

Appendix I

WPP GROUP PLC
Interim results for the six months ended 30 June 2003
Unaudited consolidated interim profit and loss account for the six months ended 30 June 2003

	Notes	Six months ended 30 June 2003	Six months ended 30 June 2002	+ / (-) %	Constant Currency ³	Year ended 31 December 2002
		£m	£m		+ / (-) %	£m
Turnover (gross billings)		8,639.2	8,779.9	(1.6)	1.6	18,028.7
Cost of sales		(6,728.4)	(6,820.1)	1.3	(1.5)	(14,120.4)
Revenue	4	1,910.8	1,959.8	(2.5)	1.8	3,908.3
Direct costs		(110.1)	(110.7)	0.5	(3.3)	(218.2)
Gross profit		1,800.7	1,849.1	(2.6)	1.7	3,690.1
Operating costs excluding goodwill amortisation and impairment		(1,582.4)	(1,611.0)	1.8	(2.8)	(3,239.9)
Goodwill amortisation and impairment	8	(43.5)	(36.7)	(18.5)	(17.5)	(177.7)
Operating costs		(1,625.9)	(1,647.7)	1.3	(3.1)	(3,417.6)
Operating profit		174.8	201.4	(13.2)	(10.3)	272.5
Income from associates		15.8	15.8	-	3.6	30.0
Profit on ordinary activities before interest, taxation, fixed asset gains and write-downs		190.6	217.2	(12.2)	(9.3)	302.5
Profits on disposal of fixed assets		-	-	-	-	9.2
Amounts written off fixed asset investments		-	-	-	-	(19.9)
Net interest payable and similar charges on net borrowings		(31.2)	(41.0)	23.9	19.0	(79.6)
Net interest charges on defined benefit pension schemes		(5.8)	(2.5)	(132.0)	(141.9)	(6.8)
Net interest payable and similar charges		(37.0)	(43.5)	14.9	9.6	(86.4)
Profit on ordinary activities before taxation		153.6	173.7	(11.6)	(9.2)	205.4
Taxation on profit on ordinary activities	5	(51.7)	(53.4)	3.2	3.4	(103.4)
Profit on ordinary activities after taxation		101.9	120.3	(15.3)	(12.0)	102.0
Minority interests		(6.7)	(6.0)	(11.7)	(12.5)	(14.0)
Profit attributable to ordinary share owners		95.2	114.3	(16.7)	(13.4)	88.0
Ordinary dividends	6	(24.5)	(20.0)	22.5	22.5	(62.5)
Retained profit for the period		70.7	94.3	(25.0)	(21.8)	25.5
Headline PBIT¹	4	234.1	253.9	(7.8)	(5.2)	480.2
Headline PBIT¹ margin		12.3%	13.0%			12.3%
Headline PBT¹		202.9	212.9	(4.7)	(2.5)	400.6
Headline earnings per share²						
Basic earnings per ordinary share	7	13.0p	13.8p	(5.8)	(2.5)	25.5p
Diluted earnings per ordinary share	7	12.8p	13.4p	(4.5)	(1.6)	24.9p
Standard earnings per share						
Basic earnings per ordinary share	7	8.6p	10.3p	(16.5)	(13.0)	7.9p
Diluted earnings per ordinary share	7	8.5p	10.0p	(15.0)	(12.2)	7.7p

¹ Headline PBIT: Profit on ordinary activities before interest, taxation, goodwill amortisation and impairment, fixed asset gains and write-downs.
Headline PBT: Profit on ordinary activities before taxation, goodwill amortisation and impairment, fixed asset gains and write-downs, and net interest charges on defined benefit pension schemes. The calculations of Headline PBIT and Headline PBT are presented in Appendix IV.

² Headline earnings per ordinary share excludes goodwill amortisation and impairment, fixed asset gains and write-downs, and net interest charges on defined benefit pension schemes. The calculation of Headline earnings is presented in Appendix IV.

³ Constant currency is defined in Appendix IV

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Unaudited consolidated summary interim cash flow statement for
the six months ended 30 June 2003

	Six months ended 30 June 2003	Six months ended 30 June 2002	Year ended 31 December 2002
	£m	£m	£m
Reconciliation of operating profit to net cash (outflow)/inflow from operating activities:			
Operating profit	174.8	201.4	272.5
Depreciation	53.0	59.5	116.6
Goodwill amortisation and impairment charges	43.5	36.7	177.7
Movements in working capital and provisions	(321.2)	(252.5)	213.1
Net cash (outflow)/inflow from operating activities	(49.9)	45.1	779.9
Dividends received from associates	6.0	4.4	9.4
Returns on investments and servicing of finance	(47.7)	(48.5)	(78.2)
United Kingdom and overseas tax paid	(43.0)	(43.6)	(85.0)
Purchase of tangible fixed assets	(32.9)	(34.0)	(100.5)
Purchase of own shares by ESOP Trust	(2.8)	(67.9)	(67.6)
Proceeds from sale of tangible fixed assets	3.3	1.8	10.2
Capital expenditure and financial investment	(32.4)	(100.1)	(157.9)
Initial cash consideration for acquisitions	(47.2)	(112.3)	(141.2)
Earnout payments	(45.4)	(44.9)	(82.4)
Loan note redemptions	(6.5)	(44.9)	(93.7)
Net cash acquired	0.6	58.0	62.8
Purchase of majority of Cordiant bank debt from its lenders	(176.6)	-	-
Purchases of other investments (including associates)	(51.0)	(2.0)	(26.1)
Proceeds from disposal of other investments	2.2	3.3	3.3
Acquisitions and disposals	(323.9)	(142.8)	(277.3)
Equity dividends paid	-	-	(55.6)
Net cash (outflow)/inflow before management of liquid resources and financing	(490.9)	(285.5)	135.3
Management of liquid resources	118.8	43.7	(113.6)
Proceeds from issue of convertible bond	-	450.0	450.0
Increase/(reduction) in drawings on bank loans	125.5	(116.2)	(239.3)
Financing and share issue costs	(2.7)	(9.0)	(12.9)
Share placement	100.2	-	-
Proceeds from other issue of shares	5.0	20.5	24.4
Share cancellations	(20.2)	-	(8.3)
Net cash inflow from financing	207.8	345.3	213.9
(Decrease)/increase in cash and overdrafts for the period	(164.3)	103.5	235.6
Translation difference	11.4	6.1	(0.4)
Balance of cash and overdrafts at beginning of period	500.9	265.7	265.7
Balance of cash and overdrafts at end of period	348.0	375.3	500.9
Reconciliation of net cash flow to movement in net debt:			
(Decrease)/increase in cash and overdrafts for the period	(164.3)	103.5	235.6
Cash (inflow)/outflow from increase in liquid resources	(118.8)	(43.7)	113.6
Cash inflow from increase in debt financing	(125.1)	(324.9)	(201.2)
Other movements	(6.5)	(3.9)	(8.8)
Translation difference	(15.6)	(6.1)	23.2
Movement of net debt in the period	(430.3)	(275.1)	162.4
Net debt at beginning of period	(722.7)	(885.1)	(885.1)
Net debt at end of period (Note 11)	(1,153.0)	(1,160.2)	(722.7)

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Unaudited consolidated balance sheet as at 30 June 2003

	Notes	30 June 2003 £m	30 June 2002 £m	31 December 2002 £m
Fixed assets				
Intangible assets:				
Corporate brands		950.0	950.0	950.0
Goodwill	8	4,441.7	4,452.2	4,407.0
Tangible assets				
Investments	8	855.6	635.8	628.7
		6,601.7	6,434.9	6,363.0
Current assets				
Stocks and work in progress				
		371.8	328.5	291.6
Debtors				
Trade debtors within working capital facility:				
Gross debts		379.3	409.5	385.7
Non-returnable proceeds		<u>(211.8)</u>	<u>(229.1)</u>	<u>(217.4)</u>
		167.5	180.4	168.3
Current asset investments (short-term bank and escrow deposits)				
		71.6	33.1	190.4
Cash at bank and in hand				
		690.1	690.6	689.1
		3,607.9	3,652.8	3,595.8
Creditors: amounts falling due within one year	9	(4,313.0)	(4,038.8)	(4,120.1)
Net current liabilities		(705.1)	(386.0)	(524.3)
Total assets less current liabilities		5,896.6	6,048.9	5,838.7
Creditors: amounts falling due after more than one year (including convertible bonds)				
	10	(1,734.2)	(2,016.6)	(1,837.5)
Provisions for liabilities and charges		(101.6)	(106.5)	(102.0)
Net assets excluding pension provision		4,060.8	3,925.8	3,899.2
Pension provision		(184.8)	(135.3)	(184.8)
Net assets including pension provision		3,876.0	3,790.5	3,714.4
Capital and reserves				
Called up share capital				
		117.8	115.6	115.7
Share premium account				
		939.4	834.6	836.6
Shares to be issued				
		166.4	206.1	195.7
Merger reserve				
		2,891.8	2,855.4	2,869.3
Other reserves				
		(253.0)	(307.0)	(254.3)
Profit and loss account				
		(24.9)	40.5	(87.4)
Equity share owners' funds		3,837.5	3,745.2	3,675.6
Minority interests				
		38.5	45.3	38.8
Total capital employed		3,876.0	3,790.5	3,714.4

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Unaudited consolidated statement of total recognised gains and losses for the period ended 30 June 2003

	Six months ended 30 June 2003	Six months ended 30 June 2002	Year ended 31 December 2002
	£m	£m	£m
Profit for the period	95.2	114.3	88.0
Exchange adjustments on foreign currency net investments	2.7	29.8	82.3
Actuarial loss on defined benefit pension schemes in accordance with FRS17 (Retirement Benefits)	-	-	(52.8)
Total recognised gains and losses relating to the period	97.9	144.1	117.5

Unaudited reconciliation of movements in consolidated share owners' funds for the period ended 30 June 2003

	Six months ended 30 June 2003	Six months ended 30 June 2002	Year ended 31 December 2002
	£m	£m	£m
Profit for the period	95.2	114.3	88.0
Ordinary dividends payable	(24.5)	(20.0)	(62.5)
	70.7	94.3	25.5
Exchange adjustments on foreign currency net investments	2.7	29.8	82.3
Ordinary shares issued in respect of acquisitions	5.7	0.5	8.2
Share placement	100.2	-	-
Share issue costs charged to share premium account or merger reserve	(2.2)	-	(3.4)
Other share issues	5.0	20.8	24.3
Share cancellations	(20.2)	-	(8.3)
Actuarial loss on defined benefit schemes	-	-	(52.8)
Net additions to equity share owners' funds	161.9	145.4	75.8
Opening equity share owners' funds	3,675.6	3,599.8	3,599.8
Closing equity share owners' funds	3,837.5	3,745.2	3,675.6

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Notes to the unaudited consolidated interim financial statements (Notes 1-12)

1. Basis of accounting

The unaudited consolidated interim financial statements are prepared under the historical cost convention.

2. Accounting policies

The unaudited consolidated interim financial statements comply with relevant accounting standards and have been prepared using the accounting policies set out on pages 104 to 106 of the Group's 2002 Annual Report and Accounts. No changes have been made to the accounting policies since this time.

The policies set out in the 2002 Annual Report and Accounts are in accordance with applicable accounting standards in the United Kingdom (UK GAAP).

FRS 17 "Retirement benefits"

As disclosed in the 2002 Annual Report and Accounts, the Group accounts for pension costs and retirement benefits in accordance with FRS 17. This requires an annual actuarial assessment of the defined benefit pension schemes, which is carried out by the Group's independent actuarial advisers. In the six months ended 30 June 2003 the Group has charged the profit and loss account with £6.6 million (period ended 30 June 2002: £7.1 million; year ended 31 December 2002: £11.4 million) of service cost and £5.8 million (period ended 30 June 2002: £2.5 million; year ended 31 December 2002: £6.8 million) of notional interest in respect of defined benefit schemes on the basis of the 2002 actuarial assessment. This will be updated during the second half of the year, and any actuarial gains and losses arising on pension assets and liabilities in the balance sheet will be shown in the statement of total recognised gains and losses for 2003.

Statutory Information and Independent Review

The interim financial statements for the six months to 30 June 2003 and 2002 do not constitute statutory accounts. The statutory accounts for the year ended 31 December 2002 received an unqualified auditors' report and have been filed with the Registrar of Companies. The interim financial statements are unaudited but have been reviewed by the auditors and their report is set out on page 20.

The announcement of the interim results was approved by the board of directors on 21 August 2003.

3. Currency conversion

The 2003 unaudited consolidated interim profit and loss account is prepared using, among other currencies, an average exchange rate of US\$1.6118 to the pound (period ended 30 June 2002: US\$1.4441; year ended 31 December 2002: US\$1.5036). The unaudited consolidated interim balance sheet as at 30 June 2003 has been prepared using the exchange rate on that day of US\$1.6528 to the pound (period ended 30 June 2002: US\$1.5279; year ended 31 December 2002: US\$1.6100).

The unaudited consolidated interim profit and loss account and balance sheet are presented in euros in Appendix II for illustrative purposes. The unaudited consolidated interim profit and loss account has been prepared using an average exchange rate of €1.4591 to the pound (period ended 30 June 2002: €1.6096; year ended 31 December 2002: €1.5910). The unaudited consolidated interim balance sheet at 30 June, 2003 has been prepared using the exchange rate on that day of €1.4393 to the pound (period ended 30 June 2002: €1.5435; year ended 31 December 2002: €1.5345). This translation should not be construed as a representation that the pound sterling amounts actually represent, or could be converted into euros at the rates indicated.

The basis for calculating the constant currency percentage changes, shown on the face of the consolidated interim profit and loss account, is presented in Appendix IV.

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Notes to the unaudited consolidated interim financial statements (continued)

4. Segmental analysis

Reported contributions by geographical area were as follows:

	Six months ended 30 June 2003	Six months ended 30 June 2002	Year ended 31 December 2002
	£m	£m	£m
Revenue			
United Kingdom	306.5	312.2	619.2
United States	786.4	855.1	1,655.0
Continental Europe	496.8	444.2	929.6
Canada, Asia Pacific, Latin America, Africa & Middle East	321.1	348.3	704.5
	1,910.8	1,959.8	3,908.3

Headline PBIT¹

United Kingdom	31.4	39.1	67.5
United States	123.8	140.4	239.2
Continental Europe	49.2	41.9	99.7
Canada, Asia Pacific, Latin America, Africa & Middle East	29.7	32.5	73.8
	234.1	253.9	480.2

Reported contributions by operating sector were as follows:

	Six months ended 30 June 2003	Six months ended 30 June 2002	Year ended 31 December 2002
	£m	£m	£m
Revenue			
Advertising and Media investment management	886.8	896.0	1,810.0
Information, insight and consultancy ²	334.0	331.0	664.7
Public relations and public affairs	212.9	232.9	447.6
Branding and identity, Healthcare and Specialist communications ²	477.1	499.9	986.0
	1,910.8	1,959.8	3,908.3

Headline PBIT¹

Advertising and Media investment management	126.3	140.3	274.7
Information, insight and consultancy ²	23.8	26.0	48.5
Public relations and public affairs	28.1	27.8	46.5
Branding and identity, Healthcare and Specialist communications ²	55.9	59.8	110.5
	234.1	253.9	480.2

¹ Headline PBIT: Profit on ordinary activities before interest, taxation, goodwill amortisation and impairment, fixed asset gains and write-downs. The calculation of PBIT is presented in Appendix IV.

² In 2003 certain of the Group's Specialist communications companies in strategic marketing consulting were moved into the renamed Information, insight and consultancy sector. As a result the comparative figures for both Information, insight and consultancy and Branding and identity, Healthcare and Specialist communications have been restated to reflect this change.

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Notes to the unaudited consolidated interim financial statements (continued)

5. Taxation

The Group tax rate on headline PBT¹ is 25.5% (30 June 2002: 25.1% and 31 December 2002: 25.8%). The tax charge comprises:

	Six months ended 30 June 2003	Six months ended 30 June 2002	Year ended 31 December 2002
	£m	£m	£m
Total current tax	45.4	47.6	93.8
Total deferred tax	-	-	(1.5)
Share of associates tax	6.3	5.8	11.1
Total tax on profits	51.7	53.4	103.4

¹ Headline PBT: Profit on ordinary activities before taxation, goodwill amortisation and impairment, fixed asset gains and write-downs, and net interest charges on defined benefit pension schemes. The calculation of headline PBT is presented in Appendix IV.

6. Ordinary dividends

The Board has recommended an interim dividend of 2.08p (2002: 1.73p) per ordinary share. This is expected to be paid on 17 November 2003 to share owners on the register at 17 October 2003.

	Six months ended 30 June 2003	Six months ended 30 June 2002	Year ended 31 December 2002
Ordinary dividend per share -			
interim	2.08p	1.73p	1.73p
final	-	-	3.67p
	2.08p	1.73p	5.40p
Ordinary dividend per ADR¹ -			
interim	16.8¢	13.0¢	13.0¢
final	-	-	27.6¢
	16.8¢	13.0¢	40.6¢

¹ These figures have been translated for convenience purposes only, using the profit and loss exchange rates shown in note 3. This translation should not be construed as a representation that the pound sterling amounts actually represent, or could be converted into, US dollars at the rates indicated.

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Notes to the unaudited consolidated interim financial statements (continued)

7. Earnings per share

Basic and diluted earnings per share have been calculated in accordance with FRS14 "Earnings per Share".

Headline basic earnings per share have been calculated using earnings of £95.2 million (period ended 30 June 2002: £114.3 million; year ended 31 December 2002: £88.0 million), and adjusted for goodwill amortisation and impairment, fixed asset gains and write downs and net interest charges on defined benefit pension schemes of £49.3 million (period ended 30 June 2002: £39.2 million; year ended 31 December 2002: £195.2 million). The weighted average number of shares in issue used was 1,108,373,801 shares (period ended 30 June 2002: 1,112,746,764; year ended 31 December 2002: 1,110,556,878 shares).

Headline diluted earnings per share have been calculated using earnings of £95.2 million (period ended 30 June 2002: £114.3 million; year ended 31 December 2002: £88.0 million) and adjusted for goodwill amortisation and impairment, fixed asset gains and write downs and net interest charges on defined benefit pension schemes of £49.3 million (period ended 30 June 2002: £39.2 million; year ended 31 December 2002: £195.2 million). The weighted average number of shares in issue used was 1,125,489,621 shares (period ended 30 June 2002: 1,141,408,177; year ended 31 December 2002: 1,136,548,459 shares). This takes into account the exercise of employee share options, where these are expected to dilute earnings, and convertible debt. For the six month periods ended 30 June 2003 and 30 June 2002 and the year ended 31 December 2002, both the \$287.5 million convertible loan note and the £450 million convertible bond were accretive to earnings and therefore excluded from the calculation.

Standard basic earnings per share have been calculated using earnings of £95.2 million (period ended 30 June 2002: £114.3 million; year ended 31 December 2002: £88.0 million) and weighted average shares in issue during the period of 1,108,373,801 shares (period ended 30 June 2002: 1,112,746,764 shares; year ended 31 December 2002: 1,110,556,878 shares).

Standard diluted earnings per share have been calculated using earnings of £95.2 million (period ended 30 June 2002: £114.3 million; year ended 31 December 2002: £88.0 million). The weighted average number of shares used was 1,125,489,621 shares (period ended 30 June 2002: 1,141,408,177 shares; year ended 31 December 2002: 1,136,548,459 shares). This takes into account the exercise of employee share options where these are expected to dilute earnings and convertible debt. For the six month periods ended 30 June 2003 and 30 June 2002, and the year ended 31 December 2002, both the \$287.5 million convertible loan note and the £450 million convertible bond were accretive to earnings and therefore excluded from the calculation.

At 30 June 2003 there were 1,178,096,488 ordinary shares in issue.

Earnings per ADR	Six months ended 30 June 2003	Six months ended 30 June 2002		Constant Currency ³	Year ended 31 December 2002
			+/(-)%	+/(-)%	
Headline earnings per ADR^{1,2}					
Basic earning per ADR	\$1.05	\$1.00	5.0	(2.5)	\$1.92
Diluted earnings per ADR	\$1.03	\$0.97	6.2	(1.6)	\$1.87
Standard earnings per ADR¹					
Basic earnings per ADR	\$0.69	\$0.74	(6.8)	(13.0)	\$0.59
Diluted earnings per ADR	\$0.69	\$0.72	(4.2)	(12.2)	\$0.58

¹ These figures have been translated for convenience purposes only, using the profit and loss exchange rates shown in note 3. This translation should not be construed as a representation that the pound sterling amounts actually represent, or could be converted into, US dollars at the rates indicated.

² Headline earnings per ADR excludes goodwill amortisation and impairment, fixed asset gains and write downs, and net interest charges on defined benefit pension schemes.

³ Constant currency is defined in Appendix IV.

WPP GROUP PLC**Notes to the unaudited consolidated financial statements (continued)****8. Goodwill and acquisitions**

During the period, the Group charged £16.5 million (30 June 2002: £12.7 million; 31 December 2002: £32.0 million) of goodwill amortisation and £27.0 million (30 June 2002: £24.0 million; 31 December 2002: £145.7 million) of goodwill impairment to the profit and loss account, a total of £43.5 million (30 June 2002: £36.7 million; 31 December 2002: £177.7 million). The impairment charge of £27.0 million represents less than 1% of goodwill shown in the balance sheet at the start of the year.

The impairment charge relates to a number of under-performing businesses in the Information, insight and consultancy, and Branding and identity, Healthcare and Specialist communications sectors. The impact of the current economic climate on these businesses is sufficiently severe to indicate an impairment to the carrying value of goodwill. All of the impairment charge relates to goodwill that was previously being amortised. The Directors will reassess the need for any further impairment write-downs at the year end.

The directors continue to assess the useful life of goodwill arising on acquisitions. Goodwill of £493.2 million is subject to amortisation over periods of between 10 and 20 years.

Goodwill in relation to subsidiary undertakings increased by £34.7 million in the period. Other than amortisation and impairment this includes both goodwill arising on acquisitions completed in the period and also adjustments to goodwill relating to acquisitions completed in prior periods. Goodwill in relation to associate undertakings increased by £23.3 million in the period.

These acquisitions do not have a significant impact on the Group's results for the six months to 30 June 2003.

Future anticipated payments to vendors in respect of earnouts totalled £201.3 million (period ended 30 June 2002: £227.9 million; year ended 31 December 2002: £237.8 million), 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.

On 1 August 2003, the Group completed its acquisition, via a scheme of arrangement, of Cordiant Communications Group plc ("Cordiant"). The results of Cordiant will be consolidated into the results of WPP Group plc from that date.

As at 30 June 2003, the Group had purchased £176.6 million of Cordiant's debt from its lenders and this debt is shown within fixed asset investments in the Group's balance sheet.

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Notes to the unaudited consolidated interim financial statements (continued)

9. Creditors: amounts falling due within one year

The following are included in creditors falling due within one year:

	30 June 2003	30 June 2002	31 December 2002
	£m	£m	£m
Bank loans and overdrafts	590.9	350.2	199.7
Trade creditors	2,335.4	2,353.9	2,477.8
Corporate income tax payable	35.5	47.7	29.9
Deferred income	346.4	301.8	335.0
Earnouts (note 8)	65.1	59.0	73.6
Loan notes due to vendors	37.9	53.8	27.3
Other creditors and accruals	901.8	872.4	976.8
	4,313.0	4,038.8	4,120.1

Overdraft balances included within bank loans and overdrafts amount to £342.1 million (30 June 2002: £315.3 million; 31 December 2002: £188.2 million).

10. Creditors: amounts falling due after more than one year

The following are included in creditors falling due after more than one year:

	30 June 2003	30 June 2002	31 December 2002
	£m	£m	£m
Corporate and convertible bonds and bank loans	1,323.8	1,533.7	1,402.5
Corporate income tax payable	214.7	227.4	215.7
Earnouts (note 8)	136.2	168.9	164.2
Other creditors and accruals	59.5	86.6	55.1
	1,734.2	2,016.6	1,837.5

The following table sets out the directors' best estimates of future earnout related obligations:

	30 June 2003	30 June 2002	31 December 2002
	£m	£m	£m
Within one year	65.1	59.0	73.6
Between 1 and 2 years	60.7	57.5	75.9
Between 2 and 3 years	31.2	43.8	20.8
Between 3 and 4 years	28.0	26.7	36.5
Between 4 and 5 years	14.5	28.1	29.0
Over 5 years	1.8	12.8	2.0
	201.3	227.9	237.8

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Notes to the unaudited consolidated interim financial statements (continued)

10. Creditors: amounts falling due after more than one year (continued)

The corporate and convertible bonds, bank loans and overdrafts included within short and long term creditors fall due for repayment as follows:

	30 June 2003	30 June 2002	31 December 2002
	£m	£m	£m
Within one year	590.9	350.2	199.7
Between 1 and 2 years	170.9	227.6	227.4
Between 2 and 3 years	120.6	188.2	302.3
Between 3 and 4 years	521.6	129.9	-
Between 4 and 5 years	450.4	506.4	420.1
Over 5 years	60.3	481.6	452.7
	1,914.7	1,883.9	1,602.2

11. Net debt

	30 June 2003	30 June 2002	31 December 2002
	£m	£m	£m
Cash at bank and in hand	690.1	690.6	689.1
Current asset investments	71.6	33.1	190.4
Bank loans and overdrafts due within one year (note 9)	(590.9)	(350.2)	(199.7)
Corporate bond and loans due after one year (note 10)	(1,323.8)	(1,533.7)	(1,402.5)
Net debt	(1,153.0)	(1,160.2)	(722.7)

Current asset investments represent cash on deposit with a maturity of greater than 24 hours.

There are no investor put options on any outstanding debt instruments.

12. Contingent liabilities in respect of option agreements

WPP has entered into agreements with certain share owners of partially owned subsidiaries and associate companies to acquire additional equity interests. These agreements typically contain options requiring WPP to purchase their shares at specified times up to 2009 on the basis of average earnings both before and after the exercise of the option.

All arrangements contain clauses that cap the maximum amount payable by WPP. The table below shows the illustrative amounts that would be payable by WPP in respect of these options, on the basis of the relevant companies' current financial performance, if all the options had been exercised at 30 June 2003.

	Currently Exercisable	Not Currently Exercisable	Total
	£m	£m	£m
Subsidiaries	10.0	18.6	28.6
Associates	4.3	10.4	14.7
Total	14.3	29.0	43.3

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 2003 which comprises the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the reconciliation of movements in consolidated share owners' funds and the related notes 1 - 12. 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 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 should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reason 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 United Kingdom auditing standards 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 2003.

Deloitte & Touche LLP
Chartered Accountants
London

21 August 2003

Appendix II

WPP GROUP PLC

Unaudited consolidated profit & loss account for the six months ended 30 June 2003
Presented in Euros for illustrative purposes only³

	Six months ended 30 June 2003	Six months ended 30 June 2002	Year ended 31 December 2002
	€m	€m	€m
Turnover (gross billings)	12,605.4	14,132.1	28,683.7
Costs of sales	(9,817.4)	(10,977.6)	(22,465.6)
Revenue	2,788.0	3,154.5	6,218.1
Direct Costs	(160.6)	(178.2)	(347.2)
Gross Profit	2,627.4	2,976.3	5,870.9
Operating costs excluding goodwill	(2,308.9)	(2,593.0)	(5,154.7)
Goodwill amortisation and impairment	(63.5)	(59.1)	(282.7)
Operating costs	(2,372.4)	(2,652.1)	(5,437.4)
Operating profit	255.0	324.2	433.5
Income from associates	23.1	25.4	47.7
Profit on ordinary activities before interest, taxation, fixed asset gains and write-downs	278.1	349.6	481.2
Profits on disposal of fixed assets	-	-	14.6
Amounts written off fixed asset investments	-	-	(31.7)
Net interest payable and similar charges on net borrowings	(45.5)	(66.0)	(126.6)
Net interest charges on defined benefit pension schemes	(8.5)	(4.0)	(10.8)
Net interest payable and similar charges	(54.0)	(70.0)	(137.4)
Profit on ordinary activities before taxation	224.1	279.6	326.7
Taxation on profit on ordinary activities	(75.4)	(85.9)	(164.5)
Profit on ordinary activities after taxation	148.7	193.7	162.2
Minority interests	(9.8)	(9.7)	(22.3)
Profit attributable to ordinary share owners	138.9	184.0	139.9
Ordinary dividends	(35.7)	(32.2)	(99.4)
Retained profit for the year	103.2	151.8	40.5
Headline PBIT¹	341.6	408.7	764.0
Headline PBIT¹ margin	12.3%	13.0%	12.3%
Headline PBT¹	296.1	342.7	637.3
Headline earnings per share²			
Basic earnings per ordinary share	19.0¢	22.2¢	40.6¢
Diluted earnings per ordinary share	18.7¢	21.6¢	39.6¢
Standard earnings per share			
Basic earnings per ordinary share	12.5¢	16.6¢	12.6¢
Diluted earnings per ordinary share	12.4¢	16.1¢	12.3¢

¹ Headline PBIT: Profit on ordinary activities before interest, taxation, excluding goodwill amortisation and impairment, fixed asset gains and write downs. Headline PBT: Profit on ordinary activities before taxation, excluding goodwill amortisation and impairment, fixed asset gains and write downs, and net interest charges on defined benefit pension schemes. The calculations of PBIT and Headline PBT are presented in Appendix IV.

² Headline earnings per ordinary share exclude goodwill amortisation and impairment, investment gains and write downs, and net interest charges on defined benefit pension schemes.

³ These figures have been translated for convenience purposes only, using the profit and loss exchange rates shown in Note 3.

WPP GROUP PLC

Unaudited consolidated balance sheet as at 30 June 2003
Presented in Euros for illustrative purposes only¹

	30 June 2003	30 June 2002	31 December 2002
	€m	€m	€m
Fixed assets			
Intangible assets:			
Corporate brands	1,367.3	1,466.3	1,457.8
Goodwill	6,392.9	6,872.0	6,762.5
Tangible assets	510.1	612.6	579.0
Investments	1,231.5	981.4	964.7
	9,501.8	9,932.3	9,764.0
Current assets			
Stocks and work in progress	535.1	507.0	447.5
Debtors	3,320.3	3,735.6	3,462.4
Trade debtors within working capital facility:			
Gross debts	545.9	632.1	591.9
Non-returnable proceeds	<u>(304.8)</u>	<u>(353.6)</u>	<u>(333.6)</u>
	241.1	278.5	258.3
Current asset investments (short-term bank and escrow deposits)	103.1	51.1	292.2
Cash at bank and in hand	993.3	1,065.9	1,057.4
	5,192.9	5,638.1	5,517.8
Creditors: amounts falling due within one year	(6,207.7)	(6,233.9)	(6,322.3)
Net current liabilities	(1,014.8)	(595.8)	(804.5)
Total assets less current liabilities	8,487.0	9,336.5	8,959.5
Creditors: amounts falling due after more than one year (including convertible loan notes)	(2,496.0)	(3,112.6)	(2,819.7)
Provisions for liabilities and charges	(146.2)	(164.4)	(156.5)
Net assets excluding pension provision	5,844.8	6,059.5	5,983.3
Pension provision	(266.0)	(208.9)	(283.6)
Net assets including pension provision	5,578.8	5,850.6	5,699.7
Capital and reserves			
Called up share capital	169.5	178.4	177.5
Share premium account	1,352.1	1,288.2	1,283.8
Shares to be issued	239.5	318.1	300.3
Merger reserve	4,162.2	4,407.3	4,402.9
Other reserves	(364.1)	(473.8)	(390.2)
Profit and loss account	(35.8)	62.5	(134.1)
Equity share owners' funds	5,523.4	5,780.7	5,640.2
Minority interests	55.4	69.9	59.5
Total capital employed	5,578.8	5,850.6	5,699.7

¹ These figures have been translated for convenience purposes only, using the rates of exchange shown in Note 3.

Appendix III

WPP GROUP PLC

To present the impact of US transitional guidelines on the expensing of share options, for illustrative purposes only
Unaudited pro forma consolidated interim profit and loss account for the six months ended 30 June 2003

	Six months ended 30 June 2003	Six months ended 30 June 2002	Year ended 31 December 2002
	£m	£m	£m
Turnover (gross billings)	8,639.2	8,779.9	18,028.7
Cost of sales	(6,728.4)	(6,820.1)	(14,120.4)
Revenue	1,910.8	1,959.8	3,908.3
Direct costs	(110.1)	(110.7)	(218.2)
Gross Profit	1,800.7	1,849.1	3,690.1
Operating costs excluding goodwill	(1,582.4)	(1,611.0)	(3,239.9)
Fair value of share options	(6.3)	(1.3)	(5.0)
Goodwill amortisation and impairment	(43.5)	(36.7)	(177.7)
Operating costs	(1,632.2)	(1,649.0)	(3,422.6)
Operating profit	168.5	200.1	267.5
Income from associates	15.8	15.8	30.0
Profit on ordinary activities before interest, taxation, fixed asset gains and write-downs	184.3	215.9	297.5
Profits on disposal of fixed assets	-	-	9.2
Amounts written off fixed asset investments	-	-	(19.9)
Net interest payable and similar charges on net borrowings	(31.2)	(41.0)	(79.6)
Net interest charges on defined benefit pension schemes	(5.8)	(2.5)	(6.8)
Net interest payable and similar charges	(37.0)	(43.5)	(86.4)
Profit on ordinary activities before taxation	147.3	172.4	200.4
Taxation on profit on ordinary activities	(51.0)	(53.0)	(102.7)
Profit on ordinary activities after taxation	96.3	119.4	97.7
Minority interests	(6.7)	(6.0)	(14.0)
Profit attributable to ordinary share owners	89.6	113.4	83.7
Ordinary dividends	(24.5)	(20.0)	(62.5)
Retained profit for the period	65.1	93.4	21.2
Headline PBIT¹	227.8	252.6	475.2
Headline PBIT¹ margin	11.9%	12.9%	12.2%
Headline PBT¹	196.6	211.6	395.6
Headline earnings per share²			
Basic earnings per ordinary share	12.5p	13.7p	25.1p
Diluted earnings per ordinary share	12.3p	13.3p	24.5p
Standard earnings per share			
Basic earnings per ordinary share	8.1p	10.2p	7.5p
Diluted earnings per ordinary share	8.0p	9.9p	7.4p
Headline earnings per ADR^{2,3}			
Basic earnings per ADR	\$1.01	\$0.99	\$1.89
Diluted earnings per ADR	\$0.99	\$0.96	\$1.84
Standard earnings per ADR³			
Basic earnings per ADR	\$0.65	\$0.74	\$0.56
Diluted earnings per ADR	\$0.64	\$0.71	\$0.56

¹ Headline PBIT: Profit on ordinary activities before interest, taxation, goodwill amortisation and impairment, fixed asset gains and write-downs.
Headline PBT: Profit on ordinary activities before taxation, goodwill amortisation and impairment, fixed asset gains and write-downs, and net interest charges on defined benefit pension schemes.

² Headline earnings per ordinary share and ADR excludes goodwill amortisation and impairment, fixed asset gains and write-downs and net interest charges on defined benefit pension schemes.

³ These figures have been translated for convenience purposes only, using the profit and loss exchange rates shown in Note 3.

Appendix III (continued)

WPP GROUP PLC

Share options – illustrative charge

The unaudited pro forma consolidated interim profit and loss account above illustrates the impact on WPP were it to adopt an approach to expensing the weighted average fair value of options consistent with current United States transitional guidelines under the prospective adoption method contained within FAS 148, adopting a Black Scholes valuation model. This would give rise to a charge to operating profit of £6.3 million (£5.6 million after taxation) for the six months ended 30 June 2003, £1.3 million (£0.9 million after taxation) for the six months ended 30 June 2002, and £5.0 million (£4.3 million after taxation) for the year ended 31 December 2002, in respect of executive share options granted since 1 January 2002.

On a proforma basis, had WPP adopted a policy of charging the weighted average fair value of options to the profit and loss account over the vesting period of each options grant, adopting a Black Scholes basis of valuation, then the resulting charge to operating profit would be £13.3 million (£11.9 million after taxation or 8.2% of headline earnings) for the six months ended 30 June 2003, and £10.0 million (£7.0 million after taxation or 4.6% of headline earnings) for the six months ended 30 June 2002, and £22.4 million (£20.0 million after taxation or 7.1% of headline earnings) for the year ended 31 December 2002.

The following assumptions have been made in determining the fair value of options granted in the year:

UK Risk-free rate	3.58%
US Risk-free rate	2.27%
Expected life	48 months
Expected volatility	45%
Dividend yield	1.0%

Appendix IV

WPP GROUP PLC

Reconciliation of profit on ordinary activities before interest, taxation,
fixed asset gains and write downs to PBIT for the six months ended 30 June 2003

	Six months ended 30 June 2003	Six months ended 30 June 2002	Year ended 31 December 2002
	£m	£m	£m
Profit on ordinary activities before interest, taxation, fixed asset gains and write downs	190.6	217.2	302.5
Goodwill amortisation and impairment	43.5	36.7	177.7
Headline PBIT	234.1	253.9	480.2
Net interest payable and similar charges	37.0	43.5	86.4
Interest cover on headline PBIT	6.3 times	5.8 times	5.6 times

	Six months ended 30 June 2003	Six months ended 30 June 2002	Year ended 31 December 2002
	£m	£m	£m
Interest cover on headline PBIT (excluding FRS17 interest)			
Headline PBIT	234.1	253.9	480.2
Net interest payable and similar charges on net borrowings	31.2	41.0	79.6
Interest cover on headline PBIT (excluding FRS17 interest)	7.5 times	6.2 times	6.0 times

Reconciliation of profit on ordinary activities before taxation
to headline PBT and headline earnings for the six months ended 30 June 2003

	Six months ended 30 June 2003	Six months ended 30 June 2002	Year ended 31 December 2002
	£m	£m	£m
Profit on ordinary activities before taxation	153.6	173.7	205.4
Goodwill amortisation and impairment	43.5	36.7	177.7
Profits on disposal of fixed assets	-	-	(9.2)
Amounts written off fixed asset investments	-	-	19.9
Net interest charges on defined benefit pension schemes	5.8	2.5	6.8
Headline PBT	202.9	212.9	400.6
Taxation on profit on ordinary activities	(51.7)	(53.4)	(103.4)
Minority interests	(6.7)	(6.0)	(14.0)
Headline earnings	144.5	153.5	283.2
Ordinary dividends	24.5	20.0	62.5
Dividend cover on headline earnings	5.9 times	7.7 times	4.5 times

WPP GROUP PLC

**Segmental margin analysis
for the six months ended 30 June 2003**

Reported margins by geographical area were as follows:

	Headline		
	Revenue	PBIT ¹	Margin (%)
	£m	£m	
United Kingdom	306.5	31.4	10.2%
United States	786.4	123.8	15.7%
Continental Europe	496.8	49.2	9.9%
Canada, Asia Pacific, Latin America, Africa & Middle East	321.1	29.7	9.2%
	1,910.8	234.1	12.3%

Reported margins by operating sector were as follows:

	Headline		
	Revenue	PBIT ¹	Margin (%)
	£m	£m	
Advertising and Media investment management	886.8	126.3	14.2%
Information, insight and consultancy	334.0	23.8	7.1%
Public relations and public affairs	212.9	28.1	13.2%
Branding and identity, Healthcare and Specialist communications	477.1	55.9	11.7%
	1,910.8	234.1	12.3%

Reported margins before and after income from associates were as follows:

	Margin (%)	Six months ended 30 June 2003	Margin (%)	Six months ended 30 June 2002
		£m		£m
Revenue		1,910.8		1,959.8
Headline PBIT	12.3%	234.1	13.0%	253.9
Income from associates		15.8		15.8
Headline PBIT excluding income from associates	11.4%	218.3	12.1%	238.1

¹ Headline PBIT: Profit on ordinary activities before interest, taxation, goodwill amortisation and impairment, fixed asset gains and write-downs. The calculation of headline PBIT is presented above.

WPP GROUP PLC

Reconciliation of free cash flow for the six months ended 30 June 2003

	Six months ended 30 June 2003	Six months ended 30 June 2002	Year ended 31 December 2002
	£m	£m	£m
Operating profit	174.8	201.4	272.5
Add back:			
Depreciation and amortisation, including impairment	96.5	96.2	294.3
Plus:			
Dividends received from associates	6.0	4.4	9.4
Proceeds from the issue of shares	5.0	20.5	24.4
Proceeds from sale of tangible fixed assets	3.3	1.8	10.2
Proceeds from disposal of investments	2.2	3.3	3.3
Less:			
Purchase of tangible fixed assets	(32.9)	(34.0)	(100.5)
UK and overseas tax paid	(43.0)	(43.6)	(85.0)
Returns on investments and servicing of finance	(47.7)	(48.5)	(78.2)
Free Cash Flow	164.2	201.5	350.4

GLOSSARY AND BASIS OF PREPARATION

Average net debt

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

Constant currency

The Group uses US dollar-based, constant currency models to measure performance. These are calculated by applying constant 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 PBIT before equity income and depreciation (including dividends received from associates, proceeds from the issue of shares, and proceeds from disposal of tangible fixed assets and investments), less tax paid, returns on investments and servicing of finance and the purchase of tangible fixed assets.

Headline PBIT

Profit on ordinary activities before interest, taxation, goodwill amortisation and impairment, fixed asset gains and write-downs.

Headline PBT

Profit on ordinary activities before taxation, goodwill amortisation and impairment, fixed asset gains and write-downs, and net interest charges on defined benefit pension schemes.

Pro forma ('like for like')

Pro forma comparisons are calculated as follows: current year actual results (which include acquisitions from the relevant date of completion) are compared with prior year 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.