



Dear
Shareholders

Reflecting our confidence in the excellent health of your Company, and the Board's view that dividends form one important element of shareholder return, we are proposing to increase the total 2007 dividend by 21.1% to 2.3p.

In 2007, it became more important than ever to focus on the future, while keeping our feet firmly planted on the ground. Uncertainty in the financial world and fundamental structural change reshaping our industries continued to make waves. Our markets, however, remained healthy, and our competitive advantages meant that Aegis delivered an 11th year of above market growth – coming both from new and established territories and disciplines.

It was a challenging year in the global stock markets, with the fall-out from the US credit crunch severely affecting investor confidence around the globe. The media sector – and in particular agency groups like ours – were not immune to this change in sentiment. As a result, shareholder returns were disappointing right across our industry. Nonetheless, we believe our business model is resilient and that our prospects remain bright in spite of whatever challenges 2008 may bring.

The availability of new technologies and media fragmentation continue to have a material effect on consumers' behaviour as they take advantage of increased leisure choices and the opportunity to influence the media agenda as never before. The internet alone has ensured that consumers are no longer an audience; they are now a community with which a business must have a dialogue, an interaction not just confined to an eight-week marketing campaign but through the full 52 weeks of the year.



Lord Sharman,
chairman



Robert Lerwill,
chief executive officer

These new behaviours also mean that an understanding of what people are doing and why they are doing it has greater currency. The market research industry is seeing structural demand growth as businesses scramble to remain competitive in old and new markets alike. Significant growth in the emerging economies is helping to fuel this demand, along with the increasing sophistication of consumers right across the globe.

Against this backdrop, Aegis grew revenue at 9.8% organically, twice as fast as the market, and ahead of all our competitors. Revenue rose by 14.2% at constant currency to £1,106.4 million (2006: £996.9 million), with underlying pre-tax profit up 16.0% at constant currency to £132.7 million (2006: £116.2 million). Underlying diluted earnings per share grew 18.8% at constant currency to 8.2p from 7.0p in 2006.

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The execution of our strategy to expand our services in both digital and emerging markets developed well, with particular success in digital. One quarter of Aegis Media's revenue came from digital last year, far above our nearest competitor, and 20% of our Group revenue came from emerging markets. In 2008 we would expect both those percentages to grow further.

New assignments were won right across the Group, both locally and internationally. In both Aegis Media and Synovate, more and more clients want to appoint partners to work across regions, and increasingly in some cases, globally. We are investing for this trend in Aegis Media and Synovate: expanding our global account management in both businesses.

These 2007 results show once again that it is our 15,200 people who really count at Aegis. Our culture of innovation and entrepreneurialism provides a key differentiator to our competitors. In 2007 we welcomed almost 1,300 more employees to the Group, as a result of our expansion and through acquisitions. Among these were Alicja Lesniak, our Group chief financial officer. Alicja joined us in March, following the relocation of her predecessor, Jeremy Hicks, to the US. With 25 years previously spent in the agency world, Alicja has already made a significant contribution to our Group.

Dialogue with our shareholders remained active and fruitful. Our largest shareholder, Bolloré Group, twice called for a shareholder vote on the subject of Board representation. On both occasions, this proposal was rejected by a majority of voting shareholders on corporate governance grounds.

Looking forward, we are cautiously optimistic about the outlook for 2008. Trading so far this year has been healthy. Nonetheless, we remain alert for possible signs of softening and ready to take appropriate action to protect our profitability. Against this backdrop, we expect to deliver a further good year, thanks to Aegis' superior services, our recent new business wins, the 17 acquisitions we made in 2007, and Isobar's unique position as the world's largest digital agency network.