AEGIS

27 August 2010

Aegis Group plc
2010 Interim Results Announcement

Performance confirms expected return to growth

- Total revenue increased 4.2% to £663.3m, (2.4% at constant currency), organic revenue growth of 3.2%
- Revenue growth supported by strong performances in faster-growing regions*, which now represent 30% of Group revenue (FY09: 27%)
- Underlying operating profit increased 19.6% to £61.1m, (18.9% at constant currency), with underlying operating margin increasing 120 basis points to 9.2%, mainly due to Synovate's return to profitability in H1 2010, from loss-making position in prior year period, and Group top line growth performance
- Balance sheet further strengthened through launch of convertible bond in April to raise £190.6m and successful re-financing of £450m revolving credit facility on five year term
- Return to focused acquisition activity accelerates transformation of Asia Pacific operations, through shareholding in Charm Communications Inc in China and proposed acquisition of Mitchell Communication Group, Australia's leading marketing communications group
- Appointment of Jerry Buhlmann as Group CEO from 1 May 2010
- Interim dividend increased 6.8% to 1.025p
- Group underlying operating profit for 2010 expected to be in line with current market consensus, with anticipated modest improvement in Group operating margin, and continuing trend of improvement in organic growth in the second half at Aegis Media and Synovate, compared to the first half

Jerry Buhlmann, chief executive officer of Aegis Group plc, said:

"I am delighted to be giving my first results review as CEO of Aegis Group. We produced a strong performance during the first half of 2010, confirming our expectations of a return to growth. This was driven by good performances from our businesses in faster-growing regions, Synovate's return to profitability and strong net new business wins totalling $1 billion of billings from Aegis Media.

"For the second half, we are seeing signs of a rebound in both the advertising and market research sectors. While it is too early to predict a sustained longer term recovery, we are optimistic about the short term outlook for both sectors. For the full year, we expect Group underlying operating profit to be in line with current market consensus, with modest improvement in Group operating margin, and a continuing trend of improvement in organic growth at both our businesses in the second half of 2010, compared to the first half."

Financial Highlights

£m	H1 2010	H1 2009 ***	Change, %	Constant currency, %
Revenue	**663.3**	636.7	4.2	2.4
Underlying results**				
▪ operating profit	**61.1**	51.1	19.6	18.9
▪ pre-tax profit	**48.3**	44.6	8.3	7.8
▪ diluted eps	**3.0p**	2.7p	11.1	11.1
Statutory results				
▪ operating profit	**37.8**	23.0	64.3	63.6
▪ pre-tax profit	**25.3**	6.6	283.3	277.0
▪ diluted eps	**1.2p**	(0.2)p	n/a	n/a
Dividend per share	**1.025**	0.96p	6.8	6.8

** Faster-growing regions, a new classification, comprise Latin America, Central and Eastern Europe, Asia Pacific, the Middle East and Africa*
*** Throughout the commentary in this announcement, results are stated on an underlying basis unless otherwise indicated. See page 2 for definition of underlying. Percentage movements are given at reported exchange rates unless otherwise stated.*
**** 2009 half year underlying results are restated to exclude imputed interest arising due to discounting of deferred consideration, as explained on page 31.*

Reconciliation of underlying to statutory operating profit

£m	H1 2010	H1 2009	Change, %	Constant currency change, %
Underlying profit before tax *	48.3	44.6	8.3	7.8
Less:				
Restructuring costs	-	(15.7)		
Amortisation of purchased intangible assets	(13.6)	(12.4)		
IAS 39 adjustments	(1.8)	(9.9)		
Loss on disposal of subsidiaries and related impairment of goodwill	(7.6)	-		
Total adjustments	(23.0)	(38.0)		
Statutory profit before tax	25.3	6.6	283.3	277.0

** 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"). In the opinion of the Directors, such adjusting items are material by nature or amount and may include impairment charges, profits and losses on disposals of investments, amortisation of purchased intangible assets (being amortisation charged on separately identifiable intangible assets in acquired businesses), unrealised gains and losses on non-hedge derivative financial instruments, fair value gains and losses on liabilities in respect of put option agreements, and one-off 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. 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 43.*

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Our 2010 half year results presentation will be webcast live today at 09.00 (BST) and available afterwards for replay at www.aegisgroupplc.com

CHIEF EXECUTIVE'S REPORT

I am delighted to be giving my first results review as CEO of Aegis Group plc, having been appointed on 1 May 2010. Our performance during the first half confirmed our initial expectations of a return to growth and I am confident the right strategies are in place to ensure a bright future for the Group and our shareholders.

Focused on achieving strategic priorities of our two core divisions – Aegis Media & Synovate

Our ultimate aim is to make sure we continue to leverage our high quality global asset base, in the context of the changing dynamics in the markets in which we operate. This aim will also be realised by continuing to focus on achieving the strategic priorities of our two core divisions, Aegis Media and Synovate.

Positioning Aegis Media for a more convergent media environment

The media and advertising sectors are in the process of structural change. Following an unprecedented economic downturn, clients now require an improved and refreshed service from their agencies to help them gain competitive advantages as they recover from their own challenges.

The next stage will be a move over the next three to five years to a more convergent media environment, in which information will become more accessible to consumers through multiple media channels. Advertisers will therefore need to better understand what drives and motivates this more media-savvy consumer. We aim to ensure that Aegis Media is well positioned to support our clients in this regard, by driving our "power brand" network, with an increasing digital profile, supported by one operating model. To deliver this strategy, our priorities are focused on:

- Increasing our exposure to faster-growing regions, especially where opportunities exist to add scale;
- Ensuring we have a full service of digital and media propositions across all of our five "power brands", Carat, Vizeum, Posterscope, isobar and iProspect;
- Maintaining a consistent focus on targeting profitable new business;
- Growing our profile and capability across digital media;
- Building on our leading positions in the top 20 markets around the world;
- Broadening our service offering and geographic reach across existing and new international clients.

Consolidating Synovate's position in a changing market dynamic

The market research industry is recovering and, like the media and advertising sectors, is also going through structural changes. Clients are seeking a platform from which to build longer term relationships with fewer research providers. Market research agencies meeting this client requirement will be able to improve their market position and achieve greater consistency in their revenue streams.

Synovate is in a position to be able to take advantage of this opportunity, with its unique borderless corporate structure and an experienced, capable management team. Synovate's strategic priorities are therefore to:

- Continue to consolidate our market position through a increased focus on delivering profitable sales;
- Maintain our drive on improving the efficiency of the way we work;
- Focus on market-leading specialist capabilities;
- Increase our exposure to faster-growing regions and markets, in particular China and Russia;
- Build long term relationships with clients in an evolving market research environment.

Delivering on strategic priorities is a key focus

Details on the progress already made against these strategic priorities during the first half of 2010 can be found in the Business Review sections of this report, on pages 6 to 11. In the medium to longer term, delivering on these strategic priorities, through the achievement of consistent top line growth and margin optimisation, will be the key focus of the management team.

Immediate delivery against strategic priorities, through increased focus on acquisitions

During the first half of 2010, we initiated a renewed acquisition strategy, which is fully aligned to our strategic priorities and is subject to robust financial hurdles and strict investment criteria. We intend to successfully capture and integrate value-enhancing acquisitions, which will increase our scale in certain regions, provide us with additional innovation and complement our existing service propositions. More specifically, our focus is on faster-growing regions and digital, as well as in-fill acquisitions in media and research.

In 2010, we have already increased our focus on acquisition activity, in particular with a view to accelerating the transformation of our operations in the fast-growing Asia Pacific region. Firstly, in January 2010, we acquired a stake in Charm Communication Inc ("Charm"), one of China's leading TV buying and advertising agencies, as well as establishing a joint venture with Charm. In July 2010, we announced the proposed acquisition of Mitchell Communication Group ("MCG"), Australia's leading marketing communications group, which is expected to be completed in the fourth quarter of 2010.

2010 half year results confirms expected return to growth

Aegis's performance during the first half of 2010 confirms our expectations, set at the start of the year, of a return to growth and will enable us to continue to deliver on the strategic priorities outlined above.

Total revenue for the period was £663.3m, up 4.2% at reported rates and up 2.4% at constant currency. Organic revenue growth for the Group was 3.2%, mainly as a result of strong top line growth from our businesses in faster-growing regions, which now represent 30% of Group revenue, from 27% in 2009, as well as a strong performance across the Group during the second quarter in particular.

This continues the positive trend of sequential organic revenue growth improvement over the last four quarters:

Aegis Group	Quarterly performance						Half Year performance		
Organic change %	Q109	Q209	Q309	Q409	**Q110**	**Q210**	H109	H209	**H110**
Revenue	(11.6)	(10.2)	(11.1)	(6.9)	**1.1**	**4.7**	(10.8)	(8.6)	**3.2**

Aegis Media delivered organic growth of 3.4% for the first half of 2010, driven by a solid second quarter, when organic growth was 3.6%. This revenue performance was due to continued strength from our businesses in faster-growing regions and supported by a good new business performance, with net new business wins of $1.0 billion in billings. Operating margin was up 40 basis points at constant currency to 15.9%.

Synovate performed well, particularly during the second quarter, delivering on management's short term commercial strategy of increasing sales whilst improving efficiencies. As a consequence, Synovate's sales increased 4.4% during the first half of 2010, with organic gross revenue increasing 2.8%, supported by a strong revenue performance towards the period end. In addition, the business returned to profitability from a loss-making position in the prior year period.

As a consequence of Synovate's return to profitability, as well as growth in revenue across the Group, Aegis delivered a healthy improvement in underlying operating profit for the period of £61.1m, an increase of 19.6% from the prior year period at reported rates, and 18.9% at constant currency. Group operating margin improved to 9.2% during the first half of 2010, an increase of 120 basis points, or 130 basis points at constant currency, from the prior year period.

Our underlying earnings per share on a fully diluted basis increased by 11.1%, at reported rates and at constant currency, to 3.0p from 2.7p in the prior year period.

Financial position of Aegis further strengthened

During the first half of 2010, we took further action to strengthen our financial position. Our covenant positions remain robust and we had undrawn available facilities at the end of the period totalling £450m (H109: £178.3m). In April 2010, we were successful in launching a convertible bond, due in April 2015, to raise £190.6m, including the exercise of an over-allotment option.

We also successfully re-financed our £450m revolving credit facility, which was due to expire in 2011. We have lengthened the tenure of this facility until 2015, as well as diversifying the debt held in the facility by increasing the pool of banks involved.

Net debt increased to £398.4m at the end of the period, from £257.2m at the end of 2009 and £362.3m at the end of the first half of 2009, as a result of the impact of a strong US dollar, an increase in acquisition spend during the first half of 2010 and the usual seasonal cash outflows in the first half of the year.

Outlook

Economic uncertainties remain in certain regions around the world, most notably North America and Western Europe. Whilst we are seeing signs of a rebound in most markets, it is too early to predict a sustained longer term recovery, given the short term visibility in the current economic environment.

For Aegis Media, the trend in the first half, of clients increasing their short term marketing and advertising budgets, continues. As a result, we are more optimistic about the short term outlook for the advertising sector and, consequently, we expect Aegis Media to deliver a continuing trend of improvement in organic growth in the second half of 2010, compared to the first half.

In market research, there have also been signs of an improving market environment, with consistent evidence of renewed client confidence in deploying market research budgets. With a strong orders on hand position at the end of the first half of 2010, supported by our sales performance in the period, we also expect Synovate to deliver a continuing trend of improvement in organic growth in the second half, compared to the first half, with the usual seasonal impact of revenue being heavily weighted towards the fourth quarter. However, the profit comparators at Synovate during the second half become more challenging.

For the full year, we expect Group underlying operating profit to be in line with current market consensus, with a modest improvement in Group operating margin anticipated.

Dividend

To support our on-going confidence in the future of Aegis Group, the Board has recommended an interim dividend of 1.025p per share for 2010, up 6.8% from 2009.

Jerry Buhlmann
Chief Executive Officer, Aegis Group plc

BUSINESS REVIEW

Aegis Media

£m	H1 2010	H1 2009	Change, %	Constant currency, %
Revenue				
EMEA	280.3	281.3	(0.4)	0.1
Americas	87.8	83.8	4.8	3.1
Asia Pacific	46.4	37.1	25.1	18.4
Worldwide	**414.5**	402.2	3.1	2.6
Operating costs	**(348.4)**	(339.2)	(2.7)	(2.0)
Operating profit*	**66.1**	63.0	4.9	5.4
Operating margin*	**15.9%**	15.7%	20bps	40bps

** Throughout this commentary, results are stated on an underlying basis unless otherwise indicated.*

Headlines

- Aegis Media benefited from renewed confidence in the advertising sector, with organic growth of 3.4% and total revenue growth of 2.6%, at constant currency, during the first half of 2010
- Supported by strong global net new business performance of $1.0bn of billings (2009: $1.8bn), including Deutsche Bank, De Agostini, China Telecom, Beiersdorf, Kraft-Cadbury, Russia Post, Kellogg's, GE Capital Bank and ING
- Good overall performances from our businesses in faster-growing regions
- At constant currency, operating margin increased 40 basis points to 15.9%, with operating profit increasing 5.4% to £66.1m, as a consequence of top line growth
- Proportion of revenue derived from digital up from 31% to 32%
- Clients continue to increase their short term marketing and advertising budgets - increased optimism about short term global advertising expenditure, with Carat today upgrading 2010 global advertising spend forecasts
- Anticipating continuing trend of improvement in Aegis Media's organic growth in the second half, compared to the first half of 2010

Overview

In preparation for the structural changes currently underway in the media and advertising sectors, particularly the move to a more convergent media environment, we are restructuring Aegis Media's service offerings under five "power brands". Consequently, we will have a well organised, competitive product suite, with these "power brands", Carat, Vizeum, isobar, iProspect and Posterscope, driven by a focused and committed senior management team and supported by strong in-country management.

Aegis Media will therefore be well positioned for a converging world, with media and digital service propositions across all of our "power brands". We will be able to offer clients integrated delivery, with the brands being managed through one profit centre per country, supported by centralised buying and on-line search across the brand range.

In addition, our geographic scale and diversity already provides our global clients with opportunities to introduce their own product and service ranges into new regions. During the first half of 2010, we were successful in winning 40 important additional market appointments from some of our major international clients, in terms of new regions or service propositions. These clients included Diageo, Disney, Nokia and Panasonic.

Our new business performance during the period was strong, with net new business wins of $1.0 billion of billings. Key new business win highlights across Aegis Media included Deutsche Bank, China Telecom, Beiersdorf, Kraft-Cadbury, Russia Post, Kellogg's, GE Capital Bank, and, as part of Pan European pitch wins, ING and De Agostini.

This new business performance had a positive impact on total revenue during the first half, which increased 2.6% at constant currency, and 3.1% at reported rates, to £414.5m. Top line growth was also driven by encouraging performances from our businesses in faster-growing regions. On an organic basis, Aegis Media's revenue increased 3.4% in the first half and 3.6% in the second quarter, continuing a positive trend over the previous three quarters.

Operating profit increased 4.9% at reported rates and 5.4% at constant currency to £66.1m, with operating margin up 20 basis points at 15.9% and up 40 basis points at constant currency.

Total Aegis Media headcount fell by 1% over the period, but increased in some of our key businesses in faster-growing regions, with operating costs increasing by 2.0% on a constant currency basis. We expect salary and incentive costs to increase gradually in the coming years to ensure we have the appropriate capability in place to match growth ambitions.

Our digital businesses, comprising isobar, our full service digital network, iProspect, our search agency network, and on-line media, now accounts for 32% of revenue, up from 31% at the end of 2009. We expect revenue contribution from digital to further increase in the short and medium term.

We are more optimistic about the short term outlook for the advertising sector. This is evidenced by Carat's latest growth forecasts for global advertising expenditure, published today, which upgrades global spend growth for 2010 to 3.9%, from their forecast of 2.9% published in March. As a consequence of the renewed confidence in the sector, we expect a continuing trend of improvement in Aegis Media's organic growth in the second half of 2010, compared to the first half.

Aegis Media EMEA

EMEA revenue decreased 0.4% at reported rates, but increased 0.1% at constant currency to £280.3m. There were a number of solid performances from our businesses across the region. However, the economic environment in a number of Western European markets remains challenging.

The UK had a robust first half, with client spend across the traditional media businesses ahead of our initial expectations at the start of the year and our digital businesses also performed well. The UK and Ireland businesses delivered some significant client wins including Eircom and Travelodge, as well as retaining British Gas, our largest client in the UK market, with a broader remit. During the period, we initiated plans to move most of our UK operations and our Group employees into one location in London. This re-location is expected to commence in 2011.

Whilst there was limited growth in the traditional media sector in France, some of our key digital businesses there performed more favourably. Our new business performance was robust, with the winning of ING, as part of a Pan-European client contract. This offset the loss of Coca Cola during the period. We also successfully retained the business's largest client, the Government of France, for another three years.

In Germany there were decent performances from the digital businesses and Vizeum. Client wins during the period included Deutsche Bank, GE Capital Bank and De Agostini, as part of a Pan-European client contract.

Our traditional media business in Italy performed relatively well during the period, with two major new client gains, ING and De Agostini, as part of successful Pan-European pitches. We also successfully retained a number of significant clients, including H3G, Direct Line and Diageo.

Our Spanish business recovered gradually throughout the first half, driven by higher levels of client spend than initially anticipated and new business follow-through from 2009.

In the Nordics, there were strong performances from Sweden, Denmark and Finland, particularly from the digital businesses in those markets. New business wins across the region included Sony Music, Citigroup and Risicum.

Central and Eastern Europe continued to perform well, particularly our businesses in Russia, Slovakia and Turkey. Russia had a strong run of new business wins during the period, including Russia Post and OBI, as did our business in Hungary which won a significant pitch for Ferrero.

Our performance in the Middle East and Africa was solid, and follows continued development of our businesses by management in the regions over the last few years. Our international contract with Nokia, whose advertising budget is one of the most significant in those regions, was extended throughout the Middle East. Our business in South Africa continued to gain momentum, winning a number of pitches including Mutual & Federal, Spur, America Swiss and Calvin Klein.

Aegis Media Americas

Revenues of £87.8m increased 4.8%, at reported rates, across North America and Latin America, representing a 3.1% increase at constant currency.

In North America, the new management team is making good progress in turning around the business. During the first half of 2010, significant new business wins included the adding of Wyeth to the Pfizer contract, Beiersdorf and Sears search business.

Latin America produced another solid performance, particularly in Brazil. Furthermore, there is a healthy pipeline of new business opportunities in the region.

Aegis Media Asia Pacific

Our Asia Pacific businesses produced a strong set of results, with revenue up 25.1% at reported rates and 18.4% at constant currency to £46.4m. The new management team there made good progress during the first half in building momentum throughout the region.

Asia Pacific's results were again driven by an encouraging performance from our management team in China, which won several significant clients, including China Telecom, Xian Janssen Pharmaceuticals and Wyeth, as well as the strategically important retention of the Kraft-Cadbury account. Our businesses in Australia and Thailand also performed well.

Much of our acquisition activity during the period focused on the Asia Pacific region. In January, we announced the acquisition of a shareholding in Charm Communications Inc ("Charm"), one of China's leading TV buying and advertising agencies. In addition, the Vizeum and Charm joint venture, established at the time of the transaction, is progressing well. In July, we announced the proposed acquisition of Mitchell Communication Group, Australia's leading marketing communications group, which is subject to court and shareholder approval.

Summary

Aegis Media delivered a strong first half performance, with a continued trend of improving organic growth, supported by solid delivery from our businesses in faster-growing regions and several significant new business wins.

Synovate

£m	H1 2010	H1 2009	Change, %	Constant currency, %
Gross revenue‡				
EMEA	106.6	106.3	0.3	(1.6)
Americas	71.9	66.3	8.4	8.1
Asia Pacific	70.3	61.9	13.6	2.5
Worldwide gross revenue	**248.8**	234.5	6.1	2.2
Net revenue‡				
EMEA	64.4	62.5	3.0	1.3
Americas	45.8	45.8	-	0.7
Asia Pacific	42.7	37.1	15.1	5.7
Worldwide net revenue	**152.9**	145.4	5.2	2.3
Net revenue conversion	61.5%	62.0%	(50bps)	-
Operating costs	**(148.2)**	(148.6)	0.3	2.7
Operating profit*	**4.7**	(3.2)	246.9	267.9
Operating margin on gross revenue*	**1.9%**	(1.4)%	330bps	310bps

‡ *For the purpose of this announcement, Synovate gross revenue is the same as revenue in the statutory results. Net revenue is the same as gross profit in the statutory results.*
** Throughout this commentary, results are stated on an underlying basis unless otherwise indicated.*

Headlines

- Market conditions improving
- Continued management focus on sales growth starting to show benefits, with sales increasing 4.4% during the period, from the first half of 2009
- Organic gross revenue growth ahead of expectations at 2.8%, driven by particularly strong revenue performance towards the period end
- Net revenue conversion declined to 61.5%, from 62.0% in the prior year period, due to a change in work mix and continuing pricing pressure
- Continued management focus on efficiency improvements
- Operating margin of 1.9%, from a loss-making position in the prior year period
- Anticipating continuing trend of improvement in second half in Synovate's organic growth, compared to first half, supported by 9.2% increase in orders on hand at end of first half
- Expecting upward pressure on staff costs and more challenging profit comparators in the second half

Overview

During the first half of 2010, Synovate benefited from an improving market environment, with consistent evidence of renewed client confidence in utilising market research budgets. Even in some of the sectors particularly hard hit by the global recession, such as the automotive sector, there has been a willingness from clients to reinvest in major research projects.

Synovate's performance during the period was well ahead of our initial expectations, as we delivered on our short term commercial strategy of increasing sales while improving the efficiency of the way we work. As a consequence, sales, the leading forward indicator of our performance, increased 4.4% during the first half of 2010, from the prior year period end.

Our strong sales performance had a positive impact on gross revenue which increased 6.1%, at reported rates, to £248.8m, equivalent to a 2.2% increase at constant currency and a 2.8% increase on an organic basis. This was supported by a particularly strong performance towards the end of the second quarter, which helped deliver organic growth of 6.5% during that quarter. Net revenue was up 5.2%, at reported rates, to £152.9m, up 2.3% at constant currency. However, net revenue conversion was 61.5%, from 62.0% during the prior year period, as a result of a change in work mix and continuing pricing pressure.

Management continued to focus on improving efficiency levels in all areas of the business, with total operating costs 0.3% better than 2009, at reported rates, at £148.2m, an improvement of 2.7% at constant currency, with underlying staff costs 6% down on 2009. Our continued focus on efficiency helped us to produce operating margins of 1.9%, from a loss-making position during the prior year period, with operating profit of £4.7m, from a loss of £(3.2)m in 2009. However, given the improving market conditions and the growth in our business, it is likely that there will be upward pressure on staff costs in the second half of the year. In addition, profit comparators in the second half of 2010 become more challenging.

Our success in delivering sales growth, combined with efficiency improvements, has revitalised the organisation, supported by a 9.2% increase in orders on hand as at 30 June 2010. We therefore expect a continuing trend of improvement in Synovate's organic growth in the second half of 2010, compared to the first half, with the usual seasonal trend of revenue being heavily weighted towards the fourth quarter.

Synovate Americas

Sales in the Americas were up 8.7% at reported rates, or 4.4% at constant currency. Gross revenue was up 8.4% on 2009 at reported rates and up 8.1% at constant currency to £71.9m. Net revenue was £45.8m, which was flat at reported rates and up 0.7% at constant currency.

Encouragingly, our business in North America delivered a sales and gross revenue performance ahead of market growth, supported by consistent growth across almost all of our industry verticals. The performance was also driven by several significant multi-year international client wins, as well as the renewal of the vast majority of our major tracker projects in the US. Consequently, and in spite of the continued challenging pricing environment in the US, our business there has a strong foundation from which to develop going forward.

Latin America was flat in sales terms, mainly due to a particularly solid performance in the prior year period. There was however notable forward momentum on sales in both Mexico and Argentina. Overall, we expect the business to deliver a strong second half, supported by a healthy order book, compared to 2009.

Synovate EMEA

For the EMEA region, sales were down 4.6% at reported rates, down 1.8% at constant currency. Gross revenue was up 0.3% at reported rates but down 1.6% at constant currency to £106.6m. Net revenue of £64.4m was up 3.0% at reported rates or 1.3% at constant currency.

Our performance throughout Europe remained varied. The challenging macro environment in Western Europe continued to impact the performances of some of our business units in the region, including Spain, Greece and France. However there were solid sales performances in Germany, Russia and Turkey. Despite a relatively flat market in the UK, our business there delivered positive sales growth in the period. This performance was driven by strong growth in the Consumer sector, with major FMCG companies increasing their research expenditure.

Africa produced solid sales growth from the prior year period. The North African markets, particularly Egypt, delivered strong performances and there was significant progress in most of the East African markets, despite tough comparators.

South Africa was affected by several issues, in particular the World Cup, which impacted project timing, but a strong order book there indicates full year prospects remain positive. Our businesses in the Gulf States also performed well.

Synovate Asia-Pacific

Sales in the Asia-Pacific region were up 8.9% from the prior year at reported rates, down 0.5% at constant currency, with gross revenue of £70.3m, up 13.6% year on year at reported rates and up 2.5% at constant currency. Net revenue was £42.7m, up 15.1% at reported rates and up 5.7% at constant currency.

Our business units across the Asia Pacific region performed well , with significant growth in sales, revenues and profits achieved by the region as a whole. This positive momentum also ensured a healthy order book going into the second half of 2010.

Our largest business in the region, Greater China, produced a strong result during the first half of 2010. The business units there, which consist of mainland China, Taiwan and Hong Kong, delivered sales growth at rates well ahead of the substantial market growth experienced in the region during the period. This was the culmination of an increased management effort over the last 12 months to re-establish, develop and energise the credentials of our long-standing businesses in the region. This renewed management emphasis on Greater China supported our businesses in winning several major international clients during the period.

Industry verticals

Growing our industry verticals is a key goal for Synovate, as it supports the business in meeting client demands for sector specialist data and research expertise.

Synovate Healthcare's ad hoc business delivered a strong result during the period, as several deferred projects from 2009 were re-visited by clients. However, our syndicated Healthcare business was negatively impacted by on-going consolidation in the industry, which reduced subscription opportunities, as well as changing dynamics in certain therapy areas. To combat these challenges, management is increasing its focus on developing and launching new products, targeting additional customer segments and rolling out existing services into new geographic areas.

There were some encouraging signs of recovery within the automotive sector. Japanese, Korean and several European vehicle manufacturers re-established research programs and there was increased research expenditure as new models were targeted for introduction into key faster-growing regions, particularly in China and India. However there was little sign of recovery in research investment from the large US auto-makers.

Global Key Accounts

Our investment program, focused on a number of global key accounts, paid dividends in the first half. The major FMCG manufacturers continued to invest aggressively in significant R&D projects and Synovate was a key business partner for a series of these initiatives, particularly in faster-growing regions. Consequently, for our top 20 clients, organic net revenue increased 14.7% during the period at constant currency.

Summary

Overall, Synovate produced a very satisfactory performance during the first half of 2010, marked by a return to profitability, driven by concerted sales activity and a continued management focus on operational efficiency.

FINANCIAL REVIEW

Underlying results

£m	H1 2010	H1 2009*	Change, %	Constant currency, %
Turnover	**5,092.8**	4,780.1	6.5	6.2
Revenue	**663.3**	636.7	4.2	2.4
Gross profit	**567.4**	547.6	3.6	2.5
Operating expenses	**(506.3)**	(496.5)	(2.0)	(0.8)
Operating profit	**61.1**	51.1	19.6	18.9
Profit before interest and tax	**62.6**	50.6	23.7	22.7
Associates	**1.5**	(0.5)	400.0	475.0
Net financial items	**(14.3)**	(6.0)	(138.3)	(129.1)
Profit before tax	**48.3**	44.6	8.3	7.8
Diluted eps	**3.0p**	2.7p	11.1	11.1
Operating margin	**9.2%**	8.0%	120 bps	130bps

** 2009 half year underlying results are restated to exclude imputed interest arising due to discounting of deferred consideration, as explained on page 31.*

Headlines

- Revenue growth of 4.2%, or 2.4% at constant currency, to £663.3m (2009: £636.7m)
- Underlying operating profit increased 19.6%, or 18.9% at constant currency, to £61.1m (2009: £51.1m) and underlying pre-tax profit increased 8.3%, or 7.8% at constant currency, to £48.3m (2009: £44.6m)
- Group margin improved 120 basis points to 9.2% (2009: 8.0%), due to Synovate's return to profitability and Group revenue performance
- Net debt increased to £398.4m, from £257.2m at end of 2009, due to foreign exchange, increased acquisition spend and usual seasonal cash outflows
- Balance sheet further strengthened through launch of £190.6m convertible bond and successful re-financing of £450m revolving credit facility
- Covenant positions remain comfortable, with undrawn available facilities of £450m at end of the period, (2009: £178.3m)

Currency

The average exchange rates in the year saw sterling strengthen against both the US dollar and the euro. This had a negative effect on translation of reported growth rates expressed in sterling. The US dollar average rate for H1 2010 was £1:$1.5258 (2009 was £1:$1.4935) and the euro average rate was £1:€1.1503 (2009 was £1:€1.1189). On this basis the average US dollar rate weakened versus sterling by 2.1% and the euro weakened versus sterling by 2.7%. Currency movements in other markets offset this effect so that reported results reflect a positive currency impact of 1.7% on reported revenue.

Income Statement

Revenue

Revenue grew 4.2% at reported exchange rates, or 2.4% at constant currency, to £663.3m (2009: £636.7m). Excluding the limited impact of prior year acquisitions and disposals, the increase in Group organic revenue was 3.2% as shown below (Aegis Media 3.4%, Synovate gross revenue 2.8%).

GROUP, £m	H1 2010	Change, %	H1 2009	Change, %
Prior year period revenue as reported	636.7		607.6	
Currency movements	10.9	1.7	92.6	15.2
Prior year period revenue at constant currency	647.6		700.2	
Organic movement in period	20.3	3.2	(77.0)	(10.8)
Change in revenue from acquisitions & disposals in period	(4.6)	(0.7)	13.5	1.9
Total change in revenue at constant currency	15.7	2.4	(63.5)	(9.2)
Current period revenue as reported	663.3		636.7	

AEGIS MEDIA, £m	H1 2010	Change, %	H1 2009	Change, %
Prior year period revenue as reported	402.2		385.9	
Currency movements	2.0	0.5	52.5	13.6
Prior year period revenue at constant currency	404.2		438.4	
Organic movement in period	13.6	3.4	(44.2)	(9.9)
Change in revenue from acquisitions & disposals in period	(3.3)	(0.8)	8.0	1.8
Total change in revenue at constant currency	10.3	2.6	(36.2)	(8.4)
Current period revenue as reported	414.5		402.2	

SYNOVATE, £m	H1 2010	Change, %	H1 2009	Change, %
Prior year period revenue as reported	234.5		221.7	
Currency movements	8.9	3.8	40.1	18.1
Prior year period revenue at constant currency	243.4		261.8	
Organic movement in period	6.7	2.8	(32.8)	(12.3)
Change in revenue from acquisitions & disposals in period	(1.3)	(0.5)	5.5	2.1
Total change in revenue at constant currency	5.4	2.2	(27.3)	(10.4)
Current period revenue as reported	248.8		234.5	

Included in the change in revenue from acquisitions and disposals for Aegis Media is an adjustment of £1.8m in respect of the prior year impact of over-stated revenues at Posterscope USA.

Revenue increased 4.7% organically in the second quarter and 3.2% during the first half of the year:

Organic Revenue change %	Quarterly performance						Half Year performance		
	Q109	Q209	Q309	Q409	**Q110**	**Q210**	H109	H209	**H110**
Aegis Group	(11.6)	(10.2)	(11.1)	(6.9)	**1.1**	**4.7**	(10.8)	(8.6)	**3.2**
Aegis Media	(13.1)	(7.4)	(11.8)	(8.0)	**3.0**	**3.6**	(9.9)	(9.5)	**3.4**
Synovate	(9.1)	(14.6)	(10.1)	(5.5)	**(1.9)**	**6.5**	(12.3)	(7.4)	**2.8**

Gross profit (net revenue)

The difference between the Group's revenue and net revenue is attributable to pass-through and direct costs at Synovate. Total Group net revenue was £567.4m, up 3.6% or 2.5% at constant currency, whilst Synovate's net revenue increased by 5.2%, or 2.3% at constant currency, as shown in the table below:

Synovate, £m	H1 2010	H1 2009	Change, %	Constant currency, %
Gross revenue	**248.8**	234.5	6.1	2.2
Net revenue	**152.9**	145.4	5.2	2.3
Net revenue conversion	**61.5%**	62.0%	(50)bps	

Synovate's net revenue conversion of 61.5% compares to 62.0% in the first half of 2009, as a result of a change in work mix and continuing pricing pressure.

Operating performance

Operating expenses increased to £506.3m (2009: £496.5m), an increase of 2.0% at reported exchange rates, just 0.8% at constant currency, following the restructuring of the Group's cost base last year. Corporate costs increased from £8.7m to £9.7m during the first half of 2010.

Operating profit was £61.1m (2009: £51.1m), up 19.6% or 18.9% at constant currency.

The Group operating margin increased 120 basis points, or 130 basis points at constant currency, to 9.2% (2009: 8.0%), mainly as a result of Synovate returning to profitability during the first half of 2010, from a loss-making position during the prior year period and the revenue performance across the Group.

Profit before interest and tax

After a profit from associates of £1.5m (2009: loss of £0.5m), predominantly relating to our share of profits from our investment in Charm Communications Inc ("Charm"), profit before interest and tax was up 23.7% to £62.6m (2009: £50.6m), equivalent to an increase of 22.7% at constant currency.

Net financial items

£m	H1 2010	H1 2009	Change, %	Constant currency, %
Interest income	3.5	4.7	(25.5)	(22.8)
Interest payable	(17.3)	(13.1)	(32.1)	(30.7)
Net interest charge before fx gains/(losses)	(13.8)	(8.4)	(64.3)	(59.1)
Foreign exchange (losses)/gains	(0.5)	2.4	(120.8)	(120.8)
Net financial items	(14.3)	(6.0)	(138.3)	(129.1)

The Group's net charge in respect of financial items was £14.3m (2009: £6.0m) an increase of 138.3% or 129.1% at constant currency.

This increase reflects the Group's success in diversifying and extending the maturity profile of its borrowings. Specifically, in December 2009, the Group raised £25m and $183m in unsecured loan notes repayable between 2017 and 2019 and, in April 2010, raised £190.6m through the issue of convertible notes. Both instruments were used to reduce borrowings, under the Group's five year revolving credit facility.

Before the effect of foreign exchange gains and losses relating to financing items, the net interest charge in the first half of 2010 increased year-on-year to £13.8m (2009: £8.4m). Within the net interest charge, interest income reduced to £3.5m (2009: £4.7m), principally due to the significantly lower level of average interest rates available on cash deposits during the year, and interest payable increased to £17.3m (2009: £13.1m), reflecting the increase in the Group's fixed rate debt.

Profit before tax
Profit before tax of £48.3m (2009: £44.6m) increased by 8.3%, or 7.8% at constant currency.

Tax
Our underlying effective tax rate for the period was 24.8% (2009: 25.5%). The statutory effective tax rate was 40.7% (2009: 106.1%). The total of income taxes paid in cash in the year was £25.6m (2009: £20.2m).

Profit attributable to equity holders of the parent
Minorities' share of income decreased to £0.4m (2009: £1.7m) reflecting a reduced number of non-100% owned entities in the Group. Statutory profit attributable to equity holders of the parent was £14.6m (2009: Loss of £(2.1)m).

Earnings per share
Diluted earnings per share increased by 11.1% to 3.0p (2009: 2.7p). Statutory diluted earnings per share were 1.2p (2009: Loss per share of (0.2)p), reflecting the increase in profitability, for the reasons outlined above.

Dividends
The Board is proposing a final dividend of 1.025p per ordinary share, an increase of 6.8% from the prior year period.

Statutory results

Reconciliation of underlying operating profit to statutory operating profit

£m	H1 2010	H1 2009	Change, %	Constant currency change, %
Underlying operating profit	**61.1**	**51.1**	19.6	18.9
Less:				
Restructuring costs	-	(15.7)		
Amortisation of purchased intangible assets	(12.6)	(12.4)		
Disposals of subsidiaries	(10.7)	-		
Total adjustments	(23.3)	(28.1)		
Statutory operating profit	**37.8**	**23.0**	64.3	63.6

Reconciling items between underlying and statutory operating profit include the amortisation of purchased intangible assets and the impact of disposals of subsidiaries. The amortisation charge increased slightly to £12.6m in the period, reflecting the annualisation effect relating to purchased intangibles recognised in the prior year. The Group recorded a £10.7m loss on disposal of stakes in operations in the UK and the US, as well as the part disposal of the Vizeum Beijing which is now operated as a joint venture with Charm in China.

Operating Profit

Statutory operating profit was up 64.3% to £37.8m (2009: £23.0m).

Reconciliation of underlying profit before tax to statutory profit before tax

£m	H1 2010	H1 2009**	Change, %	Constant currency change, %
Underlying profit before tax	**48.3**	**44.6**	8.3	7.8
Less:				
Adjustments to operating profit	(23.3)	(28.1)		
IAS 39 adjustments	(1.8)	(9.9)		
Gain on disposal of JV and associate	3.1	-		
Amortisation of purchased intangible assets within associates	(1.0)	-		
Total adjustments	(23.0)	(38.0)		
Statutory profit before tax	**25.3**	**6.6**	283.3	277.0

*** 2009 half year underlying results are restated to exclude imputed interest arising due to discounting of deferred consideration, as explained on page 31.*

The gain on disposal of JV and associate of £3.1m relates predominantly to the dilution of the Group's shareholding in Charm to 15.8%, following Charm's Initial Public Offering during the period. The amortisation of purchased intangible assets within associates of £1.0m relates to the acquisition of our shareholding in Charm.

The planned UK office re-location, outlined on page 7, will result in one-off accounting charges totalling between £10-15m, to be phased broadly evenly between 2010 and 2011. The main element of the 2010 charge relates to an onerous lease provision on the existing premises, whilst a small element relates to double rent, a portion of which will be taken in 2011. These charges will be broadly cash neutral over the next three years, before the positive impact of long term efficiency savings relating to the re-location.

Profit before tax

Statutory profit before tax is stated after the adjustments made in arriving at statutory operating profit and certain other items recorded within net financial items. These other items include IAS 39 adjustments relating to non-hedge derivatives and movements in put option liabilities, an IAS 39 impairment charge relating to assets available for sale and a gain on deemed disposal of an associate in China (Charm).

In 2010, the Group has adopted the revised accounting standard for acquisition accounting, IFRS 3 (revised) Business Combinations. This standard will lead to greater income statement volatility, since the Group will be required to take all changes in deferred consideration estimates arising on acquisitions in or after 2010 through the income statement. These movements will not be considered to form part of the Group's underlying performance. In order to align with the accounting for such movements as non-underlying, imputed interest arising due to discounting of deferred consideration liabilities is also removed from underlying results in the current year and in the stated comparatives for 2009 full year and half year. The impact of the restatement is a reduction of £1.1m in both the 2009 full year and half year underlying finance costs. This leads to an increase in underlying profit before tax and underlying profit after tax by £1.1m and an increase in underlying basic EPS and underlying diluted EPS by 0.1p in both the 2009 full year and half year comparatives. Further information can be found in note 2 of the interim statement.

As a result, statutory profit before tax was up 283.3% at £25.3m (2009: £6.6m). Our statutory tax charge was £10.3m (2009: £7.0m), equivalent to a tax rate of 40.7% (2009: 106.1%). Basic and diluted earnings per share were 1.2p (2009: Loss per share of (0.2)p).

Balance sheet

£m	H1 2010	FY 2009
Goodwill	1,028.9	1,010.9
Intangible assets	74.2	85.5
Property, plant and equipment	57.2	59.9
Investments in associates and joint ventures	48.6	3.3
Other non-current assets	57.5	41.1
Total non-current assets	1,266.4	1,200.7
Net payables	(275.3)	(309.3)
Net debt	(398.4)	(257.2)
Earn-out liabilities	(49.4)	(70.2)
Liabilities in respect of put options	(30.7)	(31.4)
Other	(48.8)	(88.1)
Net assets	463.8	444.5

Balance sheet movements year-on-year were affected by exchange movements at the closing date, but not to the extent of previous years.

Goodwill and intangible assets

The increase of £18.0m in goodwill predominantly arises due to exchange movements, upward revisions of estimated future earn-out liabilities and a £3.1m increase arising on current year acquisitions, offset by movements on the disposal of subsidiaries.

Intangible assets decreased to £74.2m (2009: £85.5m) as a result of the current year amortisation charge of £15.8m, offset by a lower level of net additions in the year and together with exchange movements.

Property, plant and equipment

The net decrease in property, plant and equipment of £2.7m was due to depreciation offset by foreign exchange and net additions. Net capital expenditure for the period was £12.3m (HY09: £11.5m).

Working capital

Trade payables principally represent amounts payable to media owners in respect of media space booked for clients; trade receivables principally represent amounts due from clients in respect of this space.

There was the usual working capital outflow during the first half of 2010, and the Group typically experiences a subsequent seasonal inflow in the second half. During the period, there was a working capital outflow of £53.2m, as the significant working capital inflow of £43.7m in the second half of 2009 reversed.

Net debt

The profile of net debt at the period-end was as follows:

£m	H1 2010	FY 2009	Change (£m)
Cash and short-term deposits	**333.3**	391.1	(57.8)
Current borrowings and overdrafts	**(38.8)**	(43.2)	4.4
Non-current borrowings	**(692.9)**	(605.1)	(87.8)
Net Debt	**(398.4)**	(257.2)	(141.2)

Net debt at the period-end increased to £398.4m (2009: £257.2m), due to the impact of a strong US dollar, an increase in acquisition spend during the first half of 2010 and the usual seasonal cash outflows in the first half of the year.

Earn-outs

Our estimated future earn-out liabilities decreased by £20.8m to £49.4m at the balance sheet date. Decreases in liabilities due to payments made in the period were partly offset by revaluations of future liabilities and currency effects. The vast majority of our earn-out commitments depend on the post acquisition financial performance of businesses acquired.

Liabilities in respect of put options decreased by £0.7m to £30.7m (2009: £31.4m).

Cash flow

Cash inflows from operations were £13.7m (HY09: £30.3m), down 54.8%. Net cash outflow on acquisitions and disposals was £78.0m (HY09: £50.0m), primarily relating to the acquisition of our stake in Charm and earn-out liabilities paid in the period.

Financing

Over the last 12 months, the Group has made strong progress in extending its debt maturity and diversifying its debt profile and, consequently, the headroom on the Group's facilities has significantly increased.

In December 2009, the Group raised $225m in unsecured loan notes in the US private placement market, repayable between 2017 and 2019.

In April 2010, the Group successfully issued a convertible bond which raised £190.6m. The convertible bond bears interest at 2.5% per annum and is convertible at the option of the holder into Aegis ordinary shares at an exchange price of £1.6444. The final maturity of the bonds is 20 April 2015.

In July 2010, the Group successfully refinanced the revolving credit facility with a new 5 year £450m facility, syndicated amongst twelve international banks, the tenure of which has been lengthened until 2015.

We ended the period with a comfortable covenant position. Our leverage covenant (net debt/EBITDA) was 1.9 (compared to a covenant requirement of <3 times) and our interest cover covenant (EBITA/gross interest) was 6.2 (compared to a covenant requirement of >4 times).

Covenant	Requirement	H1 2010	H1 2009
Leverage	Less than 3 times	1.9x	1.6x
Interest cover	Greater than 4 times	6.2x	6.1x

Under our committed central facilities, we had undrawn available facilities at the period end of £450m (2009: £178.3m). The improvement in central headroom is a result of the issue of $225m in unsecured loan notes in December 2009 and the convertible bond, the proceeds from which were used to reduce drawings under the Group's revolving credit facility.

We do not have any term facilities maturing in 2010. Five tranches of existing US private placement funding mature between 2012 and 2017. Cash flow forecasts produced on a prudent basis for the next three years show that the Group has sufficient headroom and available facilities to meet its liabilities as they fall due.

Going concern

The Group's business activities, together with factors likely to affect its future development, performance and financial position and commentary on the Group's financial results, its cash flows, liquidity requirements and borrowing facilities are set out in the Business and Financial Review on pages 6 to 23 and elsewhere within this interim results announcement.

The Board is satisfied that the Group balance sheet remains strong. Following the launch of £190.6m convertible bonds in April 2010 and successful re-financing of the £450m revolving credit facility in July 2010, both of which are on 5 year terms, the Group is well-financed with considerable cash and covenant headroom and no major facilities due to expire until 2012.

During the period to 30 June 2010 the Group has continued to generate positive operating cash inflows from operations before tax, acquisitions and capital expenditure, as it has done for each of the last six years to December 2009.

The main factors contributing to these cash inflows are the retention and growth of the customer base, terms of trade with customers and suppliers and the continuing management of working capital within the Group. The Board has concluded that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, indicate that the Group has sufficient funding to operate within the terms of its available facilities.

The Board has considered various alternative operating and funding strategies should these be necessary and is satisfied that a range of cost reduction activities could be adopted if and when necessary to maintain these levels of funding.

After making these enquiries, the Board is satisfied that the Group has sufficient resources to continue in operational existence for the foreseeable future and for this reason the going concern basis continues to be adopted in preparing the Interim Financial Statements.

Principal Risks and Uncertainties

Aegis faces many different types of risks, including market and strategy, financial, operational and human resources. Over the last two years we have increased our focus on cash and counterparty risks as a result of the economic challenges in the macro environment.

We continually review our key risks and strive to improve our internal control framework to help mitigate them, where possible. Listed below are what we believe to be the principal risk factors and uncertainties that we have faced during the period, which we are still likely to face well into the future, and our strategies for managing them.

Due to the economic climate, a number of the risks outlined below have remained subject to a heightened level of monitoring, and will continue to be so. The level of communication of status of the risks has also increased and improved reporting has been put in place as necessary.

Counterparty Relationships

Counterparty risk remains a significant focus of attention for many organisations, including our own. We have maintained our efforts to identify and monitor material counterparty risk in relation to our clients, affiliates, banks, media owners and other suppliers.

These risks include, but are not limited to, loss of income from clients in financial distress and potential media buying liabilities arising in markets where we act as principal. We have also continued to face the risk of credit insurers withdrawing previously available cover and the continued viability risk of our domestic and overseas banking partners.

It is our policy to undertake credit enquiries on new clients and for written contracts to be in place before starting any significant work. To minimise the impact of the overall risk of default, our strategies can include requesting pre-payment, imposing credit limits and taking out credit insurance, broadening cover in markets where it remains available. We have also closely monitored our exposure to relationships with our banking partners, ensuring that deposits held with any one banking group do not exceed £30m.

Liquidity and Working Capital

Our funding arrangements and cash management have continued to be a priority for us during the period, and will remain so going forward, to enable the Group to meet our liabilities. Our media buying activities, in particular, require robust cash management processes. To help manage our cash, we receive daily cash reporting from our operations. Our larger businesses take part in cash pooling arrangements with our relationship banks, with which we also have our debt facilities. Business units also deposit surplus funds with Group Treasury to assist with managing interest payments and liquidity. Our cash pooling arrangements were extended during the period.

During the period we concentrated on improving reporting from our business units to ensure that executive management has accurate and timely information to actively monitor liquidity and covenant headroom. We actively manage our headroom to accommodate both general and specific contingencies. Management reporting, liquidity and covenant monitoring will continue to be a key focus going forward.

During the period, our principal borrowing arrangement, a five-year revolving credit facility of £450m with a syndicate of banks was extended until 2015. We have an active programme of regular communication with our relationship banks and bondholders, who are long-standing and supportive, and continue to have a good understanding of our business performance and prospects. Furthermore, in April 2010, we were successful in launching a convertible bond, due in April 2015, to raise £190.6m, thereby further improving our financial position.

Client Relationships

We have worked with some of our larger clients over a number of years, some in excess of 20 years, and have built up a strong sense of partnership. We have a broad portfolio of some of the world's most prestigious multinational and national clients across 80 countries worldwide. No single client exceeds 3% of revenues.

Although the winning and retaining of clients is at the core of our business, we are conscious that in the volatile economic climate we have endured over the last two years, there is a risk that our clients' investment in advertising and research will decrease, causing an impact on our revenues.

While our diversified range of services help to mitigate this risk, we also make sure that we have dedicated client relationship teams in place. In the period, we continued to integrate our digital and traditional services in certain markets and in global client services, to give clients one point of contact to deliver to all their needs across our entire range of communications services. Through our "Power Brand" strategy, we also increased the opportunity across our client base to provide multiple services to clients, as and where appropriate. In addition, we increased our activity, both organically and through acquisition, in faster-growing regions, where advertising spend was continuing to grow, in contrast with developed markets, and focused on more resilient fee-based revenues.

As part of its global structure, Synovate has a Global Client Relationships team in place that enables us to form stronger ties with existing clients and develop successful new relationships with key global clients. Synovate also has a Local Business Development structure in place to provide strategic support for developing relationships with local clients as well as with key regional and global clients. It also closely manages client relationships and has developed an in-house tool to enable the global sharing of client work and client preferences.

Acquisitions and Successful Integration

As well as client service, new products and services are a key driver of our business performance. We accomplish this in part by investing in strong talent and by acquiring carefully selected acquisitions that will broaden our offerings and enable us to stay ahead of the competition and retain clients.

Acquisitions and joint ventures remain a key feature of Aegis' long-term strategy. There is a risk that our investment in an acquisition is based on incorrect assumptions and does not have the long-term future on which we based our investment case, resulting in overpayment. There is also a risk that our integration plans for them are not successful, particularly if the acquired company operates a business model that we not are already familiar with.

All of our acquisitions require approval and independent due diligence. We measure the price paid by reference to an internal hurdle rate of return which exceeds our internal cost of capital. Acquisition sponsors from within our existing businesses are assigned to each new acquisition and robust post-integration plans are put in place for all acquisitions.

Competition and Keeping Ahead of the Game

We work in a competitive environment and current technology potentially allows our current and prospective clients to be reached by suppliers from anywhere in the world. For some services, aggressive pricing from competitors in countries where costs are lower could cause a reduction in our own revenue and margins. To minimise this risk, our aim is to build long term relationships with our clients and to remain competitive in staying ahead of the game in our offerings and reducing our own costs. We also aim to ensure that we are the supplier of choice by maintaining high standards, developing tools that add value to our clients' marketing and business activity and delivering work to our clients on time. Many of our Synovate businesses follow the ISO 20252 code of conduct for market research and we have both Synovate and Aegis Media businesses that are ISO 9001 accredited, with quality management systems in place.

Parts of the industry we operate in have relatively low barriers to entry, increasing the risk of new competitors striving to take a part of our market share. We have already seen some of the search engines offer online advertising directly to our potential clients. We actively monitor our competitors' activity and market practice to enable us to be aware of changes before they happen on a large scale. Our range of other digital services also help manage this risk.

Security of Data

We retain confidential information in relation to our clients' new product pipelines and advertising strategies. We also host client databases and other applications on our own servers. Unauthorised access to, or inappropriate use of, any of this information could have a detrimental impact on our reputation and adversely affect our businesses. External access to such information is protected by our IT security framework whose strength we continually seek to improve and monitor by performing IT vulnerability testing, as well as IT security audits. These audits also review internal access rights to client data. We also take precautions to protect our clients' data by using confidentiality clauses in our employees' contracts and have blog guidelines in place that prohibit the posting of confidential information.

Talent Management

As a services business, our people are a key asset. We are proud of our teams, but recognise the risk that we could lose some of our talent, either to competitors or to set up their own competitive business. Talent management is one of our key priorities and something we take very seriously. We aim to be able to offer market competitive incentive plans to attract and retain quality staff. We also aim to promote within so that our staff can develop an enduring career with us. And we listen to our employees via our Employee Opinion Surveys, and produce follow-up plans based on the results.

Our people are important in our client relations and the wealth of knowledge they hold. Their departure could have an impact on client retention, key decision making and successfully leading our business forward. All of our businesses, including our global teams, are required to undertake succession planning and we ensure that no relationship with a major client is restricted to one individual.

Unaudited consolidated income statement
for the six months ended 30 June 2010

	Notes	Six months ended 30 June 2010 £m unaudited	Six months ended 30 June 2009 £m unaudited	Year ended 31 December 2009 £m audited
Turnover – amounts invoiced to clients		5,092.8	4,780.1	9,684.6
Revenue	3	663.3	636.7	1,346.5
Cost of sales		(95.9)	(89.1)	(199.5)
Gross profit		567.4	547.6	1,147.0
Operating expenses before restructuring charges		(529.6)	(508.9)	(1,001.9)
Restructuring charges		-	(15.7)	(30.5)
Operating expenses		(529.6)	(524.6)	(1,032.4)
Operating profit	4	37.8	23.0	114.6
Share of results of associates		3.6	(0.5)	0.2
Profit before interest and tax		41.4	22.5	114.8
Investment income	5	3.5	4.7	7.9
Finance costs	6	(19.6)	(20.6)	(31.5)
Net finance costs		(16.1)	(15.9)	(23.6)
Profit before tax		25.3	6.6	91.2
Tax	7	(10.3)	(7.0)	(27.0)
Profit / (loss) for the period		15.0	(0.4)	64.2
Attributable to:				
Equity holders of the parent		14.6	(2.1)	62.7
Non-controlling interests		0.4	1.7	1.5
		15.0	(0.4)	64.2
Earnings / (loss) per ordinary share:				
Basic (pence)	9	1.2	(0.2)	5.5
Diluted (pence)	9	1.2	(0.2)	5.5
Dividend per ordinary share (pence)	8	1.025	0.96	2.50

Underlying results: *				
Underlying operating profit	3	61.1	51.1	170.3
Underlying profit before tax	3	48.3	44.6	150.4
Underlying earnings per ordinary share: *				
Basic (pence)	9	3.0	2.7	9.6
Diluted (pence)	9	3.0	2.7	9.6

* The basis for calculating the Group's underlying results and underlying earnings per ordinary share is set out in note 2. Underlying profit before tax and underlying earnings per ordinary share are restated for prior periods following a change in determining underlying finance costs, which now exclude imputed interest on deferred consideration. The restatement does not impact statutory results or underlying operating profit.

Unaudited consolidated statement of comprehensive income
for the six months ended 30 June 2010

	Six months ended 30 June 2010 £m unaudited	Six months ended 30 June 2009 £m unaudited	Year ended 31 December 2009 £m audited
Profit / (loss) for the period	15.0	(0.4)	64.2
Currency translation differences on foreign operations:			
- Group	(4.9)	(102.7)	(32.3)
- Non-controlling interests	0.2	(2.0)	(1.2)
Net investment hedges of foreign operations	8.3	17.1	(11.5)
Available for sale investments: movements taken to equity	(0.1)	-	0.5
Cash flow hedges: movements taken to equity	0.9	(5.6)	(5.7)
Actuarial movements recognised on defined benefit pension schemes	-	-	(0.1)
Tax on movements taken to equity	(0.3)	1.6	1.6
Other comprehensive income / (expense)	4.1	(91.6)	(48.7)
Total comprehensive income and expense	19.1	(92.0)	15.5
Attributable to:			
Equity holders of the parent	18.5	(91.7)	15.2
Non-controlling interests	0.6	(0.3)	0.3
	19.1	(92.0)	15.5

Unaudited consolidated balance sheet
at 30 June 2010

	Notes	30 June 2010	30 June 2009	31 December 2009
		£m	£m	£m
Non-current assets		unaudited	unaudited	audited
Goodwill	10	1,028.9	987.6	1,010.9
Intangible assets		74.2	89.1	85.5
Property, plant and equipment		57.2	62.5	59.9
Interests in associates and joint ventures	11	48.6	2.9	3.3
Deferred tax asset		28.6	26.1	25.5
Available-for-sale financial assets		14.2	14.0	14.9
Derivative financial assets		14.1	-	-
Other financial assets		0.6	0.7	0.7
		1,266.4	1,182.9	1,200.7
Current assets				
Work in progress		19.3	24.8	15.2
Trade and other receivables		1,983.0	1,739.7	2,006.2
Current tax assets		5.8	-	-
Derivative financial assets		2.5	0.4	0.2
Cash at bank and in hand and short-term deposits	15	333.3	317.8	391.1
		2,343.9	2,082.7	2,412.7
Total assets		3,610.3	3,265.6	3,613.4
Current liabilities				
Trade and other payables	12	(2,314.6)	(2,064.0)	(2,365.1)
Borrowings		(38.8)	(54.0)	(43.2)
Derivative financial liabilities		(12.8)	(2.7)	(3.6)
Provisions		(0.8)	(0.7)	(2.3)
Current tax liabilities		-	(8.1)	(5.0)
		(2,367.0)	(2,129.5)	(2,419.2)
Net current liabilities		(23.1)	(46.8)	(6.5)
Non-current liabilities				
Borrowings		(692.9)	(626.1)	(605.1)
Other non-current liabilities	14	(28.3)	(76.0)	(52.9)
Derivative financial liabilities		(21.2)	(45.7)	(54.8)
Provisions		(1.2)	(2.8)	(1.1)
Deferred tax liabilities		(35.9)	(30.5)	(35.8)
		(779.5)	(781.1)	(749.7)
Total liabilities		(3,146.5)	(2,910.6)	(3,168.9)
Net assets		463.8	355.0	444.5
EQUITY				
Share capital		58.3	58.0	58.1
Shares to be issued		-	4.0	-
Own shares		(26.8)	(23.7)	(23.3)
Share premium account		250.6	243.5	245.5
Other equity reserves		22.6	0.2	0.2
Foreign currency translation reserve		67.5	22.3	64.1
Retained earnings		126.3	74.7	134.5
Potential acquisition of non-controlling interests		(47.8)	(39.6)	(47.2)
Equity attributable to equity holders of the parent		450.7	339.4	431.9
Non-controlling interests		13.1	15.6	12.6
Total equity		463.8	355.0	444.5

Unaudited consolidated cash flow statement
for the six months ended 30 June 2010

	Notes	Six months ended 30 June 2010 £m unaudited	Six months ended 30 June 2009 £m unaudited	Year ended 31 December 2009 £m audited
Cash flows from operating activities				
Cash inflows from operations	15	13.7	30.3	199.1
Income taxes paid		(25.6)	(20.2)	(34.2)
Net cash (outflow)/inflow from operating activities		(11.9)	10.1	164.9
Investing activities				
Interest received		2.5	4.7	8.2
Dividends received from associates		0.1	0.2	0.2
Net cash paid on purchase of subsidiary undertakings		(4.2)	(5.9)	(12.6)
Cash impact on disposal of subsidiary undertakings		(8.2)	-	2.7
Net cash paid on purchase of associated undertakings and joint ventures		(36.1)	-	-
Proceeds from disposal of associated undertakings		-	2.3	2.4
Payments of deferred consideration on prior period acquisitions		(29.5)	(46.4)	(60.9)
Purchase of property, plant and equipment and intangible assets		(12.7)	(13.1)	(27.4)
Proceeds from disposal of property, plant and equipment and intangible assets		0.4	1.6	1.4
Other investing activities		(0.3)	-	-
Net cash outflows from investing activities		(88.0)	(56.6)	(86.0)
Financing activities				
Dividends paid to equity holders of the parent		-	(17.5)	(28.5)
Dividends paid to non-controlling interests		(1.3)	(0.3)	(3.2)
Interest paid		(16.4)	(12.9)	(26.9)
Proceeds from borrowings		215.6	20.8	192.3
Repayments of loans		(154.5)	(8.5)	(215.5)
Proceeds on issue of ordinary share capital		5.3	-	2.1
Purchase of own shares		(9.6)	-	-
Other financing activities		(1.7)	(1.2)	(1.2)
Net cash inflow/(outflow) from financing activities		37.4	(19.6)	(80.9)
Net decrease in cash and cash equivalents	15	(62.5)	(66.1)	(2.0)
Translation differences		3.8	(35.2)	(19.5)
Cash and cash equivalents at beginning of period	15	386.2	407.7	407.7
Cash and cash equivalents at end of period	15	327.5	306.4	386.2
Represented by:				
Cash at bank and in hand and short-term deposits		333.3	317.8	391.1
Bank overdrafts	15	(5.8)	(11.4)	(4.9)
Cash and cash equivalents at end of period	15	327.5	306.4	386.2

	1 January 2010 £m	Cash flow £m	Other non-cash movements £m	Exchange movements £m	30 June 2010 £m
Analysis of net debt					
Cash and cash equivalents	386.2	(62.5)	-	3.8	327.5
Gross debt net of issue costs	(643.4)	(61.1)	12.6	(34.0)	(725.9)
Total	(257.2)	(123.6)	12.6	(30.2)	(398.4)

Unaudited consolidated statement of changes in equity
for the six months ended 30 June 2010

	Share Capital £m	Shares to be issued £m	Own shares £m	Share premium account £m	Other equity reserves* £m	Foreign currency translation reserve £m	Retained earnings £m	Potential acquisition of NCI £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
At 1 January 2009	58.0	4.0	(30.6)	243.5	0.2	107.9	102.9	(43.4)	**442.5**	17.3	**459.8**
Profit for the period	-	-	-	-	-	-	(2.1)	-	**(2.1)**	1.7	**(0.4)**
Currency translation differences on foreign operations:	-	-	-	-	-	(102.7)	-	-	**(102.7)**	(2.0)	**(104.7)**
Exchange movements on hedged items taken to equity	-	-	-	-	-	17.1	-	-	**17.1**	-	**17.1**
Cash flow hedges: movements taken to equity	-	-	-	-	-	-	(5.6)	-	**(5.6)**	-	**(5.6)**
Tax on movements taken to equity	-	-	-	-	-	-	1.6	-	**1.6**	-	**1.6**
Total comprehensive income and expense	-	-	-	-	-	(85.6)	(6.1)	-	**(91.7)**	(0.3)	**(92.0)**
Shares awarded by ESOP	-	-	6.9	-	-	-	(6.9)	-	**-**	-	**-**
Credit for share-based incentive schemes	-	-	-	-	-	-	2.3	-	**2.3**	-	**2.3**
Other movements	-	-	-	-	-	-	-	3.8	**3.8**	(1.1)	**2.7**
Dividends	-	-	-	-	-	-	(17.5)	-	**(17.5)**	(0.3)	**(17.8)**
At 30 June 2009 (unaudited)	58.0	4.0	(23.7)	243.5	0.2	22.3	74.7	(39.6)	**339.4**	15.6	**355.0**
Profit for the year	-	-	-	-	-	-	64.8	-	**64.8**	(0.2)	**64.6**
Currency translation differences on foreign operations:	-	-	-	-	-	70.4	-	-	**70.4**	0.8	**71.2**
Exchange movements on hedged items taken to equity	-	-	-	-	-	(28.6)	-	-	**(28.6)**	-	**(28.6)**
Available for sale investments: movements taken to equity	-	-	-	-	-	-	0.5	-	**0.5**	-	**0.5**
Cash flow hedges: movements taken to equity	-	-	-	-	-	-	(0.1)	-	**(0.1)**	-	**(0.1)**
Actuarial movements recognised on defined benefit pension schemes	-	-	-	-	-	-	(0.1)	-	**(0.1)**	-	**(0.1)**
Total comprehensive income and expense	-	-	-	-	-	41.8	65.1	-	**106.9**	0.6	**107.5**
New share capital subscribed	0.1	-	-	2.0	-	-	-	-	**2.1**	-	**2.1**
Shares awarded by ESOP	-	-	0.4	-	-	-	(0.4)	-	**-**	-	**-**
Credit for share-based incentive schemes	-	-	-	-	-	-	4.8	-	**4.8**	-	**4.8**
Other movements	-	(4.0)	-	-	-	-	1.3	(7.6)	**(10.3)**	(0.7)	**(11.0)**
Dividends	-	-	-	-	-	-	(11.0)	-	**(11.0)**	(2.9)	**(13.9)**
At 1 January 2010 (audited)	58.1	-	(23.3)	245.5	0.2	64.1	134.5	(47.2)	**431.9**	12.6	**444.5**
Profit for the period	-	-	-	-	-	-	14.6	-	**14.6**	0.4	**15.0**
Currency translation differences on foreign operations:	-	-	-	-	-	(4.9)	-	-	**(4.9)**	0.2	**(4.7)**
Exchange movements on hedged items taken to equity	-	-	-	-	-	8.3	-	-	**8.3**	-	**8.3**
Available for sale investments: movements taken to equity	-	-	-	-	-	-	(0.1)	-	**(0.1)**	-	**(0.1)**
Cash flow hedges: movements taken to equity	-	-	-	-	-	-	0.9	-	**0.9**	-	**0.9**
Tax on movements taken to equity	-	-	-	-	-	-	(0.3)	-	**(0.3)**	-	**(0.3)**
Total comprehensive income and expense	-	-	-	-	-	3.4	15.1	-	**18.5**	0.6	**19.1**
New share capital subscribed	0.2	-	-	5.1	-	-	-	-	**5.3**	-	**5.3**
Purchase of shares by ESOP	-	-	(9.6)	-	-	-	-	-	**(9.6)**	-	**(9.6)**
Shares awarded by ESOP	-	-	6.1	-	-	-	(6.1)	-	**-**	-	**-**
Credit for share-based incentive schemes	-	-	-	-	-	-	0.5	-	**0.5**	-	**0.5**
Convertible bond issue and reclass of convertible bond imputed interest	-	-	-	-	22.4	-	0.8	-	**23.2**	-	**23.2**
Transactions with NCI	-	-	-	-	-	-	(0.8)	(0.6)	**(1.4)**	1.2	**(0.2)**
Dividends	-	-	-	-	-	-	(17.7)	-	**(17.7)**	(1.3)	**(19.0)**
At 30 June 2010 (unaudited)	58.3	-	(26.8)	250.6	22.6	67.5	126.3	(47.8)	**450.7**	13.1	**463.8**

*The other equity reserves include the capital redemption reserve and the equity component of the convertible bond.

Notes to the unaudited consolidated interim statement
for the six months ended 30 June 2010

1. General information

Aegis Group plc is a public limited company incorporated in the United Kingdom and registered in England and Wales, Number 1403668. Its registered office is at 180 Great Portland Street, London W1W 5QZ.

The condensed consolidated interim financial statements ('Interim Financial Statements') for the six months ended 30 June 2010 were authorised for issue in accordance with a resolution of the Directors on 26 August 2010.

The Interim Financial Statements for the six months to 30 June 2010 and 30 June 2009 do not constitute statutory accounts. The financial information for the year ended 31 December 2009 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Interim Financial Statements are unaudited but have been reviewed by the auditors. Their report is set out on page 42. A copy of the Interim Financial Statements for the six months ended 30 June 2010 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 Statements for the six months ended 30 June 2010 have 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 2009, except for as described in the 'Adoption of Standards' section of this note. These accounting policies are drawn up in accordance with International Financial Reporting Standards (IFRS) adopted for use by the European Union.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's 2009 Annual Report.

The Interim Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. They have also been prepared on the going concern basis of accounting, a discussion of which is set out in the financial review on pages 19 and 20.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's annual audited financial statements for the year ended 31 December 2009, except as described in the 'Adoption of Standards' section below. A clarification of the Group's policy for accounting for convertible bonds is also provided below. There has been no change to this policy.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 1 (amended) Limited exemption from comparative IFRS 7 disclosures for first-time adopters
IFRS 9 Financial instruments
IAS 24 (revised) Related party transactions
IFRIC 17 (amended) Prepayments of a minimum funding requirement
IFRIC 19 Extinguishing financial liabilities with equity instruments

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group.

2. Basis of preparation and accounting policies (continued)

Adoption of Standards

In the current financial year, the Group has adopted IFRS 3 (revised 2008) Business Combinations and IAS 27 (revised 2008) Consolidated and Separate Financial Statements.

Following adoption of these standards, the Group has prospectively applied the following policies for business combinations and changes in ownership of controlled entities effected from 1 January 2010. As part of the adoption of these standards, the Group is required to rename 'Minority interests' as 'Non-controlling interests'. Accordingly, the 'Potential acquisition of minority interests' reserve is renamed the 'Potential acquisition of NCI' reserve.

Business combinations

The Group applies the acquisition method in all business combinations. On the acquisition date the consideration transferred in order to gain control of the acquiree is measured as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree (including contingent consideration) and any equity instruments issued by the Group. The identifiable assets acquired and liabilities assumed through the business combination are recognised at their acquisition-date fair values. Acquisition costs are expensed as they are incurred.

Where the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts. During the measurement period, the Group retrospectively adjusts the provisional acquisition-date amounts to reflect new information obtained about facts and circumstances that existed as of the acquisition date which, if known, would have affected the measurement of amounts recognised as of that date. The measurement period commences on the acquisition date and ends at the earlier of the date the Group receives full information allowing it to determine the final acquisition-date accounting, and one year from the acquisition date

Subsequent to the final acquisition-date accounting, any changes to the fair value of assets or liabilities representing contingent consideration are adjusted through profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is recognised in equity.

Business combinations achieved in stages

Where a business combination is achieved in stages, on the date control is achieved the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, with any resulting gain or loss presented in profit or loss. Any amounts previously deferred in other comprehensive income are recognised on the same basis as if the Group had directly disposed of the equity interest.

Changes in ownership without change of control

Where the Group's interest in a subsidiary increases or decreases such that the Group retains control of the subsidiary, the transaction is accounted for within equity with no impact on profit or loss. The carrying amounts of the Group interest and the non-controlling interest are adjusted to reflect the relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised in retained earnings.

Controlling interest reduced to non-controlling interest

Where the Group disposes of a controlling interest while retaining a stake in a business, the disposal is treated as a full disposal followed by the acquisition, at fair value, of the equity stake retained.

Interaction with underlying profit

Income statement movements in relation to changes to the fair value of assets or liabilities representing contingent consideration are not considered to be part of the Group's underlying profit. Therefore, concurrent with the adoption of IFRS 3 (revised), imputed interest on deferred consideration is also excluded from underlying profit, as explained in the 'Underlying profit' section of this note.

2. Basis of preparation and accounting policies (continued)

Adoption of Standards (continued)

In addition to the standards discussed above, the following standards and interpretations were adopted by the Group in the current period. These standards have no effect on the Group's interim statement.

IFRS 2 (amended) Group cash-settled share-based payment transactions
IAS 32 Classification of rights issues
IAS 39 (amended) Eligible Hedged Items
IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 17 Distributions of Non-Cash Assets to Owners
IFRIC 18 Transfers of Assets from Customers

Convertible bond accounting policy

Following the issue of the convertible bond in April 2010, the Group presents its accounting policy for convertible bonds.

The convertible bond is regarded as a compound financial instrument. The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, in the case of a convertible bond denominated in the functional currency of the issuer that may be converted into a fixed number of equity shares, the fair value of the liability component is estimated using the prevailing market interest rate that the Group could achieve for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included within equity in the Other Equity Reserves and is not subsequently remeasured.

Issue costs are apportioned between the liability and equity components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity. The non-cash element of the interest charge is reclassified within equity at each period end to exclude the impact of the accounting charge from Retained Earnings. This element of the charge is recognised within the Other Equity Reserves.

Underlying profit

The Group believes that underlying results (note 3) and underlying earnings per share (note 9) 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. In the opinion of the Directors, such adjusting items are material by nature or amount and may include impairment charges, profits and losses on disposals of investments, amortisation of purchased intangible assets (being amortisation charged on separately identifiable intangible assets in acquired businesses), unrealised gains and losses on non-hedge derivative financial instruments, fair value gains and losses on liabilities in respect of put option agreements, and one-off 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.

In 2010, the Group has adopted the revised accounting standard for acquisition accounting, IFRS 3 (revised) Business Combinations. This standard will lead to greater income statement volatility, since the Group will be required to take all changes in deferred consideration estimates arising on acquisitions in or after 2010 through the income statement. These movements will not be considered to form part of the Group's underlying performance. In order to align with the accounting for such movements as non-underlying, imputed interest arising due to discounting of deferred consideration liabilities is also removed from underlying results in the current year and in the stated comparatives for 2009 full year and half year. The impact of the restatement is a reduction of £1.1m in both the 2009 full year and half year underlying finance costs. This leads to an increase in underlying profit before tax and underlying profit after tax by £1.1m and an increase in underlying basic EPS and underlying diluted EPS by 0.1p in both the 2009 full year and half year comparatives. The restatement has no impact on tax charges in either period but leads to a restatement of the effective underlying tax rate as given in note 7.

3. Segment reporting and underlying results

Business segments

The segmentation of the Group's results is driven by information provided to the Group's chief operating decision-maker, the Group Chief Executive Officer. Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance focuses on the two business sectors in which the Group operates: Aegis Media and Synovate. This segment presentation reflects the management structure of the Group. These divisions, which operate in the media and market research sectors respectively, are therefore the Group's reportable segments under IFRS 8. Intersegment trading is not significant to either operating segment and therefore all information reported below relates to external trade.

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

Underlying performance	Six months ended 30 June 2010		Six months ended 30 June 2009	
	Revenue £m	Result £m	Revenue £m	Result £m
Aegis Media	414.5	66.1	402.2	63.0
Synovate	248.8	4.7	234.5	(3.2)
Reportable segment revenue/result	663.3	70.8	636.7	59.8
Corporate costs		(9.7)		(8.7)
	663.3	61.1	636.7	51.1

Synovate achieved gross profit (or net revenue), after external direct costs, of £152.9m (6 months to 30 June 2009: £145.4m). See below for a reconciliation of reportable segment results to statutory results:

2010 half year	Underlying results	Disposal of subsidiaries and associates (1)	Amortisation of purchased intangibles	IAS 39 adjustments (2)	Deferred tax adjustment (3)	Statutory results
	£m	£m	£m	£m	£m	£m
Aegis Media	66.1	(9.3)	(9.3)	-	-	47.5
Synovate	4.7	(1.4)	(3.3)	-	-	-
Reportable segment result	70.8	(10.7)	(12.6)	-	-	47.5
Corporate	(9.7)	-	-	-	-	(9.7)
Operating profit	61.1	(10.7)	(12.6)	-	-	37.8
Share of results of associates	1.5	3.1	(1.0)	-	-	3.6
Profit before interest and tax	62.6	(7.6)	(13.6)	-	-	41.4
Investment income	3.5	-	-	-	-	3.5
Finance costs	(17.8)	-	-	(1.8)		(19.6)
Net finance costs	(14.3)	-	-	(1.8)	-	(16.1)
Profit before tax	48.3	(7.6)	(13.6)	(1.8)	-	25.3
Tax	(12.0)	-	3.4	-	(1.7)	(10.3)
Profit after tax	36.3	(7.6)	(10.2)	(1.8)	(1.7)	15.0

(1) The net loss incurred on disposal or closure of subsidiaries, and the gain on disposal or deemed disposal of associates, include the impairment of goodwill where relevant and any reclassification of cumulative exchange.
(2) IAS 39 adjustments comprise gains of £0.7m on revaluation of put option liabilities, an imputed interest charge of £0.3m to release deferred consideration discounting, and losses of £0.1m and £2.1m on revaluation of non-hedge derivatives and impairment of available-for-sale financial assets respectively.
(3) Deferred tax adjustment for tax amortisation of goodwill.

3. Segment reporting and underlying results (continued)

2009 half year	Underlying results*	Restructuring costs	Amortisation of purchased intangibles	IAS 39 adjustments (1)	Deferred tax adjustment (2)	Statutory results
	£m	£m	£m	£m	£m	£m
Aegis Media	63.0	(3.5)	(9.6)	-	-	49.9
Synovate	(3.2)	(12.2)	(2.8)	-	-	(18.2)
Operating segment result	59.8	(15.7)	(12.4)	-	-	31.7
Corporate	(8.7)	-	-	-	-	(8.7)
Operating profit	51.1	(15.7)	(12.4)	-	-	23.0
Share of results of associates	(0.5)	-	-	-	-	(0.5)
Profit before interest and tax	50.6	(15.7)	(12.4)	-	-	22.5
Investment income	4.7	-	-	-	-	4.7
Finance costs	(10.7)	-	-	(9.9)		(20.6)
Net finance costs	(6.0)	-	-	(9.9)	-	(15.9)
Profit before tax	44.6	(15.7)	(12.4)	(9.9)	-	6.6
Tax	(11.4)	2.2	3.3	-	(1.1)	(7.0)
Profit after tax	33.2	(13.5)	(9.1)	(9.9)	(1.1)	(0.4)

(1) IAS 39 adjustments comprise gains of £7.3m on revaluation of put option liabilities, an imputed interest charge of £1.1m to release deferred consideration discounting and losses of £10.1m and £6.0m on revaluation of non-hedge derivatives and impairment of available-for-sale financial assets respectively.
(2) Deferred tax adjustment for tax amortisation of goodwill

For the year ended 31 December 2009, underlying operating profit was £170.3m, excluding a net charge of £55.7m and underlying profit before tax was £150.4m, excluding a net charge of £59.2m. Underlying adjustments to operating profit comprised restructuring charges of £30.5m, amortisation of purchased intangible assets totalling £24.2m and losses arising on the disposal of subsidiaries of £1.0m. IAS 39 adjustments gave a net loss of £4.0m and gains on the disposal of investments in associates were £0.5m to reconcile underlying profit before tax.

Both the 2009 full year and half year underlying results are restated to exclude imputed interest arising due to discounting of deferred consideration as explained in note 2.

Group assets are allocated to the Group's operating segments as follows:

Segment assets:	**Six months ended 30 June 2010**	Six months ended 30 June 2009
	£m	£m
Aegis Media	**2,877.7**	2,579.9
Synovate	**698.6**	656.7
Total allocated assets	**3,576.3**	3,236.6
Corporate	**34.0**	29.0
Total assets	**3,610.3**	3,265.6

The accounting policies of the reportable segments are the same as the Group's accounting policies, which are described in the Group's latest annual financial statements. Segment result represents segment operating profit, which is the measure reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance. For the purposes of asset disclosures, all assets are allocated to reportable segments with the exception of centrally-managed financial assets and tax assets.

Notes to the unaudited consolidated interim statement
for the six months ended 30 June 2010

4. Operating profit

Operating profit has been arrived at after charging:

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Net foreign exchange losses	1.8	0.2	0.1
Loss on disposal of subsidiaries and related impairment	10.7	-	-
Depreciation of property, plant and equipment	10.8	11.8	23.7
Amortisation of intangible assets	15.8	16.1	32.2
Bad debt expense	1.1	0.4	7.5
Operating lease expense	31.3	31.0	61.9
Staff costs	337.3	340.0	665.5

5. Investment income

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Interest receivable	3.5	4.7	7.9

6. Finance costs

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Interest payable on bank loans and overdrafts	(2.3)	(1.9)	(3.3)
Interest payable on loan notes, other loans and retirement benefit liabilities	(14.7)	(11.0)	(23.2)
	(17.0)	(12.9)	(26.5)
Imputed interest on deferred consideration	(0.3)	(1.1)	(1.1)
Fair value movements on acquisition put options	0.7	7.3	13.5
Exchange movements on financing items	(0.5)	2.4	1.1
Fair value movements on non-hedge derivatives	(0.1)	(10.1)	(10.0)
Fair value movement arising on derivatives in a designated fair value hedge	8.9	-	(3.5)
Adjustment to hedged items in a designated fair value hedge	(8.9)	-	3.5
Impairment of available-for-sale financial assets	(2.1)	(6.0)	(6.4)
Amortisation of finance issue costs	(0.3)	(0.2)	(2.1)
	(19.6)	(20.6)	(31.5)

7. Tax on profit on ordinary activities

The underlying effective tax rate on underlying profit for the six months ended 30 June 2010 is 24.8% (six months ended 30 June 2009: 25.5%, restated per note 2).

The tax charge for the six months ended 30 June 2010 is £10.3m (six months ended 30 June 2009: £7.0m; year ended 31 December 2009: £27.0m) representing an effective tax rate on statutory profits of 40.7% (six months ended 30 June 2009: 106.1%; year ended 31 December 2009: 29.6%). The effective statutory tax rate is impacted by certain items which are not deductible for tax purposes.

The tax charge for the six months ended 30 June 2010 includes a deferred tax expense of £1.7m (six months ended 30 June 2009: £1.1m; year ended 31 December 2009: £5.0m) for tax deductions in respect of goodwill.

The first six months' reported tax charge has benefitted from the reduction of certain tax liabilities. If this benefit was accounted for evenly over the full year, the tax charge for the six months to 30 June 2010 would increase by £0.3m. This would increase the underlying effective tax rate to 25.5%, which is the expected effective underlying tax rate on underlying profits for the full year.

8. Dividends

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Ordinary shares of 5p each			
Dividend rate per share for the period (pence)	1.025	0.96	2.50
Declared and paid during the period	£m	£m	£m
Final dividend for 2008 of 1.54p per share	-	17.8	17.8
Interim dividend for 2009 of 0.96p per share	-	-	11.1
	-	17.8	28.9
Declared but not yet paid at the balance sheet date			
Final dividend for 2009 of 1.54p per share	17.9	-	-
	17.9	17.8	28.9
Proposed but not yet declared or paid at the balance sheet date	£m	£m	£m
Interim dividend for 2009 of 0.96p per share	-	11.1	-
Final dividend for 2009 of 1.54p per share	-	-	17.9
Interim dividend for 2010 of 1.025p per share	12.0	-	-
	12.0	11.1	17.9

The employee share trust has an ongoing arrangement with the Group to waive all dividends. As a result, the total cash paid in settlement of the final dividend for 2009 is £17.7m. Based on the number of shares held by the employee share trust as at 30 June 2010, the expected cash payment in settlement of the 2009 interim dividend is £11.7m.
The interim dividend will be paid on 24 September 2010 to all ordinary shareholders on the register at 10 September 2010.

9. Earnings per ordinary share

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
Basic			
Profit / (loss) for the period attributable to equity holders of the parent (£m)	14.6	(2.1)	62.7
Adjusting items attributable to equity holders of the parent (£m)	20.6	32.8	46.6
Underlying profit for the period (£m)	35.2	30.7	109.3
Weighted average number of ordinary shares in issue (millions)	1,155.7	1,143.2	1,138.5
Basic profit / (loss) earnings per share (pence)	1.2	(0.2)	5.5
Adjusting items attributable to equity holders of the parent (pence)	1.8	2.9	4.1
Underlying basic earnings per share (pence)	3.0	2.7	9.6
Diluted			
Profit / (loss) for the period attributable to equity holders of the parent (£m)	14.6	(2.1)	62.7
Adjusting items attributable to equity holders of the parent (£m)	20.6	32.8	46.6
Underlying profit for the period (£m)	35.2	30.7	109.3
Weighted average number of ordinary shares in issue (millions)	1,157.8	1,146.0	1,139.1
Diluted profit / (loss) earnings per share (pence)	1.2	(0.2)	5.5
Adjusting items attributable to equity holders of the parent (pence)	1.8	2.9	4.1
Underlying diluted earnings per share (pence)	3.0	2.7	9.6
Weighted average number of ordinary shares (millions)			
Basic weighted average number of ordinary shares	1,155.7	1,143.2	1,138.5
Dilutive potential ordinary shares: employee share options	2.1	0.1	0.6
Shares to be issued	-	2.7	-
Diluted weighted average number of ordinary shares	1,157.8	1,146.0	1,139.1

The calculation of basic and diluted earnings per share is based on profit after tax and non-controlling interests. £0.7m of adjusting items per note 3 are attributable to non-controlling interests (six months ended 30 June 2009: £0.8m; year ended 31 December 2009: £1.5m). The weighted average number of shares excludes the Group's interest in own shares held through an employee share trust.

On 20 April 2010 the Group issued £190.6m convertible bonds due April 2015, bearing interest at 2.5%. For the period ended 30 June 2010, these bonds were accretive to earnings for the purposes of calculating earnings per share under IAS 33 and therefore no adjustment has been included in the calculation of diluted EPS.

10. Acquisitions

In January 2010, the Group acquired a 51% equity share in Sales Out Ltd ("SalesOut"), a market research company incorporated in the UK, thereby obtaining control of SalesOut. This acquisition was entered into primarily to strengthen the Group's UK operations in the retail data analysis area of the market research industry.

In May 2010, the Group acquired all of the trade and assets of Magic Touch, a media company incorporated in the UK. This acquisition was entered into primarily to enhance the Group's media offering in the UK.

The Group revenue and operating profit are materially the same as if these entities had been included in the consolidated Group from 1 January 2009. Acquisitions have contributed £2.5m to revenue and £0.1m to consolidated profit in the period. During the period, the Group also acquired additional stakes in existing subsidiaries as detailed below:

Company	Country of incorporation	% Acquired (Total Group holding)	Month of acquisition
Aegis Media			
Dazzleship	UK	25 (100)	February
Datacom	Spain	7 (80)	January
Age	Brazil	1 (94)	May
Agenciaclick	Brazil	1 (94)	May
Midia Click	Brazil	1 (94)	May
Trigger	South Africa	20 (100)	January
MEC	South Africa	20 (100)	January
Rapid Outdoor	South Africa	20 (100)	January

In the two cases where the Group achieved control of subsidiaries for the first time, the acquisitions are not individually material to the Group and therefore the following disclosures are provided in aggregate. Consideration paid during the period, excluding acquisition costs, totalled £3.1m. A summary of the net assets acquired and goodwill arising is given below.

Provisional assessment of net assets acquired:	Book value acquired	Fair value adjustments	Fair value of net assets
	£m	£m	£m
Intangible assets	-	5.2	5.2
Property, plant and equipment	0.1	-	0.1
Trade and other receivables	0.7	-	0.7
Cash and cash equivalents	0.4	-	0.4
Trade and other payables	(1.3)	-	(1.3)
Deferred tax liabilities	-	(1.4)	(1.4)
Net assets	**(0.1)**	**3.8**	**3.7**
Non-controlling interest on current period acquisitions			(1.8)
			1.9
Goodwill capitalised in the period			1.2
Consideration			**3.1**
Satisfied by:			
Cash consideration			**3.1**

10. Acquisitions (continued)

Goodwill capitalised in the period represents the expected future benefits of improving the breadth of the Group's service offering and anticipated operational synergies. No goodwill capitalised in the period is deductible for income tax purposes. All non-controlling interests are measured at the non-controlling interest share of the carrying value of net assets.

Provisional adjustments have been made to reflect the provisional 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.

11. Interests in associates and joint ventures

	Associates	Joint ventures	Total
	£m	£m	£m
At 1 January 2009	**25.9**	**0.8**	**26.7**
Share of profit after tax	(0.7)	-	(0.7)
Transfer to available-for-sale asset	(18.9)	-	(18.9)
Disposal	(1.8)	(0.5)	(2.3)
Dividends received	(0.2)	-	(0.2)
Exchange differences	(1.7)	-	(1.7)
At 30 June 2009	**2.6**	**0.3**	**2.9**
Share of profit	0.7	-	0.7
Exchange differences	(0.3)	-	(0.3)
At 31 December 2009	**3.0**	**0.3**	**3.3**
Additions	31.3	10.2	41.5
Share of profit after tax	0.8	(0.3)	0.5
Deemed disposal	2.8	-	2.8
Dividends received	(0.1)	-	(0.1)
Exchange differences	0.6	-	0.6
At 30 June 2010	**38.4**	**10.2**	**48.6**

The significant increase in the Group's investment in associates and share of results of associates relates predominantly to the Group's investment in Charm Communications Inc ("Charm"), acquired in January 2010. Charm listed on the NASDAQ exchange in May 2010, which led to a dilution of the Group's shareholding and therefore triggered a deemed disposal. The profit on deemed disposal is included in the share of results of associates in the Group income statement.

12. Trade and other payables

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	£m	£m	£m
Trade payables	1,644.9	1,458.5	1,737.6
Accruals	190.8	105.8	172.5
Deferred income	115.5	107.3	105.8
Taxation and social security	70.5	65.6	75.9
Deferred consideration	37.0	40.0	34.4
Other payables	255.9	286.8	238.9
	2,314.6	2,064.0	2,365.1

13. Convertible bond

As discussed in the CEO report on page 5 and in the financial review on pages 12 – 23, the Group issued £190.6m convertible bonds in April 2010, due for repayment in April 2015. The convertible bonds bear interest at 2.5% per annum and are convertible at the option of the holder into Aegis ordinary shares at an exchange price of £1.6444. The total number of ordinary shares that would be issued if all bonds converted would be 115.9 million.

As a compound financial instrument, the net proceeds of the bond were split into a liability component and an equity component on the issue date, and at 30 June 2010 the balance sheet carrying value of the liability, net of deferred issue costs, is £164.9m.

14. Other non-current liabilities

Other non-current liabilities of £28.3m (30 June 2009: £76.0m; 31 December 2009: £52.9m) include deferred consideration of £12.4m (30 June 2009: £62.3m; 31 December 2009: £35.8m).

Deferred consideration

Deferred consideration may be paid to the vendors of certain subsidiary undertakings in the years to 2014. Such payments are either fixed under the terms of the acquisition or are contingent on future financial performance. Deferred consideration arising on acquisitions completed prior to 31 December 2009 is presented at the Directors' best estimate of the total payable. Changes in such estimates in the current period have led to an increase in the liability of £5.4m. Deferred consideration treated in this way is discounted at the Group's weighted average cost of borrowing. The Directors estimate that, at the rates of exchange ruling at the balance sheet date, the liability at 30 June 2010 for payments that may be due is as follows:

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	£m	£m	£m
Within one year	37.0	40.0	34.4
Between one and two years	9.7	32.9	25.8
Between two and five years	2.7	29.4	9.8
Greater than 5 years	-	-	0.2
	49.4	102.3	70.2

Following the adoption of IFRS 3 (revised), deferred consideration arising on acquisitions completed from 1 January 2010 must be recorded at fair value on acquisition, with subsequent changes now reflected in the income statement. No deferred consideration arises on current year business combinations therefore this change has had no impact on classification or measurement for the current period.

15. Note to the cash flow statement

	Six months ended 30 June 2010 £m	Six months ended 30 June 2009 £m	Year ended 31 December 2009 £m
Operating profit	37.8	23.0	114.6
Adjustments for:			
Depreciation of property, plant and equipment	10.8	11.8	23.7
Amortisation of intangible assets	15.8	16.1	32.2
Impairment of intangibles and property, plant and equipment (other than on disposal of subsidiary undertakings)	0.1	0.1	0.4
Loss on disposal of subsidiaries and related impairment	10.7	-	1.0
Net loss on disposal of intangibles and property, plant and equipment	0.5	0.3	1.2
Share-based payment expense	0.5	2.3	7.1
Other non-cash movements	-	(0.1)	(0.1)
Decrease in provisions	(1.4)	(0.8)	(1.0)
Decrease in restructuring related liabilities	(7.9)	(5.7)	(7.0)
	66.9	47.0	172.1
(Increase) / decrease in receivables	(14.8)	382.2	174.4
(Increase) / decrease in work in progress	(3.4)	(4.5)	6.1
Decrease in payables	(35.0)	(394.4)	(153.5)
	(53.2)	(16.7)	27.0
Cash generated from operations	13.7	30.3	199.1

	1 January 2010 £m	Cash flow £m	Other non-cash movements £m	Exchange movements £m	30 June 2010 £m
Analysis of net debt					
Cash and cash equivalents	391.1	(61.7)	-	3.9	333.3
Overdrafts	(4.9)	(0.8)	-	(0.1)	(5.8)
	386.2	(62.5)	-	3.8	327.5
Debt due within one year	(38.6)	6.1	0.1	(1.6)	(34.0)
Debt due after more than one year	(606.2)	(71.6)	13.3	(32.4)	(696.9)
Net debt before issue costs of debt	(258.6)	(128.0)	13.4	(30.2)	(403.4)
Issue costs of debt	1.4	4.4	(0.8)	-	5.0
Total	(257.2)	(123.6)	12.6	(30.2)	(398.4)

16. Related party transactions

Remuneration of key management personnel

Other than remuneration there were no material transactions with key management personnel in the period.

Transactions with associated undertakings

In 2010, Group subsidiary companies purchased media space from associated undertakings totaling £13.4m (2009: £18.7m; six months to 30 June 2009: £8.7m) and made sales totaling £2.1m to associated undertakings (2009: £nil; six months to 30 June 2009: £nil). These transactions have occurred on an arm's length basis. The balance due from Group companies to associated undertakings at the end of the current reporting period was £6.8m (31 December 2009: £8.6m; 30 June 2009: £2.0m). The balance due from associated undertakings to Group companies at the 30 June 2010 was £4.0m (31 December 2009: £2.8m; 30 June 2009: £2.3m).

17. Contingent assets and liabilities

As reported in prior years, during 2006 the Group became aware of a fraud perpetrated against Aegis Media Germany. The Group has successfully recovered a portion of the monies expected to be due. Further recoveries are anticipated in future years and, although these recoveries are considered probable, the value to be received is not sufficiently certain to be recognised as an asset.

There are no material contingent liabilities requiring disclosure at 30 June 2010 and no material changes in contingent liabilities since 31 December 2009.

18. Subsequent events

In July 2010 the Group announced the proposed acquisition of Mitchell Communication Group, Australia's leading marketing communications group. The expected consideration will be AUD 363m (equivalent to £205.4m at the June 2010 balance sheet exchange rate), which will be delivered in a combination of cash and shares. At the date of publishing the interim announcement, the shareholders of Mitchell have not yet voted on this proposed arrangement.

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

Jerry Buhlmann
Chief Executive Officer
26 August 2010

Nick Priday
Chief Financial Officer
26 August 2010

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 2010 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and related notes 1 to 18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the group 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 2010 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 LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
26 August 2010

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.

Secured revenue %
Secured revenue represents confirmed sales orders for projects which will complete in the year as a percentage of full year revenue.

Gross profit
Media and research income after deduction of all direct costs.

Net revenue
Research income after deduction of all direct costs which is equivalent to gross profit. This item is used in respect of Synovate only.

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 estimated annualised value of media billings gained less the estimated 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"). In the opinion of the Directors, such adjusting items are material by nature or amount and may include impairment charges, profits and losses on disposals of investments, amortisation of purchased intangible assets (being amortisation charged on separately identifiable intangible assets in acquired businesses), unrealised gains and losses on non-hedge derivative financial instruments, fair value gains and losses on liabilities in respect of put option agreements, and one-off 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.

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 identifiable net assets.

Non-controlling interests
Partial ownership of subsidiary undertakings by external shareholders.

Faster growing regions
Faster growing regions, a new classification, comprise Latin America, Central and Eastern Europe, Asia Pacific, and the Middle East and Africa.