Aegis Group plc *Annual Report and Accounts 1992*

AEGIS

Contents

Aegis welcomes contact with its shareholders. If you have any enquiries about the Group, or its services, please contact:

Aegis, 2 Eaton Gate, London SW1W 9BL

Telephone: 071 730 1001

Aegis is the holding company for Carat which is Europe's largest group of media specialists. Carat's national operating companies are leaders in most European markets.
Carat's services are an integral part of the advertiser's marketing process and embrace the total range of media services including media strategy, planning and buying, amongst others.
Carat's comprehensive knowledge of the media marketplace combined with the scale of its buying enables advertisers to get the best possible value from their media budgets.

Aegis est la société holding de Carat, le plus important groupe de spécialistes médias en Europe. Les filiales opérationnelles de Carat sont leader dans la plupart des marchés Européens.
Les services fournis par Carat font partie intégrante de la chaine des activités de marketing des annonceurs et couvrent l'ensemble du spectre des services médias avec entre autres la stratégie média, le média planning et l'achat d'espaces.
Les annonceurs obtiennent le meilleur rapport qualité prix pour leurs budgets médias, grâce à la connaissance approfondie qu'a Carat du marché des médias ainsi que de l'importance de son volume d'achat.

Aegis ist die Holding-Gesellschaft von Carat, Europa's zur Zeit mit weitem Abstand größter Agentur-Gruppe von Media-Spezialisten. Die zum Agenturnetz von Carat gehörenden europäischen Gesellschaften sind überwiegend und seit Jahren Marktführer in ihren Ländern.
Carat versteht die Media-Disziplin als wesentlichen Bestandteil im Marketing-Mix und bietet Werbungtreibenden einen umfassenden Service in allen Fragen des Media-Geschäftes, insbesondere in fachkundiger Beratung, qualifizierter Media-Forschung, strategischer Planung und effizientem Einkauf.
Durch diese hohe Professionalität ist Carat in allen Ländern in der Lage, Werbungtreibenden eine optimale qualitative und quantitative Ausschöpfung ihrer Media-Budgets zu ermöglichen.

Aegis es la compañía holding de Carat que, a su vez, es el mayor grupo europeo de especialistas en medios. Carat es líder en los mercados europeos más importantes.
Los servicios que ofrece Carat son parte integrante del proceso publicitario y engloban la totalidad de los servicios de medios existentes, incluyendo, entre otros, estrategia, planificación y compra de medios.
La experiencia de Carat en el mercado de medios, complementada con su volumen de compra, permite a los clientes obtener el mejor rendimiento de sus inversiones en medios.

Aegis è la holding finanziaria di Carat, il più grande gruppo di specialisti media in Europa. Carat raggruppa solo agenzie media indipendenti, la maggior parte leader nel proprio mercato.
Carat fornisce servizi integrati al processo di marketing delle aziende, in grado di coprire il servizio media completo, dalla strategia e pianificazione media all'acquisto degli spazi.
Grazie alla profonda conoscenza del mercato media unita alla grande capacità di acquisto spazi, Carat garantisce ai suoi clienti la più alta efficacia dell'investimento media.

This is my first annual report as Chairman of this Company. When I joined as a non-Executive Director in 1987, the Group was involved in a wide range of marketing services activities throughout Europe, the USA and Asia. Since then, the Board has pursued a strategy of focusing on media services and the development of critical mass in Europe. With this in mind, we disposed of our full-service advertising, public relations, direct marketing, design and sponsorship activities, and set about building Europe's leading media planning and buying network, Carat, through a series of acquisitions and the development of new businesses.

We have also been preparing ourselves to meet the challenge of structural changes and uncertainty in the French market, our most important, which have followed the introduction of a new law which will change the way we, and other media specialists, do business. This may, in the future, have a material effect on the Group's profitability.

1992 was a year of relatively depressed advertising spending in the main European markets except Germany. This, combined with increased competitive pressure throughout Europe, affected the Group and resulted in a reduced gross margin and a reduced underlying operating profit at £51.3 million despite the fact that our turnover in the year was up by more than 35 per cent.

Focus on Core Business

In the past year, we sold our Sponsorship and Event Management Division to a management group lead by Alan Pascoe who, on completion of the transaction, resigned from the Aegis Board. The year also saw the sale of our remaining 40 per cent holding in a full service advertising network, the closure of our Broadcast Division and the purchase of minority interests in our media planning and buying companies in France and Italy – all as part of our strategic decision to focus our resources on our media planning and buying activities.

Fundamental Change

1992 has seen fundamental changes in your Company. We have put in place a new top management team and have initiated a radical programme of reorganisation which included the closure of a number of smaller satellite offices and the transfer of many central management functions from London to Paris. We firmly believe this will improve our client service through a simplified structure and lead to a reduction of our cost base.

Charles Hochman
Chief Executive Officer
Previously President of Coca Cola Japan. Joined Carat in 1981.

Frank Law CBE
Chairman (non-Executive)
Chairman of Varta Group UK, Director Siemens plc, previously Deputy Chairman of NFC.

John Vogelstein
Deputy Chairman (non-Executive)
Vice Chairman E.M. Warburg Pincus & Co.

As part of our cost cutting programme, 20 of the Group's top management based in France have voluntarily reduced their annual salaries by between 7 and 25 per cent. This gesture is much appreciated by the Board and I hope will be welcomed by our shareholders.

In the second half of the year, we cancelled the listing of our shares on both the New York and Paris markets, leaving only our listing in London. This step was taken to simplify the management task and to reduce further our operating costs.

The cost of the reorganisation and the loss on termination of activities amounted to a loss totalling £44 million in this year's accounts, leaving a pre-tax loss of £1.9 million. Our net debt at the year end was £68 million, compared to £35 million the previous year. One of our priorities for future years is the reduction of this indebtedness.

In order to conserve our cash resources and to fund the cash outflow required for our restructuring programme the Company decided not to pay a final dividend to ordinary shareholders for the past year nor do we intend to pay any dividends to ordinary shareholders for the financial year 1993.

New Financial Structure

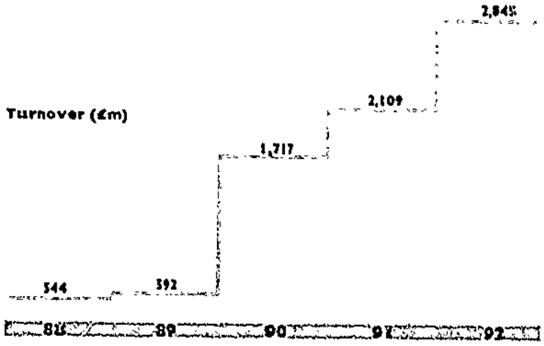
During the year we raised a further £20m through a rights issue of convertible unsecured loan stock and we issued 44 million new ordinary shares in deferred consideration and in part payment for the purchase of some outstanding minority interests in our operating Companies. This gave us 167 million ordinary shares in issue at the end of the year. However, the past flood of share issues is now reduced to a trickle. We estimate that the value of shares which still have to be issued to meet future deferred payment obligations is now about £3 million. Also our deferred cash payment liabilities to the vendors of acquired companies have also been greatly reduced and totalled £36 million at the year end.

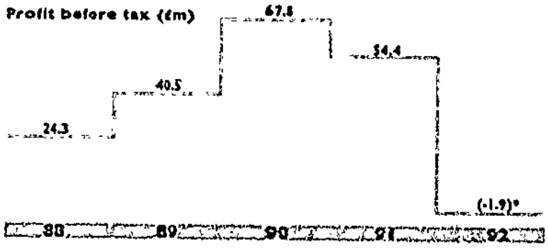
In addition we have amended and extended our principal banking facilities. The new facility totals FFr1000 million and matures between September 1997 and March 1998. Repayments of principal commence in March 1994.

Stronger Board

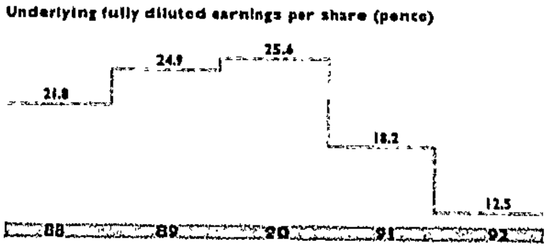
During the past year three Board Directors, Peter Scott, David Reich and Charles Stern whose combined efforts were instrumental in the creation and development of the Group, left the Company.

We have made some significant additions to the Aegis Board to provide better representation for our major shareholders, to bring more senior operating managers onto the Board and to introduce new non-Executives. Thus Ray Kelly, the Chairman and Chief Executive of Carat UK, Bruno Kemoun and Eryck Rebbouh, the Chief Executives of Carat France, all became Executive Directors of Aegis as





* *After reorganisation costs and losses on closure/sale of divisions*



AEGIS

Aegis Group plc
2 Eaton Gate
London SW1W 9BT
Telephone 071-730 1001
Fax 071-823 6750

30 July 1993

Registrar of Companies
Companies House
Crown Way
Maindy
Cardiff CF4 3UZ

Dear Sir

Aegis Group plc No 1403668

I have pleasure in enclosing a signed copy of the accounts of the above-named company for the year ended 31 December 1992.

Yours faithfully

E Richardson

Elizabeth Richardson
Secretary

Enc

COMPANIES HOUSE
PR36
31 JUL 1993

did Michel Lefebvre, the newly appointed Chief Financial Officer. Dominic Shorthouse, a Managing Director of one of our major shareholders, Warburg Pincus, was appointed a non-Executive Director.

In pursuance of the promise I made when I became Chairman, we have appointed two additional non-Executive Directors, Sir Kit McMahon, former Chairman of the Midland Bank and a former Deputy Governor of the Bank of England, and Sir Peter Thompson, Chairman of Community Hospitals and former Chairman and Chief Executive of the National Freight Corporation. Their experience will add considerable strength to our team and I am delighted that they have agreed to join the Board in May. The Board will then comprise 6 Executive Directors and 6 non-Executive Directors including myself.

Corporate Governance

The Board has taken note of the recent proposals by the Cadbury Committee in the UK on corporate governance and has taken steps to comply with the recommendations. We have split the roles of Chairman and Chief Executive and instituted a more formal Committee structure. The Board now has 3 standing Committees:

- The Executive Committee – consisting of the Chief Executive, the Chief Operating Officer and the Chief Financial Officer – which controls the Group's businesses on a day to day basis.
- The Audit Committee which meets twice a year to review the Group's financial statements, internal controls, accounting policies and financial reporting; it comprises myself, John Vogelstein, Dominic Shorthouse and Gilles Gobin.
- The Remuneration and Nomination Committee which determines the Executive Directors' salaries, bonuses and options; it comprises myself and John Vogelstein.

We have also reviewed our policy on directors' service contracts; the longest now in place has a duration of less than 3 years.

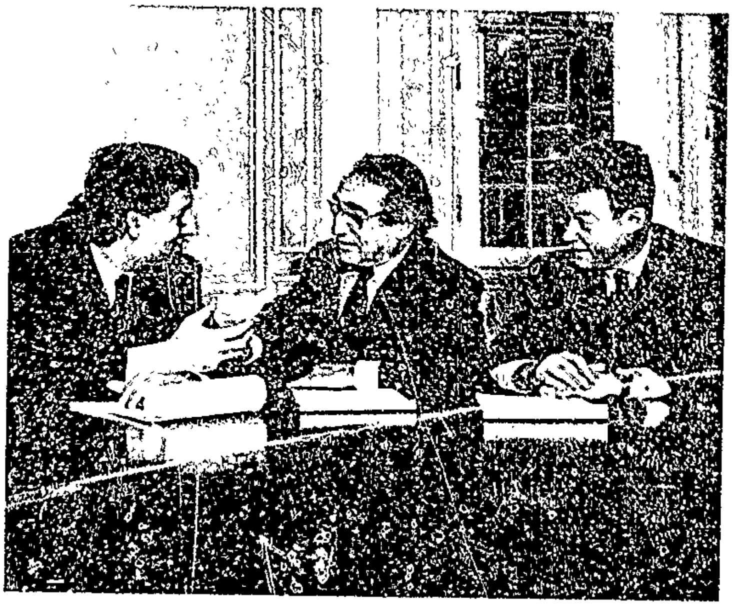
I hope that the new structure at Board and committee levels will provide the right balance between the interests of our shareholders, our clients, our staff and our management.

There is no denying that the Company has gone through a difficult year and some major changes as we made the transition from a diversified world-wide marketing services group to a focused European media specialist and reduced our operating costs. This was not an easy task and I would like to take this opportunity to thank the staff of the Group everywhere for their dedication, hard work and loyalty.

Frank S. Law CBE

Chairman

The Executive Committee



Michel Lefebvre
Chief Financial Officer

Previously Finance Director of Group Valeo and Finance Director of Olivetti France. Joined Carat in 1992.

Thierry Vial Collet
Chief Operating Officer

Previously Chairman and CEO Henkel France and General Manager of Tollens Bondex. Joined Carat in 1991.

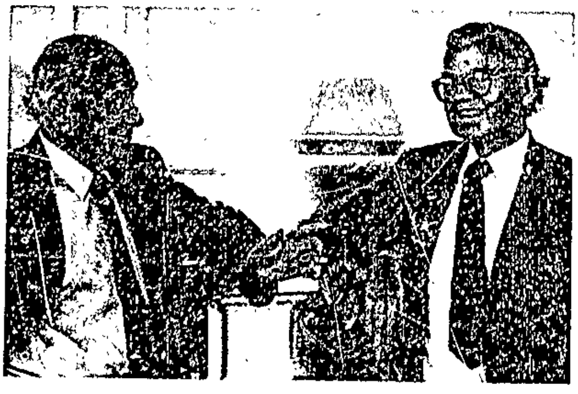
Charles Hochman,
Chief Executive Officer

Sir Kit McMahon
Director (non-Executive)

Director Taylor Woodrow and others. Previously Chairman and Chief Executive of Midland Bank and Deputy Governor of Bank of England.

Sir Peter Thompson
Director (non-Executive)

Chairman Community Hospitals Group, Director Smiths Industries and others. Previously Chairman of National Freight Corporation.



Bruno Kemoun,
Chief Executive Carat France
Founded 2010 Média (part of Carat France) in 1985. Previously Media Director Bélier Conseil.

Ray Kelly,
Chairman and Chief Executive,
Carat UK
Director of THD Advertising (part of Carat UK) since 1981. Previously media planner/buyer with BBDO and Dorland.

Eryck Rebbouh,
Chief Executive Carat France
Founded 2010 Média (part of Carat France) in 1985. Previously Media Director Bélier Conseil.

Dominic Shorthouse,
Director (non-Executive)
Managing Director of E.M. Warburg Pincus & Co.

Gilles Gobin,
Director (non-Executive)
General Partner of Rubis & Co. Previously Senior Vice President at Crédit Commercial de France.

Key Developments in 1992

February 1992

Closure of Broadcast Division.
Thierry Vial Collet appointed to Board as joint Chief Operating Officer.

March 1992

Purchase of 15% of Carat Italia.

May 1992

£10 million in annual operating savings identified.

June 1992

£5 million in head office savings identified.
Charles Stern, Finance Director, leaves.
Peter Scott, Chairman and Chief Executive Officer and David Reich, joint Chief Operating Officer, announce plans to leave.
Charles Hochman appointed Chief Executive Officer.

July 1992

Frank Law appointed Chairman.
Relocation of some central functions to Paris.
Sale of remaining 40% of Advertising Division.

August 1992

£20 million raised by issue of loan stock.
Rescheduling and reduction of deferred payments to Carat vendors.
Increase of bank facilities.
Purchase of outstanding minority interests in 7 French subsidiaries.

September 1992

New Board Directors appointed.

October 1992

Paris and New York share listings cancelled.
Michel Lefebvre appointed as Chief Financial Officer.

November 1992

Sale of Sponsorship Division.

December 1992

Further £17 million of annual operating savings identified.

1992 was a year in we which we rationalised our structure in a number of areas and started to reduce our cost base. It was a year in which we made great progress in developing our operating companies and our network and winning new business against a background of a difficult market and future uncertainty.

All the main operating companies in the Group now trade using the brand "Carat" and through the Carat network we are able to offer clients a full media service of strategy, planning and buying and campaign evaluation in every major European market.

Competitive Market

The European display advertising market was worth about US$55,300 million in 1992, an annual growth of just under 8 per cent (4 per cent in real terms after inflation). With the exception of Germany, where structural changes are still driving growth in advertising expenditure, the main markets have been depress[illegible] a reflection of the general economic slow-down and the stagnation of consumer spending. Although some of the smaller, less mature advertising markets, are still growing relatively fast it seems clear the rapid expansion of the 1980's is over. With a continued shift of media buying away from full service advertising agencies towards media buying specialists, Carat's market segment has been highly competitive.

In 1992 Carat handled display advertising for clients with a value, according to media owners' rate-cards, of about US$6,500 million giving us a 12 per cent share of the European display advertising market.

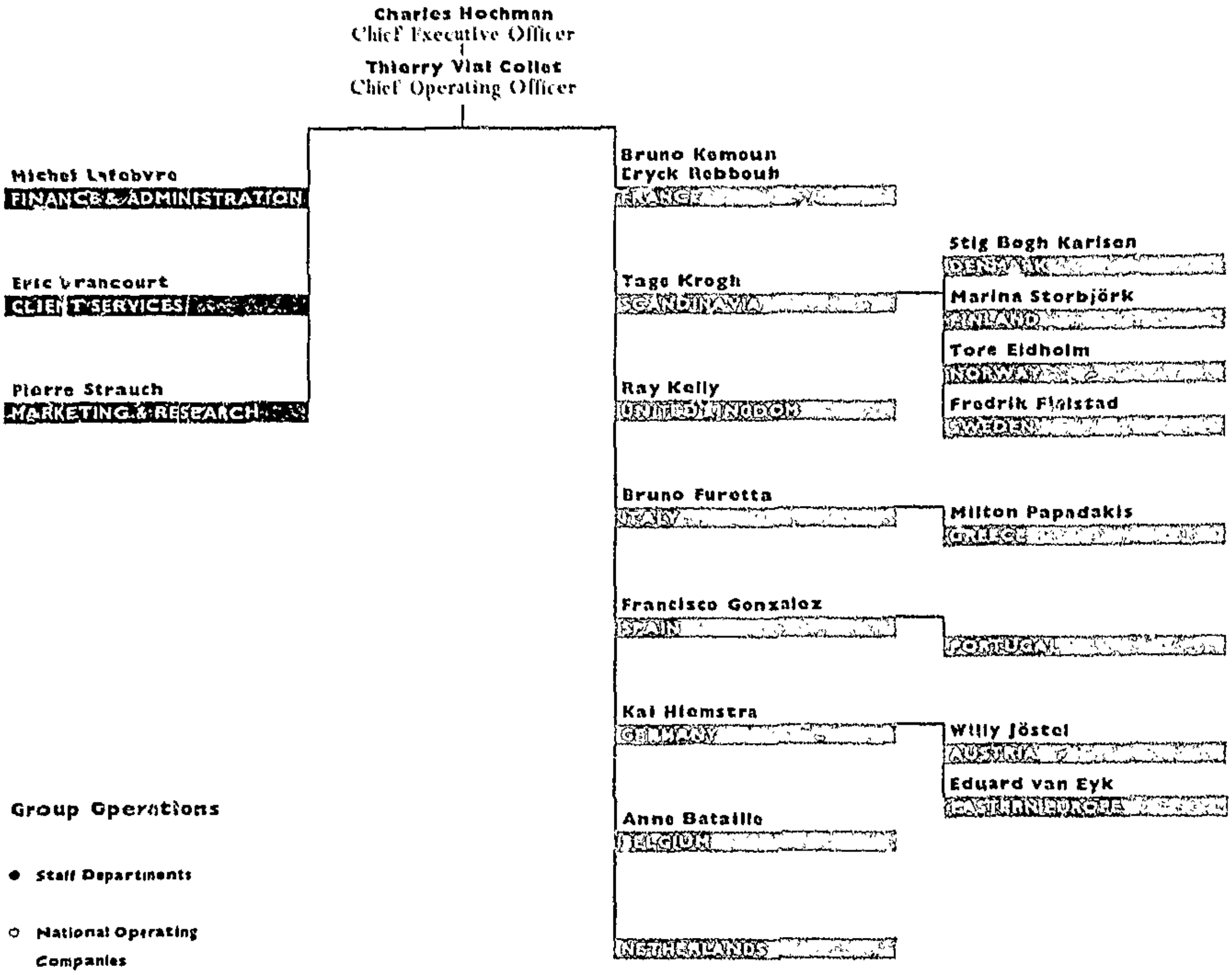
Simplified Management

At Group level we have relocated many of the head office functions to Paris and significantly simplified the management structure. With the disposal of all non-core businesses and the ending of the acquisition phase the central teams of Aegis and Carat have been combined to form one management group

As Chief Executive I am responsible for overall development. Our Chief Operating Officer Thierry Vial Collet is responsible for the proper operation of all our companies. Michel Lefebvre, the Chief Financial Officer, is responsible for the Group's financial operations and control systems. Pierre Strauch coordinates marketing and research for the Group and Eric Drancourt coordinates international clients.

New Business

Carat continues to be successful at winning new business both from new clients and by extending the relationship with existing clients into new markets. Major new



international clients (who have appointed us in two or more markets) include BPI (the beauty products group owned by Shiseido), Data General, Lego, Lotto (the Italian sportswear manufacturer), and TAT (the French airline).

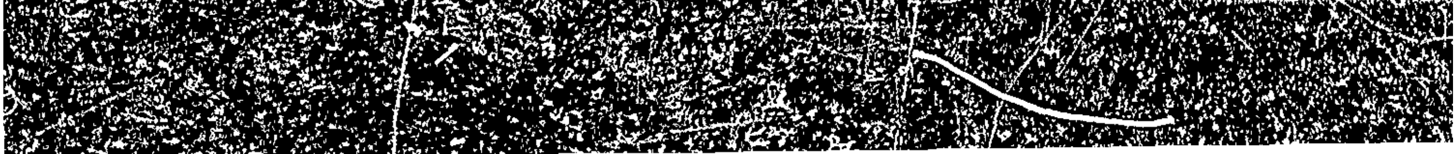
Existing clients who have given us assignments in additional countries include Beiersdorf, Braun, Chanel, DHL, Ferrero, Henkel, Kelloggs, Osram, Pioneer, United Distillers, Wrigley and YSL.

In addition, of course, each of our national companies has won additional business in its own market.

During 1992 we won new assignments with a net annual billings value of US$430 million. This figure is net of the value of accounts lost or resigned.

Operational Strength

In the past year we have accelerated the process of making our network more efficient by harmonising operating systems and sharing best practice between companies. We have advanced a great deal through working with our international clients on pan-European campaigns and in



areas such as research. Particularly in the areas of new business and financial control we are introducing a more effective structure than in the past.

Our network has the double benefit of having been newly developed to meet the needs of today's media marketplace combined with the experience of our long-established and successful national operating companies.

Restructuring Programme

To realise the benefits of having completed our network and to respond to the changing market structure in France we have reorganized the Group across Europe merging offices and administrative departments, reducing the size of our head office and reducing operating costs.

The average headcount will reduce from 1850 in 1992 to 1660 in 1993 and the number of offices from 59 to 46.

In 1992 our operating cost base was £139m up by 16 per cent on 1991. Following the steps we have taken our target is to reduce the cost base for 1993 back to the level of 1991.

Pressure on Margins

In 1992 the Group's gross margin was 6.7 per cent of turnover – a reduction from the 8.5 per cent recorded in 1991 and 9.2 per cent in 1990. This drop was partly due to the change of business mix following the disposal of certain operations and partly a result of a reduction in gross margins in France in the face of intense competition.

In 1993 we expect to see a further decline in the Group's gross margin largely as a result of the introduction of a new law in France which is likely to change the structure of the French advertising industry.

National Operations

In 1993 we plan to operate in 17 countries from 35 towns and cities and will be able to offer clients a full media service in every major European market. The central management team and their staff has been significantly reduced in size and now numbers 50 of whom the majority are in Paris.

France

Total media expenditure, in Europe's third largest market, was flat (a decline of nearly 3 per cent in real terms) reflecting low GDP growth, high interest rates and reduced consumer confidence. There has been intense competition between media owners for the shrinking advertising total.

Carat France increased its billings by 4 per cent and ended the year with a market share of some 21.5 per cent.

The group of companies which comprise Carat France have been restructured to combine a number of operations, reduce the number of office locations, reduce overheads and improve account management techniques. The total head-count of Carat France was reduced from 550 at the start of 1992 to 450 by the end of the year.

With Thierry Vial Collet becoming the Group's Chief Operating Officer in April 1992, Bruno Kemoun and Eryck Rebbouh started managing the French operations in January 1993.

In 1993 there are likely to be major changes in the structure and operation of the French advertising market place following the adoption of a new law, the Loi Sapin, which came into effect on 31 March 1993. This law states that the intermediaries in the advertising process, the advertising agencies and media buying companies, will no longer be able to receive income directly from media owners They will, however, still be able to negotiate d... its and rebates on behalf of their clients but remuneration for this service must now come directly from those clients.

We expect the new marketing conditions that will result from the law will make advertisers even more concerned about the real value being achieved from their advertising budgets in terms of the size and quality of the audience reached and less concerned about the simple purchase price of media.

The key test for media specialists will become the ability to understand and exploit the constantly shifting price/value equation to their clients' benefit. Price negotiations will remain important but planning and monitoring services will command increasingly high fees whilst the income derived from the media will decrease as a consequence of the new law.

The French industry also awaits the findings of the Conseil de la Concurrence (the Monopolies Commission) which has been investigating the operations of the whole media market and is expected to report later in the year.

Germany

The German market grew by of 16 per cent (12 per cent in real terms) but this reflects the continuing impact of unification and the boom in commercial television with much of the additional spending being in the East.

Due to the general economic climate, however, lower growth rates are expected for 1993 in the total market.

Our German company HMS Carat, in which we have a 50 per cent holding, celebrated its 20th anniversary last year. Billings were up by 20 per cent – all from new business and organic growth – giving HMS an 11 per cent share of the German market.

Historically the German market has offered very little flexibility of pricing and, reflecting this, HMS has developed particularly strong strategy and research products to help clients create the most effective media plans and achieve the best placements with media. However, as the market becomes more complex and competitive there are increasing opportunities to negotiate special prices and discounts – maximising the impact of budgets through lower costs as well as through the more efficient use of media.

United Kingdom

The UK market in 1992 grew by less than 4 per cent – zero in real terms. This reflects the underlying weakness of the economy and uncertainty about consumer spending.

In spite of these depressed circumstances, Carat UK had an outstanding year increasing its billings by 26 per cent. Most of this came from new business won in 1991 and 1992. Major wins last year included Ferrero, Braun who consolidated all their spend with us and Bass who provided us with further business. We also gained a significant consultancy assignment from British Airways.

Ray Kelly, Carat UK's Chief Executive, also became its Chairman in July 1992.

Carat UK is well established as one of the UK's leading media specialists and its operating companies provide a comprehensive range of media skills. For example, Carat Research UK is now widely recognised for its proprietary research initiatives (Foretel, Quaser, Cafe, etc). These are exclusive to group clients and give a valuable additional dimension to our UK planning and buying.

Television was again the dominant medium in the UK in 1992 although imminent changes in the franchises created uncertainty in the marketplace. The growth of satellite reception proved sluggish in spite of BSkyB's exclusive screening of Premier League soccer matches. Other media categories were all affected by the economic downturn. Recovery is not expected until Autumn 1993.

Spain

Display advertising expenditure grew very rapidly in the mid and late 1980's but has now slowed down dramatically. A new, and more precise, way of measuring the market shows 6 per cent growth last year – which is zero growth in real terms.

The merger of Carat España with Publintegral which was formalised during the year has proved successful. Bringing the two companies together has significantly improved our position in the market – we are now clearly established as number one – and has allowed us to realise cost savings mainly through the closure of one of the offices in Madrid.

During the year billings increased by more than 50 per cent partly as a result of the merger and partly through the winning of new clients including Cruzcampo (part of United Distillers) and Peugeot.

Italy

The Italian display advertising market grew by 9 per cent (3 per cent in real terms). The highly developed television sector continues to dominate, accounting for 51 per cent of advertising expenditure last year.

Carat Italia completed its national expansion programme during the year, opening new offices in Florence and Bologna and acquired majority control in the Padua based media specialist Spazio Media. In terms of services, the successful launch of the new division Carat Sponsorship provided a new dimension to the expertise available to clients. The end of our relationship as the media buyer for Euro RSCG advertising agency in December 1992 will reduce billings for 1993 by some US$210 million. However, a strong new business record and the geographic expansion will allow us to go into 1993 with a 6 per cent market share, with billings of direct clients up by some US$135 million. Direct clients now account for 83 per cent of Carat Italia total billings.

Aegis purchased the remaining 15 per cent of Carat Italia in March 1992, so we now own 100 per cent of the company.

Denmark, Finland, Norway and Sweden

Our regional holding company, Carat Scandinavia, brings together our operations in the Nordic region where the economies and the advertising markets have been depressed with a real decline in advertising spending in 1992. Our billings reflected the market, and we held our high overall market share.

Denmark was the least hard hit of the four Nordic countries and although there was almost no overall market growth, television grew by 14 per cent, thus increasing its share. In Denmark we appointed a new chief executive, Stig Bogh Karlsen, who introduced a new management team and has invested in media research capacity to meet the demands of the new broadcast market. Carat Denmark's billings were up by more than 12 per cent.

In Finland, which is the most mature of the media markets, advertising declined by 7 per cent and a number of media owners went bankrupt. Carat Finland increased its billings by 14 per cent through winning new clients.

In Norway, the market was stable compared to last year and although newly deregulated commercial television is increasing its market share, the total broadcast market remains small. A new national commercial TV station was successfully introduced in September, forcing the smaller TV4 Norge into bankruptcy in November. Carat Norway maintained its leadership with a strong market share of 25 per cent of all advertising for branded products. We have hired additional experienced people in the area of account management.

In Sweden, the largest Nordic market, display advertising grew by less than 1 per cent, with the print medium losing share to the emerging broadcast channels. The print medium was also strongly affected by the continuing drop in classified advertising.

Carat Sweden, the largest player in the market, was extensively restructured during the year as we oriented the company more towards branded products and providing service in the broadcast markets. A new Chief Executive Fredrik Fjeldstad took over in November.

Belgium

The Belgian media market has grown strongly in the year, up by 10 per cent in real terms. Much of the growth came from the deregulation of state-owned radio stations which now carry advertising which has brought many small advertisers into the market for the first time.

The merger between our original Belgian company and Crystal which was completed in early 1992 has proven to be very successful. The new company, Carat Crystal, now holds a 17 per cent share of the Belgian market. New clients include Kraft General Foods.

Netherlands

In the Netherlands the advertising market continues to be depressed with the value of spending, in 1992, up by only 2 per cent (down by 1 per cent in real terms). The newspaper segment continues to lose market share and the major new development has been the continued growth of the private television station RTL4.

Our operation in the Netherlands experienced significant losses during the year following a period of very rapid expansion. Our company is being restructured to focus on serving a smaller number of larger and international clients with the intention of improving profitability.

Austria

The advertising market was one of the stronger in Europe in 1992 showing real growth of more than 9 per cent although much of this was a result of price increases from the state broadcaster ORF.

We increased our billings threefold albeit from a small base, and won a number of major new clients including Kelloggs.

A new Managing Director of Carat Austria – Willy Jostl – was appointed in Vienna.

Greece

Despite only moderate economic growth and high inflation the Greek advertising market continues to boom with spending up by 40 per cent in real terms in 1992.

Television, as in other emerging markets, has been the engine of growth with expenditure on television advertising almost doubled.

Our company Carat Hellas, which was founded in 1991, saw its billings almost double in 1992 and it now employs 30 people.

Portugal

The Portuguese display advertising market is still enjoying rapid growth albeit from a small base. Overall advertising expenditure was up by 15 per cent with the magazine sector growing particularly strongly increasing its market share to 21 per cent in 1992.

Carat Portugal is, like Carat Hellas, a young company having started in 1990. Billings increased by 17 per cent in 1992 and it is now one of the top five media independents in Portugal.

Eastern Europe and Russia

During 1992 Carat established small operations in Poland, Czechoslovakia and Hungary to research the media market and build our knowledge of the emerging opportunities available to clients. This exploratory phase has now been completed. During 1993 we will be reducing our costs in these markets but will continue to service clients' media needs.

Following a two year test in Russia we have decided to close our Moscow office as we do not believe there is sufficient client demand to warrant our having operations there at present.

Prospects

In the early months of 1993 trading conditions have been mixed in major markets.

The introduction of the Loi Sapin in France makes it hard to predict trading performance in that market which, being the Group's most important, will obviously affect overall performance.

1993 will be another challenging year for the Group in terms of profitability although we believe that the steps we have taken to reduce the cost base and focus more on fee-related client service will bring benefits in future years.

Charles Hochman
Chief Executive Officer

Directors of Aegis Group plc

Frank S. Law, CBE (non-Executive Chairman)
John L. Vogelstein (non-Executive Deputy Chairman)
Charles Hochman (Chief Executive)
Gilles Gobin (non-Executive)
Raymond F. Kelly
Bruno Kemoun
Michel Lefebvre
Sir Kit McMahon (non-Executive)
Eryck Rebbouh
Dominic Shorthouse (non-Executive)
Sir Peter Thompson (non-Executive)
Thierry Vial Collet

Secretary

Elizabeth A. Richardson

Registered Office

6 Eaton Gate
London SW1W 9BL
Tel: 071 730 1001
Fax: 071 823 4750

Registered Number

1403668

Solicitors

Slaughter and May
35 Basinghall Street
London EC2V 5DB

Bankers

Samuel Montagu & Co. Limited
10 Lower Thames Street
London EC3R 6AE

Stockbrokers

Hoare Govett Corporate Finance Limited
4 Broadgate
London EC2M 7LE

Registrars

The Royal Bank of Scotland plc
PO Box 435
Owen House
8 Bankhead Crossway North
Edinburgh EH11 4BR

Auditors

Price Waterhouse
Southwark Towers
32 London Bridge Street
London SE1 9SY

Financial Advisers

Morgan Grenfell & Co. Limited
23 Great Winchester Street
London EC2P 2AX

Financial Contents

The Directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 1992.

Results and Dividends

The profit and loss account is set out on page 22 and shows a loss for the financial year on ordinary activities of £14.5 million after taxation of £12.6 million.

An interim dividend of 1.375p per share was paid on 20 October 1992 to Ordinary shareholders registered at 4 September 1992. The Directors do not propose to pay a final dividend for the year. The total dividend for the year amounts to 1.375p per share (1991 – 5.85p per share).

The retained loss for the year of £28.6 million is carried to reserves.

Principal Activity

The principal activity of the Company is that of a holding company based in London. Its subsidiaries and related companies provide a broad range of services in the areas of media planning and buying.

Review of Business and Future Developments

A review of the business and likely future developments of the Group is given in the Chairman's Statement.

Fixed Assets

Information relating to changes in tangible fixed assets is given in Note 12 to the financial statements.

Research and Development

The Group is involved in media research and development in order to offer clients the most advanced media planning and buying methods. During the year the Group spent £10.5 million (1991 – £9.5 million) on research and development.

Directors' and Officers' Liability Insurance

During the year the Company has maintained insurance in respect of its Directors and Officers against certain liabilities that may arise in relation to the Group.

Donations

The Group made charitable donations of £6,000 (1991 – £52,000) during the year in the UK. There were no political donations.

Employment Policies

It is the policy of the Group that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. Should any employee become disabled every practical effort is made to provide continued employment.

The Directors are committed to maintain and develop communication and consultation procedures with employees, who in turn are encouraged to become aware of and involve themselves in the performance of their own company and of the Group as a whole. Consultation and involvement policies vary from country to country according to local customs, legal considerations and the size of the business.

Directors and Directors' Interests

The Directors in office at the end of the year, and their interests in the share capital of the Company, are given in Note 7 to the financial statements.

C. R. Stern retired from the Board on 28 May 1992. The following resignations from the Board occurred during the year:

P. J. Scott 15 September 1992
D. S. Reich 15 September 1992
A. P. Pascoe 18 December 1992

R. F. Kelly, B. Kemoun, E. Rebbouh and D. H. Shorthouse, who were all appointed to the Board on 16 September 1992, M. Lefebvre, who was appointed to the Board on 10 November 1992, and Sir Kit McMahon and Sir Peter Thompson, who will both be appointed to the Board on 26 May 1993, become eligible for re-election in accordance with the terms of the Articles of Association.

G. Gobin retires from the Board by rotation in accordance with the Articles of Association and, being eligible, is proposed for re-election. G. Gobin does not have a service contract with the Company.

Directors and Directors' Interests *continued*

The Board is not aware of any contract of significance in relation to the Company or its subsidiaries in which any Director has, or has had, a material interest.

Non-Executive Directors

F. S. Law, CBE was appointed to the Board on 1 November 1987. He is Chairman of the Varta Group of Companies in the UK, a Director of NFC International Holdings Limited, Siemens plc and a number of other international companies.

G. Gobin was appointed to the Board on 30 May 1990. He is Senior General Partner at Rubis & Co., Chairman and CEO of Preal Finance & Co., FGCP Partners and Magyl International & Co.

J. L. Vogelstein was appointed to the Board on 24 July 1991. He is Vice Chairman of E. M. Warburg Pincus & Co, Inc.

D. H. Shorthouse was appointed to the Board on 16 September 1992. He is a managing director of E. M. Warburg Pincus & Co. International Ltd. He is also a director of Sterling Publishing Group plc, LWT (Holdings) plc, Argent Group plc and a number of other European companies.

Sir Kit McMahon will be appointed to the Board on 26 May 1993. He is also a director of Taylor Woodrow PLC, Pentos PLC, D C Gardner Group PLC and the Royal Opera House. He is a former Deputy Governor of the Bank of England and was Chairman of Midland Bank plc from 1987 to 1991.

Sir Peter Thompson will be appointed to the Board on 26 May 1993. He is also Chairman of Community Hospitals Group PLC, FI Group PLC, M-31 Publishing and Child Base Ltd. He is also a director of Smiths Industries plc and Wembley PLC. He chaired the CBI Wider Share Ownership Task Force in 1990 which led to the formation of ProShare Ltd., of which he is founder Chairman.

Share Capital

Details of the movements in authorised and issued share capital during the period are given in Note 19 to the financial statements.

At the Annual General Meeting resolutions will be proposed to authorise the Directors to allot securities in the Company.

Resolution 11 set out in the notice of Annual General Meeting provides the Directors with authority to allot securities in the Company up to an aggregate nominal value of £2,781,606.

Resolution 12 set out in the notice of Annual General Meeting is a special resolution disapplying pre-emption rights and granting authority to the Directors to make allotments of equity securities for cash by way of (a) rights issues and (b) other issues up to an aggregate nominal amount of £417,241. In compliance with the guidelines issued by the International Stock Exchange of the United Kingdom and Republic of Ireland Limited the authority conferred by resolution 12 is limited as regards issues of shares other than by way of rights issues up to 5% of the issued Ordinary share capital of the Company as at 31 December 1992.

The authorities sought by these resolutions replace the existing powers of the Directors which expire at the conclusion of the Annual General Meeting.

Authority for the Company to Purchase its Own Shares

The authority for the Company to purchase its own shares expires at the conclusion of the Annual General Meeting. No purchases have been made to the date of this report and there are no outstanding contracts to purchase shares as of this date. It is proposed to seek a renewal of this authority to purchase up to 8,395,000 Ordinary shares and 342,650 5.5% Convertible Cumulative Redeemable Preference shares (approximately 5% of the present issued capital of each of those classes) at the forthcoming Annual General Meeting.

The maximum price at which any share may be purchased is the price equal to 5% above the average of the middle market quotations of such share as derived from the Daily Official List of the International Stock Exchange of the United Kingdom and Republic of Ireland Limited for the ten business days immediately preceding the date of such purchase, exclusive of expenses, and the minimum price at which any share may be purchased is the par value of such share. If granted the Directors will only exercise the authority if so to do would result in an increase in earnings per share and if it is in the best interests of shareholders generally.

Close Company Status

The Directors have been advised that the Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Auditors

A resolution to re-appoint Price Waterhouse as auditors will be proposed at the Annual General Meeting.

By order of the Board

F. S. Law, CBE
Chairman
6 Eaton Gate
London SW1W 9BL

Dated as of 6 April 1993

To the members of Aegis Group plc

We have audited the financial statements on pages 22 to 43 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 1992 and of the loss and cash flows of the Group for the financial year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse

Chartered Accountants and Registered Auditor
Southwark Towers
32 London Bridge Street
London SE1 9SY

6 April 1993

Consolidated Profit and Loss Account

for the year ended 31 December 1992

	Notes	Continuing operations 1992 £m	Discontinued operations 1992 £m	Total 1992 £m	Total 1991 as restated £m
Turnover	2	2,837.7	7.6	2,845.3	2,109.3
Cost of sales		(2,649.8)	(5.6)	(2,655.4)	(1,930.5)
Gross Income		187.9	2.0	189.9	178.8
Operating expenses	3	(136.1)	(2.5)	(138.6)	(120.2)
Reorganisation costs		(22.0)	—	(22.0)	—
Share of (loss)/profit from associated undertakings		(0.2)	—	(0.2)	1.4
Operating profit		29.6	(0.5)	29.1	60.0
Loss on disposal or closure of discontinued operations	8	—	(22.0)	(22.0)	(0.8)
Profit on ordinary activities before interest		29.6	(22.5)	7.1	59.2
Interest receivable				7.4	6.1
				14.5	65.3
Interest payable	4			(16.4)	(10.9)
(Loss)/Profit on Ordinary Activities Before Taxation	2/5/6/7			(1.9)	54.4
Tax on (loss)/profit on ordinary activities	9			(12.6)	(20.9)
(Loss)/Profit on Ordinary Activities After Taxation				(14.5)	33.5
Minority interests				(4.9)	(5.4)
(Loss)/Profit for the Financial Year				(19.4)	28.1
Dividends – Preference	10			(7.6)	(7.6)
– Ordinary	10			(1.6)	(5.7)
Retained (Loss)/Profit for the Financial Year	20			(28.6)	14.8
(Loss)/Profit for the Year Retained by					
Holding Company				(36.4)	(1.9)
Subsidiary undertakings				7.6	16.2
Associated undertakings				0.2	0.5
				(28.6)	14.8
Earnings per Ordinary Share	11				
Basic				(19.94)p	20.36p
Reorganisation costs				16.23p	—
Disposal or closure of discontinued operations				16.23p	0.75p
Underlying				12.52p	21.11p

Statement of Total Recognised Gains and Losses

for the year ended 31 December 1992

	1992 £m	1991 £m
(Loss)/Profit for the financial year	(19.4)	28.1
Exchange adjustments on foreign currency net investments	(17.7)	(1.0)
Total recognised (loss)/profit for the financial year	(37.1)	27.1

The presentation of the profit and loss account has been changed from that adopted in earlier years following the issue of Financial Reporting Standard 3 – Reporting Financial Performance ("FRS 3") – by the Accounting Standards Board.

The notes on pages 25 to 43 form part of these financial statements.

Balance Sheets

at 31 December 1992

Aegis Group plc

	Notes	Group 31 December 1992 £m	Group 31 December 1991 £m	Company 31 December 1992 £m	Company 31 December 1991 £m
Fixed Assets					
Tangible assets	12	31.1	31.2	0.2	0.9
Investments	13	2.1	1.9	105.0	140.6
		33.2	33.1	105.2	141.5
Current Assets					
Work in progress		—	0.9	—	0.8
Debtors	14	604.7	418.3	221.7	217.1
Investments	15	3.5	4.8	—	—
Cash at bank and in hand		54.3	8.1	9.8	4.1
		662.5	432.1	231.5	222.0
Creditors					
Amounts falling due within one year	16	724.6	469.0	93.0	64.5
Net Current (Liabilities)/Assets		(62.1)	(36.9)	138.5	157.5
Total Assets Less Current (Liabilities)/Assets		(28.9)	(3.8)	243.7	299.0
Creditors					
Amounts falling due after more than one year	17	105.4	85.5	54.2	37.8
Provisions for Liabilities and Charges	18	17.6	0.6	—	—
Minority Interests		11.0	9.8	—	—
		(162.9)	(99.7)	189.5	261.2
Capital and Reserves					
Called up share capital	19	10.2	7.8	9.5	7.1
Share premium account	20	212.2	207.9	141.0	137.7
Capital reserve	20	—	0.6	—	0.6
Revaluation reserve	20	—	—	5.3	23.8
Goodwill reserve	20	(442.4)	(400.4)	—	—
Merger reserve	20	—	—	12.8	78.9
Profit and loss account	20	57.1	84.4	20.9	13.1
		(162.9)	(99.7)	189.5	261.2

The notes on pages 25 to 43 form part of these financial statements

C. Hochman, M. Lefebvre
Directors

6 April 1993

Consolidated Cash Flow Statement

for the year ended 31 December 1992

	12 months to 31 December 1992		12 months to 31 December 1991	
	£m	£m	£m	£m
Net Cashflow from Operating Activities		56.7		58.0
Returns on Investments and Servicing of Finance				
Interest received	7.5		6.1	
Interest paid	(16.9)		(9.3)	
Dividends paid	(13.2)		(12.1)	
Amounts paid to minority shareholders in Subsidiary undertakings	(3.7)		(8.5)	
Cash received from related companies	—		0.8	
Net Cash Outflow from Returns on Investments and Servicing of Finance		(26.3)		(23.0)
Taxation				
Corporation and overseas tax paid		(12.2)		(27.0)
Investing Activities				
Purchase of tangible fixed assets	(8.1)		(13.0)	
Sale of tangible fixed assets	5.2		2.9	
Purchase of Subsidiary undertakings and minority interests (net of cash acquired)	(27.6)		(15.6)	
Purchase of Investments	(1.4)		(1.7)	
Deferred payments on prior period acquisitions	(22.6)		(18.0)	
Sale of Subsidiary undertakings	(0.7)		0.2	
Sale of Investments	0.9		0.3	
Net Cash Outflow from Investing Activities		(54.3)		(44.3)
Net Cash Outflow before Financing		(36.1)		(36.3)
Financing				
Issues of Ordinary share capital		3.4		37.6
(Increase)/Decrease in Net Bank Indebtedness		(32.7)		1.3

See note 21 for details of acquisitions during the year.
The notes on pages 25 to 43 form part of these financial statements.

Notes to the Cash Flow Statement

for the year ended 31 December 1992

Analysis of Net Cashflow from Operating Activities	12 months to 31 December 1992 £m	12 months to 31 December 1991 £m
Operating profit	29.1	60.0
Share of loss/(profit) from associated undertakings	0.2	(1.4)
Depreciation of tangible fixed assets	7.1	6.0
(Profit)/loss on sale of tangible fixed assets	(0.1)	0.1
Decrease in work in progress	0.9	3.4
Increase in debtors	(126.2)	(66.8)
Increase in creditors	128.5	54.6
Other non cash movements including foreign exchange	17.2	2.1
Net Cashflow from Operating Activities	56.7	58.0

Analysis of Changes in Cash, Bank and Loan Balances during the Year		
Balance at 1 January	(35.5)	(36.8)
Net cash (outflow)/inflow	(32.7)	1.3
Balance at 31 December	(68.2)	(35.5)

Cash, Bank and Loan Balances comprise:	31 December 1992 £m	31 December 1991 £m	Change in year £m
Cash at bank and in hand	54.3	8.1	46.2
Bank loans and overdrafts due within one year	(64.8)	(16.4)	(48.4)
Bank loans and overdrafts due after more than one year	(57.7)	(27.2)	(30.5)
	(68.2)	(35.5)	(32.7)

Analysis of Changes in Financing During the Year	12 Months to 31 December 1992 Share capital (incl. Premium) £m	12 Months to 31 December 1991 Share capital (incl. Premium) £m
Balance at 1 January	215.7	136.1
Cash inflows from financing	3.4	37.6
Issue of Ordinary shares in respect of current period acquisitions	0.3	19.4
Issue of Ordinary shares in respect of prior period acquisitions	3.0	22.6
Balance at 31 December	222.4	215.7

Analysis of the Net Outflow of Cash and Cash Equivalents in respect of the Purchase of Subsidiary Undertakings and minority interests	1992 £m	1991 £m
Cash consideration	14.5	31.0
Net debt/(Cash at bank and in hand) in subsidiary undertakings acquired	13.1	(16.0)
Net outflow of cash and cash equivalents in respect of the purchase of subsidiary undertakings and minority interests	27.6	15.0

Note of Historical Cost Profits and Losses

There is no material difference between the reported profit for 1992 and 1991 and the profit for those years restated on an historical cost basis.

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 December 1992

	1992 £m	1991 £m
(Loss)/profit for the financial year	(19.4)	28.1
Preference dividends	(7.6)	(7.6)
Ordinary dividends	(1.6)	(5.7)
Exchange adjustments on foreign currency net investments	(17.7)	(1.0)
Issue of shares (net of expenses)	6.7	79.5
Goodwill written off in the year	(37.3)	(93.6)
Goodwill transferred to the profit and loss account in respect of disposals of businesses	13.7	—
Net decrease in shareholders' funds	(63.2)	(0.3)
Shareholders' funds at 31 December 1991	(99.7)	(99.4)
Shareholders' funds at 31 December 1992	(162.9)	(99.7)

Notes forming part of the Financial Statements

for the year ended 31 December 1992

Principal Accounting Policies

The financial statements have been prepared under the historical cost convention as amended for the revaluation of the Company's fixed asset investments, and in accordance with applicable accounting standards, adopting the following principal accounting policies:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Aegis Group plc and its subsidiaries from the date of acquisition up to 31 December 1992. All significant inter-company balances and transactions are eliminated. The Group's results also include its share of attributable profits of associated undertakings made up to 31 December 1992.

Goodwill

Goodwill, including any additional goodwill arising from the contingent capital payments set out in Note 22, is written off against reserves in the year in which it arises.

Research and Development

Research and Development expenditure is charged to the profit and loss account in the year it is incurred.

Associated undertakings

Companies in which the Group has an interest comprising not less than 20 per cent of the voting capital, and over which it exerts significant influence are treated as associated undertakings.

Turnover

Turnover represents the total of amounts invoiced to clients (exclusive of value added tax and intra-group transactions), in respect of fees, advertising media charges, advertising production costs and rechargeable expenses.

Recognition of revenue

Revenue is recognised when charges are made to clients, principally when advertisements appear in the media. Fees are recognised over the period of the relevant assignments or agreements.

Fixed assets and depreciation

Tangible fixed assets are stated at historic cost less accumulated depreciation.

Depreciation is provided to write off the cost of all fixed assets to residual value, except freehold land, over their expected useful lives. It is calculated on the historic cost of the assets at the following rates:

Freehold Buildings	3% per annum
Leasehold Buildings	Over the period of the lease
Leasehold Improvements	10% per annum
Office Furniture, Fixtures & Equipment	10-20% per annum
Vehicles	10-25% per annum

Investments in subsidiaries are stated at Directors' valuations less any amounts written off, or valuation. Investments in related companies are included in the consolidated balance sheet at cost less goodwill plus attributable post-acquisition retained profits.

Foreign currencies

Profit and loss accounts in foreign currencies are translated into sterling at average monthly rates. Assets and liabilities in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Unrealised exchange adjustments, arising on the translation of the net assets of subsidiaries and related companies, are taken direct to reserves in the consolidated financial statements. All other gains and losses on translation are dealt with in the profit and loss account.

Principal Accounting Policies *continued*

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are split between capital and interest using the actuarial method. The interest is charged to the profit and loss account. The capital element reduces the amounts payable to the lessor.

All other leases are treated as "operating leases". The annual rentals are charged to the profit and loss account over the lease term.

Pension costs

Retirement benefits for employees of certain companies in the Group are provided by defined contribution schemes which are funded by contributions from Group companies and employees.

With minor exceptions these schemes are financed with separate trustee administered funds or insurance companies. The Group's contributions are charged against profits for the year in which they become payable.

Changes in accounting policies and presentation of financial information

Since the previous Annual Report, the Accounting Standards Board has issued two Financial Reporting Standards: FRS 2 – Accounting for Subsidiary Undertakings and FRS 3 – Reporting Financial Performance. These financial statements comply with both Standards. Comparative figures have been restated accordingly. FRS 3 prescribes a new format for the profit and loss account, virtually eliminating extraordinary items, and changes the basis of calculation of earnings per share. Separate disclosure of discontinued operations is required. These relate to the sale or termination of a business which has a material effect on the nature and focus of the Group's activities. In addition, a statement of total recognised gains and losses, a note of the historical cost profits and losses and a reconciliation of movements in shareholders' funds are now required.

In accordance with Urgent Issues Task Force Abstract Number 3, the profit or loss on the disposal of a previously acquired business now reflects the attributable amount of purchased goodwill relating to that business. The results for the year ended 31 December 1992 have been reduced accordingly by a charge of £15.5 million (1991 – £2.3 million). This change has no overall effect on the balance sheets or cash flow of the Group and the Company.

1. French Legislation/Financing Arrangements

In the Supplementary Listing Particulars sent to shareholders on 14 September 1992, it was noted that legislation had been proposed to regulate the advertising industry in France, principally by regulating the way advertising time and space is bought and sold and by requiring all advertising intermediaries to adopt the legal status of "agent". The Directors further noted that the law could have a material impact on the operations of Carat France and hence on the Group as a whole.

The law was enacted on 31 March 1993. In the short-term, it is likely that there will be a positive cash effect as a result of changes in working capital although we expect to see a further decline in the Group's gross margin. At this time the Directors are unable to assess fully the long-term effects on the Group, although it is intended to use the strengths of Carat France to minimise the impact on the business.

As already indicated in the Supplementary Listing Particulars, in due course the impact on margins and profit may require that the Group enters into new arrangements with its providers of finance in order to maintain adequate facilities.

2. Operating Performance and Net Assets by Sector and Geographical Analysis

	Net Assets	(Loss)/Profit before taxation		Turnover	
Geographical analysis:	31 December 1992 £m	12 months to 31 December 1992 £m	12 months to 31 December 1991 as restated £m	12 months to 31 December 1992 £m	12 months to 31 December 1991 as restated £m
UK	(181.5)	(3.5)	(8.6)	297.9	175.2
Mainland Europe	28.5	55.2	67.4	2,547.0	1,923.6
USA and Pacific Basin	(9.9)	(0.4)	(0.2)	0.4	10.5
	(162.9)	51.3	58.6	2,845.3	2,109.3
Reorganisation costs		(22.0)	—		
Share of (loss)/profit from associated undertakings		(0.2)	1.4		
Operating profit		29.1	60.0		
Loss on disposal or closure of discontinued operations		(22.0)	(0.8)		
Other net charges including interest		(9.0)	(4.8)		
(Loss)/Profit before taxation		(1.9)	54.4		

A further analysis of turnover by country is set out below:

	12 months to 31 December 1992 £m	12 months to 31 December 1991 £m
UK	297.9	175.2
France	791.8	680.0
Germany	658.6	563.1
Italy	94.9	38.8
Scandinavia	265.6	278.9
Spain	511.0	293.3
Rest of Europe	225.1	69.5
USA and Pacific Basin	0.4	10.5
	2,845.3	2,109.3

Turnover includes £7.6 million (1991 – £21.4 million) relating to discontinued activities, principally in the UK and USA.

A further analysis of operating profit before reorganisation costs has not been given since, in the opinion of the Directors, this would be prejudicial to the interests of the Group.

Following the sale of the Sponsorship division during 1992, the Group operates in only one business sector, media buying and planning.

3. Analysis of Net Operating Profits

	12 months to 31 December 1992			12 months to 31 December 1991 as restated		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
Gross income	187.9	2.0	189.9	171.6	7.2	178.8
Operating expenses:						
Administrative expenses	(136.2)	(2.5)	(138.7)	(111.9)	(8.6)	(120.5)
Other operating income	0.1	—	0.1	0.3	—	0.3
	(136.1)	(2.5)	(138.6)	(111.6)	(8.6)	(120.2)
Operating profit/(loss) before reorganisation costs	51.8	(0.5)	51.3	60.0	(1.4)	58.6

Costs and provisions totalling £22.0 million have been charged as reorganisation, principally in connection with the transfer of some of the functions of the Aegis head office to Paris and the restructuring of operations in France.

4. Interest Payable

	12 months to 31 December 1992 £m	12 months to 31 December 1991 £m
On bank loans and overdrafts and other loans repayable within five years	14.7	10.0
Other	1.7	0.9
	16.4	10.9

5. Employees

Staff costs consist of:	12 months to 31 December 1992 £m	12 months to 31 December 1991 £m
Wages and salaries	54.4	37.4
Social security costs	13.2	10.9
Other pension costs	0.7	0.8
	68.3	49.1

The average number of full-time employees of the Group during the year, all of whom were employed in Media and Sponsorship, was 1,851 (1991 – 1,706).

6. Profit on Ordinary Activities before Taxation

This is after charging:	12 months to 31 December 1992 £m	12 months to 31 December 1991 £m
Depreciation of owned fixed assets	7.1	6.0
Operating lease rentals		
hire of plant and machinery	0.2	0.3
other	7.2	7.5
Auditors' remuneration and expenses	0.5	0.5
(Profit)/Loss on sale of tangible fixed assets	(0.1)	0.1

Other fees paid to the auditors of the parent company for services other than statutory audits, supplied to the Company and its UK subsidiary undertakings during 1992 were £0.2 million.

7. Directors' Remuneration

	12 months to 31 December 1992 £000	12 months to 31 December 1991 £000
Emoluments	2,295	1,637
Fees	212	190
Compensation for loss of office	3,620	—
Pension contributions	187	246
	6,314	2,073
Emoluments, excluding pension contributions and compensation for loss of office, of Chairman until 15 September 1992 and highest paid Director, Mr P. J. Scott	£477,504	£633,491
Emoluments of Mr F. S. Law, CBE as Chairman, from 15 September 1992	£40,308	

The remuneration (excluding pension contributions) of the Directors (including the Chairmen) were within the following ranges:

			12 months to 31 December 1992	12 months to 31 December 1991
Up to		£5,000	3	3
£20,001	–	£25,000	1	1
£40,001	–	£45,000	1	—
£80,001	–	£85,000	—	1
£85,001	–	£90,000	1	—
£110,001	–	£115,000	1	—
£135,001	–	£140,000	1	—
£140,001	–	£145,000	2	—
£195,001	–	£200,000	—	1
£210,000	–	£215,000	—	1
£270,001	–	£275,000	1	—
£295,001	–	£300,000	—	1
£340,001	–	£345,000	2	—
£375,001	–	£380,000	—	1
£380,001	–	£385,000	1	—
£475,001	–	£480,000	1	—
£630,001	–	£635,000	—	1
			15	10

Compensation for loss of office of £3,620,000 was paid to three former directors.

Under the terms of the Della Femina, McNamee WCRS, Inc. earnout arrangements, payments were made during the year to L. McNamee and J. Della Femina, former Directors of the Company. L. McNamee received US$383,000 in cash and US$383,000 in Ordinary shares and J. Della Femina received US$1,033,333 in cash and US$1,033,333 in Ordinary shares.

Emoluments of £456,769 (1991 – £638,391) were paid to three former Directors of a subsidiary as part of their termination arrangements on resigning from office. These amounts were fully provided on the acquisition of HBM/Creamer, Inc. in July 1986 and the reorganisation of the US advertising interests in August 1988.

7. Directors' Remuneration *continued*

The Directors of the Company in office at the end of the year, and their interests in the share capital of the Company, were as follows:

	Ordinary shares of 5p each			Deferred shares of 1p each	
	6 April 1993	31 December 1992	31 December 1991	6 April 1993	31 December 1992
Beneficial					
G. Gobin	4,000	4,000	4,000	—	—
C. Hochman	26,927	26,927	25,000	4,488	4,488
R. F. Kelly	277,188	277,188		—	—
B. Kemoun	2,011,740	2,011,740		—	—
F. S. Law CBE	7,854	7,854	2,440	1,309	1,309
M. Lefebvre	—	—		—	—
E. Rebbouh	2,011,740	2,011,740		—	—
D. H. Shorthouse	—	—		—	—
T. Vial Collet	—	—	—	—	—
J. L. Vogelstein	—	—	—	—	—

None of the Directors has any interest in the 55% Convertible Preference shares of 10p each. F. S. Law, CBE holds 275 warrants.

The following Directors also held units of 9.875% Convertible Unsecured Loan Stock 2002 at 6 April 1993 and 31 December 1992:

	6 April 1993	31 December 1992
C. Hochman	4,488	4,488
F. S. Law CBE	1,309	1,309

Ordinary shares of 5p each for which Directors have beneficial options to subscribe are as follows:

	Option Price	Exercisable	6 April 1993	31 December 1992	31 December 1991
T. Vial Collet (a)	28p	1995–2002	1,000,000	1,500,000	500,000
G. Gobin (c) (d)	(b)	1993	481,928	481,928	481,928
C. Hochman (d)	28p	1995–2002	1,000,000	1,000,000	—
E. Rebbouh (d)	28p	1995–2002	250,000	250,000	—
B. Kemoun (d)	28p	1995–2002	250,000	250,000	—

(a) In addition Thierry Vial Collet holds options over 1.5 million Ordinary shares of 5p each of Aegis Group plc which were granted to him by certain existing shareholders of Aegis Group plc. These options can be exercised at a price of 200p per share.

(b) Total exercise price fixed at FFr14,600,000.

(c) These options have not been granted pursuant to the various share option schemes operated by Aegis Group plc but are options over existing Ordinary shares.

7. Directors' Remuneration *continued*

(d) Pursuant to the acquisition of the remaining 50 per cent. of Carat Holding SA, described in the circular to shareholders dated 9 November 1989, Aegis Group plc granted, inter alia, to each of G. Gobin, C. Hochman, B. Kemoun and E. Rebbouh, options to exchange the shares resulting from the exercise of options granted to them in Carat Espace SA, for Ordinary shares in Aegis Group plc calculated by reference to a fixed number of Aegis Group plc Ordinary shares, exercisable at 296p per share. In the case of G. Gobin, B. Kemoun and E. Rebbouh, this is to be satisfied by the allotment and issue to them of 1,183,256 Ordinary shares each and, in the case of C. Hochman, by the allotment and issue to him of 2,366,512 Ordinary Shares.

Other than previously disclosed to shareholders, none of the Directors was materially or beneficially interested in any contract of significance with the Company or any of its subsidiary undertakings during or at the end of the financial year ended 31 December 1992.

8. Loss on Disposal or Closure of Discontinued Operations

	12 months to 31 December 1992 £m	12 months to 31 December 1991 £m
Loss on disposal of the Group's interest in Eurocom WCRS Della Femina Ball Limited	14.1	—
Loss on disposal of Alan Pascoe Associates Limited and its subsidiary undertakings	7.5	—
Costs of closure of the Carat Broadcast division	0.4	—
Loss on disposal of Siebert/Head Limited	—	0.8
	22.0	0.8

9. Tax on (Loss)/Profit on Ordinary Activities

	12 months to 31 December 1992 £m	12 months to 31 December 1991 £m
UK corporation tax at 33% (1991 – 33.25%) based on profit for the year	1.2	3.3
Overseas taxation	12.0	18.4
Transfer from deferred taxation	(0.6)	(0.8)
	12.6	20.9

The high effective tax rate results from reorganisation provisions made which are not, in general, allowable for taxation.

10. Dividends

	12 months to 31 December 1992 £m	12 months to 31 December 1991 £m
Preference		
55% Convertible Cumulative Redeemable Preference shares of 10p each	0.5	0.5
51.1% Convertible Cumulative Redeemable Preference shares of 10p each	0.1	0.1
9.75% Guaranteed Redeemable Convertible Preference shares of 1p each issued by a subsidiary undertaking	7.0	7.0
	7.6	7.6
Ordinary		
Interim dividend of 1.375p (1991 – 2.75p)	1.6	3.0
Final proposed dividend of Nil (1991 – 3.1p)	—	3.8
Adjustment arising from the exercise of scrip dividend options	—	(1.1)
	1.6	5.7

11. Earnings per Ordinary Share

The calculation of earnings per Ordinary share is based on a loss of £27.0 million (1991 – profit of £20.5 million) net of tax, minority interests and preference dividends, and an average number of Ordinary shares in issue of 135.7 million (1991 – 101.1 million). Since the earnings per share figure is negative, no calculation of fully diluted earnings per share is appropriate.

The loss of £27.0 million includes net charges after tax of £22.0 million for reorganisation costs and £22.0 million for the disposal or closure of discontinued operations. If these items (which are not expected to arise in future years) are excluded, basic earnings per Ordinary share would be 12.52 pence (positive).

12. Tangible Fixed Assets

Group:	Freehold Land & Buildings £m	Long Leasehold £m	Short Leasehold £m	Leasehold Improvements £m	Office Furniture Fixtures & Equipment £m	Vehicles £m	Total £m
Cost at beginning of year	2.3	1.1	0.6	1.0	31.0	11.0	47.0
In subsidiary undertakings acquired	0.1	—	—	0.9	1.1	—	2.1
Additions	2.7	—	—	0.3	4.1	1.0	8.1
Disposals	(1.0)	—	(0.5)	(0.1)	(3.5)	(5.9)	(11.0)
Reclassifications	1.0	(1.0)	—	0.5	(0.5)	—	—
Exchange	0.8	—	(0.1)	0.7	1.3	1.3	4.0
At 31 December 1992	5.9	0.1	—	3.3	33.5	7.4	50.2
Depreciation at beginning of year	0.3	0.1	0.1	0.4	10.5	4.4	15.8
In subsidiary undertakings acquired	—	—	—	0.3	0.4	—	0.7
Provided for the year	0.2	—	—	0.5	4.9	1.5	7.1
Disposals	(0.1)	—	(0.1)	—	(1.8)	(3.9)	(5.9)
Reclassifications	0.1	(0.1)	—	0.2	(0.2)	—	—
Exchange	(0.1)	0.1	—	0.3	0.6	0.5	1.4
At 31 December 1992	0.4	0.1	—	1.7	14.4	2.5	19.1
Net book value							
At 31 December 1992	5.5	—	—	1.6	19.1	4.9	31.1
At 31 December 1991	2.0	1.0	0.5	0.6	20.5	6.6	31.2
Company:							
Cost at beginning of year	0.1	—	0.4	—	0.6	0.1	1.2
Disposals	—	—	(0.4)	—	(0.5)	(0.1)	(1.0)
At 31 December 1992	0.1	—	—	—	0.1	—	0.2
Depreciation at beginning of year	—	—	0.1	—	0.2	—	0.3
Provided for the year	—	—	—	—	0.2	—	0.2
Disposals	—	—	(0.1)	—	(0.4)	—	(0.5)
At 31 December 1992	—	—	—	—	—	—	—
Net book value							
At 31 December 1992	0.1	—	—	—	0.1	—	0.2
At 31 December 1991	0.1	—	0.3	—	0.4	0.1	0.9

	Group		Company	
Capital commitments:	31 December 1992 £m	31 December 1991 £m	31 December 1992 £m	31 December 1991 £m
Contracted but not provided	—	0.2	—	—
Authorised but not contracted for	—	—	—	—

13. Fixed Asset Investments

Group:	Associated Undertakings Share of Tangible Net Assets £m	Other Investments UK Listed £m	Other Investments Unlisted £m	Total Investments £m
At beginning of year	0.9	—	1.0	1.9
Additions	—	—	1.4	1.4
Reclassification on becoming a subsidiary undertaking	(0.5)	—	—	(0.5)
Profit retained in associated undertakings	(0.2)	—	—	(0.2)
Disposals	—	—	(0.9)	(0.9)
Utilisation of provisions	—	—	0.2	0.2
Exchange movements	—	—	0.2	0.2
At 31 December 1992	0.2	—	1.9	2.1

Company:	Shares in Subsidiary undertakings £m	Shares in Associated undertakings £m	Total Investments £m
Valuation at beginning of year	110.0	30.6	140.6
Additions	43.9	2.2	46.1
Disposals	(8.5)	(32.8)	(41.3)
Revaluation	(40.4)	—	(40.4)
Valuation at 31 December 1992	105.0	—	105.0

The Directors have valued fixed asset investments of the Company at 31 December 1992 on an earnings basis and this valuation has been incorporated in the financial statements.

The Group and Company have UK listed investments with a market value at 31 December 1992 of £9,000 (31 December 1991 – £79,000)

Principal undertakings:	Principal Country of Incorporation and Operation	Class of Share	Effective Interest in Issued Share Capital	Nature of business
Carat	Austria	Ordinary	100%	Media buying and planning
	Belgium			
	Denmark			
	Eastern Europe			
	Finland			
	France			
	Germany			
	Greece			
	Holland			
	Italy			
	Norway			
	Spain			
	Sweden			
	UK			
	Russia			

The Group disposed of its shareholding in Eurocom WCRS Della Femina Ball Limited ("EWDB Limited") in July 1992. Up until that date, in the opinion of the Directors, the Group was not in a position to exercise significant influence and as a consequence, the Group did not include any share of EWDB Limited's results up to the date of disposal.

14. Debtors

	Group		Company	
	31 December 1992 £m	31 December 1991 £m	31 December 1992 £m	31 December 1991 £m
Trade debtors	504.1	322.0	—	—
Amounts due from Group undertakings	—	—	220.6	216.2
Amounts due from associated undertakings	—	0.4	—	—
Other debtors	99.4	93.9	0.9	0.8
Prepayments and accrued income	1.2	2.0	0.2	0.1
	604.7	418.3	221.7	217.1

15. Current Asset Investments

	Group		Company	
	31 December 1992 £m	31 December 1991 £m	31 December 1992 £m	31 December 1991 £m
Other investments (unlisted — stated at cost)	3.5	4.8	—	—

16. Creditors

	Group		Company	
	31 December 1992 £m	31 December 1991 £m	31 December 1992 £m	31 December 1991 £m
Amounts falling due within one year:				
Bank loans and overdrafts	64.8	16.4	49.4	29.7
Trade creditors	530.6	321.9	—	—
Finance leases and hire-purchase contracts	0.2	—	—	—
Amounts due to Group undertakings	—	—	11.0	9.1
Amounts due to associated undertakings	—	0.4	—	—
Taxation and social security	12.9	9.4	0.4	0.9
Corporation tax	6.6	5.6	3.2	1.3
Dividends payable	—	4.0	0.2	4.0
Other creditors	96.9	106.1	28.5	18.4
Accruals and deferred income	12.6	5.2	0.3	1.1
	724.6	469.0	93.0	64.5

Bank loans and overdrafts are secured by a fixed and floating charge on certain Group assets.

17. Creditors

Amounts falling due after more than one year:	Group 31 December 1992 £m	Group 31 December 1991 £m	Company 31 December 1992 £m	Company 31 December 1991 £m
Bank loans and overdrafts	57.7	27.2	15.5	37.6
Convertible Unsecured Loan Stock	22.5	—	22.5	—
Other creditors	25.2	58.3	16.2	0.2
	105.4	85.5	54.2	37.8

Bank loans and overdrafts are represented by a multi-currency Term Loan and Revolving Credit Facility, which are secured by a floating charge over the shares of certain subsidiaries. The Term Loan is repayable in varying instalments between March 1994 and March 1998. £9.0 million is repayable after five years. Interest is payable on the Term Loan at 1½% over Paris Inter-Bank Offer Rate.

There are no amounts in other creditors (31 December 1991 - £Nil) repayable in instalments more than five years from the date of the balance sheet. Other creditors include deferred payments totalling £16.2 million (31 December 1991 - £35.9 million) payable to the vendors of Carat Holding SA.

18. Provisions For Liabilities And Charges

	Deferred Taxation £m	Reorganisation Provisions £m	Total £m
At beginning of year	0.6	—	0.6
Profit and loss account - continuing operations	(0.6)	22.0	21.4
- discontinued operations, net of goodwill	—	8.3	8.3
Utilised in the year	—	(12.7)	(12.7)
At 31 December 1992	—	17.6	17.6

There were no provisions for liabilities and charges in the Company at 31 December 1992 (31 December 1991 - £Nil).

19. Share Capital

Authorised:	31 December 1992 £m	31 December 1991 £m
358,200,000 (31 December 1991 – 195,200,000) Ordinary shares of 5p each	17.9	9.8
19,000,000 (31 December 1991 – 19,000,000) 5½% Convertible Cumulative Redeemable Preference shares 1999 of 10p each	1.9	1.9
6,000,000 (31 December 1991 – 6,000,000) 51.1% Convertible Cumulative Redeemable Preference shares of 10p each	0.6	0.6
40,000,000 (31 December 1991 — Nil) Deferred shares of 1p each	0.4	—
	20.8	12.3

Allotted, called-up and fully paid:	31 December 1992 £m	31 December 1991 £m
166,896,409 (31 December 1991 – 122,329,001) Ordinary shares of 5p each	8.3	6.1
6,853,426 (31 December 1991 – 6,855,091) 5½% Convertible Cumulative Redeemable Preference shares 1999 of 10p each	0.7	0.7
2,482,788 (31 December 1991 – 2,482,788) 51.1% Convertible Cumulative Redeemable Preference shares of 10p each	0.3	0.3
22,500,000 (31 December 1991 — Nil) Deferred shares of 1p each	0.2	—
Called-up share capital of the Company	9.5	7.1
71,980,000 (31 December 1991 – 71,980,000) 9.75% Guaranteed Redeemable Convertible Preference shares 2004 of 1p each issued by a subsidiary	0.7	0.7
	10.2	7.8

On 10 April 1992, 961,468 Ordinary shares of 5p each were issued for a total of US$1,833,333 as deferred consideration in connection with the acquisition of Della Femina, McNamee WCRS Inc.

On 19 June 1992, 67,836 Ordinary shares of 5p each were issued for a total of HK$974,610 as deferred consideration in connection with the acquisition of Synergie Communications Ltd.

On 8 July 1992, 1,547,065 Ordinary shares of 5p each were issued to shareholders who elected to receive shares instead of cash in respect of the final dividend payable for the year ended 31 December 1991.

On 28 July 1992, 364,049 Ordinary shares of 5p each were issued for a total of Lire 900,250,000 as part consideration for the acquisition of the minority interest in Carat Italia.

On 5 August 1992, 37,135 Ordinary shares of 5p each were issued for a total of FFr415,167 as part consideration for the acquisition of the minority interest in Société Crespieroise de Participation SA ("Média Gestion").

On 10 September 1992, 690 Ordinary shares of 5p each were issued on conversion of 1,665 5½% Convertible Cumulative Redeemable Preference shares 1999 of 10p each.

On 14 September 1992, 34,090,909 Ordinary shares of 5p each were issued for a total of £18.75 million as deferred consideration in connection with the acquisition of the remaining 50% of Carat Holding SA.

19. Share Capital *continued*

On 30 September 1992,

(i) 458,780 Ordinary shares of 5p each were issued for a total of FFr2,437,500 as deferred consideration in connection with the acquisition of Adverta SA.

(ii) 188,218 Ordinary shares of 5p each were issued for a total of FFr1 million as part consideration in connection with the acquisition of the minority interest in Grands Espaces Conseil.

(iii) 167,044 Ordinary shares of 5p each were issued for a total of FFr887,500 as part consideration in connection with the acquisition of the minority interest in Carat Développement.

(iv) 444,664 Ordinary shares of 5p each were issued for a total of FFr2,362,500 as part consideration in connection with the acquisition of the minority interest in Halogène.

On 1 October 1992,

(i) 2,051,800 Ordinary shares of 5p each were issued for a total of £4,103,600 as deferred consideration in connection with the acquisition of Carat España.

(ii) 1,824,482 Ordinary shares of 5p each were issued for a total of £510,855 as deferred consideration in connection with the acquisition of Grand Slam Sports Ltd.

On 20 October 1992, 2,363,268 Ordinary shares of 5p each were issued to shareholders who elected to receive shares instead of cash in respect of the interim dividend payable for the year ending 31 December 1992.

Under the executive share option scheme there were at 31 December 1992, 10,576,500 Ordinary shares of 5p each over which the participants have the right to exercise options at prices ranging from 28p to 315p, exercisable between that date and 24 October 2001.

The 55% Convertible Cumulative Redeemable Preference shares 1999 are convertible into fully paid Ordinary shares on 31 August in each of the years 1992 to 1998 on the basis of 2.075p in nominal amount of Ordinary shares for every 10p in nominal amount of 55% Convertible Cumulative Redeemable Preference shares 1999 so converted. Unless otherwise converted or redeemed, the Company shall redeem on 31 January 1999 all of the 55% Convertible Cumulative Redeemable Preference shares 1999 at par plus a premium of 90p per Preference share.

The 51.1% Convertible Cumulative Redeemable Preference shares, which were issued on 11 January 1988, were convertible at the option of the shareholder into fully paid Ordinary shares on any working day up until 10 January 1993 on the basis of 1.923p in nominal amount of Ordinary shares for every 10p in nominal amount of 51.1% Convertible Cumulative Redeemable Preference shares so converted. These shares were redeemed in accordance with the terms of their issue on 11 January 1993.

The Deferred shares are non-transferable and were issued in September 1992 pursuant to the rights issue of units, each comprising one unit of 100p nominal of 9.875% Convertible Unsecured Loan Stock 2002 and one Deferred share of 1p.

The 9.75% Guaranteed Redeemable Convertible Preference shares 2004 of 1p each issued by a subsidiary – Aegis (Netherlands Antilles) Finance N.V. – are guaranteed on a subordinated basis by the Company. These shares are convertible into Ordinary shares of the Company up until 4 December 2004 at the option of the shareholder at a price of 312p per Ordinary share. The shares will be redeemed at par on 11 December 2004 unless previously converted, redeemed or purchased and cancelled.

20. Reserves

Group:	Share Premium Account £m	Capital Reserve £m	Revaluation Reserve £m	Goodwill Reserve £m	Merger Reserve £m	Profit & Loss Account £m
At beginning of year	207.9	0.6	—	(400.4)	—	84.4
Premium on Ordinary shares issued by the Company, less expenses	4.3	—	—	—	—	—
Carat Vendors restructuring	—	(0.4)	—	0.4	—	—
Goodwill realised on disposals	—	—	—	29.2	—	(15.5)
Goodwill arising in the year written-off.	—	—	—	(37.3)	—	—
Exchange	—	—	—	(34.5)	—	16.8
Transfers	—	(0.2)	—	0.2	—	—
Retained loss for the year	—	—	—	—	—	(28.6)
At 31 December 1992 . . .	212.2	—	—	(442.4)	—	57.1

Company:	Share Premium Account £m	Capital Reserve £m	Revaluation Reserve £m	Goodwill Reserve £m	Merger Reserve £m	Profit & Loss Account £m
At beginning of year. . . .	137.7	0.6	23.8	—	78.9	13.1
Premium on Ordinary shares issued, less expenses . .	3.3	—	—	—	—	—
Carat Vendors restructuring	—	(0.4)	—	—	—	—
Transfers on disposal of subsidiaries and associates	—	—	21.9	—	(66.1)	44.2
Revaluation of subsidiary undertakings	—	—	(40.4)	—	—	—
Transfers	—	(0.2)	—	—	0.2	—
Other movements	—	—	—	—	(0.2)	—
Retained loss for the year	—	—	—	—	—	(36.4)
At 31 December 1992 . . .	141.0	—	5.3	—	12.8	20.9

The Company has not presented its own profit and loss account as permitted by Section 230 (1) of the Companies Act 1985. The loss dealt with in the accounts of the Company for the 12 months to 31 December 1992 was £33.9 million (12 months to 31 December 1991 – profit of £4.5 million).

In presenting the figures for the Company's investments in subsidiary and related companies the Directors have adopted the alternative accounting rules under the terms of Schedule 4 Part II Section C to the Companies Act 1985 and have revalued these assets at 31 December 1992.

Accordingly, and as provided in Section 275 of the Companies Act 1985, any diminution in value of investments in subsidiaries and related companies included in the overall net valuation surplus of £5.3 million does not fall to be treated as a realised loss and therefore is not regarded as reducing distributable reserves.

21. Acquisitions

The following table indicates the major categories of assets and liabilities principally in respect of the acquisition of Publintegral SA in January 1992 and the buyout of a number of minorities by Carat Espace SA and its subsidiaries, together with the adjustments made in ascribing fair values to such assets and liabilities. Goodwill includes deferred payments and exchange movements in respect of prior period acquisitions.

	Local book values £m	Provisions £m	Fair value on acquisition £m
Tangible fixed assets	1.4	—	1.4
Debtors	60.2	(0.4)	59.8
Net debt	(13.1)	—	(13.1)
Creditors and provisions	(52.0)	(10.8)	(62.8)
	(3.5)	(11.2)	(14.7)
Goodwill			37.3
Total consideration			22.6
Consideration			
– Issue of Ordinary shares			0.3
– Cash			14.5
			14.8
Amount payable as future deferred payments			4.2
Deferred cash payments in respect of prior period acquisitions		22.6	
Utilisation of prior year provisions		(22.0)	
			0.6
Share issues in respect of prior period acquisitions			3.0
			22.6

Provisions have been established to cover costs arising on the restructuring of acquired businesses.

12. Contingent Liabilities and Other Commitments Not Provided

Additional capital payments may be made to the vendors of certain subsidiary and associated undertakings in the years to 2005. Such payments are contingent on the future levels of profits achieved by the undertakings. The Directors estimate that, at the rates of exchange ruling at the balance sheet date, the maximum liability at 31 December 1992 for payments that may be due is as follows:

	£m
Within one year	0.7
Between one and five years	26.1
Over five years	—
	26.8

At the Group's discretion, up to £3.5 million of the contingent payments may be discharged in the form of Ordinary shares.

In addition to the contingent liabilities set out above, there are certain put options exercisable between 1993 and 1997 within Carat companies in Scandinavia, Greece, France, Spain and Belgium. The value of the put options is based upon the profitability of the individual companies.

Guarantees of £15.2 million (1991 – £18.2 million) have been given by the Company on behalf of its subsidiaries together with other guarantees and contingencies arising in the normal course of business.

The Conseil de la Concurrence (the "Conseil") in France has been conducting a two year investigation into the operation of the French advertising and media marketplace. Its findings have not been announced and the procedure has been delayed.

The Conseil could issue injunctions aimed at making the market more competitive and impose fines on industry participants. These could have a material effect on the Group's results.

Legal action has been taken against Aegis Group plc by Caspers & Woosnam in respect of the Group's involvement in its previously owned US Soccer venture. Legal advice has been obtained and has indicated that this action is unlikely to succeed.

At 31 December 1992, there were the following annual commitments in respect of non-cancellable operating leases for the following year:

	Group		Company	
Operating leases that expire:	Land and Buildings £m	Other £m	Land and Buildings £m	Other £m
Within one year	0.2	0.1	—	—
Between one and five years	7.3	0.4	—	0.1
Over five years	1.6	—	0.6	—
	9.1	0.5	0.6	0.1

Notice is hereby given that the Annual General Meeting of the Company will be held at 8.30 a.m. on 13 July 1993 at 2 Eaton Gate, London SW1W 9BL for the purpose of transacting the ordinary business of the Annual General Meeting set out in resolutions 1 to 10, and special business, when resolution 11 will be proposed as an Ordinary Resolution and resolutions 12 and 13 as Special Resolutions.

Ordinary Business

1. To receive the statement of accounts for the financial year ended 31 December 1992 and the reports of the Directors and auditors thereon.
2. To re-elect as a Director of the Company, G. Gobin who retires by rotation and, being eligible, offers himself for re-election.
3. To re-elect as a Director of the Company, R. F. Kelly who was appointed since the last Annual General Meeting of the Company and, being eligible, offers himself for re-election.
4. To re-elect as a Director of the Company, B. Kemoun who was appointed since the last Annual General Meeting of the Company and, being eligible, offers himself for re-election.
5. To re-elect as a Director of the Company, M. Lefebvre who was appointed since the last Annual General Meeting of the Company and, being eligible, offers himself for re-election.
6. To re-elect as a Director of the Company, Sir Kit McMahon who was appointed since the last Annual General Meeting of the Company and, being eligible, offers himself for re-election.
7. To re-elect as a Director of the Company, E. Rebbouh who was appointed since the last Annual General Meeting of the Company and, being eligible, offers himself for re-election.
8. To re-elect as a Director of the Company, D.H. Shorthouse who was appointed since the last Annual General Meeting of the Company and, being eligible, offers himself for re-election.
9. To re-elect as a Director of the Company, Sir Peter Thompson who was appointed since the last Annual General Meeting of the Company and, being eligible, offers himself for re-election.
10. To re-appoint Price Waterhouse as auditors of the Company, and to authorise the Directors to fix their remuneration.

Special Business

11. That the Directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985) up to an aggregate nominal amount of £2,781,606 provided that this authority shall (unless previously revoked or varied by the Company in general meeting) expire at the conclusion of the Annual General Meeting of the Company to be held in 1994, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
12. That subject to the passing of resolution 11 above, the Directors be and are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 94 of the said Act) for cash pursuant to the authority conferred by the said resolution 11 above as if section 89(1) of the said Act did not apply to any such allotment, provided that this power shall be limited:
    (a) to the allotment of equity securities in connection with a rights issue in favour of Ordinary shareholders and in favour of holders of any other class of equity security in accordance with the rights attached to such class where the equity securities respectively attributable to the interests of all Ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them and, in the case of any other class of equity security, where the equity securities are attributable to the interests of all the holders of such class in accordance with the rights attached to such class, subject in all cases to such exclusions or other arrangements as the Directors deem necessary or expedient in relation to fractional entitlements or legal or practical problems arising under the laws of, or the requirements of any regulatory body or stock exchange in, any territory or otherwise howsoever; and
    (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £417,241,

    and shall expire (unless previously revoked or varied by the Company in general meeting) at the conclusion of the

Annual General Meeting of the Company to be held in 1994 save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

13. The Company be and it is hereby unconditionally authorised to make market purchases (as defined in section 163(3) of the Companies Act 1985) of its Ordinary shares of 5p each ("Ordinary shares") and its 5.5% Convertible Cumulative Redeemable Preference shares 1999 of 10p each ("5.5% Preference shares") on the International Stock Exchange of the United Kingdom and Republic of Ireland Limited upon and subject to the following conditions:
    (a) the maximum number of shares which may be purchased is 8,395,000 Ordinary shares and 342,650 5.5% Preference shares (approximately 5% of the present issued capital of those classes);
    (b) the maximum price at which any share may be purchased is the price equal to 5% above the average of the middle market quotations of such share as derived from the Daily Official List of the International Stock Exchange of the United Kingdom and Republic of Ireland Limited for the ten business days immediately preceding the date of such purchase, exclusive of expenses, and the minimum price at which any share may be purchased is the par value of such share; and
    (c) the authority conferred by this resolution shall expire at the conclusion of the Annual General Meeting of the Company to be held in 1994, save that the Company may before such expiry make a contract to purchase shares which would or might be executed wholly or partly after such expiry and may make a purchase of shares pursuant to such contract as if the authority conferred by this resolution had not expired.

Notes

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. A proxy form is enclosed for your use and, if used, should be deposited with the Company's Registrars (The Royal Bank of Scotland plc, PO Box 457, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 0XG) not less than 48 hours before the time appointed for the holding of the meeting. Completion of the proxy form will not affect the right of a member to attend and vote at the meeting.

Holders of the 5.5% Convertible Cumulative Redeemable Preference shares 1999 of 10p each, while entitled to receive notice of and to attend the meeting, are not entitled to vote thereat either in person or by proxy, unless they are also holders of Ordinary shares.

Holders of the Deferred shares of 1p each, while entitled to receive notice of and to attend the meeting, are only entitled to vote thereat on a poll, unless they are also holders of Ordinary shares.

During the period from the date of this Notice until the date of the meeting, there will be available for inspection at 2 Eaton Gate, London SW1W 9BL during normal business hours on any weekday and on the date of the meeting until the conclusion of the meeting:

(a) copies of all Directors' service contracts with the Company or its subsidiaries of more than one year's duration; and

(b) particulars of transactions of Directors and their family interests in the shares of the Company up to and including the date of this Notice.

By Order of the Board

E.A. Richardson
Secretary
6 Eaton Gate
London SW1W 9BL

18 June 1993

Substantial Shareholdings

In accordance with the requirements of the International Stock Exchange of the United Kingdom and Republic of Ireland Limited as at 11 June 1993, the following interests in the issued Ordinary shares of 5p each of Aegis Group plc are noted:

SFEC II	33.0%
E. M. Warburg Pincus & Co Inc.	11.5%
Euro RSCG	7.4%
FMR Corp.	6.74%
SCP Lagoon.	4.0%

Directors' Interests

In accordance with the requirements of the International Stock Exchange of the United Kingdom and Republic of Ireland Limited as at 11 June 1993, the following Directors' interests in the share capital of the Company are noted:

	Ordinary shares of 5p each	Deferred shares of 1p each	9.875% Convertible Unsecured Loan Stock 2002	Warrants
G. Gobin	4,000	—	—	—
C. Hochman	26,927	4,488	4,488	—
R.F. Kelly	277,188	—	—	—
B Kemoun	2,011,740	—	—	—
F.S. Law, CBE.	7,854	1,309	1,309	275
M.Lefebvre.	—	—	—	—
Sir Kit McMahon	30,000	—	—	—
E. Rebbouh	2,011,740	—	—	—
D. H. Shorthouse.	—	—	—	—
Sir Peter Thompson	13,000	—	—	—
T. Vial Collet	—	—	—	—
J. L. Vogelstein	—	—	—	—

Ordinary shares of 5p each for which Directors have beneficial options to subscribe are as follows:

	Option Price	Exercisable	11 June 1993
T. Vial Collet (a)	28p	1995-2002	1,000,000
G. Gobin (c) (d).	(b)	1993	481,928
C. Hochman (d)	28p	1995-2002	1,000,000
E. Rebbouh (d).	28p	1995-2002	250,000
B. Kemoun (d)	28p	1995-2002	250,000
R. F. Kelly	30p	1996-2003	225,000
M. Lefebvre	30p	1996-2003	250,000

(a) In addition Thierry Vial Collet holds options over 1.5 million Ordinary shares of 5p each of Aegis Group plc which were granted to him by certain existing shareholders of Aegis Group plc. These options can be exercised at a price of 200p per share.

(b) Total exercise price fixed at FFr14,600,000.

(c) These options have not been granted pursuant to the various option schemes operated by Aegis Group plc but are options over existing Ordinary shares.

(d) Pursuant to the acquisition of the remaining 50 per cent. of Carat Holding SA, described in the circular to shareholders dated 9 November 1989, Aegis Group plc granted, inter alia, to each of G. Gobin, C. Hochman, B. Kemoun and E. Rebbouh, options to exchange the shares resulting from the exercise of options granted to them in Carat Espace SA, for Ordinary shares in Aegis Group plc calculated by reference to a fixed number of Aegis Group plc Ordinary shares, exercisable at 296p per share. In the case of G. Gobin, B. Kemoun and E. Rebbouh, this is to be satisfied by the allotment and issue to them of 1,183,256 Ordinary shares each and, in the case of C. Hochman, by the allotment and issue to him of 2,366,512 Ordinary Shares.

Daily Share Price Listings

	System	Share type	Access Code
London	TOPIC	Ordinary	234
		Convertible	116
	SEAQ	Ordinary	50032
		Convertible	48100
	REUTERS	Ordinary	AEGI.L
		Convertible	AEGIp.L

Financial Calendar

6 April 1993
Preliminary announcement of full year results

18 June 1993
Publication of Annual Report

12 July 1993
Annual General Meeting

25 August 1993
Announcement of Interim Results

11 December 1993
Payment of Euroconvertible Preference Share dividends

Five Year Record

	14 months to 30 June 1989 (as restated) £m	6 months to 31 December 1989 (as restated) £m	12 months to 31 December 1990 (as restated) £m	12 months to 31 December 1991 (as restated) £m	12 months to 31 December 1992 £m
Turnover	568.9	345.2	1,717.3	2,109.3	2,845.3
Profit/(Loss) before taxation	36.2	44.5	69.9	54.4	(1.9)
Taxation	16.8	7.5	25.7	20.9	12.6
Profit after taxation	19.4	36.9	44.2	33.5	(14.5)
Retained profit/(loss)	9.7	32.1	25.3	14.8	(28.6)
Earnings per Ordinary share (basic)	25.85p	62.43p	40.25p	20.36p	(19.94)p
Dividends per Ordinary share	5.00p	2.50p	5.85p	5.85p	1.375p

Austria

H.M.S. Carat, Wien
Praterstraße 31
1020 Wien
Tel: 43 1 214 90 83
Fax: 43 1 214 77 47

Belgium

Carat Crystal
Cours St. Michel 12
1040 Bruxelles
Tel: 32 2 732 3210
Fax: 32 2 732 4950

Denmark

Carat Danmark
Niels Hemmingsens
Gade 7
Postboks 2089
DK-1013 København K
Tel: 45 33 15 71 20
Fax: 45 33 15 70 20

Finland

Carat Finland
Bulevardi 30
SF-00120 Helsinki
Tel: 358 0 6801 966
Fax: 358 0 6801 162

France

Carat France
14 Avenue Raphaël
75016 Paris
Tel: 33 1 46 41 84 84
Fax: 33 1 46 41 82 84

Germany

H.M.S. Carat
Biebricher Allee 36
Postfach 3309
D-65023 Wiesbaden
Tel: 49 611 819 0
Fax: 49 611 819 103

Greece

Carat Hellas
11 Mistral Street
154.51-N. Psychiko
Athinai
Tel: 30 1 671 6730
Fax: 30 1 672 2156

Italy

Carat Italia
Via Paleocapa 1
20121 Milano
Tel: 39 2 72 40 91
Fax: 39 2 72 40 92 59

Netherlands

Carat Nederland
Weerdestein 96
1083 GG Amsterdam
Tel: 31 20 646 1121
Fax: 31 20 646 1027

Norway

Carat Norway
Gjerdrumsvei 12
N-0486 Oslo
Tel: 47 2 23 9016
Fax: 47 2 23 6609

Portugal

Carat Portugal
Rua Latino Coelho, 37 - 1°
1000 Lisboa
Tel: 351 1 352 5609
Fax: 351 1 315 1684

Spain

Carat España
Félix Boix 7 - 9
28036 Madrid
Tel: 34 1 345 60 66
Fax: 34 1 345 43 18

Sweden

Carat Sweden
Mäster Samuelsgatan 6
PO Box 7054
S-103 86 Stockholm
Tel: 46 8 614 3500
Fax: 46 8 678 0063

UK

Carat U.K.
28-30 Litchfield Street
London
WC2H 9NJ
Tel: 44 71 333 0099
Fax: 44 71 333 0112