

WPP GROUP PLC

Interim results for the six months ended 30 June 2006

Unaudited consolidated interim income statement
for the six months ended 30 June 2006

	Notes	Six months ended 30 June 2006	Six months ended 30 June 2005		Constant Currency ¹	Year ended 31 December 2005
		£m	£m	+/(-)%	+/(-)%	£m
Turnover (billings)		14,407.1	11,333.6	27.1	23.3	26,673.7
Revenue		2,864.4	2,467.5	16.1	12.7	5,373.7
Direct costs		(149.2)	(111.1)	(34.3)	(31.6)	(241.0)
Gross profit		2,715.2	2,356.4	15.2	11.9	5,132.7
Operating costs	4	(2,407.3)	(2,103.8)	(14.4)	(11.1)	(4,479.9)
Operating profit		307.9	252.6	21.9	17.9	652.8
Share of results of associates	4	25.3	13.7	84.7	77.3	33.9
Profit before interest and taxation		333.2	266.3	25.1	20.9	686.7
Finance income	5	51.0	36.8	38.6	36.3	87.6
Finance costs	5	(97.1)	(81.6)	(19.0)	(17.2)	(182.3)
Profit before taxation		287.1	221.5	29.6	24.8	592.0
Taxation	7	(91.7)	(72.6)	(26.3)	(23.7)	(194.0)
Profit for the period		195.4	148.9	31.2	25.4	398.0
Attributable to:						
Equity holders of the parent		176.7	135.4	30.5	24.4	363.9
Minority interests		18.7	13.5	(38.5)	(35.4)	34.1
		195.4	148.9	31.2	25.4	398.0
Headline PBIT	6,17	361.0	299.6	20.5	16.8	754.8
Headline PBIT margin	17	12.6%	12.1%			14.0%
Headline PBT	17	316.1	254.8	24.1	19.9	669.0
Earnings per share²						
Basic earnings per ordinary share	9	14.7p	11.4p	28.9	23.1	30.3p
Diluted earnings per ordinary share	9	14.3p	11.1p	28.8	22.7	29.7p

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

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

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Unaudited consolidated interim cash flow statement
for the six months ended 30 June 2006

	Notes	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
		£m	£m	£m
Net cash (outflow)/inflow from operating activities	10	(26.8)	(34.0)	837.5
Investing activities				
Acquisitions and disposals	10	(124.8)	(336.0)	(507.7)
Purchases of property, plant and equipment		(66.6)	(68.1)	(160.5)
Purchases of other intangible assets (incl. capitalised computer software)		(6.9)	(2.1)	(10.8)
Proceeds on disposal of property, plant and equipment		4.8	2.1	6.7
Net cash outflow from investing activities		(193.5)	(404.1)	(672.3)
Financing activities				
Issue of shares		49.5	15.8	20.3
Share repurchases and buybacks	10	(161.5)	(75.1)	(152.3)
Net increase/(decrease) in borrowings	10	273.0	(96.0)	(595.2)
Financing and share issue costs		(0.9)	(0.9)	(2.2)
Equity dividends paid		-	-	(100.2)
Dividends paid to minority shareholders in subsidiary undertakings		(15.3)	(14.3)	(24.0)
Net cash inflow/(outflow) from financing activities		144.8	(170.5)	(853.6)
Net decrease in cash and cash equivalents		(75.5)	(608.6)	(688.4)
Translation differences		(113.7)	34.5	85.0
Cash and cash equivalents at beginning of period		679.6	1,283.0	1,283.0
Cash and cash equivalents at end of period	10	490.4	708.9	679.6
Reconciliation of net cash flow to movement in net debt:				
Net decrease in cash and cash equivalents		(75.5)	(608.6)	(688.4)
Cash (inflow)/outflow from (increase)/decrease in debt financing		(272.9)	96.5	596.9
Net debt acquired		-	(140.8)	(140.8)
Other movements		9.9	(32.4)	(25.9)
Translation difference		(76.8)	(2.0)	8.9
Movement of net debt in the period		(415.3)	(687.3)	(249.3)
Net debt at beginning of period		(804.0)	(554.7)	(554.7)
Net debt at end of period	11	(1,219.3)	(1,242.0)	(804.0)

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**Unaudited consolidated interim statement of recognised income and expense
for the six months ended 30 June 2006**

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Profit for the period	195.4	148.9	398.0
Exchange adjustments on foreign currency net investments	(210.9)	141.7	266.1
Revaluation of other investments	2.7	15.8	21.0
Actuarial loss on defined benefit pension schemes	-	-	(16.5)
Deferred tax on defined benefit pension schemes	-	-	3.6
Total recognised income and expense relating to the period	(12.8)	306.4	672.2
Attributable to:			
Equity holders of the parent	(31.5)	292.9	638.1
Minority interests	18.7	13.5	34.1
	(12.8)	306.4	672.2

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Unaudited consolidated interim balance sheet
as at 30 June 2006

	Notes	30 June 2006	30 June 2005	31 December 2005
		£m	£m	£m
Non-current assets				
Intangible assets:				
Goodwill	12	5,492.7	5,431.3	5,675.2
Other	13	1,178.7	1,085.3	1,260.6
Property, plant and equipment		410.0	384.6	423.5
Interests in associates		443.0	507.0	509.9
Other investments		119.7	32.0	55.3
Deferred tax assets		111.4	118.4	130.3
Trade and other receivables		123.9	134.0	142.1
		7,879.4	7,692.6	8,196.9
Current assets				
Inventories		365.3	346.7	281.5
Trade and other receivables		4,653.8	4,121.8	4,795.5
Cash and short-term deposits		854.8	1,163.0	1,115.2
		5,873.9	5,631.5	6,192.2
Current liabilities				
Trade and other payables	14	(6,281.7)	(5,687.7)	(6,828.4)
Corporate income tax payable		(50.1)	(54.1)	(56.5)
Bank overdrafts and loans		(843.6)	(873.5)	(457.8)
		(7,175.4)	(6,615.3)	(7,342.7)
Net current liabilities		(1,301.5)	(983.8)	(1,150.5)
Total assets less current liabilities		6,577.9	6,708.8	7,046.4
Non-current liabilities				
Bonds and bank loans		(1,230.5)	(1,531.5)	(1,461.4)
Trade and other payables	15	(690.2)	(647.4)	(703.0)
Deferred tax liabilities		(501.4)	(452.2)	(533.1)
Provision for post-employment benefits		(231.4)	(202.3)	(231.4)
Provisions for liabilities and charges		(114.4)	(133.3)	(131.7)
		(2,767.9)	(2,966.7)	(3,060.6)
Net assets		3,810.0	3,742.1	3,985.8
Equity				
Called-up share capital		124.9	126.3	125.3
Share premium account		52.6	1,035.3	2.1
Shares to be issued		15.7	44.5	37.2
Merger reserve		(1,374.7)	3,414.6	(1,388.1)
Other reserves		(39.4)	90.9	167.3
Own shares ¹		(289.9)	(281.2)	(292.9)
Retained earnings		5,240.4	(752.5)	5,253.6
Equity share owners' funds	16	3,729.6	3,677.9	3,904.5
Minority interests		80.4	64.2	81.3
Total Equity		3,810.0	3,742.1	3,985.8

¹ Investments in own shares held by the ESOP Trusts.

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Notes to the unaudited consolidated interim financial statements (Notes 1 - 17)

1. Basis of accounting

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

2. Accounting policies

The unaudited consolidated interim financial statements comply with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and with the accounting policies of the Group which were set out on pages 145 to 149 of the 2005 Annual Report and Accounts. No changes have been made to the Group's accounting policies since this time.

Statutory Information and Independent Review

The unaudited consolidated interim financial statements for the six months to 30 June 2006 and 30 June 2005 do not constitute statutory accounts. The financial information for the year ended 31 December 2005 does not constitute statutory accounts for the purposes of s240 of the Companies Act 1985. The statutory accounts for the year ended 31 December 2005 have been delivered to the Registrar of Companies and received an unqualified auditors' report and did not contain a statement under s237(2) or (3) of the Companies Act 1985. The interim financial statements are unaudited but have been reviewed by the auditors and their report is set out on page 29.

The announcement of the interim results was approved by the board of directors on 17 August 2006.

3. Currency conversion

The 2006 unaudited consolidated interim income statement is prepared using, among other currencies, an average exchange rate of US\$1.7908 to the pound (period ended 30 June 2005: US\$1.8728; year ended 31 December 2005: US\$1.8189). The unaudited consolidated interim balance sheet as at 30 June 2006 has been prepared using the exchange rate on that day of US\$1.8469 to the pound (30 June 2005: US\$1.7918; 31 December 2005: US\$1.7187).

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

4. Operating costs and share of results of associates

Operating costs include:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Amortisation of acquired intangible assets	23.0	11.8	25.3
Goodwill impairment	10.0	20.5	46.0
Goodwill write-down relating to utilisation of pre-acquisition tax losses	3.0	1.0	1.1
Gains on disposal of investments	(4.2)	-	(4.3)
Share-based incentive plans	37.9	30.3	68.6
Other operating costs	2,337.6	2,040.2	4,343.2
	2,407.3	2,103.8	4,479.9

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Notes to the unaudited consolidated interim financial statements (Notes 1 - 17) (continued)

4. Operating costs and share of results of associates (continued)

The goodwill impairment charge of £10.0 million relates to a number of under-performing businesses in the Group. In certain markets, the impact of current, local economic conditions and trading circumstances on these businesses is sufficiently severe to indicate impairment to the carrying value of goodwill. The Directors will reassess the need for any further impairment write-downs at year end.

Charges in respect of share-based incentive plans include:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Share options	9.2	13.5	25.9
Other share-based incentive plans	28.7	16.8	42.7
	37.9	30.3	68.6

Share of results of associates include:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Share of profit before interest and taxation	34.4	23.8	54.0
Share of exceptional gains	4.0	-	-
Share of interest and minority interest	0.6	(0.4)	(0.9)
Share of taxation	(13.7)	(9.7)	(19.2)
	25.3	13.7	33.9

Share of exceptional gains of £4.0 million in the six months ended 30 June 2006 represents the Group's share of negative goodwill recognised in the income statements of its associate undertakings during the period.

5. Finance income and finance costs

Finance income includes:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Expected return on pension scheme assets	13.0	12.0	24.2
Investment income	0.5	-	5.6
Interest income	37.5	24.8	57.8
	51.0	36.8	87.6

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Notes to the unaudited consolidated interim financial statements (Notes 1 - 17) (continued)

5. Finance income and finance costs (continued)

Finance costs include:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Interest on pension scheme liabilities	16.5	16.0	32.0
Interest payable and similar charges	79.4	65.6	141.4
Finance charges (excluding revaluation of financial instruments)	95.9	81.6	173.4
Revaluation of financial instruments	1.2	-	8.9
	97.1	81.6	182.3

The following are included in the revaluation of financial instruments shown above:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Movements in fair value of treasury instruments	2.9	2.1	3.0
Revaluations of put options over minority interests	(1.7)	(2.0)	5.8
Other	-	(0.1)	0.1
	1.2	-	8.9

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Notes to the unaudited consolidated interim financial statements (Notes 1 - 17) (continued)

6. Segmental analysis

Reported contributions by operating sector were as follows:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Revenue			
Advertising and Media Investment Management	1,354.4	1,185.9	2,606.4
Information, Insight & Consultancy	438.9	387.5	810.4
Public Relations & Public Affairs	290.3	251.8	534.4
Branding & Identity, Healthcare and Specialist Communications	780.8	642.3	1,422.5
	2,864.4	2,467.5	5,373.7
Headline PBIT¹			
Advertising and Media Investment Management	190.3	158.6	402.7
Information, Insight & Consultancy	41.5	36.1	83.4
Public Relations & Public Affairs	40.3	35.0	75.3
Branding & Identity, Healthcare and Specialist Communications	88.9	69.9	193.4
	361.0	299.6	754.8
Headline PBIT margin	%	%	%
Advertising and Media Investment Management	14.1	13.4	15.5
Information, Insight & Consultancy	9.5	9.3	10.3
Public Relations & Public Affairs	13.9	13.9	14.1
Branding & Identity, Healthcare and Specialist Communications	11.4	10.9	13.6
	12.6	12.1	14.0

¹ Headline PBIT is defined in note 17.

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Notes to the unaudited consolidated interim financial statements (Notes 1 - 17) (continued)

6. Segmental analysis (continued)

Reported contributions by geographical area were as follows:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Revenue			
United Kingdom	415.1	389.0	808.1
North America	1,135.5	973.4	2,106.9
Continental Europe	741.4	662.3	1,410.3
Asia Pacific, Latin America, Africa & Middle East	572.4	442.8	1,048.4
	2,864.4	2,467.5	5,373.7
Headline PBIT¹			
United Kingdom	36.7	31.3	84.6
North America	176.1	151.9	350.1
Continental Europe	85.8	68.9	176.1
Asia Pacific, Latin America, Africa & Middle East	62.4	47.5	144.0
	361.0	299.6	754.8
Headline PBIT margin	%	%	%
United Kingdom	8.8	8.0	10.5
North America	15.5	15.6	16.6
Continental Europe	11.6	10.4	12.5
Asia Pacific, Latin America, Africa & Middle East	10.9	10.7	13.7
	12.6	12.1	14.0

¹ Headline PBIT is defined in note 17.

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Notes to the unaudited consolidated interim financial statements (Notes 1 - 17) (continued)

7. Taxation

The Group tax rate on Headline PBT¹ is 29.0% (30 June 2005: 28.5% and 31 December 2005: 29.0%).
The Group tax rate on Reported PBT is 31.9% (30 June 2005: 32.8% and 31 December 2005: 32.8%).

The tax charge comprises:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Current tax			
UK Corporation tax at 30%	11.9	8.3	8.5
Foreign tax	80.9	66.4	187.2
Total Current Tax	92.8	74.7	195.7
Deferred tax			
Current year	(1.1)	(2.1)	(1.7)
Tax expense	91.7	72.6	194.0

¹Headline PBT is defined in note 17.

8. Ordinary dividends

The Board has recommended an interim dividend of 3.60p (2005: 3.00p) per ordinary share. This is expected to be paid on 13 November 2006 to share owners on the register at 13 October 2006.

The Board recommended a final dividend of 6.34p per ordinary share in respect of 2005. This was approved by the company's shareholders at the Annual General Meeting on 27 June 2006 and paid on 3 July 2006.

9. Earnings per share

Basic EPS

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

	Six months ended 30 June 2006	Six months ended 30 June 2005	+/(-)%	Constant Currency +/(-)%	Year ended 31 December 2005
Reported earnings ¹ (£m)	176.7	135.4			363.9
Headline earnings (£m) (note 17)	205.7	168.7			440.9
Average shares used in Basic EPS calculation (m)	1,205.2	1,192.7			1,200.1
Reported EPS	14.7p	11.4p	28.9	23.1	30.3p
Headline EPS	17.1p	14.1p	21.3	16.1	36.7p

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

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Notes to the unaudited consolidated interim financial statements (Notes 1 - 17) (continued)

9. Earnings per share (continued)

Diluted EPS

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

	Six months ended 30 June 2006	Six months ended 30 June 2005	+/(-)%	Constant Currency +/(-)%	Year ended 31 December 2005
Diluted reported earnings (£m)	177.8	135.4			363.9
Diluted headline earnings (£m)	206.8	168.7			440.9
Shares used in diluted EPS calculation (m)	1,243.5	1,218.6			1,224.8
Diluted reported EPS	14.3p	11.1p	28.8	22.7	29.7p
Diluted headline EPS	16.6p	13.8p	20.3	15.6	36.0p

Diluted EPS has been calculated based on the Reported and Headline Earnings amounts above. For the six months ended 30 June 2006 the \$150 million Grey convertible was dilutive and earnings were consequently increased by £1.1 million. For the six months ended 30 June 2005, and the year ended 31 December 2005, the Grey convertible was accretive to earnings and therefore excluded from the calculation of dilutive earnings. For the six months ended 30 June 2006 and 30 June 2005, and the year ended 31 December 2005, the £450 million convertible bonds were accretive to earnings and therefore excluded from the calculation of dilutive earnings.

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

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	m	m	m
Average shares used in Basic EPS calculation	1,205.2	1,192.7	1,200.1
Dilutive share options outstanding	18.0	19.3	18.6
Other potentially issuable shares	11.4	6.6	6.1
\$150 million Grey convertible bonds	8.9	-	-
Shares used in Diluted EPS calculation	1,243.5	1,218.6	1,224.8

At 30 June 2006 there were 1,249,246,636 ordinary shares in issue.

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Notes to the unaudited consolidated interim financial statements (Notes 1 - 17) (continued)

10. Analysis of cash flows

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

Net cash (outflow)/inflow from operating activities:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Operating profit	307.9	252.6	652.8
Adjustments for:			
Non-cash share-based incentive plans (including share options)	37.9	30.3	68.6
Depreciation of property, plant and equipment	60.8	46.0	111.4
Impairment of goodwill	10.0	20.5	46.0
Goodwill write-down relating to utilisation of pre-acquisition tax losses	3.0	1.0	1.1
Amortisation of acquired intangible assets	23.0	11.8	25.3
Amortisation of other intangible assets	6.1	5.0	10.7
Gains on disposal of investments	(4.2)	-	(4.3)
(Gains)/losses on sale of property, plant and equipment	(0.2)	-	1.1
Operating cash flow before movements in working capital and provisions	444.3	367.2	912.7
Movements in working capital and provisions	(375.4)	(317.9)	107.6
Cash generated by operations	68.9	49.3	1,020.3
Corporation and overseas tax paid	(69.3)	(57.3)	(136.0)
Interest and similar charges paid	(76.9)	(63.0)	(128.2)
Interest received	39.5	27.5	62.4
Investment income	-	-	5.6
Dividends from associates	11.0	9.5	13.4
	(26.8)	(34.0)	837.5

Acquisitions and disposals:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Initial cash consideration	(50.0)	(468.9)	(561.2)
Cash and cash equivalents acquired (net)	15.6	176.1	173.9
Earnout payments	(81.0)	(69.3)	(96.7)
Loan note redemptions	(11.5)	(3.2)	(33.0)
Purchase of other investments (including associates)	(11.6)	(8.2)	(29.0)
Proceeds on disposal of investments	13.7	37.5	38.3
	(124.8)	(336.0)	(507.7)

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Notes to the unaudited consolidated interim financial statements (Notes 1 - 17) (continued)

10. Analysis of cash flows (continued)

Share repurchases and buybacks:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Share cancellations (including brokerage fees)	(123.1)	(58.9)	(123.3)
Purchase of own shares by ESOP Trusts	(38.4)	(16.2)	(29.0)
	(161.5)	(75.1)	(152.3)

Net increase/(decrease) in borrowings:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Increase in drawings on bank loans	273.0	123.8	17.1
Repayment of \$287.5 million convertible bonds	-	(154.5)	(154.5)
Repayment of \$125 million Grey debt	-	(65.3)	(65.3)
Repayment of working capital facility	-	-	(277.2)
Repayment of \$200 million bonds	-	-	(115.3)
	273.0	(96.0)	(595.2)

Cash and cash equivalents:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Cash at bank and in hand	741.2	1,088.7	1,029.0
Short-term bank deposits	113.6	74.3	86.2
Overdrafts ¹	(364.4)	(454.1)	(435.6)
	490.4	708.9	679.6

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

11. Net debt

	30 June 2006	30 June 2005	31 December 2005
	£m	£m	£m
Cash and short-term deposits	854.8	1,163.0	1,115.2
Bank loans and overdrafts due within one year	(843.6)	(594.5)	(457.8)
Corporate bond and loans due after one year	(1,230.5)	(1,531.5)	(1,461.4)
Working capital facility	-	(279.0)	-
	(1,219.3)	(1,242.0)	(804.0)

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Notes to the unaudited consolidated interim financial statements (Notes 1 - 17) (continued)

12. Goodwill and acquisitions

Goodwill in relation to subsidiary undertakings decreased by £182.5 million in the period. This includes both goodwill arising on acquisitions completed in the period and adjustments to goodwill relating to acquisitions completed in prior years, net of impairment charges and the effect of currency translation. Goodwill in relation to associate undertakings decreased by £54.0 million in the period.

Future anticipated payments to vendors in respect of both deferred and earnout obligations totalled £167.7 million (period ended 30 June 2005: £233.1 million; year ended 31 December 2005: £220.0 million). Earnouts are based on the directors' best estimates of future obligations, which are dependent on the future performance of the interests acquired and assume the operating companies improve profits in line with directors' estimates.

In aggregate, for the six months ended 30 June 2006, acquisitions completed during the period contributed £22.0 million to revenue, £2.8 million to operating profit and £3.5 million to Headline PBIT.

13. Other intangible assets

The following are included in other intangibles:

	30 June 2006	30 June 2005	31 December 2005
	£m	£m	£m
Brands with an indefinite useful life	853.0	794.0	897.0
Acquired intangibles	296.8	260.2	330.3
Other (including capitalised computer software)	28.9	31.1	33.3
	1,178.7	1,085.3	1,260.6

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

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

	30 June 2006	30 June 2005	31 December 2005
	£m	£m	£m
Trade payables	4,250.2	3,713.4	4,659.3
Deferred income	584.0	570.9	604.2
Payments due to vendors	46.0	87.1	81.3
Loan notes due to vendors	2.1	34.1	13.6
Liabilities in respect of put option agreements with vendors	50.2	23.5	50.4
Dividends payable	76.1	62.6	-
Other creditors and accruals	1,273.1	1,196.1	1,419.6
	6,281.7	5,687.7	6,828.4

WPP GROUP PLC

Notes to the unaudited consolidated interim financial statements (Notes 1 - 17) (continued)

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

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

	30 June 2006	30 June 2005	31 December 2005
	£m	£m	£m
Corporate income and other taxes payable	378.7	320.3	372.8
Payments due to vendors	121.7	146.0	138.7
Liabilities in respect of put option agreements with vendors	40.4	32.6	39.6
Other creditors and accruals	149.4	148.5	151.9
	690.2	647.4	703.0

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

	30 June 2006	30 June 2005	31 December 2005
	£m	£m	£m
Within one year	46.0	87.1	81.3
Between 1 and 2 years	43.8	68.5	71.9
Between 2 and 3 years	26.4	36.9	14.7
Between 3 and 4 years	27.9	14.9	20.3
Between 4 and 5 years	18.8	18.9	31.8
Over 5 years	4.8	6.8	-
	167.7	233.1	220.0

The Group does not consider there to be any material contingent liabilities as at 30 June 2006.

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Notes to the unaudited consolidated interim financial statements (Notes 1 - 17) (continued)

16. Reconciliation of movements in consolidated equity share owners' funds

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Profit for the period attributable to equity share owners	176.7	135.4	363.9
Ordinary dividends	(76.1)	(62.6)	(100.2)
	100.6	72.8	263.7
Ordinary shares issued in respect of acquisitions	-	506.4	506.4
Other ordinary shares issued	48.4	15.4	18.3
Share cancellations	(123.1)	(58.9)	(123.3)
Share issue/cancellation costs	(0.7)	(3.6)	(3.6)
Net additions of own shares by ESOP Trusts	(38.4)	(16.2)	(29.0)
Transfer to goodwill	-	-	(5.1)
Non-cash share-based incentive plans (including share options)	37.9	30.3	68.6
Tax benefit of share-based payments	10.1	3.5	12.9
Actuarial loss on defined benefit schemes	-	-	(16.5)
Deferred tax on defined benefit pension schemes	-	-	3.6
Exchange adjustments on foreign currency net investments	(210.9)	141.7	266.1
Other movements	0.8	-	-
Revaluation of other investments	2.7	15.8	21.0
Recognition of financial instruments during the period	(2.3)	21.7	(27.6)
Net (deductions)/additions to equity share owners' funds	(174.9)	728.9	955.5
Opening equity share owners' funds	3,904.5	2,949.0	2,949.0
Closing equity share owners' funds	3,729.6	3,677.9	3,904.5

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Notes to the unaudited consolidated interim financial statements (Notes 1 - 17) (continued)

17. Non-GAAP measures of performance

Reconciliation of profit before interest and taxation to
Headline PBIT for the six months ended 30 June 2006

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Profit before interest and taxation	333.2	266.3	686.7
Amortisation of acquired intangible assets	23.0	11.8	25.3
Goodwill impairment	10.0	20.5	46.0
Goodwill write-down relating to utilisation of pre-acquisition tax losses	3.0	1.0	1.1
Gains on disposal of investments	(4.2)	-	(4.3)
Share of exceptional gains of associates	(4.0)	-	-
Headline PBIT	361.0	299.6	754.8
Finance income	51.0	36.8	87.6
Finance charges (excluding revaluation of financial instruments)	(95.9)	(81.6)	(173.4)
	(44.9)	(44.8)	(85.8)
Interest cover on Headline PBIT	8.0 times	6.7 times	8.8 times

Calculation of Headline EBITDA

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Headline PBIT (as above)	361.0	299.6	754.8
Depreciation of property, plant and equipment	60.8	46.0	111.4
Amortisation of other intangible assets	6.1	5.0	10.7
Headline EBITDA	427.9	350.6	876.9

WPP GROUP PLC

Notes to the unaudited consolidated interim financial statements (Notes 1 - 17) (continued)

17. Non-GAAP measures of performance (continued)

Reconciliation of profit before taxation to Headline PBT
and Headline earnings for the six months ended 30 June 2006

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Profit before taxation	287.1	221.5	592.0
Amortisation of acquired intangibles	23.0	11.8	25.3
Goodwill impairment	10.0	20.5	46.0
Goodwill write-down relating to utilisation of pre-acquisition tax losses	3.0	1.0	1.1
Gains on disposal of investments	(4.2)	-	(4.3)
Share of exceptional gains of associates	(4.0)	-	-
Revaluation of financial instruments	1.2	-	8.9
Headline PBT	316.1	254.8	669.0
Taxation	(91.7)	(72.6)	(194.0)
Minority interests	(18.7)	(13.5)	(34.1)
Headline earnings	205.7	168.7	440.9
Ordinary dividends	76.1	62.6	100.2
Dividend cover on Headline earnings	2.7 times	2.7 times	4.4 times

Headline PBIT margins before and after share of results of associates

	Margin (%)	Six months ended 30 June 2006	Margin (%)	Six months ended 30 June 2005
		£m		£m
Revenue		2,864.4		2,467.5
Headline PBIT	12.6%	361.0	12.1%	299.6
Share of results of associates (excluding exceptional gains)		21.3		13.7
Headline PBIT excluding share of results of associates	11.9%	339.7	11.6%	285.9

WPP GROUP PLC

Notes to the unaudited consolidated interim financial statements (Notes 1 - 17) (continued)

17. Non-GAAP measures of performance (continued)

Reconciliation of free cash flow for the six months ended 30 June 2006

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	£m	£m	£m
Cash generated by operations	68.9	49.3	1,020.3
Plus:			
Interest received	39.5	27.5	62.4
Investment income	-	-	5.6
Dividends received from associates	11.0	9.5	13.4
Issue of shares	49.5	15.8	20.3
Proceeds on disposal of property, plant and equipment	4.8	2.1	6.7
Gains on disposal of investments	4.2	-	4.3
Gains/(losses) on sale of property, plant and equipment	0.2	-	(1.1)
Movements in working capital and provisions	375.4	317.9	(107.6)
Less:			
Interest and similar charges	(76.9)	(63.0)	(128.2)
Purchases of property, plant and equipment	(66.6)	(68.1)	(160.5)
Purchases of other intangible assets (including capitalised computer software)	(6.9)	(2.1)	(10.8)
Corporation and overseas tax paid	(69.3)	(57.3)	(136.0)
Dividends paid to minority shareholders in subsidiary undertakings	(15.3)	(14.3)	(24.0)
Free Cash Flow	318.5	217.3	564.8

INDEPENDENT REVIEW REPORT TO WPP GROUP PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated statement of recognised income and expense, the consolidated cash flow statement and related notes 1 to 17. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

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

Review work performed

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

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.

Deloitte & Touche LLP

London
Chartered Accountants

17 August 2006

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

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

Constant currency

The Group uses US dollar-based, constant currency models to measure performance. These are calculated by applying budgeted 2006 exchange rates to local currency reported results for the current and prior year. This gives a US dollar – denominated income statement and balance sheet which exclude any variances attributable to foreign exchange rate movements.

Estimated net new billings

Net new billings represent the estimated annualised impact on billings (turnover) of new business gained from both existing and new clients, net of existing client business lost. The estimated impact is based upon initial assessments of the clients' media budgets, which may not necessarily result in actual billings of the same amount.

Free cash flow

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

Headline earnings

Headline PBT less taxation and minority interests.

Headline operating profit / Headline PBIT

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

Headline PBT

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

Operating margin

Headline operating profit as a percentage of revenue.

Pro forma ('like-for-like')

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