



ARTHUR ANDERSEN

TBWA UK Group Limited
(formerly The TBWA GGT Group Limited,
formerly The GGT Group Limited)

Financial statements for the year ending 30 April 1999
together with directors' and auditors' reports

Registered Number: 1482152



Directors' report

For the year ended 30 April 1999

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 30 April 1999.

Principal activity and business review

The Company is a holding company.

The results for the year ended 30 April 1999 and the financial position of the company at that date are shown in the financial statements on pages 5 and 6.

The directors do not recommend payment of a dividend. (1998 – £ 1,743,000).

The ownership of TBWA UK Group Limited (formerly The TBWA GGT Group Limited, formerly The GGT Group Limited) has been transferred to Omnicom Europe Limited (formerly DAS International Limited), an intermediary UK Holding company within the Omnicom Group. As part of this reorganisation, TBWA UK Group Limited transferred the ownership of its non-UK subsidiaries to other Omnicom Group companies. Full details of movements in investments during the year are given in note 11.

Directors and their interests

The directors who served during and after the year were as follows:

M.E. Greenlees	(resigned 9 September 1998)
M.R. Bayliss	(resigned 1 August 1998)
J-C. Boulet	(resigned 1 August 1998)
J-M. Dru	(resigned 1 August 1998, re-appointed 5 July 1999)
D.D. Floren	(resigned 1 August 1998)
W. Butler	(resigned 1 August 1998)
E.A. Emerson	(resigned 1 August 1998)
D. Mortier	(resigned 1 August 1998)
P.J. Quinnen	(resigned 1 August 1998)
J. Sellors	(appointed 12 June 1998; resigned 1 August 1998)
W. Thornhill	(appointed 12 June 1998; resigned 9 September 1998)
I. Lloyd	(appointed 1 August 1998; resigned 26 February 1999)
D. Waddington	(appointed 12 June 1998; resigned 9 September 1998)
D. Lake	(appointed 1 August 1998; resigned 6 November 1998)
D. Streiff	(appointed 23 November 1998)
B. Bastible	(appointed 11 January 1999)
G. Arkell	(appointed 5 July 1999)
P.J. Bainsfair	(appointed 5 July 1999)
R.W. Wright	(appointed 5 July 1999)

No director had any beneficial disclosable interest in the shares of the company or any other group company at 30 April 1999.

Directors' report (continued)

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Subsequent events

The company changed its name from The GGT Group Limited to The TBWA GGT Group Limited on 17 June 1999, and later, on 8 July 1999, changed its name to TBWA UK Group Limited.

With effect from 31 October 1999, the business activities, assets and liabilities of a subsidiary undertaking, TISSA Limited, were transferred at their book value to TBWA UK Group Limited, their book value approximating their respective market values.

Charitable and political donations

During the year the Company made charitable donations totalling £3,000 (1998 - £222,000).

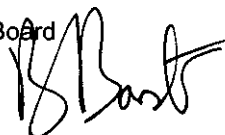
Directors' report (continued)

Auditors

The Directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board

Brian Bastible
Secretary



76-80 Whitfield Street
London
W1T 4EZ

6 March 2001

To the shareholders of TBWA UK Group Limited (formerly The TBWA Group Limited, formerly The GGT Group Limited):

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 30 April 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
London WC2R 2PS

6 March 2001

Profit and Loss account

For the year ended 30 April 1999

	Notes	1999 £'000	1998 £'000
Administrative expenses		(4,043)	(8,236)
Other operating expenses		(1,093)	(7,743)
Other operating income		1,303	-
Operating loss		(3,833)	(15,979)
Income from shares in group undertakings	2	(3,519)	1,126
Amounts written off investments	11	(12,342)	(38,265)
Profit on disposal of subsidiaries	11	53,739	-
Profit/(loss) on ordinary activities before finance charges		34,045	(53,118)
Interest receivable and similar income	3	4,965	461
Interest payable and similar charges	4	(729)	(2,192)
Profit/(loss) on ordinary activities before taxation	5	38,281	(54,849)
Tax charge on profit/(loss) on ordinary activities	8	(523)	-
Profit/(loss) on ordinary activities after taxation		37,758	(54,849)
Dividends paid and proposed	9	-	(1,743)
Retained profit/(loss) for the year	17	37,758	(56,592)

There are no recognised gains or losses in either year other than the profit/(loss) for that year.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

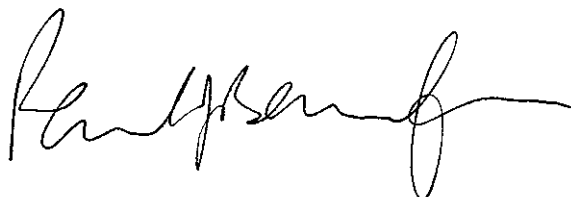
At 30 April 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Tangible assets	10	453	680
Investments	11	75,186	187,638
		<u>75,639</u>	<u>188,318</u>
Current assets			
Debtors	12	117,681	892
Cash at bank and in hand		-	2,889
		<u>117,681</u>	<u>3,781</u>
Creditors: Amounts falling due within one year	13	(75,270)	(80,140)
Net current assets/(liabilities)		<u>42,411</u>	<u>(76,359)</u>
Total assets less current liabilities		118,050	111,959
Creditors: Amounts falling due after more than one year	14	-	(33,938)
Provisions for liabilities and charges	15	(2,271)	-
Net assets		<u>115,779</u>	<u>78,021</u>
Equity capital and reserves			
Called-up share capital	16	3,489	3,489
Share premium account	17	126,275	126,275
Profit and loss account	17	(13,985)	(51,743)
Shareholders' funds	18	<u>115,779</u>	<u>78,021</u>
Equity interests		115,534	77,776
Non equity interests		245	245
		<u>115,779</u>	<u>78,021</u>

The accompanying notes are an integral part of this balance sheet.

Signed on behalf of the board of directors

P.J. Bainsfair
Director



6 March 2001

Notes to the financial statements

30 April 1999

A summary of the principal accounting policies of the Company, all of which have been applied consistently throughout the year and the preceding year, is set out below:

1 Accounting policies

a) *Basis of accounting*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company is exempt from the requirement of Financial Reporting Standard No.1 (Revised) "Cash flow statements" to include a cash flow statement as part of its financial statements because it is a wholly-owned subsidiary of Omnicom Group Inc., in whose accounts the Company is consolidated.

b) *Taxation*

UK Corporation tax is provided on taxable profits at the current rate.

Deferred tax is provided on the excess of capital allowances over book depreciation and in respect of short-term timing differences to the extent that a tax charge is expected to arise in the foreseeable future, at a rate of tax likely to be in force at the time of reversal.

c) *Tangible fixed assets*

Tangible fixed assets are stated at original historical cost, less accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of tangible fixed assets on a straight line basis over their estimated useful lives:

Leasehold improvements	2.5-10%
Furniture, fittings and equipment	15-33%
Motor vehicles	25%

d) *Leases*

Rentals under operating leases are charged on a straight line basis over the lease term.

e) *Investments*

Investments in subsidiary undertakings are stated at cost. Provisions are made for any impairment in value.

The Company has taken advantage of section 228 of the Companies Act 1985 not to prepare consolidated accounts as the company is a wholly owned subsidiary undertaking of another company registered in England and Wales for which consolidated accounts are prepared (see note 22).

f) *Pensions*

The amount charged to the profit and loss account is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Notes to the financial statements (continued)

1 Accounting policies (continued)

g) Foreign currencies

In the financial statements, transactions denominated in foreign currencies are recorded at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

All exchange differences are included in the profit and loss account.

h) Financial Reporting Standard No. 8 (exemption)

As a subsidiary of Omnicom Group Inc, the company has taken advantage of the exemption in Financial Reporting Standard No. 8 'Related Party Disclosures' not to disclose transactions with other members of the Group headed by Omnicom Group Inc.

2 Income from shares in group undertakings

In the year to 30 April 1997, GGT Group plc recorded income from group undertakings of £3,519,000 in respect of a proposed final dividend receivable from Madeinvest Limited. In the event this dividend was not declared or paid and accordingly the amount originally recognised as income has been reversed in the current year.

3 Interest receivable and similar income

	1999 £'000	1998 £'000
Interest receivable from group undertakings	4,933	245
Other interest receivable	32	216
	<u>4,965</u>	<u>461</u>

4 Interest payable and similar charges

	1999 £'000	1998 £'000
Interest payable to group undertakings	716	506
Interest payable on bank loans and overdrafts	3	308
Other interest payable	10	1,378
	<u>729</u>	<u>2,192</u>

Notes to the financial statements (continued)

5 Profit/(loss) on ordinary activities before taxation

	1999 £'000	1998 £'000
This is stated after charging/(crediting):		
Other operating income		
- receipt under non-compete deed	(1,303)	-
Depreciation of owned tangible fixed assets	213	156
Property lease rentals	424	239
Auditors' remuneration		
- Audit	358	254
- Non-audit	118	302
Staff costs (note 6)	<u>2,231</u>	<u>3,449</u>

6 Staff costs

Particulars of employee costs (including executive directors) are as shown below:

	1999 £'000	1998 £'000
Employee costs during the year amounted to:		
Wages and Salaries	827	1,175
Social security costs	86	167
Pension costs (note 19)	226	1,533
Compensation for loss of office	<u>1,092</u>	<u>574</u>
	<u>2,231</u>	<u>3,449</u>

The average monthly number of full-time employees employed by the Company during the year was 12 (1998 - 13).
All employees were employed within group management and administration.

Notes to the financial statements (continued)

7 Directors' remuneration

Remuneration of the directors in respect of their services to the Company during the year was as follows:

	1999 £'000	1998 £'000
Emoluments including salaries, benefits in kind and annual bonus	667	472
Company contributions to personal pension schemes	205	1,545
	<u>872</u>	<u>2,017</u>
Compensation for loss of office	<u>801</u>	<u>560</u>

The above amounts do not include any gains made on the exercise of share options. No directors exercised share options in the year (1998 - 2).

During the year, contributions were made to private money purchase schemes for 5 directors (1998 - 3)

The above amounts for remuneration include emoluments in respect of the highest paid director of £401,915 (1998 - £570,000). The highest paid director exercised no share options in the year (1998 - 9,434). The company contributed £159,750 (1998 - £1,488,000) to a pension scheme specified by the highest paid director.

8 Tax on profit/(loss) on ordinary activities

	1999 £'000	1998 £'000
The tax charge is based on the profit/(loss) for the year and comprises:		
UK Corporation tax at 31% (1998 - 31%)	-	-
Irrecoverable ACT	570	-
Overprovision in respect of prior years	(47)	-
	<u>523</u>	<u>-</u>

9 Dividends paid and proposed

	1999 £'000	1998 £'000
Interim dividend of £nil per ordinary share – paid (1998 - 2.5p per share)	<u>-</u>	<u>1,743</u>

Notes to the financial statements (continued)

10 Tangible fixed assets

	Leasehold improvements £'000	Furniture, fittings and equipment £'000	Motor Vehicles £'000	Total £'000
Cost				
Beginning of year	471	441	119	1,031
Additions	10	13	-	23
Disposals	(8)	(454)	(27)	(489)
End of year	<u>473</u>	<u>-</u>	<u>92</u>	<u>565</u>
Depreciation				
Beginning of year	23	307	21	351
Charge	53	134	26	213
Disposals	(7)	(441)	(4)	(452)
End of year	<u>69</u>	<u>-</u>	<u>43</u>	<u>112</u>
Net book value				
Beginning of year	<u>448</u>	<u>134</u>	<u>98</u>	<u>680</u>
End of year	<u>404</u>	<u>-</u>	<u>49</u>	<u>453</u>

11 Investments

	1999 £'000	1998 £'000
Cost		
Beginning of year	225,903	218,359
Additions	2,525	7,544
Disposal	(102,635)	-
End of year	<u>125,793</u>	<u>225,903</u>
Provision for impairment		
Beginning of year	(38,265)	-
Written off during the year	(12,342)	(38,265)
End of year	<u>(50,607)</u>	<u>(38,265)</u>
Net book value, beginning of year	<u>187,638</u>	<u>218,359</u>
Net book value, end of year	<u>75,186</u>	<u>187,638</u>

Notes to the financial statements (continued)

11 Investments (continued)

The company has investments in the following principal subsidiary undertakings:

Name	Activity	Country of operation	Effective interest in issued ordinary share capital at 30 April 1999
GGT Direct Advertising Limited	Direct Marketing	United Kingdom	100%
Summertime Communications Limited	Holding Company	United Kingdom	100%
Option One Group Limited	Holding Company	United Kingdom	100%
BDH Communications Group Limited	Holding Company	United Kingdom	100%
Madeinvest Limited	Holding Company	United Kingdom	100%
Fallowbush Limited (formerly Fallowbush plc)	Holding Company	United Kingdom	100%
Broad Street Group Limited (formerly Broad Street Group plc)	Holding Company	United Kingdom	100%
Corporate Business Advisers Limited	Holding Company	United Kingdom	100%
BDDP.GGT Limited	Non-trading	United Kingdom	100%
Tequila International Holdings Limited	Holding Company	United Kingdom	100%

During the year the company acquired 100% of Summertime Communications Limited from a fellow group undertaking for consideration of £2,525,000.

During the year the company purchased Advertising Holdings US Inc. for £1. On 28 September 1998, the company entered into a sale and purchase agreement with Omnicom Group Inc, relating to the disposal by the company of its entire interests in BDDP S.A., and Advertising Holdings US Inc for a total cash consideration of £105,000,001 paid on 28 September 1998, resulting in a profit on disposal of £2,365,000.

During the year, the company realised a deferred gain of £51,000,000. The gain originally arose in April 1997 on the disposal of GGT Group's US subsidiaries to another group company, Madeinvest Limited. It was not realised in April 1997 because the sale consideration remained unpaid. The gain has now been recognised following the receipt of cash as part of subsequent group reorganisations and the disposal of the US businesses to other Omnicom Group companies.

During the year, the company purchased a 50% interest in Media Solutions Group Limited from a group undertaking for a consideration of £nil. Later in the year the company disposed of its 50% interest in Media Solutions Group Limited, its associated undertaking, to the other shareholder, CIA (UK) Holdings Limited. Sale proceeds for the transaction were £525,000 generating a profit on disposal of £375,000.

During the year, the company purchased a 57.5% interest in Financial Dynamics Limited from Broadstreet Group Limited for a cash consideration of £2,300,000. The company and Broadstreet Group Limited then sold their entire

Notes to the financial statements (continued)

11 Investments (continued)

interest in Financial Dynamics Limited to the incumbent management team for a total cash consideration of £4,000,000, of which £2,300,000 was attributable to the interest held by the company. At the same time, TBWA UK Group Limited entered into a non-compete deed on behalf of itself and all other members of the TBWA UK Group Limited group, prohibiting such companies competing in the UK with the business of Financial Dynamics Limited in return for payment of £1,303,000.

12 Debtors

	1999 £'000	1998 £'000
Amounts due from group undertakings	3,359	-
Loans receivable from group undertakings	113,339	-
VAT	6	-
Other debtors	977	892
	<u>117,681</u>	<u>892</u>

Interest on loans made to group undertakings is receivable monthly at LIBOR + 1.5%. Included within other debtors are amounts receivable under terms of the non-compete deed which the company entered into on behalf of itself and other members of the TBWA UK Group on the sales by the company and Broad Street Group Limited of their investment in Financial Dynamics Limited. Included within 'Other debtors' are amounts of £651,000 falling due after 1 year.

13 Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
Bank overdrafts	771	-
Amounts due to subsidiary undertakings	74,443	77,722
UK Corporation tax	-	124
Accruals and deferred income	56	2,294
	<u>75,270</u>	<u>80,140</u>

14 Creditors: amounts falling due after more than one year

	1999 £'000	1998 £'000
Amounts owed to parent company	-	33,938

The amounts owed to parent company in 1998 bore interest at between 4.71825% and 8.6875%.

Notes to the financial statements (continued)

15 Provisions for liabilities and charges

	1999 £'000	1998 £'000
At beginning of period	-	-
Charged to the profit and loss account	2,310	-
Utilised in period	(39)	-
End of period	<u>2,271</u>	<u>-</u>

This provision is in respect of future lease obligations and related costs of leasehold property where the space is vacant or currently not planned to be used for ongoing operations.

16 Called-up share capital

	1999 £'000	1998 £'000
Authorised:		
128,336,120 ordinary shares of 5p each (1998 - 128,336,120)	6,417	6,417
5,000,000 deferred convertible redeemable non voting shares of 0.05p each (1998 - 5,000,000)	<u>3</u>	<u>3</u>
	<u>6,420</u>	<u>6,420</u>
Allotted, called-up and fully-paid:		
69,723,237 ordinary shares of 5p each (1998 - 69,723,237)	3,487	3,487
4,900,000 deferred convertible redeemable non voting shares of 0.05p each (1998 - 4,900,000)	<u>2</u>	<u>2</u>
	<u>3,489</u>	<u>3,489</u>

17 Reserves

	Share premium account £'000	Profit and loss account £'000
Beginning of year	126,275	(51,743)
Profit for the year	<u>-</u>	<u>37,758</u>
End of year	<u>126,275</u>	<u>(13,985)</u>

Notes to the financial statements (continued)

18 Reconciliation of movement in shareholders' funds

	1999 £'000	1998 £'000
Profit/(loss) attributable to shareholders	37,758	(54,849)
Dividends paid and proposed	-	(1,743)
Retained profit/(loss) for the year	37,758	(56,592)
New share capital subscribed and premium paid on share options issued	-	23
Net addition/(reduction) in shareholder's funds	37,758	(56,569)
Opening shareholders' funds	78,021	134,590
Closing shareholders' funds	115,779	78,021

19 Pensions

The Company contributes to individuals' defined contribution pension schemes. The pension cost charge for the year was £225,775 (1998 - £1,532,753).

20 Lease commitments

The company has entered into certain non-cancelable leases. The rents payable under these leases are subject to renegotiations at various intervals specified in the leases. The minimum annual rentals under the foregoing leases are as follows:

Property	1999 £'000	1998 £'000
Operating lease commitments:		
- over 5 years	2,338	2,338

21 Guarantees

The company, together with certain of its subsidiaries, has entered into an £8,000,000 collective net overdraft facility with HSBC Bank plc. HSBC Bank plc has the right to apply positive cash balances of the company against indebtedness or liability of any of the other companies named in the agreement. This facility is guaranteed by Omnicom Group Inc.

22 Ultimate controlling party

The smallest group in which the results of the company are included is that headed by the intermediate parent company Omnicom Europe Limited (formerly DAS International Limited). These consolidated accounts are available to the public and may be obtained from Omnicom Europe Limited (formerly DAS International Limited), 239 Old Marylebone Road, London NW1 5QT.

The largest group in which the results of the company are included is that headed by the ultimate parent company, also the ultimate controlling party, Omnicom Group Inc., a company incorporated in the United States of America. These consolidated accounts are available to the public and may be obtained from Omnicom Group Inc., 437 Madison Avenue, New York, NY 10022, USA.

Notes to the financial statements (continued)

23 Subsequent events

The company changed its name from The GGT Group Limited to The TBWA GGT Group Ltd on 17 June 1999, and later, on 8 July 1999, changed its name to TBWA UK Group Limited.

Subsequent to the year end, with effect from 31 October 1999, the business activities, assets and liabilities of a subsidiary undertaking, TISSA Limited, were transferred at their book value to TBWA UK Group Limited, this book value approximating their respective market values.