AEGIS

25 August 2011

Aegis Group plc

2011 Interim Results Announcement

Further improvement in revenue growth and margins
Sale of Synovate on track - will enable a more focused Group to emerge

- Strong half year performance, driven by excellent results in North America and across faster-growing regions
- Organic revenue growth:
  - Retained Group, excluding Synovate: up 7.8% (H1 2010: 3.3%)
  - Total Group: up 7.3% (H1 2010: 3.2%)
- Group underlying operating margin:
  - Retained Group: 14.6% (H1 2010: 13.1%)
  - Total Group: 10.2% (H1 2010: 9.2%)
- Sale of Synovate for enterprise value of £525m, approved by Aegis shareholders, with completion expected on or around 30 September 2011, after which:
  - Aegis will become a more focused media and digital Group
  - Return of capital of £200m, by means of a special dividend, with associated 10 for 11 share consolidation
  - Balance of proceeds to be used to develop Aegis, through targeted acquisitions
- Targeted acquisition programme continues:
  - Acquisition of Master Ad, out-of-home agency based in Russia, announced today
  - Over £65m spent on eleven acquisitions and investments this year to date
- Continued focus on organic growth and longer term margin improvement
- Continue to expect Retained Group organic revenue growth for 2011 to be at least in line with level achieved by the Group in 2010, with an anticipated increase in operating margin:
  - Organic revenue growth for the third quarter expected to be more in line with organic revenue growth during the half year than in the second quarter
- Interim dividend increased 5.4% to 1.08p, as well as special dividend of approximately 15.53p

Retained Group comprises Aegis Media and Aztec
Total Group includes Aegis Media, Aztec and Synovate (classified as Discontinued Operations)

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

"Aegis has produced another strong performance, highlighting the continuing positive momentum being built in our businesses as we continue to outperform the market. Once again, our businesses in faster-growing regions and North America have proved their worth with particularly strong performances. At the same time, we have continued our focus on targeted acquisitions, extending our capabilities and positioning us in key geographies, all of which leave us well placed for future growth.

"Our investors have approved the sale of Synovate, our market research business, representing the largest structural change in the history of Aegis Group. Once the sale is completed, Aegis will become a more focused group, with the opportunity to accelerate further the delivery of sustainable, profitable growth, and increased financial flexibility to make targeted acquisitions.

"Medium term visibility continues to be relatively limited and macro-economic uncertainties remain. However, we remain positive about Aegis's future prospects as a more focused group, particularly given the momentum achieved by our businesses over the last 18 months."

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Our 2011 half year results presentation will be webcast live today at 09.00 (BST) and available afterwards for replay at www.aegisplc.com.

Total Group – income statement highlights

£m	H1 2011	H1 2010	Change, %	Constant currency, %
Revenue	**756.8**	663.3	14.1	14.5
Underlying results*				
▪ operating profit	**77.4**	61.1	26.7	26.5
▪ pre-tax profit	**58.9**	48.3	21.9	20.0
▪ diluted eps	**3.4**	3.0	13.3	9.7
Statutory results				
▪ operating profit	**54.9**	37.8	45.2	43.0
▪ pre-tax profit	**35.6**	25.3	40.7	34.8
▪ diluted eps	**1.9**	1.2	58.3	46.2
Dividend per share	**1.08**	1.025	5.4	5.4

** Throughout the commentary in this announcement, results are stated on an underlying basis unless otherwise indicated. Percentage movements are given at reported exchange rates unless otherwise stated.*

Retained Group – income statement highlights (underlying)

£m	H1 2011	H1 2010	Change, %	Constant currency, %
Revenue	**519.1**	440.4	17.9	17.7
Operating profit	**75.9**	57.5	32.0	30.9

Total Group - reconciliation of underlying to statutory operating profit

£m	H1 2011	H1 2010	Change, %	Constant currency change, %
Underlying operating profit **	**77.4**	**61.1**	**26.7**	**26.5**
Less:				
Amortisation of purchased intangible assets	(18.6)	(12.6)		
Disposals of subsidiaries	0.1	(10.7)		
Acquisition costs	(1.1)	-		
UK property move costs	(2.9)	-		
Total adjustments	(22.5)	(23.3)		
Statutory operating profit	**54.9**	**37.8**	**45.2**	**43.0**

*** 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 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 the last page of this announcement.*

CHIEF EXECUTIVE'S REPORT

Aegis produced a market-leading performance during the first half of 2011, highlighting the continuing positive momentum being built in our businesses.

At Aegis Media, supported by a committed management team, a clear strategy and competitive market-leading products, we continued to make good progress in positioning the business for the convergent media environment. We have made further strides in increasing our exposure to faster-growing regions and North America, as well as growing the proportion of revenue from digital media. This translated into a strong set of results in the first half of 2011 and ensures the business is well placed for the future.

Synovate also produced solid results in the first half of the year. At the start of the second half, we announced that we had agreed to sell the business, excluding Aztec, to Ipsos S.A., the French market research group, for an enterprise value of £525m. The Board is confident that this transaction is in the best interests of Aegis and our shareholders. The transaction represents certainty and initial value for our shareholders, who will realise value through a return of capital of £200m, by means of a special dividend, following the completion of the transaction.

The sale of Synovate represents the most significant strategic change in the composition of the Group in Aegis's history. Once the sale is completed, Aegis will become a focused media and digital group, and our future success will be underpinned by using the balance of the proceeds from the sale to develop the business through targeted acquisitions.

I am confident that we will continue to build positive momentum across our businesses, as evidenced by our performance during the first half of 2011. As a more focused group, Aegis will have the opportunity to accelerate the delivery of sustainable, profitable growth to ensure we remain well positioned for the future.

Continued performance delivery in the first half of 2011

Aegis's strong results during the first half of 2011 are a reflection of consistent management drive to improve our performance, supported by the implementation of a re-focused strategic approach at Aegis Media.

Total Group revenue for the half was £756.8m, up 14.1% at reported rates and up 14.5% at constant currency. Retained Group revenue for the half was £519.1m, up 17.9% at reported rates and up 17.7% at constant currency.

Organic revenue growth for the half was 7.3% for the Total Group and 7.8% for the Retained Group. This performance was mainly the result of strong top line growth from our businesses in faster-growing regions and North America, which together contributed 52% of the Retained Group's revenue during the first half of 2011, from 46% in 2010.

Total Group	Quarterly performance						Half Year performance		
Organic change %	Q110	Q210	Q310	Q410	Q111	Q211	H110	H210	H111
Revenue	1.1	4.7	9.7	7.0	9.1	5.9	3.2	8.1	7.3

Retained Group	Quarterly performance						Half Year performance		
Organic change %	Q110	Q210	Q310	Q410	Q111	Q211	H110	H210	H111
Revenue	3.1	3.5	8.2	6.6	10.1	6.1	3.3	7.2	7.8

Aegis Media delivered organic growth of 7.6% in the first half, supported by continued strength from North America and a number of faster-growing regions, in particular China, Brazil and Russia.

Organic revenue growth in the second quarter represents a lower growth number compared to the market-leading 10.1% achieved in the first quarter. However, we expect organic revenue growth for the third quarter to be more in line with organic revenue growth in the half year than in the second quarter. We therefore remain confident about the second half of 2011, despite more challenging comparators, which will benefit from revenue contribution from a number of significant new business wins achieved over the last 12 months.

During the first half of 2011, we achieved an excellent new business performance, with net new business wins in the half year of approximately $2.0 billion in billings. These included The Home Depot and Disney in North America, Asda in the UK, Red Bull in France, ebay across Europe, Total in the Middle East and Carnival in Australia.

We continue to focus on driving revenue from our digital businesses, and Aegis Media's digital revenue contribution increased to 34% during the period, from 32% at the end of 2010.

Aegis Media achieved an increase in operating margin of 80 basis points at reported rates to 16.7% during the first half of 2011.

Synovate performed well with sales increasing 4.4% during the first half of 2011, and organic gross revenue increasing 6.6%. Operating margin increased by 10 basis points at reported rates to 2.0%.

Total Group overheads were up 13.7% at constant currency during the period, reflecting continued upward pressure on staff costs across the industry. To counter this pressure, management remains focused on cost control and driving efficiencies, supported by the continuing alignment of management incentives to margin performance.

This management focus helped to support a strong improvement in Aegis's underlying operating profit and margin in the period. Total Group operating profit was £77.4m, an increase of 26.7% from the prior year period at reported rates, and 26.5% at constant currency, with Total Group operating margin improving to 10.2%, an increase of 100 basis points, or 90 basis points at constant currency. Retained Group operating profit was £75.9m, an increase of 32.0% from the prior year period at reported rates, and 30.9% at constant currency, with Retained Group operating margin improving to 14.6%, an increase of 150 basis points at both reported rates and constant currency.

Total Group underlying fully diluted earnings per share increased by 13.3%, at reported rates and 9.7% at constant currency, to 3.4p from 3.0p in the prior year period.

Sale of Synovate enables Aegis to accelerate delivery of sustainable, profitable growth

On 27 July 2011, we announced that we had agreed to sell Synovate to Ipsos S.A. for an enterprise value of £525m. The transaction excludes Aztec, the scan data services business.

Shareholders approved the transaction at a General Meeting on 16 August 2011. Following the completion of the sale, which is expected to be on or around 30 September 2011, but which is subject to the satisfaction of certain anti-trust conditions, Aegis will be a more focused business, with scope to accelerate the delivery of sustainable, profitable growth.

Once the sale is completed, this growth will be delivered through further focus on implementing Aegis Media's strategy to position the business for the rapidly changing media environment, supported by an emphasis on targeted acquisitions.

Initial value creation for shareholders through capital return

To create initial value for Aegis shareholders from the Synovate transaction, the Board intends to return £200m of the proceeds from the sale, once completed, to our shareholders by means of a special dividend. This equates to approximately 15.53p per share and represents around 40% of the estimated net cash transaction proceeds expected to be received, after estimated taxes and transaction costs but prior to completion adjustments.

To maintain comparability of the Aegis share price before and after the return of capital, there will be an associated 10 for 11 consolidation of Aegis ordinary shares. The share consolidation was also approved by our shareholders at the General Meeting on 16 August 2011, but is conditional on completion of the sale. A further announcement regarding the timing of the return of capital and share consolidation will be made at the time of completion.

Increased financial flexibility will enable continued investment in targeted acquisitions

The balance of the proceeds from the sale of Synovate is intended to provide Aegis with increased financial flexibility to invest in targeted acquisitions. We will continue to pursue acquisition opportunities that provide scale, in-fill and innovation, with a focus on faster-growing regions and North America, and on digital. These acquisition targets will continue to be evaluated against a range of strategic and investment criteria, with a view to providing top line growth, margin optimisation and clear synergies.

We announced today the acquisition of Master Ad, an out-of-home agency based in Russia. This transaction brings our total spend on small to medium-sized bolt-on acquisitions and investments to over £65m, in initial consideration, to date in 2011. The ten other acquisitions and investments made this year include MediaVest (Manchester) Ltd in the UK, Creative Media Services UAB in Lithuania, Clickthinking Online (Pty) Ltd in South Africa, ICUC Moderation Services and Riber Sports Marketing Group Inc in North America, Filefix Co Ltd in Japan, pjure in Austria and investments in Qualité Search Marketing in Norway as well as TigerSpike Pty Limited and Media Circus in Australia.

We have a strong pipeline of potential acquisition opportunities across a diverse range of geographies and product offerings.

Enhanced management focus on driving Aegis Media's strategy

Looking ahead, once the sale of Synovate has been completed, Aegis will be fully focused on delivering communications services based on media and digital through our five global networks of Carat, Vizeum, Posterscope, isobar and iProspect. Our re-focused strategic approach, based on these networks and initially implemented last year, is based on:

- Increasing global reach, in particular increasing exposure to faster-growing regions;
- Strengthening Aegis Media's product portfolio and service range, including growing digital revenue;
- Building on Aegis Media's leading market positions and increasing its presence in key markets, reflecting client needs;
- Developing international clients and building new business momentum;
- Targeting potential acquisitions, subject to strategic and financial criteria; and
- Driving revenue growth and cost control to improve profit margins.

Our networks operate through one P&L per country providing one operating model with a full range of integrated services, reflecting the needs of our clients in an ever-changing media environment. Our strategy is supported by market-leading consumer insight tools and a fully embedded communications planning process across our networks.

This strategy and infrastructure supported Aegis Media's performance in the first half of 2011 and will continue to provide a framework for our future success, through the delivery of a holistic, integrated and specialist offering which is fully aligned to client needs.

Strong balance sheet maintained

Our balance sheet remains strong and our covenant positions remain robust. We had undrawn available facilities at the end of the first half totalling £450.0m, as we did at the end of the prior year period and at the end of 2010.

Net debt was £393.3m at the end of the first half of 2011, down from £398.4m at the end of the first half of 2010, despite acquisition expenditure since that time. Net debt increased from £331.3m at the end of 2010 due to the usual seasonal cash outflows in the first half and further acquisition spend in 2011.

Outlook - environment remains competitive, but Aegis remains well positioned to make continued progress

Client expenditure levels in the first half of 2011 were ahead of the same period in 2010. However, medium term visibility continues to be relatively limited and macro-economic uncertainties remain. Despite these factors, we remain positive about Aegis's prospects for 2011, particularly given the momentum we have achieved over the last 18 months.

Consequently, we continue to expect organic revenue growth for the Retained Group for 2011, comprising Aegis Media and Aztec, to be at least in line with the level achieved by the Group in 2010. This is in spite of more difficult comparatives during the second half of the year.

As a result of on-going management focus on cost control and efficiencies, and given our expectations for organic revenue growth in 2011, we expect the Retained Group's operating margin to increase from last year.

Dividend

Following the completion of the sale of Synovate, the Board intends to return £200m of capital by means of a special dividend, funded by a portion of the proceeds from the sale. This return of capital represents approximately 15.53p per share.

In addition, as evidence of our continued confidence in the future of Aegis, the Board has recommended an interim dividend of 1.08p per share for 2011, up 5.4% from 2010.

Our people

Finally, on behalf of the Board, I would like to thank our people for their hard work and dedication in continuing to improve the company's market position, products and services during the period. Their effort and commitment is very much appreciated.

Jerry Buhlmann
Chief Executive Officer, Aegis Group plc

BUSINESS REVIEW

Aegis Media

£m	H1 2011	H1 2010	Change, %	Constant currency, %
Revenue				
EMEA	290.7	280.3	3.7	3.3
Americas	97.7	87.8	11.3	15.3
Asia Pacific	98.7	46.4	112.7	108.7
Worldwide	487.1	414.5	17.5	17.9
Operating costs	(405.9)	(348.4)	(16.5)	(17.0)
Operating profit*	81.2	66.1	22.8	22.5
Operating margin*	16.7	15.9	80bps	70bps

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

Headlines

- Organic revenue growth of 7.6% in the first half of 2011, including 5.8% in the second quarter
- At constant currency, operating margin increased 70 basis points to 16.7%, with operating profit increasing 22.5% to £81.2m
- Businesses in faster-growing regions and North America performed well – contributed close to 50% of Aegis Media's revenue at the end of the first half of 2011, from around 43% at the end of 2010
- Digital revenue up to 34% in H1 2011 (from 32% at the end of 2010)
- Strong new business performance of approximately $2.0 billion net new business wins in H1 2011 – double the level achieved in H1 2010
- Market environment remains uncertain - Carat lowers 2011 global advertising expenditure growth forecast to 5.0% (from 5.7% forecast in March 2011)

Overview

The strong performance of Aegis Media during the first half of 2011 highlights the successful implementation of our re-focused strategic approach across the business, based on our five global networks of Carat, Vizeum, Posterscope, isobar and iProspect.

We have a unique structure of one P&L per country, one operating model and a full range of services that can be easily integrated for clients. This is driven by a high quality product and global approach to best practice and is supported by market-leading insight tools and an integrated planning process.

We delivered an excellent new business performance during the first half, with net new business wins of approximately $2.0 billion of billings - double the level achieved during the first half of 2010. New business wins included The Home Depot, Disney, Sears and Target in North America, Enel and Bosch in Latin America, Ergo, Findus, Asda, Timberland, Red Bull, the Scottish Government and ebay in Europe and Coach, Carnival and Kellogg's digital creative business in Asia Pacific.

Our geographic scale and consistent network infrastructure helps us to develop our international clients by enabling us to provide them with scale, best practice and a coherent approach across a range of markets. So far in 2011, we have won 21 additional market appointments from our major international clients, in new regions or through new service propositions, totalling around $275m in billings. These include Diageo in Ireland, Mattel in the UAE, Warner Brothers in the Netherlands, Wyeth in China and Coca Cola in Spain and Africa.

Our high quality digital assets, which remain a key driver of our business, were further strengthened by a number of acquisitions during the period. These included MediaVest (Manchester) Ltd, Creative Media Services UAB, pjure, Clickthinking Online (Pty) Ltd, ICUC Moderation Services, Filefix Co Ltd and minority stakes in Qualité Search Marketing and TigerSpike Pty Limited. Revenues from our digital assets now account for 34% of Aegis Media's revenue and we expect this contribution to continue increasing in the coming years.

As a result of the implementation of our re-focused strategic approach, our renewed focus on acquisitions, our recent new business performance, our geographic scale and the increasing contribution from digital revenues, Aegis Media delivered total revenue of £487.1m in the first half of 2011. This was an increase of 17.5% at reported rates and 17.9% at constant currency.

Aegis Media delivered organic growth of 7.6% in the first half of 2011. Organic revenue growth in the second quarter represents a lower growth number compared to the market-leading 10.1% achieved in the first quarter. However, we expect organic revenue growth for the third quarter to be more in line with organic revenue growth in the half year than in the second quarter. We therefore remain confident about the second half of 2011, despite more challenging comparators, which will benefit from revenue contribution from a number of significant new business wins achieved over the last 12 months.

Aegis Media	Quarterly performance						Half Year performance		
Organic change %	Q110	Q210	Q310	Q410	Q111	Q211	H110	H210	H111
Revenue	3.0	3.6	8.5	7.4	10.1	5.8	3.4	7.8	7.6

As previously indicated, we expect staff costs to increase as we continue to grow the business, however the management team maintains a continued focus on cost control and efficiencies across the business. During the first half of 2011, this focus helped to support operating profit to increase by 22.8% at reported rates and by 22.5% at constant currency to £81.2m, with operating margin up 80 basis points at 16.7% and up 70 basis points at constant currency. This was achieved despite underlying headcount at Aegis Media increasing by 12.5%, excluding the addition of Mitchell employees. This impacted total operating costs, which increased by 16.5% at reported rates and 17.0% on a constant currency basis.

Whilst we delivered a strong performance during the first half of 2011, it was in the context of an increasingly uncertain market environment, with visibility remaining relatively limited. As a result of this market uncertainty, Carat has today cut its global advertising expenditure growth forecast for 2011 to 5.0%, from their previous forecast of 5.7% published in March 2011.

Aegis Media EMEA

EMEA revenue increased 3.3% at constant currency to £290.7m, supported by strong performances from a number of our businesses across the region, in particular the UK, Germany, the Netherlands, South Africa and the Nordics. However, several markets in Western Europe remain challenging.

The UK and Ireland delivered a good performance across the brands, securing a number of important client wins, including Asda, Hiscox, Monarch, Mini, the Scottish Government and Tourism Ireland. Towards the end of the period, we completed the consolidation of our UK operations and our Group employees into one location, ahead of schedule.

Our French business delivered a decent performance in the first half and we re-structured the leadership team there during the period.

Germany performed well, and won a number of significant new accounts, including Ergo, Knappschaft, BWT and Konig Ludwig.

In spite of the challenging market conditions in Italy, there were some good account wins there including Findus, Aboca and Mutti.

The Spanish market also remains weak. However, our business delivered a creditable performance, consolidating the Coca Cola account and winning the Rank Group and Timberland accounts.

The Netherlands delivered a prolific new business performance during the period, winning accounts for Mediaxplain, Warner Brothers, Intersnack, Keytrade Bank and Hartstichting.

Our businesses across the Nordic region continued to perform well, with a number of new business wins across the region including Clas Ohlson, TV Viihde, Plantegn, Enova and Kjell & Company.

Central and Eastern Europe performed well, driven by our businesses in Russia and Turkey. New business wins across the region included Mareven Food, KDV, Hochland, Ahold and Iglo.

Despite continued economic uncertainties in the Middle East, our businesses there produced strong results, as did South Africa where we secured several important new business wins, including Hisense, Midas and VIAfrica.

Aegis Media Americas

Revenues of £97.7m increased 15.3%, at constant currency, across North America and Latin America.

Our revitalised North American business produced an excellent performance, supported by continued momentum across all of our brands. This was evidenced by a number of significant new business wins during the period, including The Home Depot, Disney, Target and Sears.

Latin America produced a strong performance, driven in particular by our isobar business in Brazil. New business wins in the region included Enel, Bosch and Luxotica.

Aegis Media Asia Pacific

Our Asia Pacific businesses delivered a strong set of results, with revenue up 108.7% at constant currency to £98.7m. Excluding the revenue contribution from the Mitchell acquisition, revenue was up by around 17% at constant currency. Our new business performance was strong across the region, with wins including Kellogg's digital creative business.

China was again a strong performer. Our existing businesses there continued to deliver good growth, with new business wins including Coach, PGI and Lashou.com. The joint venture between Vizeum and Charm Communications Inc ("Charm") continued to gain momentum.

In Australia, we have now completed the integration of the Mitchell business. The combined business performed well, with a number of new business wins, including Carnival, bet365, Mirvac and RAMS.

Summary

The momentum achieved by our businesses last year continued in the first half of 2011, driven by the Americas, Asia Pacific and some markets across Europe, highlighting the on-going benefits from the implementation of our re-focused strategic approach. This performance, supported by our continued success in winning new business, ensures that we remain confident about Aegis Media's future prospects.

Synovate (including Aztec)

£m	H1 2011	H1 2010	Change, %	Constant currency, %
Gross revenue‡				
EMEA	108.1	106.6	1.4	0.9
Americas	81.2	71.9	12.9	18.5
Asia Pacific	80.4	70.3	14.4	11.5
Worldwide gross revenue	**269.7**	248.8	8.4	8.9
Net revenue‡				
EMEA	66.4	64.4	3.1	5.9
Americas	48.7	45.8	6.3	11.4
Asia Pacific	47.8	42.7	11.9	5.8
Worldwide net revenue	**162.9**	152.9	6.5	7.5
Net revenue conversion	60.4%	61.5%		
Operating costs	**(157.5)**	(148.2)	(6.3)	(7.1)
Operating profit*	**5.4**	4.7	14.9	17.4
Operating margin on gross revenue*	**2.0%**	1.9%	10 bps	10 bps

‡ 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

- Organic gross revenue grew 6.6%, including 6.2% in the second quarter
- At constant currency, operating margin increased 10 basis points to 2.0%
- Operating profit increased 17.4% to £5.4m, at constant currency
- Synovate well positioned, with 5.1% underlying increase in orders on hand at the end of the first half

Overview

Synovate produced a solid performance in the first half of 2011. Sales were up 4.4% from the prior year period, with gross revenue up 8.4% to £269.7m. Organic revenue growth was 6.6% during the half and 6.2% in the second quarter.

Synovate (including Aztec)	Quarterly performance						Half Year performance		
Organic change %	Q110	Q210	Q310	Q410	Q111	Q211	H110	H210	H111
Revenue	(1.9)	6.5	11.5	6.3	7.3	6.2	2.8	8.4	6.6

Operating profit was up 14.9% to £5.4m, with operating margin up 10 basis points to 2.0%. Net revenue increased by 6.5% to £162.9m. Net revenue conversion stands at 60.4%, falling 110 basis points from 2010 as a result of the mix of work and on-going pricing pressure in the first half of 2011.

As previously indicated, upward pressure on staff costs continues, particularly in faster-growing regions and North America, where we increased our investment in staff to support the top line growth achieved during the period. At the end of the first half, headcount had increased 10.1%, year on year, with total operating costs increasing 6.3% at reported rates, and 7.1% at constant currency, to £157.5m.

Synovate EMEA

In EMEA, gross revenue was up 0.9%, at constant currency, to £108.1m, and net revenue of £66.4m was up 5.9% at constant currency.

In Western Europe, there were good performances from our businesses in Germany, Italy and the Netherlands. France delivered a strong performance recovery, following a challenging 2010. However, market conditions continued to impact our businesses in Spain and Greece. The UK market remained difficult, but we made good progress in improving the performance of our business there during the period.

Russia performed well and the integration of COMCON was completed ahead of our initial plan.

Our businesses in the Middle East and North Africa performed well, particularly Saudi Arabia and the United Arab Emirates, despite the uncertain macro-environment in evidence in the region during the period.

We produced good growth elsewhere in Africa, with particularly strong performances from our businesses in South Africa and Kenya.

Synovate Americas

Gross revenue in the Americas was up 18.5% at constant currency to £81.2m and net revenue was £48.7m, up 11.4% at constant currency.

Our North American business performed well, with an improving sales trend through the period, despite the continued competitive environment.

Our Latin American businesses also delivered good performances, driven by strong results from Mexico, Argentina and Chile.

Synovate Asia-Pacific

In Asia Pacific, gross revenue was £80.4m, up 11.5% at constant currency. Net revenue was £47.8m, up 5.8% at constant currency.

Our businesses in Asia Pacific delivered significant sales and revenue growth during the period, with particularly strong performances from Greater China, India and Indonesia.

Our business in Japan performed creditably, in the context of the devastating events in the country during the period. However, industry recovery in Japan is likely to continue to be slow.

India performed very well, despite the competitive nature of the market there, with continued staff cost and product pricing pressures. In addition, we continued to invest in recruitment to support the growth our business in India.

Sales and revenue growth in Greater China remained strong, supported by excellent performances from our Automotive, Media and Technology teams there.

Industry Verticals

There was softening in research spend from some clients in the FMCG sector during the first half, who reduced expenditure or deferred it until the second half of the year.

Our healthcare businesses performed well in the period, supported by management efforts to maximise opportunities for performance improvement. Management focus remains on growing our therapy monitor portfolio, leveraging opportunities to pitch for significant regional projects and investigating new potential client activity.

Automotive continued to show strong signs of recovery, supported by increased spend by a number of Asian and European manufacturers.

Summary

Synovate produced solid results in the first half of 2011, broadly in line with industry growth.

FINANCIAL REVIEW

Underlying results

£m	H1 2011	H1 2010	Change, %	Constant currency, %
Turnover	5,891.9	5,092.8	15.7	16.2
Revenue	**756.8**	663.3	14.1	14.5
Gross profit	**650.0**	567.4	14.6	15.1
Operating expenses	**(572.6)**	(506.3)	(13.1)	(13.7)
Operating profit	**77.4**	61.1	26.7	26.5
Associates	**1.8**	1.5	20.0	28.6
Profit before interest and tax	**79.2**	62.6	26.5	26.5
Net financial items	**(20.3)**	(14.3)	(42.0)	(49.3)
Profit before tax	**58.9**	48.3	21.9	20.2
Diluted eps	**3.4**	3.0	13.3	9.7
Operating margin	**10.2%**	9.2%	100bps	90bps

Headlines

- Revenue growth of 14.1%, or 14.5% at constant currency, to £756.8m (H1 2010: £663.3m), driven in particular by strong performances from businesses in faster-growing regions and North America, and in digital, as well as a contribution from the Mitchell acquisition in November 2010
- Underlying operating profit increased 26.7%, or 26.5% at constant currency, to £77.4m (H1 2010: £61.1m) and underlying pre-tax profit increased 21.9%, or 20.2% at constant currency, to £58.9m (H1 2010: £48.3m)
- Group margin improved 100 basis points, 90 basis points at constant currency, to 10.2% (H1 2010: 9.2%)
- Net debt was £393.3m at the end of the first half of 2011, down from £398.4m at the end of the first half of 2010, despite acquisition expenditure since that time
- Net debt increased from £331.3m at the end of 2010 due to usual seasonal cash outflows in the first half and further acquisition spend in 2011
- Covenant positions remain comfortable, with undrawn available facilities of £450.0m at end of the period

Currency

The average exchange rates in the period saw sterling strengthen against both the US dollar and the euro. The US dollar average rate for H1 2011 was £1:\$1.6169 (H1 2010 was £1:\$1.5258) and the euro average rate was £1:€1.1518 (H1 2010 was £1:€1.1503). On this basis the average US dollar rate weakened versus sterling by 5.6% and the euro weakened versus sterling by 0.1%. Currency movements in other markets offset this effect so that reported results reflect a negative currency impact of 0.4% on reported revenue.

Income Statement

Revenue

Revenue grew 14.1% at reported exchange rates, or 14.5% at constant currency, to £756.8m (H1 2010: £663.3m). Excluding the impact of prior year acquisitions and disposals, the increase in Total Group organic revenue was 7.3%.

GROUP, £m	H1 2011	Change, %	H1 2010	Change, %
Prior period revenue as reported	663.3		636.7	
Currency movements	(2.4)	(0.4)	10.9	1.7
Prior period revenue at constant currency	660.9		647.6	
Organic movement in period	51.4	7.3	20.3	3.2
Change in revenue from acquisitions & disposals in period	44.5	6.7	(4.6)	(0.7)
Total change in revenue at constant currency	95.9	14.5	15.7	2.4
Current period revenue as reported	756.8		663.3	

AEGIS MEDIA, £m	H1 2011	Change, %	H1 2010	Change, %
Prior period revenue as reported	414.5		402.2	
Currency movements	(1.2)	(0.3)	2.0	0.5
Prior period revenue at constant currency	413.3		404.2	
Organic movement in period	34.6	7.6	13.6	3.4
Change in revenue from acquisitions & disposals in period	39.2	9.5	(3.3)	(0.8)
Total change in revenue at constant currency	73.8	17.9	10.3	2.6
Current period revenue as reported	487.1		414.5	

SYNOVATE, £m	H1 2011	Change, %	H1 2010	Change, %
Prior period revenue as reported	248.8		234.5	
Currency movements	(1.2)	(0.5)	8.9	3.8
Prior period revenue at constant currency	247.6		243.4	
Organic movement in period	16.8	6.6	6.7	2.8
Change in revenue from acquisitions & disposals in period	5.3	2.1	(1.3)	(0.5)
Total change in revenue at constant currency	22.1	8.9	5.4	2.2
Current period revenue as reported	269.7		248.8	

Total Group revenue increased 5.9% organically in the second quarter of 2011 and 7.3% during the first half of the year:

Organic Revenue change %	Quarterly performance						Half Year performance		
	Q110	Q210	Q310	Q410	Q111	Q211	H110	H210	H111
Aegis Group	1.1	4.7	9.7	7.0	9.1	5.9	3.2	8.1	7.3
Aegis Media	3.0	3.6	8.5	7.4	10.1	5.8	3.4	7.8	7.6
Synovate	(1.9)	6.5	11.5	6.3	7.3	6.2	2.8	8.4	6.6

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 £650.0m, up 14.6% or 15.1% at constant currency, whilst Synovate's net revenue increased by 6.5%, or 7.5% at constant currency, as shown in the table below:

Synovate, £m	H1 2011	H1 2010	Change, %	Constant currency, %
Gross revenue	**269.7**	248.8	8.4	8.9
Net revenue	**162.9**	152.9	6.5	7.5
Net revenue conversion	**60.4%**	61.5%	(110)bps	(80)bps

Synovate's net revenue conversion stands at 60.4%, a decline from 2010 due to work mix and pricing pressure.

Operating performance

Operating expenses increased to £572.6m (H1 2010: £506.3m), an increase of 13.1% at reported exchange rates, or 13.7% at constant currency, mainly as a result of increased staff costs during the period.

Operating profit was £77.4m (H1 2010: £61.1m), up 26.7% or 26.5% at constant currency, due to strong performances in faster-growing regions and North America during the period.

Group operating margin was 10.2% in the first half of 2011, an increase of 100 basis points, or 90 basis points at constant currency, from the first half of 2010.

Profit before interest and tax

After a profit from associates of £1.8m (H1 2010: £1.5m), predominantly relating to our share of profits from our investment in Charm Communications Inc ("Charm"), profit before interest and tax was up 26.5% at both reported rates and at constant currency to £79.2m (H1 2010: £62.6m).

Net financial items

£m	H1 2011	H1 2010	Change, %	Constant currency, %
Interest income	3.1	3.5	(11.4)	(13.9)
Interest payable	(23.0)	(17.3)	(32.9)	(37.7)
Net interest charge before fx (losses)/gains	(19.9)	(13.8)	(44.2)	(51.9)
Foreign exchange (losses)/gains	(0.4)	(0.5)	20.0	20.0
Net financial items	(20.3)	(14.3)	42.0	49.3

The Group's net charge in respect of financial items was £20.3m (H1 2010: £14.3m) an increase of 42.0% or 49.3% at constant currency.

This increase reflects the Group's actions to diversify and extend the maturity profile of its borrowings over the last two years. In December 2009, the Group raised £25.0m and $183.0m in unsecured loan notes repayable between 2017 and 2019 and, in April 2010, £190.6m was raised through the issue of convertible notes. In addition, in July 2010, the Group re-financed a five year revolving credit facility on renewed terms.

Before the effect of foreign exchange gains and losses relating to financing items, the net interest charge in the first half of 2011 increased year-on-year to £19.9m (H1 2010: £13.8m). Within the net interest charge, interest income reduced to £3.1m (H1 2010: £3.5m), principally due to the significantly lower level of average interest rates available on cash deposits during the period, and interest payable increased to £23.0m (H1 2010: £17.3m), reflecting the increase in the Group's overall borrowings.

Profit before tax
Profit before tax of £58.9m (H1 2010: £48.3m) increased by 21.9%, or 20.2% at constant currency.

Tax
Our underlying effective tax rate for the period was 24.25% (H1 2010: 24.8%). The statutory effective tax rate was 29.2% (H1 2010: 40.7%). The total of income taxes paid in cash in the period was £20.0m (H1 2010: £25.6m).

Profit attributable to equity holders of the parent
Minorities' share of income increased to £1.7m (H1 2010: £1.2m) and underlying profit attributable to equity holders of the parent was £42.9m (H1 2010: £35.1m).

Earnings per share
Diluted earnings per share increased by 13.3% to 3.4p (H1 2010: 3.0p), an increase of 9.7% at constant currency.

Dividends
The Board is proposing an interim dividend of 1.08p per ordinary share, an increase of 5.4% from the prior year period.

Statutory results

Reconciliation of underlying operating profit to statutory operating profit

£m	H1 2011	H1 2010	Change, %	Constant currency change, %
Underlying operating profit	77.4	61.1	26.7	26.5
Less:				
Amortisation of purchased intangible assets	(18.6)	(12.6)		
Disposals of subsidiaries	0.1	(10.7)		
Acquisition Costs	(1.1)	-		
UK property move costs	(2.9)	-		
Total adjustments	(22.5)	(23.3)		
Statutory operating profit	**54.9**	**37.8**	45.2	43.0

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 to £18.6m in the period, reflecting the impact relating to purchased intangibles recognised in respect of Mitchell. The Group recorded a £0.1m gain on the disposal of a stake in a small media agency in North America. Acquisition costs of £1.1m relate to professional fees and other direct costs in relation to the acquisition of subsidiaries.

As anticipated, the final accounting charge of £2.9m relating to the UK office re-location was taken in the first half of 2011. The main element of the 2011 charge relates to double rent. The total accounting charges of £11.7m relating to the re-location taken in 2010 and the first half of 2011 will be broadly cash neutral over the next three years, before the positive impact of long term efficiency savings relating to the re-location.

Operating Profit

Statutory operating profit was up 45.2% to £54.9m (H1 2010: £37.8m).

Reconciliation of underlying profit before tax to statutory profit before tax

£m	H1 2011	H1 2010	Change, %	Constant currency change, %
Underlying profit before tax	**58.9**	**48.3**	21.9	20.2
Less:				
Adjustments to operating profit	(22.5)	(23.3)		
IAS 39 adjustments	0.1	(1.8)		
Gain on disposal of JV and associate	-	3.1		
Amortisation of purchased intangible assets within associates	(0.9)	(1.0)		
Total adjustments	(23.3)	(23.0)		
Statutory profit before tax	**35.6**	**25.3**	40.7	34.8

The amortisation of purchased intangible assets within associates of £0.9m relates to Charm Communications Inc ("Charm") in China.

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 classified as available for sale and a gain on deemed disposal of an associate in China (Charm).

Statutory profit before tax was up 40.7% at £35.6m (H1 2010: £25.3m). Our statutory tax charge was £10.4m (H1 2010: £10.3m), equivalent to a tax rate of 29.2% (H1 2010: 40.7%). Basic and diluted earnings per share were 1.9p (H1 2010: 1.2p).

Balance sheet

£m	H1 2011	FY 2010
Goodwill	1,367.5	1,331.1
Intangible assets	125.4	112.5
Property, plant and equipment	65.6	61.9
Investments in associates and joint ventures	52.0	48.5
Other non-current assets	72.6	74.1
Total non-current assets	1,683.1	1,628.1
Net payables	(407.0)	(441.0)
Net debt	(393.3)	(331.3)
Earn-out liabilities	(53.5)	(63.7)
Liabilities in respect of put options	(52.5)	(34.5)
Other	(93.7)	(89.2)
Net assets	683.1	668.4

Balance sheet movements from the end of 2010 were affected by exchange movements at the closing date, but not to the extent of previous years.

Goodwill and intangible assets

Goodwill and intangible assets increased from the end of 2010 primarily as a result of the five acquisitions completed within the first six months of 2011.

Property, plant and equipment

The net increase in property, plant and equipment was due to depreciation offset by foreign exchange and net additions. The increase in net capital expenditure for the period to £22.6m, from £12.3m in the prior year period, mainly related to the office re-location in the UK.

Net Payables

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 were the usual working capital outflows during the first half of the year, with an anticipated inflow in the second half. During the period, there was a working capital outflow of £50.8m on an underlying basis.

Net debt

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

£m	H1 2011	FY 2010	Change (£m)
Cash and short-term deposits	321.5	394.4	(72.9)
Current borrowings and overdrafts	(47.7)	(85.6)	37.9
Non-current borrowings	(667.1)	(640.1)	(27.0)
Net Debt	(393.3)	(331.3)	(62.0)

Net debt was £393.3m at the end of the first half of 2011, down from £398.4m at the end of the first half of 2010, despite acquisition expenditure since that time. Net debt in the first half of 2011 increased from £331.3m at the end of 2010 due to the usual seasonal cash outflows in the first half and further acquisition spend in 2011.

Earn-outs and put options

Our estimated future earn-out liabilities decreased from the end of 2010 by £10.2m to £53.5m at the balance sheet date. Decreases in liabilities due to payments made in the period were offset by deferred consideration created for newly acquired subsidiaries. The vast majority of our earn-out commitments depend on the post acquisition financial performance of businesses acquired.

Liabilities in respect of put options have increased primarily in relation to the acquisition of COMCON in Russia.

Cash flow

Cash inflows from underlying operations were £45.5m (H1 2010: £23.0m), up 97.8%, driven largely by improved profitability across the Group. Statutory cash inflows from operations were £41.5m, up 202.9% from £13.7m in the first half of 2010. Net cash outflows on acquisitions and disposals was £55.1m, primarily relating to earn-out liabilities paid in the period as well as a number of small bolt-on acquisitions.

Financing

Over the last 18 months, the Group has made good progress in extending its debt maturity and diversifying its debt profile and, as a result, the headroom on the Group's facilities increased. We had undrawn available facilities at the end of the first half totalling £450.0m, as we did at the end of the prior year period and at the end of 2010.

Earlier this year, a term debt facility of £45m maturing in July 2011 was increased to £60m and extended to October 2014. The Group has no other material term debt maturing before June 2012. Eight tranches of existing US private placement funding mature between 2012 and 2019. 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.

We ended the first half of 2011 with a comfortable covenant position. Our leverage covenant (net debt/EBITDA) was 1.6 times (compared to a covenant requirement of <3 times) and our interest cover covenant (EBITDA/net interest) was 8.2 times (compared to a covenant requirement of >4 times).

Covenant	Requirement	H1 2011	H1 2010
Leverage	Less than 3 times	1.6	1.9
Interest cover	Greater than 4 times	8.2	6.2

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 Chief Executive's Review, the Business Review and the Financial Review sections of this results announcement.

The Board is satisfied that the Group balance sheet remains strong. Following the issue of £190.6m convertible bonds in April 2010 and re-financing of the £450.0m 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 first half of 2011 the Group has continued to generate positive operating cash inflows from operations before tax, acquisitions and capital expenditure.

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 actions including cost reduction activities could be adopted if and when necessary.

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. Furthermore, no material uncertainties related to events or conditions that may cast a significant doubt about the ability of the Group to continue as a going concern have been identified by the Directors.

Principal Risks and Uncertainties

Aegis faces a range of market, strategic, financial, legal, operational, corporate responsibility and human resources risks. These risks are continually reviewed with a view to improving our internal control framework to help mitigate them, where possible. Listed in the following pages 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.

Risk assessment and communication

Over the last 18 months, we have increased the standard of our risk assessment and communication procedures, with an improved reporting framework now in place. This has been achieved through the setting up of three separate Risk Committees at Aegis Group, Aegis Media and Synovate to ensure that effective risk management policies and procedures are established throughout Aegis. These Committees report to the Group CEO and the Audit Committee and provide a forum for discussion of risks faced by Aegis, the development of risk assessment techniques and the consideration and approval of risk management action plans for such risks. The Committees are authorised by the Audit Committee to investigate any matter that they regard as relevant to their duties and to seek any information they require from any employee of Aegis. The Committees' authority extends to all relevant matters relating to all Aegis companies where this has an impact on the Group as a whole, with their main duties and responsibilities including:

- Assessing the major risks facing the business and the resultant necessary risk mitigation approach and appropriate management responses;
- Maintaining a record of all risks and how they are being mitigated in a risk register;
- Assigning risk champions for risks identified in the risk register with responsibilities for any actions required to address potential weaknesses in such risks and monitoring progress for the implementation of such actions;
- Taking appropriate actions in relation to recurring findings from Internal Audit activity at the Group's businesses around the world;
- Providing an annual summary to the Board and Audit Committee on key risk issues and management of these issues;
- Reviewing risk policies on a revolving basis to ensure that they are kept up-to-date;
- Annually reviewing the Group's insurance arrangements for input to changes;
- Developing risk management policies and procedures to assist in improving standards of risk management throughout the Group.

The Group Risk Committee in particular provides advice on the co-ordination of risk management strategies between the three Risk Committees with the following objectives:

- To co-ordinate activities to obtain a more effective risk management process from existing resources;
- To prioritise and accelerate those risk management strategies that are critical to the achievement of corporate objectives;
- To ensure that actions required are given appropriate level of sponsorship;
- To develop risk management as part of the culture of the Group.

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 the loss of income from clients in financial distress and potential media buying liabilities arising in markets where we act as principal. We also continue 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, to limit deposits held with any one banking group to £30.0m.

Liquidity and Working Capital

Our funding arrangements and cash management continue to be a priority for us, and will remain so going forward, to enable the Group to meet its 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 deposit surplus funds with Group Treasury to assist with managing interest payments and liquidity.

Over the last 18 months, we have focused on improving the cash 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. Last year, our principal borrowing arrangement, a 5 year revolving credit facility of £450.0m 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. We were also successful in 2010 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 a number 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 uncertain economic climate endured in recent 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 helps to mitigate this risk, we also make sure that we have dedicated client relationship teams in place. We continue 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 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 businesses that will broaden our offerings and capabilities 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.

All of our acquisitions require approval by our internal acquisitions committee as well as 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 monitoring plans are put in place for all acquisitions. We also have a range of strategic criteria for acquisition targets, including cultural and geographic fit.

Proposed sale of Synovate

There are a number of risks relating to the agreed sale of Synovate, as outlined in a Circular, published on 29 July 2011, including the following:

- The sale may not proceed;
- A break fee may be payable if the sale does not proceed;
- Potential disruptive effect if the sale does not proceed;
- Representations, warranties and indemnities in the sale agreement;
- The Company may not realise the perceived benefits of the sale;
- The Retained Group's operations will be less diversified.

More detail on each of these risks can be found in the Circular on the Aegis website: www.aegisplc.com.

Competition

We work in a competitive environment where technological advances potentially allow our current and prospective clients to be reached by suppliers from anywhere in the world. We ensure that competitor and market trends are continually tracked and monitored, and we aim to ensure that our performance and pricing are as competitive as possible.

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, we aim to build long term relationships with our clients and to remain competitive in our offerings by reducing our own costs where possible. 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.

Parts of the industry we operate in have relatively low barriers to entry, increasing the potential risk of new competitors striving to take a part of our market share. We have already seen some search engines offer online advertising directly to potential clients. Our range of additional digital services helps manage this risk by enabling us to offer clients a portfolio of services and therefore strengthen client relationships. In addition, we run on-going training programmes across the Group to ensure our employees are fully aware of, and trained to use, the latest client service tools available to them.

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 and IT security audits, which also review internal access rights to client data. Additionally, we take precautions to protect our clients' data by using confidentiality clauses in our employees' contracts and have guidelines in place that prohibit the posting of confidential information.

Legal & Regulatory Compliance

The Group is obliged to comply with a range of legal guidelines and regulatory policies around the world, for example in areas like taxation policy, accounting and corporate governance. Consequently, the Group's legal team continually monitors changes in regulation with a view to adapting to new laws before they come into force, putting in place detailed planning processes and implementing contingency plans as and when appropriate. In addition, close relationships have been developed with the Group's legal advisors who provide regular updates on the regulatory and legal environment. Any significant changes in regulations are swiftly communicated to the Group's executive management team.

Over the last 18 months, we have instituted a number of actions to support us in complying with latest regulations and legal guidelines. These include the establishment of a regulatory intranet which is utilised as a tracking tool for new and updated regulation, the implementation of an on-line compliance training system which has recently been rolled-out across the Group and the recruitment of an in-house compliance officer to manage our risks in this area.

Talent Management

Aegis is a people business and we are proud of our employees, but recognise the risk of losing our key talent. Talent management is therefore 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. We receive feedback from our employees via regular Employee Opinion Surveys, and produce follow-up programmes based on the results. We also run a regular process to provide an opportunity for communication between an employee and their line manager in terms of their career progression and ambition.

Our people are important in our client relations and the wealth of knowledge they hold. The departure of key personnel 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. For employees leaving the business, exit interviews are conducted to understand reasons for their leaving and action plans are implemented as necessary.

Corporate Responsibility

The typical risks associated with corporate responsibility have a very wide impact, from operational capacity to reputation management. Compared to other industries, however, we do not consider ourselves overly exposed to the impact of climate change and we do not have a presence in countries which have a history of human rights issues.

Unaudited consolidated income statement
For the six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 Restated £m	Year ended 31 December 2010 Restated £m
Turnover from continuing operations		**5,654.2**	4,869.9	10,047.4
Revenue from continuing operations	3	**519.1**	440.4	941.0
Cost of sales		**(13.4)**	(11.9)	(24.3)
Gross profit from continuing operations		**505.7**	428.5	916.7
Operating expenses		**(449.8)**	(391.5)	(850.8)
Operating profit from continuing operations	3	**55.9**	37.0	65.9
Share of results of associates		**0.9**	3.6	3.5
Profit from continuing operations before interest and tax		**56.8**	40.6	69.4
Investment income	5	**3.0**	3.2	6.1
Finance costs	6	**(22.8)**	(18.9)	(42.0)
Net finance costs		**(19.8)**	(15.7)	(35.9)
Profit from continuing operations before tax		**37.0**	24.9	33.5
Tax	7	**(10.3)**	(9.7)	(13.5)
Profit for the period from continuing operations		**26.7**	15.2	20.0
Discontinued operations				
(Loss)/profit for the period from discontinued operations	8	**(1.5)**	(0.2)	23.0
Profit for the period		**25.2**	15.0	43.0
Attributable to:				
Equity holders of the parent		**24.5**	14.6	41.2
Non-controlling interests		**0.7**	0.4	1.8
		25.2	15.0	43.0
Earnings per ordinary share:				
Basic from continuing operations (pence)	10	**2.0**	1.3	1.6
Diluted from continuing operations (pence)	10	**2.0**	1.3	1.6
Basic on profit for the period (pence)	10	**1.9**	1.2	3.6
Diluted on profit for the period (pence)	10	**1.9**	1.2	3.6
Dividend per ordinary share (pence)	9	**1.08**	1.025	2.75

	Notes	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 Restated £m	Year ended 31 December 2010 Restated £m
Underlying results: *				
Underlying operating profit from continuing operations	3	**75.9**	57.5	151.1
Underlying profit before tax from continuing operations	3	**57.8**	45.1	122.3
Underlying operating profit from all operations	3	**77.4**	61.1	192.2
Underlying profit before tax from all operations	3	**58.9**	48.3	162.4
Underlying earnings per ordinary share: *				
Basic from continuing operations (pence)	10	**3.3**	2.9	7.8
Diluted from continuing operations (pence)	10	**3.3**	2.9	7.8
Basic on profit for the period (pence)	10	**3.4**	3.0	10.3
Diluted on profit for the period (pence)	10	**3.4**	3.0	10.1

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

Unaudited consolidated statement of comprehensive income
For the six months ended 30 June 2011

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Profit for the period	**25.2**	15.0	43.0
Currency translation differences on foreign operations:			
- Group	**27.7**	(4.9)	42.1
- Non-controlling interests	**0.5**	0.2	0.5
Net investment hedges of foreign operations	**(6.6)**	8.3	3.4
Available-for-sale investments: movements taken to equity	**(0.3)**	(0.1)	-
Cash flow hedges: movements taken to equity	**(1.3)**	0.9	0.4
Actuarial loss recognised on defined benefit pension schemes	**-**	-	(0.2)
Tax on cash flow hedge movements taken to equity	**0.3**	(0.3)	(0.1)
Other comprehensive gains and losses recognised directly in equity	**20.3**	4.1	46.1
Total comprehensive income for the period	**45.5**	19.1	89.1
Attributable to:			
Equity holders of the parent	**44.3**	18.5	86.8
Non-controlling interests	**1.2**	0.6	2.3
	45.5	19.1	89.1

Unaudited consolidated balance sheet
At 30 June 2011

	Notes	**30 June 2011 £m**	30 June 2010 £m	31 December 2010 £m
Non-current assets				
Goodwill	11	**970.2**	1,028.9	1,331.1
Intangible assets		**98.1**	74.2	112.5
Property, plant and equipment		**48.5**	57.2	61.9
Interests in associates and joint ventures	12	**52.0**	48.6	48.5
Deferred tax assets		**44.3**	28.6	49.3
Available-for-sale financial assets		**12.1**	14.2	15.6
Derivative financial assets		**7.1**	14.1	8.5
Other financial assets		**0.7**	0.6	0.7
		1,233.0	1,266.4	1,628.1
Current assets				
Work in progress		**6.8**	19.3	18.5
Trade and other receivables		**2,218.2**	1,983.0	2,414.1
Current tax asset		**-**	5.8	-
Derivative financial assets		**4.7**	2.5	3.2
Cash and short-term deposits	15	**321.5**	333.3	394.4
		2,551.2	2,343.9	2,830.2
Assets held in a disposal group held for sale	8	**626.0**	-	-
Total assets		**4,410.2**	3,610.3	4,458.3
Current liabilities				
Trade and other payables	13	**(2,704.7)**	(2,314.6)	(2,917.3)
Borrowings		**(47.7)**	(38.8)	(85.6)
Derivative financial liabilities		**(18.7)**	(12.8)	(13.4)
Provisions		**(2.2)**	(0.8)	(3.3)
Current tax liabilities		**(3.7)**	-	(9.0)
		(2,777.0)	(2,367.0)	(3,028.6)
Net current liabilities of continuing operations		**(225.8)**	(23.1)	(198.4)
Non-current liabilities				
Borrowings		**(667.1)**	(692.9)	(640.1)
Other non-current liabilities	14	**(39.8)**	(28.3)	(35.6)
Derivative financial liabilities		**(39.2)**	(21.2)	(36.7)
Provisions		**(2.4)**	(1.2)	(4.7)
Deferred tax liabilities		**(42.5)**	(35.9)	(44.2)
		(791.0)	(779.5)	(761.3)
Liabilities held in disposal groups held for sale	8	**(159.1)**	-	-
Total liabilities		**(3,727.1)**	(3,146.5)	(3,789.9)
Net assets		**683.1**	463.8	668.4
Equity				
Share capital		**64.4**	58.3	64.3
Own shares		**(25.5)**	(26.8)	(33.7)
Share premium account		**398.3**	250.6	395.8
Other equity reserves		**18.2**	22.6	20.4
Foreign currency translation reserve		**130.7**	67.5	109.6
Retained earnings		**146.7**	126.3	147.4
Potential acquisition of non-controlling interests		**(68.7)**	(47.8)	(48.9)
Equity attributable to equity holders of the parent		**664.1**	450.7	654.9
Non-controlling interests		**19.0**	13.1	13.5
Total equity		**683.1**	463.8	668.4

Unaudited consolidated cash flow statement
For the six months ended 30 June 2011

	Notes	**Six months ended 30 June 2011 £m**	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Cash flows from operating activities				
Cash inflows from operations	15	**41.5**	13.7	232.5
Income taxes paid		**(20.0)**	(25.6)	(47.6)
Net cash inflow from operating activities		**21.5**	(11.9)	184.9
Investing activities				
Interest received		**3.2**	2.5	6.4
Dividends received from associates		**0.2**	0.1	0.1
Net cash paid on purchase of subsidiary undertakings		**(18.0)**	(4.2)	(81.8)
Cash impact on disposal of subsidiary		**0.1**	(8.2)	(8.1)
Net cash invested in associated undertakings and joint ventures		**(2.4)**	(36.1)	(36.0)
Payments of deferred consideration on prior period acquisitions		**(32.7)**	(29.5)	(38.8)
Purchase of property, plant and equipment and intangible assets		**(24.8)**	(12.7)	(29.4)
Proceeds from disposal of property, plant and equipment and intangible assets		**2.2**	0.4	1.3
Other investing activities		**0.1**	(0.3)	(2.3)
Net cash outflows from investing activities		**(72.1)**	(88.0)	(188.6)
Financing activities				
Dividends paid to equity holders of the parent		**-**	-	(29.4)
Dividends paid to non-controlling shareholders		**(0.6)**	(1.3)	(2.2)
Net cash paid on purchase of additional stakes in existing subsidiaries		**(2.0)**	-	-
Interest and other financial charges paid		**(19.6)**	(16.4)	(33.0)
Proceeds from borrowings		**1.9**	215.6	230.2
Repayments of loans		**(21.2)**	(154.5)	(159.6)
Proceeds on issue of ordinary share capital		**2.7**	5.3	7.2
Purchase of own shares		**-**	(9.6)	(16.8)
Other financing activities		**-**	(1.7)	(2.2)
Net cash outflows from financing activities		**(38.8)**	37.4	(5.8)
Net increase/(decrease) in cash and cash equivalents	15	**(89.4)**	(62.5)	(9.5)
Translation differences		**4.8**	3.8	14.7
Cash and cash equivalents at beginning of period	15	**391.4**	386.2	386.2
Cash and cash equivalents at end of period		**306.8**	327.5	391.4
Represented by:				
Cash and short-term deposits		**321.5**	333.3	394.4
Bank overdrafts	15	**(14.7)**	(5.8)	(3.0)
Cash and cash equivalents at end of period		**306.8**	327.5	391.4

	1 January 2011 £m	Cash flow £m	Other non-cash movements £m	Exchange movements £m	**30 June 2011 £m**
Analysis of net debt					
Cash and cash equivalents	391.4	(89.4)	-	4.8	**306.8**
Gross debt net of issue costs	(722.7)	19.3	(9.2)	12.5	**(700.1)**
Total	**(331.3)**	**(70.1)**	**(9.2)**	**17.3**	**(393.3)**

Unaudited consolidated statement of changes in equity
For the six months ended 30 June 2011

	Share Capital	Own shares	Share premium account	Other equity reserves*	Foreign currency translation reserve	Retained earnings	Potential acquisition of non-controlling interests	**Sub - total**	Non-controlling interest	**Total equity**
	£m	£m	£m	£m	£m	£m	£m	**£m**	£m	**£m**
At 1 January 2010	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)
Net investment hedges of foreign operations	-	-	-	-	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 cash flow hedge 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
Profit for the period	-	-	-	-	-	26.6	-	26.6	1.4	28.0
Currency translation differences on foreign operations	-	-	-	-	47.0	-	-	47.0	0.3	47.3
Net investment hedges of foreign operations	-	-	-	-	(4.9)	-	-	(4.9)	-	(4.9)
Available-for-sale investments: movements taken to equity	-	-	-	-	-	0.1	-	0.1	-	0.1
Cash flow hedges: movements taken to equity	-	-	-	-	-	(0.5)	-	(0.5)	-	(0.5)
Actuarial loss recognised on defined benefit pension schemes	-	-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Tax on cash flow hedge movements taken to equity	-	-	-	-	-	0.2	-	0.2	-	0.2
Total comprehensive income and expense	-	-	-	-	42.1	26.2	-	68.3	1.7	70.0
New share capital subscribed	6.0	-	145.2	-	-	-	-	151.2	-	151.2
Purchase of shares by ESOP	-	(7.2)	-	-	-	-	-	(7.2)	-	(7.2)
Shares awarded by ESOP	-	0.3	-	-	-	(0.3)	-	-	-	-
Credit for share-based incentive schemes	-	-	-	-	-	7.8	-	7.8	-	7.8
Convertible bond issue and reclass of convertible bond imputed interest	-	-	-	(2.2)	-	2.2	-	-	-	-
Transactions with NCI	-	-	-	-	-	(2.6)	1.1	(1.5)	(0.9)	(2.4)
Other movements	-	-		-	-	(0.5)	(2.2)	(2.7)	0.5	(2.2)
Dividends	-	-	-	-	-	(11.7)	-	(11.7)	(0.9)	(12.6)
At 1 January 2011	64.3	(33.7)	395.8	20.4	109.6	147.4	(48.9)	**654.9**	13.5	**668.4**
Profit for the period	-	-	-	-	-	24.5	-	**24.5**	0.7	**25.2**
Currency translation differences on foreign operations	-	-	-	-	27.7	-	-	**27.7**	0.5	**28.2**
Net investment hedges of foreign operations	-	-	-	-	(6.6)	-	-	**(6.6)**	-	**(6.6)**
Available-for-sale investments: movements taken to equity	-	-	-	-	-	(0.3)	-	**(0.3)**	-	**(0.3)**
Cash flow hedges: movements taken to equity	-	-	-	-	-	(1.3)	-	**(1.3)**	-	**(1.3)**
Tax on cash flow hedge movements taken to equity	-	-	-	-	-	0.3	-	**0.3**	-	**0.3**
Total comprehensive income and expense	-	-	-	-	21.1	23.2	-	**44.3**	1.2	**45.5**
New share capital subscribed	0.1	-	2.5	-	-	-	-	**2.6**	-	**2.6**
Shares awarded by ESOP	-	8.2	-	-	-	(8.2)	-	**-**	-	**-**
Credit for share-based incentive schemes	-	-	-	-	-	4.8	-	**4.8**	-	**4.8**
Convertible bond issue and reclass of convertible bond imputed interest	-	-	-	(2.2)	-	2.2	-	**-**	-	**-**
Transactions with NCI	-	-	-	-	-	(0.7)	(18.1)	**(18.8)**	4.9	**(13.9)**
Other movements	-	-	-	-	-	(0.2)	(1.7)	**(1.9)**	-	**(1.9)**
Dividends	-	-	-	-	-	(21.8)	-	**(21.8)**	(0.6)	**(22.4)**
At 30 June 2011	64.4	(25.5)	398.3	18.2	130.7	146.7	(68.7)	**664.1**	19.0	**683.1**

*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 2011

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 10 Triton Street, Regent's Place, London, NW1 3BF.

The condensed consolidated interim financial statements ('Interim Financial Statements') for the six months ended 30 June 2011 were authorised for issue in accordance with a resolution of the Directors on 24 August 2011.

The Interim Financial Statements for the six months to 30 June 2011 and 30 June 2010 do not constitute statutory accounts. The financial information for the year ended 31 December 2010 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 46. A copy of the Interim Financial Statements for the six months ended 30 June 2011 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 2011 have been prepared in accordance with the 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 2010, 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 2010 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 page 22.

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 2010, except as described in the 'Adoption of Standards' section below.

2. Basis of preparation and accounting policies (continued)

Adoption of Standards

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 7 (amended) Disclosures – Transfers of Financial Assets
IFRS 9 Financial Instruments
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurement
Improvements to IFRSs (May 2010)
Amendments to IAS 1 (revised 2009-2010)
Amendments to IAS 12 (revised 2010)
Amendments to IAS 19 (revised 2011)
IAS 24 (revised 2009) Related Party Disclosures
IAS 27 Separate Financial Statements (reissued 2011)
IAS 28 Investments in Associates and Joint Ventures (reissued 2011)
Amendments to IAS 32 (Oct 2009)
Amendments to IFRIC14 (Nov 2009)
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.

Discontinued operations

In accordance with IFRS 5 Non-current assets held for sale and discontinued operations, the Group has classified the results of Synovate's core businesses (excluding the Aztec businesses) (the "Synovate Group") as discontinued and accordingly the comparatives in the income statement and related notes have been restated. The balance sheet as at 30 June 2011 presents the assets and liabilities of the Synovate Group separately as 'held for sale' as part of the disposal group. Balance sheet comparatives are not restated. This treatment is a result of the Group's proposal to sell the Synovate Group to Ipsos S.A., announced on 27 July 2011 and explained further in note 8. As at 30 June 2011, the disposal was considered to be highly probable and the disposal was approved by shareholders on 16 August 2011.

The results of the Synovate Group are shown as 'discontinued operations' in accordance with IFRS 5. However, the Group will continue to control the Synovate division and benefit from its operations until completion.

Unless otherwise stated, the notes to the accounts relate to the results of the whole Group, including discontinued operations.

Underlying profit

The Group believes that underlying results (note 3) and underlying earnings per share (note 10) provide additional useful information on underlying trends to shareholders. These measures are used for internal performance analysis and incentive compensation arrangements for employees. The term underlying is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for, or superior to IFRS measurements of profit. 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.

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 Board of Directors. Information reported to the Board of Directors 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 no intersegment trading information is included in reports to the Board of Directors. 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, with the discontinued operations of Synovate included within the Synovate segment:

Underlying performance	**Six months ended 30 June 2011**		Six months ended 30 June 2010	
	Revenue £m	**Result £m**	Revenue £m	Result £m
Aegis Media	**487.1**	**81.2**	414.5	66.1
Synovate	**269.7**	**5.4**	248.8	4.7
Reportable segment revenue / result	**756.8**	**86.6**	**663.3**	**70.8**
Corporate costs		**(9.2)**		(9.7)
	756.8	**77.4**	663.3	61.1
Discontinued operations	**237.7**	**1.5**	222.9	3.6
	237.7	**1.5**	**222.9**	**3.6**

Synovate achieved gross profit (or net revenue), after external direct costs, of £162.9m (6 months to 30 June 2010: £152.9m). See below for a reconciliation of reportable segment results to statutory results:

2011 half year	**Underlying results £m**	**Amortisation of purchased intangibles £m**	**Acquisition costs £m**	**Disposal of subsidiaries & associates[1] £m**	**UK property move costs £m**	**IAS 39 adjustments[2] £m**	**Deferred tax adjustment[3] £m**	**Statutory results £m**
Aegis Media	81.2	(15.1)	(0.9)	0.1	(2.2)	-	-	63.1
Synovate	5.4	(3.5)	-	-	-	-	-	1.9
Reportable segment result	86.6	(18.6)	(0.9)	0.1	(2.2)	-	-	65.0
Corporate	(9.2)	-	(0.2)	-	(0.7)	-	-	(10.1)
Operating profit	77.4	(18.6)	(1.1)	0.1	(2.9)	-	-	54.9
Share of results of associates	1.8	(0.9)	-	-	-	-	-	0.9
Profit before interest and tax	79.2	(19.5)	(1.1)	0.1	(2.9)	-	-	55.8
Investment income	3.1	-	-	-	-	-	-	3.1
Finance costs	(23.4)	-	-	-	-	0.1	-	(23.3)
Net finance costs	(20.3)	-	-	-	-	0.1	-	(20.2)
Profit before tax	58.9	(19.5)	(1.1)	0.1	(2.9)	0.1	-	35.6
Tax	(14.3)	5.5	-	(0.1)	-	-	(1.5)	(10.4)
Profit after tax	44.6	(14.0)	(1.1)	-	(2.9)	0.1	(1.5)	25.2
Profit from discontinued operations after tax	0.7	(1.9)	-	-	-	-	(0.3)	(1.5)
	0.7	(1.9)	-	-	-	-	(0.3)	(1.5)

(1) The net gain or loss incurred on disposal or closure of subsidiaries includes the impairment of goodwill where relevant and any reclassification of cumulative exchange gains or losses.
(2) IAS 39 adjustments comprise gains of £0.6m on revaluation of put option liabilities, an imputed interest charge of £0.3m to release deferred consideration discounting, gains of £1.7m on revaluation of non-hedge derivatives and impairment losses of £1.9m on available-for-sale financial assets.
(3) Deferred tax adjustment for tax amortisation of goodwill.

The total impact of adjusting items between underlying and statutory profit after tax is £19.4m, as presented above, £18.4m of which is attributable to equity holders of the parent.

3. Segment reporting and underlying results (continued)

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 gains or losses.
(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.

For the year ended 31 December 2010, underlying operating profit was £192.2m, excluding a net charge of £90.7m and underlying profit before tax was £162.4m, excluding a net charge of £94.4m. Underlying adjustments to operating profit comprised amortisation of purchased intangible assets totalling £26.5m, costs incurred on acquisition of subsidiaries of £4.5m, losses arising on the disposal of subsidiaries of £13.9m, UK property move costs of £8.8m and an exceptional debtor impairment of £37.0m. Amortisation of purchased intangible assets within associates of £(2.0)m offset with gains on the deemed disposal of associates of £1.5m, while IAS 39 adjustments gave a net loss of £(3.2)m to reconcile underlying profit before tax.

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

Segment assets:	**Six months ended 30 June 2011**	Six months ended 30 June 2010
	£m	£m
Aegis Media	**3,634.9**	2,877.7
Synovate	**726.1**	698.6
Total allocated assets	**4,361.0**	3,576.3
Corporate	**49.2**	34.0
Total assets	**4,410.2**	3,610.3

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 Board of Directors 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.

4. Operating profit

Operating profit for the Group (including discontinued operations) has been arrived at after charging/(crediting):

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Net foreign exchange (gains)/losses	**(0.1)**	1.8	2.9
Depreciation of property, plant and equipment	**12.5**	10.8	22.7
Amortisation of intangible assets included in operating expenses	**22.8**	15.8	35.1
Operating lease expense	**32.1**	31.3	60.2
Staff costs	**406.0**	337.3	720.8

5. Investment income

Investment income for the Group (including discontinued operations) is presented below.

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Interest receivable	**3.1**	3.5	6.6

6. Finance costs

Finance costs for the Group (including discontinued operations) are presented below.

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Interest payable on bank loans and overdrafts	**(1.2)**	(2.3)	(4.4)
Interest payable on loan notes, other loans and pension scheme liabilities	**(19.3)**	(14.7)	(32.6)
	(20.5)	(17.0)	(37.0)
Exchange movements on financing items	**(0.4)**	(0.5)	(0.7)
Amortisation of financing costs and fees	**(2.5)**	(0.3)	(2.7)
Imputed interest on deferred consideration	**(0.3)**	(0.3)	(1.0)
Fair value movements on acquisition put options	**0.6**	0.7	0.2
Fair value movements on non-hedge derivatives	**1.7**	(0.1)	(0.4)
Fair value movement arising on derivatives in a designated fair value hedge	**1.7**	8.9	7.6
Adjustment to hedged items in a designated fair value hedge	**(1.7)**	(8.9)	(7.6)
Impairment of available-for-sale financial assets	**(1.9)**	(2.1)	(2.0)
	(23.3)	(19.6)	(43.6)

7. Tax on profit on ordinary activities

Tax for the Group (including discontinued operations) is discussed below.

The underlying effective tax rate on underlying profit for the six months ended 30 June 2011 is 24.25% (six months ended 30 June 2010: 24.8%, restated as per note 2).

The tax charge for the six months ended 30 June 2011 is £10.4m (six months ended 30 June 2010: £10.3m; year ended 31 December 2010: £25.0m) representing an effective tax rate on statutory profits of 29.2% (six months ended 30 June 2010: 40.7%; year ended 31 December 2010: 36.8%). 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 2011 includes a deferred tax expense of £1.5m (six months ended 30 June 2010: £1.7m; year ended 31 December 2010: £4.2m) for tax deductions in respect of goodwill. IFRS requires that such deferred tax is recognised even if a liability would only unwind on the eventual sale or impairment of the business in question.

In 2010 and 2011, the UK Government enacted legislation which has reduced the main rate of Corporation Tax from 28% to 26% from 1 April 2011. Thereafter, there will be a series of progressive annual 1 per cent cuts until 1 April 2014 when the rate will be 23%. The net UK deferred tax asset has been calculated using the rates applicable when the temporary difference is expected to reverse. The impact on the Group's net assets is not expected to be material.

8. Discontinued operations

On 27 July 2011, the Group announced that it had entered into a conditional agreement with respect to the sale of Synovate's core businesses, excluding the Aztec businesses (the "Synovate Group") to Ipsos S.A. The sale is proposed to be effected by the sale to the purchaser of the entire issued share capital of the Synovate holding companies. The enterprise value for the sale will be £525.0m, which has been calculated on a cash and debt free basis and on the basis of there being a minimum level of working capital in the Synovate Group. The consideration will be subject to customary adjustment for the amount of cash, debt and working capital in the Synovate Group at completion.

The Sale was approved by Ordinary Shareholders at a General Meeting on 16 August 2011, and is conditional on certain mandatory anti-trust clearances.

The financial performance and position of the Synovate Group are shown below:

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Revenue	**237.7**	222.9	518.4
Cost of sales	**(93.4)**	(84.0)	(197.6)
Gross profit from discontinued operations	**144.3**	138.9	320.8
Operating expenses	**(145.3)**	(138.1)	(285.2)
Profit from discontinued operations before interest and tax	**(1.0)**	0.8	35.6
Investment income	**0.1**	0.3	0.5
Finance costs	**(0.5)**	(0.7)	(1.6)
Net finance costs	**(0.4)**	(0.4)	(1.1)
Profit from discontinued operations before tax	**(1.4)**	0.4	34.5
Tax	**(0.1)**	(0.6)	(11.5)
Profit for the period from discontinued operations	**(1.5)**	(0.2)	23.0

8. Discontinued operations (continued)

	30 June 2011 £m
Non-current assets	
Goodwill	397.3
Intangible assets	27.3
Property, plant and equipment	17.1
Deferred tax assets	7.8
Available-for-sale financial assets	0.6
	450.1
Current assets	
Work in progress	15.0
Trade and other receivables	160.9
	175.9
Total assets	626.0
Current liabilities	
Trade and other payables	(126.0)
Current tax liabilities	(0.9)
	(126.9)
Non-current liabilities	
Other non-current liabilities	(8.1)
Derivative financial liabilities	(20.0)
Deferred tax liabilities	(4.1)
	(32.2)
Total liabilities	(159.1)
Net assets	466.9

Due to the timing of the transaction, movements in cumulative other comprehensive income arising from the disposal will be disclosed in the gain or loss on disposal in the 2011 annual report.

9. Dividends

	Six months ended 30 June 2011	Six months ended 30 June 2010	Year ended 31 December 2010
Ordinary shares of 5p each			
Dividend rate per share for the period (pence)	**1.08**	1.025	2.75
Declared and paid during the period	**£m**	£m	£m
Final dividend for 2009 of 1.54p per share	-	-	17.9
Interim dividend for 2010 of 1.025p per share	-	-	12.0
	-	**-**	**29.9**
Declared but not yet paid at the balance sheet date			
Final dividend for 2009 of 1.54p per share	-	17.9	-
Final dividend for 2010 of 1.725p per share	22.2	-	-
	22.2	**17.9**	**-**
Proposed but not yet declared or paid at the balance sheet date	**£m**	£m	£m
Interim dividend for 2010 of 1.025p per share	**-**	12.0	-
Final dividend for 2010 of 1.725p per share	**-**	-	22.2
Interim dividend for 2011 of 1.08p per share	**13.9**	-	-
	13.9	**12.0**	**-**

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 2010 was £21.8m. Based on the number of shares held by the employee share trust as at 30 June 2011, the expected cash payment in settlement of the 2011 interim dividend is £13.6m.

The interim dividend will be paid on 23 September 2011 to all ordinary shareholders on the register at 9 September 2011.

On 27 July 2011, in conjunction with the proposed disposal of the Synovate Group (see note 8), the Group proposed a special dividend to return approximately £200m to shareholders. This special dividend is conditional on completion of the proposed disposal and therefore is not included in the summary above.

10. Earnings per ordinary share

	Six months ended 30 June 2011	Six months ended 30 June 2010	Year ended 31 December 2010
Profit for the period			
Profit for the period from continuing operations attributable to equity holders of the parent for the calculation of basic and diluted EPS (£m)	**25.8**	14.8	18.2
Adjusting items (note 3) (£m)	**16.3**	18.3	72.3
Underlying profit for the year from continuing operations attributable to equity holders of the parent for the calculation of underlying basic EPS (£m)	**42.1**	33.1	90.5
Finance costs due to convertible bond (net of tax)	**-**	-	6.7
Underlying profit for the year from continuing operations attributable to equity holders of the parent for the calculation of underlying diluted EPS (£m)	**42.1**	33.1	97.2
Profit for the period attributable to equity holders of the parent for the calculation of basic and diluted EPS (£m)	**24.5**	14.6	41.2
Adjusting items (note 3) (£m)	**18.4**	20.6	77.4
Underlying profit for the year attributable to equity holders of the parent for the calculation of underlying basic EPS (£m)	**42.9**	35.2	118.6
Finance costs due to convertible bond (net of tax)	**-**	-	6.7
Underlying profit for the year attributable to equity holders of the parent for the calculation of underlying diluted EPS (£m)	**42.9**	35.2	125.3
Weighted average number of ordinary shares (millions)			
Basic weighted average number of ordinary shares	**1,260.2**	1,155.7	1,156.8
Dilutive potential ordinary shares: employee share options	**1.6**	2.1	1.5
Diluted weighted average number of ordinary shares for statutory diluted EPS	**1,261.8**	1,157.8	1,158.3
Dilutive potential ordinary shares: convertible bond	**-**	-	81.0
Diluted weighted average number of shares for underlying diluted EPS	**1,261.8**	1,157.8	1,239.3
Basic earnings per share from continuing operations (pence)	**2.0**	1.3	1.6
Diluted earnings per share from continuing operations (pence)	**2.0**	1.3	1.6
Basic earnings per share on profit for the year (pence)	**1.9**	1.2	3.6
Diluted earnings per share on profit for the year (pence)	**1.9**	1.2	3.6
Underlying basic earnings per share from continuing operations (pence)	**3.3**	2.9	7.8
Underlying diluted earnings per share from continuing operations (pence)	**3.3**	2.9	7.8
Underlying basic earnings per share on profit for the year (pence)	**3.4**	3.0	10.3
Underlying diluted earnings per share on profit for the year (pence)	**3.4**	3.0	10.1

The calculation of basic and diluted earnings per share is based on profit after tax and non-controlling interests. 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 2011, 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.

11. Acquisitions

In January 2011, the Group acquired the entire share capital of Clickthinking, an award-winning digital search and performance agency incorporated in South Africa, thereby obtaining control of Clickthinking. The acquisition was entered into as a platform for Aegis Media's iProspect brand in South Africa.

In March 2011, the Group received clearance from Russian competition authorities, allowing the acquisition of a further 47% of COMCON, Russia's leading independent market research agency. This transaction increased the total Group holding in COMCON to 51%, leading to Group control of COMCON. The acquisition was undertaken to increase the scale of Synovate's presence in Russia.

Also in March 2011, the Group acquired the trade and assets of Riber, a sports marketing company incorporated in the USA. Riber will join the Team Epic brand within Aegis Media, where it will deepen their capabilities in the retail and shopper marketing disciplines.

In June 2011, the Group acquired the entire share capital of ICUC in Canada and Creative Media Services ("CMS") in Lithuania, thereby achieving control of these entities. ICUC is a social media monitoring and community development business which will operate under the iProspect brand. CMS is a classical media agency, servicing clients in all areas of media planning, buying and research, which will join the Vizeum network within Aegis Media, where it will complete the Vizeum network across the Baltic region.

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			
Implicom	France	5% (100%)	May
AgenciaClick	Brazil	1.9% (96.2%)	May
Age	Brazil	1.9% (96.2%)	May
iProspect Brazil	Brazil	1.5% (97.1%)	May

Provisional assessment of net assets acquired:	Carrying amount acquired	Fair value adjustments	Fair value of net assets
	£m	£m	£m
Intangible assets	-	25.2	25.2
Property, plant and equipment	0.1	-	0.1
Trade and other receivables	2.7	-	2.7
Work in progress	0.1	-	0.1
Cash and cash equivalents	0.9	-	0.9
Trade and other payables	(1.0)	-	(1.0)
Other liabilities	(0.9)	-	(0.9)
Deferred tax liabilities	-	(6.7)	(6.7)
Net assets	**1.9**	**18.5**	**20.4**
Non-controlling interest on current period acquisitions			(6.0)
			14.4
Goodwill capitalised in the period			24.9
Consideration			**39.3**

Satisfied by:	
Cash consideration	18.0
Deferred cash consideration	20.6
Acquisition-date fair value of the previously held equity interest in the acquiree	0.7
	39.3

11. 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. Goodwill of £2.5m 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.

12. Interests in associates and joint ventures

Interests of the Group (including discontinued operations) in associates and joint ventures are presented below:

	Associates £m	Joint ventures £m	Total £m
At 1 January 2010	**3.0**	**0.3**	**3.3**
Additions	31.2	10.2	41.4
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	0.7	-	0.7
At 30 June 2010	**38.4**	**10.2**	**48.6**
Share of profit after tax	2.1	(0.4)	1.7
Deemed disposal	(0.1)	-	(0.1)
Impairment losses	(1.7)	-	(1.7)
At 31 December 2010	**38.7**	**9.8**	**48.5**
Additions	0.2	2.2	2.4
Share of profit after tax	1.2	(0.4)	0.8
Dividends received	(0.2)	-	(0.2)
Exchange differences	0.5	-	0.5
At 30 June 2011	**40.4**	**11.6**	**52.0**

The Group's most significant investment in associates and joint ventures is its investment in Charm Communications Inc., which is listed on the NASDAQ exchange.

13. Trade and other payables

Trade and other payables for the Group (including discontinued operations) are presented below:

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Trade payables and accruals	**2,287.6**	1,835.7	2,381.5
Deferred income	**102.9**	115.5	119.1
Taxation and social security	**105.6**	70.5	78.5
Deferred consideration (note 14)	**22.8**	37.0	43.7
Other payables	**311.8**	255.9	294.5
	2,830.7	2,314.6	2,917.3

14. Other non-current liabilities

Other non-current liabilities of £47.9m (30 June 2010: £28.3m; 31 December 2010: £35.6m) for the Group (including discontinued operations) include deferred consideration of £30.7m (30 June 2010: £12.4m; 31 December 2010: £20.0m).

Deferred consideration

Deferred consideration may be paid to the vendors of certain subsidiary undertakings in the years to 2015. Such payments are either fixed under the terms of the acquisition or are contingent on future financial performance. Changes in such estimates in the current period have led to an increase in the liability of £0.7m. 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 discounted Group (including discontinued operations) liability at 30 June 2011 for payments that may be due is as follows:

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Within one year	**22.8**	37.0	43.7
Between one and two years	**20.5**	9.7	7.7
Between two and five years	**10.2**	2.7	12.3
Greater than 5 years	-	-	-
	53.5	49.4	63.7

15. Note to the cash flow statement

	Six months ended 30 June 2011 £m	Six months ended 30 June 2010 £m	Year ended 31 December 2010 £m
Operating profit	**54.9**	37.8	101.5
Adjustments for:			
Depreciation of property, plant and equipment	**12.5**	10.8	22.7
Amortisation of intangible assets	**22.8**	15.8	35.1
Impairment of intangibles and property, plant and equipment	**0.1**	0.1	0.3
Gain on disposal of subsidiaries	**(0.1)**	10.7	13.9
Net loss on disposal of intangibles and property, plant and equipment	**0.1**	0.5	0.5
Share-based payment expense	**4.8**	0.5	8.3
Decrease in provisions	**(2.8)**	(9.3)	(5.0)
	92.3	66.9	177.3
Decrease / (increase) in receivables	**81.1**	(14.8)	(248.1)
(Increase) / decrease in work in progress	**(3.2)**	(3.4)	(2.3)
(Decrease) / increase in payables	**(128.7)**	(35.0)	305.6
	(50.8)	(53.2)	55.2
Cash generated from operations	**41.5**	13.7	232.5

	1 January 2011 £m	Cash flow £m	Other non-cash movements £m	Exchange movements £m	**30 June 2011 £m**
Analysis of net debt					
Cash and short-term deposits	394.4	(78.1)	-	5.2	**321.5**
Overdrafts	(3.0)	(11.3)	-	(0.4)	**(14.7)**
Cash and cash equivalents	391.4	(89.4)	-	4.8	**306.8**
Debt due within one year	(84.3)	49.3	-	(0.1)	**(35.1)**
Debt due after more than one year	(646.6)	(31.1)	(8.1)	12.6	**(673.2)**
Net debt before issue costs of debt	(339.5)	(71.2)	(8.1)	17.3	**(401.5)**
Issue costs of debt	8.2	1.1	(1.1)	-	**8.2**
Total	**(331.3)**	**(70.1)**	**(9.2)**	**17.3**	**(393.3)**

16. Related party transactions

Remuneration of key management personnel

Other than remuneration and other related party transactions disclosed below, there were no material transactions with key management personnel in the period.

Transactions with associated undertakings

In 2011, Group subsidiary companies purchased media space from associated undertakings totaling £12.6m (six months to 30 June 2010: £13.4m; 2010: £29.7m). 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 £6.4m (30 June 2010: £6.8m; 31 December 2010: £13.4m). The balance due from associated undertakings to Group companies at the 30 June 2011 was £2.7m (30 June 2010: £4.0m; 31 December 2010: £6.8m).

Other related party disclosures

Harold Mitchell, a director of the Company, holds 46,652,393 Aegis Group plc shares and unless otherwise agreed with the Company will retain at least 85% of those shares for 2 years from 17 November 2010. Harold's son, Stuart Mitchell, is a director and employee of Mitchell Communication Group Limited, which was acquired by Aegis Group plc in 2010. Mitchell Communication Group Limited leases premises from Mitchell Land Pty Ltd, of which Harold Mitchell is a director, and from another member of his family for a combined annual rental charge of £1.4m. The lease terms end in 2011 and 2020.

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 2011 and no material changes in contingent liabilities since 31 December 2010.

18. Subsequent events

Proposed sale of Synovate and Return of Capital

In July 2011, the Group announced the proposed sale of the core businesses of its Synovate division (excluding Aztec businesses) to Ipsos S.A for an enterprise value of £525m. This is explained further in note 8.

Acquisitions completed after the balance sheet date

In July 2011, the Group acquired 75% of the issued share capital of MediaVest (Manchester) Ltd ("MediaVest"), a leading independent media communications agency with expertise in media planning and buying and enhanced capability in performance marketing and digital solutions. MediaVest will be integrated with Aegis Media's Carat and iProspect brands. The total consideration for 100% of the share capital of MediaVest (Manchester) Ltd. will be up to a maximum of £95 million, subject to satisfaction of earn-out criteria based on profits over the period of 2011 to 2016. An initial amount of £27 million was paid on completion. All consideration payments will be satisfied in cash. The unaudited profit before tax of MediaVest (Manchester) Ltd. for the year ended 28 February 2011 was £7.4 million and the value of the gross assets at that time was £49.6million.

In addition, after the balance sheet date the Group signed agreements to acquire Filefix, a full service digital agency in Japan, a minority stake in Tigerspike, a leading provider of mobile technology solutions with offices in Sydney, New York and London, Pjure, an Austrian-based digital creative agency, and Master Ad, an outdoor advertising specialist in Russia.

The additional IFRS 3 (2008) disclosures are not given because the initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue.

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
24 August 2011

Nick Priday
Chief Financial Officer
24 August 2011

Independent review report to Aegis Group plc

Introduction

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 2011 which comprises the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated cash flow statement, Consolidated statement of changes in equity and the 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 guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our 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 International Financial Reporting Standards 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 enquiries, 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 2011 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.

Ernst & Young LLP
London
24 August 2011

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.

Aztec
The scan data services provision business of Aegis Group plc.

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

Sales
Commissions from clients for research services to be provided by the Group. Sales convert to revenue in accordance with the revenue recognition policy and the timing of delivery of research services.

Orders on hand
The cumulative value of projects recorded in sales, which have not been completed and recognised within revenue in the year.

Turnover
Represents amounts billable for media handled by the Group on behalf of clients, together with fees earned 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.