Appendix I

WPP GROUP PLC

Unaudited consolidated interim results for the six months ended 30 June, 1998

	Notes	Six months ended 30 June 1998 £m	Six months ended 30 June 1997* £m	+/(-) %	Constant Currency +/(-) % (note 3)	Year ended 31 December 1997* £m
Turnover (gross billings)		3,842.1	3,442.0	+11.6%	+16.1%	7,287.3
Revenue		900.0	830.6	+8.4%	+13.1%	1,746.7
Gross profit		770.0	701.8	+9.7%	+15.2%	1,468.7
Operating costs		(666.3)	(615.0)	-8.3%	-13.5%	(1,273.8)
Operating profit		103.7	86.8	+19.5%	+27.4%	194.9
Income from associates		4.8	5.4	-11.1%	+1.2%	10.6
Profit on ordinary activities before interest and taxation		108.5	92.2	+17.7%	+25.9%	205.5
Net interest payable and similar charges		(14.7)	(13.9)	-5.8%	-5.4%	(28.1)
Profit on ordinary activities before taxation		93.8	78.3	+19.8%	+29.9%	177.4
Tax on profit on ordinary activities	4	(30.0)	(25.8)	-16.3%	-26.0%	(56.7)
Profit on ordinary activities after taxation		63.8	52.5	+21.5%	+31.8%	120.7
Minority interests		(2.2)	(0.8)	-175.0%	-175.0%	(4.7)
Profit attributable to ordinary share owners		61.6	51.7	+19.1%	+29.4%	116.0
Ordinary dividends	5	(6.2)	(5.1)	+21.6%	+21.6%	(15.7)
Retained profit for the period		55.4	46.6	+18.9%	+30.4%	100.3
Earnings per share (net basis)						
Basic earnings per ordinary share	6	8.4p	7.0p	+20.0%	+29.0%	15.7p
Fully diluted earnings per ordinary share	6	8.2p	6.8p	+20.6%	+29.8%	15.4p
Ordinary dividend per share (net)						
Interim	5	0.84p	0.7p	+20.0%	+20.0%	0.7p
Final		-	-	-	-	1.43p
Earnings per ADR (net basis)						
Basic earnings per ADR		$1.39	$1.14	+21.9%	+29.0%	$2.57
Fully diluted earnings per ADR		$1.35	$1.11	+21.6%	+29.8%	$2.52
Ordinary dividend per ADR (net)						
Interim		13.9c	11.4c	+21.9%	+20.0%	11.4c
Final		-	-	-	-	23.5c

*Restated following implementation of FRS9 "Associates and Joint Ventures" (see note 2)

Appendix II
WPP GROUP PLC

Unaudited summary interim consolidated cash flow statement for the period ended 30 June, 1998

	Six months ended 30 June 1998 £m	Six months ended 30 June 1997 £m*	Year ended 31-Dec 1997 £m*
Reconciliation of operating profit to net cash (outflow)/inflow from operating activities:			
Operating profit	103.7	86.8	194.9
Depreciation charge	16.1	14	29.1
Movements in working capital and provisions	(204.3)	(168)	59
Dividends received from associates	0.8	2.4	2.8
Net cash (outflow)/inflow from operating activities	(83.7)	(64.8)	285.8
Returns on investments and servicing of finance	(14.8)	(18.6)	(30.5)
United Kingdom and oveseas tax paid	(28.9)	(26)	(54)
Purchase of tangible fixed assets	(17.4)	(13.3)	(36.3)
Other movements	(2.5)	(9.5)	(9.5)
Capital expenditure and financial investment	(19.9)	(22.8)	(45.8)
Acquisitions	(58.8)	(20.9)	(68.5)
Equity dividends paid	-	-	(13.5)
Net cash (outflow)/inflow before financing	(206.1)	(153.1)	73.5
Net repayment of bank loans	-	(18.5)	(18.5)
Increase/(reduction) in drawings on bank loans	103	6.2	(106.4)
Share buybacks	(17.1)	(12.4)	(18.5)
Other movements	3	-	1.1
Net cash inflow/(outflow) from financing	88.9	-24.7	-142.3
Decrease in cash and overdrafts for the period	-117.2	-177.8	-68.8
Translation difference	-1	-7.5	-13.8
Balance of cash and overdrafts at beginning of period	292	374.6	374.6
Balance of cash and overdrafts at end of period	173.8	189.3	292
Reconciliation of net cash flow to movement in net (debt)/funds:			
Decrease in cash and overdrafts for the period	-117.2	-177.8	-68.8
Cash (inflow)/outflow from (increase)/decrease in debt financing	-103	12.3	126.1
Other movements	-0.6	-0.5	-1
Translation difference	0.9	-10.7	-20.8
Movement of net funds in the period	-219.9	-176.7	35.5
Net funds at beginning of period	194.7	159.2	159.2
Net (debt)/funds at end of period (Note 10)	-25.2	-17.5	194.7

*Restated following implementation of FRS9 "Associates and Joint Ventures" (see note 2)

Unaudited consolidated balance sheet as at 30 June, 1998

	Notes	30-Jun 1998 £m	30-Jun 1997 £m	31-Dec 1997 £m
Fixed assets				
Intangible assets				
Corporate brands		350	350	350
Goodwill	2, 7,	79.4	-	-
Tangible assets		145.6	138.8	143.5
Investments		73.3	69.2	70.5
		648.3	558	564
Current assets				
Stocks and work in progress		124.8	116.1	99.7
Debtors		917.9	805.5	827.6
Debtors within working capital facility:				
Gross debts		300.8	254.9	335.2
Non-returnable proceeds		(208.8)	(179.5)	(211.7)
		92	75.4	123.5
Cash at bank and in hand		221.9	240	364.5
		1,356.60	1,237.00	1,415.30
Creditors: amounts falling due within one year	8	(1,570.80)	(1,406.80)	(1,701.60)
Net current liabilities		(214.2)	(169.8)	(286.3)
Total assets less current liabilities		434.1	388.2	277.7
Creditors: amounts falling due after more than one year	9	(345.7)	(272.9)	(221.5)
Provisions for liabilities and charges		(68.3)	(81.2)	(74.5)
Net assets		20.1	34.1	(18.3)
Capital and reserves				
Share capital		73.5	73.7	73.6
Reserves		(61.5)	(43.3)	(98.8)
Share owners' funds	2	12	30.4	(25.2)
Minority interests		8.1	3.7	6.9
Total capital employed		20.1	34.1	(18.3)

Unaudited reconciliation of movements in consolidated share owners' funds for the period ended 30 June, 1998

	Six months ended 30 June 1998	Six months ended 30 June 1997	Year ended 31 December 1997
	£m	£m	£m
Profit for the period	61.6	51.7	116
Ordinary dividends payable	(6.2)	(5.1)	(15.7)
	55.4	46.6	100.3
Exchange adjustments on foreign currency net investments	(4.1)	(21.9)	(40.1)
Share buybacks	(17.1)	(12.4)	(18.5)
Net movement on goodwill write-off reserve	-	(4.4)	(91.6)
Other movements	3	0.2	2.4
Net additions to share owners' funds	37.2	8.1	(47.5)
Opening share owners' funds	(25.2)	22.3	22.3
Closing share owners' funds	12	30.4	(25.2)

Unaudited statement of consolidated recognised gains and losses for the period ended 30 June, 1998

	Six months ended 30 June 1998	Six months ended 30 June 1997	Year ended 31 December 1997
	£m	£m	£m
Profit for the period	61.6	51.7	116
Exchange adjustments on foreign currency net investments	(4.1)	(21.9)	(40.1)
Total recognised gains	57.5	29.8	75.9

Notes to the unaudited consolidated interim financial statements

1. Basis of accounting

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

2. Accounting policies

The consolidated interim financial statements comply with relevant accounting standards (UK GAAP) and have been prepared using accounting policies set out on pages 56 and 57 of the Group's 1997 Annual Report and Accounts, apart from the adoption of FRS9 (Associates and Joint Ventures), FRS10 (Goodwill and Intangible Assets) and FRS11 (Impairment of Fixed Assets and Goodwill).

The impact of FRS9 is to change the presentation of income from associate interests within the profit and loss account. This is now excluded from operating profit and shown as a separate line before profit on ordinary activities before interest and taxation.

In the first half of 1998 the Group has also implemented FRS10. For acquisitions made on or after 1 January 1998 goodwill is capitalised as an intangible fixed asset.

The directors are of the opinion that the intangible assets of the Group have an infinite economic life because of the institutional nature of the corporate brand names, their proven ability to maintain market leadership and profitable operations over long periods of time and WPP's commitment to develop and enhance their value. The carrying value of intangible assets will continue to be reviewed annually for impairment and adjusted to the recoverable amount if required.

The financial statements depart from the specific requirement of companies legislation to amortise goodwill over a finite period in order to give a true and fair view. The directors consider this to be necessary for the reasons given above. Because of the infinite life of these intangible assets, it is not possible to quantify its impact.

The initial recognition of the J Walter Thompson corporate brand was credited to the revaluation reserve. Following the implementation of FRS10 this amount of £175 million has been transferred to the profit and loss account reserve.

3. Currency conversion

The 1998 unaudited interim consolidated profit and loss account is prepared using, among other currencies, an average exchange rate of US$1.65 to the pound (period ended 30 June, 1997: US$1.6335; year ended 31 December, 1997: US$1.6381). The balance sheet as at 30 June, 1998 has been prepared using the exchange rate on that day of US$1.6685 to the pound (30 June, 1997: US$1.6643; 31 December, 1997: US$1.6454).

The constant currency percentage changes shown on the face of the profit and loss account have been calculated by applying 1998 exchange rates to the results for 1997 and 1998.

4. Taxation

The Group tax rate on profit on ordinary activities before taxation is 32% (30 June, 1997: 33%; year ended 31 December, 1997: 32%). The tax charge relates mainly to overseas operations, except for £6.0 million in respect of UK corporation tax and £1.8 million in respect of associated companies.

5. Interim dividend

An interim dividend of 0.84p net (1997: 0.70p) per ordinary share has been declared by the Board. This is expected to be paid on 23 November 1998 to share owners on the register at 23 October 1998.

6. Earnings per share

(a) Basic earnings per share have been calculated using earnings of £61.6 million (30 June, 1997: £51.7 million; year ended 31 December, 1997: £116.0 million) and weighted average shares in issue during the six months to 30 June, 1998 of 736,341,178 shares (30 June, 1997: 733,506,063 shares; year ended 31 December, 1997:738,573,147 shares).

(b) Fully diluted earnings per share have been calculated on a weighted average of 774,435,596 shares (30 June, 1997: 773,288,750 shares; year ended 31 December, 1997: 772,071,440 shares). This takes into account the exercise of employee share options where these are expected to dilute earnings.

(c) At 30 June, 1998, there were 734,988,112 ordinary shares in issue.

7. Net movement on goodwill

The net movement of £79.4 million on goodwill in the period includes £58.8 million of cash paid during 1998 in respect of acquisitions and £18.3 million of additional future anticipated payments to vendors. In respect of all existing earnout arrangements, the future anticipated payments totalled £52.7 million at 30 June, 1998 (30 June, 1997: £5.0 million; 31 December, 1997: £34.4 million), based on the directors' best estimates of future obligations, which are dependent on future performance of the interests acquired. These acquisitions do not have a significant impact on the Group's results for the six months to 30 June 1998.

8. Creditors: amounts falling due within one year

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

	30 June 1998	30 June 1997	31 December 1997
	£m	£m	£m
Bank loans and overdrafts	57.2	101.7	81.8
Trade creditors	1,033.5	917.9	1,113.0
Corporate income tax payable	38.8	32.4	49.2
Deferred income	86.3	77.6	97.3
Payments due to vendors (note 7)	6.6	-	9.1
Other creditors and accruals	348.4	277.2	351.2
	1,570.8	1,406.8	1,701.6

Overdraft balances included within bank loans and overdrafts amount to £48.1 million (30 June 1997: £50.7 million, 31 December 1997 £72.5 million).

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

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

	30 June 1998	30 June 1997	31 December 1997
	£m	£m	£m
Bank loans	189.9	155.8	88.0
Corporate income taxes payable	78.5	64.5	75.3
Payments due to vendors (note 7)	46.1	5.0	25.3
Other creditors and accruals	31.2	47.6	32.9
	345.7	272.9	221.5

10. Net (debt) / funds

	30 June 1998	30 June 1997	31 December 1997
	£m	£m	£m
Cash at bank and in hand	221.9	240.0	364.5
Bank loans and overdrafts due within one year (note 8)	(57.2)	(101.7)	(81.8)
Bank loans due after one year (note 9)	(189.8)	(155.8)	(88.0)
Net (debt)/funds	(25.2)	(17.5)	194.7

11. Statutory information and audit review

The results for the six months to 30 June, 1998 and 1997 do not constitute statutory accounts. The statutory accounts for the year ended 31 December, 1997 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 to the directors is set out below.

12. Subsequent events

The Group completed on 20 July, 1998 its debut US$300 million USA bond offering. The Group issued US$200 million of 6.625% Notes due 2005 and US$100 million of 6.875% Notes due 2008. Net proceeds of the offering are to be used for repayment of existing facilities and general corporate purposes.

The Group agreed on 3 August, 1998 to form a strategic alliance with Asatsu Inc ("Asatsu"), Japan's third largest advertising and communications company. This includes WPP taking a 20% equity interest in new Ordinary shares of Asatsu at a cost of JPY 29,980m (US$208 million) and Asatsu taking an interest of equivalent value in new Ordinary shares of WPP which will represent approximately 4% of WPP's enlarged equity.

REVIEW REPORT BY THE AUDITORS TO WPP GROUP PLC

To the board of Directors of WPP Group plc

We have reviewed the consolidated interim financial statements for the half year ended 30 June, 1998 set out in Appendices I and II. The consolidated interim financial statements are the responsibility of, and have been approved by, the company's directors. Our responsibility is to report on the results of our review.

Our review was carried out having regard to the Bulletin "Review of Interim Financial Information" issued by the Auditing Practices Board. This review consisted principally of obtaining an understanding of the process involved in the preparation of the information, applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied, and making enquiries of group management responsible for financial and accounting matters. The review was substantially less in scope and provides less assurance, than an audit performed in accordance with Auditing Standards. Accordingly, we do not express an audit opinion on the interim financial statements.

On the basis of our review:

- in our opinion, the consolidated interim financial statements have been prepared using accounting policies consistent with those adopted by WPP Group plc in its financial statements for the year ended 31 December, 1997; except for the changes in accounting policy referred to in note 2; and

- we are not aware of any material modifications that should be made to the interim financial statements as presented.

Arthur Andersen
Chartered Accountants
London

17 August 1998