

## WPP GROUP PLC

## Interim results for the six months ended 30 June 2007

Unaudited consolidated interim income statement  
for the six months ended 30 June 2007

|                                            | Notes | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 |        | Constant<br>Currency <sup>1</sup> | Year<br>ended<br>31 December<br>2006 |
|--------------------------------------------|-------|----------------------------------------|----------------------------------------|--------|-----------------------------------|--------------------------------------|
|                                            |       | £m                                     | £m                                     | +/(-)% | +/(-)%                            | £m                                   |
| <b>Billings</b>                            |       | 15,084.6                               | 14,407.1                               | 4.7    | 10.1                              | 30,140.7                             |
| <b>Revenue</b>                             |       | 2,921.0                                | 2,864.4                                | 2.0    | 7.7                               | 5,907.8                              |
| Direct costs                               |       | (151.3)                                | (149.2)                                | (1.4)  | (6.2)                             | (296.8)                              |
| <b>Gross profit</b>                        |       | 2,769.7                                | 2,715.2                                | 2.0    | 7.8                               | 5,611.0                              |
| Operating costs                            | 4     | (2,450.2)                              | (2,407.3)                              | (1.8)  | (7.6)                             | (4,869.4)                            |
| <b>Operating profit</b>                    |       | 319.5                                  | 307.9                                  | 3.8    | 9.3                               | 741.6                                |
| Share of results of associates             | 4     | 19.5                                   | 25.3                                   | (22.9) | (17.9)                            | 41.1                                 |
| <b>Profit before interest and taxation</b> |       | 339.0                                  | 333.2                                  | 1.7    | 7.3                               | 782.7                                |
| Finance income                             | 5     | 57.7                                   | 51.0                                   | 13.1   | 17.5                              | 111.0                                |
| Finance costs                              | 5     | (102.6)                                | (97.1)                                 | (5.7)  | (8.0)                             | (211.7)                              |
| <b>Profit before taxation</b>              |       | 294.1                                  | 287.1                                  | 2.4    | 8.9                               | 682.0                                |
| Taxation                                   | 7     | (90.9)                                 | (91.7)                                 | 0.9    | (1.8)                             | (199.4)                              |
| <b>Profit for the period</b>               |       | 203.2                                  | 195.4                                  | 4.0    | 12.4                              | 482.6                                |
| <b>Attributable to:</b>                    |       |                                        |                                        |        |                                   |                                      |
| Equity holders of the parent               |       | 181.9                                  | 176.7                                  | 2.9    | 11.7                              | 435.8                                |
| Minority interests                         |       | 21.3                                   | 18.7                                   | (13.9) | (18.8)                            | 46.8                                 |
|                                            |       | 203.2                                  | 195.4                                  | 4.0    | 12.4                              | 482.6                                |
| Headline PBIT                              | 6,17  | 383.1                                  | 361.0                                  | 6.1    | 12.1                              | 859.0                                |
| <b>Headline PBIT margin</b>                | 17    | <b>13.1%</b>                           | <b>12.6%</b>                           |        |                                   | <b>14.5%</b>                         |
| Headline PBT                               | 17    | 338.0                                  | 316.1                                  | 6.9    | 13.7                              | 766.3                                |
| <b>Earnings per share<sup>2</sup></b>      |       |                                        |                                        |        |                                   |                                      |
| Basic earnings per ordinary share          | 9     | 15.3p                                  | 14.7p                                  | 4.1    | 13.2                              | 36.3p                                |
| Diluted earnings per ordinary share        | 9     | 14.7p                                  | 14.3p                                  | 2.8    | 11.7                              | 35.2p                                |

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

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

## WPP GROUP PLC

Unaudited consolidated interim cash flow statement  
for the six months ended 30 June 2007

|                                                                            | Notes | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|----------------------------------------------------------------------------|-------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                                                            |       | £m                                     | £m                                     | £m                                   |
| <b>Net cash (outflow)/inflow from operating activities</b>                 | 10    | <b>(7.2)</b>                           | <b>(26.8)</b>                          | <b>661.4</b>                         |
| <b>Investing activities</b>                                                |       |                                        |                                        |                                      |
| Acquisitions and disposals                                                 | 10    | (208.0)                                | (124.8)                                | (215.6)                              |
| Purchases of property, plant and equipment                                 |       | (66.1)                                 | (66.6)                                 | (167.8)                              |
| Purchases of other intangible assets (incl. capitalised computer software) |       | (6.1)                                  | (6.9)                                  | (16.7)                               |
| Proceeds on disposal of property, plant and equipment                      |       | 6.6                                    | 4.8                                    | 22.4                                 |
| <b>Net cash outflow from investing activities</b>                          |       | <b>(273.6)</b>                         | <b>(193.5)</b>                         | <b>(377.7)</b>                       |
| <b>Financing activities</b>                                                |       |                                        |                                        |                                      |
| Share option proceeds                                                      |       | 21.4                                   | 49.5                                   | 70.9                                 |
| Share repurchases and buybacks                                             | 10    | (209.2)                                | (161.5)                                | (257.7)                              |
| Net increase/(decrease) in borrowings                                      | 10    | 111.8                                  | 273.0                                  | 382.1                                |
| Financing and share issue costs                                            |       | (1.9)                                  | (0.9)                                  | (3.7)                                |
| Equity dividends paid                                                      |       | -                                      | -                                      | (118.9)                              |
| Dividends paid to minority shareholders in subsidiary undertakings         |       | (20.4)                                 | (15.3)                                 | (28.8)                               |
| <b>Net cash (outflow)/inflow from financing activities</b>                 |       | <b>(98.3)</b>                          | <b>144.8</b>                           | <b>43.9</b>                          |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                |       | <b>(379.1)</b>                         | <b>(75.5)</b>                          | <b>327.6</b>                         |
| Translation differences                                                    |       | 2.4                                    | (113.7)                                | (50.3)                               |
| Cash and cash equivalents at beginning of period                           |       | 956.9                                  | 679.6                                  | 679.6                                |
| <b>Cash and cash equivalents at end of period</b>                          | 10    | <b>580.2</b>                           | <b>490.4</b>                           | <b>956.9</b>                         |
| <b>Reconciliation of net cash flow to movement in net debt:</b>            |       |                                        |                                        |                                      |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                |       | <b>(379.1)</b>                         | <b>(75.5)</b>                          | <b>327.6</b>                         |
| Cash (inflow)/outflow from (increase)/decrease in debt financing           |       | (109.9)                                | (272.9)                                | (380.1)                              |
| Other movements                                                            |       | 48.7                                   | 9.9                                    | 9.3                                  |
| Translation difference                                                     |       | (9.6)                                  | (76.8)                                 | 32.6                                 |
| <b>Movement of net debt in the period</b>                                  |       | <b>(449.9)</b>                         | <b>(415.3)</b>                         | <b>(10.6)</b>                        |
| Net debt at beginning of period                                            |       | (814.6)                                | (804.0)                                | (804.0)                              |
| <b>Net debt at end of period</b>                                           | 11    | <b>(1,264.5)</b>                       | <b>(1,219.3)</b>                       | <b>(814.6)</b>                       |

## WPP GROUP PLC

**Unaudited consolidated interim statement of recognised income and expense  
for the six months ended 30 June 2007**

|                                                                   | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|-------------------------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                                                   | £m                                     | £m                                     | £m                                   |
| Profit for the period                                             | 203.2                                  | 195.4                                  | 482.6                                |
| Exchange adjustments on foreign currency net investments          | (33.1)                                 | (210.9)                                | (367.0)                              |
| Revaluation of other investments                                  | (2.6)                                  | 2.7                                    | 9.5                                  |
| Actuarial gain on defined benefit pension schemes                 | -                                      | -                                      | 26.0                                 |
| Deferred tax on defined benefit pension schemes                   | -                                      | -                                      | 5.3                                  |
| Net expense recognised directly in equity                         | (35.7)                                 | (208.2)                                | (326.2)                              |
| <b>Total recognised income and expense relating to the period</b> | <b>167.5</b>                           | <b>(12.8)</b>                          | <b>156.4</b>                         |
| Attributable to:                                                  |                                        |                                        |                                      |
| Equity holders of the parent                                      | 146.2                                  | (31.5)                                 | 109.6                                |
| Minority interests                                                | 21.3                                   | 18.7                                   | 46.8                                 |
|                                                                   | <b>167.5</b>                           | <b>(12.8)</b>                          | <b>156.4</b>                         |

## WPP GROUP PLC

Unaudited consolidated interim balance sheet  
as at 30 June 2007

|                                              | Notes | 30 June<br>2007 | 30 June<br>2006 | 31 December<br>2006 |
|----------------------------------------------|-------|-----------------|-----------------|---------------------|
|                                              |       | £m              | £m              | £m                  |
| <b>Non-current assets</b>                    |       |                 |                 |                     |
| Intangible assets:                           |       |                 |                 |                     |
| Goodwill                                     | 12    | 5,530.8         | 5,492.7         | 5,434.5             |
| Other                                        | 13    | 1,087.5         | 1,178.7         | 1,115.4             |
| Property, plant and equipment                |       | 417.5           | 410.0           | 415.3               |
| Interests in associates                      |       | 451.4           | 443.0           | 411.4               |
| Other investments                            |       | 162.2           | 119.7           | 136.5               |
| Deferred tax assets                          |       | 105.4           | 111.4           | 108.9               |
| Trade and other receivables                  |       | 94.3            | 123.9           | 110.3               |
|                                              |       | 7,849.1         | 7,879.4         | 7,732.3             |
| <b>Current assets</b>                        |       |                 |                 |                     |
| Inventory and work in progress               |       | 324.4           | 365.3           | 341.5               |
| Corporate income tax recoverable             |       | 28.6            | 23.0            | 26.5                |
| Trade and other receivables                  |       | 5,205.7         | 4,630.8         | 4,931.9             |
| Cash and short-term deposits                 |       | 755.5           | 854.8           | 1,663.7             |
|                                              |       | 6,314.2         | 5,873.9         | 6,963.6             |
| <b>Current liabilities</b>                   |       |                 |                 |                     |
| Trade and other payables                     | 14    | (6,785.0)       | (6,281.7)       | (6,783.8)           |
| Corporate income tax payable                 |       | (50.3)          | (50.1)          | (39.6)              |
| Bank overdrafts and loans <sup>1</sup>       |       | (410.6)         | (924.8)         | (1,260.6)           |
|                                              |       | (7,245.9)       | (7,256.6)       | (8,084.0)           |
| <b>Net current liabilities</b>               |       |                 |                 |                     |
|                                              |       | (931.7)         | (1,382.7)       | (1,120.4)           |
| <b>Total assets less current liabilities</b> |       |                 |                 |                     |
|                                              |       | 6,917.4         | 6,496.7         | 6,611.9             |
| <b>Non-current liabilities</b>               |       |                 |                 |                     |
| Bonds and bank loans                         |       | (1,609.4)       | (1,149.3)       | (1,217.7)           |
| Trade and other payables                     | 15    | (407.4)         | (311.5)         | (331.9)             |
| Corporate income tax payable                 |       | (364.4)         | (378.7)         | (383.7)             |
| Deferred tax liabilities                     |       | (461.8)         | (501.4)         | (467.8)             |
| Provision for post-employment benefits       |       | (187.6)         | (231.4)         | (187.6)             |
| Provisions for liabilities and charges       |       | (104.5)         | (114.4)         | (104.8)             |
|                                              |       | (3,135.1)       | (2,686.7)       | (2,693.5)           |
| <b>Net assets</b>                            |       |                 |                 |                     |
|                                              |       | 3,782.3         | 3,810.0         | 3,918.4             |
| <b>Equity</b>                                |       |                 |                 |                     |
| Called-up share capital                      |       | 121.8           | 124.9           | 124.1               |
| Share premium account                        |       | 97.3            | 52.6            | 74.9                |
| Shares to be issued                          |       | 3.4             | 15.7            | 7.5                 |
| Merger reserve                               |       | (1,368.4)       | (1,374.7)       | (1,370.0)           |
| Other reserves                               |       | (324.7)         | (39.4)          | (170.1)             |
| Own shares <sup>2</sup>                      |       | (256.9)         | (289.9)         | (288.5)             |
| Retained earnings                            |       | 5,414.2         | 5,240.4         | 5,449.0             |
| <b>Equity share owners' funds</b>            |       |                 |                 |                     |
| Minority interests                           | 16    | 3,686.7         | 3,729.6         | 3,826.9             |
|                                              |       | 95.6            | 80.4            | 91.5                |
| <b>Total Equity</b>                          |       |                 |                 |                     |
|                                              |       | 3,782.3         | 3,810.0         | 3,918.4             |

<sup>1</sup> Included within Bank overdrafts and loans is the Grey \$150m convertible debenture. This was classified as a non-current liability in June 2006, but the directors now consider this liability to be current as the holders of the bond can convert at any time. The June 2006 comparative figures have been reclassified accordingly.

<sup>2</sup> Investments in own shares held by the ESOP Trusts.

**WPP GROUP PLC****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 143 to 148 of the 2006 Annual Report and Accounts. No changes have been made to the Group's accounting policies in the period to 30 June 2007.

**Statutory Information and Independent Review**

The unaudited consolidated interim financial statements for the six months to 30 June 2007 and 30 June 2006 do not constitute statutory accounts. The financial information for the year ended 31 December 2006 does not constitute statutory accounts for the purposes of s240 of the Companies Act 1985. The statutory accounts for the year ended 31 December 2006 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 16 August 2007.

**3. Currency conversion**

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

The 2007 unaudited consolidated interim income statement is prepared using, among other currencies, an average exchange rate of US\$1.9703 to the pound (period ended 30 June 2006: US\$1.7908; year ended 31 December 2006: US\$1.8432). The unaudited consolidated interim balance sheet as at 30 June 2007 has been prepared using the exchange rate on that day of US\$2.0071 to the pound (30 June 2006: US\$1.8469; 31 December 2006: US\$1.9569).

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.

## WPP GROUP PLC

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

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

Operating costs include:

|                                                                           | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|---------------------------------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                                                           | £m                                     | £m                                     | £m                                   |
| Amortisation and impairment of acquired intangible assets                 | 17.1                                   | 23.0                                   | 43.3                                 |
| Goodwill impairment                                                       | 29.0                                   | 10.0                                   | 35.5                                 |
| Goodwill write-down relating to utilisation of pre-acquisition tax losses | 1.0                                    | 3.0                                    | 8.8                                  |
| Gains on disposal of investments                                          | (3.0)                                  | (4.2)                                  | (7.3)                                |
| Share-based incentive plans (including share options)                     | 33.3                                   | 37.9                                   | 70.9                                 |
| Other operating costs                                                     | 2,372.8                                | 2,337.6                                | 4,718.2                              |
|                                                                           | 2,450.2                                | 2,407.3                                | 4,869.4                              |

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

Share of results of associates include:

|                                              | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|----------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                              | £m                                     | £m                                     | £m                                   |
| Share of profit before interest and taxation | 31.5                                   | 34.4                                   | 61.4                                 |
| Share of exceptional gains                   | -                                      | 4.0                                    | 4.0                                  |
| Share of interest and minority interest      | 0.7                                    | 0.6                                    | 0.9                                  |
| Share of taxation                            | (12.7)                                 | (13.7)                                 | (25.2)                               |
|                                              | 19.5                                   | 25.3                                   | 41.1                                 |

## WPP GROUP PLC

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

## 5. Finance income and finance costs

Finance income includes:

|                                          | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                          | £m                                     | £m                                     | £m                                   |
| Expected return on pension scheme assets | 14.1                                   | 13.0                                   | 25.2                                 |
| Investment income                        | 4.0                                    | 0.5                                    | 5.7                                  |
| Interest income                          | 39.6                                   | 37.5                                   | 80.1                                 |
|                                          | 57.7                                   | 51.0                                   | 111.0                                |

Finance costs include:

|                                                                  | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|------------------------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                                                  | £m                                     | £m                                     | £m                                   |
| Interest on pension scheme liabilities                           | 17.0                                   | 16.5                                   | 32.4                                 |
| Interest payable and similar charges                             | 85.8                                   | 79.4                                   | 171.3                                |
| Finance charges (excluding revaluation of financial instruments) | 102.8                                  | 95.9                                   | 203.7                                |
| Revaluation of financial instruments                             | (0.2)                                  | 1.2                                    | 8.0                                  |
|                                                                  | 102.6                                  | 97.1                                   | 211.7                                |

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

|                                                     | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|-----------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                                     | £m                                     | £m                                     | £m                                   |
| Movements in fair value of treasury instruments     | 0.4                                    | 2.9                                    | 3.3                                  |
| Revaluations of put options over minority interests | (0.6)                                  | (1.7)                                  | 4.7                                  |
|                                                     | (0.2)                                  | 1.2                                    | 8.0                                  |

## WPP GROUP PLC

## 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<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|---------------------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                                               | £m                                     | £m                                     | £m                                   |
| <b>Revenue</b>                                                |                                        |                                        |                                      |
| Advertising and Media Investment Management                   | 1,364.4                                | 1,354.4                                | 2,806.9                              |
| Information, Insight & Consultancy                            | 431.8                                  | 438.9                                  | 892.9                                |
| Public Relations & Public Affairs                             | 313.0                                  | 290.3                                  | 595.7                                |
| Branding & Identity, Healthcare and Specialist Communications | 811.8                                  | 780.8                                  | 1,612.3                              |
|                                                               | 2,921.0                                | 2,864.4                                | 5,907.8                              |
| <b>Headline PBIT<sup>1</sup></b>                              |                                        |                                        |                                      |
| Advertising and Media Investment Management                   | 201.1                                  | 190.3                                  | 443.7                                |
| Information, Insight & Consultancy                            | 42.0                                   | 41.5                                   | 98.7                                 |
| Public Relations & Public Affairs                             | 46.0                                   | 40.3                                   | 89.5                                 |
| Branding & Identity, Healthcare and Specialist Communications | 94.0                                   | 88.9                                   | 227.1                                |
|                                                               | 383.1                                  | 361.0                                  | 859.0                                |
| <b>Headline PBIT margin</b>                                   | %                                      | %                                      | %                                    |
| Advertising and Media Investment Management                   | 14.7                                   | 14.1                                   | 15.8                                 |
| Information, Insight & Consultancy                            | 9.7                                    | 9.5                                    | 11.1                                 |
| Public Relations & Public Affairs                             | 14.7                                   | 13.9                                   | 15.0                                 |
| Branding & Identity, Healthcare and Specialist Communications | 11.6                                   | 11.4                                   | 14.1                                 |
|                                                               | 13.1                                   | 12.6                                   | 14.5                                 |

<sup>1</sup> Headline PBIT is defined in note 17.



## WPP GROUP PLC

## 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<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|---------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                                   | £m                                     | £m                                     | £m                                   |
| <b>Revenue</b>                                    |                                        |                                        |                                      |
| United Kingdom                                    | 430.4                                  | 415.1                                  | 856.3                                |
| North America                                     | 1,111.6                                | 1,135.5                                | 2,291.1                              |
| Continental Europe                                | 771.6                                  | 741.4                                  | 1,532.9                              |
| Asia Pacific, Latin America, Africa & Middle East | 607.4                                  | 572.4                                  | 1,227.5                              |
|                                                   | 2,921.0                                | 2,864.4                                | 5,907.8                              |
| <b>Headline PBIT<sup>1</sup></b>                  |                                        |                                        |                                      |
| United Kingdom                                    | 47.5                                   | 36.7                                   | 97.9                                 |
| North America                                     | 175.8                                  | 176.1                                  | 389.0                                |
| Continental Europe                                | 90.2                                   | 85.8                                   | 194.3                                |
| Asia Pacific, Latin America, Africa & Middle East | 69.6                                   | 62.4                                   | 177.8                                |
|                                                   | 383.1                                  | 361.0                                  | 859.0                                |
| <b>Headline PBIT margin</b>                       | %                                      | %                                      | %                                    |
| United Kingdom                                    | 11.0                                   | 8.8                                    | 11.4                                 |
| North America                                     | 15.8                                   | 15.5                                   | 17.0                                 |
| Continental Europe                                | 11.7                                   | 11.6                                   | 12.7                                 |
| Asia Pacific, Latin America, Africa & Middle East | 11.5                                   | 10.9                                   | 14.5                                 |
|                                                   | 13.1                                   | 12.6                                   | 14.5                                 |

<sup>1</sup> Headline PBIT is defined in note 17.

## WPP GROUP PLC

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

## 7. Taxation

The Group tax rate on Headline PBT<sup>1</sup> is 26.9% (30 June 2006: 29.0% and 31 December 2006: 26.0%).  
The Group tax rate on Reported PBT is 30.9% (30 June 2006: 31.9% and 31 December 2006: 29.2%).

The tax charge comprises:

|                           | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|---------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                           | £m                                     | £m                                     | £m                                   |
| <b>Current tax</b>        |                                        |                                        |                                      |
| UK Corporation tax at 30% |                                        |                                        |                                      |
| Current year              | 11.0                                   | 16.6                                   | 36.6                                 |
| Prior years               | 2.4                                    | (4.7)                                  | (44.9)                               |
|                           | 13.4                                   | 11.9                                   | (8.3)                                |
| Foreign tax               |                                        |                                        |                                      |
| Current year              | 84.7                                   | 80.9                                   | 216.9                                |
| Prior years               | (3.2)                                  | -                                      | (7.6)                                |
|                           | 81.5                                   | 80.9                                   | 209.3                                |
| <b>Total Current tax</b>  | <b>94.9</b>                            | <b>92.8</b>                            | <b>201.0</b>                         |
| <b>Deferred tax</b>       |                                        |                                        |                                      |
| Current year              | (4.0)                                  | (1.1)                                  | (1.6)                                |
| <b>Tax expense</b>        | <b>90.9</b>                            | <b>91.7</b>                            | <b>199.4</b>                         |

<sup>1</sup> Headline PBT is defined in note 17.

## 8. Ordinary dividends

The Board has recommended an interim dividend of 4.32p (2006: 3.60p) per ordinary share. This is expected to be paid on 12 November 2007 to share owners on the register at 12 October 2007.

The Board recommended a final dividend of 7.61p per ordinary share in respect of 2006. This was approved by the company's shareholders at the Annual General Meeting on 26 June 2007 and paid on 9 July 2007.

## 9. Earnings per share

## Basic EPS

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

|                                                  | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | + / (-)% | Constant<br>Currency<br>+ / (-)% | Year<br>ended<br>31 December<br>2006 |
|--------------------------------------------------|----------------------------------------|----------------------------------------|----------|----------------------------------|--------------------------------------|
| Reported earnings <sup>1</sup> (£m)              | 181.9                                  | 176.7                                  |          |                                  | 435.8                                |
| Headline earnings (£m) (note 17)                 | 225.8                                  | 205.7                                  |          |                                  | 520.1                                |
| Average shares used in Basic EPS calculation (m) | 1,189.5                                | 1,205.2                                |          |                                  | 1,201.0                              |
| Reported EPS                                     | 15.3p                                  | 14.7p                                  | 4.1      | 13.2                             | 36.3p                                |
| Headline EPS                                     | 19.0p                                  | 17.1p                                  | 11.1     | 20.4                             | 43.3p                                |

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

## WPP GROUP PLC

## 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<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | + / (-) % | Constant<br>Currency<br>+ / (-) % | Year<br>ended<br>31 December<br>2006 |
|--------------------------------------------|----------------------------------------|----------------------------------------|-----------|-----------------------------------|--------------------------------------|
| Diluted Reported earnings (£m)             | 182.4                                  | 177.2                                  |           |                                   | 436.9                                |
| Diluted Headline earnings (£m)             | 226.3                                  | 206.2                                  |           |                                   | 521.2                                |
| Shares used in diluted EPS calculation (m) | 1,242.8                                | 1,243.5                                |           |                                   | 1,242.2                              |
| Diluted Reported EPS                       | 14.7p                                  | 14.3p                                  | 2.8       | 11.7                              | 35.2p                                |
| Diluted Headline EPS                       | 18.2p                                  | 16.6p                                  | 9.6       | 18.8                              | 42.0p                                |

Diluted EPS has been calculated based on the Reported and Headline Earnings amounts above. For the six months ended 30 June 2007 and the six months ended 30 June 2006 the \$150 million Grey convertible was dilutive and earnings were consequently increased by £0.5 million. For the six months ended 30 June 2006, the £450 million convertible bonds were accretive to earnings and therefore excluded from the calculation of dilutive earnings; these bonds were redeemed on their due date of 11 April 2007.

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

|                                              | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|----------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                              | m                                      | m                                      | m                                    |
| Average shares used in Basic EPS calculation | 1,189.5                                | 1,205.2                                | 1,201.0                              |
| Dilutive share options outstanding           | 20.4                                   | 18.0                                   | 14.9                                 |
| Other potentially issuable shares            | 24.0                                   | 11.4                                   | 17.4                                 |
| \$150 million Grey convertible bonds         | 8.9                                    | 8.9                                    | 8.9                                  |
| Shares used in Diluted EPS calculation       | 1,242.8                                | 1,243.5                                | 1,242.2                              |

At 30 June 2007 there were 1,217,999,223 ordinary shares in issue.

## WPP GROUP PLC

## 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 12:

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

|                                                                               | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|-------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                                                               | £m                                     | £m                                     | £m                                   |
| <b>Profit for the period</b>                                                  | 203.2                                  | 195.4                                  | 482.6                                |
| Taxation                                                                      | 90.9                                   | 91.7                                   | 199.4                                |
| Finance costs                                                                 | 102.6                                  | 97.1                                   | 211.7                                |
| Finance income                                                                | (57.7)                                 | (51.0)                                 | (111.0)                              |
| Share of results of associates                                                | (19.5)                                 | (25.3)                                 | (41.1)                               |
| <b>Operating profit</b>                                                       | <b>319.5</b>                           | <b>307.9</b>                           | <b>741.6</b>                         |
| Adjustments for:                                                              |                                        |                                        |                                      |
| Share-based incentive plans (including share options)                         | 33.3                                   | 37.9                                   | 70.9                                 |
| Depreciation of property, plant and equipment                                 | 60.7                                   | 60.8                                   | 129.1                                |
| Goodwill impairment                                                           | 29.0                                   | 10.0                                   | 35.5                                 |
| Goodwill write-down relating to utilisation of pre-acquisition tax losses     | 1.0                                    | 3.0                                    | 8.8                                  |
| Amortisation and impairment of acquired intangible assets                     | 17.1                                   | 23.0                                   | 43.3                                 |
| Amortisation of other intangible assets                                       | 8.7                                    | 6.1                                    | 13.5                                 |
| Gains on disposal of investments                                              | (3.0)                                  | (4.2)                                  | (7.3)                                |
| (Gains)/losses on sale of property, plant and equipment                       | (1.9)                                  | (0.2)                                  | (3.7)                                |
| <b>Operating cash flow before movements in working capital and provisions</b> | <b>464.4</b>                           | <b>444.3</b>                           | <b>1,031.7</b>                       |
| Movements in working capital and provisions                                   | (348.7)                                | (375.4)                                | (171.1)                              |
| <b>Cash generated by operations</b>                                           | <b>115.7</b>                           | <b>68.9</b>                            | <b>860.6</b>                         |
| Corporation and overseas tax paid                                             | (76.2)                                 | (69.3)                                 | (162.0)                              |
| Interest and similar charges paid                                             | (84.3)                                 | (76.9)                                 | (135.1)                              |
| Interest received                                                             | 17.4                                   | 39.5                                   | 75.2                                 |
| Investment income                                                             | 4.0                                    | -                                      | 2.4                                  |
| Dividends from associates                                                     | 16.2                                   | 11.0                                   | 20.3                                 |
|                                                                               | <b>(7.2)</b>                           | <b>(26.8)</b>                          | <b>661.4</b>                         |

## Acquisitions and disposals:

|                                                      | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|------------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                                      | £m                                     | £m                                     | £m                                   |
| Initial cash consideration                           | (80.3)                                 | (50.0)                                 | (120.5)                              |
| Cash and cash equivalents acquired (net)             | 9.2                                    | 15.6                                   | 21.4                                 |
| Earnout payments                                     | (64.8)                                 | (81.0)                                 | (91.6)                               |
| Loan note redemptions                                | (1.6)                                  | (11.5)                                 | (11.7)                               |
| Purchase of other investments (including associates) | (73.5)                                 | (11.6)                                 | (28.7)                               |
| Proceeds on disposal of investments                  | 3.0                                    | 13.7                                   | 15.5                                 |
|                                                      | <b>(208.0)</b>                         | <b>(124.8)</b>                         | <b>(215.6)</b>                       |

## WPP GROUP PLC

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

## 10. Analysis of cash flows (continued)

## Share repurchases and buybacks:

|                                                | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                                | £m                                     | £m                                     | £m                                   |
| Share cancellations (excluding brokerage fees) | (209.2)                                | (123.1)                                | (218.8)                              |
| Purchase of own shares by ESOP Trusts          | -                                      | (38.4)                                 | (38.9)                               |
|                                                | <b>(209.2)</b>                         | <b>(161.5)</b>                         | <b>(257.7)</b>                       |

## Net increase/(decrease) in borrowings:

|                                               | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|-----------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                               | £m                                     | £m                                     | £m                                   |
| Increase/(decrease) in drawings on bank loans | 161.8                                  | 273.0                                  | (21.8)                               |
| Repayment of £450 million convertible bonds   | (450.0)                                | -                                      | -                                    |
| Proceeds from issue of £400 million bonds     | 400.0                                  | -                                      | -                                    |
| Proceeds from issue of €600 million Eurobonds | -                                      | -                                      | 403.9                                |
|                                               | <b>111.8</b>                           | <b>273.0</b>                           | <b>382.1</b>                         |

## Cash and cash equivalents:

|                          | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|--------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                          | £m                                     | £m                                     | £m                                   |
| Cash at bank and in hand | 638.1                                  | 741.2                                  | 1,476.8                              |
| Short-term bank deposits | 117.4                                  | 113.6                                  | 186.9                                |
| Overdrafts <sup>1</sup>  | (175.3)                                | (364.4)                                | (706.8)                              |
|                          | <b>580.2</b>                           | <b>490.4</b>                           | <b>956.9</b>                         |

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

## 11. Net debt

|                                               | 30 June<br>2007  | 30 June<br>2006  | 31 December<br>2006 |
|-----------------------------------------------|------------------|------------------|---------------------|
|                                               | £m               | £m               | £m                  |
| Cash and short-term deposits                  | 755.5            | 854.8            | 1,663.7             |
| Bank loans and overdrafts due within one year | (410.6)          | (924.8)          | (1,260.6)           |
| Corporate bond and loans due after one year   | (1,609.4)        | (1,149.3)        | (1,217.7)           |
| <b>Net debt</b>                               | <b>(1,264.5)</b> | <b>(1,219.3)</b> | <b>(814.6)</b>      |

## WPP GROUP PLC

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

**12. Goodwill and acquisitions**

Goodwill in relation to subsidiary undertakings increased by £96.3 million (30 June 2006: decrease of £182.5 million) in the period. This movement includes both additional goodwill arising on acquisitions completed in the period and adjustments to goodwill relating to acquisitions completed in prior years, net of impairment charges and the effect of currency translation. Goodwill in relation to associate undertakings increased by £29.3 million (30 June 2006: decrease of £54.0 million) in the period.

Future anticipated payments to vendors in respect of both deferred and earnout obligations totalled £284.5 million (period ended 30 June 2006: £167.7 million; year ended 31 December 2006: £235.5 million). Earnouts are based on the directors' best estimates of future obligations, which are dependent on the future performance of the interests acquired and assume the operating companies improve profits in line with directors' estimates.

The contribution to revenue and operating profit of acquisitions completed in the six months ended 30 June 2007 was not material.

The Group completed the acquisition of 24/7 Real Media, Inc. on 2 July 2007 for total consideration of approximately \$650 million. The company will be consolidated in the results of the Group from that date.

**13. Other intangible assets**

The following are included in other intangibles:

|                                                 | 30 June<br>2007 | 30 June<br>2006 | 31 December<br>2006 |
|-------------------------------------------------|-----------------|-----------------|---------------------|
|                                                 | £m              | £m              | £m                  |
| Brands with an indefinite useful life           | 800.4           | 853.0           | 811.4               |
| Acquired intangibles                            | 256.4           | 296.8           | 271.9               |
| Other (including capitalised computer software) | 30.7            | 28.9            | 32.1                |
|                                                 | <b>1,087.5</b>  | <b>1,178.7</b>  | <b>1,115.4</b>      |

**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<br>2007 | 30 June<br>2006 | 31 December<br>2006 |
|--------------------------------------------------------------|-----------------|-----------------|---------------------|
|                                                              | £m              | £m              | £m                  |
| Trade payables                                               | 4,600.8         | 4,250.2         | 4,743.6             |
| Deferred income                                              | 534.7           | 584.0           | 510.8               |
| Payments due to vendors                                      | 55.8            | 46.0            | 87.9                |
| Loan notes due to vendors                                    | 0.7             | 2.1             | 1.8                 |
| Liabilities in respect of put option agreements with vendors | 42.9            | 50.2            | 51.1                |
| Share repurchases - close period commitments                 | 61.0            | -               | -                   |
| Dividends payable                                            | 89.6            | 76.1            | -                   |
| Other creditors and accruals                                 | 1,399.5         | 1,273.1         | 1,388.6             |
|                                                              | <b>6,785.0</b>  | <b>6,281.7</b>  | <b>6,783.8</b>      |

## 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:

|                                                              | <b>30 June<br/>2007</b> | <b>30 June<br/>2006</b> | <b>31 December<br/>2006</b> |
|--------------------------------------------------------------|-------------------------|-------------------------|-----------------------------|
|                                                              | £m                      | £m                      | £m                          |
| Payments due to vendors                                      | 228.7                   | 121.7                   | 147.6                       |
| Liabilities in respect of put option agreements with vendors | 25.9                    | 40.4                    | 28.8                        |
| Other creditors and accruals                                 | 152.8                   | 149.4                   | 155.5                       |
|                                                              | <b>407.4</b>            | <b>311.5</b>            | <b>331.9</b>                |

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

|                       | <b>30 June<br/>2007</b> | <b>30 June<br/>2006</b> | <b>31 December<br/>2006</b> |
|-----------------------|-------------------------|-------------------------|-----------------------------|
|                       | £m                      | £m                      | £m                          |
| Within one year       | 55.8                    | 46.0                    | 87.9                        |
| Between 1 and 2 years | 42.8                    | 43.8                    | 36.1                        |
| Between 2 and 3 years | 63.6                    | 26.4                    | 34.6                        |
| Between 3 and 4 years | 64.1                    | 27.9                    | 49.1                        |
| Between 4 and 5 years | 39.6                    | 18.8                    | 27.8                        |
| Over 5 years          | 18.6                    | 4.8                     | -                           |
|                       | <b>284.5</b>            | <b>167.7</b>            | <b>235.5</b>                |

The Group does not consider there to be any material contingent liabilities as at 30 June 2007. Note 12 includes details of a material acquisition which has been completed since 30 June 2007, 24/7 Real Media, Inc.

## WPP GROUP PLC

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

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

|                                                                 | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|-----------------------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                                                 | £m                                     | £m                                     | £m                                   |
| Profit for the period attributable to equity share owners       | 181.9                                  | 176.7                                  | 435.8                                |
| Ordinary dividends                                              | (89.6)                                 | (76.1)                                 | (118.9)                              |
|                                                                 | 92.3                                   | 100.6                                  | 316.9                                |
| Ordinary shares issued in respect of acquisitions               | 2.3                                    | -                                      | -                                    |
| Other ordinary shares issued                                    | 20.3                                   | 48.4                                   | 73.0                                 |
| Share cancellations                                             | (209.2)                                | (123.1)                                | (218.8)                              |
| Share issue/cancellation costs                                  | -                                      | (0.7)                                  | (1.7)                                |
| Net additions of own shares by ESOP Trusts                      | -                                      | (38.4)                                 | (38.9)                               |
| Share-based incentive plans (including share options)           | 33.3                                   | 37.9                                   | 70.9                                 |
| Tax benefit of share-based payments                             | 7.0                                    | 10.1                                   | 32.3                                 |
| Actuarial gain on defined benefit schemes                       | -                                      | -                                      | 26.0                                 |
| Deferred tax on defined benefit pension schemes                 | -                                      | -                                      | 5.3                                  |
| Exchange adjustments on foreign currency net investments        | (33.1)                                 | (210.9)                                | (367.0)                              |
| Financial instruments - movements during the period             | 10.5                                   | (2.3)                                  | 14.9                                 |
| Share repurchases – close period commitments <sup>1</sup>       | (61.0)                                 | -                                      | -                                    |
| Revaluation of other investments                                | (2.6)                                  | 2.7                                    | 9.5                                  |
| Other movements                                                 | -                                      | 0.8                                    | -                                    |
| <b>Net (deductions)/additions to equity share owners' funds</b> | <b>(140.2)</b>                         | <b>(174.9)</b>                         | <b>(77.6)</b>                        |
| Opening equity share owners' funds                              | 3,826.9                                | 3,904.5                                | 3,904.5                              |
| <b>Closing equity share owners' funds</b>                       | <b>3,686.7</b>                         | <b>3,729.6</b>                         | <b>3,826.9</b>                       |

<sup>1</sup> During the period, the Company entered into an arrangement with its broker to conduct share buybacks on the Company's behalf in the close period commencing on 2 July 2007 and ending on 16 August 2007, in accordance with UK listing rules. Under IAS 32 and IAS 39, the commitment resulting from this agreement constitutes a financial liability at 30 June 2007 which must be recognised at fair value at that date. This liability is included in Trade and other payables: amounts falling due within one year and has been recognised as a movement in equity.

## Issued share capital - movement in the period

|                                       | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|---------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                       | '000                                   | '000                                   | '000                                 |
| Number of equity ordinary shares      |                                        |                                        |                                      |
| <b>At the beginning of the period</b> | <b>1,240,605.2</b>                     | <b>1,252,899.4</b>                     | <b>1,252,899.4</b>                   |
| Exercise of share options             | 4,994.4                                | 14,764.2                               | 20,984.1                             |
| Acquisitions                          | 305.3                                  | -                                      | -                                    |
| Share cancellations                   | (27,905.7)                             | (18,417.0)                             | (33,157.1)                           |
| Other                                 | -                                      | -                                      | (121.2)                              |
| <b>At the end of the period</b>       | <b>1,217,999.2</b>                     | <b>1,249,246.6</b>                     | <b>1,240,605.2</b>                   |



## WPP GROUP PLC

## 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 2007

|                                                                           | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|---------------------------------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                                                           | £m                                     | £m                                     | £m                                   |
| <b>Profit before interest and taxation</b>                                | <b>339.0</b>                           | <b>333.2</b>                           | <b>782.7</b>                         |
| Amortisation and impairment of acquired intangible assets                 | 17.1                                   | 23.0                                   | 43.3                                 |
| Goodwill impairment                                                       | 29.0                                   | 10.0                                   | 35.5                                 |
| Goodwill write-down relating to utilisation of pre-acquisition tax losses | 1.0                                    | 3.0                                    | 8.8                                  |
| Gains on disposal of investments                                          | (3.0)                                  | (4.2)                                  | (7.3)                                |
| Share of exceptional gains of associates                                  | -                                      | (4.0)                                  | (4.0)                                |
| <b>Headline PBIT</b>                                                      | <b>383.1</b>                           | <b>361.0</b>                           | <b>859.0</b>                         |
| Finance income                                                            | 57.7                                   | 51.0                                   | 111.0                                |
| Finance charges (excluding revaluation of financial instruments)          | (102.8)                                | (95.9)                                 | (203.7)                              |
|                                                                           | (45.1)                                 | (44.9)                                 | (92.7)                               |
| <b>Interest cover on Headline PBIT</b>                                    | <b>8.5 times</b>                       | <b>8.0 times</b>                       | <b>9.3 times</b>                     |

## Calculation of Headline EBITDA

|                                               | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|-----------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                               | £m                                     | £m                                     | £m                                   |
| Headline PBIT (as above)                      | 383.1                                  | 361.0                                  | 859.0                                |
| Depreciation of property, plant and equipment | 60.7                                   | 60.8                                   | 129.1                                |
| Amortisation of other intangible assets       | 8.7                                    | 7.1                                    | 13.5                                 |
| <b>Headline EBITDA</b>                        | <b>452.5</b>                           | <b>428.9</b>                           | <b>1,001.6</b>                       |

## 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 2007

|                                                                           | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|---------------------------------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                                                           | £m                                     | £m                                     | £m                                   |
| <b>Profit before taxation</b>                                             | <b>294.1</b>                           | <b>287.1</b>                           | <b>682.0</b>                         |
| Amortisation and impairment of acquired intangible assets                 | 17.1                                   | 23.0                                   | 43.3                                 |
| Goodwill impairment                                                       | 29.0                                   | 10.0                                   | 35.5                                 |
| Goodwill write-down relating to utilisation of pre-acquisition tax losses | 1.0                                    | 3.0                                    | 8.8                                  |
| Gains on disposal of investments                                          | (3.0)                                  | (4.2)                                  | (7.3)                                |
| Share of exceptional gains of associates                                  | -                                      | (4.0)                                  | (4.0)                                |
| Revaluation of financial instruments                                      | (0.2)                                  | 1.2                                    | 8.0                                  |
| <b>Headline PBT</b>                                                       | <b>338.0</b>                           | <b>316.1</b>                           | <b>766.3</b>                         |
| Taxation                                                                  | (90.9)                                 | (91.7)                                 | (199.4)                              |
| Minority interests                                                        | (21.3)                                 | (18.7)                                 | (46.8)                               |
| <b>Headline earnings</b>                                                  | <b>225.8</b>                           | <b>205.7</b>                           | <b>520.1</b>                         |
| Ordinary dividends                                                        | 89.6                                   | 76.1                                   | 118.9                                |
| <b>Dividend cover on Headline earnings</b>                                | <b>2.5 times</b>                       | <b>2.7 times</b>                       | <b>4.4 times</b>                     |

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

|                                                               | Margin (%)   | Six months<br>ended<br>30 June<br>2007 | Margin (%)   | Six months<br>ended<br>30 June<br>2006 |
|---------------------------------------------------------------|--------------|----------------------------------------|--------------|----------------------------------------|
|                                                               |              | £m                                     |              | £m                                     |
| <b>Revenue</b>                                                |              | 2,921.0                                |              | 2,864.4                                |
| <b>Headline PBIT</b>                                          | <b>13.1%</b> | 383.1                                  | <b>12.6%</b> | 361.0                                  |
| Share of results of associates (excluding exceptional gains)  |              | 19.5                                   |              | 21.3                                   |
| <b>Headline PBIT excluding share of results of associates</b> | <b>12.4%</b> | <b>363.6</b>                           | <b>11.9%</b> | <b>339.7</b>                           |

## 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 2007

|                                                                                | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | Year<br>ended<br>31 December<br>2006 |
|--------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------|
|                                                                                | £m                                     | £m                                     | £m                                   |
| <b>Cash generated by operations</b>                                            | <b>115.7</b>                           | <b>68.9</b>                            | <b>860.6</b>                         |
| Plus:                                                                          |                                        |                                        |                                      |
| Interest received                                                              | 17.4                                   | 39.5                                   | 75.2                                 |
| Investment income                                                              | 4.0                                    | -                                      | 2.4                                  |
| Dividends from associates                                                      | 16.2                                   | 11.0                                   | 20.3                                 |
| Share option proceeds                                                          | 21.4                                   | 49.5                                   | 70.9                                 |
| Proceeds on disposal of property, plant and equipment                          | 6.6                                    | 4.8                                    | 22.4                                 |
| Gains on sale of property, plant and equipment                                 | 1.9                                    | 0.2                                    | 3.7                                  |
| Movements in working capital and provisions                                    | 348.7                                  | 375.4                                  | 171.1                                |
| Less:                                                                          |                                        |                                        |                                      |
| Interest and similar charges paid                                              | (84.3)                                 | (76.9)                                 | (135.1)                              |
| Purchases of property, plant and equipment                                     | (66.1)                                 | (66.6)                                 | (167.8)                              |
| Purchases of other intangible assets (including capitalised computer software) | (6.1)                                  | (6.9)                                  | (16.7)                               |
| Corporation and overseas tax paid                                              | (76.2)                                 | (69.3)                                 | (162.0)                              |
| Dividends paid to minority shareholders in subsidiary undertakings             | (20.4)                                 | (15.3)                                 | (28.8)                               |
| <b>Free Cash Flow</b>                                                          | <b>278.8</b>                           | <b>314.3</b>                           | <b>716.2</b>                         |

## **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 2007 which comprise the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated cash flow statement, the consolidated balance sheet 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 2007.

### **Deloitte & Touche LLP**

London  
Chartered Accountants

16 August 2007

## WPP GROUP PLC

Interim results for the six months ended 30 June 2007  
in reportable US Dollars<sup>1</sup>Unaudited illustrative consolidated interim income statement  
for the six months ended 30 June 2007

|                                                | Six months<br>ended<br>30 June<br>2007 | Six months<br>ended<br>30 June<br>2006 | + / (-) % | Year<br>ended<br>31 December<br>2006 |
|------------------------------------------------|----------------------------------------|----------------------------------------|-----------|--------------------------------------|
|                                                | \$m                                    | \$m                                    |           | \$m                                  |
| <b>Billings</b>                                | 29,747.8                               | 25,823.5                               | 15.2      | 55,435.0                             |
| <b>Revenue</b>                                 | 5,764.3                                | 5,132.6                                | 12.3      | 10,910.9                             |
| Direct costs                                   | (299.1)                                | (266.9)                                | (12.1)    | (547.2)                              |
| <b>Gross profit</b>                            | 5,465.2                                | 4,865.7                                | 12.3      | 10,363.7                             |
| Operating costs                                | (4,833.2)                              | (4,310.8)                              | (12.1)    | (8,982.8)                            |
| <b>Operating profit</b>                        | 632.0                                  | 554.9                                  | 13.9      | 1,380.9                              |
| Share of results of associates                 | 38.3                                   | 45.6                                   | (16.0)    | 76.3                                 |
| <b>Profit before interest and taxation</b>     | 670.3                                  | 600.5                                  | 11.6      | 1,457.2                              |
| Finance income                                 | 112.4                                  | 90.0                                   | 24.9      | 200.9                                |
| Finance costs                                  | (201.0)                                | (172.4)                                | (16.6)    | (386.9)                              |
| <b>Profit before taxation</b>                  | 581.7                                  | 518.1                                  | 12.3      | 1,271.2                              |
| Taxation                                       | (179.8)                                | (165.7)                                | (8.5)     | (371.6)                              |
| <b>Profit for the period</b>                   | 401.9                                  | 352.4                                  | 14.0      | 899.6                                |
| <b>Attributable to:</b>                        |                                        |                                        |           |                                      |
| Equity holders of the parent                   | 359.9                                  | 319.0                                  | 12.8      | 812.4                                |
| Minority interests                             | 42.0                                   | 33.4                                   | (25.7)    | 87.2                                 |
|                                                | 401.9                                  | 352.4                                  | 14.0      | 899.6                                |
| Headline PBIT                                  | 757.6                                  | 650.4                                  | 16.5      | 1,600.9                              |
| <b>Headline PBIT margin</b>                    | <b>13.1%</b>                           | <b>12.7%</b>                           |           | <b>14.7%</b>                         |
| Headline PBT                                   | 668.6                                  | 570.3                                  | 17.2      | 1,430.5                              |
| <b>Reported earnings per share<sup>2</sup></b> |                                        |                                        |           |                                      |
| Basic earnings per ordinary share              | 30.3¢                                  | 26.5¢                                  | 14.3      | 67.6¢                                |
| Diluted earnings per ordinary share            | 29.0¢                                  | 25.7¢                                  | 12.8      | 65.6¢                                |
| <b>Headline earnings per share<sup>2</sup></b> |                                        |                                        |           |                                      |
| Basic earnings per ordinary share              | 37.6¢                                  | 30.8¢                                  | 22.1      | 80.9¢                                |
| Diluted earnings per ordinary share            | 36.0¢                                  | 29.9¢                                  | 20.4      | 78.4¢                                |

<sup>1</sup> The unaudited consolidated income statement above is presented in reportable US Dollars for information purposes only and has been prepared assuming the US Dollar is the reporting currency of the Group, whereby local currency results are translated into US Dollars at actual monthly average exchange rates in the periods presented. Among other currencies, this includes an average exchange rate of US\$1.9703 to the pound for the period ended 30 June 2007 (period ended 30 June 2006: US\$1.7908; year ended 31 December 2006: US\$1.8432).

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

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

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

**Billings and estimated net new billings**

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

**Constant currency**

The Group uses US dollar-based, constant currency models to measure performance. These are calculated by applying budgeted 2007 exchange rates to local currency reported results for the current and prior year. This gives a US dollar – denominated income statement and balance sheet which exclude any variances attributable to foreign exchange rate movements.

**Free cash flow**

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

**Headline earnings**

Headline PBT less taxation and minority interests.

**Headline operating profit / Headline PBIT**

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

**Headline PBT**

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

**Operating margin**

Headline operating profit as a percentage of revenue.

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

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