

## WPP GROUP PLC

## Interim results for the six months ended 30 June 2008

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

	Notes	Six months ended 30 June 2008	Six months ended 30 June 2007		Constant Currency <sup>1</sup>	Year ended 31 December 2007
		£m	£m	+/(-)%	+/(-)%	£m
<b>Billings</b>		16,870.7	15,084.6	11.8	4.6	31,665.5
<b>Revenue</b>		3,339.1	2,921.0	14.3	8.1	6,185.9
Direct costs		(180.1)	(151.3)	(19.0)	(12.2)	(335.5)
<b>Gross profit</b>		3,159.0	2,769.7	14.1	7.9	5,850.4
Operating costs	4	(2,781.2)	(2,450.2)	(13.5)	(7.8)	(5,045.7)
<b>Operating profit</b>		377.8	319.5	18.2	8.2	804.7
Share of results of associates	4	20.7	19.5	6.2	(7.6)	41.4
<b>Profit before interest and taxation</b>		398.5	339.0	17.6	7.3	846.1
Finance income	5	70.1	57.7	21.5	16.2	139.4
Finance costs	5	(130.1)	(102.6)	(26.8)	(24.0)	(266.1)
<b>Profit before taxation</b>		338.5	294.1	15.1	3.4	719.4
Taxation	7	(101.2)	(90.9)	(11.3)	(4.3)	(204.3)
<b>Profit for the period</b>		237.3	203.2	16.8	3.0	515.1
<b>Attributable to:</b>						
Equity holders of the parent		208.2	181.9	14.5	0.5	465.9
Minority interests		29.1	21.3	(36.6)	(24.7)	49.2
		237.3	203.2	16.8	3.0	515.1
Headline PBIT	6,19	453.4	383.1	18.4	9.2	928.0
<b>Headline PBIT margin</b>	19	<b>13.6%</b>	<b>13.1%</b>			<b>15.0%</b>
Headline PBT	19	389.1	338.0	15.1	4.9	817.3
<b>Earnings per share<sup>2</sup></b>						
Basic earnings per ordinary share	9	18.2p	15.3p	19.0	4.5	39.6p
Diluted earnings per ordinary share	9	17.8p	14.7p	21.1	6.4	38.0p

<sup>1</sup> The basis for calculating the constant currency percentage change shown above is described in the glossary attached to this appendix.

<sup>2</sup> The calculations of the Group's earnings per share and Headline earnings per share are set out in note 9.

## WPP GROUP PLC

**Unaudited condensed consolidated interim cash flow statement  
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
<b>Net cash (outflow)/inflow from operating activities</b>	10	<b>(165.4)</b>	<b>(7.2)</b>	<b>891.3</b>
<b>Investing activities</b>				
Acquisitions and disposals	10	(176.0)	(208.0)	(674.8)
Purchases of property, plant and equipment		(67.8)	(66.1)	(151.1)
Purchases of other intangible assets (incl. capitalised computer software)		(6.2)	(6.1)	(19.7)
Proceeds on disposal of property, plant and equipment		6.7	6.6	8.3
<b>Net cash outflow from investing activities</b>		<b>(243.3)</b>	<b>(273.6)</b>	<b>(837.3)</b>
<b>Financing activities</b>				
Share option proceeds		5.9	21.4	34.8
Share repurchases and buybacks	10	(112.2)	(209.2)	(415.4)
Net increase in borrowings	10	79.5	111.8	498.9
Financing and share issue costs		(4.3)	(1.9)	(8.3)
Equity dividends paid		-	-	(138.9)
Dividends paid to minority shareholders in subsidiary undertakings		(26.4)	(20.4)	(38.9)
<b>Net cash outflow from financing activities</b>		<b>(57.5)</b>	<b>(98.3)</b>	<b>(67.8)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(466.2)</b>	<b>(379.1)</b>	<b>(13.8)</b>
Translation differences		34.7	2.4	119.2
Cash and cash equivalents at beginning of period		1,062.3	956.9	956.9
<b>Cash and cash equivalents at end of period</b>	10	<b>630.8</b>	<b>580.2</b>	<b>1,062.3</b>
<b>Reconciliation of net cash flow to movement in net debt:</b>				
<b>Net decrease in cash and cash equivalents</b>		<b>(466.2)</b>	<b>(379.1)</b>	<b>(13.8)</b>
Cash inflow from increase in debt financing		(76.0)	(109.9)	(493.5)
Other movements		28.3	48.7	26.0
Translation difference		(57.6)	(9.6)	10.2
<b>Movement of net debt in the period</b>		<b>(571.5)</b>	<b>(449.9)</b>	<b>(471.1)</b>
Net debt at beginning of period		(1,285.7)	(814.6)	(814.6)
<b>Net debt at end of period</b>	11	<b>(1,857.2)</b>	<b>(1,264.5)</b>	<b>(1,285.7)</b>

## WPP GROUP PLC

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

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Profit for the period	237.3	203.2	515.1
Exchange adjustments on foreign currency net investments	282.2	(33.1)	71.7
Gain/(loss) on revaluation of available for sale investments	17.7	(2.6)	108.1
Actuarial gain on defined benefit pension schemes	-	-	27.0
Deferred tax charge on defined benefit pension schemes	-	-	(9.9)
Net income/(expense) recognised directly in equity	299.9	(35.7)	196.9
<b>Total recognised income and expense relating to the period</b>	<b>537.2</b>	<b>167.5</b>	<b>712.0</b>
Attributable to:			
Equity holders of the parent	508.1	146.2	662.8
Minority interests	29.1	21.3	49.2
	<b>537.2</b>	<b>167.5</b>	<b>712.0</b>

## WPP GROUP PLC

**Unaudited condensed consolidated interim balance sheet  
as at 30 June 2008**

	Notes	30 June 2008 £m	30 June 2007 £m	31 December 2007 £m
<b>Non-current assets</b>				
Intangible assets:				
Goodwill	12	6,422.9	5,530.8	6,071.7
Other	13	1,176.0	1,087.5	1,154.6
Property, plant and equipment		455.0	417.5	449.6
Interests in associates		570.0	451.4	540.1
Other investments		307.2	162.2	268.6
Deferred tax assets		44.3	105.4	56.0
Trade and other receivables	14	184.2	94.3	149.3
		9,159.6	7,849.1	8,689.9
<b>Current assets</b>				
Inventory and work in progress		375.5	324.4	343.9
Corporate income tax recoverable		29.0	28.6	37.2
Trade and other receivables	14	6,569.7	5,205.7	6,140.8
Cash and short-term deposits		1,276.9	755.5	2,040.2
		8,251.1	6,314.2	8,562.1
<b>Current liabilities</b>				
Trade and other payables	15	(8,139.9)	(6,785.0)	(8,248.9)
Corporate income tax payable		(73.0)	(50.3)	(70.0)
Bank overdrafts and loans		(771.0)	(410.6)	(1,585.9)
		(8,983.9)	(7,245.9)	(9,904.8)
<b>Net current liabilities</b>				
		(732.8)	(931.7)	(1,342.7)
<b>Total assets less current liabilities</b>				
		8,426.8	6,917.4	7,347.2
<b>Non-current liabilities</b>				
Bonds and bank loans		(2,363.1)	(1,609.4)	(1,740.0)
Trade and other payables	16	(540.1)	(407.4)	(460.4)
Corporate income tax payable		(347.3)	(364.4)	(336.2)
Deferred tax liabilities		(464.7)	(461.8)	(464.0)
Provision for post-employment benefits		(135.0)	(187.6)	(135.0)
Provisions for liabilities and charges		(113.7)	(104.5)	(116.8)
		(3,963.9)	(3,135.1)	(3,252.4)
<b>Net assets</b>				
		4,462.9	3,782.3	4,094.8
<b>Equity</b>				
Called-up share capital		117.4	121.8	119.2
Share premium account		109.8	97.3	103.9
Shares to be issued		3.2	3.4	5.3
Merger reserve		(1,365.0)	(1,368.4)	(1,365.9)
Other reserves		206.9	(324.7)	(114.9)
Own shares		(201.8)	(256.9)	(255.3)
Retained earnings		5,454.3	5,414.2	5,482.1
<b>Equity share owners' funds</b>				
	17	4,324.8	3,686.7	3,974.4
Minority interests		138.1	95.6	120.4
<b>Total Equity</b>				
		4,462.9	3,782.3	4,094.8

**WPP GROUP PLC****Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20)****1. Basis of accounting**

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

**2. Accounting policies**

The unaudited condensed consolidated interim financial statements comply with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), IAS 34 'Interim Financial Reporting' and with the accounting policies of the Group which were set out on pages 153 to 159 of the 2007 Annual Report and Accounts. No changes have been made to the Group's accounting policies in the period to 30 June 2008.

**Statutory Information and Independent Review**

The unaudited condensed consolidated 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 for the purposes of s240 of the Companies Act 1985. The statutory accounts for the year ended 31 December 2007 have been delivered to the Registrar of Companies and received an unqualified auditors' report and did not contain a statement under s237(2) or (3) of the Companies Act 1985. The interim financial statements are unaudited but have been reviewed by the auditors and their report is set out on page 33.

The announcement of the interim results was approved by the board of directors on 21 August 2008.

**3. Currency conversion**

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

The 2008 unaudited condensed consolidated interim income statement is prepared using, among other currencies, average exchange rates of US\$1.9743 to the pound (period ended 30 June 2007: US\$1.9703; year ended 31 December 2007: US\$2.0019) and €1.2908 to the pound (period ended 30 June 2007: €1.4822; year ended 31 December 2007: €1.4619). The unaudited condensed consolidated interim balance sheet as at 30 June 2008 has been prepared using the exchange rates on that day of US\$1.9908 to the pound (30 June 2007: US\$2.0071; 31 December 2007: US\$1.9827) and €1.2651 to the pound (30 June 2007: €1.4826; 31 December 2007: €1.3598).

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

## WPP GROUP PLC

## Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)

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

Operating costs include:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Amortisation and impairment of acquired intangible assets	25.5	17.1	40.3
Goodwill impairment	20.0	29.0	44.1
Goodwill write-down relating to utilisation of pre-acquisition tax losses	0.7	1.0	1.7
Gains on disposal of investments	(3.6)	(3.0)	(3.4)
Write-downs of investments	12.3	-	-
Share-based incentive plans (including share options)	30.2	33.3	62.4
Other operating costs	2,696.1	2,372.8	4,900.6
	2,781.2	2,450.2	5,045.7

The goodwill impairment charge of £20.0 million (30 June 2007: £29.0 million) relates to a number of under-performing businesses in the Group. In certain markets, the impact of current local economic conditions and trading circumstances on these businesses is sufficiently severe to indicate an impairment to the carrying value of goodwill. The Directors will reassess the need for any further impairment write-downs at year end.

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 profit before interest and taxation	32.8	31.5	65.8
Share of exceptional gains	-	-	0.8
Share of interest and minority interest	0.2	0.7	0.5
Share of taxation	(12.3)	(12.7)	(25.7)
	20.7	19.5	41.4

## WPP GROUP PLC

## Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)

## 5. Finance income and finance costs

Finance income includes:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Expected return on pension scheme assets	15.0	14.1	28.1
Income from available for sale investments	5.0	4.0	9.2
Interest income	50.1	39.6	102.1
	70.1	57.7	139.4

Finance costs include:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Interest on pension scheme liabilities	18.5	17.0	33.8
Interest on other long-term employee benefits	0.8	0.2	1.5
Interest payable and similar charges	115.1	85.6	214.8
Finance charges (excluding revaluation of financial instruments)	134.4	102.8	250.1
Revaluation of financial instruments accounted at fair value through profit or loss	(4.3)	(0.2)	16.0
	130.1	102.6	266.1

The following are included in the revaluation of financial instruments accounted at fair value through profit or loss shown above:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Movements in fair value of treasury instruments	(17.2)	0.4	6.7
Revaluations of put options over minority interests	12.9	(0.6)	9.3
	(4.3)	(0.2)	16.0

## WPP GROUP PLC

## Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)

## 6. Segmental analysis

Reported contributions by operating sector were as follows:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
<b>Revenue</b>			
Advertising and Media Investment Management	1,521.3	1,364.4	2,871.3
Information, Insight & Consultancy	486.5	431.8	905.4
Public Relations & Public Affairs	356.1	313.0	641.4
Branding & Identity, Healthcare and Specialist Communications	975.2	811.8	1,767.8
	3,339.1	2,921.0	6,185.9
<b>Reported operating profit</b>			
Advertising and Media Investment Management	203.9	157.4	384.4
Information, Insight & Consultancy	45.5	39.8	99.2
Public Relations & Public Affairs	54.3	43.7	101.7
Branding & Identity, Healthcare and Specialist Communications	74.1	78.6	219.4
	377.8	319.5	804.7
<b>Headline PBIT<sup>1</sup></b>			
Advertising and Media Investment Management	242.6	201.1	466.9
Information, Insight & Consultancy	49.3	42.0	104.3
Public Relations & Public Affairs	57.2	46.0	106.5
Branding & Identity, Healthcare and Specialist Communications	104.3	94.0	250.3
	453.4	383.1	928.0
<b>Headline PBIT margin</b>	%	%	%
Advertising and Media Investment Management	15.9	14.7	16.3
Information, Insight & Consultancy	10.1	9.7	11.5
Public Relations & Public Affairs	16.1	14.7	16.6
Branding & Identity, Healthcare and Specialist Communications	10.7	11.6	14.2
	13.6	13.1	15.0

<sup>1</sup> Headline PBIT is defined in note 19.

The operating sector disciplines above are the basis on which the Group reports its primary information.



## WPP GROUP PLC

## Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)

## 6. Segmental analysis (continued)

Reported contributions by geographical area were as follows:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
<b>Revenue</b>			
United Kingdom	450.2	430.4	890.3
North America	1,189.7	1,111.6	2,266.7
Continental Europe	929.4	771.6	1,657.4
Asia Pacific, Latin America, Africa & Middle East	769.8	607.4	1,371.5
	3,339.1	2,921.0	6,185.9
<b>Headline PBIT<sup>1</sup></b>			
United Kingdom	58.2	47.5	107.1
North America	187.4	175.8	391.5
Continental Europe	122.9	90.2	223.0
Asia Pacific, Latin America, Africa & Middle East	84.9	69.6	206.4
	453.4	383.1	928.0
<b>Headline PBIT margin</b>	%	%	%
United Kingdom	12.9	11.0	12.0
North America	15.8	15.8	17.3
Continental Europe	13.2	11.7	13.5
Asia Pacific, Latin America, Africa & Middle East	11.0	11.5	15.0
	13.6	13.1	15.0

<sup>1</sup> Headline PBIT is defined in note 19.

## WPP GROUP PLC

## Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)

## 7. Taxation

The Group tax rate on Headline PBT<sup>1</sup> is 26.0% (30 June 2007: 26.9% and 31 December 2007: 25.0%).  
The Group tax rate on Reported PBT is 29.9% (30 June 2007: 30.9% and 31 December 2007: 28.4%).

The tax charge comprises:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
<b>Current tax</b>			
UK Corporation tax at 30%			
Current year	(0.8)	11.0	27.5
Prior years	2.1	2.4	(57.9)
	1.3	13.4	(30.4)
Foreign tax			
Current year	92.5	84.7	212.9
Prior years	10.0	(3.2)	5.7
	102.5	81.5	218.6
<b>Total Current tax</b>	103.8	94.9	188.2
<b>Deferred tax</b>			
Current year	(2.6)	(4.0)	16.1
<b>Tax charge</b>	101.2	90.9	204.3

<sup>1</sup> Headline PBT is defined in note 19.

## 8. Ordinary dividends

The Board has recommended an interim dividend of 5.19p (2007: 4.32p) per ordinary share. This is expected to be paid on 10 November 2008 to share owners on the register at 10 October 2008.

The Board recommended a final dividend of 9.13p per ordinary share in respect of 2007. This was approved by the company's shareholders at the Annual General Meeting on 24 June 2008 and paid on 7 July 2008.

## WPP GROUP PLC

## Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)

## 9. Earnings per share

## Basic EPS

The calculation of basic Reported and Headline EPS is as follows:

	Six months ended 30 June 2008	Six months ended 30 June 2007	+/(-)%	Constant Currency +/(-)%	Year ended 31 December 2007
Reported earnings <sup>1</sup> (£m)	208.2	181.9			465.9
Headline earnings (£m) (note 19)	258.8	225.8			563.8
Average shares used in Basic EPS calculation (m)	1,144.0	1,189.5			1,176.9
Reported EPS	18.2p	15.3p	19.0	4.5	39.6p
Headline EPS	22.6p	19.0p	18.9	7.4	47.9p

<sup>1</sup> Reported earnings is equivalent to profit for the period attributable to equity holders of the parent.

## Diluted EPS

The calculation of diluted Reported and Headline EPS is set out below:

	Six months ended 30 June 2008	Six months ended 30 June 2007	+/(-)%	Constant Currency +/(-)%	Year ended 31 December 2007
Diluted Reported earnings (£m)	208.7	182.4			466.8
Diluted Headline earnings (£m)	259.3	226.3			564.7
Shares used in diluted EPS calculation (m)	1,174.4	1,242.8			1,227.1
Diluted Reported EPS	17.8p	14.7p	21.1	6.4	38.0p
Diluted Headline EPS	22.1p	18.2p	21.4	9.3	46.0p

Diluted EPS has been calculated based on the Reported and Headline Earnings amounts above. For the six months ended 30 June 2008 and the six months ended 30 June 2007 the \$150 million Grey convertible bond was dilutive and earnings were consequently increased by £0.5 million.

A reconciliation between the shares used in calculating Basic and Diluted EPS is as follows:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	m	m	m
Average shares used in Basic EPS calculation	1,144.0	1,189.5	1,176.9
Dilutive share options outstanding	7.0	20.4	16.6
Other potentially issuable shares	14.5	24.0	24.7
\$150 million Grey convertible bond	8.9	8.9	8.9
Shares used in Diluted EPS calculation	1,174.4	1,242.8	1,227.1

At 30 June 2008 there were 1,174,251,830 ordinary shares in issue.

## WPP GROUP PLC

## Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)

## 10. Analysis of cash flows

The following tables analyse the items included within the main cash flow headings on page 11:

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

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
<b>Profit for the period</b>	237.3	203.2	515.1
Taxation	101.2	90.9	204.3
Finance costs	130.1	102.6	266.1
Finance income	(70.1)	(57.7)	(139.4)
Share of results of associates	(20.7)	(19.5)	(41.4)
<b>Operating profit</b>	<b>377.8</b>	<b>319.5</b>	<b>804.7</b>
Adjustments for:			
Non-cash share-based incentive plans (including share options)	30.2	33.3	62.4
Depreciation of property, plant and equipment	68.6	60.7	126.3
Goodwill impairment	20.0	29.0	44.1
Goodwill write-down relating to utilisation of pre-acquisition tax losses	0.7	1.0	1.7
Amortisation and impairment of acquired intangible assets	25.5	17.1	40.3
Amortisation of other intangible assets	9.9	8.7	18.1
Gains on disposal of investments	(3.6)	(3.0)	(3.4)
Write-downs of investments	12.3	-	-
(Gains)/losses on sale of property, plant and equipment	(0.1)	(1.9)	1.0
<b>Operating cash flow before movements in working capital and provisions</b>	<b>541.3</b>	<b>464.4</b>	<b>1,095.2</b>
Movements in working capital and provisions <sup>1</sup>	(572.5)	(348.7)	25.4
<b>Cash generated by operations</b>	<b>(31.2)</b>	<b>115.7</b>	<b>1,120.6</b>
Corporation and overseas tax paid	(84.1)	(76.2)	(151.0)
Interest and similar charges paid	(99.9)	(84.3)	(212.0)
Interest received	33.3	17.4	102.6
Investment income	1.7	4.0	3.1
Dividends from associates	14.8	16.2	28.0
	<b>(165.4)</b>	<b>(7.2)</b>	<b>891.3</b>

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

## Acquisitions and disposals:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Initial cash consideration	(94.1)	(80.3)	(520.4)
(Overdraft)/cash and cash equivalents acquired (net)	(9.9)	9.2	60.5
Earnout payments	(30.4)	(64.8)	(93.9)
Loan note redemptions	(2.6)	(1.6)	(2.1)
Purchase of other investments (including associates)	(42.8)	(73.5)	(128.0)
Proceeds on disposal of investments	3.8	3.0	9.1
	<b>(176.0)</b>	<b>(208.0)</b>	<b>(674.8)</b>

## WPP GROUP PLC

## Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)

## 10. Analysis of cash flows (continued)

## Share repurchases and buybacks:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Share cancellations (excluding brokerage fees)	(112.2)	(209.2)	(402.7)
Shares purchased into treasury	-	-	(12.7)
	<b>(112.2)</b>	<b>(209.2)</b>	<b>(415.4)</b>

## Net increase/(decrease) in borrowings:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Increase in drawings on bank loans	-	161.8	-
Repayment of €650 million 6.0% bonds	(515.1)	-	-
Proceeds from issue of €750 million 6.625% bonds due May 2016	594.6	-	-
Repayment of £450 million 2.0% convertible bonds	-	(450.0)	(450.0)
Proceeds from issue of £400 million 6.0% bonds due April 2017	-	400.0	400.0
Proceeds from issue of £200 million 6.375% bonds due November 2020	-	-	200.0
Proceeds from issue of €500 million 5.25% bonds due January 2015	-	-	348.9
	<b>79.5</b>	<b>111.8</b>	<b>498.9</b>

## Cash and cash equivalents:

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Cash at bank and in hand	1,193.8	638.1	1,957.4
Short-term bank deposits	83.1	117.4	82.8
Overdrafts <sup>1</sup>	(646.1)	(175.3)	(977.9)
	<b>630.8</b>	<b>580.2</b>	<b>1,062.3</b>

<sup>1</sup> Bank overdrafts are included in cash and cash equivalents because they form an integral part of the Group's cash management.

## WPP GROUP PLC

## Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)

## 11. Net debt

	30 June 2008	30 June 2007	31 December 2007
	£m	£m	£m
Cash and short-term deposits	1,276.9	755.5	2,040.2
Bank overdrafts and loans due within one year	(771.0)	(410.6)	(1,585.9)
Bonds and bank loans due after one year	(2,363.1)	(1,609.4)	(1,740.0)
<b>Net debt</b>	<b>(1,857.2)</b>	<b>(1,264.5)</b>	<b>(1,285.7)</b>

## 12. Goodwill and acquisitions

Goodwill in relation to subsidiary undertakings increased by £351.2 million (30 June 2007: increase of £96.3 million) in the period. This movement includes both additional goodwill arising on acquisitions completed in the period and adjustments to goodwill relating to acquisitions completed in prior years, net of impairment charges and the effect of currency translation. Goodwill in relation to associate undertakings increased by £29.6 million (30 June 2007: increase of £29.3 million) in the period.

Future anticipated payments to vendors in respect of both deferred and earnout obligations totalled £313.8 million (period ended 30 June 2007: £284.5 million; year ended 31 December 2007: £319.0 million). Earnouts are based on the directors' best estimates of future obligations, which are dependent on the future performance of the interests acquired and assume the operating companies improve profits in line with directors' estimates.

The Group acquired a number of subsidiaries in the period. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group. The fair value adjustment for certain acquisitions included in the table below have been determined provisionally at the balance sheet date.

	Book value at acquisition	Fair value adjustments	Fair value to Group
	£m	£m	£m
Intangible assets	1.5	2.0	3.5
Property, plant and equipment	3.3	-	3.3
Current assets	120.2	-	120.2
<b>Total assets</b>	<b>125.0</b>	<b>2.0</b>	<b>127.0</b>
Current liabilities	(85.3)	(5.6)	(90.9)
Trade and other payables due after one year	(8.2)	(4.9)	(13.1)
Provisions	-	(0.1)	(0.1)
<b>Total liabilities</b>	<b>(93.5)</b>	<b>(10.6)</b>	<b>(104.1)</b>
<b>Net assets/(liabilities)</b>	<b>31.5</b>	<b>(8.6)</b>	<b>22.9</b>
Minority interest			(8.5)
Goodwill			64.0
Consideration			78.4
Considered satisfied by:			
Cash			67.4
Payments due to vendors			9.7
Capitalised acquisition costs			1.3

## WPP GROUP PLC

## Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)

**12. Goodwill and acquisitions (continued)**

Fair value adjustments comprise adjustments to bring the book value of the assets and liabilities of acquisitions to fair value, principally through the recognition of intangible assets and provisions for certain contingent liabilities, including corporate tax liabilities, where the likelihood of settlement is considered probable at the acquisition date.

The contribution to revenue and operating profit of acquisitions completed in the period was not material. There were no material acquisitions completed between 30 June 2008 and the date the interim financial statements have been approved.

On 1 August 2008, the Group made a formal offer for the entire issued and to be issued share capital of Taylor Nelson Sofres plc ("TNS"). For each TNS share the offer consisted of 173 pence in cash and 0.1889 of a WPP share, thus valuing the issued share capital of TNS at approximately £1.1 billion based on the closing price of 475.5 pence per WPP share on 21 August 2008. As at the date of approval of these interim financial statements, this offer was subject to TNS shareholders' acceptance.

**13. Other intangible assets**

The following are included in other intangibles:

	<b>30 June 2008</b>	<b>30 June 2007</b>	<b>31 December 2007</b>
	£m	£m	£m
Brands with an indefinite useful life	836.9	800.4	798.0
Acquired intangibles	300.1	256.4	312.2
Other (including capitalised computer software)	39.0	30.7	44.4
	<b>1,176.0</b>	<b>1,087.5</b>	<b>1,154.6</b>

**14. Trade and other receivables**

Amounts falling due within one year:

	<b>30 June 2008</b>	<b>30 June 2007</b>	<b>31 December 2007</b>
	£m	£m	£m
Trade receivables	4,584.5	4,012.8	4,691.0
VAT and sales taxes recoverable	98.6	41.1	86.5
Other debtors	697.8	603.1	609.8
Prepayments and accrued income	1,188.8	548.7	753.5
	<b>6,569.7</b>	<b>5,205.7</b>	<b>6,140.8</b>

Amounts falling due after more than one year:

	<b>30 June 2008</b>	<b>30 June 2007</b>	<b>31 December 2007</b>
	£m	£m	£m
Other debtors	177.3	79.9	145.9
Prepayments and accrued income	6.9	14.4	3.4
	<b>184.2</b>	<b>94.3</b>	<b>149.3</b>

## WPP GROUP PLC

## Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)

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

The following are included in trade and other payables falling due within one year:

	30 June 2008	30 June 2007	31 December 2007
	£m	£m	£m
Trade payables	5,678.8	4,600.8	5,843.6
Deferred income	641.4	534.7	600.5
Payments due to vendors	62.0	55.8	57.3
Loan notes due to vendors	0.1	0.7	2.7
Liabilities in respect of put option agreements with vendors	70.9	42.9	45.0
Share repurchases - close period commitments	-	61.0	64.8
Dividends payable	103.8	89.6	-
Other creditors and accruals	1,582.9	1,399.5	1,635.0
	<b>8,139.9</b>	<b>6,785.0</b>	<b>8,248.9</b>

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

The following are included in trade and other payables falling due after more than one year:

	30 June 2008	30 June 2007	31 December 2007
	£m	£m	£m
Payments due to vendors	251.8	228.7	261.7
Liabilities in respect of put option agreements with vendors	54.4	25.9	37.0
Other creditors and accruals	233.9	152.8	161.7
	<b>540.1</b>	<b>407.4</b>	<b>460.4</b>

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

	30 June 2008	30 June 2007	31 December 2007
	£m	£m	£m
Within one year	62.0	55.8	57.3
Between 1 and 2 years	77.5	42.8	62.8
Between 2 and 3 years	87.6	63.6	85.4
Between 3 and 4 years	61.5	64.1	65.0
Between 4 and 5 years	24.1	39.6	48.5
Over 5 years	1.1	18.6	-
	<b>313.8</b>	<b>284.5</b>	<b>319.0</b>

The Group does not consider there to be any material contingent liabilities as at 30 June 2008.



## WPP GROUP PLC

## Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)

## 17. Reconciliation of movements in consolidated equity share owners' funds

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Profit for the period attributable to equity share owners	208.2	181.9	465.9
Ordinary dividends	(103.8)	(89.6)	(138.9)
	104.4	92.3	327.0
Ordinary shares issued in respect of acquisitions	-	2.3	8.0
Other ordinary shares issued	6.5	20.3	28.2
Share cancellations	(112.2)	(209.2)	(402.7)
Share issue/cancellation costs	(0.8)	-	(2.8)
Shares purchased into treasury	-	-	(12.7)
Non-cash share-based incentive plans (including share options)	30.2	33.3	62.4
Tax benefit of share-based payments	(6.9)	7.0	0.9
Actuarial gain on defined benefit pension schemes	-	-	27.0
Deferred tax charge on defined benefit pension schemes	-	-	(9.9)
Exchange adjustments on foreign currency net investments	282.2	(33.1)	71.7
Gain/(loss) on revaluation of available for sale investments	17.7	(2.6)	108.1
Share repurchases – close period commitments	59.8	(61.0)	(64.8)
Recognition of financial instruments during the period	(30.5)	10.5	7.3
Other movements	-	-	(0.2)
<b>Net additions/(deductions) to equity share owners' funds</b>	<b>350.4</b>	<b>(140.2)</b>	<b>147.5</b>
Opening equity share owners' funds	3,974.4	3,826.9	3,826.9
<b>Closing equity share owners' funds</b>	<b>4,324.8</b>	<b>3,686.7</b>	<b>3,974.4</b>

## Issued share capital - movement in the period

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	m	m	m
Number of equity ordinary shares			
<b>At the beginning of the period</b>	<b>1,191.5</b>	<b>1,240.6</b>	<b>1,240.6</b>
Exercise of share options	1.6	5.0	7.8
Acquisitions	-	0.3	0.3
Share cancellations	(18.8)	(27.9)	(57.2)
<b>At the end of the period</b>	<b>1,174.3</b>	<b>1,218.0</b>	<b>1,191.5</b>

## 18. Related party transactions

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

## WPP GROUP PLC

## Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)

## 19. Non-GAAP measures of performance

Reconciliation of profit before interest and taxation to  
Headline PBIT for the six months ended 30 June 2008

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
<b>Profit before interest and taxation</b>	<b>398.5</b>	<b>339.0</b>	<b>846.1</b>
Amortisation and impairment of acquired intangible assets	25.5	17.1	40.3
Goodwill impairment	20.0	29.0	44.1
Goodwill write-down relating to utilisation of pre-acquisition tax losses	0.7	1.0	1.7
Gains on disposal of investments	(3.6)	(3.0)	(3.4)
Write-downs of investments	12.3	-	-
Share of exceptional gains of associates	-	-	(0.8)
<b>Headline PBIT / Headline operating profit</b>	<b>453.4</b>	<b>383.1</b>	<b>928.0</b>
Finance income	70.1	57.7	139.4
Finance charges (excluding revaluation of financial instruments)	(134.4)	(102.8)	(250.1)
	(64.3)	(45.1)	(110.7)
<b>Interest cover on Headline PBIT</b>	<b>7.1 times</b>	<b>8.5 times</b>	<b>8.4 times</b>

## Calculation of Headline EBITDA

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
Headline PBIT (as above)	453.4	383.1	928.0
Depreciation of property, plant and equipment	68.6	60.7	126.3
Amortisation of other intangible assets	9.9	8.7	18.1
<b>Headline EBITDA</b>	<b>531.9</b>	<b>452.5</b>	<b>1,072.4</b>

## WPP GROUP PLC

## Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)

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

Reconciliation of profit before taxation to Headline PBT  
and Headline earnings for the six months ended 30 June 2008

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
<b>Profit before taxation</b>	<b>338.5</b>	<b>294.1</b>	<b>719.4</b>
Amortisation and impairment of acquired intangible assets	25.5	17.1	40.3
Goodwill impairment	20.0	29.0	44.1
Goodwill write-down relating to utilisation of pre-acquisition tax losses	0.7	1.0	1.7
Gains on disposal of investments	(3.6)	(3.0)	(3.4)
Write-downs of investments	12.3	-	-
Share of exceptional gains of associates	-	-	(0.8)
Revaluation of financial instruments	(4.3)	(0.2)	16.0
<b>Headline PBT</b>	<b>389.1</b>	<b>338.0</b>	<b>817.3</b>
Taxation	(101.2)	(90.9)	(204.3)
Minority interests	(29.1)	(21.3)	(49.2)
<b>Headline earnings</b>	<b>258.8</b>	<b>225.8</b>	<b>563.8</b>
Ordinary dividends	103.8	89.6	138.9
<b>Dividend cover on Headline earnings</b>	<b>2.5 times</b>	<b>2.5 times</b>	<b>4.1 times</b>

## Headline PBIT margins before and after share of results of associates

	Margin (%)	Six months ended 30 June 2008	Margin (%)	Six months ended 30 June 2007
		£m		£m
<b>Revenue</b>		<b>3,339.1</b>		2,921.0
<b>Headline PBIT</b>	<b>13.6</b>	<b>453.4</b>	13.1	383.1
Share of results of associates (excluding exceptional gains)		20.7		19.5
<b>Headline PBIT excluding share of results of associates</b>	<b>13.0</b>	<b>432.7</b>	12.4	363.6

## WPP GROUP PLC

## Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)

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

## Reconciliation of free cash flow for the six months ended 30 June 2008

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	£m	£m	£m
<b>Cash generated by operations</b>	<b>(31.2)</b>	<b>115.7</b>	<b>1,120.6</b>
Plus:			
Interest received	33.3	17.4	102.6
Investment income	1.7	4.0	3.1
Dividends received from associates	14.8	16.2	28.0
Share option proceeds	5.9	21.4	34.8
Movements in working capital and provisions	572.5	348.7	(25.4)
Proceeds on disposal of property, plant and equipment	6.7	6.6	8.3
Less:			
Interest and similar charges paid	(99.9)	(84.3)	(212.0)
Purchases of property, plant and equipment	(67.8)	(66.1)	(151.1)
Purchases of other intangible assets (including capitalised computer software)	(6.2)	(6.1)	(19.7)
Corporation and overseas tax paid	(84.1)	(76.2)	(151.0)
Dividends paid to minority shareholders in subsidiary undertakings	(26.4)	(20.4)	(38.9)
<b>Free Cash Flow</b>	<b>319.3</b>	<b>276.9</b>	<b>699.3</b>

## WPP GROUP PLC

**Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)****20. Principal risks and uncertainties**

The directors have considered the principal risks and uncertainties affecting the Group for the second half of 2008 and determined that these are unchanged from those presented in the Group's published Annual Report and Accounts and Form 20-F for the year ended 31 December 2007, other than point (m) below, which the Group now considers a further risk. The Annual Report and Form 20-F are published in the Investor Relations section of the Group website ([www.wpp.com](http://www.wpp.com)) and are available from the Group on request.

WPP Group plc has specific policies in place to ensure that risks are properly evaluated and managed at the appropriate level within the business. These are presented on pages 116 and 117 of the published 2007 Annual Report and Accounts. Pages 5 to 8 of the Group's Form 20-F contain a detailed explanation of the risk factors identified by the Group for the year ended 31 December 2007 and these are summarised below:

- a. The Group competes for clients in a highly competitive industry, which may reduce market share and decrease profits.
- b. The Group receives a significant portion of its revenues from a limited number of large clients, and the loss of these clients could adversely impact the Group's prospects, business, financial condition and results of operations.
- c. The Group may be unable to collect balances due from any client that files for bankruptcy or becomes insolvent.
- d. The Group is dependent on its employees and, like all service providers, is vulnerable to adverse consequences from the loss of key employees due to competition among providers of advertising and marketing services.
- e. The Group is exposed to the risks of doing business internationally.
- f. Currency exchange rate fluctuations could adversely affect the Group's consolidated results of operations.
- g. The Group may have difficulty repatriating the earnings of its subsidiaries.
- h. The Group is subject to recessionary economic cycles.
- i. The Group may be unsuccessful in evaluating material risks involved in completed and future acquisitions.
- j. The Group may be unsuccessful in integrating any acquired operations with its existing businesses.
- k. Goodwill and other acquired intangible assets recorded on the Group's balance sheet with respect to acquired companies may become impaired.
- l. The Group may be subject to certain regulations that could restrict the Group's activities.
- m. Changes in tax laws or their application may adversely affect the Group's reported results.
- n. The Group may be exposed to liabilities from allegations that certain of its clients' advertising claims may be false or misleading or that its clients' products may be defective.
- o. Civil liabilities or judgments against the Group or its directors or officers based on U.S. federal or state securities laws may not be enforceable in the U.S. or in England.

**WPP GROUP PLC**

**Notes to the unaudited condensed consolidated interim financial statements (Notes 1 - 20) (continued)**

**20. Principal risks and uncertainties (continued)**

**Treasury management**

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

The Group's risk management policies relating to foreign currency risk, interest rate risk, liquidity risk, capital risk and credit risk are presented in the notes to the consolidated financial statements of the 2007 Annual Report and Accounts and in the opinion of the Board remain relevant for the remaining six months of the year.

**WPP GROUP PLC**

**RESPONSIBILITY STATEMENT**

We confirm that to the best of our knowledge:

- a. the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- b. the interim management report and note 20 includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c. the interim management report and note 18 includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

Signed on behalf of the Board on 21 August 2008.

P W G Richardson  
Group finance director

## INDEPENDENT REVIEW REPORT TO WPP GROUP PLC

### Introduction

We have been engaged by the Company to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the condensed consolidated income statement, balance sheet, statement of recognised income and expense, cash flow statement and related notes 1 to 20. 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 consolidated 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.

The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. As disclosed in note 2, the condensed consolidated 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 and as issued by the International Accounting Standards Board.

### 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 as issued by the International Standards Board, and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

### Deloitte & Touche LLP

Chartered Accountants and Registered Auditor

21 August 2008  
London, UK



## WPP GROUP PLC

Interim results for the six months ended 30 June 2008  
in reportable US Dollars<sup>1</sup>Unaudited illustrative condensed consolidated interim income statement  
for the six months ended 30 June 2008

	Six months ended 30 June 2008	Six months ended 30 June 2007	+ / (-) %	Year ended 31 December 2007
	\$m	\$m		\$m
<b>Billings</b>	33,321.2	29,747.8	12.0	63,536.8
<b>Revenue</b>	6,594.7	5,764.3	14.4	12,395.4
Direct costs	(355.6)	(299.1)	(18.9)	(672.7)
<b>Gross profit</b>	6,239.1	5,465.2	14.2	11,722.7
Operating costs	(5,492.2)	(4,833.2)	(13.6)	(10,104.2)
<b>Operating profit</b>	746.9	632.0	18.2	1,618.5
Share of results of associates	40.8	38.3	6.5	82.9
<b>Profit before interest and taxation</b>	787.7	670.3	17.5	1,701.4
Finance income	138.7	112.4	23.4	280.3
Finance costs	(257.3)	(201.0)	(28.0)	(535.0)
<b>Profit before taxation</b>	669.1	581.7	15.0	1,446.7
Taxation	(200.0)	(179.8)	(11.2)	(409.5)
<b>Profit for the period</b>	469.1	401.9	16.7	1,037.2
<b>Attributable to:</b>				
Equity holders of the parent	411.7	359.9	14.4	938.2
Minority interests	57.4	42.0	(36.7)	99.0
	469.1	401.9	16.7	1,037.2
Headline PBIT	895.8	757.6	18.2	1,865.0
<b>Headline PBIT margin</b>	<b>13.6%</b>	<b>13.1%</b>		<b>15.0%</b>
Headline PBT	768.8	668.6	15.0	1,642.7
<b>Reported earnings per share<sup>2</sup></b>				
Basic earnings per ordinary share	36.0¢	30.3¢	18.8	79.7¢
Diluted earnings per ordinary share	35.1¢	29.0¢	21.0	76.6¢
<b>Headline earnings per share<sup>2</sup></b>				
Basic earnings per ordinary share	44.7¢	37.6¢	18.9	96.4¢
Diluted earnings per ordinary share	43.6¢	36.0¢	21.1	92.6¢

<sup>1</sup> The unaudited consolidated income statement above is presented in reportable US Dollars for information purposes only and has been prepared assuming the US Dollar is the reporting currency of the Group, whereby local currency results are translated into US Dollars at actual monthly average exchange rates in the periods presented. Among other currencies, this includes an average exchange rate of US\$1.9743 to the pound for the period ended 30 June 2008 (period ended 30 June 2007: US\$1.9703; year ended 31 December 2007: US\$2.0019).

<sup>2</sup> The basis of the calculations of the Group's earnings per share and Headline earnings per share are set out in note 9 of Appendix 1.

**WPP GROUP PLC****GLOSSARY AND BASIS OF PREPARATION****Average net debt**

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

**Billings and estimated net new billings**

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

**Constant currency**

The Group uses US dollar-based, constant currency models to measure performance. These are calculated by applying budgeted 2008 exchange rates to local currency reported results for the current and prior year. This gives a US dollar – denominated income statement and balance sheet which exclude any variances attributable to foreign exchange rate movements.

**Free cash flow**

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

**Headline earnings**

Headline PBT less taxation and minority interests.

**Headline operating profit / Headline PBIT**

Profit before finance income/costs, taxation, investment gains and write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, and share of exceptional gains of associates.

**Headline PBT**

Profit before taxation, investment gains and write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, share of exceptional gains of associates and gains/losses arising from the revaluation of financial instruments.

**Operating margin**

Headline operating profit as a percentage of revenue.

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

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