

Interim statement 2000

A E G I S

Unaudited interim statement

six months ended 30 June 2000

PRESS RELEASE*Embargoed until 7.00 a.m., Tuesday 12 September 2000***Underlying results***

£ millions	Six months	Six months	Reported	Constant
	ended	ended		
	30 June 2000	30 June 1999	Increase	Increase
Turnover	£2,796.0	£2,260.1	24%	31%
Revenue	£212.4	£129.5	64%	73%
Gross profit	£173.1	£123.3	40%	48%
Operating profit*	£36.8	£28.6	29%	39%
Pre-tax profit*	£34.7	£29.1	19%	28%

* Underlying results exclude amortisation of goodwill and profit on disposal of an associated undertaking.

- **Continued strong new business performance, with net wins of US \$1,031 million in annualised billings (1999 \$806 million).**
- **Gross margins rise from 5.5% to 6.2%.**
- **Continued strong operating cash flow generation.**
- **Underlying diluted earnings per share increases 9% to 2.2p (17% on constant currency).**
- **Interim dividend up 15% to 0.46p (1999: 0.4p).**
- **Establishment of Carat Interactive as a pan-European and US brand in interactive media planning and buying.**
- **eVerger, our interactive venture capital joint venture, makes investments of over \$22 million.**

Unaudited interim statement

six months ended 30 June 2000

Underlying unaudited consolidated profit and loss account and other financial highlights*

	Six months ended 30 June 2000	Six months ended 30 June 1999	Reported increase	Constant currency increase
<i>Underlying results</i>				
Turnover	£2,796.0m	£2,260.1m	24%	31%
Revenue	£212.4m	£129.5m	64%	73%
Gross profit	£173.1m	£123.3m	40%	48%
<i>% Gross profit to turnover</i>	6.2%	5.5%		
Operating profit*	£36.8m	£28.6m	29%	39%
<i>% Operating profit* to gross profit</i>	21%	23%		
Net interest (payable)/receivable	£(2.0)m	£0.5m		
Profit before tax*	£34.7m	£29.1m	19%	28%
Taxation	£(10.2)m	£(8.4)m	21%	34%
<i>Effective tax rate</i>	29.5%	28.9%		
Minority interest	£(0.4)m	£(0.8)m		
Profit for the financial period*	£24.1m	£19.9m	21%	29%
<i>Shareholder returns</i>				
Earnings per share – underlying*				
– basic	2.2p	2.0p	9%	17%
– diluted	2.2p	2.0p	9%	17%
Ordinary dividend per share	0.46p	0.4p	15%	15%
<i>Cash flow</i>				
Operating cash flow	£35.2m	£27.5m	28%	38%
<i>% Operating cash flow to operating profit</i>	103%	98%		
Net indebtedness at period end	£62.7m	£25.5m		

* Underlying profits exclude amortisation of goodwill and profit on disposal of an associated undertaking.

Commenting on the results, Aegis's Chief Executive Doug Flynn said:

“The Group continues to achieve strong growth. Net new business is again at an all time high. The Group now has a clear strategy on the internet with the formation of Carat Interactive in Europe and the US and the establishment of eVerger.

We are pleased with the current momentum of the business and the full year should show continued satisfactory growth.”

Notes to editors:

Aegis is listed on the London Stock Exchange with a market capitalisation of approximately £2.0 billion and is the holding company for Carat, Market Facts and AMI. In 1999, Carat had net billings of approximately US\$10.3 billion and Market Facts/AMI had annualised revenue of US\$197 million.

More information is available at { HYPERLINK <http://www.aegispplc.com> }, { HYPERLINK <http://www.marketfacts.com> } and { HYPERLINK <http://www.ami-group.com> }.

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Unaudited interim statement

six months ended 30 June 2000

Financial Dynamics

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Statement from the Chairman and Chief Executive Officer

Results for the first six months of 2000 demonstrate continued strong growth. Net new business is again at a record high. The Group is continuing to expand its service capabilities and is investing into internet-related activities both internally and via eVerger.

Financial Results

During the first half of 2000, the Group's operations continued to perform strongly and, despite the significant fall in the Euro, the Group's major trading currency, good growth was achieved across the network. Turnover of £2,796.0 million showed a 24% improvement over the corresponding period, which is well ahead of the estimated global market growth for 2000 of 8%. On a constant currency basis, turnover would have increased by 31%.

Our revenues for the period were £212.4 million compared with £129.5 million last year, a 64% increase reflecting the growth of the business and the impact of our entry into market research.

Gross profit of £173.1 million rose by 40% (48% on a constant currency basis), reflecting both increased volumes and an improvement in margin. The margin for the first half year was 6.2%, compared with 5.5% in the first half of 1999, mainly due to the impact of our acquisitions in market research.

Underlying operating expenses of £136.3 million grew slightly faster than gross profit, with a 44% increase over 1999. This is mainly due to the Group's increased investment in new operations, training, marketing and new interactive communications systems, a significant proportion of which is immediately expensed. This additional expenditure, together with the effect of the adverse foreign currency change on our mix of profits, reduced the Group's underlying operating margin for the first half of the year to 21%, compared with 23% in 1999.

Operating cashflow was 103% of operating profits (1999: 98%). The group continues to follow its programme of acquisition, with a net cash outflow of £56.9 million on current and prior period acquisitions. Net debt at 30 June 2000 increased to £62.7 million compared with £15.1 million at 31 December 1999. Net interest payable, excluding the amortisation of refinancing costs, now stands at £1.9 million compared with £0.7 million receivable in the first half of 1999.

Overall, underlying profit before tax (excluding amortisation of goodwill and exceptional items) increased to £34.7 million compared with last half year's £29.1 million, a 19% improvement. If our 1999 results were restated at 2000 average exchange rates, the underlying profit would have increased by 28%. Tax has been provided at the estimated full year rate of 29.5% based on profit before amortisation of goodwill.

The Group's basic and diluted underlying earnings per share of 2.2 pence are up by 9% from 2.0 pence in the first half of 1999. On a constant currency basis, the underlying earnings per share would have risen by 17%.

Dividends

An interim dividend of 0.46 pence per ordinary share, an increase of 15% versus last year, has been declared by the Board of Directors.

Statement from the Chairman and Chief Executive Officer

Media communications

We are continuing to forecast quite solid global advertising growth for 2000 of around 8%. The Group continues to outperform the market with Group turnover rising on a constant currency basis by 31%. On a reported basis turnover in North America has increased by 94% against the first half of 1999, with European turnover up by 12%.

The Group produced an excellent new business performance. In the first half we achieved net annualised new business billings worth US\$1,031 million, a 28% rise over the corresponding, strong period last year reflecting the quality of the Group's services and its international presence.

North America contributed \$335 million of net annualised new business billings (1999: \$500 million) including Radio Shack, Lifetime Television Network and Echostar.

In Europe, new business wins were at a record high at \$654 million (1999: \$295 million) with network wins of Lycos and BMG contributing to a strong performance this half year. New accounts include Fimatex and @VISO in France, Tiny Computers, BMW and Bank of Scotland in the UK, Hagebau and Deutsche Postbank in Germany and Piaggio and Unicredito in Italy. All our operations in Europe are performing well and our Central and Eastern European network continues to develop successfully.

We continue to develop our Asia Pacific network with the acquisition of a 50% interest of Sila, with nine offices in mainland China, the establishment of a 50:50 joint venture in Taiwan and we have opened an office in Singapore. In addition, we were able to announce in August the acquisition of an initial 75% interest in Strategic Planners International in Japan and 100% interest in Strategic Media in New Zealand. We are now close to completing our network in Asia Pacific with operations in 11 territories.

In Latin America, we have purchased the outstanding 49% interest in Carat Fax in Argentina and we have opened an office in Chile. We intend to expand our presence in other key strategic markets in the region over the course of the next 18 months.

Market research

The revenue for the Group's market research business in the first half of 2000 was £64.3 million, representing 30% of the Group's total.

Market Facts continues to grow in line with expectations. The Group further extended its service capability in North America this year by the acquisition of Motoresearch on 12 January 2000, a business servicing the automotive industry. Furthermore, the Group is making significant investment in its data collection capabilities via the internet, which will start to bring in new revenue streams towards the end of this year.

On 7 March 2000, we announced the purchase of a 100% interest in Asia Market Intelligence ("AMI"), based in Hong Kong. AMI has operations in China, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand and is the second largest custom research network in the region. Our acquisition of AMI represents an important step in the development of our global research capabilities.

The Group is continuing to focus its efforts in expanding its service capabilities into Europe. However, the Group is no longer proceeding with its proposed acquisition of a 35% stake in Ipsos

Statement from the Chairman and Chief Executive Officer

SA's European access panels.

Statement from the Chairman and Chief Executive Officer

Development of Internet capabilities

The Group has drawn together its internet activities into a new brand called Carat Interactive. Carat Interactive Europe is now the largest buyer of interactive media space in Europe with an estimated 15% market share. We have now also established Carat Interactive in the US, headquartered in Boston, and we expect to make significant further investment in this business over the next year.

We are investing in new interactive communications systems across the group to support both internal and client facing technologies to improve efficiency and quality of service to our clients.

eVerger, our 50:50 joint venture with Warburg, Pincus was established in April this year to make early stage investments in eMarketing services and enabling technologies. Aegis and Warburg, Pincus have made an initial joint commitment of US\$100 million. eVerger has completed its first investment and has agreed in principle to investments in three further businesses. The investments committed amount in total to over \$22 million. The investments encompass brand effectiveness measurement, online media planning and buying technology, email marketing and web site useability testing. All these businesses offer potential long term synergies with our existing businesses, in line with eVerger's strategy. Negotiations and investigations are underway on a further four investments.

The Future

We are pleased with the results for the first six months and with the current momentum in the business. Our media businesses are expected to show the benefits of their new business as it flows through, and market research is expected to make a good contribution in its seasonally stronger second half year. The full year should therefore represent another year of continued satisfactory progress. We remain confident that the Group can take advantage of the long-term opportunities for growth for both its media communications operations and its research operations.

We would also like to thank all the staff for their hard work and dedication in achieving these results.

Lord Sharman
Chairman

Douglas Flynn
Chief Executive Officer

12 September 2000

Unaudited consolidated profit and loss account

for the six months ended 30 June 2000

	Notes	Six months ended 30 June 2000 £'m	Six months ended 30 June 2000 £'m	Six months ended 30 June 1999 £'m	Year ended 31 December 1999 £'m
Turnover:					
– continuing operations			2,763.2	2,220.9	4,642.4
– acquisitions			32.8	39.2	149.4
Turnover	2		2,796.0	2,260.1	4,791.8
Cost of sales – payments to the media		(2,583.6)	(2,583.6)	(2,130.6)	(4,468.3)
Revenue			212.4	129.5	323.5
Cost of sales – other direct costs		(39.3)	(39.3)	(6.2)	(41.8)
Cost of sales – total		(2,622.9)			
Gross profit			173.1	123.3	281.7
Operating expenses before amortisation of goodwill		(136.3)		(94.7)	(215.3)
Amortisation of goodwill	1,8	(2.5)		(0.5)	(1.9)
Operating expenses			(138.8)	(95.2)	(217.2)
Group operating profit:					
– continuing operations		33.4		26.3	54.5
– acquisitions		0.9		1.8	10.0
Group operating profit			34.3	28.1	64.5
Group share of operating (loss) / profit in associated undertakings			(0.1)	—	0.2
Profit on disposal of an associated undertaking	3		—	1.3	4.6
Interest and similar items:					
– interest receivable		3.4		3.0	5.1
– interest payable	4	(5.3)		(2.3)	(6.7)
– amortisation of refinancing costs	4	(0.1)		(0.2)	(0.4)
Net interest (payable)/receivable			(2.0)	0.5	(2.0)
Profit on ordinary activities before taxation	2		32.2	29.9	67.3
Tax on profit on ordinary activities	5		(10.2)	(8.4)	(18.7)
Profit on ordinary activities after taxation			22.0	21.5	48.6
Equity minority interests			(0.4)	(0.8)	(1.6)
Profit attributable to members of the parent company			21.6	20.7	47.0
Ordinary dividends	6		(5.0)	(4.3)	(10.8)
Retained profit for the financial period			16.6	16.4	36.2
Earnings per ordinary share:					
Basic	7		2.0p	2.1p	4.6p
Underlying basic earnings per share			2.2p	2.0p	4.3p
Underlying diluted earnings per share			2.2p	2.0p	4.2p
Diluted			1.9p	2.1p	4.4p

As detailed in note 7, underlying earnings exclude amortisation of goodwill and exceptional profit realised on disposal of an associated undertaking (see note 3) in order to eliminate the effect of these distorting items.

Unaudited consolidated statement of total recognised gains and losses

for the six months ended 30 June 2000

	Six months ended 30 June 2000 £'m	Six months ended 30 June 1999 £'m	Year ended 31 December 1999 £'m
Profit for the financial period	21.6	20.7	47.0
Currency translation differences on foreign currency net investments	(9.1)	(7.4)	(5.7)
Total recognised profit for the financial period	12.5	13.3	41.3

Unaudited consolidated reconciliation of movements in equity shareholders' funds

for the six months ended 30 June 2000

	Six months ended 30 June 2000 £'m	Six months ended 30 June 1999 £'m	Year ended 31 December 1999 £'m
Profit for the financial period	21.6	20.7	47.0
Ordinary dividends	(5.0)	(4.3)	(10.8)
	16.6	16.4	36.2
Issue of shares by the Company (net of expenses)	1.1	120.9	128.4
Goodwill written back	—	1.4	1.3
Currency translation differences on foreign currency net investments	(9.1)	(7.4)	(5.7)
Net increase in equity shareholders' funds	8.6	131.3	160.2
Opening equity shareholders' funds	97.1	(63.1)	(63.1)
Closing equity shareholders' funds	105.7	68.2	97.1

Unaudited note of historical cost profits and losses

for the six months ended 30 June 2000

There is no material difference between the reported results for the six months ended 30 June 2000 and 1999 and the year ended 31 December 1999 and the results for those periods restated on an unmodified historical cost basis.

Unaudited consolidated balance sheet

at 30 June 2000

	Notes	30 June 2000 £'m	30 June 1999 £'m	31 December 1999 £'m
Fixed assets				
Intangible assets	1,8	320.7	222.7	242.2
Tangible assets		36.0	29.8	30.4
Investments in associated undertakings		7.4	0.6	0.4
Other fixed asset investments		2.9	2.9	2.7
		367.0	256.0	275.7
Current assets				
Debtors		925.2	724.3	831.9
Stock: work in progress		11.2	16.0	9.0
Investments		—	0.6	—
Cash at bank and in hand		85.7	98.0	91.5
		1,022.1	838.9	932.4
Creditors: amounts falling due within one year		(1,132.9)	(991.4)	(997.1)
Net current liabilities		(110.8)	(152.5)	(64.7)
Total assets less current liabilities		256.2	103.5	211.0
Creditors: amounts falling due after more than one year		(149.0)	(31.7)	(110.0)
Net assets		107.2	71.8	101.0
Capital and reserves				
Issued, allotted, called up and fully paid share capital	9	54.0	52.9	53.9
Share premium account	9	182.3	174.8	181.3
Capital redemption reserve	9	0.2	0.2	0.2
Profit and loss account	9	(130.8)	(159.7)	(138.3)
Equity shareholders' funds		105.7	68.2	97.1
Equity minority interests		1.5	3.6	3.9
Total capital employed		107.2	71.8	101.0

Douglas Flynn (Director)

Jeremy Hicks (Director)

12 September 2000

Unaudited consolidated cash flow statement

for the six months ended 30 June 2000

	Six months ended 30 June 2000 £'m	Six months ended 30 June 1999 £'m	Year ended 31 December 1999 £'m
Net cash flow from operating activities	35.2	27.5	76.3
Returns on investments and servicing of finance			
Interest received	3.2	3.0	5.1
Interest paid	(4.3)	(2.3)	(6.7)
Interest element of finance lease rental payments	—	—	(0.1)
Issue costs for new unsecured loan	—	—	(1.2)
Dividends paid to minority interests	(0.3)	(0.6)	(0.7)
Net cash outflow for returns on investments and servicing of finance	(1.4)	0.1	(3.6)
Taxation	(6.0)	(4.0)	(12.6)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(9.0)	(4.3)	(13.1)
Sale of tangible fixed assets	0.6	0.3	0.7
Sale of investments	—	0.8	0.8
Net cash flow for capital expenditure and financial investment	(8.4)	(3.2)	(11.6)
Acquisitions and disposals			
Purchase of subsidiary undertakings and minority interests (note 8)	(37.1)	(186.7)	(205.2)
Cash acquired on purchase of subsidiary undertakings (note 8)	3.1	0.9	1.6
Investment in associated undertakings (note 8)	(9.8)	—	—
Sale of associated undertakings (a)	—	6.2	6.2
Deferred consideration on prior period acquisitions	(13.1)	(11.5)	(12.5)
Net cash flow for acquisitions and disposals	(56.9)	(191.1)	(209.9)
Equity dividends paid	(6.5)	(4.8)	(9.1)
Cash flow before use of liquid resources and financing	(44.0)	(175.5)	(170.5)
Management of liquid resources (b)			
Purchase of short-term equity-indexed notes	—	(0.6)	—
Sale of short-term equity-indexed notes	—	0.1	0.1
Net cash flow for management of liquid resources	—	(0.5)	0.1
Financing			
Issue of ordinary share capital	1.1	122.9	128.4
New unsecured loans	7.5	66.4	79.7
Repayment of secured loan	—	—	(18.4)
Capital element of finance lease rental payments	—	(0.2)	(0.3)
Net cash flow from financing	8.6	189.1	189.4
(Decrease) / increase in cash in the period	(35.4)	13.1	19.0

(a) Sale of associated undertakings in the six months ended 30 June 1999 represents proceeds realised on disposal of the Group's shareholding in Consodata SA (note 3).

(b) Readily disposable short-term investments and deposits which are not repayable on demand without penalty are reported as liquid resources in the cash flow statement.

Notes to this unaudited consolidated cash flow statement are provided overleaf.

Notes to the unaudited consolidated cash flow statement

for the six months ended 30 June 2000

	Six months ended 30 June 2000 £'m	Six months ended 30 June 1999 £'m	Year ended 31 December 1999 £'m
Reconciliation of operating profit to operating cash flow			
Group operating profit	34.3	28.1	64.5
Amortisation of goodwill	2.5	0.5	1.9
Depreciation charges	5.7	3.2	8.1
Loss / (profit) on disposal of tangible fixed assets	0.1	(0.1)	0.1
Loss on disposal of other fixed asset investments	0.1	—	0.2
Increase in debtors	(88.3)	(18.3)	(117.3)
(Increase) / decrease in work in progress	(0.1)	1.0	7.3
Increase in creditors	80.9	13.1	111.5
Net cash flow from operating activities	35.2	27.5	76.3

Subsidiary undertakings acquired in the period had an operating cash inflow of £1.8 million.

	Six months ended 30 June 2000 £'m	Six months ended 30 June 1999 £'m	Year ended 31 December 1999 £'m
Reconciliation of net cash flow to movement in net debt			
(Decrease) / increase in cash in the period	(35.4)	13.1	19.0
Cash inflow from increase in debt and lease financing	(7.5)	(66.2)	(61.0)
Cash outflow from increase in liquid resources	—	0.6	1.2
Change in net funds resulting from cash flows	(42.9)	(52.5)	(40.8)
Amortisation of refinancing costs	(0.1)	—	(0.2)
Debt and finance lease obligations in subsidiaries acquired in the period	—	(4.3)	(4.0)
Effect of foreign exchange rate changes	(4.6)	(5.6)	(7.0)
Movement in net debt in the period	(47.6)	(62.4)	(52.0)
Net debt at 1 January	(15.1)	36.9	36.9
Net debt at period end	(62.7)	(25.5)	(15.1)

	1 January 2000 £'m	Cash flow £'m	Other non-cash changes £'m	Exchange movement £'m	30 June 2000 £'m
Analysis of net debt					
Cash at bank and in hand	91.5	(8.0)	—	2.2	85.7
Overdrafts	(24.6)	(27.4)	—	(6.5)	(58.5)
	66.9	(35.4)	—	(4.3)	27.2
Debt due within one year	(0.1)	—	—	—	(0.1)
Debt due after more than one year	(82.2)	(7.5)	—	(0.3)	(90.0)
Net debt before finance lease obligations	(15.4)	(42.9)	—	(4.6)	(62.9)
Finance lease obligations	(0.7)	—	—	—	(0.7)
Issue costs of debt	1.0	—	(0.1)	—	0.9
Total	(15.1)	(42.9)	(0.1)	(4.6)	(62.7)

There were no bank loans and overdrafts within subsidiaries acquired in the period.

Notes to the unaudited interim statement

six months ended 30 June 2000

1. Accounting policies

The consolidated interim statement for the six months ended 30 June 2000 has been prepared applying the accounting policies in the Group's 31 December 1999 report and accounts. These statements are unaudited but have been reviewed by the auditors and their report is set out on page 17.

In accordance with Financial Reporting Standard 10, the directors are required to review the estimated useful economic life of goodwill arising on each acquisition and, where this is considered finite, the goodwill is amortised over this period on a straight line basis. In the case of goodwill arising on the acquisition of Market Facts, Inc. in 1999, the directors are of the opinion that the goodwill has an indefinite economic life due to the strength of the brand, its market position, its long-term profitability outlook and Aegis' commitment and proven ability to enhance brand value. The financial statements depart from the specific requirements of companies' legislation to amortise goodwill over a finite period in order to give a true and fair view. If the goodwill on this acquisition had been amortised over 20 years, a further charge of £5.0 million would have been incurred in the six months ended 30 June 2000 results (£10.0 million on an annualised basis).

2. Analysis of turnover and profit on ordinary activities before taxation

The Group operates in two business sectors: media communications and market research. An analysis of turnover by geographical area is set out below:

	Six months ended 30 June 2000 £'m	Six months ended 30 June 1999 £'m	Year ended 31 December 1999 £'m
Europe	2,127.1	1,895.9	3,788.9
North America	581.6	300.1	855.4
Rest of the World	87.3	64.1	147.5
Total turnover	2,796.0	2,260.1	4,791.8
An analysis by business sector is set out below:			
Media communications	2,731.7	2,250.5	4,724.1
Market research	64.3	9.6	67.7
Total turnover	2,796.0	2,260.1	4,791.8

There is no material difference between turnover determined by origin and that determined by destination.

Notes to the unaudited interim statement

six months ended 30 June 2000

2. Analysis of turnover and profit on ordinary activities before taxation (continued)

A further analysis of operating profit by geographical area is set out below:

	Six months ended 30 June 2000 £'m	Six months ended 30 June 1999 £'m	Year ended 31 December 1999 £'m
Europe	26.7	25.4	51.5
North America	7.8	3.2	13.6
Rest of the World	2.3	-	1.3
Total operating profit (before goodwill amortisation)	36.8	28.6	66.4

An analysis by business sector is set out below:

Media communications	31.6	27.6	58.2
Market research	5.2	1.0	8.2
Total operating profit (before goodwill amortisation)	36.8	28.6	66.4
Group share of operating (loss) / profit in associated undertakings	(0.1)	—	0.2
Net interest (payable) / receivable	(2.0)	0.5	(2.0)
Underlying profit on ordinary activities before taxation	34.7	29.1	64.6
Amortisation of goodwill	(2.5)	(0.5)	(1.9)
Profit on disposal of an associated undertaking	—	1.3	4.6
Profit on ordinary activities before taxation	32.2	29.9	67.3

3. Profit on sale of an associated undertaking

On 18 January 1999, the Group disposed of its 46.82% interest in the Consodata Group based in France for £6.2 million to the existing management and to Alpha, an investment company. The Group realised a profit on disposal of £1.3 million in the six months ended 30 June 1999 and, after receiving repayment of a loan granted as part of the sale agreement, realised a total profit in the year ended 31 December 1999 of £4.6 million. Due to the availability of brought forward losses, there was no tax payable on this gain.

4. Interest payable and similar charges

	Six months ended 30 June 2000 £'m	Six months ended 30 June 1999 £'m	Year ended 31 December 1999 £'m
Interest payable:			
On bank loans and overdrafts	3.9	1.2	4.7
On other loans	0.3	0.3	0.8
Interest payable under finance lease and hire purchase contracts	—	—	0.1
Other charges	1.1	0.8	1.1
	5.3	2.3	6.7
Amortisation of refinancing costs	0.1	0.2	0.4
	5.4	2.5	7.1

Notes to the unaudited interim statement

six months ended 30 June 2000

5. Tax on profit on ordinary activities

The tax charge of £10.2 million for the six months ended 30 June 2000 is based on the estimated effective rate for the full year of 29.5% based on profits before amortisation of goodwill (six months ended 30 June 1999: 28.9% and year ended 31 December 1999: 28.9% on underlying profit). As disclosed in note 3 above, there was no tax arising on the profit on disposal of the Group's 46.82% shareholding in Consodata SA during the six months ended 30 June 1999.

6. Dividends

	Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 December 1999
Ordinary shares of 5p each			
Dividend rate per share	0.46p	0.4p	1.0p
Dividend for ordinary shares	£5.0m	£4.3m	£10.8m

The interim dividend will be paid on 6 October 2000 to all ordinary shareholders on the register at 22 September 2000.

7. Earnings per ordinary share

	Six months ended 30 June 2000	Six months ended 30 June 1999	Year ended 31 December 1999
Earnings per ordinary share is calculated as follows:			
Basic			
Profit for the period	£21.6m	£20.7m	£47.0m
Underlying profit for the period	£24.1m	£19.9m	£44.3m
Weighted average number of ordinary shares in issue	1,079.4m	973.7m	1,019.2m
Basic earnings per share	2.0p	2.1p	4.6p
Underlying basic earnings per share	2.2p	2.0p	4.3p
Diluted			
Profit for the period	£21.6m	£20.7m	£47.0m
Underlying profit for the period	£24.1m	£19.9m	£44.3m
Weighted average number of dilutive securities: options	39.5m	35.4m	38.0m
Weighted average number of ordinary shares in issue and the weighted average number of dilutive securities	1,118.9m	1,009.1m	1,057.2m
Diluted earnings per share	1.9p	2.1p	4.4p
Underlying diluted earnings per share	2.2p	2.0p	4.2p

The calculation of basic and diluted earnings per share is based on profit after tax and minority interests.

At 30 June 2000, there were 1,080.8 million ordinary shares in issue and 95.5 million options outstanding. The total proceeds that would be received on exercise of the outstanding options at 30 June 2000 is £109.9 million. Underlying profits are calculated by adding back the following in order to eliminate the effect of these distorting items:

	Six months ended 30 June 2000 £'m	Six months ended 30 June 1999 £'m	Year ended 31 December 1999 £'m
Amortisation of goodwill	(2.5)	(0.5)	(1.9)
Profit on disposal of an associated undertaking (note 3)	—	1.3	4.6
Total	(2.5)	0.8	2.7

Notes to the unaudited interim statement

six months ended 30 June 2000

8. Goodwill on acquisitions

During the period, the Group acquired subsidiaries and associated undertakings (all acquisition accounted for) as detailed below:

Net assets/(liabilities) acquired:	Book value	Accounting	Other		Fair value of
	acquired	policy	adjustments		net assets
	£'m	alignment			£'m
		£'m			
Tangible fixed assets	1.7	—	—		1.7
Debtors	12.5	(0.3)	(a)	(0.8)	11.4
Stock: work in progress	0.7	1.4	(a)	—	2.1
Cash at bank and in hand	3.1	—	—		3.1
Creditors	(10.2)	(1.4)	(a)	—	(11.6)
Minority interest acquired	2.8	—	—		2.8
Share of associates net liabilities acquired	(1.3)	—	—		(1.3)
	9.3	(0.3)	(0.8)		8.2
Goodwill capitalised in the year					81.0
					89.2
Satisfied by:					
Cash consideration paid on acquisition of subsidiary undertakings					36.6
Cash consideration on acquisition of associated undertakings*					2.2
Direct costs of acquisition (£0.5m paid at 30 June 2000)					1.1
Deferred consideration (note 10)					49.3
					89.2

* In addition to the payments for interests in associated undertakings disclosed above, the Group made capital contributions in the period of £6.6 million to eVerger and £1.0 million to Carat Taiwan.

Provisional adjustments have been made as follows:

- The accounting policy for revenue recognition for Motoresearch, Inc. has been amended to recognise revenue only on completion of a project or on the satisfactory completion of a specific phase of a project. The net effect is to reduce the net assets acquired by £0.3 million
- Provisions for potentially doubtful debts have been made for Motoresearch, Inc. of £0.1 million and £0.7 million for Asia Market Intelligence (Holding) Limited.

Further details on the acquisitions in the period are set out below:

Media Consultant SA

On 7 January 2000, the Group acquired a 25% interest in Media Consultant SA, based in Paris, France for which the Group paid initial cash consideration of £0.1 million. On 1 July 2000, the Group acquired the remaining 75% interest in Media Consultant for consideration of £0.4 million with contingent deferred consideration payable in cash on or before 31 March 2005 of up to a further £1.8 million.

Motoresearch, Inc.

On 12 January 2000, the Group acquired a 100% interest in Motoresearch, Inc., a market research company based in Detroit, USA. The initial consideration of £5.3 million was paid in cash on closing; there is also deferred cash consideration of £2.9 million, subject to performance criteria, payable over the next three years.

Ufa Medianet GmbH

On 20 January 2000, the Group acquired a 100% interest in Ufa Medianet GmbH (now renamed Carat Munich), a media agency owned by the Bertelsmann Group and based in Munich. The initial consideration was £0.5 million paid in cash with further deferred cash consideration payable in 2001, based on performance criteria for the first operating year, of a maximum of £0.3 million.

Notes to the unaudited interim statement

six months ended 30 June 2000

Notes to the unaudited interim statement

six months ended 30 June 2000

8. Goodwill on acquisitions (continued)

Carat Taiwan

On 27 January 2000, the Group commenced a 50:50 joint venture with United Advertising based in Taipei, Taiwan for initial consideration of £0.6 million and contingent deferred consideration payable in cash between 2000 and 2002 of a maximum of £0.8 million, subject to performance criteria. In addition, both parties contributed £1.0 million each to the joint venture as share capital.

Carat Fax SA

On 25 February 2000, the Group reached agreement to acquire the remaining 49% interest in Carat Fax SA, based in Buenos Aires, Argentina, for cash consideration of £8.4 million (US\$13.5 million).

Carat Interactive AG

On 1 March 2000, the Group acquired 100% interests in SetStep AG and Ambi Dexter AG, both based in Zurich, Switzerland, merged and renamed Carat Interactive AG. The initial cash consideration of £1.1 million was paid in cash on closing with deferred cash consideration of a maximum of £1.1 million payable in March 2001, subject to performance criteria.

Asia Market Intelligence (Holding) Limited

On 6 March 2000, the Group acquired a 100% interest in Asia Market Intelligence (Holdings) Limited, a market research group based in Hong Kong and with operations in Indonesia, Malaysia, the People's Republic of China, Philippines, Singapore, South Korea, Taiwan and Thailand. The initial consideration was US\$24 million (£15.2 million) paid in cash on closing and contingent deferred consideration payable in cash between 2001 and 2003 of a maximum of US\$56 million consideration, subject to performance criteria.

Applied Information for Marketing, Inc.

On 23 March 2000, the Group acquired a 100% interest in Applied Information for Marketing, Inc based in Connecticut, USA. The initial consideration was £5.6 million and contingent deferred consideration payable in cash between 2000 and 2001 of a maximum of £3.2 million.

Demain Midi SA

On 24 May 2000, the Group acquired a 100% interest in Demain Midi SA located in Marseille, France. The initial consideration was £0.5 million with contingent deferred consideration, due on or before 31 March 2005 of a maximum consideration of £1.4 million, subject to performance criteria.

Carat China

On 12 June 2000, the Group acquired a 50% interest in Sila Communications Group Limited based in China. The initial consideration was £1.5 million paid in cash on closing with further consideration payable of £1.5 million. The Group also has a call option to acquire a further 25% share in the company during 2001 for fixed cash consideration of £ 0.8 million.

CTM SA

On 30 June 2000, the Group acquired a 100% interest in CTM SA, located in Courbevoie, France. An initial consideration of £0.7 million will be paid in September 2000 with contingent deferred consideration due on or before 31 March 2003 of a maximum of £1.7 million, subject to performance criteria.

Norifumi Goddarh SA

On 30 June 2000, the Group acquired a 40% interest in Norifumi Goddarh SA, based in Gimont, France for a nominal amount.

Notes to the unaudited interim statement

six months ended 30 June 2000

9. Reserves

	Share capital £'m	Share premium account £'m	Capital redemption reserve £'m	Profit & loss account £'m
At 1 January 2000	53.9	181.3	0.2	(138.3)
Retained profit for the financial period	—	—	—	16.6
Issue of shares by the Company (net of expenses)	0.1	1.0	—	—
Currency translation differences on foreign currency net investments	—	—	—	(9.1)
At 30 June 2000	54.0	182.3	0.2	(130.8)

Goodwill arising on acquisitions arising up to 31 December 1997 of £563.8 million, which has been written off immediately to reserves, is included within the Profit and Loss account reserve at 30 June 2000.

10. Contingent liabilities and other commitments

Deferred consideration

Deferred consideration, which has been fully provided for in creditors, may be made to the vendors of certain subsidiary undertakings in the years to 2004. Such payments are either fixed under the terms of the acquisition or are contingent on the future financial performance. The directors estimate that, at the rates of exchange ruling at the balance sheet date, the liability at 30 June 2000 for payments that may be due is as follows:

	Six months ended 30 June 2000 £'m	Six months ended 30 June 1999 £'m	Year ended 31 December 1999 £'m
Within one year	24.6	21.0	16.7
Between one and two years	15.6	10.8	8.3
Between two and five years	39.3	8.1	17.4
	79.5	39.9	42.4

All of the contingent payments noted above are dischargeable in cash. The minimum liability is £12.1 million.

Put options held by outstanding minority interests

There are put options exercisable between 2000 and 2004 in respect of Carat companies in France, Germany, Greece, Thailand and the United Kingdom. The value of the put options is based upon the profitability of the individual companies. The directors estimate the value of these contingent liabilities to be approximately £4.3 million, payable in a combination of cash and ordinary shares.

11. Companies Act 1985, section 240

The financial information set out above does not constitute statutory financial statements for the purpose of section 240 of the Companies Act 1985.

The abridged financial statements for the year ended 31 December 1999 are extracted from the financial statements for the period which, together with an unqualified audit report, have been delivered to the Registrar of Companies.

Copies of the interim statement for the six months ended 30 June 2000 are being sent to all shareholders and are also available from the Company's registered office.

Notes to the unaudited interim statement

six months ended 30 June 2000

Aegis Group plc is registered in England and Wales, Number 1403668. Its registered office is at 11A West Halkin Street, London SW1X 8JL.

Independent review report to Aegis Group plc

for the six months ended 30 June 2000

Introduction

We have been instructed by the company to review the financial information set out on pages 6 to 16 and we have read the other information contained in the interim report for any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2000.

PRICEWATERHOUSECOOPERS 

Chartered Accountants

London

12 September 2000