1 175**

(1) The nominal value of each ordinary share is €0.4.

(2) The dividend per share paid by Havas SA on May 17, 2011 was €0.10 compared with €0.08 paid on May 18, 2010.

(3) In 2010, the option value of redeemed convertible bonds was reclassified to retained earnings.

(4) Since January 1, 2010, Havas has applied the standard IFRS 3 revised.

4. Consolidated statement of cash flows

For the interim period ended June 30, 2011

(in euro million)	1st Half 2011	1st Half 2010	Full year 2010
OPERATING ACTIVITIES			
Consolidated net income:			
Group share	53	49	110
Minority interests	2	1	5
Elimination of non-cash items:			
Amortization, depreciation and impairment	17	6	39
Changes in deferred taxes	(12)	(9)	4
(Gains) / losses on disposal of fixed assets		1	2
Stock-based compensation - Equity settled plans		1	1
Accrued interest	10	9	
Other operations	1	2	4
Cash flow after net cost of debt	**71**	**60**	**165**
Net cost of debt, excluding accrued interest	1	3	24
Cash flow before net cost of debt	**72**	**63**	**189**
Changes in accounts receivable	(7)	(85)	(111)
Changes in accounts payable	(75)	(2)	47
Changes in advances from clients	(9)	(7)	7
Changes in other receivables and payables	(85)	(77)	27
NET CASH PROVIDED (USED IN) BY OPERATING ACTIVITIES	**(104)**	**(108)**	**159**
INVESTING ACTIVITIES			
Purchase of fixed assets	**(27)**	**(37)**	**(63)**
Intangible and tangible	(16)	(14)	(32)
Subsidiaries	(8)	(22)	(26)
Loans granted	(3)	(1)	(5)
Proceeds from sale and repayment of fixed assets	**3**	**4**	**10**
Intangible and tangible			1
Repayment of loans granted	3	4	9
NET CASH USED IN INVESTING ACTIVITIES	**(24)**	**(33)**	**(53)**
FINANCING ACTIVITIES			
Dividends paid to Havas shareholders	(43)	(34)	(34)
Dividends paid to minority interests	(2)	(4)	(6)
Proceeds from issuance of stock	2	1	2
Proceeds from borrowings (1)	17	8	48
Repayment of borrowings (1)	(8)	(13)	(52)
Net interest paid	(1)	(3)	(24)
NET CASH USED IN FINANCING ACTIVITIES	**(35)**	**(45)**	**(66)**
Effect of exchange rate changes on net cash	(13)	21	19
NET INCREASE (DECREASE) IN NET CASH	**(176)**	**(165)**	**59**
NET CASH AT OPENING (see note 5.2.3)	**954**	**895**	**895**
NET CASH AT CLOSING (see note 5.2.3)	**778**	**730**	**954**

(1) For comparison purposes, proceeds from borrowings and repayments for the period ended June 30, 2010 have both been reduced by €240.0 million.

5. Notes to the consolidated financial statements

5.1. Accounting principles

5.1.1. Information related to Havas Group

Havas SA is a public limited company, registered in France, and listed on Euronext. The functional currency of Havas SA is the euro. The consolidated financial statements of the Havas Group (the “Group” or “Havas”) are presented in millions of euro (€M), unless otherwise indicated.

5.1.2. Approval of the consolidated financial statements by the Board of Directors

The preparation of the condensed consolidated financial statements of Havas for the interim period ended June 30, 2011 under IFRS is the responsibility of the Board of Directors. These statements were approved by the Board at its meeting on August 30, 2011.

5.1.3. Statement of compliance, accounting principles and methods

Pursuant to European Regulation 1606/2002 of July 19, 2002 on international accounting standards, the condensed consolidated financial statements of the Havas Group for the interim period ended June 30, 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union on this date. These standards are available on the following website of the European Union:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

Comparative consolidated financial statements for the first half of 2010 and full year 2010 have also been prepared in accordance with the same accounting principles and rules.

In compliance with IAS 34, these financial statements do not include all the notes as required for an annual report, merely selected explanatory notes. These financial statements should be read in connection with the Group’s financial statements as at December 31, 2010.

5.1.4. New accounting standards applicable from January 1, 2011

The following amendments came into force on January 1, 2011:

- Amendment to IAS 32 « Classification of Rights Issues »,
- IAS 24 revised « Related Party Disclosures »,
- Amendments to IFRIC 14 « Prepayments of a minimum funding requirement »,
- IFRIC 19 « Extinguishing Financial Liabilities with Equity Instruments »,
- IAS 34 « Interim Financial Reporting », and
- Improvements to IFRS – May 2010.

The definition of related parties has been modified in IAS 24 revised to provide a more consistent approach for the identification of transactions. Amounts committed in respect of identified transactions at end of period are also to be disclosed.
Improvements made to IAS 34 recommend the description of significant transactions and events occurring in the interim period, and their impact on the financial statements.

The application of these amendments produces no effect on the Group's financial statements.

5.1.5. New standards published by IASB

The following standards, amendments, and interpretations have been issued by IASB, but have not been yet endorsed by the European Union as at June 30, 2011. The Group has therefore not applied them at this date.
The first three amendments were published in 2010, and the other in the course of first half of 2011.

1. IFRS 9 « Financial Instruments - Phase 1 : Classification and Measurement »,
2. Amendment to IFRS 7 « Disclosures - Transfers of Financial Assets »,
3. Amendment to IAS 12 « Deferred tax - Recovery of Underlying Assets »,
4. IFRS 10 « Consolidated Financial Statements »,
5. IFRS 11 « Joint Arrangements »,
6. IFRS 12 « Disclosure of Interests in Other Entities »,
7. IFRS 13 « Fair Value Measurement »,
8. IAS 27 revised « Separate Financial Statements »,
9. IAS 28 revised « Investments in Associates and Joint Ventures »,
10. Amendments to IAS 19 « Employee Benefits »,
11. Amendments to IAS 1 « Presentation of other comprehensive income (OCI) ».

The application date of these new standards, amendments and interpretations is expected to be January 1, 2013, except for the amendment to IFRS 7 which will come into force on July 1, 2011, the amendment to IAS 12 on January 1, 2012, and amendments to IAS 1 on July 1, 2012, subject to their endorsement by the European Union.
The Group is assessing their possible impact on the consolidated financial statements.

5.1.6. Estimates

The preparation of the financial statements requires management to make estimates and formulate judgments that affect the amounts of certain assets, liabilities, income and expenses as well as certain disclosures reported in the consolidated financial statements. The actual data could differ slightly from these estimates, depending on changes in assumptions and situations.
Any events occurring in the first half of the current year and requiring revisions to be made to estimates or assumptions used for the preceding closing are mentioned in the following notes.
The corrective social security financing law n° 2011-894 of July 28, 2011 for 2011 was published in the French official bulletin of July 29, 2011. Article 1 introduces a profit-sharing bonus for employees. The relating effect on Group accounts is under discussion and measurement between staff representatives and management. As a result, no related impact has been recognized in the financial statements for the interim period ended June 30, 2011.

5.2. Notes to the consolidated balance sheet and income statement

5.2.1. Scope of consolidation

No significant change in the scope of consolidation occurred in the first half of 2011. The total number of consolidated companies was 367 at June 30, 2011 compared with 360 at December 31, 2010.

5.2.2. Goodwill

The carrying value of goodwill and trademarks is subject to an impairment test carried out at least once per annum and whenever events or circumstances indicate that they may be impaired. Such events or circumstances are tied to significant unfavorable changes on a long-term basis that affect either the economic environment or assumptions and objectives previously used. An impairment charge is required when the recoverable value of tested assets is persistently lower than their carrying value.

The Group has therefore carried out a goodwill impairment tests on its cash generating units (CGUs) or groups of CGUs at risk of impairment over the first half of 2011. No evidence was found that would require a further impairment charge for this period.

Changes in goodwill net value in the first half of 2011 and 2010, and full year 2010 are the following:

(in euro million)	1st Half 2011	1st Half 2010	Full year 2010
Value at beginning of period	**1 494**	**1 416**	**1 416**
Acquisitions of companies (1)		3	17
Minority interest buy-out adjustments (2)	6	1	19
Earn-out adjustments		1	3
Ajustements to goodwill estimates	3		
Impairment charge			(3)
Currency translation adjustments (3)	(42)	85	42
Value at end of period	**1 461**	**1 506**	**1 494**

(1) In the first half of 2011, Havas acquired a 71% stake in ACMIC, an Indian agency, renamed Euro RSCG 4D Matrix Private Limited. Goodwill was provisionally estimated at €0.2 million as at June 30, 2011.
(2) Commitments undertaken prior to January 1, 2010.
(3) In the first half of 2011, currency translation adjustments were mainly due to a weaker US dollar accounting for €-29.8 million, the British pound for €-6.6 million and the HK dollar for €-2.5 million.

5.2.3. Cash and cash equivalents

The net cash and cash equivalents position is the following:

(in euro million)	06.30.11	12.31.10
Cash	475	568
Short-term financial investments	310	393
Cash and cash equivalents	**785**	**961**
Bank overdrafts	(7)	(7)
Net cash and cash equivalents	**778**	**954**

Cash mainly includes sight deposits and short-term deposits at leading banks.

As at June 30, 2011, risk-free financial investments included monetary investments of €104.5 million, and negotiable certificates of deposit of €205.0 million, compared with €163.1 million and €230.0 million, respectively, as at December 31, 2010. These risk-free investments can be converted into cash at any time.

Net cash shown on the consolidated statement of cash flows includes cash and cash equivalents net of bank overdrafts.

5.2.4. Financial debt

5.2.4.1. Net debt/(cash and cash equivalents) summary

(in euro million)	06.30.11	12.31.10
Bonds	358	352
Bonds with associated warrants *(OBSAAR)*	363	361
Bank borrowings	30	25
Other financial debts	59	55
Borrowings and financial debts	**810**	**793**
Bank overdrafts	7	7
Earn-out obligations	21	29
Buy-out obligations	52	45
Total financial liabilities	**890**	**874**
Cash and cash equivalents	(785)	(961)
Net debt / (cash and cash equivalents)	**105**	**(87)**

5.2.4.2. Bonds

On November 4, 2009, Havas SA issued bonds for a total amount of €350.0 million bearing a fixed interest rate of 5.5% per annum and maturing on November 4, 2014, enabling Havas to diversify its financing sources, to lengthen the average maturity of its indebtedness, and also providing Havas with the means to pursue its growth.

Net proceeds from the issuance of bonds amounted to €347.0 million.

The fair value of this debt amounted to €358.1 million on the balance sheet as at June 30, 2011 compared with €352.3 million as at December 31, 2010. The adjustment at fair value to this borrowing amounted to €10.2 million as at June 30, 2011. This effect was fully offset by the potential gain on the interest rate swap agreement implemented on November 4, 2009 to switch the fixed interest rate of 5.50% against a floating rate indexed to 3 month Euribor + 3.433% over the first 3 years of the borrowing.

5.2.4.3. OBSAAR

In December 2006, Havas SA entered into a borrowing arrangement for €270.0 million represented by 27,000 bonds with associated callable subscription and/or acquisition warrants (*OBSAAR*) to be amortized by equal or approximately equal tranches on December 1, 2011, 2012 and 2013. Each bond included 1,555 BSAARs immediately detachable.
Net proceeds from the issuance of bonds amounted to €267.6 million.

The financial debt of the 2006 OBSAARs recorded on the balance sheet liabilities amounted to €265.7 million and €264.3 million, respectively, as at June 30, 2011 and December 31, 2010.

On February 8, 2008, Havas SA also entered into a borrowing arrangement for €100.0 million represented by 10,000 bonds with associated callable subscription and/or acquisition warrants (*OBSAAR*) to be amortized by equal or approximately equal tranches on February 8, 2013, 2014 and 2015. Each bond included 1,500 BSAARs immediately detachable.
Net proceeds from the issuance of bonds amounted to €98.5 million.

The financial debt of the 2008 OBSAARs recorded on the balance sheet amounted to €96.9 million as at June 30, 2011 and €96.3 million as at December 31, 2010.

The 2006 and 2008 OBSAARs are subject to financial covenants to be met at each year-end closing as follows:

Financial covenants	
Adjusted EBITDA / Net interest expense	>3,5 : 1
Adjusted net debt / Adjusted EBITDA	<3,0 : 1

These financial covenants were met as at December 31, 2010.

The table below summarizes changes in BSAARs in the first half of 2011:

	BSAAR	
Grant date	**2008**	**2006**
Number of outstanding BSAARs as at 12.31.10	**13 157 214**	**36 085 716**
Repurchase	(20 025)	
Number of outstanding BSAARs as at 06.30.11	**13 137 189**	**36 085 716**

5.2.4.4. Bank borrowings

As at June 30, 2011, the Group had used a total amount of €30.7 million in short-term credit lines granted by banks, €26.9 million were located in Asia.
These borrowings were not subject to financial covenants since Havas SA has undertaken to cover their repayment.

In December 2007, Havas SA entered into three credit line agreements, maturing in five and six years, with three leading banks for a maximum total amount of €180 million to reduce gradually down to €160 million at the end of 2010, €110 million at the end of 2011, €25 million at the end of 2012 until the maturity date at the end of 2013.
In addition, in July 2008, Havas SA entered into another credit line agreement for €30 million with a four year maturity.
The applicable interest rate is Euribor + spread for all these credit lines. The spread depends on the "Adjusted Net Debt/Adjusted EBITDA" ratio.

Lastly, in 2010, Havas negotiated two new credit lines for a total amount of €100.0 million to mature at the end of 2013.

These credit lines are subject to financial covenants similar to those applicable to the OBSAARs as indicated above.

As at June 30, 2011, these credit lines of €290.0 million were fully available. In addition, other confirmed credit lines of €38.6 million and non-confirmed credit lines in form of authorized bank overdrafts of €185.3 million were also available.

The "Other financial debts" line item of €59.2 million included commercial paper for €35.0 million issued as part of the issue plan for a maximum total amount of €300.0 million implemented in the first half of 2009, an amount of €7.1 million representing the fair value of an interest rate swap to hedge the 2006 OBSAARs, and accrued interest of €12.6 million on the bonds.

5.2.4.5. Breakdown of long-term borrowings and financial debts as at June 30, 2011 by maturity

(in euro million)	Total	2nd Half 2011	2012	2013	2014	2015	2016	After 2016
Bonds and bonds with associated warrants (*OBSAAR*)	721	98	86	121	382	34		
Bank borrowings	30	30						
Other financial debts (1)	46	46						
Accrued interest (2)	13	13						
Total	**810**	**187**	**86**	**121**	**382**	**34**	**0**	**0**
Portion due in less than 1 year	(187)	(187)						
Total of long-term borrowings and financial debts	**623**		**86**	**121**	**382**	**34**	**0**	**0**

(1) See « Other financial debts » above.
(2) The OBSAAR coupon is paid quarterly. Accrued interest relating to the bonds of €350.0 million amounted to €12.6 million.

5.2.5. Provisions

The table below summarizes changes in provisions in the first half of 2011:

(in euro million)	Non-current: Long-term provisions, pensions and post-employment benefits				Current: Provisions			Total
	Tax risk	Pensions and post-employment benefits (1)	Vacant premises (2)	Sub-total	Litigations (3)	Other provisions	Sub-total	
As at December 31, 2010	**9**	**53**	**9**	**71**	**16**	**23**	**39**	**110**
Increase in provisions		3	1	4	3	3	6	**10**
Reversal of used provisions		(2)	(2)	(4)	(3)		(3)	**(7)**
Reversal of unused provisions		(1)	(1)	(2)	(1)	(2)	(3)	(5)
Currency translation adjustments and other	(1)			(1)	1	(1)	0	**(1)**
As at June 30, 2011	**8**	**53**	**7**	**68**	**16**	**23**	**39**	**107**

(1) In application of Amendment to IAS 19, actuarial losses before tax recognized in equity (see Consolidated statement of changes in shareholders' equity) amounted to €0.4 million as at June 30, 2011. These amounts are shown on the "Currency translation adjustments and other" line item of the above table.

(2) Further to the reorganization of the Group carried out in 2003, vacant premises have been provided for. As at June 30, 2011, the related leases had residual lives of up to 2.5 years.

(3) The litigation with former managers is fully described in note 5.2.30 of the 2010 annual report. The related residual provision amounted to €1.1 million as at June 30, 2011.

5.2.6. Accounting for stock option plans

➢ Plans for Havas SA shares

The table below summarizes all operations relating to stock options:

	06.30.11		12.31.10	
	Number of options	**Weighted unit exercise price in €**	**Number of options**	**Weighted unit exercise price in €**
Number of outstanding options at beginning of period	**30 843 576**	**3,82**	**33 125 626**	**3,80**
Exercised	(555 000)	3,82	(649 146)	2,59
Cancelled			(1 632 904)	3,75
Number of outstanding options at end of period	**30 288 576**	**3,82**	**30 843 576**	**3,82**
Number of exercisable options at end of period	**30 288 576**	**3,82**	**30 843 576**	**3,82**

5.2.7. Callable subscription and/or acquisition warrants (*BSAARs*)

➢ 2006 BSAAR

The associated callable subscription and/or acquisition warrants (*BSAAR*) to the bonds (*OBSAAR*) issued in December 2006 were bought by managers and directors of Havas to whom they were offered for a unit price of €0.34 which was approved by an independent expert. Nevertheless, this value was different from the option value determined according to IFRS 2. The difference between these two values represented an expense to be allocated as compensation over the vesting period.
The BSAARs were not transferable prior to November 30, 2010. The BSAAR holders have undertaken to dispose of their BSAARs to Havas SA whenever they leave the Group prior to the date when the BSAARs become exercisable, for their purchase price.
BSAARs have been exercisable at any time since December 1, 2010. This date corresponded to the date of the BSAAR admission on the Eurolist of Euronext Paris SA stock market, until December 1, 2013. Each BSAAR gives the right to subscribe or buy a new or existing Havas SA share for €4.3.

➢ 2008 BSAAR

The associated callable subscription and/or acquisition warrants (*BSAAR*) to the bonds (*OBSAAR*) issued in February 2008 are similar to those associated to the 2006 OBSAARs both in implementation procedure and accounting method. The unit price of each BSAAR is €0.34. The difference between the option value and the BSAAR price represents an expense to be allocated as compensation over the vesting period. The expense amounted to €0.2 million for the first half of both 2011 and 2010.
The BSAARs are not transferable prior to the date of their admission on the Eurolist of Euronext Paris SA stock market expected on February 8, 2012.
BSAARs will become exercisable at any time from that date until the 7th anniversary of their issuance. Each BSAAR will give the right to subscribe or buy a new or existing Havas SA share for €3.85.

5.2.8. Income tax expense

(in euro million)	1st Half 2011	1st Half 2010
Income of fully consolidated companies before tax	71	66
Income tax expense	(16)	(16)
Actual income tax rate	**23%**	**25%**

5.2.9. Compensation

(in euro million)	1st Half 2011	1st Half 2010
Personnel costs	(471)	(450)
Equity-settled stock option expense		(1)
Total	**(471)**	**(451)**

5.2.10. Other expenses and income from operations

(in euro million)	1st Half 2011	1st Half 2010
Expenses	**(208)**	**(200)**
Amortization and depreciation	(18)	(18)
Other expenses	(190)	(182)
Income	**9**	**6**
Other income	9	6
Total	**(199)**	**(194)**

5.2.11. Other operating expenses and income

(in euro million)	1st Half 2011	1st Half 2010
Other operating expenses	**(13)**	**(3)**
Litigations with managers, and risk in operations	(13)	(3)
Other operating income	**3**	**0**
Other	3	
Total	**(10)**	**(3)**

Significant and non-recurring expenses generated by unusual reduction of activities and litigations are included in the “Other operating expenses” line item in order to highlight the performance of operations. The settlement of certain former litigations and further restructuring have generated total unusual expenses of €9.0 million in the first half of 2011.
The “Other operating income” line item includes adjustments to earn-out obligations in application of standard IFRS 3R.

5.2.12. Operating segments

All Group businesses present identical characteristics and complement each other. They are run on the same economic model. For several years, the operating structure of Havas has been organized to offer each client a wide range of communication consulting services including traditional advertising, media expertise and digital.
As a result, internal reporting is based on an analysis of the various activities by geographical zone, permitting comparability over time. The scope of operations is adjusted to reflect changes in management and expected synergies.

- **1st Half 2011**

(in euro million)	France	Europe	United-Kingdom	North America	Other	Eliminations	Total
Consolidated income statement line items							
Revenue							
Revenue from external customers	160	160	87	252	106	0	765
Revenue from transactions with other segments	2					(2)	0
Total Revenue	**162**	**160**	**87**	**252**	**106**	**(2)**	**765**
Income from operations	**21**	**18**	**9**	**38**	**9**		**95**
Other operating expenses and income	(3)	(4)		(1)	(2)		(10)
Amortization and depreciation	(4)	(5)	(1)	(6)	(2)		(18)

- **1st Half 2010**

(in euro million)	France	Europe	United-Kingdom	North America	Other	Eliminations	Total
Consolidated income statement line items							
Revenue							
Revenue from external customers	156	158	85	245	86	(1)	729
Revenue from transactions with other segments	2		1			(3)	0
Total Revenue	**158**	**158**	**86**	**245**	**86**	**(4)**	**729**
Income from operations	**15**	**19**	**10**	**37**	**3**		**84**
Other operating expenses and income		(2)	(1)				(3)
Amortization and depreciation	(3)	(5)	(1)	(7)	(2)		(18)

5.2.13. Net financial expense

The table below details net financial expense for the first half of both 2011 and 2010:

(in euro million)	1st Half 2011	1st Half 2010
Interest income	**7**	**3**
Cost of debt	**(20)**	**(18)**
-Bonds (see. note 5.2.4.2)	(8)	(8)
-OBSAARs	(8)	(7)
-Other	(4)	(3)
Other financial expenses and income	**(1)**	**0**
Exchange gains and (losses)	(1)	1
Other		(1)
Net financial expense	**(14)**	**(15)**

5.2.14. Earnings per share

	1st Half 2011	1st Half 2010
Net income, Group share, in euro million	53	49
Number of weighted outstanding shares, in thousands	430 927	430 205
Net income, Group share, basic earnings per share, in euro	**0.12**	**0.11**
Impact of dilutive instruments (options)		
Number of options, in thousands	585	231
March 2003 stock option plan	179	231
July 2003 stock option plan	12	
October 2006 stock option plan	394	
Net income adjusted to dilutive instrument impact, Group share, in euro million	53	49
Diluted number of shares, in thousands	431 512	430 436
Net income, Group share, diluted earnings per share, in euro	**0.12**	**0.11**

The outstanding number of subscription or purchase options and BSAARs amounted to 79,511,481 and 82,283,231 as at June 30, 2011 and June 30, 2010, respectively.
Only 585,266 stock share equivalents have been taken into account for the calculation of diluted earnings per share for the first half of 2011, since the remaining options are out of the money.

5.2.15. Related party transactions

The Group did not enter into any significant new transactions with related parties in the first half of either 2011 or 2010. The operating transactions with entities controlled by the members of the families of Alfonso Rodés Vilà, Deputy CEO of Havas and Chief Executive Officer of Havas Media, of Leopoldo Rodés Castañe, a director of Havas SA, and with the Bolloré Group were carried out at market value and were fully described in the notes to the financial statements in the 2010 annual report.

5.2.16. Contractual and off balance sheet commitments

➢ Le Madone – real estate commitment

On March 18, 2011, UBS REALESTATE KAPITALANLAGEGESELLSCHAFT MBH entered into a real estate lease agreement with Havas SA in connection with "Le Madone", a building located in Puteaux, for the period commencing on November 1, 2011 and ending on April 30, 2022.
On July 22, 2011, this company also undertook unilaterally to sell the property to Havas SA for €152 million. This commitment is valid until November 2011.

5.2.17. Events after the balance sheet date

➢ Investment

In July 2011, Havas acquired a majority stake in Host, the largest independent creative agency in Australia, aiming to enhance operations in Asia-Pacific.

Founded in 2000 by Anthony Freedman, Host employs 120 professionals and works alongside two other complementary businesses: PR agency One Green Bean and brand incubator Rainy Day Industries.

Host, which will now be able to expand with the support of the Havas Worldwide network, will maintain its current name and continue to operate under the leadership of its existing management team.

➢ Agreements with Mr. Fernando Rodés and the Rodés family

During the Board of Directors meeting on March 8, 2011, Mr. Fernando Rodés has submitted his resignation as CEO of Havas and as a member of the Board of Directors. He expressed his desire to give a new direction to his personal and family entrepreneurial activities while maintaining a close association with the development of the Group in the Iberian area and Latin America.

In view of his crucial role in media activities, Havas has intended to pursue this collaboration. For this purpose, Havas Management España entered into a service agreement with Mr. Fernando Rodés on July 28, 2011, for five years commencing on August 31, 2011. In order to maintain Havas' businesses in particular in the Iberian area and Latin America, this agreement provides for annual compensation of €166,667 and profit-sharing of 12.5% based on the increment value of media activity over five years in these same regions, capped at the sum of €24 million less 12.5% of the dividends paid to Havas by the holding company of these regions.

In addition, a non-compete clause was signed for a three-year-period, providing for an annual indemnity of €666,666.

IV. Statutory Auditor's review report on the first half-year financial information 2011

Statutory Auditor's Review report on the first half-year financial information 2011
Company Havas

Period from January 1, 2011 to June 30, 2011

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report includes information relating to the specific verification of information presented in the Group's interim management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

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

- the review of the accompanying condensed half-year consolidated financial statements of **HAVAS**, for the six months ended June 30, 2011,
- the verification of information contained in the interim management report.

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

1 Conclusion on the financial statements

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

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

2 Specific verification

We have also verified the information presented in the interim management report commenting the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Paris and Neuilly-sur-Seine, August 30, 2011

The Statutory Auditors

AEG Finances Member of Grant Thornton International	**Constantin Associés**
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