

27 August 2008

Taylor Nelson Sofres plc

Unaudited interim results for the six months ended 30 June 2008

Strong financial performance in first half; positive outlook for full year

Highlights

- **Successful implementation of strategy continues to deliver strong results**
- **Reported revenue growth almost 17%; underlying revenue growth over 5%**
- **Adjusted operating profit up almost 20%; adjusted operating margin up 30 basis points**
- **Fully diluted adjusted earnings per share up over 20% to 7.0p**
- **Interim dividend per share increased by 25% to 2.0p**
- **New business remains strong; order book supports accelerated revenue growth in H2**
- **Full year underlying revenue growth expected to be around 6%**

Business performance*	2008	2007	Change %
Revenue	£580.4m	£497.4m	16.7
Adjusted operating profit	£54.3m	£45.4m	19.6
Adjusted operating margin	9.4%	9.1%	30 bps
Adjusted profit before tax	£41.8m	£36.9m	13.3
Fully diluted adjusted earnings per share	7.0p	5.8p	20.7
Interim dividend per share	2.0p	1.6p	25.0
Statutory results			
Operating profit	£43.5m	£42.4m	2.6
Profit before tax	£31.0m	£33.9m	(8.6)
Earnings per share	4.8p	5.2p	(7.7)

*Adjusted results exclude restructuring costs, costs associated with the proposed merger with GfK AG and related corporate activity and amortisation of acquired intangible assets. Adjusted earnings per share are also shown before deferred tax on goodwill. Underlying revenue is defined on page 8. Adjusted results are reconciled to reported results on pages 17 and 24.

David Lowden, Chief Executive, said:

“These results demonstrate the quality of TNS’ business, the strength of our market position and the effective implementation of our strategy. We have delivered substantial growth in revenue, adjusted operating profit and adjusted earnings per share, and our shareholders will enjoy a 25 per cent increase in the interim dividend. Around the world, we continue to win new business and our order book is in excellent shape to reach full year underlying revenue growth of around 6 per cent. In the medium term, we work towards our adjusted operating margin objective of over 12.5 per cent.”

Conference call and audio webcast

A conference call with live audio webcast for investors and analysts will be held at 9.00am UK Time on 27 August 2008.

Conference call and Q&A dial in details

UK free call dial in:	0800 073 1348
UK local call dial in:	0845 146 2140
International/UK standard dial in:	+44 (0) 1452 555 004
Conference ID:	61327820#

Live audio webcast (listen only)

www.tnsglobal.com/investors-relations

Conference call replay

UK free call dial in:	0800 953 1533
UK local call dial in:	0845 245 5205
International/UK standard dial in:	+44 (0) 1452 55 00 00
US free call dial in:	1866 247 4222
Replay access number:	61327820#

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About TNS

TNS is a global market information and insight group.

Its strategic goal is to be recognised as the global leader in delivering value-added information and insights that help its clients make more effective business decisions.

TNS delivers innovative thinking and excellent service across a network of 80 countries. Working in partnership with clients, TNS provides high-quality information, analysis and insight that improves understanding of consumer behaviour.

TNS is the world's leading provider of customised services, combining sector knowledge with expertise in the areas of Product Development & Innovation, Brand & Communications, Stakeholder Management and Retail & Shopper. TNS is a major supplier of consumer panel, media intelligence and audience measurement services.

TNS is the sixth sense of business™.

www.tnsglobal.com

Forward looking statements

Certain statements contained in this document constitute “forward looking statements”. In some cases, these forward looking statements can be identified by the use of forward looking terminology, including the terms “believes”, “estimates”, “plans”, “prepares”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology.

Such forward looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of TNS or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

Such forward looking statements are based on numerous assumptions regarding TNS’ present and future business strategies and the environment in which TNS will operate in the future. These forward looking statements speak only as at the date of this document.

Except as required by the FSA, the London Stock Exchange, the Listing Rules, the Disclosure Rules and Transparency Rules or any other applicable law, TNS expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any change in TNS’ expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Nothing in this document should be interpreted to mean that the earnings per TNS Share for the current or future financial periods will necessarily be greater (or lesser) than those for the relevant preceding financial period.

CHIEF EXECUTIVE'S STATEMENT

Strong financial performance in first half

I am pleased to report another strong set of results and six months of excellent progress for the group. Reported revenue grew by almost 17 per cent, adjusted operating profit by almost 20 per cent and adjusted earnings per share by over 20 per cent.

Across the group, there have been some outstanding achievements with the benefits of the successful delivery of our strategy coming through strongly. In Europe, growth has been driven by developing markets such as Russia and excellent performances in Germany, France and Spain in particular. In our ALM region (Asia Pacific, Latin America, Middle East and Africa), we continue to record excellent rates of underlying growth in countries such as China and Korea, due to good market conditions and the strength of the TNS network. In North America, the shift of our business towards value-added services is continuing, albeit in a more challenging marketplace. By sector, Media and Healthcare have continued to deliver strong performances, based on the group's unique client offering and the creation of innovative new services.

At the same time, the group continued to improve adjusted operating margin, while also investing in areas that will drive future revenue and profit growth. Adjusted operating margin was 30 basis points ahead of last year, an improvement that was achieved after taking into account the investments in key digital areas where TNS is building a strong client offering. These include Cymfony, Compete and the development of our return path data capabilities in digital TV audience measurement. Together they represented a net operating cost of around £2.5 million or 40 basis points of adjusted operating margin in the first half. In the medium term, these investments are expected to be a key driver of revenue growth, through their ability to help clients understand consumer behaviour in the digital marketing environment.

Market information continues to be a growth industry, driven by the need to service clients on a global basis, strong demand from emerging markets, an increasing focus on providing insights and media fragmentation. These growth dynamics and the strength of TNS' market position, together with the successful implementation of our strategy, are delivering benefits to our clients, opportunities to employees and value to shareholders.

Strength of TNS' market position

TNS has an unrivalled position in the market information industry. We are the world's number one provider of customised information and analysis and each of our syndicated services has a market-leading position.

TNS is recognised as the global leader in custom research, operating successfully under one brand in 80 countries. In all major markets, TNS is a market leader in terms of both revenue and reputation. At a time when major clients are looking for global service, our network, developed over many years, is the strongest in our industry and an asset that is not easily replicated.

In addition, TNS has syndicated services that provide the definitive measures for consumer purchasing, advertising expenditure and media consumption. These are usually long-term continuous services and, by their very nature, provide significant value to clients through the economic cycle.

Across all regions and business units, TNS is represented by leaders in our industry. The success of our business is testament to the quality of our operational management team and the people throughout the organisation.

Successful implementation of strategy driving faster growth

Over the past two years, TNS has been implementing a strategy that builds on the strength of this market position and takes advantage of the substantial opportunities within the industry. The successful implementation of this strategy is driving faster growth across the group.

Client orientation

We continue to derive the benefit from our global account programme, achieving strong growth with clients in each of our major sectors, such as Unilever, Nestlé, Vodafone, Samsung, HSBC, Visa, Toyota and Novartis. Our global account programme has now been extended to 50 clients, which together have delivered revenue growth of over 10 per cent in the first half.

We have also built strong capabilities in managing contracts for our clients across different geographies through International Services Centres based in Belgium, Hong Kong, Argentina and the US. These have helped us gain share in multi-country projects, which grew by 10 per cent in the first half.

Service excellence and cost efficiency

The group continues to make good progress with its initiatives to deliver operational efficiency. These initiatives are being centrally managed and driven under a new global operations infrastructure. They include:

- an acceleration in the amount of revenue attributable to use of internet access panels from 25 per cent of custom research revenue at the end of the first half to a target of 40 per cent of custom research revenue in the next three years;
- rapid expansion in off-shoring capabilities;
- reducing the number of client delivery systems from over 80 locally supported platforms to six centrally managed systems; and
- further utilisation of dedicated infrastructure to manage multi-country projects.

Together these initiatives will contribute to more standardised, efficient and higher-quality service for clients and help to achieve the objective of underlying margin improvement for the group.

Expertise and innovation

Revenue growth from Business Solutions was over 10 per cent, demonstrating the significant level of client demand for analysis and insight. TNS capitalises on this demand by evolving its product portfolio and developing new capabilities, such as our new “Retail and Shopper” practice. In the first half of 2008, demand for Retail and Shopper services has been strong from clients such as Unilever, Nestlé and Tesco.

The group has also continued to invest in and make substantial progress with services that help clients understand the impact of media fragmentation: digital TV audience measurement, analysis of social networking websites and understanding consumer behaviour online; with clients such as Cisco and Porsche.

People development

The group emphasises training and career development as a key part of our strategy and driver of future growth. In our 2008 employee commitment study, we saw an improvement in the stated commitment of our employees to the business, which reflects in part the efforts we are making in the area of individual development. I would like to thank all 15,000 of our employees across the world for their contribution to another strong performance for the group and their dedication to TNS.

Growth opportunity in US custom

We have taken actions to re-shape the US custom research business, in line with group strategy to provide clients with more insights and advisory services. This is being achieved through a combination of organic improvements and investment in new capabilities. For example, the acquisition of Landis in December 2007, which has enhanced our Product Development and Innovation offering.

As a result, the US custom business represents a substantial opportunity, in terms of improvement in both revenue growth and operating margin.

Outlook

In recent weeks, TNS has enjoyed a number of important and high-profile client wins that will contribute to revenue development in the second half of 2008 and 2009. In custom research, across markets such as France, Spain, Germany, Russia and throughout Asia, we have secured new business from clients such as Danone, Telefonica, LG and Motorola.

In Worldpanel, we have won a multi-year contract with Kraft. In our Media business, we have secured further important new contracts in both traditional and new, digital TV audience measurement, including DIRECTV in the US and BBM in Canada.

These new business wins are reflected in the group’s strong order book. At the end of July, the order book represented over 80 per cent of our internal forecasts for the full year. This supports our current full year forecast for underlying revenue growth of around 6 per cent.

Of particular note is the second half order book at the end of July, which was 10 per cent above the prior year, supporting the group's expectation for accelerated revenue growth in the second half of the year.

For the full year, underlying revenue growth should be achieved in all regions, with a continued strong performance in Europe and ALM and modest growth in North America.

The group is continuing the successful implementation of its strategic plan, taking advantage of the structural changes and strong growth drivers in our industry to deliver superior returns to our shareholders, by accelerating growth and continuing to improve margins. Under this plan, the group has an objective to reach an adjusted operating margin of over 12.5 per cent in the medium term.

The board's confidence in the outlook for the full year, and in the strength of the medium-term prospects for the business, have led it to declare an interim dividend of 2.0 pence, an increase of 25 per cent over the previous year.

OPERATING AND FINANCIAL REVIEW

Revenue

Underlying revenue growth was 5.1 per cent. The net effect of acquisitions and disposals had a positive impact on reported revenue of 3.2 per cent. Foreign exchange movements had a positive impact of 8.4 per cent on reported revenue. Reported revenue increased by 16.7 per cent to £580.4 million (2007 £497.4 million).

Calculation of underlying revenue growth

The group's calculation of underlying revenue growth remains consistent with that published in 2007. Underlying revenue growth is calculated by taking the increase in 2008 revenue over 2007 pro forma revenue, at constant exchange rates. The pro forma revenue assumes that any acquisitions were owned and any discontinued operations or disposals excluded, for the comparable period in the prior year.

Regional revenue performance

	6 months to 30 June		Change	
	2008 £m	2007 £m	Reported %	Underlying %
UK	79.9	78.8	1.4	3.4
France	87.5	73.0	19.9	4.3
Rest of Europe	212.4	167.6	26.7	8.2
Europe	379.8	319.4	18.9	6.3
North America	102.0	99.2	2.8	(3.3)
ALM	98.6	78.7	25.3	10.2
Total	580.4	497.4	16.7	5.1

Europe

Building on a strong performance in 2007, underlying revenue growth for Europe as a whole was strong at 6.3 per cent, exceeding the group's expectations.

In the UK, underlying growth was 3.4 per cent, with strong performances in TNS Worldpanel and TV audience measurement. The UK custom business has continued to perform well in a competitive market. With additional revenue from the BARB TV audience measurement contract coming through in the UK in the second half, underlying growth for the full year is expected to be strong.

In France, underlying growth was 4.3 per cent, with strong growth in the Healthcare sector and a good performance in Media Intelligence.

In the Rest of Europe, underlying growth was 8.2 per cent, driven by strong performance in Germany, Spain and Russia.

North America

Revenue in North America declined by 3.3 per cent on an underlying basis. As with a number of its competitors, the group saw a slow start to the year in the region. However, with client spend expected to be weighted to the second half, current forecasts indicate underlying revenue growth in North America on a full year basis. Good progress continues to be made in re-balancing the US custom business to delivering more advisory services. Media Intelligence will benefit from the impact of Presidential elections in the second half.

Asia Pacific, Latin America, Middle East and Africa (ALM)

Underlying growth in ALM was 10.2 per cent, with good performance across most of the region. The group continues to grow ahead of the market and benefit from the strength of its pan-regional network in the emerging markets.

Sector revenue performance

	6 months to 30 June		Change	
	2008 £m	2007 £m	Reported %	Underlying %
Consumer	181.5	161.2	12.6	3.6
Media	134.6	108.7	23.8	7.7
Business Services	73.1	63.9	14.4	5.0
Technology	56.6	51.9	9.1	(3.8)
Healthcare	50.5	45.4	11.2	11.1
Other	84.1	66.3	26.8	7.5
Total	580.4	497.4	16.7	5.1

Consumer

Underlying growth in the Consumer sector was 3.6 per cent. Growth in the group's consumer panel operation, TNS Worldpanel, has been good. TNS Worldpanel continues to benefit from the strength of its market position, client offering and recent investments made in extending coverage into important regions such as Latin America. Within the custom business, growth was affected by major clients' spend being more heavily weighted than usual to the second half. The group continues to focus on improving growth in the Consumer sector, by implementing its global account strategy and introducing new services in key areas such as Product Development and Innovation and Retail and Shopper.

Media

Underlying growth in the Media sector was 7.7 per cent, with a particularly strong performance from Media Intelligence in Europe. Television and radio audience measurement had an excellent first half, driven by expansion of services and new contracts won in China, Russia and Spain. Growth is expected to continue to be strong in the second half, with the addition of revenue recognised for the BARB TV audience measurement contract in the UK.

Revenue in 2009 and beyond will benefit from the recent wins of a number of contracts, including BBM in Canada and return path data services in South Africa and the US.

Business Services

Underlying growth in the Business Services sector was 5.0 per cent, with a good performance in Financial Services, particularly in Asia Pacific.

Technology

Although growth in Asia continues to be strong, underlying revenue in the Technology sector declined by 3.8 per cent, principally due to lower spending by certain clients in the US, where the business is transitioning to provide more advisory services. The medium-term prospects for growth in Technology remain strong. With clients in this sector becoming increasingly sophisticated in their marketing activities, the trend for increased demand for information and insights remains positive. This has been reflected in recent wins with major clients such as Motorola and LG.

Healthcare

Growth in the Healthcare sector continues to be strong, based on the successful development of new Brand and Communications services that help support the marketing programmes of major global pharmaceutical organisations. Underlying revenue grew by 11.1 per cent, with particularly strong performances in the US, France, Germany and Asia Pacific.

Other

Underlying growth within Other activities was 7.5 per cent, driven by the Automotive sector, where performance continues to be strong in Europe and North America. Political & Social was strong in the ALM region, especially Vietnam, Australia and South Africa.

Income statement

Definition of adjusted results

To assist understanding of the underlying performance of the business, operating profit, profit before tax and earnings per share are disclosed on an adjusted basis. Adjusted operating profit and adjusted profit before tax exclude restructuring costs, costs associated with the proposed merger with GfK AG ("GfK") and related corporate activity, and amortisation of acquired intangible assets. Adjusted earnings per share also excludes deferred tax on goodwill (see Taxation below).

Operating profit and margin

Adjusted operating profit increased by 19.6 per cent to £54.3 million (2007 £45.4 million). Adjusted operating margin improved by 30 basis points to 9.4 per cent (2007 9.1 per cent), after around £2.5 million of investment in new digital services, representing around 40 basis points of group operating margin. Reported operating profit increased by 2.6 per cent to £43.5 million (2007 £42.4 million).

Exceptional items

Exceptional items include £8.4 million related to advisory fees incurred up to 30 June 2008 with respect to the proposed merger with GfK and related corporate activity, and amortisation of acquired intangible assets of £2.4 million (2007 £0.7 million). Additional advisory fees of approximately £11 million are expected to be paid in the second half of 2008. Further details on commitments and contingencies are provided in note 11.

Interest

Net interest was £12.7 million (2007 £8.7 million), reflecting higher interest rates, acquisition funding and a negative foreign exchange effect on translation of euro-denominated interest costs. Interest cover against adjusted EBITDA, excluding other finance charges, was 6.3x (2007 8.0x), calculated on an adjusted EBITDA for the 12 months to 30 June 2008 of £149.8 million (2007 £130.8 million) and net interest expense of £23.9 million (2007 £16.3 million) for the 12 months ended 30 June 2008. Adjusted EBITDA is calculated as profit for the year, adding back tax, interest, depreciation, amortisation and restructuring costs.

Associates

Income from associates was £0.2 million (2007 £0.2 million).

Profit before tax

Adjusted profit before tax increased by 13.3 per cent to £41.8 million (2007 £36.9 million). Reported profit before tax decreased by 8.6 per cent to £31.0 million (2007 £33.9 million).

Taxation

Excluding deferred tax on goodwill, the tax charge for the first six months of 2008 was £8.3 million (2007 £9.4 million), representing an underlying tax rate of 27.0 per cent

(2007 28.0 per cent). Under IFRS, where goodwill is deductible against tax, a deferred tax liability is recognised, even if such a liability would only unwind on the eventual sale or impairment of the business in question. This has led to a charge for deductible goodwill of £1.6 million for the first six months of 2008 (2007 £1.2 million). Including this item, the total reported tax charge was £9.9 million (2007 £10.6 million).

Minority interests

Minority interests were £1.5 million (2007 £1.1 million), due to strong performances by minority interests in Ireland, Russia and South Africa.

Earnings and dividend per share

Based on a weighted average of 408.2 million shares, adjusted earnings per share increased by 18.3 per cent to 7.1 pence (2007 6.0 pence). Based on a fully diluted weighted average of 417.7 million shares, adjusted earnings per share on a fully diluted basis increased by 20.7 per cent to 7.0 pence (2007 5.8 pence). Reported earnings per share were 4.8 pence (2007 5.2 pence). See note 4.

The board's confidence in the future prospects of TNS are reflected in an increase of 25.0 per cent in interim dividend per share, to 2.0 pence (2007 1.6 pence). Dividend cover remains strong, with the interim dividend covered by 3.6x adjusted earnings per share. The interim dividend will be paid on 8 December 2008 to shareholders on the register at 7 November 2008.

Cash flow statement

Cash flow

The movement in working capital generated an outflow of £39.4 million in the first six months of 2008 (2007 £17.5 million). The group typically experiences a working capital outflow in the first six months, reflecting the build up of work-in-progress in its custom operations. The outflow for the first six months of 2008 is greater than in previous years, due to the strength of the order book going into the second half and the investment in working capital made to support the establishment of the BARB TV audience measurement panel. Based on the usual seasonal movement in working capital, the majority of this outflow is expected to reverse in the second half. The group has experienced strong cash flow from operations in the period since 30 June 2008.

Operating cash flow was £20.8 million (2007 £34.6 million). Net capital expenditure was £14.8 million (2007 £16.4 million). Acquisition and earn out payments were £65.6 million (2007 £23.4 million) including the acquisitions of Latin Panel, MediaWatch and Compete.

Net debt

Net debt at 30 June 2008 was £449.3 million compared with £353.6 million at 31 December 2007, reflecting working capital outflow, funding of acquisitions and a negative currency effect of £10.8 million, primarily from the translation of euro-denominated debt. Net debt to adjusted EBITDA at 30 June 2008 was 3.0x (2007 2.5x), based on adjusted EBITDA for the 12 months to 30 June 2008 of £149.8 million. The group would expect net debt to adjusted EBITDA to be within its target range of 2.2x to 2.8x by the end of the year. Net debt is defined as bank borrowings net of arrangement fees, overdrafts and obligations under finance leases, less cash and cash equivalents.

Statement of directors' responsibilities

The directors confirm, to the best of their knowledge, that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the Interim Management Report includes a fair review of the information required by Rules 4.2.7 and 4.2.8 of the Disclosure and Transparency Rules of the United Kingdom Financial Services Authority.

The names and functions of the board can be found on pages 40-41 of the 2007 annual report and on the company's website at www.tnsglobal.com/investor-relations/directors-biographies.aspx.

Risks and uncertainties

The principal risks and uncertainties affecting the business activities remain those detailed on page 39 of the 2007 Annual Report and Accounts, a copy of which is available on the company's website www.tnsglobal.com/investors-relations.

The narrative review contained in the Chief Executive's Statement of this interim results announcement includes commentary on the outlook for the business for the second half of the year.

Other principal events occurring in the first half of 2008

TNS entered into a merger agreement with GfK AG ("GfK") of Germany on 3 June 2008. Subsequently, TNS received an unsolicited, conditional offer from WPP plc ("WPP") to acquire the company on 9 July 2008, on which date the merger agreement with GfK was terminated. The board of TNS unanimously rejected that offer, which it believes substantially undervalues TNS. WPP posted its offer document to TNS shareholders on 1 August 2008, to which TNS responded with a circular posted on 5 August 2008.

Separate websites containing all regulatory announcements and relevant published materials have been set up and can be accessed through the investor centre of the TNS website: www.tnsglobal.com/investors-relations.

REPORT BY THE FINANCIAL ADVISERS TO TAYLOR NELSON SOFRES PLC

The Directors
Taylor Nelson Sofres plc
Westgate
London
W5 1UA

27 August 2008

Dear Sirs

We refer to the unaudited financial information contained within the announcement dated 27 August 2008 of the interim results of Taylor Nelson Sofres plc ("TNS") for the period ended 30 June 2008 ("Interim Financial Information").

We have read the Interim Financial Information including the independent review report of the Interim Financial Information ("Independent Review Report") prepared for TNS by PricewaterhouseCoopers LLP, auditors to TNS. We have discussed the Interim Financial Information and the Independent Review Report with the Directors of TNS.

This letter is provided to you solely in connection with Rule 28.3(b) of The City Code on Takeovers and Mergers and is given for the purpose of complying with that rule and for no other purpose.

On the basis of the foregoing, we consider that the Interim Financial Information, for which you as Directors are solely responsible, has been prepared with due care and consideration.

Deutsche Bank AG, London Branch and JPMorgan Cazenove Limited have given and not withdrawn their consent to the publication of the Interim Financial Information dated 27 August 2008 with the inclusion of their letter and the reference to their names in the form and context in which they appear.

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin - Federal Financial Supervising Authority) and regulated by the Financial Services Authority for the conduct of UK business. Deutsche Bank AG is acting as lead financial adviser and also as joint corporate broker to TNS, and no-one else in connection with the WPP offer and will not be responsible to anyone other than TNS for providing the protections afforded to the clients of Deutsche Bank AG nor for providing advice in relation to the WPP offer or any matter referred to herein.

JPMorgan Cazenove, which is regulated in the United Kingdom by the Financial Services Authority, is acting as financial adviser and joint corporate broker to TNS and no-one else in connection with the WPP offer and will not be responsible to anyone other than TNS for providing the protections afforded to customers of JPMorgan Cazenove or for providing advice in relation to the WPP offer or any other matter referred to herein.

Yours faithfully

For Deutsche Bank AG, London Branch

Gavin Deane
Managing Director

Manny Chohhan
Director

For JPMorgan Cazenove Limited

Malcolm Moir
Managing Director

Hugo Baring
Managing Director

INDEPENDENT REVIEW REPORT TO TAYLOR NELSON SOFRES 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 2008, which comprises the income statement, balance sheet, statement of recognised income and expense, cash flow statement and related notes. 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.

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 Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. 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.

The maintenance and integrity of the Taylor Nelson Sofres plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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. This report, including the conclusion, has been prepared for and only for the company and is required to satisfy Rule 28.3(b) of The City Code on Takeovers and Mergers and is given for the purpose of complying with that rule and for no other purpose.. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 enquiries, 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 2008 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 Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
27 August 2008
London

PricewaterhouseCoopers LLP has given and not withdrawn its consent to the publication of the half-yearly financial report for the six months ended 30 June 2008 in the announcement dated 27 August 2008 with the inclusion of its report in the form and context in which it appears.

Consolidated unaudited interim income statement

	6 months to June		Full year
	2008	2007	2007
	£m	£m	£m
Continuing operations			
Revenue (note 2)	580.4	497.4	1,067.7
Direct costs	(161.9)	(139.8)	(299.0)
Gross profit	418.5	357.6	768.7
Administrative expenses	(375.0)	(315.2)	(666.0)
Operating profit before exceptional items	54.3	45.4	111.7
Restructuring costs	-	(2.3)	(6.9)
Proposed merger and related corporate activity costs (note 11)	(8.4)	-	-
Amortisation of intangibles identified on acquisitions	(2.4)	(0.7)	(2.1)
Operating profit (note 2)	43.5	42.4	102.7
Finance income	6.3	1.6	4.9
Finance costs	(19.0)	(10.3)	(24.8)
Net finance costs	(12.7)	(8.7)	(19.9)
Share of post tax profit of associates	0.2	0.2	0.4
Profit before taxation	31.0	33.9	83.2
Taxation - excluding deferred tax on goodwill	(8.3)	(9.4)	(22.8)
Taxation - deferred tax on goodwill	(1.6)	(1.2)	(1.9)
Taxation (note 3)	(9.9)	(10.6)	(24.7)
Profit for the period	21.1	23.3	58.5
Attributable to:			
Equity holders of the parent company	19.6	22.2	56.3
Minority interests	1.5	1.1	2.2
	21.1	23.3	58.5
Basic earnings per share attributable to equity holders of the company (note 4)	4.8p	5.2p	13.4p
Diluted earnings per share attributable to equity holders of the company (note 4)	4.7p	5.1p	13.1p

Dividends proposed for the period were £8.3m (6 months to 30 June 2007 £7.0m, full year 2007 £22.8m).
No dividends were paid in the period (6 months to 30 June 2007 £nil, full year 2007 £20.1m).

Consolidated unaudited interim balance sheet

	At 30 June 2008 £m	At 30 June 2007 £m	At 31 December 2007 £m
Assets			
Non-current assets			
Goodwill	512.0	406.8	437.1
Intangible assets	29.1	20.0	22.2
Property, plant and equipment	85.5	72.7	82.7
Investments in associates	4.9	2.9	4.5
Other financial assets	9.4	0.4	10.6
Deferred tax assets	38.6	31.6	38.6
Total non-current assets	679.5	534.4	595.7
Current assets			
Inventories	91.1	67.6	55.5
Trade and other receivables	323.7	270.7	291.5
Current tax receivable	9.7	7.1	4.6
Other financial assets	0.3	0.5	0.6
Cash and cash equivalents	74.9	38.8	90.2
Total current assets	499.7	384.7	442.4
Total assets	1,179.2	919.1	1,038.1
Liabilities			
Current liabilities			
Borrowings	(57.4)	(22.7)	(51.2)
Trade and other payables	(382.6)	(323.3)	(338.1)
Current tax payable	(35.5)	(30.6)	(33.2)
Provisions	(14.1)	(12.1)	(15.7)
Total current liabilities	(489.6)	(388.7)	(438.2)
Net current assets/(liabilities)	10.1	(4.0)	4.2
Non-current liabilities			
Borrowings	(474.0)	(337.9)	(400.9)
Trade and other payables	(17.3)	(2.0)	(9.2)
Deferred tax liabilities	(34.1)	(28.8)	(32.7)
Retirement benefit obligations	(15.9)	(7.8)	(15.7)
Provisions	(25.1)	(30.3)	(26.3)
Total non-current liabilities	(566.4)	(406.8)	(484.8)
Total liabilities	(1,056.0)	(795.5)	(923.0)
Total net assets	123.2	123.6	115.1
Equity			
Issued share capital (note 8)	21.6	21.9	21.5
Share premium	144.8	139.6	141.5
Other reserves	1.3	0.8	1.3
Retained earnings	(53.2)	(45.3)	(57.0)
Total parent shareholders' equity (note 7)	114.5	117.0	107.3
Minority interests in equity	8.7	6.6	7.8
Total equity (note 7)	123.2	123.6	115.1

Consolidated unaudited interim cash flow statement

	6 months to 30 June		Full year
	2008	2007	2007
	£m	£m	£m
Cash flows from operating activities			
Cash generated from operations (note 6)	20.8	34.6	132.3
Income tax paid	(13.0)	(13.3)	(26.0)
Net cash generated from operating activities	7.8	21.3	106.3
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired) (note 6)	(65.4)	(23.2)	(36.9)
Purchase of property, plant and equipment	(9.9)	(14.9)	(30.9)
Purchase of intangible assets	(5.0)	(2.8)	(5.9)
Proceeds from sale of property, plant and equipment	0.1	1.3	3.7
Purchase of associates and investments	(0.2)	(0.2)	(3.5)
Proceeds on disposal of associates and investments	0.4	-	-
Interest received	6.3	1.6	4.9
Dividends received	0.1	-	0.5
Net cash used in investing activities	(73.6)	(38.2)	(68.1)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	2.3	5.9	8.1
Dividends paid to company's shareholders	-	-	(20.1)
Dividends paid to minority interests	(1.4)	(1.3)	(1.9)
Arrangement fee paid on restructuring group finance	-	-	(0.8)
Proceeds from issue of senior unsecured loan notes	-	-	162.7
Increase/(decrease) in other debt	95.6	25.6	(95.8)
Interest paid	(17.0)	(10.3)	(25.0)
Purchase of company shares	-	(25.2)	(65.2)
Net cash generated from/(used in) financing activities	79.5	(5.3)	(38.0)
Net increase/(decrease) in cash, cash equivalents and overdrafts	13.7	(22.2)	0.2
Cash, cash equivalents and overdrafts at the beginning of the period	39.0	38.5	38.5
Exchange gain/(loss) on cash, cash equivalents and overdrafts	0.1	(0.2)	0.3
Cash, cash equivalents and overdrafts at the end of the period	52.8	16.1	39.0
Net debt* (note 6)	449.3	321.9	353.6

* Net debt is defined as bank borrowings, net of arrangement fees and the fair value of interest rate swaps, and obligations under finance leases, less cash and cash equivalents.

Consolidated unaudited interim statement of recognised income and expense

	6 months to 30 June		Full year
	2008	2007	2007
	£m	£m	£m
Profit for the period	21.1	23.3	58.5
Actuarial (losses)/gains on pensions	(0.4)	4.5	(2.9)
Tax on actuarial (losses)/gains on pensions	-	(1.4)	0.8
Gain/(loss) in fair value of financial instruments	1.5	1.7	(0.4)
Tax on gain in fair value of financial instruments	(0.5)	(0.7)	-
Translation differences on foreign currency net investments less translation differences on foreign currency loans taken out to fund those investments	7.2	1.9	11.4
Net gains not recognised in the income statement	7.8	6.0	8.9
Total recognised income and expense relating to the period	28.9	29.3	67.4
Attributable to:			
Equity holders of the parent company	27.5	28.3	64.8
Minority interests	1.4	1.0	2.6
	28.9	29.3	67.4

1 Basis of preparation

This unaudited financial information comprises the consolidated interim income statement, cash flow statement and statement of recognised income and expense for the six months to 30 June 2008, the consolidated interim balance sheet as at 30 June 2008, and the related notes of Taylor Nelson Sofres plc (hereinafter referred to as 'financial information'). This financial information has been prepared in accordance with the Listing Rules of the Financial Services Authority, and using the principal accounting policies as set out on pages 60 to 63 of the group's annual financial statements for the year ended 31 December 2007. This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU).

The financial information has not been audited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The statutory accounts for 2007 have been delivered to the Registrar of Companies. The auditors' opinion on those accounts was unqualified and did not contain a statement made under Section 237(2) or Section 237(3) of the Companies Act 1985.

Changes in accounting policy

The current period is the first for which IFRIC 11, 'IFRS 2 - Group and Treasury Share Transactions' has been effective for the group. The interpretation provides guidance on whether share-based transactions involving treasury shares or involving group entities (for instance, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions. Adoption of the IFRIC has not resulted in any change to the financial statements.

During 2007, IFRS 3 (Revised), 'Business Combinations' was published, which modifies certain acquisition accounting principles. The revised standard is not effective for the group until the year commencing 1 January 2010 and will not alter amounts previously recognised when implemented. The following amendments and interpretations had also been published by 30 June 2008 but are not effective until later years, are not expected to have any significant impacts on the financial statements when implemented, and have not been early adopted by the group.

- IAS 23 (Revised), 'Borrowing Costs' (not yet endorsed by the EU)
- IAS 27 (Revised), 'Consolidated and separate financial statements' (not yet endorsed by the EU)
- Amendment to IFRS 2, 'Share based payments'
- IFRS 8, 'Operating Segments'
- IFRIC 13, 'Customer loyalty programmes' (not yet endorsed by the EU)
- IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction' (not yet endorsed by the EU)
- IFRIC 16, 'Hedges of a net investment in a foreign operation'

No other amendments and interpretations becoming effective in the period or published since 1 January 2008 are relevant to the group or its operations.

2 Segmental reporting

Primary reporting format - geographic segments

	Europe £m	North America £m	ALM £m	Total £m
6 months to 30 June 2008				
Revenue	379.8	102.0	98.6	580.4
Segment operating result before exceptional items	44.1	-	10.2	54.3
Restructuring costs	-	-	-	-
Proposed merger and related corporate activity costs	(8.4)	-	-	(8.4)
Amortisation of intangibles identified on acquisitions	(0.8)	(1.4)	(0.2)	(2.4)
Total exceptional items	(9.2)	(1.4)	(0.2)	(10.8)
Segment operating result	34.9	(1.4)	10.0	43.5
6 months to 30 June 2007				
Revenue	319.4	99.2	78.8	497.4
Segment operating result before exceptional items	36.6	0.8	8.0	45.4
Restructuring costs	(2.2)	(0.1)	-	(2.3)
Proposed merger and related corporate activity costs	-	-	-	-
Amortisation of intangibles identified on acquisitions	(0.2)	(0.3)	(0.2)	(0.7)
Total exceptional items	(2.4)	(0.4)	(0.2)	(3.0)
Segment operating result	34.2	0.4	7.8	42.4
Year ended 31 December 2007				
Revenue	687.9	205.5	174.3	1,067.7
Segment operating result before exceptional items	87.3	5.3	19.1	111.7
Restructuring costs	(6.0)	(0.9)	-	(6.9)
Proposed merger and related corporate activity costs	-	-	-	-
Amortisation of intangibles identified on acquisitions	(0.8)	(0.5)	(0.8)	(2.1)
Total exceptional items	(6.8)	(1.4)	(0.8)	(9.0)
Segment operating result	80.5	3.9	18.3	102.7

Exceptional items

During the period costs of £8.4m (six months to 30 June 2007 £nil, full year 2007 £nil) were incurred in connection with the proposed merger with GfK and related corporate activity. Further contingent liabilities potentially payable to advisors and other parties in connection with this activity are disclosed in note 11.

During the prior year, the group concluded a programme of global restructuring to streamline its organisational structure and improve operational processes, including the replacement of senior employees. Additionally, in the second half of the prior year one-off restructuring costs relating to the reorganisation of the Media Intelligence and iTRAM businesses into a combined business unit were incurred, as part of the group's strategy to take advantage of growth opportunities arising from developments in digital media. Total restructuring costs incurred in the six months to 30 June 2007 were £2.3m, and in the year to 31 December 2007 were £6.9m. No similar costs were incurred in the six months to 30 June 2008.

Amortisation of intangible assets identified separately from goodwill on acquisitions under IFRS of £2.4m (six months to 30 June 2007 £0.7m, full year 2007 £2.1m) has also been highlighted separately in the income statement.

3 Taxation

The tax charge for the period was £9.9m, representing a reported rate of 32.1%.

Under IFRS, where goodwill is deductible against tax, a deferred tax liability is recognised even if such a liability would only unwind on the eventual sale or impairment of the business in question. This has led to a tax charge for deductible goodwill of £1.6m for the period. Excluding deferred tax on goodwill, the tax charge was £8.3m, representing an underlying rate of 27.0%. This represents the group's current estimate of the underlying tax rate for the year. For the six months ended 30 June 2007, the tax charge was £10.6m, representing a reported rate of 31.5%. Excluding deferred tax on goodwill of £1.2m, the tax charge was £9.4m, representing an underlying tax rate of 28.0%. For the year ended 31 December 2007, the tax charge was £24.7m, representing a reported rate of 29.7%.

4 Earnings per share

Basic earnings per share of 4.8p (2007 5.2p) have been calculated on the profit for the period attributable to equity holders of the parent company of £19.6m (2007 £22.2m) and on 408.2 million shares (2007 426.5 million), being the weighted average number of shares in issue during the period, excluding those held in treasury, the ESOP and the EBT, which are treated as cancelled.

The diluted earnings per share of 4.7p (2007 5.1p) have been calculated in accordance with the provisions of IAS 33, 'Earnings Per Share', with the weighted average number of shares in issue being adjusted to assume conversion of all dilutive potential shares for the period they were outstanding. Shares held by the ESOP and the EBT, which are under performance-based options, are included in the diluted weighted average number of shares, as the performance conditions are deemed to have been met for the purposes of this calculation.

The weighted average number of ordinary shares in issue during the period for the purpose of these calculations is as follows:

	6 months to June		Full year
	2008	2007	2007
	millions	millions	millions
Share capital	429.9	443.9	439.0
Shares held in treasury	(17.5)	(12.9)	(14.7)
Shares held by ESOP	(0.2)	(0.2)	(0.2)
Shares held by EBT	(4.0)	(4.3)	(4.6)
Basic earnings per share denominator	408.2	426.5	419.5
Dilutive effect of share options	9.5	10.1	9.2
Diluted earnings per share denominator	417.7	436.6	428.7

An adjusted earnings per share using an adjusted profit for the period attributable to equity holders of the parent company is also presented, as the directors believe that this assists in understanding the underlying performance of the group. The adjusted earnings per share is based on the profit as adjusted for the items shown below.

	6 months to June		Full year
	2008	2007	2007
	millions	millions	millions
Profit for the period attributable to equity holders of the parent company	19.6	22.2	56.3
Adjusted for exceptional items:			
Restructuring costs	-	2.3	6.9
Proposed merger and related corporate activity costs	8.4	-	-
Amortisation of intangibles identified on acquisitions	2.4	0.7	2.1
	10.8	3.0	9.0
Tax on exceptional items	(2.9)	(0.9)	(2.5)
Deferred tax on goodwill	1.6	1.2	1.9
	9.5	3.3	8.4
Adjusted profit for the period attributable to equity holders of the parent company	29.1	25.5	64.7

	Profit used for EPS purposes		Weighted average number of shares		Earnings per share	
	2008	2007	2008	2007	2008	2007
	£m	£m	millions	millions	p	p
6 months to June						
Basic	19.6	22.2	408.2	426.5	4.8	5.2
Diluted	19.6	22.2	417.7	436.6	4.7	5.1
Adjusted	29.1	25.5	408.2	426.5	7.1	6.0
Adjusted diluted	29.1	25.5	417.7	436.6	7.0	5.8

5 Acquisitions

The following table summarises the more significant acquisitions made by the group in the six months to 30 June 2008.

Name	% acquired	Date acquired	Business	Country
Mediawatch Limited	75	8 January 2008	Media intelligence	Ireland
LatinPanel International Limited	100	31 January 2008	Custom research	Latin America
Prospera Research AB	100	14 February 2008	Custom research	Sweden
Compete, Inc.	100	29 February 2008	Media intelligence	US

These acquisitions contributed revenue of £12.8m and operating profit of £0.3m to the group for the six months to 30 June 2008. If all acquisitions had occurred on 1 January 2008, group revenue for the six months would have been £583.1m and group operating profit would have been £43.0m.

	Carrying values pre acquisition	Provisional fair value adjustments	Total 2008 acquisitions	Adjustments to prior year acquisitions	Total
	£m	£m	£m	£m	£m
Net assets acquired and goodwill arising					
Non-current assets					
Property, plant and equipment	0.7	-	0.7	-	0.7
Intangible assets	-	4.4	4.4	2.4	6.8
	0.7	4.4	5.1	2.4	7.5
Current assets					
Inventories	-	-	-	(0.3)	(0.3)
Trade and other receivables	7.3	-	7.3	0.8	8.1
Cash and cash equivalents	5.0	-	5.0	(0.1)	4.9
	12.3	-	12.3	0.4	12.7
Total assets	13.0	4.4	17.4	2.8	20.2
Liabilities					
Trade and other payables	(10.8)	-	(10.8)	(2.8)	(13.6)
Minority interest in acquired net assets	(1.0)	-	(1.0)	-	(1.0)
Fair value of net assets acquired	1.2	4.4	5.6	-	5.6
Minority interests purchased	0.1	-	0.1	-	0.1
Goodwill	65.3	(4.4)	60.9	2.5	63.4
Consideration	66.6	-	66.6	2.5	69.1
Consideration satisfied by:					
Cash			65.5	1.7	67.2
New ordinary shares			1.1	-	1.1
Deferred consideration - contingent			-	0.8	0.8
			66.6	2.5	69.1

The provisional fair value adjustment to intangible assets of £4.4m relates to the recognition of customer-related assets, internally developed software and contractual assets separately from goodwill under acquisition accounting rules, which were previously not recognised in the acquisition balance sheets.

During the period, provisional fair values recognised in the prior year have been adjusted as the fair value process has been progressed. Prior year balances have not been restated as the adjustments are not significant to the group.

Goodwill arising on the acquisitions represents the value of assembled workforces and synergies available to the group. All intangible assets acquired with the businesses have been recognised at their respective fair values separately from goodwill. Each 2008 acquisition is considered to be a separate cash generating unit for the purpose of future impairment reviews.

5 Acquisitions (continued)

Separate disclosure is given below for the three most significant acquisitions made during the six months to 30 June 2008.

	Mediawatch Limited £m	LatinPanel International Limited £m	Compete, Inc. £m	Other acquisitions £m	Total 2008 acquisitions to 30 June £m
Non-current assets					
Property, plant and equipment	0.3	0.1	0.3	-	0.7
Intangible assets recognised at provisional fair value	1.0	1.1	2.3	-	4.4
	1.3	1.2	2.6	-	5.1
Current assets					
Trade and other receivables	4.1	0.8	2.4	-	7.3
Cash and cash equivalents	2.8	0.8	1.4	-	5.0
	6.9	1.6	3.8	-	12.3
Total assets	8.2	2.8	6.4	-	17.4
Liabilities					
Trade and other payables	(3.2)	(3.8)	(3.8)	-	(10.8)
Minority interest in acquired net assets	(1.0)	-	-	-	(1.0)
Fair value of net assets acquired	4.0	(1.0)	2.6	-	5.6
Minority interests purchased	-	-	-	0.1	0.1
Goodwill	14.6	8.7	35.9	1.7	60.9
Consideration	18.6	7.7	38.5	1.8	66.6
Consideration satisfied by:					
Cash	18.6	7.7	38.5	0.7	65.5
New ordinary shares	-	-	-	1.1	1.1
	18.6	7.7	38.5	1.8	66.6

6 Cash flow

	6 months to June 2008	2007	Full year 2007
	£m	£m	£m
Reconciliation of operating profit to cash generated from operations			
Operating profit	43.5	42.4	102.7
Amortisation of intangible assets	5.0	2.9	7.7
Depreciation of property, plant and equipment	11.1	9.9	21.6
Profit on sale of property, plant and equipment	0.2	(0.3)	(1.9)
Share based payments	2.4	2.8	5.2
Increase in inventories	(32.6)	(17.9)	(0.7)
Increase in trade and other receivables	(10.5)	(10.1)	(10.0)
Increase in trade and other payables	4.5	10.9	13.9
Decrease in pension liabilities	(0.8)	(0.4)	(1.0)
Decrease in provisions	(2.0)	(5.6)	(5.2)
Cash generated from operations	20.8	34.6	132.3

	2008 £m
Reconciliation of net cash flow to movement in net debt	
Decrease in cash, cash equivalents and bank overdrafts in the period	13.7
Cash inflow from increase in debt	(95.6)
Change in net debt resulting from cash flows	(81.9)
Translation difference	(10.8)
Non-cash movement	(3.0)
Movement in net debt in the period	(95.7)
At 1 January 2008	(353.6)
At 30 June 2008	(449.3)

	At 1 January 2008	Cash flow	Exchange movement	Non-cash movements	At 30 June 2008
	£m	£m	£m	£m	£m
Analysis of net debt					
Cash and cash equivalents	90.2	(15.4)	0.1	-	74.9
Bank overdrafts	(51.2)	29.1	-	-	(22.1)
Bank loans and overdrafts repayable within 1 year	-	-	-	(35.3)	(35.3)
Bank loans repayable after more than 1 year	(227.9)	(95.6)	(10.3)	32.4	(301.4)
Senior unsecured loan notes	(173.0)	-	(0.6)	1.0	(172.6)
Interest rate swap at fair value	8.4	-	-	(1.1)	7.3
Obligations under finance leases	(0.1)	-	-	-	(0.1)
	(353.6)	(81.9)	(10.8)	(3.0)	(449.3)

Non-cash movements represent net fair value losses of £0.1m on unsecured loan notes and associated interest rate swaps, the amortisation of arrangement fees of £0.3m, and the purchase of £3.4m of third party debt with the acquisition of LatinPanel (note 5). This third party debt was repaid immediately upon acquisition.

	2008 £m
Analysis of the net cash outflow in respect of the purchase of subsidiary undertakings and businesses	
Cash consideration	
Prior year acquisitions	(4.8)
2008 acquisitions	(65.5)
	(70.3)
Net cash acquired	4.9
Net cash outflow in respect of the purchase of subsidiary undertakings and businesses	(65.4)

7 Consolidated statement of changes in shareholders' equity

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Minority interests £m	Total equity £m
At 1 January 2007	22.1	134.2	0.4	(37.8)	118.9	8.2	127.1
Profit for the period	-	-	-	22.2	22.2	1.1	23.3
Actuarial gains on pensions net of tax	-	-	-	3.1	3.1	-	3.1
Currency translation differences net of tax	-	-	-	1.9	1.9	(0.1)	1.8
Marked-to-market gain in fair value of financial instruments net of tax	-	-	-	1.0	1.0	-	1.0
New share capital issued net of expenses	0.2	5.4	-	-	5.6	-	5.6
Purchase of own shares	-	-	-	(25.2)	(25.2)	-	(25.2)
Treasury shares cancelled	(0.4)	-	0.4	-	-	-	-
Minority interests in acquisitions	-	-	-	-	-	(0.2)	(0.2)
Minority interests purchased	-	-	-	-	-	(1.1)	(1.1)
Minority interest dividends	-	-	-	-	-	(1.3)	(1.3)
Net movements on exercise of options	-	-	-	0.3	0.3	-	0.3
Share based payments	-	-	-	2.8	2.8	-	2.8
Equity dividends	-	-	-	(13.6)	(13.6)	-	(13.6)
At 30 June 2007	21.9	139.6	0.8	(45.3)	117.0	6.6	123.6
Profit for the period	-	-	-	34.1	34.1	1.1	35.2
Actuarial losses on pensions net of tax	-	-	-	(5.2)	(5.2)	-	(5.2)
Currency translation differences net of tax	-	-	-	9.1	9.1	0.5	9.6
Marked-to-market gain in fair value of financial instruments	-	-	-	(1.8)	(1.8)	-	(1.8)
New share capital issued net of expenses	-	1.9	-	-	1.9	-	1.9
Marked-to-market gain in fair value of financial instruments net of tax	-	-	-	0.4	0.4	-	0.4
Purchase of own shares	-	-	-	(40.0)	(40.0)	-	(40.0)
Treasury shares cancelled	(0.4)	-	0.4	-	-	-	-
Potential acquisition of minority interests	-	-	-	(4.4)	(4.4)	-	(4.4)
Minority interests in acquisitions	-	-	-	-	-	0.3	0.3
Minority interests purchased	-	-	-	-	-	(0.1)	(0.1)
Minority interest dividends	-	-	-	-	-	(0.6)	(0.6)
Net movements on exercise of options	-	-	0.1	0.2	0.3	-	0.3
Share based payments	-	-	-	2.4	2.4	-	2.4
Equity dividends	-	-	-	(6.5)	(6.5)	-	(6.5)
At 31 December 2007	21.5	141.5	1.3	(57.0)	107.3	7.8	115.1
Profit for the period	-	-	-	19.6	19.6	1.5	21.1
Actuarial gains on pensions net of tax	-	-	-	(0.4)	(0.4)	-	(0.4)
Currency translation differences net of tax	-	-	-	7.3	7.3	(0.1)	7.2
Marked-to-market gain in fair value of financial instruments net of tax	-	-	-	1.0	1.0	-	1.0
New share capital issued net of expenses	0.1	3.3	-	-	3.4	-	3.4
Purchase of own shares	-	-	-	-	-	-	-
Treasury shares cancelled	-	-	-	-	-	-	-
Potential acquisition of minority interests	-	-	-	(10.3)	(10.3)	-	(10.3)
Minority interests in acquisitions	-	-	-	-	-	1.0	1.0
Minority interests purchased	-	-	-	-	-	(0.1)	(0.1)
Minority interest dividends	-	-	-	-	-	(1.4)	(1.4)
Net movements on exercise of options	-	-	-	0.1	0.1	-	0.1
Share based payments	-	-	-	2.4	2.4	-	2.4
Equity dividends	-	-	-	(15.9)	(15.9)	-	(15.9)
At 30 June 2008	21.6	144.8	1.3	(53.2)	114.5	8.7	123.2

7 Consolidated statement of changes in shareholders' equity (continued)

	At 1 Jan 2008	Movements in the period	At 30 June 2008
Cumulative amounts included within retained earnings	£m	£m	£m
Currency translation differences	(1.6)	7.3	5.7
Financial instrument fair value adjustments	(0.2)	1.5	1.3
Potential acquisition of minority interests	(4.4)	(10.3)	(14.7)
Pension valuation gains and losses	(9.8)	(0.4)	(10.2)
Own shares purchased	(104.8)	-	(104.8)
Share based payment charges	17.3	2.4	19.7

Goodwill arising on consolidation prior to 1 January 1998 of £144.7m (30 June and full year 2006 £144.7m) has been eliminated against reserves.

8 Share capital

	At 30 June 2008	At 30 June 2007	At 31 December 2007	At 30 June 2008	At 30 June 2007	At 31 December 2007
	No of shares	No of shares	No of shares	£000	£000	£000
Authorised						
Ordinary shares of 5p each	600,000,000	600,000,000	600,000,000	30,000	30,000	30,000
Allotted, called up and fully paid						
At 1 January	429,263,482	442,827,989	442,827,989	21,463	22,141	22,141
Acquisitions	560,022	-	-	28	-	-
Share options exercised during year						
Executive Share Plans	1,187,575	2,879,683	3,742,066	59	144	187
Savings Related Share Plans	-	-	-	-	-	-
WESP	216,289	117,330	356,532	11	6	18
Shares held in treasury cancelled	-	(7,663,105)	(17,663,105)	-	(383)	(883)
At 30 June and 31 December	431,227,368	438,161,897	429,263,482	21,561	21,908	21,463

During the period to 30 June 2008, the company issued 560,022 shares to satisfy £1.1m of deferred consideration in relation to the purchase of Prospera Research AB, a subsidiary in Sweden. No similar transactions occurred in the six months to 30 June 2007 or the full year to 31 December 2007.

In the six months to 30 June 2007, the company purchased 10,904,416 of its own shares from the market for cash consideration of £25.2m. By 31 December 2007, it purchased 28,444,805 of its own shares for £65.2m. Of these, 7,663,105 were cancelled by 30 June 2007 and 17,663,105 by 31 December 2007, with the remaining 10,781,700 at both dates held as treasury shares. The company did not purchase any more of its own shares in the period to 30 June 2008, and 17,490,389 remain held as treasury shares.

9 Currency conversion

The consolidated unaudited interim income statement for the period to 30 June 2008 has been prepared using, among other currencies, an average exchange rate of US\$1.9748 to the pound (period ended 30 June 2007 US\$1.9706; year ended 31 December 2007 US\$2.0017) and €1.2902 to the pound (period ended 30 June 2007 €1.4820; year ended 31 December 2007 €1.4608).

The consolidated unaudited interim balance sheet as at 30 June 2008 has been prepared using the exchange rate on that day of US\$1.9935 to the pound (30 June 2007 US\$2.0092; 31 December 2007 US\$1.9847) and €1.2619 to the pound (30 June 2007 €1.4828; 31 December 2007 €1.3606).

10 Related party transactions

	6 months to June		Full year
	2008	2007	2007
	£m	£m	£m
Transactions with associated undertakings			
Revenue	1.0	0.5	2.0
Purchases	(9.4)	(4.2)	(7.7)
Amounts payable at period end	(0.6)	(0.6)	(1.2)
Amounts receivable at period end	1.2	1.0	0.7
Transactions with joint ventures			
Revenue	1.9	1.8	3.8
Purchases	(0.7)	(0.6)	(2.8)
Amounts payable at period end	(2.5)	(2.5)	(1.9)
Amounts receivable at period end	2.5	2.5	1.9

11 Commitments and contingencies

Contingent liabilities relating to the proposed merger and associated corporate activity

Costs of £8.4m have been incurred and expensed in the period to 30 June 2008 (six months to 30 June 2007 £nil, full year 2007 £nil) in connection with the proposed merger with GfK and related corporate activity, as disclosed in note 2. Additionally, advisory fees estimated at approximately £11m would become payable in the event that the group's shareholders vote to accept an offer for their shares, or if all offers from all potential acquirers are withdrawn, are not recommended or lapse. Also, in the event that the group's shareholders accept an offer from a third party other than GfK, a £10.7m break fee would become payable to GfK.

Share option and long-term incentive plans

Under the group's Executive Share Option Plans approximately 9.8m options were outstanding at 30 June 2008, with an average exercise price of 198.2p, of which 8.5m had vested by that date. Under the group's Worldwide Employee Sharesave Plan (WESP), approximately 5.5m shares had been granted at 30 June 2008 with an average exercise price of 136.3p, of which approximately 3.4m would vest on a pro-rata basis in the event of a change of control or similar corporate event.

Under the group's long-term incentive plans, a maximum of 14.7m shares have been granted. In the event of a takeover or similar corporate event, any award would vest subject to the performance criteria that apply. Awards will normally be time pro-rated in such circumstances, subject to the discretion of the remuneration committee to increase the number of vested shares if, acting fairly and reasonably, it decides that a time pro-rata is inappropriate.

Full details of each plan are given in the merger prospectus issued on 25 June 2008.

11 Commitments and contingencies (continued)

Contingent liabilities relating to acquisitions

The group is contractually bound to pay contingent deferred consideration for certain current and prior year acquisitions, based on the future performance of those acquired businesses. Liabilities have been recognised based on management's best estimates of future amounts payable, with reference to the latest available forecasts, where such estimates can be made reliably. Contingent deferred consideration of £16.2m has been recognised within provisions at 30 June 2008 (30 June 2007 £19.8m, 31 December 2007 £17.7m). Additionally, put option liabilities of £14.2m have been recognised within non-current payables (30 June 2007 £nil, 31 December 2007 £4.4m), representing potential obligations to purchase minority interests in certain acquired subsidiaries. The put option price will also be determined on exercise by reference to the performance of the acquired businesses, and the option liability has been recognised at management's best estimate of fair value.

For certain acquisitions, some deferred consideration will only become payable if significant performance improvements are achieved, in which case the amounts payable are sensitive to the level of improvement achieved. In these cases, until the level of future performance improvement becomes more certain, management is unable to make a reliable estimate of future amounts payable, and no deferred consideration liability has been recognised. The maximum payments considered reasonably possible in this regard total £34.9m (30 June 2007 £37.7m, 31 December 2007 £48.1m). Amounts become payable between two and five years and any adjustment to deferred consideration as a result of revised estimates or final settlement will be recorded to goodwill.

Other guarantees and contingent liabilities

Various group companies are parties to legal actions and claims of £0.9m (30 June 2007 £1.2m, 31 December 2007 £0.9m), the most significant of which are associated with employment-related matters. Although there is uncertainty regarding the final outcome of these claims, the directors believe that adequate provision has been made for anticipated liabilities. The group is also involved in various other legal proceedings arising out of the normal course of business. Management believes that the outcome of these proceedings is uncertain but is unlikely to have a material effect on the group's financial position.

12 Post balance sheet events

On 9 July 2008, GfK and the group agreed to cancel the proposed merger agreement following an unsolicited, conditional offer from WPP to acquire the company.