



28 August 2008

Aegis Group plc
Interim results for the six months to 30 June 2008

Best-in-class organic revenue growth of 8.2%; strong double-digit growth in turnover, revenue and profits

FINANCIAL HIGHLIGHTS

- Best-in-class organic revenue growth of 8.2%; Aegis Media and Synovate both ahead of their markets
- Revenue up 21.8% to £607.6m (H1 2007: £499.0m) and up 13.7% on a constant currency basis
- Underlying operating profit up 16.7% on a constant currency basis to £65.0m (H1 2007: £48.6m); group margin ahead at 10.7% (H1 2007: 9.7%)
- Underlying pre-tax profit up 15.4% on a constant currency basis to £56.2m (H1 2007: £41.3m)
- Operating cash flow more than doubled to £93.3m (H1 2007: £45.7m); working capital improvement of £14.7m
- Underlying diluted earnings per share up 13.8% on a constant currency basis to 3.3p (H1 2007: 2.4p); statutory diluted earnings per share up 18.2% to 2.6p (H1 2007: 2.2p)
- Dividend up 14.3% to 0.96p
- Reported results benefited from strength of the Euro (33.0% of group revenue)

STRATEGIC HIGHLIGHTS

- 29% of Aegis Media revenue from digital, up from 26% in 2007, with 3,300 digital staff globally today
- 14 acquisitions made in the period, with a particular focus on fast-growing search engine marketing at Aegis Media and emerging economies at Synovate
- Synovate extends emerging markets footprint with 12 new markets in Latin America and Africa

£m	At reported rates			Constant currency change
	H1 2008	H1 2007	Change	
Turnover	5,332.3	4,435.4	20.2%	11.1%
Revenue	607.6	499.0	21.8%	13.7%
Underlying results*				
▪ operating profit	65.0	48.6	33.7%	16.7%
▪ pre-tax profit	56.2	41.3	36.1%	15.4%
▪ diluted eps	3.3p	2.4p	37.5%	13.8%
Statutory results				
▪ operating profit	56.0	47.3	18.4%	2.9%
▪ pre-tax profit	47.4	40.0	18.5%	0.0%
▪ diluted eps	2.6p	2.2p	18.2%	(0.9)%
Dividend per share	0.96p	0.84p	14.3%	-

Robert Lerwill, ceo of Aegis, said:

“Our financial performance has been good in the first half of 2008. We achieved double-digit growth throughout our income statement with revenue up 13.7%, operating profit up 16.7% and pre-tax profit up 15.4%. Our organic growth remains ahead of the wider industry at 8.2%, and our strategic progress has been good - increasing our footprint in digital and emerging markets and making gains in operational efficiency.

“We achieved these results despite a trading environment that is becoming tougher - with signs of slowing demand, particularly in Spain, the US and the UK. Consequently our revenue outlook for the second half of 2008 is less certain. We anticipate a lower rate of market growth than in the first half and are therefore taking some early steps to tighten our cost base in a number of markets. Nonetheless, we remain confident of delivering a result for the year at the upper end of market expectations.”

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Our interim results presentation will be webcast live today at 09.00 (GMT) and available afterwards for replay and download at www.aegisgroupplc.com.

Reconciliation of underlying to statutory profit before tax

£m	H1 2008	H1 2007	Change	Constant currency change
Underlying profit before tax	56.2	41.3	36.1%	15.4%
Amortisation of purchased intangible assets	(4.2)	(0.6)		
Reorganisation costs	(4.8)	-		
Loss on disposal of subsidiaries	-	(0.7)		
Profit on deemed disposal of part of shareholding in associate	-	2.3		
IAS 39: derivative fair value adjustments	0.2	(2.3)		
Statutory profit before tax	47.4	40.0	18.5%	0.0%
Underlying diluted earnings per share	3.3p	2.4p	37.5%	13.8%
Statutory diluted earnings per share	2.6p	2.2p	18.2%	(0.9)%
Dividend per share	0.96p	0.84p	14.3%	-

* Underlying operating profit, underlying profit before interest and tax, underlying profit before tax, and underlying profit after tax are operating profit, profit before interest and tax, profit before tax, and profit after tax respectively, stated before those items of financial performance that the Group believes should be separately disclosed to assist in the understanding of the underlying performance achieved by the Group and its businesses ("adjusting items"). Such adjusting items are material by nature or amount in the opinion of the directors and may include impairment charges and other exceptional items which are material by nature or amount in the opinion of the directors, including profits and losses on disposals of investments, amortisation of purchased intangible assets, unrealised gains and losses on non-hedge derivative financial instruments, fair value gains and losses on liabilities in respect of put option agreements, and any related tax thereon, as appropriate. Adjusting items may also include specific tax items such as the benefit arising on the reduction of certain tax liabilities in a particular half-year period and deferred tax liabilities for tax deductions taken in respect of goodwill, where a deferred tax liability is recognised even if such a liability would only unwind on the eventual sale or impairment of the business in question.

Adjusting items are classified as operating, non-operating and financing according to the nature of the underlying income or expense.

A full glossary of terms used is included on page 28.

Best-in-class organic revenue growth of 8.2%; strong double-digit growth in turnover, revenue and profits

Aegis delivered a good financial performance in the first half of 2008. We had strong double-digit growth in turnover, revenue, operating profit and pre-tax profit. This growth was driven by a number of factors: another solid organic revenue growth performance; our digital leadership; emerging markets exposure; strategic acquisitions at both Aegis Media and Synovate; and currency movements, particularly the 13% strengthening of the Euro relative to sterling in the period. Currency alone contributed some £366.3m to our reported turnover of £5,332.3m and £35.5m to our revenue of £607.6m. Turnover and revenue were respectively up 20.2% and 21.8% at reported rates and 11.1% and 13.7% on a constant currency basis. Group organic growth of 8.2% was ahead of the wider marketing services sector.

We consider our underlying results on a constant currency basis - excluding adjusting items and the effects of exchange rate movements - to be the most relevant indicator of our overall performance. On this basis we increased operating profit by 16.7% to £65.0m and pre-tax profit by 15.4% to £56.2m. At reported exchange rates those improvements were 33.7% and 36.1% respectively.

This growth in pre-tax profit, along with a lower underlying tax rate of 26.5% (H1 2007: 28.5%) resulted in underlying earnings per share of 3.3p (H1 2008: 2.4p), an increase of 13.8% on a constant currency basis, or 37.5% at reported rates. An interim dividend of 0.96p (H1 2007: 0.84p) will be paid.

Operating cash flow was up 104% at £93.3m (H1 2007: £45.7m) reflecting strong cash and working capital management which resulted in a working capital inflow of £14.7m (H1 2007: outflow of £19.2m) together with the effects of exchange rate movements.

At the same time, we made good progress in the strategic development of both Aegis Media and Synovate. We made 14 acquisitions in the period. We continued to acquire businesses in key disciplines and geographies, such as the fast-growing area of search engine marketing at Aegis Media, and we significantly strengthened our presence in the emerging markets of Latin America and Africa at Synovate, taking the geographic footprint to a total of 63 markets. Emerging markets maintained a 20% revenue contribution - in spite of the strength of the Euro - as a result of their faster organic growth and our acquisitions.

Outlook

We are seeing some signs of slowing demand, particularly in Spain, the US and the UK. Consequently our revenue outlook ahead of the second half of 2008, our seasonally more significant trading period, is less certain. We anticipate a lower rate of market growth than in the first half and are therefore taking some early steps to tighten our cost base in a number of markets. Nonetheless, we remain confident of delivering a result for the year at the upper end of market expectations.

- We have reduced our expectations for 2008 market growth. Carat's latest adspend forecast, issued yesterday, is for growth of 4.9% for the global advertising market in 2008, down from a March forecast of 6.0%. Synovate's forecast for market research industry in 2008 has been lowered to 4.1% from 5.1%;
- Aegis Media's second-half organic revenue growth rate will reflect first half client losses at Carat in the US and weaker market growth. Aegis Media's organic revenue growth is therefore unlikely to continue at the level achieved in the first half;
- Synovate continues to face challenges in US Healthcare but has entered the second-half with a healthy order book;
- We will see continued benefit of acquisitions across the group;
- We expect our operating margins to be broadly flat at Aegis Media on a full-year basis and we will target further operating efficiencies at Synovate;
- Our underlying net interest charge will reflect our continued acquisitions programme;
- We expect an underlying effective tax rate of 26.5% for the year.

Aegis Media

£m	H1 2008	H1 2007	Change	CC change*
Revenue				
EMEA	276.8	216.1	28.1%	15.3%
Americas	77.9	68.1	14.4%	12.7%
Asia Pacific	31.2	22.0	41.8%	30.5%
Worldwide	385.9	306.2	26.0%	15.8%
Underlying operating profit	65.8	51.7	27.3%	12.3%

* Constant currency

Aegis Media delivered a best-in-class first half-performance. Organic revenue was up 10.0% and total revenue of £385.9 (H1 2007: £306.2m) was up 15.8% on a constant currency basis and 26.0% at reported rates. Underlying operating profit of £65.8m (H1 2007: £51.7m) was up 12.3% on a constant currency basis and 27.3% at reported rates. Underlying operating margin strengthened slightly to 17.0% (H1 2007: 16.9%), principally due to the benefits of a stronger Euro in our highest margin region.

Net new business of \$774.1m (H1 2007: \$1,477.2m) was lower in the absence of major global or multi-country pitches in the period. We continued to win both international and local brands at a country level, with wins including the AA, Telegraph Group and Sky in the UK; Total in South Africa; Portugal Telecom Mobile in Portugal; Alberto Culver in Spain; Kodak in Mexico; Suzuki in Canada; and Amway and Kraft in China. We also retained six divisions of Disney across Europe, and won a seventh.

We made a number of senior management changes in the period. Jerry Buhlmann took over as ceo of Aegis Media, having previously been ceo of Aegis Media EMEA, its largest geographic region. David Verklin stepped down as ceo of Aegis Media Americas. In July, we announced expanded regional responsibilities for a number of Aegis Media executives in EMEA, and four new promotions to the Aegis Media Global Executive, our leadership team.

In digital services, Isobar continued to grow well. It accounted for 29% of Aegis Media revenue in the period, up from 26% in 2007. Organic revenue growth remained excellent. Nine acquisitions in the period included AdWatch in Russia, strengthening our foothold in one of the world's fastest growing emerging economies, as well as search engine marketing in Belgium, the Netherlands, Germany and Thailand. We have now established our full iProspect brand in 20 offices in a total of 17 markets worldwide, and we offer iProspect accredited search services in a further 21. With over 600 search specialists, we are now the world leader in search engine marketing.

We continued to develop our competitive advantage in digital, with investment in international client-facing resource and specialist capabilities. We have expanded the Isobar Global Client Services group under a new president and senior team, with resource segmented into a 'specialist' consulting-led and an 'integrated' communications planning-led team, recognising the importance of both approaches to different clients' needs. We are establishing specialist groups in a number of disciplines to drive strategy and consolidate best practice in these areas globally. We have already established practices in search, mobile and online media, and others will follow in the second half.

In out-of-home, Posterscope faced slow trading conditions in Europe, particularly in the UK, where spend was down year-on-year across almost all categories. Digital out-of-home continues to deliver good growth, reflecting media owner investment and advances in technology.

We delivered good growth in out-of-home in Asia-Pacific. The acquisition of Heartland, which became effective in January, has significantly strengthened Posterscope's position in China, where the Olympics has seen increased volume and spend. Posterscope USA also traded well in the period, opening offices in Dallas and Denver to expand its regional presence to seven cities.

We have invested in the further development of our airports offer, with new management joining in May ahead of an expanded offer in the second half. We will continue to expand the Posterscope network, now in 22 markets worldwide, with plans for a number of further openings before the end of 2008.

In sponsorship and experiential, our global offer received a boost with acquisitions in Italy and the Nordics.

Aegis Media EMEA

Aegis Media EMEA performed well. Revenue of £276.8m (H1 2007: £216.1m) was up 15.3% on a constant currency basis and 28.1% at reported rates. Organic growth was very strong, with 2007 wins such as Johnson & Johnson, Mattel and Fox, as well as local wins such as Portugal Telecom Mobile contributing good growth. A leadership position in digital services also helped.

Market conditions varied across the region and we continued to outgrow the market almost everywhere. We enjoyed good trading conditions in Russia, Central and Eastern Europe and the Middle East, where we delivered excellent growth, and we acquired Tempo Media in Romania, which will become part of the Vizeum network. The UK market has been soft in out-of-home, where we are the market leader, but we nonetheless outperformed significantly. The French, German, Italian and Nordic markets all remain stable.

Spain proved the most difficult trading environment by a significant margin, as worsening economic conditions took a toll on overall business confidence and marketing investment.

Aegis Media Americas

Revenue increased from £68.1m to £77.9m, up 12.7% on a constant currency basis and 14.4% at reported rates, with an improvement in the gross and operating margins. This principally reflects a strong performance in digital - including search, web development and creative - and in our sports and experiential marketing businesses.

In the US, Carat was impacted by client losses, principally Hyundai (which we reported in our 2007 net new business result) and New Line Cinemas, which was merged into Warner Bros. A more challenging business environment also saw some clients slow their media spend, and we experienced a further decline in both revenue and profit at Carat. As a result, we are accelerating our reorganisation of Carat in the US, through headcount reduction, a relocation of our New York office and investment in new talent. The costs of this programme are included within an exceptional reorganisation charge of £4.8m in the first half and a further £3.2m anticipated in the second half.

We continued to grow well in Latin America, with good organic growth. The acquisition of Age in May has broadened our offer in Brazil, the largest regional market.

Aegis Media Asia-Pacific

We achieved a strong result in Aegis Media Asia-Pacific. This was due to accelerating revenue of £31.2m (H1 2007: £22.0m), up 30.5% on a constant currency basis and 41.8% at reported rates.

Our largest regional market, China, had an excellent first half, with accelerating organic growth, benefits from the 2008 Beijing Olympics and the acquisition of Heartland, the leading independent out-of-home agency. While we anticipate a lower level of growth in the second half, following the Olympics, we expect this market to remain strong. Trading conditions elsewhere were buoyant, in spite of higher food and energy prices, with only Australia and New Zealand showing potential signs of softness.

Synovate

£m	H1 2008	H1 2007	Change	CC change*
Revenue				
EMEA	111.0	92.2	20.4%	12.5%
Americas	60.9	58.3	4.5%	4.6%
Asia Pacific	49.8	42.3	17.7%	11.9%
Worldwide	221.7	192.8	15.0%	10.1%
Underlying operating profit	7.9	7.0	12.9%	9.7%

* Constant currency

At Synovate, total revenue was £221.7m (H1 2007: £192.8m), up 10.1% on a constant currency basis and 15.0% at reported rates. Underlying operating profit of £7.9m (H1 2007: £7.0m) was up 9.7% on a constant currency basis and 12.9% at reported rates.

At 5.2% organic revenue growth remained ahead of the market in spite of softer conditions in the US, in particular in the healthcare sector. At the same time we have continued to see good progress in the faster-growing markets of Asia-Pacific and Central and Eastern Europe and the Middle East.

An improved gross margin, up 130bps to 64.6% (H1 2007: 63.3%) and a steady operating margin at 3.6% demonstrated good cost control, and in particular a rapid transition of data collection and processing to our own and third-party centres offshore through our SmartWork programme. This reduced both operating costs and cost-of-sales. Further SmartWork initiatives include the full roll-out of WorkBench, our new research platform, in the Nordics in the second half, following the successful introduction of selected modules across the business.

Synovate's global client relationship ("GCR") initiative of dedicated account management and aligning teams to clients' structures contributed to strong growth in global project awards while building closer client relationships for the future. We are now also supporting our international client relationship programme with a new structured local business development process in all business units.

We continued to innovate right across our practice areas and industry verticals, with some significant practice and tool developments in the period. In retail scan data, Synovate Aztec, now in 10 countries, traded well and continued to increase market share. The acquisition of PS&A in January took Aztec into the UK convenience sector, and its integration has gone well. We are in the process of undertaking a global re-launch of our qualitative offer, with dedicated senior staff leading global research strategy across individual clients worldwide, and a set of global tools synchronised with the latest marketing sciences. These include Syntext, our new text-mining tool which uses artificial intelligence to interpret and code open-ended responses.

In Motoresearch further wins by our real-time customer satisfaction solution, NADA 24, and international business - the result of a strategic diversification of revenue from the automotive sector – helped us offset very weak conditions in US custom research. Outside the US, and in spite of a number of clinical trial failures and pressure on pharmaceutical budgets, Synovate Healthcare performed well in Asia-Pacific and EMEA, with a first contribution from the Healthcare practices launched last year in Germany, Russia and Turkey. We continue to expand our syndicated services by launching into new markets and extending our therapy portfolio.

In new product development our MarketQuest group countered slower US conditions with strong growth elsewhere, particularly in Central and Eastern Europe and the Middle East where we won a number of new local clients. We are continuing to broaden the MarketQuest product suite, which already includes two generations of our Market Value Potential solution. In August we launched MarketQuest Interventions, helping clients in tougher markets by focusing on efficient innovation and modification of existing product.

We also created a new practice in Customer Experience. This marries Synovate's expertise in customer loyalty and employee engagement with performance tracking, mystery shopping, footfall analytics and shopper behaviour analysis, along with customer experience consulting services. New Customer Experience products include ExM Customer in customer loyalty and ExM Tracker, a real-time customer contact performance monitor.

In Brand & Communications, Brand Value Creator, now in its second full year, continues to grow and now has a database of some 30 billion observations. In April we launched Market Barriers, which allows marketers to understand

the impact of non-marketing factors on brand equity. Since the end of the first half we have also introduced Connections in ad-testing, which predicts a consumer's emotional response to a brand communication.

Synovate EMEA

Revenue of £111.0m (H1 2007: £92.2m) was up 12.5% on a constant currency basis and 20.4% at reported rates. Trends across EMEA varied quite significantly by national market. Spain became more challenging during the first half. We traded well in Germany and the Netherlands. France, Italy and the UK remain low-growth but stable markets. In Belgium, our Censydiam motivational research group was down, as we transition to a new offer throughout the year. Central and Eastern Europe continued to perform well, with particularly good growth from Russia, Ukraine and Turkey.

South Africa contributed another strong performance and last month we became the number one market research group in Africa, acquiring Steadman Group, a pan-Africa specialist taking us into six new markets.

Synovate Americas

Synovate Americas revenue of £60.9m (H1 2007: £58.3m) was up 4.6% on a constant currency basis and 4.5% at reported rates. In the US, the healthcare sector was difficult, as pharmaceutical clients scaled back budgets, particularly in custom, and we saw a decline in revenue. Excluding healthcare, growth remained positive, with resilience in financial services and the public sector offsetting some weakness in consumer products. Although levels of pitch activity remain good, we are seeing slower decision-making and consolidation of pitch activity into fewer, but larger, mandates in response to the more challenging conditions. In Latin America, we traded well in our existing markets and were helped by the acquisition of CIMA Group in January 2008, bringing six new markets to Synovate.

Synovate Asia-Pacific

Synovate Asia-Pacific grew revenue 11.9% on a constant currency basis, or 17.7% at reported rates, to £49.8m (H1 2007: £42.3m). Excellent sales growth in China will be converted to secured revenue in the second half. Following its restructuring in 2007, Synovate Japan made good progress in both revenue and profit in a market that continues to be flat. Our business was relatively stable in North Asia, and in Singapore, Thailand and India where we delivered good growth. We continued to grow well in Australia and New Zealand, where first half investment in operational improvements is expected to deliver full-year benefits.

Financial Review

Turnover of £5,332.3m (H1 2007: £4,435.4m) was up 11.1% on a constant currency basis and 20.2% at reported rates. The majority of our turnover represents client media billings, and this growth primarily reflects Aegis Media's success in winning new media planning and buying mandates.

Revenue growth of 13.7% on a constant currency basis to £607.6m (H1 2007: £499.0m) was broadly balanced between organic growth, at 8.2% for the group, and acquisition contribution as we continued to expand our businesses geographically and broaden the service offer. Gross margin remained steady at 9.9% (H1 2007: 9.7%).

Cost of sales, principally representing third-party costs for data collection and processing at Synovate, was £78.4m (H1 2007: £70.8m), growing well behind revenue at 5.8% on a constant currency basis and at 10.7% at reported rates. As a result, gross profit increased 14.9% on a constant currency basis to £529.2m (H1 2007: £428.2m) and 23.6% at reported rates.

Underlying operating expenses were up 14.7% on a constant currency basis, and 22.3% at reported rates, to £464.2m (H1 2007: £379.6m). Staff costs as a percentage of revenue were 52.0% (H1 2007: 52.0%). Share scheme charges increased 9.5% to £4.6m (H1 2007: £4.2m). This resulted in underlying operating profit of £65.0m (H1 2007: £48.6m), an increase of 16.7% on a constant currency basis and 33.7% at reported rates. Underlying central costs of £8.7m (H1 2007: £10.1m) were down 13.9%, contributing to an underlying group operating margin improvement of 100bps to 10.7% (H1 2007: 9.7%), with lower central costs in part reflecting the phasing of cost between first and second half of this year. Our underlying profit before interest and tax is stated before adjusting items of £(9.0m) (H1 2007: £1.0m). These included £4.8m of reorganisation costs (H1 2007: nil) and a £4.2m charge for the amortisation of purchased intangibles such as intellectual property and client relationships owned by acquired businesses (H1 2007: £0.6m).

Associates contributed £1.2m (H1 2007: £0.9m), an improvement of 33.3%.

An underlying net interest charge of £10.0m was 26.6% higher on a constant currency basis and 22.0% at reported rates. The currency difference is principally due to a higher proportion of our interest receivable being Euro-denominated than our interest payable. Higher interest payable was the result of increased net debt in the period after 17 acquisitions in 2007 and 14 in the first half of 2008. Underlying net interest is stated before £0.2m of fair value gains under IAS 39 (H1 2007: £(2.3)m.)

Underlying pre-tax profit of £56.2m (H1 2007: £41.3m) was up 15.4% on a constant currency basis and 36.1% at reported rates.

An underlying tax rate of 26.5% (H1 2007: 28.5%) was in line with full year 2007 and resulted in an underlying tax charge of £14.9m (H1 2007: £11.8m). A statutory tax charge of £13.8m (H1 2007: £12.5m) represents a statutory tax rate of 29.1% (H1 2007: 31.3%).

Underlying profit after tax was up 18.7% on a constant currency basis and 40.0% at reported rates at £41.3m (H1 2007: £29.5m). Minorities increased 100.0% to £3.6m (H1 2007: £1.8m), reflecting the faster-growth nature of many of these businesses.

Underlying diluted earnings per share of 3.3p (H1 2007: 2.4p) increased by 13.8% on a constant currency basis, or 37.5% at reported rates. Statutory diluted earnings per share decreased by 0.9% on a constant currency basis and were up 18.2% at reported rates, from 2.2p to 2.6p.

The Board is proposing a interim dividend of 0.96p per ordinary share (H1 2007: 0.84p), an increase of 14.3%. This will be paid on 26 September 2008 to shareholders on the register on 12 September 2008.

On a statutory basis, operating profit was up 2.9% on a constant currency basis and 18.4% at reported rates to £56.0m (H1 2007: £47.3m). Pre-tax profit of £47.4m (H1 2007: £40.0m) was flat on a constant currency basis and up 18.5% at reported rates. The difference between our underlying and statutory results is due to the adjusting items described above and set out in the reconciliation on page 3.

We made 14 acquisitions in the first half. We paid £36.3m in upfront payments (H1 2007: £43.6m), with total

outstanding deferred cash consideration estimated at £65.7m (H1 2007: £30.6m), contingent upon meeting agreed performance criteria. We paid £29.3m in consideration for acquisitions made in previous years (H1 2007: £31.0m).

Period end net debt was £270.5m (31 December 2007: £245.2m), an increase of £25.3m, reflecting the 14 acquisitions in the period, partially offset by good working capital management. A net working capital inflow of £14.7m, in spite of the higher working capital characteristics of our non-planning and buying businesses (principally Isobar and Synovate), was the result of a strategic focus on working capital and cash management. As a result, operating cash flow more than doubled, up 104% to £93.3m (H1 2007: £45.7m). We remain well-financed with considerable headroom under our current facilities and no major re-financings are due until 2011.

The directors do not consider that the principal risks and uncertainties facing our business have changed in substance from those set out in our 2007 annual report. We believe the key risk to our business currently comes from 'marketplace disruption', specifically the macro-economic environment in which we operate, which could see our clients reduce their investment in our services, in line with our outlook statement on page 3 of this announcement. In accordance with this potential risk, we have started to take a number of measures to contain growth in our cost base to protect our profitability in the event of such a slowdown. Additional risks, as detailed on page 54 of our 2007 annual report, include acquisition integration; business continuity and disaster recovery; cash and liquidity risk; client contract management; credit management; data accuracy; data privacy and security; financial controls; fraud or unethical business practices; protection of our intellectual property rights; and the potential loss of key staff.

Sterling weakened significantly against the Euro and a number of other currencies in the period and against the dollar it remained broadly flat. The net effect of these currency movements has been beneficial to our reported results. The average rate against sterling was £1: \$1.9745, compared with £1: \$1.9706 in H1 2007. The period end rate was £1:\$1.9908 (30 June 2007: £1: \$2.0088). The average Euro rate against sterling was £1:€1.2908 compared with £1: €1.4821 in H1 2007. The period end rate was £1: €1.2651 (30 June 2007: £1: €1.4834).

Unaudited consolidated income statement
for the six months ended 30 June 2008

	Notes	Six months ended 30 June 2008 £m	Six months ended 30 June 2007 £m	Year ended 31 December 2007 £m
Turnover – amounts invoiced to clients		5,332.3	4,435.4	9,351.2
Revenue	3	607.6	499.0	1,106.4
Cost of sales		(78.4)	(70.8)	(159.8)
Gross profit		529.2	428.2	946.6
Operating expenses	5	(473.2)	(380.9)	(806.3)
Operating profit		56.0	47.3	140.3
Share of results of associates	5	1.2	3.2	6.4
Profit before interest and tax		57.2	50.5	146.7
Investment income	6	7.5	6.0	13.6
Finance costs	7	(17.3)	(16.5)	(28.6)
Profit before tax		47.4	40.0	131.7
Tax	8	(13.8)	(12.5)	(38.4)
Profit for the period		33.6	27.5	93.3
Attributable to:				
Equity holders of the parent		30.0	25.7	88.5
Minority interests		3.6	1.8	4.8
		33.6	27.5	93.3
Earnings per ordinary share:				
Basic (pence)	10	2.7	2.3	7.8
Diluted (pence)	10	2.6	2.2	7.8
Underlying results:				
Underlying operating profit	3	65.0	48.6	146.2
Underlying profit before tax	3	56.2	41.3	132.7

The basis for calculating the Group's underlying results and underlying earnings per share is set out in note 2.

Unaudited consolidated balance sheet
at 30 June 2008

ASSETS	Notes	30 June 2008	30 June 2007	31 December 2007
Non-current assets		£m	£m	£m
Goodwill		921.9	733.7	797.3
Intangible assets		54.9	28.4	48.8
Property, plant and equipment		62.0	51.5	53.8
Interests in associates and joint venture		19.2	18.7	19.3
Deferred tax asset		16.1	11.6	15.8
Available-for-sale financial assets		1.1	2.9	2.3
Other financial assets		1.9	1.1	1.7
Derivative financial assets		-	0.1	-
		1,077.1	848.0	939.0
Current assets				
Inventory: work in progress		24.2	21.9	15.5
Derivative financial assets		-	0.5	0.1
Trade and other receivables		2,170.1	1,811.8	2,090.6
Other financial assets		0.1	16.5	0.3
Cash at bank and in hand and short-term deposits	13	327.9	259.9	356.8
		2,522.3	2,110.6	2,463.3
Total assets		3,599.4	2,958.6	3,402.3
LIABILITIES				
Current liabilities				
Trade and other payables		(2,446.8)	(2,055.6)	(2,320.8)
Short-term borrowings and overdrafts		(75.0)	(346.3)	(85.1)
Derivative financial liabilities		-	-	(0.3)
Other financial liabilities		-	-	(0.1)
Current tax liabilities		(12.3)	(12.9)	(19.1)
		(2,534.1)	(2,414.8)	(2,425.4)
Net current (liabilities) / assets		(11.8)	(304.2)	37.9
Non-current liabilities				
Long-term borrowings		(523.4)	(191.2)	(516.9)
Other long-term liabilities	12	(156.2)	(91.8)	(119.0)
Derivative financial liabilities		(22.1)	(10.3)	(15.9)
Deferred tax liabilities		(17.6)	(5.7)	(15.0)
Provisions		(4.8)	(2.6)	(3.3)
		(724.1)	(301.6)	(670.1)
Total liabilities		(3,258.2)	(2,716.4)	(3,095.5)
Net assets		341.2	242.2	306.8
EQUITY				
Share capital	14	58.0	57.6	57.7
Shares to be issued	14	4.7	4.8	4.7
Own shares	14	(25.4)	(29.3)	(30.9)
Share premium account	14	242.6	237.7	238.7
Capital redemption reserve	14	0.2	0.2	0.2
Foreign currency translation reserve	14	21.6	(17.3)	7.1
Accumulated profits / (losses)	14	60.3	(8.1)	44.2
Equity attributable to equity holders of the parent	14	362.0	245.6	321.7
Minority interests	14	10.4	8.5	6.3
Potential acquisition of minority interests	14	(31.2)	(11.9)	(21.2)
Total equity	14	341.2	242.2	306.8

Unaudited consolidated cash flow statement
for the six months ended 30 June 2008

	Notes	Six months ended 30 June 2008 £m	Six months ended 30 June 2007 £m	Year ended 31 December 2007 £m
Cash flows from operating activities				
Cash inflows from operations	13	93.3	45.7	175.0
Income taxes paid		(20.9)	(17.9)	(38.8)
Net cash from operating activities		72.4	27.8	136.2
Investing activities				
Interest received		7.5	6.1	13.6
Dividends received from associates		0.6	0.1	0.5
Return of capital from joint venture		-	-	2.3
Purchase of subsidiary undertakings and minority interests		(36.3)	(43.6)	(79.8)
Net cash acquired on purchase of subsidiary undertakings		5.4	2.6	7.6
Net debt acquired on purchased of subsidiary undertakings		(1.6)	-	(5.7)
Proceeds from disposal of subsidiaries		-	0.1	0.2
Net debt disposed on sale of subsidiaries		-	-	4.3
Net cash disposed on sale of subsidiaries		-	(2.9)	(2.9)
Proceeds from disposal of associate undertakings		-	-	0.3
Consideration on prior period acquisitions		(29.3)	(31.0)	(48.3)
Purchase of property, plant and equipment		(16.7)	(9.7)	(19.0)
Purchase of intangible assets		(4.7)	(4.3)	(11.4)
Proceeds from disposal of property, plant and equipment		0.2	0.3	0.7
Proceeds from disposal of intangible assets		-	-	2.5
Net cash used in investing activities		(74.9)	(82.3)	(135.1)
Financing activities				
Dividends paid		(16.5)	(13.4)	(22.7)
Dividends paid to minority shareholders		(1.3)	(0.3)	(2.7)
Interest paid		(16.5)	(9.9)	(28.3)
Proceeds from borrowings		42.5	71.5	173.2
Repayments of loans		(46.2)	(17.7)	(81.2)
Proceeds on issue of ordinary share capital		4.2	8.8	9.8
Purchase of own shares		-	(7.2)	(12.8)
Disposal of other financial assets		-	-	16.6
Net cash (used in) / from financing activities		(33.8)	31.8	51.9
Net (decrease) / increase in cash and cash equivalents	13	(36.3)	(22.7)	53.0
Translation differences		15.8	(0.3)	19.5
Cash and cash equivalents at beginning of period	13	329.5	257.0	257.0
Cash and cash equivalents at end of period	13	309.0	234.0	329.5
Cash at bank and in hand and short-term deposits		327.9	259.9	356.8
Bank overdrafts	13	(18.9)	(25.9)	(27.3)
Cash and cash equivalents at end of period	13	309.0	234.0	329.5

Unaudited consolidated statement of recognised income and expense
for the six months ended 30 June 2008

	Notes	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
		£m	£m	£m
Profit for the period		33.6	27.5	93.3
Currency translation differences on foreign operations:				
- Group		14.6	(1.1)	23.3
- Minority interests		0.5	-	0.5
Available for sale investments: (losses) / gains taken to equity		(1.2)	0.2	(0.4)
Cash flow hedges: gains taken to equity		5.1	2.6	1.0
Actuarial gain recognised on defined benefit retirement obligations	14	-	-	0.1
Other recognised gains		19.0	1.7	24.5
Total recognised income and expense	14	52.6	29.2	117.8
Attributable to:				
Equity holders of the parent	14	48.5	27.4	112.5
Minority interests	14	4.1	1.8	5.3
	14	52.6	29.2	117.8

Notes to the unaudited consolidated interim statement
for the six months ended 30 June 2008

1. General information

Aegis Group plc is a public limited company incorporated and registered in England and Wales, Number 1403668. Its registered office is at 180 Great Portland Street, London W1W5QZ.

The condensed consolidated interim financial statement ('Interim Financial Statement') for the six months ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 27 August 2008.

The Interim Financial Statements for the six months to 30 June 2008 and 30 June 2007 do not constitute statutory accounts. The financial information for the year ended 31 December 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The Interim Financial Statement is unaudited but has been reviewed by the auditors. Their report is set out on page 27. A copy of the Interim Financial Statement for the six months ended 30 June 2008 is available online at www.aegisgroupplc.com and is also available from the Company's registered office.

2. Basis of preparation and accounting policies

Basis of preparation

The Interim Financial Statement for the six months ended 30 June 2008 has been prepared in accordance with Disclosure and Transparency Rules of the Financial Services Authority IAS 34 Interim Financial Reporting and on the basis of the accounting policies set out in the Group's latest annual financial statements for the year ended 31 December 2007. These accounting policies are drawn up in accordance with International Financial Reporting Standards (IFRS) adopted for use by the European Union.

The Interim Financial Statement does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's 2007 Annual Report.

The Group believes that underlying results (note 4) and underlying earnings per share (note 10) provide additional useful information on underlying trends to shareholders. These measures are used for internal performance analysis and incentive compensation arrangements for employees. The term underlying is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for, or superior to IFRS measurements of profit. Such adjusting items are material by nature or amount in the opinion of the directors and may include impairment charges, profits and losses on disposals of investments, amortisation of purchased intangible assets, unrealised gains and losses on non-hedge derivative financial instruments, fair value gains and losses on liabilities in respect of put option agreements, and other exceptional items which are material by nature or amount in the opinion of the directors, and any related tax thereon, as appropriate. Adjusting items may also include specific tax items such as the benefit arising on the reduction of certain tax liabilities in a particular half-year period and deferred tax liabilities for tax deductions taken in respect of goodwill, where a deferred tax liability is recognised even if such a liability would only unwind on the eventual sale or impairment of the business in question.

Adjustment to prior period acquisition accounting

Following the determination of the final purchase price allocation under IFRS 3 in respect of a number of the Group's recent acquisitions, £18.6m has been reclassified from goodwill to intangible assets on a gross basis as at 31 December 2007 (30 June 2007: £8.8m).

These intangible assets have been recorded as if they existed from the respective original acquisition dates. As a result, amortisation has been charged on these assets and profits have been restated in accordance with IFRS 3 'Business Combinations'. The impact for the year ended 31 December 2007 was a reduction in operating profit of £1.8m (six months ended 30 June 2007: reduction of £0.4m).

In addition, the Group has reassessed its provision in respect of a put option liability exercisable by an equity partner of the Group. The Group now considers that the initial liability recognised in respect of put option agreements as at 31 December 2007 should have been £6.2m higher, with a corresponding increase to the reserve for potential acquisition of minority interests. There is no impact on the income statement or the brought forward accumulated profits.

Notes to the unaudited consolidated interim statement
for the six months ended 30 June 2008

3. Segment reporting

Business segments

The Group operates in two business sectors: media communications and market research. These divisions are the basis on which the Group reports its primary segment information. The Group provides a broad range of services in the areas of media communications and market research.

An analysis of revenue and segment result by these business sectors is set out below:

	Six months ended					Six months ended	Year ended
	30 June 2008					30 June 2007	31 December 2007
	£m					£m	£m
Revenue:							
Media communications			385.9			306.2	673.4
Market research			221.7			192.8	433.0
Revenue			607.6			499.0	1,106.4
Segment result:							
	Six months ended					Six months ended	Year ended
	30 June 2008					30 June 2007	31 December 2007
	£m	£m	£m	£m	£m	£m	£m
	Underlying	Adjustments	Total	Underlying	Adjustments	Total	Total
Media communications	65.8	(5.7)	60.1	51.7	(1.1)	50.6	130.2
Market research	7.9	(1.4)	6.5	7.0	(0.2)	6.8	33.2
Corporate costs	(8.7)	(1.9)	(10.6)	(10.1)	-	(10.1)	(23.1)
Operating profit	65.0	(9.0)	56.0	48.6	(1.3)	47.3	140.3
Share of results of associates	1.2	-	1.2	0.9	2.3	3.2	6.4
Profit before interest and tax	66.2	(9.0)	57.2	49.5	1.0	50.5	146.7
Investment income	7.5	-	7.5	6.0	-	6.0	13.6
Finance costs	(17.5)	0.2	(17.3)	(14.2)	(2.3)	(16.5)	(28.6)
Net Financial items	(10.0)	0.2	(9.8)	(8.2)	(2.3)	(10.5)	(15.0)
Profit before tax	56.2	(8.8)	47.4	41.3	(1.3)	40.0	131.7
Tax	(14.9)	1.1	(13.8)	(11.8)	(0.7)	(12.5)	(38.4)
Profit after tax	41.3	(7.7)	33.6	29.5	(2.0)	27.5	93.3

Further details of the adjustments between underlying and statutory results are provided in note 4. The results presented above for the year ended 31 December 2007 are stated on a statutory basis. For the year ended 31 December 2007, underlying operating profit was £146.2 million (excluding a net charge of £5.9 million) and underlying profit before tax was £132.7 million (excluding a net charge of £1.0 million).

Notes to the unaudited consolidated interim statement
for the six months ended 30 June 2008

3. Segment reporting (continued)

Geographical segments

The Group's two business segments operate in three geographical areas. The geographical segment analysis is based on the location of assets. These geographical areas are the basis on which the Group reports its secondary segment information.

An analysis of revenue and segment result by these geographical areas is set out below:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Revenue:			
Europe, Middle East & Africa	387.8	308.3	677.5
Americas	138.8	126.4	286.2
Asia Pacific	81.0	64.3	142.7
Revenue	607.6	499.0	1,106.4

Segment result:	Six months ended 30 June 2008					Six months ended 30 June 2007	Year ended 31 December 2007
	£m Underlying	£m Adjustments	£m Total	£m Underlying	£m Adjustments	£m Total	£m Total
Europe, Middle East & Africa	60.2	(2.0)	58.2	49.0	(0.4)	48.6	121.6
Americas	7.3	(4.2)	3.1	6.8	(0.3)	6.5	31.1
Asia-Pacific	6.2	(0.9)	5.3	3.0	(0.7)	2.3	10.7
Corporate costs	(8.7)	(1.9)	(10.6)	(10.1)	-	(10.1)	(23.1)
Operating profit	65.0	(9.0)	56.0	48.7	(1.4)	47.3	140.3
Share of results of associates	1.2	-	1.2	0.9	2.3	3.2	6.4
Profit before interest and tax	66.2	(9.0)	57.2	49.6	0.9	50.5	146.7
Investment income	7.5	-	7.5	6.0	-	6.0	13.6
Finance costs	(17.5)	0.2	(17.3)	(14.2)	(2.3)	(16.5)	(28.6)
Net Financial items	(10.0)	0.2	(9.8)	(8.2)	(2.3)	(10.5)	(15.0)
Profit before tax	56.2	(8.8)	47.4	41.3	(1.3)	40.0	131.7
Tax	(14.9)	1.1	(13.8)	(11.8)	(0.7)	(12.5)	(38.4)
Profit after tax	41.3	(7.7)	33.6	29.5	(2.0)	27.5	93.3

Further details of the adjustments between underlying and statutory results are provided in note 4. The results presented above for the year ended 31 December 2007 are stated on a statutory basis. For the year ended 31 December 2007, underlying operating profit was £146.2 million (excluding a net charge of £5.9 million) and underlying profit before tax was £132.7 million (excluding a net charge of £1.0 million).

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

Notes to the unaudited consolidated interim statement
for the six months ended 30 June 2008

4. Underlying results

Underlying results, as set out in note 3, are stated before the following adjusting items:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Impairment of goodwill	-	-	(2.0)
Costs of re-organisation	(4.8)	-	-
Loss on disposal of subsidiaries	-	(0.7)	(0.9)
Amortisation of purchased intangible assets	(4.2)	(0.6)	(3.0)
Impact on operating profit	(9.0)	(1.3)	(5.9)
Profit on deemed disposal of partial shareholding in associate	-	2.3	3.6
Loss on disposal of associates	-	-	(0.4)
Impact on profit before interest and tax	(9.0)	1.0	(2.7)
Unrealised (losses) / gains on non-hedge derivatives	(1.6)	(0.6)	3.2
Fair value gains/(losses) on liabilities in respect of put option agreements	1.8	(1.7)	(1.5)
Impact on profit before tax	(8.8)	(1.3)	(1.0)
Deferred tax liability on goodwill	(1.5)	(0.8)	(3.9)
Tax effect of underlying adjustments	2.6	0.1	0.7
Impact on profit after tax	(7.7)	(2.0)	(4.2)

The costs of re-organisation relate to severance and related property costs incurred in the restructuring of Carat in the US, together with certain changes made to the senior management team within Aegis Media.

5. Operating expenses and share of results of associates

Operating expenses include:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Loss on disposal of subsidiary	-	(0.7)	(0.9)
Impairment of goodwill	-	-	(2.0)
Amortisation of purchased intangible assets	(4.2)	(0.6)	(3.0)
	(4.2)	(1.3)	(5.9)
Share based payments	(4.6)	(4.2)	(9.1)
Other operating expenses	(464.4)	(375.4)	(791.3)
	(473.2)	(380.9)	(806.3)

Share of results of associates include:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Share of results of associates	1.2	0.9	3.2
Net profit on disposal / deemed disposal in shareholdings in associates	-	2.3	3.2
	1.2	3.2	6.4

Notes to the unaudited consolidated interim statement
for the six months ended 30 June 2008

6. Investment income

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Interest receivable	7.5	6.0	13.6
	7.5	6.0	13.6

7. Finance costs

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Interest payable on bank loans and overdrafts	(1.9)	(1.6)	(3.3)
Interest payable on loan notes, other loans and retirement benefit liabilities	(14.6)	(11.4)	(25.4)
Imputed interest on deferred consideration	(0.8)	(1.1)	(0.8)
Amortisation of refinancing costs	(0.2)	(0.2)	(0.8)
Fair value adjustments on other financial assets	-	0.1	(0.1)
	(17.5)	(14.2)	(30.4)
Unrealised (losses) / gains on derivatives	(1.6)	(0.6)	3.3
Fair value gains / (losses) on liabilities in respect of put option agreements	1.8	(1.7)	(1.5)
	(17.3)	(16.5)	(28.6)

Notes to the unaudited consolidated interim statement
for the six months ended 30 June 2008

8. Tax on profit on ordinary activities

The underlying effective tax rate on underlying profit for the six months ended 30 June 2008 is 26.5% (six months ended 30 June 2007: 28.5%) which is the estimated underlying effective tax rate for the full year.

The tax charge for the six months ended 30 June 2008 is £13.8million (six months ended 30 June 2007: £12.5 million; year ended 31 December 2007: £38.4million) representing an effective tax rate on statutory profits of 29.1% (six months ended 30 June 2007: 31.3%; year ended 31 December 2007: 29.2%).

The tax charge for the six months ended 30 June 2008 includes a deferred tax expense of £1.5 million (six months ended 30 June 2007: £0.8 million; year ended 31 December 2007: £3.9m) for tax deductions in respect of goodwill. IFRS requires that such deferred tax is recognised even if a liability would only unwind on the eventual sale or impairment of the business in question.

9. Dividends

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
Ordinary shares of 5p each			
Dividend rate per share for the period (pence)	0.96	0.84	2.30
Declared and paid during the period	£m	£m	£m
Final dividend for 2006 of 1.175p per share	-	13.4	13.2
Interim dividend for 2007 of 0.84p per share	-	-	9.5
Final dividend for 2007 of 1.46p per share	16.5	-	-
	16.5	13.4	22.7
Proposed but not yet declared or paid at the balance sheet date	£m	£m	£m
Interim dividend for 2007 of 0.84p per share	-	9.5	-
Final dividend for 2007 of 1.46p per share	-	-	16.5
Interim dividend for 2008 of 0.96p per share	10.9	-	-
	10.9	9.5	16.5

The interim dividend will be paid on 26 September 2008 to all ordinary shareholders on the register at 12 September 2008.

Notes to the unaudited consolidated interim statement
for the six months ended 30 June 2008

10. Earnings per ordinary share

	Six months ended	Six months ended	Year ended
	30 June 2008	30 June 2007	31 December 2007
Basic			
Profit for the year attributable to equity holders of the parent (£ millions)	30.0	25.7	88.5
Adjusting items (note 4) (£ millions)	7.7	2.0	4.2
Underlying profit for the year (£ millions)	37.7	27.7	92.7
Weighted average number of ordinary shares in issue (millions)	1,130.8	1,127.8	1,130.2
Basic earnings per share (pence)	2.7	2.3	7.8
Adjusting items (note 4) (pence)	0.7	0.2	0.4
Underlying basic earnings per share (pence)	3.4	2.5	8.2
Diluted			
Profit for the year attributable to equity holders of the parent (£ millions)	30.0	25.7	88.5
Adjusting items (note 4) (£ millions)	7.7	2.0	4.2
Underlying profit for the year (£ millions)	37.7	27.7	92.7
Weighted average number of ordinary shares in issue (millions)	1,137.9	1,139.7	1,137.3
Diluted earnings per share (pence)	2.6	2.2	7.8
Adjusting items (note 4) (pence)	0.7	0.2	0.4
Underlying diluted earnings per share (pence)	3.3	2.4	8.2
Weighted average number of ordinary shares (millions)			
Basic weighted average number of ordinary shares	1,130.8	1,127.8	1,130.2
Dilutive potential ordinary shares: employee share options	3.7	8.5	3.7
Shares to be issued	3.4	3.4	3.4
Diluted weighted average number of ordinary shares	1,137.9	1,139.7	1,137.3

The calculation of basic and diluted earnings per share is based on profit after tax and minority interests. The weighted average number of shares excludes the Group's interest in own shares held through an ESOP trust. The shares to be issued relate to the acquisition of AgenciaClick in Brazil and are dependent on certain performance conditions being met.

Notes to the unaudited consolidated interim statement
for the six months ended 30 June 2008

11. Goodwill on acquisitions

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

Company	Country of incorporation	% Acquired (Total Group holding)	Month of acquisition
Aegis Media			
Heartland	China	70	January
Extenseo	Belgium	100	January
Client & Consumer	Spain	100	January
Whitesheep	Finland	100	January
Jämterud, Jiffer & Partners	Sweden	100	April
Checkit	Netherlands	100	April
rmsarcar.com	Germany	100	May
Age	Brazil	100	May
Men Company	Italy	70	June
Adwatch	Russia	100	June
Globlet	Thailand	80	June
Carat Korea	Korea	70 (75)	June
Synovate			
CIMA Group	Various South America	100	January
Peter Seagroatt & Associates	United Kingdom	100	March

During the year the Group also acquired the assets of Oncology Inc in the USA for a consideration of £1.5m.

The following summary presents the Group as if all of the companies acquired during the six months ended 30 June 2008 had been acquired on 1 January 2008. The amounts include the results of the acquired businesses, depreciation and amortisation of the acquired fixed assets and intangible assets recognised on acquisition (subject to finalisation of the purchase price allocation exercise). The amounts do not include any possible synergies from the acquisitions. The results of acquired companies for the period before acquisition have not been adjusted to reflect Aegis Group plc accounting policies nor to reflect the fair value adjustments made on acquisition. The information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of the future results from operations of the combined companies.

	£m
Group revenue	613.5
Group operating profit	58.2

Notes to the unaudited consolidated interim statement
for the six months ended 30 June 2008

11. Goodwill on acquisitions (continued)

Initial consideration paid during the period, including acquisition costs, totalled £36.3 million with estimated deferred cash consideration of £65.7 million payable between 2009 and 2013, subject to performance criteria. A summary of the net assets acquired and goodwill arising is given below.

Net assets acquired:	Book value acquired	Fair value adjustments (a)	Fair value of net assets
	£m	£m	£m
Intangible fixed assets	0.1	8.5	8.6
Property, plant and equipment	1.2	-	1.2
Trade and other receivables	19.4	-	19.4
Inventory: work in progress	0.1	-	0.1
Cash and cash equivalents	5.4	-	5.4
Creditors	(23.1)	(2.6)	(25.7)
Net assets	3.1	5.9	9.0
Minority interest on current period acquisitions			(0.3)
Minority interest acquired			-
			8.7
Goodwill capitalised in the period			93.3
Consideration			102.0
Satisfied by:			
Initial cash consideration			35.9
Direct costs of acquisition			0.4
Deferred cash consideration			65.7
			102.0

- (a) Provisional adjustments have been made to properly reflect the fair value of existing assets and liabilities in the Group's balance sheet. The assessment of any further intangible fixed assets is ongoing and expected to be complete by the financial year end.

Notes to the unaudited consolidated interim statement
for the six months ended 30 June 2008

12. Other long term liabilities

Other long term liabilities include deferred consideration of £111.7 million (30 June 2007: £69.9 million; 31 December 2007: £74.8 million).

Deferred consideration

Deferred consideration, which has been provided for in liabilities, may be paid to the vendors of certain subsidiary undertakings in the years to 2013. Such payments are either fixed under the terms of the acquisition or are contingent on future financial performance. The directors estimate that, at the rates of exchange ruling at the balance sheet date, the liability at 30 June 2008 for payments that may be due is as follows:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Within one year	54.8	40.3	41.9
Between one and two years	38.4	34.7	40.0
Between two and five years	73.3	35.2	34.6
Greater than 5 years	-	-	0.2
	166.5	110.2	116.7

13. Notes to the cash flow statement

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Operating profit	56.0	47.3	140.3
Adjustments for:			
Depreciation of property, plant and equipment	10.5	8.9	19.1
Amortisation of intangible assets	8.0	3.7	9.4
Impairment of goodwill	-	-	2.0
Loss on disposal of property, plant and equipment	0.1	0.1	0.9
Loss on disposal of intangible assets	-	0.1	0.3
Loss on disposal of subsidiaries	-	0.7	-
Share-based payments	4.6	4.2	9.1
Other non-cash movements	(0.6)	(0.1)	0.2
	78.6	64.9	181.3
Decrease / (increase) in receivables	39.7	(219.0)	(374.9)
(Increase) / decrease in inventory: work in progress	(8.3)	(7.4)	1.4
(Decrease) / increase in payables	(16.7)	207.2	367.2
	14.7	(19.2)	(6.3)
Cash generated from operations	93.3	45.7	175.0

	1 January 2008	Cash flow	Other non-cash charges	Exchange movements	30 June 2008
	£m	£m	£m	£m	£m
Analysis of net debt					
Cash and cash equivalents	356.8	(44.8)	-	15.9	327.9
Overdrafts	(27.3)	8.5	-	(0.1)	(18.9)
	329.5	(36.3)	-	15.8	309.0
Debt due within one year	(58.3)	1.6	-	0.6	(56.1)
Debt due after more than one year	(518.0)	2.1	-	(8.8)	(524.7)
Net debt before issue costs of debt	(246.8)	(32.6)	-	7.6	(271.8)
Issue costs of debt	1.6	-	(0.3)	-	1.3
Total	(245.2)	(32.6)	(0.3)	7.6	(270.5)

Notes to the unaudited consolidated interim statement
for the six months ended 30 June 2008

14. Consolidated reconciliation of total equity

	Share Capital £m	Shares to be issued £m	Own shares £m	Share premium account £m	Capital redemption reserve £m	Foreign currency translation reserve £m	Accumulated profits £m	Total £m	Minority interest £m	Potential acquisition of minority interests £m	Total equity £m
At 1 January 2007	57.1	-	(22.1)	229.4	0.2	(16.2)	(27.4)	221.0	7.5	(11.9)	216.6
Total recognised income and expense	-	-	-	-	-	(1.1)	28.5	27.4	1.8	-	29.2
New share capital subscribed	0.5	-	-	8.3	-	-	-	8.8	-	-	8.8
Purchase of shares by ESOP	-	-	(7.2)	-	-	-	-	(7.2)	-	-	(7.2)
Credit for share-based incentive schemes	-	-	-	-	-	-	4.2	4.2	-	-	4.2
Other movements	-	4.8	-	-	-	-	-	4.8	(0.5)	-	4.3
Dividends	-	-	-	-	-	-	(13.4)	(13.4)	(0.3)	-	(13.7)
At 30 June 2007	57.6	4.8	(29.3)	237.7	0.2	(17.3)	(8.1)	245.6	8.5	(11.9)	242.2
Total recognised income and expense	-	-	-	-	-	24.4	60.7	85.1	3.5	-	88.6
New share capital subscribed	0.1	-	-	1.0	-	-	-	1.1	-	-	1.1
Purchase of shares by ESOP	-	-	(5.6)	-	-	-	-	(5.6)	-	-	(5.6)
Shares awarded by ESOP	-	-	4.0	-	-	-	(4.0)	-	-	-	-
Credit for share-based incentive schemes	-	-	-	-	-	-	4.9	4.9	-	-	4.9
Other movements	-	(0.1)	-	-	-	-	-	(0.1)	(3.3)	(3.1)	(6.5)
Dividends	-	-	-	-	-	-	(9.3)	(9.3)	(2.4)	-	(11.7)
At 31 December 2007	57.7	4.7	(30.9)	238.7	0.2	7.1	44.2	321.7	6.3	(15.0)	313.0
Adjustment to prior period	-	-	-	-	-	-	-	-	-	(6.2)	(6.2)
At 1 January 2008	57.7	4.7	(30.9)	238.7	0.2	7.1	44.2	321.7	6.3	(21.2)	306.8
Total recognised income and expense	-	-	-	-	-	14.6	33.9	48.5	4.1	-	52.6
New share capital subscribed	0.3	-	-	3.9	-	-	-	4.2	-	-	4.2
Purchase of shares by ESOP	-	-	-	-	-	-	-	-	-	-	-
Shares awarded by ESOP	-	-	5.5	-	-	-	(5.5)	-	-	-	-
Credit for share-based incentive schemes	-	-	-	-	-	-	4.6	4.6	-	-	4.6
Other movements	-	-	-	-	-	(0.1)	(0.4)	(0.5)	1.3	(10.0)	(9.2)
Dividends	-	-	-	-	-	-	(16.5)	(16.5)	(1.3)	-	(17.8)
At 30 June 2008	58.0	4.7	(25.4)	242.6	0.2	21.6	60.3	362.0	10.4	(31.2)	341.2

The comparative periods have been adjusted following the determination of the final purchase price allocation and provision for put option liabilities in respect of a number of the Group's recent acquisitions (note 2).

15. Events after the balance sheet date

Since 30 June 2008, the Group has acquired two companies: Steadman Group in Africa and Aposition in France. The total maximum consideration in respect of these acquisitions is £34.0m. The assessment of the purchase price allocation is currently being performed.

16. Related party transactions

The Company and its subsidiaries, in the ordinary course of business, enter into various sale, purchase and service transactions with associates and others in which the Group has a material interest. These transactions are not considered to be significant.

There are no other related party transactions which are material to the Group's performance in the six months ended 30 June 2008 or to its financial position at 30 June 2008 other than already disclosed elsewhere in the Interim Financial Statement.

Notes to the unaudited consolidated interim statement
for the six months ended 30 June 2008

Responsibility statement

We confirm that to the best of our knowledge:

- the condensed Group financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting;
- the interim management report includes a fair review of important events during the first six months and their impact on the condensed Group financial statements and a description of the principal risks and uncertainties for the remaining six months of the year, as required by the Disclosure and Transparency Rule 4.2.7R; and
- the interim management report includes a fair review of related parties' transactions and changes therein, as required by the Disclosure and Transparency Rule 4.2.8R.

On behalf of the Board

Robert Lerwill
Chief Executive Officer
27 August 2008

Alicja Lesniak
Chief Financial Officer
27 August 2008

Independent review report to Aegis Group plc

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 2008 which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in recognised income and expense, the consolidated cash flow statement and related notes 1 to 16. 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 2410 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 Services Authority.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. 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 2008 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 Services Authority.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditor
London
27 August 2008

A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular in whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

Glossary of terms

The Group

Aegis Group plc and its subsidiaries.

Aegis Media

The media services division of Aegis Group plc.

Synovate

The market research division of Aegis Group plc.

Billings

The annualised value of media purchased and/or managed on behalf of clients, before agency discounts.

Turnover

Represents amounts invoiced for media handled by the Group on behalf of clients, together with fees invoiced for media and research services provided.

Revenue

The value of media and research fees and commission earned by the Group.

Gross profit

Media and research income after deduction of all direct costs.

Gross margin

Gross profit stated as a percentage of turnover.

Operating profit

Gross profit less operating expenses.

Operating margin

Operating profit stated as a percentage of revenue.

Net new business

The annualised value of media billings gained less the annualised value of media billings lost.

Reported growth

Reported growth represents the year on year growth including the effect of new businesses acquired or disposed of during the year and movements in exchange rates.

Organic growth

Organic growth represents the constant currency year on year growth after adjusting for the effect of businesses acquired or disposed of since the beginning of the prior year.

Constant currency results

Constant currency results are calculated by restating prior year local currency amounts using current year exchange rates.

Underlying results

Underlying operating profit, underlying profit before interest and tax, underlying profit before tax, and underlying profit after tax are operating profit, profit before interest and tax, profit before tax, and profit after tax respectively, stated before those items of financial performance that the Group believes should be separately disclosed to assist in the understanding of the underlying performance achieved by the Group and its businesses ("adjusting items"). Such adjusting items are material by nature or amount in the opinion of the directors and may include impairment charges and other exceptional items, including profits and losses on disposals of investments, amortisation of purchased intangible assets, unrealised gains and losses on non-hedge derivative financial instruments, fair value gains and losses on liabilities in respect of put option agreements, and any related tax thereon, as appropriate. Adjusting items may also include specific tax items such as the benefit arising on the reduction of certain tax liabilities in a particular half-year period and deferred tax liabilities for tax deductions taken in respect of goodwill, where a deferred tax liability is recognised even if such a liability would only unwind on the eventual sale or impairment of the business in question.

Adjusting items are classified as operating, non-operating and financing according to the nature of the underlying income or expense.

Goodwill

The difference between the fair value of purchase consideration of a business as a whole and the aggregate fair value of its separable net assets.

Minority interests

Partial ownership of subsidiary undertakings by external shareholders.

Emerging markets

Emerging markets comprise Latin America, Central and Eastern Europe, Asia Pacific (with the exception of Australia, New Zealand and Japan) and the Middle East and Africa.