Unaudited condensed consolidated interim income statement for the six months ended 30 June 2016

£ million	Notes	Six months ended 30 June 2016	Six months ended 30 June 2015	+/(-)%	Constant Currency[1] +/(-)%	Year ended 31 December 2015
Billings		25,318.8	23,156.4	9.3	6.3	47,631.9
Revenue	6	6,536.5	5,839.4	11.9	8.9	12,235.2
Direct costs		(942.7)	(798.7)	(18.0)	(14.0)	(1,710.9)
Net sales	6	5,593.8	5,040.7	11.0	8.1	10,524.3
Operating costs	4	(5,040.2)	(4,251.8)	(18.5)	(16.2)	(8,892.3)
Operating profit		553.6	788.9	(29.8)	(34.9)	1,632.0
Share of results of associates	4	15.9	16.0	(0.6)	(5.6)	47.0
Profit before interest and taxation		569.5	804.9	(29.2)	(34.4)	1,679.0
Finance income	5	43.1	38.1	13.1	15.2	72.4
Finance costs	5	(122.1)	(111.5)	(9.5)	(4.7)	(224.1)
Revaluation of financial instruments	5	(65.4)	(21.8)	-	-	(34.7)
Profit before taxation		425.1	709.7	(40.1)	(45.5)	1,492.6
Taxation	7	(143.1)	(108.6)	(31.8)	(30.5)	(247.5)
Profit for the period		282.0	601.1	(53.1)	(58.8)	1,245.1
Attributable to:						
Equity holders of the parent		245.8	566.2	(56.6)	(62.5)	1,160.2
Non-controlling interests		36.2	34.9	(3.7)	(4.1)	84.9
		282.0	601.1	(53.1)	(58.8)	1,245.1
Headline PBIT	6,19	768.7	669.1	14.9	10.3	1,774.0
Net sales margin	6,19	13.7%	13.3%	0.4[2]	0.3[2]	16.9%
Headline PBT	19	689.7	595.7	15.8	11.7	1,622.3
Earnings per share						
Basic earnings per ordinary share	9	19.1p	43.7p	(56.3)	(62.2)	90.0p
Diluted earnings per ordinary share	9	18.9p	43.0p	(56.0)	(62.0)	88.4p

[1] The basis for calculating the constant currency percentage changes shown above and in the notes to this appendix are described in the glossary attached to this appendix.
[2] Margin points.

Unaudited condensed consolidated interim statement of comprehensive income for the six months ended 30 June 2016

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Profit for the period	282.0	601.1	1,245.1
Items that may be reclassified subsequently to profit or loss:			
Exchange adjustments on foreign currency net investments	990.9	(316.0)	(275.9)
(Loss)/gain on revaluation of available for sale investments	(1.4)	(2.1)	206.0
	989.5	(318.1)	(69.9)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit pension plans	-	-	33.5
Deferred tax on defined benefit pension plans	-	-	(5.2)
	-	-	28.3
Other comprehensive income/(loss) relating to the period	989.5	(318.1)	(41.6)
Total comprehensive income relating to the period	1,271.5	283.0	1,203.5
Attributable to:			
Equity holders of the parent	1,199.7	257.0	1,121.6
Non-controlling interests	71.8	26.0	81.9
	1,271.5	283.0	1,203.5

Unaudited condensed consolidated interim cash flow statement for the six months ended 30 June 2016

£ million	Notes	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Net cash inflow/(outflow) from operating activities	10	66.2	(180.7)	1,359.9
Investing activities				
Acquisitions and disposals	10	(182.8)	(459.3)	(669.5)
Purchase of property, plant and equipment		(126.7)	(73.1)	(210.3)
Purchase of other intangible assets (including capitalised computer software)		(15.9)	(17.0)	(36.1)
Proceeds on disposal of property, plant and equipment		9.7	11.2	13.4
Net cash outflow from investing activities		(315.7)	(538.2)	(902.5)
Financing activities				
Share option proceeds		5.3	5.4	27.6
Cash consideration for non-controlling interests	10	(43.4)	(7.9)	(23.6)
Share repurchases and buybacks	10	(196.8)	(405.4)	(587.6)
Net (decrease)/increase in borrowings	10	(62.9)	141.1	492.0
Financing and share issue costs		(0.5)	(9.0)	(11.4)
Equity dividends paid		-	-	(545.8)
Dividends paid to non-controlling interests in subsidiary undertakings		(35.0)	(25.7)	(55.2)
Net cash outflow from financing activities		(333.3)	(301.5)	(704.0)
Net decrease in cash and cash equivalents		(582.8)	(1,020.4)	(246.6)
Translation differences		237.3	(39.9)	(54.4)
Cash and cash equivalents at beginning of period		1,946.6	2,247.6	2,247.6
Cash and cash equivalents at end of period	10	1,601.1	1,187.3	1,946.6

Reconciliation of net cash flow to movement in net debt:				
Net decrease in cash and cash equivalents		(582.8)	(1,020.4)	(246.6)
Cash outflow/(inflow) from decrease/(increase) in debt financing		63.4	(132.1)	(480.5)
Debt acquired		(144.4)	-	-
Other movements		(46.4)	(108.0)	(124.0)
Translation differences		(327.9)	153.2	(84.3)
Movement of net debt in the period		(1,038.1)	(1,107.3)	(935.4)
Net debt at beginning of period		(3,210.8)	(2,275.4)	(2,275.4)
Net debt at end of period	11	(4,248.9)	(3,382.7)	(3,210.8)

Unaudited condensed consolidated interim balance sheet as at 30 June 2016

£ million	Notes	30 June 2016	30 June 2015	31 December 2015
Non-current assets				
Intangible assets:				
Goodwill	12	12,293.5	10,057.3	10,670.6
Other	13	2,036.7	1,714.2	1,715.4
Property, plant and equipment		925.9	731.1	797.7
Interests in associates and joint ventures		690.8	694.3	758.6
Other investments		1,303.7	920.9	1,158.7
Deferred tax assets[1]		94.0	107.6	94.1
Trade and other receivables	14	254.9	141.9	178.7
		17,599.5	14,367.3	15,373.8
Current assets				
Inventory and work in progress		408.8	321.7	329.0
Corporate income tax recoverable		224.2	168.1	168.6
Trade and other receivables	14	11,751.1	9,985.0	10,495.4
Cash and short-term deposits		2,147.4	1,353.0	2,382.4
		14,531.5	11,827.8	13,375.4
Current liabilities				
Trade and other payables	15	(13,868.2)	(11,359.8)	(12,685.0)
Corporate income tax payable[2]		(584.0)	(571.9)	(598.5)
Bank overdrafts and loans		(1,057.2)	(518.7)	(932.0)
		(15,509.4)	(12,450.4)	(14,215.5)
Net current liabilities		(977.9)	(622.6)	(840.1)
Total assets less current liabilities		16,621.6	13,744.7	14,533.7
Non-current liabilities				
Bonds and bank loans		(5,339.1)	(4,217.0)	(4,661.2)
Trade and other payables	16	(1,122.0)	(707.5)	(891.5)
Deferred tax liabilities[1]		(713.0)	(556.1)	(552.3)
Provisions for post-employment benefits		(260.4)	(283.3)	(229.3)
Provisions for liabilities and charges		(208.9)	(173.2)	(183.6)
		(7,643.4)	(5,937.1)	(6,517.9)
Net assets		8,978.2	7,807.6	8,015.8
Equity				
Called-up share capital	17	133.0	132.7	132.9
Share premium account		540.5	513.3	535.3
Shares to be issued		-	0.1	-
Other reserves		824.4	(226.0)	(9.7)
Own shares		(760.7)	(572.2)	(719.6)
Retained earnings		7,782.5	7,619.6	7,698.5
Equity share owners' funds		8,519.7	7,467.5	7,637.4
Non-controlling interests		458.5	340.1	378.4
Total equity		8,978.2	7,807.6	8,015.8

[1] The Group has restated the balance sheet as at 30 June 2015 to reduce both the deferred tax assets and the deferred tax liabilities by £140.7 million. This is consistent with the current period presentation.

[2] The Group has restated the balance sheet as at 30 June 2015 to reclassify £533.6 million of corporate income tax payable from non-current liabilities to current liabilities. This is consistent with the current period presentation.

Unaudited condensed consolidated interim statement of changes in equity for the six months ended 30 June 2016

£ million	Called-up share capital	Share premium account	Other reserves	Own shares	Retained earnings	Total equity share owners' funds	Non-controlling interests	Total
Balance at 1 January 2016	**132.9**	**535.3**	**(9.7)**	**(719.6)**	**7,698.5**	**7,637.4**	**378.4**	**8,015.8**
Ordinary shares issued	0.1	5.2	-	-	-	5.3	-	5.3
Treasury share additions	-	-	-	(148.5)	-	(148.5)	-	(148.5)
Treasury share allocations	-	-	-	3.5	(3.5)	-	-	-
Net profit for the period	-	-	-	-	245.8	245.8	36.2	282.0
Exchange adjustments on foreign currency net investments	-	-	955.3	-	-	955.3	35.6	990.9
Loss on revaluation of available for sale investments	-	-	(1.4)	-	-	(1.4)	-	(1.4)
Comprehensive income	-	-	953.9	-	245.8	1,199.7	71.8	1,271.5
Dividends paid	-	-	-	-	-	-	(35.0)	(35.0)
Non-cash share-based incentive plans (including share options)	-	-	-	-	52.0	52.0	-	52.0
Tax adjustments on share-based payments	-	-	-	-	(37.8)	(37.8)	-	(37.8)
Net movement in own shares held by ESOP Trusts	-	-	-	103.9	(152.2)	(48.3)	-	(48.3)
Recognition/remeasurement of financial instruments	-	-	(2.3)	-	24.4	22.1	-	22.1
Share purchases - close period commitments	-	-	(117.5)	-	-	(117.5)	-	(117.5)
Acquisition of subsidiaries[1]	-	-	-	-	(44.7)	(44.7)	43.3	(1.4)
Balance at 30 June 2016	**133.0**	**540.5**	**824.4**	**(760.7)**	**7,782.5**	**8,519.7**	**458.5**	**8,978.2**

[1] Acquisition of subsidiaries represents movements in retained earnings and non-controlling interests arising from changes in ownership of existing subsidiaries and recognition of non-controlling interests on new acquisitions.

Unaudited condensed consolidated interim statement of changes in equity for the six months ended 30 June 2016 (continued)

£ million	Called-up share capital	Share premium account	Shares to be issued	Other reserves	Own shares	Retained earnings	Total equity share owners' funds	Non-controlling interests	Total
Balance at 1 January 2015	**132.6**	**508.0**	**0.3**	**36.2**	**(283.7)**	**7,106.7**	**7,500.1**	**326.7**	**7,826.8**
Ordinary shares issued	0.1	5.3	(0.2)	-	-	0.1	5.3	-	5.3
Treasury share additions	-	-	-	-	(345.7)	-	(345.7)	-	(345.7)
Treasury share allocations	-	-	-	-	3.1	(3.1)	-	-	-
Net profit for the period	-	-	-	-	-	566.2	566.2	34.9	601.1
Exchange adjustments on foreign currency net investments	-	-	-	(307.1)	-	-	(307.1)	(8.9)	(316.0)
Loss on revaluation of available for sale investments	-	-	-	(2.1)	-	-	(2.1)	-	(2.1)
Comprehensive (loss)/ income	-	-	-	(309.2)	-	566.2	257.0	26.0	283.0
Dividends paid	-	-	-	-	-	-	-	(25.7)	(25.7)
Non-cash share-based incentive plans (including stock options)	-	-	-	-	-	48.5	48.5	-	48.5
Tax adjustment on share-based payments	-	-	-	-	-	21.8	21.8	-	21.8
Net movement in own shares held by ESOP Trusts	-	-	-	-	54.1	(113.8)	(59.7)	-	(59.7)
Recognition/remeasurement of financial instruments	-	-	-	(33.0)	-	0.4	(32.6)	-	(32.6)
Share purchases – close period commitments	-	-	-	80.0	-	2.9	82.9	-	82.9
Acquisition of subsidiaries[1]	-	-	-	-	-	(10.1)	(10.1)	13.1	3.0
Balance at 30 June 2015	**132.7**	**513.3**	**0.1**	**(226.0)**	**(572.2)**	**7,619.6**	**7,467.5**	**340.1**	**7,807.6**
Ordinary shares issued	0.2	22.0	(0.1)	-	-	0.1	22.2	-	22.2
Treasury share additions	-	-	-	-	(60.3)	-	(60.3)	-	(60.3)
Treasury share allocations	-	-	-	-	0.5	(0.5)	-	-	-
Net profit for the period	-	-	-	-	-	594.0	594.0	50.0	644.0
Exchange adjustments on foreign currency net investments	-	-	-	34.2	-	-	34.2	5.9	40.1
Gain on revaluation of available for sale investments	-	-	-	208.1	-	-	208.1	-	208.1
Actuarial gain on defined benefit pension plans	-	-	-	-	-	33.5	33.5	-	33.5
Deferred tax on defined benefit pension plans	-	-	-	-	-	(5.2)	(5.2)	-	(5.2)
Comprehensive income	-	-	-	242.3	-	622.3	864.6	55.9	920.5
Dividends paid	-	-	-	-	-	(545.8)	(545.8)	(29.5)	(575.3)
Non-cash share-based incentive plans (including stock options)	-	-	-	-	-	50.5	50.5	-	50.5
Tax adjustment on share-based payments	-	-	-	-	-	(3.8)	(3.8)	-	(3.8)
Net movement in own shares held by ESOP Trusts	-	-	-	-	(87.6)	(34.3)	(121.9)	-	(121.9)
Recognition/remeasurement of financial instruments	-	-	-	(26.0)	-	(1.1)	(27.1)	-	(27.1)
Acquisition of subsidiaries[1]	-	-	-	-	-	(8.5)	(8.5)	11.9	3.4
Balance at 31 December 2015	**132.9**	**535.3**	**-**	**(9.7)**	**(719.6)**	**7,698.5**	**7,637.4**	**378.4**	**8,015.8**

[1] Acquisition of subsidiaries represents movements in retained earnings and non-controlling interests arising from changes in ownership of existing subsidiaries and recognition of non-controlling interests on new acquisitions.

Notes to the unaudited condensed consolidated interim financial statements

1. Basis of accounting

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

2. Accounting policies

The unaudited condensed consolidated interim financial statements comply with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union and issued by the International Accounting Standards Board (IASB), IAS 34 Interim Financial Reporting and with the accounting policies of the Group which were set out on pages 171 to 178 of the 2015 Annual Report and Accounts. No changes have been made to the Group's accounting policies in the period ended 30 June 2016.

Statutory Information and Independent Review

The unaudited condensed consolidated interim financial statements for the six months to 30 June 2016 and 30 June 2015 do not constitute statutory accounts. The financial information for the year ended 31 December 2015 does not constitute statutory accounts. The statutory accounts for the year ended 31 December 2015 have been delivered to the Jersey Registrar and received an unqualified auditors' report. The interim financial statements are unaudited but have been reviewed by the auditors and their report is set out on page 47.

The announcement of the interim results was approved by the board of directors on 24 August 2016.

3. Currency conversion

The presentation currency of the Group is pound sterling and the unaudited condensed consolidated interim financial statements have been prepared on this basis. The 2016 unaudited condensed consolidated interim income statement is prepared using, among other currencies, average exchange rates of US$1.4330 to the pound (period ended 30 June 2015: US$1.5239; year ended 31 December 2015: US$1.5288) and €1.2838 to the pound (period ended 30 June 2015: €1.3659; year ended 31 December 2015: €1.3782). The unaudited condensed consolidated interim balance sheet as at 30 June 2016 has been prepared using the exchange rates on that day of US$1.3268 to the pound (30 June 2015: US$1.5725; 31 December 2015: US$1.4734) and €1.1982 to the pound (30 June 2015: €1.4100; 31 December 2015: €1.3559).

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

Notes to the unaudited condensed consolidated interim financial statements (continued)

4. Operating costs and share of results of associates

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Staff costs	3,656.8	3,303.2	6,652.6
Establishment costs	395.2	358.8	726.3
Other operating costs	988.2	589.8	1,513.4
Total operating costs	5,040.2	4,251.8	8,892.3

Staff costs include:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Wages and salaries	2,520.4	2,277.8	4,578.4
Cash-based incentive plans	69.6	63.1	231.8
Share-based incentive plans	52.0	48.5	99.0
Social security costs	324.6	302.3	578.4
Pension costs	85.2	81.5	160.0
Severance	29.7	15.9	24.0
Other staff costs	575.3	514.1	981.0
	3,656.8	3,303.2	6,652.6
Staff cost to net sales ratio	65.4%	65.5%	63.2%

Other operating costs include:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Amortisation and impairment of acquired intangible assets	77.6	66.7	140.1
Goodwill impairment	-	-	15.1
Gains on disposal of investments and subsidiaries	(19.5)	(91.9)	(131.0)
Losses/(gains) on remeasurement of equity interest on acquisition of controlling interest	38.9	(140.2)	(165.0)
Investment write-downs	83.3	-	78.7
Restructuring costs	10.5	21.2	106.2
IT asset write-downs	-	-	29.1

Losses on remeasurement of equity interest on acquisition of controlling interest in 2016 primarily comprise losses of £24.0 million in relation to the merger of most of the Group's Australian and New Zealand assets with STW Communications Group Limited in Australia. The re-named WPP AUNZ became a listed subsidiary of the Group on 8 April 2016.

Gains on remeasurement of equity interest on acquisition of controlling interest in 2015 primarily comprise gains of £131.7 million in relation to the acquisition of a majority stake in IBOPE in Latin America.

Notes to the unaudited condensed consolidated interim financial statements (continued)

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

Investment write-downs in 2016 of £83.3 million primarily relate to comScore Inc, which has not released any financial statements in relation to its 2015 results due to an internal investigation by their Audit Committee. Following the announcement of this internal investigation, the market value of comScore Inc fell below the Group's carrying value.

Gains on disposal of investments and subsidiaries in 2015 include £43.6 million of gains arising on the sale of certain Kantar internet measurement businesses to comScore Inc in consideration for newly issued equity in the buyer; £29.7 million of gains arising on the sale of the Group's minority stake in eRewards; and, in the second half of 2015, £30.6 million of gains arising on the Group's equity interest in Chime Communications plc following its acquisition by Providence Equity Partners in conjunction with WPP.

In 2016, restructuring costs of £10.5 million (period ended 30 June 2015: £21.2 million) predominantly comprise costs resulting from the project to transform and rationalise the Group's IT services and infrastructure.

In the year ended 31 December 2015, restructuring costs of £106.2 million comprise £69.5 million of costs (including £52.0 million of severance costs) arising from a structural reassessment of certain of the Group's operations, primarily in the mature markets of Western Europe; and £36.7 million of costs resulting from the project to transform and rationalise the Group's IT services and infrastructure. In 2015, IT asset write-downs comprise £29.1 million of accelerated depreciation of IT assets in Asia and Europe.

Share of results of associates include:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Share of profit before interest and taxation	39.0	39.2	95.2
Share of exceptional losses	(8.4)	(8.4)	(21.8)
Share of interest and non-controlling interests	(3.2)	(0.8)	(1.7)
Share of taxation	(11.5)	(14.0)	(24.7)
	15.9	16.0	47.0

Notes to the unaudited condensed consolidated interim financial statements (continued)

5. Finance income, finance costs and revaluation of financial instruments

Finance income includes:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Income from available for sale investments	9.6	10.2	18.9
Interest income	33.5	27.9	53.5
	43.1	38.1	72.4

Finance costs include:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Net interest expense on pension plans	3.2	3.8	7.3
Interest on other long-term employee benefits	1.3	1.2	2.5
Interest payable and similar charges	117.6	106.5	214.3
	122.1	111.5	224.1

Revaluation of financial instruments include:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Movements in fair value of treasury instruments	(3.9)	(5.9)	(3.7)
Movements in fair value of other derivatives	-	15.9	15.9
Revaluation of put options over non-controlling interests	(23.5)	(5.8)	(11.3)
Revaluation of payments due to vendors (earnout agreements)	(38.0)	(26.0)	(35.6)
	(65.4)	(21.8)	(34.7)

Notes to the unaudited condensed consolidated interim financial statements (continued)

6. Segmental analysis

Reported contributions by operating sector were as follows:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Revenue			
Advertising and Media Investment Management	2,963.4	2,638.8	5,552.8
Data Investment Management	1,243.6	1,173.8	2,425.9
Public Relations & Public Affairs	499.2	458.7	945.8
Branding & Identity, Healthcare and Specialist Communications	1,830.3	1,568.1	3,310.7
	6,536.5	5,839.4	12,235.2
Net sales			
Advertising and Media Investment Management	2,423.0	2,221.1	4,652.0
Data Investment Management	921.7	856.7	1,768.1
Public Relations & Public Affairs	490.4	450.3	929.7
Branding & Identity, Healthcare and Specialist Communications	1,758.7	1,512.6	3,174.5
	5,593.8	5,040.7	10,524.3
Headline PBIT[1]			
Advertising and Media Investment Management	369.1	330.4	855.6
Data Investment Management	124.7	100.6	286.1
Public Relations & Public Affairs	70.6	66.0	155.4
Branding & Identity, Healthcare and Specialist Communications	204.3	172.1	476.9
	768.7	669.1	1,774.0
Net sales margin[2]			
Advertising and Media Investment Management	15.2%	14.9%	18.4%
Data Investment Management	13.5%	11.7%	16.2%
Public Relations & Public Affairs	14.4%	14.7%	16.7%
Branding & Identity, Healthcare and Specialist Communications	11.6%	11.4%	15.0%
	13.7%	13.3%	16.9%
Total assets			
Advertising and Media Investment Management	15,150.7	12,363.6	12,911.4
Data Investment Management	4,046.0	3,703.9	3,713.3
Public Relations & Public Affairs	2,029.4	1,709.8	1,839.2
Branding & Identity, Healthcare and Specialist Communications	8,439.3	6,789.1	7,640.2
Segment assets	29,665.4	24,566.4	26,104.1
Unallocated corporate assets[3, 4]	2,465.6	1,628.7	2,645.1
	32,131.0	26,195.1	28,749.2
Total liabilites			
Advertising and Media Investment Management	(11,624.6)	(9,667.3)	(10,506.9)
Data Investment Management	(1,204.2)	(995.3)	(1,067.0)
Public Relations & Public Affairs	(473.5)	(355.6)	(425.1)
Branding & Identity, Healthcare and Specialist Communications	(2,157.2)	(1,505.6)	(1,990.4)
Segment liabilities	(15,459.5)	(12,523.8)	(13,989.4)
Unallocated corporate liabilities[3, 4]	(7,693.3)	(5,863.7)	(6,744.0)
	(23,152.8)	(18,387.5)	(20,733.4)

[1] Headline PBIT is defined in note 19.
[2] Net sales margin is defined in note 19.
[3] Included in unallocated corporate assets and liabilities are corporate income tax, deferred tax and net interest-bearing debt.
[4] The Group has restated the balance sheet as at 30 June 2015 to reduce both the deferred tax assets and the deferred tax liabilities by £140.7 million. This is consistent with the current period presentation.

Notes to the unaudited condensed consolidated interim financial statements (continued)

6. Segmental analysis (continued)

Reported contributions by geographical area were as follows:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Revenue			
North America[1]	2,440.5	2,164.6	4,491.2
United Kingdom	927.0	860.0	1,777.4
Western Continental Europe	1,341.7	1,143.2	2,425.6
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	1,827.3	1,671.6	3,541.0
	6,536.5	5,839.4	12,235.2
Net sales			
North America[1]	2,103.2	1,877.2	3,882.3
United Kingdom	774.8	722.9	1,504.5
Western Continental Europe	1,112.0	964.8	2,016.2
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	1,603.8	1,475.8	3,121.3
	5,593.8	5,040.7	10,524.3
Headline PBIT[2]			
North America[1]	349.1	307.5	728.2
United Kingdom	97.8	92.0	243.1
Western Continental Europe	137.8	102.8	277.2
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	184.0	166.8	525.5
	768.7	669.1	1,774.0
Net sales margin[3]			
North America	16.6%	16.4%	18.8%
United Kingdom	12.6%	12.7%	16.2%
Western Continental Europe	12.4%	10.7%	13.7%
Asia Pacific, Latin America, Africa & Middle East and Central & Eastern Europe	11.5%	11.3%	16.8%
	13.7%	13.3%	16.9%

[1] North America includes the US with revenue of £2,320.8 million (period ended 30 June 2015: £2,048.3 million; year ended 31 December 2015: £4,257.4 million), net sales of £1,998.0 million (period ended 30 June 2015: £1,773.5 million; year ended 31 December 2015: £3,674.3 million) and headline PBIT of £334.4 million (period ended 30 June 2015: £295.0 million; year ended 31 December 2015: £697.3 million).

[2] Headline PBIT is defined in note 19.

[3] Net sales margin is defined in note 19.

7. Taxation

The headline tax rate was 21.0% (30 June 2015: 20.0%; 31 December 2015: 19.0%). The tax rate on reported PBT was 33.7% (30 June 2015: 15.3%; 31 December 2015: 16.6%). The reported tax rate is higher than the headline tax rate due to the losses on remeasurement of equity interests and investment write-downs not being tax deductible.

The tax charge comprises:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Corporation tax			
Current year	154.8	113.7	403.0
Prior years	(22.2)	9.2	(108.4)
	132.6	122.9	294.6
Deferred tax			
Current year	2.4	(11.0)	(35.8)
Prior years	8.1	(3.3)	(11.3)
	10.5	(14.3)	(47.1)
Tax charge	143.1	108.6	247.5

The calculation of the headline tax rate is as follows:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Headline PBT[1]	689.7	595.7	1,622.3
Tax charge	143.1	108.6	247.5
Tax credit relating to restructuring costs	0.5	4.7	26.5
Tax charge relating to gains on disposal of investments and subsidiaries	(7.7)	(0.8)	(1.1)
Deferred tax impact of the amortisation of acquired intangible assets and other goodwill items	8.9	6.6	35.4
Headline tax charge	144.8	119.1	308.3
Headline tax rate	21.0%	20.0%	19.0%

8. Ordinary dividends

The Board has recommended an interim dividend of 19.55p (2015: 15.91p) per ordinary share. This is expected to be paid on 7 November 2016 to share owners on the register at 7 October 2016. The Board recommended a final dividend of 28.78p per ordinary share in respect of 2015. This was paid on 4 July 2016.

[1] Headline PBT is defined in note 19.

Notes to the unaudited condensed consolidated interim financial statements (continued)

9. Earnings per share

Basic EPS

The calculation of basic reported and headline EPS is as follows:

	Six months ended 30 June 2016	Six months ended 30 June 2015	+/(-)%	Constant Currency +/(-)%	Year ended 31 December 2015
Reported earnings[1] (£ million)	245.8	566.2			1,160.2
Headline earnings (£ million) (note 19)	508.7	441.7			1,229.1
Average shares used in basic EPS calculation (million)	1,284.0	1,294.6			1,288.5
Reported EPS	19.1p	43.7p	(56.3)	(62.2)	90.0p
Headline EPS	39.6p	34.1p	16.1	11.0	95.4p

Diluted EPS

The calculation of diluted reported and headline EPS is as follows:

	Six months ended 30 June 2016	Six months ended 30 June 2015	+/(-)%	Constant Currency +/(-)%	Year ended 31 December 2015
Diluted reported earnings (£ million)	245.8	566.2			1,160.2
Diluted headline earnings (£ million)	508.7	441.7			1,229.1
Shares used in diluted EPS calculation (million)	1,300.0	1,317.1			1,313.0
Diluted reported EPS	18.9p	43.0p	(56.0)	(62.0)	88.4p
Diluted headline EPS	39.1p	33.5p	16.7	11.5	93.6p

A reconciliation between the shares used in calculating basic and diluted EPS is as follows:

million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Average shares used in basic EPS calculation	1,284.0	1,294.6	1,288.5
Dilutive share options outstanding	2.2	3.2	3.5
Other potentially issuable shares	13.8	19.3	21.0
Shares used in diluted EPS calculation	1,300.0	1,317.1	1,313.0

At 30 June 2016 there were 1,330,032,727 ordinary shares in issue.

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

Notes to the unaudited condensed consolidated interim financial statements (continued)

10. Analysis of cash flows

The following tables analyse the items included within the main cash flow headings on page 22:

Net cash inflow/(outflow) from operating activities:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Profit for the period	282.0	601.1	1,245.1
Taxation	143.1	108.6	247.5
Revaluation of financial instruments	65.4	21.8	34.7
Finance costs	122.1	111.5	224.1
Finance income	(43.1)	(38.1)	(72.4)
Share of results of associates	(15.9)	(16.0)	(47.0)
Operating profit	553.6	788.9	1,632.0
Adjustments for:			
Non-cash share-based incentive plans (including share options)	52.0	48.5	99.0
Depreciation of property, plant and equipment	102.6	97.5	194.7
Goodwill impairment	-	-	15.1
Amortisation and impairment of acquired intangible assets	77.6	66.7	140.1
Amortisation of other intangible assets	17.9	15.4	33.7
Investment write-downs	83.3	-	78.7
Gains on disposal of investments and subsidiaries	(19.5)	(91.9)	(131.0)
Losses/(gains) on remeasurement of equity interest on acquisition of controlling interest	38.9	(140.2)	(165.0)
Losses/(gains) on sale of property, plant and equipment	0.2	(0.1)	1.1
Operating cash flow before movements in working capital and provisions	906.6	784.8	1,898.4
Movements in working capital and provisions[1]	(555.8)	(772.2)	(164.1)
Cash generated by operations	350.8	12.6	1,734.3
Corporation and overseas tax paid	(249.5)	(165.0)	(301.2)
Interest and similar charges paid	(116.7)	(110.0)	(212.0)
Interest received	35.3	28.6	61.3
Investment income	9.6	3.0	4.9
Dividends received from associates	36.7	50.1	72.6
	66.2	(180.7)	1,359.9

Acquisitions and disposals:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Initial cash consideration	(108.3)	(307.8)	(463.5)
Cash and cash equivalents acquired (net)	37.9	19.2	57.7
Earnout payments	(20.5)	(10.9)	(43.9)
Purchase of other investments (including associates)	(121.9)	(201.7)	(283.2)
Proceeds on disposal of investments and subsidiaries	30.0	41.9	63.4
Acquisitions and disposals	(182.8)	(459.3)	(669.5)
Cash consideration for non-controlling interests	(43.4)	(7.9)	(23.6)
Net acquisition payments and investments	(226.2)	(467.2)	(693.1)

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

Notes to the unaudited condensed consolidated interim financial statements (continued)

10. Analysis of cash flows (continued)

Share repurchases and buybacks:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Purchase of own shares by ESOP Trusts	(48.3)	(59.7)	(181.6)
Shares purchased into treasury	(148.5)	(345.7)	(406.0)
	(196.8)	(405.4)	(587.6)

Net (decrease)/increase in borrowings:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Increase in drawings on bank loans	329.2	197.7	128.9
Repayment of €498 million bonds	(392.1)	-	-
Proceeds from issues of €600 million bonds	-	439.0	858.7
Repayment of €500 million bonds	-	(481.9)	(481.9)
Premium on exchange of €252 million bonds	-	(13.7)	(13.7)
	(62.9)	141.1	492.0

Cash and cash equivalents:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Cash at bank and in hand	1,985.7	1,206.9	2,227.8
Short-term bank deposits	161.7	146.1	154.6
Overdrafts[1]	(546.3)	(165.7)	(435.8)
	1,601.1	1,187.3	1,946.6

11. Net debt

£ million	30 June 2016	30 June 2015	31 December 2015
Cash and short-term deposits	2,147.4	1,353.0	2,382.4
Bank overdrafts and loans due within one year	(1,057.2)	(518.7)	(932.0)
Bonds and bank loans due after one year	(5,339.1)	(4,217.0)	(4,661.2)
	(4,248.9)	(3,382.7)	(3,210.8)

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

Notes to the unaudited condensed consolidated interim financial statements (continued)

11. Net debt (continued)

The Group estimates that the fair value of corporate bonds is £5,633.0 million at 30 June 2016 (30 June 2015: £4,611.9 million; 31 December 2015: £5,207.4 million). The Group considers that the carrying amount of bank loans approximates their fair value.

The following table is an analysis of future anticipated cash flows in relation to the Group's debt, on an undiscounted basis which, therefore, differs from the carrying value:

£ million	30 June 2016	30 June 2015	31 December 2015
Within one year	(678.4)	(528.7)	(541.7)
Between one and two years	(365.2)	(550.0)	(548.2)
Between two and three years	(361.9)	(308.4)	(325.4)
Between three and four years	(652.8)	(129.2)	(581.6)
Between four and five years	(343.0)	(129.2)	(335.0)
Over five years	(5,258.1)	(4,682.5)	(4,459.5)
Debt financing (including interest) under the Revolving Credit Facility and in relation to unsecured loan notes	(7,659.4)	(6,328.0)	(6,791.4)
Short-term overdrafts – within one year	(546.3)	(165.7)	(435.8)
Future anticipated cash flows	(8,205.7)	(6,493.7)	(7,227.2)
Effect of discounting/financing rates	1,809.4	1,758.0	1,634.0
Debt financing	(6,396.3)	(4,735.7)	(5,593.2)
Cash and short-term deposits	2,147.4	1,353.0	2,382.4
Net debt	(4,248.9)	(3,382.7)	(3,210.8)

12. Goodwill and acquisitions

Goodwill in relation to subsidiary undertakings increased by £1,622.9 million (30 June 2015: £77.9 million) in the period. This movement primarily relates to the effect of currency translation and also includes both goodwill arising on acquisitions completed in the period and adjustments to goodwill relating to acquisitions completed in prior years.

The contribution to revenue and operating profit of acquisitions completed in the period was not material. There were no material acquisitions completed during the period or between 30 June 2016 and the date the interim financial statements were approved.

13. Other intangible assets

The following are included in other intangibles:

£ million	30 June 2016	30 June 2015	31 December 2015
Brands with an indefinite useful life	1,083.4	937.4	968.1
Acquired intangibles	846.8	674.3	667.6
Other (including capitalised computer software)	106.5	102.5	79.7
	2,036.7	1,714.2	1,715.4

14. Trade and other receivables

Amounts falling due within one year:

£ million	30 June 2016	30 June 2015	31 December 2015
Trade receivables	7,340.2	6,109.2	6,799.4
VAT and sales taxes recoverable	146.5	122.3	154.9
Prepayments	363.3	369.5	235.0
Accrued income	3,412.8	2,805.2	2,853.8
Fair value of derivatives	15.2	1.2	4.6
Other debtors	473.1	577.6	447.7
	11,751.1	9,985.0	10,495.4

Amounts falling due after more than one year:

£ million	30 June 2016	30 June 2015	31 December 2015
Prepayments	3.5	1.7	1.5
Accrued income	14.5	11.8	5.8
Other debtors	172.1	98.6	131.7
Fair value of derivatives	64.8	29.8	39.7
	254.9	141.9	178.7

The Group considers that the carrying amount of trade and other receivables approximates their fair value.

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

£ million	30 June 2016	30 June 2015	31 December 2015
Trade payables	9,379.8	7,764.4	8,538.3
Deferred income	1,216.4	1,017.4	1,081.0
Payments due to vendors (earnout agreements)	234.6	102.8	126.0
Liabilities in respect of put option agreements with vendors	49.5	43.0	51.1
Fair value of derivatives	6.4	0.8	0.7
Share purchases – close period commitments	119.6	-	-
Other creditors and accruals	2,861.9	2,431.4	2,887.9
	13,868.2	11,359.8	12,685.0

The Group considers that the carrying amount of trade and other payables approximates their fair value.

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

£ million	30 June 2016	30 June 2015	31 December 2015
Payments due to vendors (earnout agreements)	651.7	321.8	455.3
Liabilities in respect of put option agreements with vendors	223.3	163.8	183.3
Fair value of derivatives	1.3	3.2	2.3
Other creditors and accruals	245.7	218.7	250.6
	1,122.0	707.5	891.5

The Group considers that the carrying amount of trade and other payables approximates their fair value.

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

£ million	30 June 2016	30 June 2015	31 December 2015
Within one year	234.6	102.8	126.0
Between 1 and 2 years	153.1	87.3	104.9
Between 2 and 3 years	168.7	68.8	105.1
Between 3 and 4 years	174.3	63.6	110.9
Between 4 and 5 years	121.1	67.7	122.5
Over 5 years	34.5	34.4	11.9
	886.3	424.6	581.3

The Group's approach to payments due to vendors is outlined in note 21.

16. Trade and other payables: amounts falling due after more than one year (continued)

The following table sets out the movements of deferred and earnout related obligations during the period:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
At the beginning of the period	581.3	311.4	311.4
Earnouts paid	(20.5)	(10.9)	(43.9)
New acquisitions	185.3	92.7	262.2
Revision of estimates taken to goodwill	38.9	19.5	19.9
Revaluation of payments due to vendors (note 5)	38.0	26.0	35.6
Exchange adjustments	63.3	(14.1)	(3.9)
At the end of the period	886.3	424.6	581.3

The Group does not consider there to be any material contingent liabilities as at 30 June 2016.

17. Issued share capital – movement in the period

Number of equity ordinary shares (million)	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
At the beginning of the period	1,329.4	1,325.7	1,325.7
Exercise of share options	0.6	0.9	3.7
At the end of the period	1,330.0	1,326.6	1,329.4

18. Related party transactions

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

19. Non-GAAP measures of performance

The non-GAAP measures of performance shown below have been included to provide the users of the financial statements with a better understanding of the key performance indicators of the business.

Reconciliation of profit before interest and taxation to headline PBIT for the six months ended 30 June 2016:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Profit before interest and taxation	569.5	804.9	1,679.0
Amortisation and impairment of acquired intangible assets	77.6	66.7	140.1
Goodwill impairment	-	-	15.1
Gains on disposal of investments and subsidiaries	(19.5)	(91.9)	(131.0)
Losses/(gains) on remeasurement of equity interest on acquisition of controlling interest	38.9	(140.2)	(165.0)
Investment write-downs	83.3	-	78.7
Restructuring costs	10.5	21.2	106.2
IT asset write downs	-	-	29.1
Share of exceptional losses of associates	8.4	8.4	21.8
Headline PBIT	768.7	669.1	1,774.0
Finance income	43.1	38.1	72.4
Finance costs	(122.1)	(111.5)	(224.1)
	(79.0)	(73.4)	(151.7)
Interest cover on headline PBIT	9.7 times	9.1 times	11.7 times

Calculation of headline EBITDA:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Headline PBIT (as above)	768.7	669.1	1,774.0
Depreciation of property, plant and equipment	102.6	97.5	194.7
Amortisation of other intangible assets	17.9	15.4	33.7
Headline EBITDA	889.2	782.0	2,002.4

Net sales margin before and after share of results of associates:

£ million	Margin	Six months ended 30 June 2016	Margin	Six months ended 30 June 2015	Margin	Year ended 31 December 2015
Net sales		5,593.8		5,040.7		10,524.3
Headline PBIT	13.7%	768.7	13.3%	669.1	16.9%	1,774.0
Share of results of associates (excluding exceptional gains/losses)		24.3		24.4		68.8
Headline PBIT excluding share of results of associates	13.3%	744.4	12.8%	644.7	16.2%	1,705.2

Notes to the unaudited condensed consolidated interim financial statements (continued)

19. Non-GAAP measures of performance (continued)

Reconciliation of profit before taxation to headline PBT and headline earnings for the six months ended 30 June 2016:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Profit before taxation	425.1	709.7	1,492.6
Amortisation and impairment of acquired intangible assets	77.6	66.7	140.1
Goodwill impairment	-	-	15.1
Gains on disposal of investments and subsidiaries	(19.5)	(91.9)	(131.0)
Losses/(gains) on remeasurement of equity interest on acquisition of controlling interest	38.9	(140.2)	(165.0)
Investment write-downs	83.3	-	78.7
Restructuring costs	10.5	21.2	106.2
IT asset write-downs	-	-	29.1
Share of exceptional losses of associates	8.4	8.4	21.8
Revaluation of financial instruments	65.4	21.8	34.7
Headline PBT	689.7	595.7	1,622.3
Headline tax charge (note 7)	(144.8)	(119.1)	(308.3)
Non-controlling interests	(36.2)	(34.9)	(84.9)
Headline earnings	508.7	441.7	1,229.1
Ordinary dividends[1]	260.0	202.6	545.8
Dividend cover on headline earnings	2.0 times	2.2 times	2.3 times

Reconciliation of free cash flow for the six months ended 30 June 2016:

£ million	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015
Cash generated by operations	350.8	12.6	1,734.3
Plus:			
Interest received	35.3	28.6	61.3
Investment income	9.6	3.0	4.9
Dividends received from associates	36.7	50.1	72.6
Share option proceeds	5.3	5.4	27.6
Proceeds on disposal of property, plant and equipment	9.7	11.2	13.4
Movements in working capital and provisions	555.8	772.2	164.1
Less:			
Interest and similar charges paid	(116.7)	(110.0)	(212.0)
Purchase of property, plant and equipment	(126.7)	(73.1)	(210.3)
Purchase of other intangible assets (including capitalised computer software)	(15.9)	(17.0)	(36.1)
Corporation and overseas tax paid	(249.5)	(165.0)	(301.2)
Dividends paid to non-controlling interests in subsidiary undertakings	(35.0)	(25.7)	(55.2)
Free cash flow	459.4	492.3	1,263.4

[1] For the six months ended 30 June 2016, ordinary dividends represent an estimate of the 2016 interim dividend expected to be paid to share owners in November 2016, based on the number of shares in issue at 30 June 2016. The corresponding figure for the six months ended 30 June 2015 represents the 2015 interim dividend paid in November 2015.

20. Going concern and risk management policies

In considering going concern and liquidity risk, the directors have reviewed the Group's future cash requirements and earnings projections. The directors believe these forecasts have been prepared on a prudent basis and have also considered the impact of a range of potential changes to trading performance. The directors have concluded that the Group should be able to operate within its current facilities and comply with its banking covenants for the foreseeable future and therefore believe it is appropriate to prepare the financial statements of the Group on a going concern basis.

At 30 June 2016, the Group has access to £7.4 billion of committed facilities with maturity dates spread over the years 2017 to 2043 as illustrated below:

£ million		Maturity by year				
		2017	**2018**	**2019**	**2020**	**2021+**
US bond $500m (5.625% '43)	376.8					376.8
US bond $300m (5.125% '42)	226.1					226.1
Eurobonds €600m (1.625% '30)	500.8					500.8
Eurobonds €750m (2.25% '26)	625.9					625.9
US bond $750m (3.75% '24)	565.3					565.3
Eurobonds €750m (3.0% '23)	625.9					625.9
US bond $500m (3.625% '22)	376.8					376.8
US bond $812m (4.75% '21)	612.3					612.3
Bank revolver ($2,500m)	1,884.2					1,884.2
£ bonds £200m (6.375% '20)	200.0				200.0	
Eurobonds €600m (0.75% '19)	500.8			500.8		
Bank revolver (A$520m)	291.8			291.8		
Eurobonds €252m (0.43% '18)	210.2		210.2			
£ bonds £400m (6.0% '17)	400.0	400.0				
Total committed facilities available	7,396.9	400.0	210.2	792.6	200.0	5,794.1
Drawn down facilities at 30 June 2016	5,766.7	400.0	210.2	708.4	200.0	4,248.1
Undrawn committed credit facilities	1,630.2					
Drawn down facilities at 30 June 2016	5,766.7					
Net cash at 30 June 2016	(1,601.1)					
Other adjustments	83.3					
Net debt at 30 June 2016	4,248.9					

Given the strong cash generation of the business, its debt maturity profile and available facilities, the directors believe the Group has sufficient liquidity to match its requirements for the foreseeable future.

Treasury management

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

The Group's risk management policies relating to foreign currency risk, interest rate risk, liquidity risk, capital risk and credit risk are presented in the notes to the consolidated financial statements of the 2015 Annual Report and Accounts and in the opinion of the Board remain relevant for the remaining six months of the year.

21. Financial instruments

The fair values of financial assets and liabilities are based on quoted market prices where available. Where the market value is not available, the Group has estimated relevant fair values on the basis of publicly available information from outside sources or on the basis of discounted cash flow models where appropriate.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

£ million	Level 1	Level 2	Level 3
30 June 2016			
Derivatives in designated hedge relationships			
Derivative assets	-	69.5	-
Derivative liabilities	-	(0.4)	-
Held for trading			
Derivative assets	-	10.5	-
Derivative liabilities	-	(7.3)	-
Share purchases - close period commitments	(119.6)	-	-
Payments due to vendors (earnout agreements) (note 16)	-	-	(886.3)
Liabilities in respect of put options	-	-	(272.8)
Available for sale			
Other investments	310.8	-	992.9

Reconciliation of level 3 fair value measurements[1]:

£ million	Liabilities in respect of put options	Other investments
1 January 2016	(234.4)	847.3
Losses recognised in the income statement	(23.5)	-
Gains recognised in other comprehensive income	-	17.1
Exchange adjustments	(37.0)	94.7
Additions	(14.6)	37.2
Disposals	-	(3.4)
Settlements	36.7	-
30 June 2016	(272.8)	992.9

[1] Payments due to vendors (earnout agreements) are reconciled in note 16.

21. Financial instruments (continued)

Payments due to vendors and liabilities in respect of put options

Future anticipated payments due to vendors in respect of contingent consideration (earnout agreements) are recorded at fair value, which is the present value of the expected cash outflows of the obligations. Liabilities in respect of put option agreements are initially recorded at the present value of the redemption amount in accordance with IAS 32 and subsequently measured at fair value in accordance with IAS 39. Both types of obligations are dependent on the future financial performance of the entity and it is assumed that future profits are in line with directors' estimates. The directors derive their estimates from internal business plans together with financial due diligence performed in connection with the acquisition. At 30 June 2016, the weighted average growth rate in estimating future financial performance was 23.3%, which reflects the prevalence of recent acquisitions in the faster growing markets and new media sectors. The risk adjusted discount rate applied to these obligations at 30 June 2016 was 1.1%.

A one percentage point increase or decrease in the growth rate in estimated future financial performance would increase or decrease the combined liabilities due to earnout agreements and put options by approximately £14.2 million and £20.8 million, respectively. A 0.5 percentage point increase or decrease in the risk adjusted discount rate would decrease or increase the combined liabilities by approximately £15.1 million and £15.5 million, respectively. An increase in the liability would result in a loss in the revaluation of financial instruments (note 5), while a decrease would result in a gain.

Other investments

Other investments included in level 1 are based on quoted market prices. Other investments included in level 3 are unlisted securities, where market value is not readily available. The Group has estimated relevant fair values on the basis of publicly available information from outside sources or on the basis of discounted cash flow models where appropriate. The sensitivity to changes in unobservable inputs is specific to each individual investment.

22. Principal risks and uncertainties

The Board has carried out a robust assessment of the principal risks and uncertainties affecting the Group and these are summarised below:

Clients

- The Group competes for clients in a highly competitive industry and client loss may have a material adverse effect on the Group's market share and its business, revenues, results of operations, financial condition or prospects.
- The Group receives a significant portion of its revenues from a limited number of large clients and the loss of these clients could have a material adverse effect on the Group's prospects, business, financial condition and results of operations.

Data Security

- Existing and proposed data protection laws may restrict the Group's activities and increase our costs.
- The Group is carrying out an IT transformation project and will rely on third parties for the performance of a significant part of its information technology and operational functions. A failure to provide these functions could have an adverse effect on the Group's business.
- The Group stores, transmits and relies on critical and sensitive data. Security of this type of data is exposed to escalating external threats that are increasing in sophistication as well as internal breaches.

Operational

- The Group's performance could be adversely impacted if it failed to ensure adequate internal control procedures are in place in relation to the Group's increased proprietary trading.

People and Succession

- The Group's performance could be adversely affected if it were unable to attract and retain key talent or had inadequate talent management and succession planning for key management roles at the parent and operating companies.

Regulatory, Sanctions, Anti-Trust and Taxation

- The Group may be subject to regulations restricting its activities or effecting changes in taxation.
- The Group is subject to anti-corruption, anti-bribery and anti-trust legislation and enforcement in the countries in which it operates.
- Civil liabilities or judgements against the Company or its directors or officers based on United States federal or state securities laws may not be enforceable in the United States or in England and Wales or in Jersey.
- The Group is subject to the laws of the United States, EU and other jurisdictions regulating and imposing sanctions on the supply of services to certain countries. Failure to comply with these laws could expose the Group to civil and criminal penalties.

Responsibility statement

We confirm that to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

b) the interim management report and note 22 includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) the interim management report and note 18 includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

Signed on behalf of the Board on 24 August 2016.

P W G Richardson

Group finance director

Independent review report to WPP plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 which comprises the condensed consolidated interim income statement, statement of comprehensive income, cash flow statement, balance sheet, statement of changes in equity and related notes 1 to 21. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and issued by the International Accounting Standards Board. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union and issued by the International Accounting Standards Board.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Chartered Accountants and Statutory Auditor
London, UK
24 August 2016

Appendix 2: Interim results for the six months ended 30 June 2016 in reportable US Dollars[1]

Unaudited illustrative condensed consolidated interim income statement for the six months ended 30 June 2016

$ million	Six months ended 30 June 2016	Six months ended 30 June 2015	+/(-)%	Year ended 31 December 2015
Billings	36,289.8	35,315.4	2.8	72,766.7
Revenue	9,366.7	8,900.8	5.2	18,693.2
Direct costs	(1,351.1)	(1,217.8)	(10.9)	(2,614.3)
Net sales	8,015.6	7,683.0	4.3	16,078.9
Operating costs	(7,222.6)	(6,476.0)	(11.5)	(13,585.1)
Operating profit	793.0	1,207.0	(34.3)	2,493.8
Share of results of associates	22.7	24.3	(6.6)	71.2
Profit before interest and taxation	815.7	1,231.3	(33.8)	2,565.0
Finance income	62.2	57.2	8.7	110.9
Finance costs	(175.5)	(168.8)	(4.0)	(342.6)
Revaluation of financial instruments	(92.9)	(34.0)	-	(53.2)
Profit before taxation	609.5	1,085.7	(43.9)	2,280.1
Taxation	(204.5)	(166.3)	(23.0)	(378.4)
Profit for the period	405.0	919.4	(55.9)	1,901.7
Attributable to:				
Equity holders of the parent	353.1	866.0	(59.2)	1,771.6
Non-controlling interests	51.9	53.4	2.8	130.1
	405.0	919.4	(55.9)	1,901.7
Headline PBIT	1,100.2	1,021.5	7.7	2,704.3
Net sales margin	13.7%	13.3%	0.4[2]	16.8%
Headline PBT	986.9	909.9	8.5	2,472.6
Reported earnings per share[3]				
Basic earnings per ordinary share	27.5¢	66.9¢	(58.9)	137.5¢
Diluted earnings per ordinary share	27.2¢	65.8¢	(58.7)	134.9¢
Headline earnings per share[3]				
Basic earnings per ordinary share	56.7¢	52.1¢	8.8	145.2¢
Diluted earnings per ordinary share	56.0¢	51.2¢	9.4	142.5¢

[1] The unaudited condensed consolidated income statement above is presented in reportable US Dollars for information purposes only and has been prepared assuming the US Dollar is the presentation 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$1.4330 to the pound for the period ended 30 June 2016 (period ended 30 June 2015: US$1.5239; year ended 31 December 2015: US$1.5288).

[2] Margin points.

[3] 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.

Appendix 3: Interim results for the six months ended 30 June 2016 in reportable Euro[1]

Unaudited illustrative condensed consolidated interim income statement for the six months ended 30 June 2016

€ million	Six months ended 30 June 2016	Six months ended 30 June 2015	+/(-)%	Year ended 31 December 2015
Billings	32,486.2	31,679.3	2.5	65,677.2
Revenue	8,384.2	7,989.6	4.9	16,873.7
Direct costs	(1,209.5)	(1,094.2)	(10.5)	(2,360.9)
Net sales	7,174.7	6,895.4	4.1	14,512.8
Operating costs	(6,468.3)	(5,804.9)	(11.4)	(12,253.5)
Operating profit	706.4	1,090.5	(35.2)	2,259.3
Share of results of associates	20.3	21.8	(6.9)	64.3
Profit before interest and taxation	726.7	1,112.3	(34.7)	2,323.6
Finance income	56.1	51.6	8.7	99.5
Finance costs	(157.5)	(151.7)	(3.8)	(308.5)
Revaluation of financial instruments	(82.7)	(30.3)	-	(48.0)
Profit before taxation	542.6	981.9	(44.7)	2,066.6
Taxation	(182.6)	(149.2)	(22.4)	(341.8)
Profit for the period	360.0	832.7	(56.8)	1,724.8
Attributable to:				
Equity holders of the parent	313.8	784.8	(60.0)	1,607.1
Non-controlling interests	46.2	47.9	3.5	117.7
	360.0	832.7	(56.8)	1,724.8
Headline PBIT	980.5	922.3	6.3	2,452.8
Net sales margin	13.7%	13.4%	0.3[2]	16.9%
Headline PBT	879.1	822.2	6.9	2,243.8
Reported earnings per share[3]				
Basic earnings per ordinary share	24.4¢	60.6¢	(59.7)	124.7¢
Diluted earnings per ordinary share	24.1¢	59.6¢	(59.6)	122.4¢
Headline earnings per share[3]				
Basic earnings per ordinary share	50.5¢	47.2¢	7.0	132.0¢
Diluted earnings per ordinary share	49.8¢	46.4¢	7.3	129.5¢

[1] The unaudited condensed consolidated income statement above is presented in reportable Euros for information purposes only and has been prepared assuming the Euro is the presentation currency of the Group, whereby local currency results are translated into Euros at actual monthly average exchange rates in the periods presented. Among other currencies, this includes an average exchange rate of €1.2838 to the pound for the period ended 30 June 2016 (period ended 30 June 2015: €1.3659; year ended 31 December 2015: €1.3782).

[2] Margin points.

[3] 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.

Appendix 4: Interim results for the six months ended 30 June 2016 in reportable Japanese Yen[1]

Unaudited illustrative condensed consolidated interim income statement for the six months ended 30 June 2016

¥ billion	Six months ended 30 June 2016	Six months ended 30 June 2015	+/(-)%	Year ended 31 December 2015
Billings	4,040.8	4,251.0	(4.9)	8,810.5
Revenue	1,042.4	1,071.6	(2.7)	2,264.1
Direct costs	(150.6)	(146.7)	(2.7)	(316.8)
Net sales	891.8	924.9	(3.6)	1,947.3
Operating costs	(804.6)	(778.2)	(3.4)	(1,644.2)
Operating profit	87.2	146.7	(40.6)	303.1
Share of results of associates	2.6	2.9	(10.3)	8.6
Profit before interest and taxation	89.8	149.6	(40.0)	311.7
Finance income	7.2	6.8	5.9	13.3
Finance costs	(19.9)	(20.2)	1.5	(41.4)
Revaluation of financial instruments	(9.8)	(4.2)	-	(6.5)
Profit before taxation	67.3	132.0	(49.0)	277.1
Taxation	(22.3)	(20.2)	(10.4)	(46.0)
Profit for the period	45.0	111.8	(59.7)	231.1
Attributable to:				
Equity holders of the parent	39.3	105.3	(62.7)	215.3
Non-controlling interests	5.7	6.5	12.3	15.8
	45.0	111.8	(59.7)	231.1
Headline PBIT	120.6	123.6	(2.4)	328.3
Net sales margin	13.5%	13.4%	0.1[2]	16.9%
Headline PBT	107.9	110.2	(2.1)	300.2
Reported earnings per share[3]				
Basic earnings per ordinary share	30.6¥	81.3¥	(62.4)	167.1¥
Diluted earnings per ordinary share	30.2¥	79.9¥	(62.2)	164.0¥
Headline earnings per share[3]				
Basic earnings per ordinary share	62.1¥	63.1¥	(1.6)	176.3¥
Diluted earnings per ordinary share	61.3¥	62.0¥	(1.1)	173.0¥

[1] The unaudited condensed consolidated income statement above is presented in reportable Japanese Yen for information purposes only and has been prepared assuming the Japanese Yen is the presentation currency of the Group, whereby local currency results are translated into Japanese Yen at actual monthly average exchange rates in the periods presented. Among other currencies, this includes an average exchange rate of ¥159.8621 to the pound for the period ended 30 June 2016 (period ended 30 June 2015: ¥183.3327; year ended 31 December 2015: ¥185.1067).

[2] Margin points.

[3] 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.

Average net debt and net debt

Average net debt is calculated as the average daily net borrowings of the Group. Net debt at a period end is calculated as the sum of the net 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' marketing 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 2016 exchange rates to local currency reported results for the current and prior year. This gives a US dollar-denominated income statement which excludes 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 non-controlling interests in subsidiary undertakings, purchases of property, plant and equipment and purchases of other intangible assets.

Net sales/Net sales margin

Net sales are revenue less direct costs. Net sales margin is calculated as headline PBIT (defined below) as a percentage of net sales. The Group has previously used the terms gross margin and gross profit to refer to net sales.

Headline earnings

Headline PBT less headline tax charge and non-controlling interests.

Headline operating profit/Headline PBIT

Profit before finance income/costs and revaluation of financial instruments, taxation, gains/losses on disposal of investments and subsidiaries, investment write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, Group restructuring costs, IT asset write-downs, share of exceptional gains/losses of associates and gains/losses on remeasurement of equity interest on acquisition of controlling interest.

Headline PBT

Profit before taxation, gains/losses on disposal of investments and subsidiaries, investment write-downs, goodwill impairment and other goodwill write-downs, amortisation and impairment of acquired intangible assets, Group restructuring costs, IT asset write-downs, share of exceptional gains/losses of associates, gains/losses arising from the revaluation of financial instruments, and gains/losses on remeasurement of equity interest on acquisition of controlling interest.

Headline tax charge

Taxation excluding tax charge relating to gains on disposal of investments and subsidiaries, deferred tax impact of the amortisation of acquired intangible assets and other goodwill items and tax credit relating to restructuring costs.

Operating margin

Headline operating profit as a percentage of net sales.

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 or exclude the results of acquisitions and disposals for the commensurate period in the prior year. The Group uses the terms 'pro forma' and 'like-for-like' interchangeably.