Chime Communications plc

Interim results for the six months ended 30 June 2008

Reputation is governed by what you say, what you do and what people say about you.

Our reputation is made by what we do for our clients.

Public Relations Advertising and Marketing Services Research and Engagement

The Chime Group helps clients create, manage, monitor and market their businesses, brands and reputations both in the UK and internationally.

Chime is the holding company for the UK's leading public relations group, Bell Pottinger; the UK's leading research and engagement group, Opinion Leader; and one of the fastest growing advertising and marketing services groups in the UK, that includes VCCP, Teamspirit, TTA and Fast Track.

Contents

Interim results for the six months ended 30 June 2008

Operating income
(First half 2007: £43.9m)
£54.5m
+24.2%

Operating profit
(First half 2007: £7.3m)
£9.1m
+24.9%

Operating profit margin
(First half 2007: 16.7%)
16.8%

Profit before tax
(First half 2007: £6.4m)
£8.2m
+27.3%

Diluted earnings per share
(First half 2007: 8.22p)
9.86p
+20%

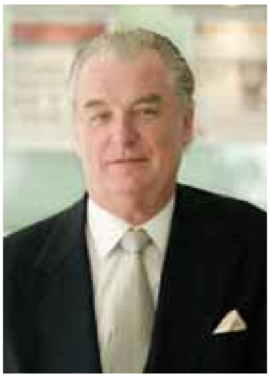
Interim dividend per share
(First half 2007: 1.10p)
1.54p
+40%

Notes: 1. All share based figures reflect the 1 for 5 share consolidation in May 2008
2. Organic growth is calculated excluding all acquisitions in 2007 and 2008

- Operating income up 24.2% to £54.5 million (First half 2007: £43.9 million) – Organic growth of 11.4%
- Operating profit up 24.9% to £9.1 million (First half 2007: £7.3 million) – Organic growth of 11.1%
- First half operating profit margin increased to 16.8% (First half 2007: 16.7% and Full Year 2007: 16.3%)
- Profit before tax up 27.3% to £8.2 million (First half 2007: £6.4 million)
- Diluted earnings per share from continuing operations up 20% to 9.86p (First half 2007: 8.22p)
- Just over 90% of annual revenue committed for 2008
- New £32 million five year debt facility agreed
- Interim dividend up 40% to 1.54p per share (First half 2007: 1.10p)

"I am delighted that we have maintained our excellent performance through the first half of the year. Our businesses have started the second half of the year well and this, together with our continued emphasis on cost control, leaves us well placed to meet our expectations for the full year. It is widely predicted that economic growth will slow in 2009, but our strategy of a diversified group of businesses will protect us."

Chairman's statement



Summary of results

	2008 £m	2007 £m	% change
Actual			
Operating income	**54.5**	43.9	+24
Operating profit	**9.1**	7.3	+25
Operating profit margin	**16.8%**	16.7%	
Organic[1]			
Operating income	**46.3**	41.6	+11
Operating profit	**7.6**	6.8	+11

(1) Excluding acquisitions in 2007 and 2008

Review of Operations

In the first half of 2008 both our Public Relations Division and our Advertising and Marketing Services Division had strong growth in operating income, operating profit and margin. Although our Research and Engagement Division had growth in operating income (10%), operating profit and margin were lower than expected. This was due mainly to investment in a digital research business which will launch in the autumn and which we expect to become profitable in 2009, and the underperformance of some of the senior management who have now been replaced.

The performance of the Research and Engagement Division is detailed further below and is expected to improve in the second half of the year. This underperformance is fully compensated by the overperformance of the other Divisions. This is one of the clear benefits of running a diversified communications business.

Public Relations continues to be our largest division, accounting for 51% of operating income (2007: 55%), Advertising and Marketing Services accounted for 42% (2007: 36%) and Research and Engagement 7% (2007: 9%).

Public Relations – Bell Pottinger Group including Good Relations, Harvard and Insight

	2008 £m	2007 £m	% change
Operating income	**27.7**	24.2	+15
Operating profit	**5.1**	4.4	+17
Operating profit margin	**18.6%**	18.2%	

The Public Relations Division has performed strongly in the first half of 2008. Costs have been controlled which has resulted in margin improvement. New business performance has been strong and the new business pipeline is very healthy.

A new office has been opened in Geneva for both Healthcare and Corporate and Financial and a Public Affairs office has been opened in Brussels.

Paul Bell has become Chief Executive of Bell Pottinger Sans Frontieres.

Advertising and Marketing Services – VCCP Group, Fast Track, Teamspirit and TTA

	2008 £m	2007 £m	% change
Operating income	**22.7**	16.0	+42
Operating profit	**3.8**	2.4	+58
Operating profit margin	**16.9%**	15.1%	

The Advertising and Marketing Services Group has also performed strongly in the first half of 2008 and continues to improve its margin. Sales Promotion, Direct Marketing, Digital Search and Digital Advertising have been particularly strong.

Fast Track, our Sports Marketing business, is now number one in the market, its performance has been beyond expectation and its prospects in the short and medium term are very strong. The economic downturn has not affected Fast Track in any way.

Research and Engagement – The Research Group

	2008 £m	2007 £m	% change
Operating income	**4.1**	3.7	+10
Operating profit	**0.5**	0.8	–39
Operating profit margin	**11.3%**	20.6%	

The first six months have been mixed for the Research and Engagement Division. There have been some real high spots with some great client wins across all six businesses in the Division, but there has been a problem with the new senior management team of Opinion Leader, our main research brand. We have addressed this and the focus is firmly back on business development and client management.

The success of Facts and Ledbury has been consolidated and Naked Eye, an ethnographic business, has been acquired. The brand specialist, Brand Democracy, is exceeding budget expectations and growing fast. Significant investment in the development of our new digital research business, Caucus, is already showing promise. Initial market response is extremely enthusiastic with several clients lined up for the launch which is on schedule for Autumn 2008.

Recent wins include:

The Abu Dhabi Government
Aunt Bessie's
Football Association
Hiscox Insurance
Jaguar
A. T. Kearney
Land Securities Trillium
Madrid 2016 Olympic Bid
Mencap
JP Morgan Asset Management
National Grid
Natural History Museum
National Trust
Permira
Seven Seas Healthcare
Sri Lanka
TAG – Farnborough Airport
Thames Water
The RAC Club
UBS
Your Space

Key performance indicators

In the first six months of 2008 there was improvement in all the key performance indicators.

The Group acted for 1,066 clients in the first half of 2008 compared to 982 in the same period in 2007. 159 of these clients used more than one of our businesses (2007 first half: 146), which represented 56% of total operating income (2007 first half: 56%).

190 clients paid us over £50,000 in the first half of 2008 compared to 162 in the same period in 2007. Our top 30 clients represented 46% of total operating income (2007 first half: 45%).

Our two largest clients represented 15.6% of operating income (2007 first half: 16.3%), 7.9% and 7.7% respectively. Both clients are high margin long term clients, have normal renewal terms and have been retained since 2003. No other client represents more than 5% of our operating income.

Average fee income per client was £51,000 compared to £45,000 in the first half of 2007. Average income per employee in the first half was £55,000 (2007 first half: £52,000).

Income from international work – international clients and work done overseas increased by 28% to £18.5 million (2007 first half: £14.5 million). International income as a proportion of total income increased from 33% to 34%.

Digital activities

We continue to grow and expand our digital activities and income has increased in all areas in the first half of 2008.

Our digital activities include on-line reputation management, digital strategy, search relations, pay per click, website design, web mapping, digital media buying and digital research.

Digital activity is now an integral part of nearly all the work we do in the Group and we continue to monitor the level of digital activity. However, it is not our intention to report separately on this in the future unless there is a significant difference between us and the marketplace.

High profile activities

- Promotion of London 2012 including the handover party in the Mall, digital activity and media partnerships.
- Relaunch of the New Football Pools.
- Development of BUPA's global strategy.
- "Time to talk", a consultation for the Department for Children, Schools and Families about their 10 year vision.
- Launch of the "Units" and "Binge" advertising campaigns on behalf of the Department of Health and the Home Office to try to combat the increase in alcohol consumption.
- Launch of an integrated campaign for the School Food Trust to promote healthy eating to teenagers.
- New campaign and end-line for O_2 "We're better, connected".
- New TV advertising campaign for Comparethemarket.com.
- The new Aer Lingus "No Fares" campaign.
- The IPO of Heritage Oil.
- McCain's sponsorship of UK Athletics.
- Developing a communications strategy and programme for the Qatar Foundation.
- Supporting Mubadala, the Abu Dhabi Development company.

Risk management

The Directors believe that in general the principal risks and uncertainties for the remaining six months of the year for the Group remain those set out on page 30 of our Annual Report for 2007. These relate mainly to attracting, motivating and retaining talented employees, and the control of the increasing number of overseas subsidiaries. In addition, there is general uncertainty and concern about the current economic environment and the Board are therefore paying particular attention to cost control and cash management. It is believed that the Group's diversified model should help protect it in the event of an economic downturn. Flexible costs account for about 18% of total costs so the Group is able to cut costs should revenues decline. Whilst the Group's results can fluctuate between quarters there is no seasonal pattern to these fluctuations.

Cash flow, banking arrangements and deferred consideration

The Group remains in a strong financial position with low levels of gearing. A new and extended five year banking facility has been agreed with the Royal Bank of Scotland for £32 million. This is at a rate of 1.3% above LIBOR.

Net debt at 30 June 2008 was £13.2 million compared to net debt at 30 June 2007 of £5.2 million and net cash of £0.8 million at 31 December 2007.

“Our work overseas has not been affected at all by economic turbulence and continues to grow as a proportion of our business. Our work for public sector entities, both government and government agencies here and overseas, is also not showing any downturn, instead it is growing.”

Net debt was about £5 million higher than expected due to a retainer payment (fee and costs) that was due in June not being received until early July. This is merely a short term timing difference which has now been rectified and we remain on track to meet our full year net debt forecast.

The full VCCP deferred consideration of £15.5 million was paid in April 2008. This was paid half in cash and half in Chime shares. The half in shares was satisfied by the issue of £5.8 million of new shares and by purchasing £1.9 million of existing shares.

Taxation
The effective tax charge for the first half of 2008 was 31% (2007: 32%) and this is expected to continue for the full year.

Dividends
The Group has adopted a more progressive dividend policy moving its dividend cover from 5 times to 4 times. One third of the expected annual dividend is paid at the interim stage.

The Board is therefore proposing to pay an interim dividend of 1.54p per share compared to 1.10p per share in 2007. This is an increase of 40%.

The interim dividend will be payable on 15 October 2008 to shareholders on the register at 26 September 2008.

The ex-dividend date is 24 September 2008.

Board changes
On 2 July we announced the appointment of The Hon. Richard Alston as a Non-Executive Director.

Richard was the Australian High Commissioner to the UK until February 2008 and prior to that he had a 15 year career on the front bench of the Australian coalition government including nearly eight years as Minister for Communications, Information Technology and the Arts.

He has served on the Boards of a number of Australian listed companies.

Outlook
Our excellent performance of 2007 has been maintained through the first half of 2008. The second half has started well and we remain well placed to meet our expectations for the full year. 90% of our income for the full year is committed and we have put a big emphasis on cost control so that 18% of total annual costs are now variable.

There are many negative predictions for the economy and the marketing services sector has been marked down on the stock market. However, our businesses and many of those of our peer group appear not yet to have been affected.

There is some visibility of reduced expenditure by clients in the advertising sector and the research sector, but our public relations business and our sports marketing business show no signs of clients reducing budgets out of the ordinary. It may be that this is because we have limited exposure to consumer markets and that corporate activity has increased since explaining bad news is just as important as explaining good news.

Our work overseas has not been affected at all by economic turbulence and continues to grow as a proportion of our business. Our work for public sector entities, both government and government agencies here and overseas, is also not showing any downturn, instead it is growing.

We are very pleased that our bank shares our confidence in the outlook for our business by agreeing to an extended and increased facility.

In summary, we are well set to achieve our second half expectations. As to 2009, although economic slowdown is predicted, our diversified model, both in terms of the services we offer and geography, and our concentration on non-consumer driven clients means we remain confident about 2009.

Lord Bell

Chairman

26 August 2008

Condensed consolidated income statement
Six months ended 30 June 2008

	Note	**6 months to 30 June 2008 (unaudited) £'000**	6 months to 30 June 2007 (unaudited) £'000	12 months to 31 December 2007 (audited) £'000
Continuing operations				
Revenue		**115,497**	94,810	206,589
Cost of sales		**(61,038)**	(50,949)	(110,080)
Operating income		**54,459**	43,861	96,509
Operating expenses		**(45,265)**	(36,551)	(80,605)
Amortisation of intangible assets		**(67)**	–	(159)
Operating profit	1	**9,127**	7,310	15,745
Share of results of associates		**135**	(104)	(73)
Investment income		**71**	60	214
Finance costs		**(548)**	(324)	(938)
Finance cost of deferred consideration		**(615)**	(522)	(1,186)
Profit before tax		**8,170**	6,420	13,762
Tax		**(2,533)**	(1,894)	(4,409)
Profit for the period from continuing operations		**5,637**	4,526	9,353
Discontinued operations				
Loss for the period from discontinued operations		**–**	(27)	(61)
Loss for the period from sale of associate		**–**	–	(140)
Profit for the period		**5,637**	4,499	9,152
Attributable to:				
Equity holders of the parent		**5,286**	4,328	8,617
Minority interest		**351**	171	535
		5,637	4,499	9,152
Earnings per share	3			
From continuing operations				
Basic		**9.98p**	8.58p*	17.15p*
Diluted		**9.86p**	8.22p*	16.60p*
From continuing and discontinued operations				
Basic		**9.98p**	8.52p*	16.76p*
Diluted		**9.86p**	8.17p*	16.22p*

* Numbers have been restated to take into account the 1:5 share consolidation. Please refer to note 3 for further details.

Condensed consolidated statement of recognised income and expense

Six months ended 30 June 2008

	6 months to 30 June 2008 (unaudited) £'000	6 months to 30 June 2007 (unaudited) £'000	12 months to 31 December 2007 (audited) £'000
(Loss)/gain on revaluation of available for sale investments	**(32)**	35	(23)
Exchange differences on translation of foreign subsidiaries	**348**	(16)	391
Net profit recognised directly in equity	**316**	19	368
Profit for the period	**5,637**	4,499	9,152
Total recognised income and expense for the period	**5,953**	4,518	9,520
Attributable to:			
Equity holders of the parent	**5,602**	4,347	8,985
Minority interest	**351**	171	535
Total recognised income and expense relating to the period	**5,953**	4,518	9,520

Condensed consolidated balance sheet

as at 30 June 2008

	Note	As at 30 June 2008 (unaudited) £'000	As at 30 June 2007 (unaudited) £'000	As at 31 December 2007 (audited) £'000
Non-current assets				
Goodwill		**110,852**	103,061	109,909
Other intangible assets		**718**	55	762
Property, plant and equipment		**4,478**	3,917	4,425
Investments in associates		**731**	638	488
Other investments		**350**	382	350
Due from deferred consideration		**568**	568	568
Available for sale investments		**195**	285	227
Deferred tax asset		**1,191**	1,650	1,191
		119,083	110,556	117,920
Current assets				
Work in progress		**2,527**	2,245	1,560
Trade and other receivables		**51,249**	42,134	42,641
Cash and cash equivalents		**12,295**	5,717	10,196
		66,071	50,096	54,397
Total assets		**185,154**	160,652	172,317
Current liabilities				
Trade and other payables		**(67,033)**	(53,904)	(58,574)
Current tax liabilities		**(2,922)**	(2,958)	(2,548)
Obligations under finance leases		**(30)**	(69)	(49)
Short-term provisions		**(613)**	(13,755)	(16,335)
		(70,598)	(70,686)	(77,506)
Net current liabilities		**(4,527)**	(20,590)	(23,109)
Non-current liabilities				
Bank loans		**(17,411)**	(9,839)	(8,375)
Long-term provisions		**(12,919)**	(10,553)	(12,406)
Obligations under finance leases		**(44)**	(20)	(53)
		(30,374)	(20,412)	(20,834)
Total liabilities		**(100,972)**	(91,098)	(98,340)
Net assets		**84,182**	69,554	73,977
Equity				
Share capital	7	**14,264**	13,286	13,319
Share premium account	7	**37,121**	31,929	32,217
Own shares		**(4,928)**	(3,984)	(4,381)
Equity reserve		**32,385**	32,385	32,385
Translation reserve		**494**	35	146
Accumulated profits/(losses)		**3,816**	(4,576)	(612)
Equity attributable to equity holders of the parent		**83,152**	69,075	73,074
Minority interest		**1,030**	479	903
Total equity		**84,182**	69,554	73,977

Condensed consolidated cash flow statement

Six months ended 30 June 2008

	Note	**6 months to 30 June 2008 (unaudited) £'000**	6 months to 30 June 2007 (unaudited) £'000	12 months to 31 December 2007 (audited) £'000
Net cash (outflow)/inflow from operating activities	5	**(416)**	3,622	15,200
Investing activities				
Interest received		**71**	60	152
Dividend received from investment		**–**	–	63
Proceeds on disposal of property, plant and equipment		**29**	7	60
Purchases of property, plant and equipment		**(946)**	(566)	(1,784)
Purchases of other intangible assets		**(36)**	–	(66)
Loans granted to associates		**(8)**	(160)	(178)
Acquisition of subsidiaries		**(10,579)**	(9,133)	(11,536)
Net cash outflow from investing activities		**(11,469)**	(9,792)	(13,289)
Financing activities				
Dividend paid		**(1,352)**	(1,043)	(1,624)
Dividends paid to minorities		**(246)**	(113)	(113)
Increase in borrowing		**9,036**	6,912	5,447
Issue/(repayment) of loan notes		**7,120**	(282)	(1,333)
Repayments of obligations under finance leases		**(28)**	(68)	(112)
Proceeds on issue of ordinary share capital		**–**	292	328
Purchases of own shares		**(546)**	(463)	(960)
Net cash from financing activities		**13,984**	5,235	1,633
Net increase/(decrease) in cash and cash equivalents		**2,099**	(935)	3,544
Cash and cash equivalents at beginning of period		**10,196**	6,652	6,652
Cash and cash equivalents at end of period		**12,295**	5,717	10,196

Cash and cash equivalents comprise cash at bank, loan note deposits less overdrafts. Taking into account the following borrowings, net (debt)/cash was:

Bank loans	**(17,411)**	(9,839)	(8,375)
Finance leases	**(74)**	(89)	(102)
Loan notes outstanding	**(8,017)**	(1,009)	(907)
Overall net (debt)/cash	**(13,207)**	(5,220)	812

Notes to the accounts

1. Business Segments

For management purposes, the group is organised into three operating divisions – Public Relations, Advertising and Marketing Services and Research and Engagement. These divisions are the basis on which the group reports its primary segment information.

Principal activities are as follows:

Public Relations
The Public Relations division comprises some of the leading names in the industry, including Bell Pottinger, Good Relations, Harvard, Insight, Resonate, De Facto and Corporate Citizenship. It is the ranked number 1 PR Group in the UK in the PR Week public relations consultancy league table for 2007. It serves more than 600 major UK and international brands, as well as governments, government departments, pharmaceutical and healthcare companies, charities, not-for-profit organisations, professional service firms, consumer brands and famous people.

Advertising and Marketing Services ('AMS')
The AMS division includes the VCCP Group, Fast Track, Teamspirit and TTA. It possesses specialist skills in advertising and marketing services – direct marketing, digital communication, sponsorship exploitation, point of sale, sales promotion and specialist media planning and buying. It also specialises in the niche markets of sport, property and financial services.

Research and Engagement
The Research and Engagement Division is made up of Opinion Leader, Ledbury Research and Facts International. Opinion Leader is one of the UK's leading research consultancies and Ledbury Research provides research and advice to brands who market and sell to high net worth consumers.

The group's operations are located in the United Kingdom, Germany, Spain, the Middle East and USA.

1. Business segments (continued)

	Revenue			Operating Income		
	6 months to 30 June 2008 (unaudited)	6 months to 30 June 2007 (unaudited)	12 months to 31 December 2007 (audited)	**6 months to 30 June 2008 (unaudited)**	6 months to 30 June 2007 (unaudited)	12 months to 31 December 2007 (audited)
	£'000	£'000	£'000	**£'000**	£'000	£'000
Class of business						
Public Relations:						
Continuing operations	**66,146**	59,453	128,464	**27,729**	24,208	51,129
Advertising and Marketing Services:						
Continuing operations	**41,910**	29,320	64,789	**22,595**	15,968	37,669
Acquisitions	**24**	–	–	**65**	–	–
	41,934	29,320	64,789	**22,660**	15,968	37,669
Research and Engagement:						
Continuing operations	**7,345**	6,037	13,336	**4,020**	3,685	7,711
Acquisitions	**72**	–	–	**50**	–	–
	7,417	6,037	13,336	**4,070**	3,685	7,711
	115,497	94,810	206,589	**54,459**	43,861	96,509

	Operating Profit			Operating Profit Margin		
	6 months to 30 June 2008 (unaudited)	6 months to 30 June 2007 (unaudited)	12 months to 31 December 2007 (audited)	**6 months to 30 June 2008 (unaudited)**	6 months to 30 June 2007 (unaudited)	12 months to 31 December 2007 (audited)
	£'000	£'000	£'000	**%**	%	%
Class of business						
Public Relations:						
Continuing operations	**5,144**	4,408	8,980	**18.6%**	18.2%	17.6%
Advertising and Marketing Services:						
Continuing operations	**3,818**	2,416	5,915	**16.9%**	15.1%	15.7%
Acquisitions	**7**	–	–	**10.8%**		
	3,825	2,416	5,915	**16.9%**	15.1%	15.7%
Research and Engagement:						
Continuing operations	**444**	760	1,395	**11.0%**	20.6%	18.1%
Acquisitions	**16**	–	–	**32.0%**		
	460	760	1,395	**11.3%**	20.6%	18.1%
	9,429	7,584	16,290	**17.3%**	17.3%	16.9%
Chime Central Costs	**(302)**	(274)	(545)			
	9,127	7,310	15,745	**16.8%**	16.7%	16.3%

2. Basis of preparation

The results for the 6 months ended 30 June 2008 are unaudited and do not constitute statutory accounts within the meaning of section 240 of the Companies act 1985. The results for the year ended 31 December 2007 have been extracted from the published Financial Statements which have been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain any statement under section 237(2) or (3) of the Companies Act 1985.

The condensed consolidated income statement, balance sheet, statement of recognised income and expense and cash flow statement have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting', as adopted by the European Union.

The annual financial statements of Chime Communications Plc are prepared in accordance with IFRSs as adopted by the European Union.
The same accounting policies and presentation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements.

3. Earnings per share

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share is based on the following data:

	6 months to 30 June 2008 (unaudited) £'000	6 months to 30 June 2007 (unaudited) £'000	12 months to 31 December 2007 (audited) £'000
Earnings			
Earnings for the purpose of basic earnings per share being net profit attributable to the equity holders of the parent	**5,286**	4,328	8,617
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**52,964,896**	50,788,715	51,404,909
Effect of dilutive potential ordinary shares: Share options and deferred shares	**664,782**	2,184,780	1,720,077
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**53,629,678**	52,973,495	53,124,986

From continuing operations

	6 months to 30 June 2008 (unaudited) £'000	6 months to 30 June 2007 (unaudited) £'000	12 months to 31 December 2007 (audited) £'000
Earnings			
Net profit attributable to equity holders of the parent	**5,286**	4,328	8,617
Adjustments to exclude loss for the period from discontinued operations	**–**	27	61
Adjustment to exclude loss for the period from the sale of associate	**–**	–	140
Earnings from continuing operations for the purposes of basic earnings per share excluding discontinued operations	**5,286**	4,355	8,818

The denominators used are the same as those detailed above for both the basic and diluted earnings per share from continuing and discontinued operations.

From discontinued operations

	6 months to 30 June 2008 (unaudited)	6 months to 30 June 2007 (unaudited)	12 months to 31 December 2007 (audited)
Basic	**–**	(0.01)p	–
Diluted	**–**	(0.01)p	0.01p

The denominators used are the same as those detailed above for both the basic and diluted earnings per share from continuing and discontinued operations.

Earnings per share have been restated to take into account the share consolidation carried out on 14 May 2008. The table below sets out the impact of this on earnings per share as previously reported.

	6 months to 30 June 2007 (unaudited)		12 months to 31 December 2007 (audited)	
	£'000 As previously reported	£'000 As restated	£'000 As previously reported	£'000 As restated
Number of shares				
Weighted average number of ordinary shares for the purposes of basic earnings per share	253,943,574	50,788,715	257,024,547	51,404,909
Effect of dilutive potential ordinary shares: Share options and deferred shares	10,923,902	2,184,780	8,600,383	1,720,077
Weighted average number of ordinary shares for the purposes of diluted earnings per share	264,867,476	52,973,495	265,624,930	53,124,986
Earnings per share				
From continuing operations:				
Basic	1.72p	8.58p	3.43p	17.15p
Diluted	1.64p	8.22p	3.32p	16.60p
From continuing and discontinued operations:				
Basic	1.70p	8.52p	3.35p	16.76p
Diluted	1.63p	8.17p	3.24p	16.22p

4. Dividends

	6 months to 30 June 2008 (unaudited)	6 months to 30 June 2007 (unaudited)	12 months to 31 December 2007 (audited)
	£'000	£'000 As restated*	£'000 As restated*
Amounts recognised as distributions to equity holders in the period (approved):			
Interim dividend for the year ended 31 December 2007 of 1.10p (2006: 0.90p) per share	**–**	–	581
Final dividend for the year ended 31 December 2007 of 2.40p (2006: 2.00p) per share	**1,352**	1,043	1,043
	1,352	1,043	1,624
Amounts not recognised as distributions to equity holders in the period (declared):			
Proposed interim dividend for the year ended 31 December 2008 of 1.54p (2007: 1.10p) per share	**867**	580	–
Proposed final dividend for the year ended 31 December 2007 of 2.40p (2006: 2.00p) per share	**–**	–	1,262
	867	580	1,262

The proposed interim dividend was approved by the Board on 26 August 2008 and has not been included as a liability as at 30 June 2008. The dividend will be paid on 15 October 2008 to those shareholders on the register at 26 September 2008. The expected ex-dividend date is 24 September 2008.

Under an agreement dated 3 April 1996, The Chime Communications Employee Trust which holds 740,939 ordinary shares representing 1.30% of the company's called-up share capital, has agreed to waive all dividends.

*Dividends per share have been restated to take into account the share consolidation carried out on 14 May 2008. Before restatement the interim dividend per share for the year ended 31 December 2007 was 0.22p (2006: 0.18p) and the final dividend per share for the year ended 31 December 2007 was 0.48p (2006: 0.40p).

5. Notes to the consolidated cash flow statement

	6 months to 30 June 2008 (unaudited) £'000	6 months to 30 June 2007 (unaudited) £'000	12 months to 31 December 2007 (audited) £'000
Operating profit	**9,127**	7,310	15,745
Adjustments for:			
Loss from discontinued operation	**–**	(39)	(86)
Share based payment expense	**526**	518	968
Translation differences	**87**	(11)	119
Depreciation of property, plant and equipment	**872**	617	1,403
Amortisation of other intangible assets	**12**	9	19
Amortisation of acquired intangibles	**67**	–	159
Gain on disposal of property, plant and equipment	**8**	14	29
(Decrease)/increase in provisions	**(193)**	(43)	281
Operating cash flows before movements in working capital	**10,506**	8,375	18,637
Increase in work in progress	**(967)**	(1,522)	(840)
Increase in receivables	**(8,336)**	(7,635)	(8,027)
Increase in payables	**1,136**	6,074	10,169
Cash generated by operations	**2,339**	5,292	19,939
Income taxes paid	**(2,161)**	(1,368)	(3,869)
Interest paid	**(594)**	(302)	(870)
Net cash (outflow)/inflow from operating activities	**(416)**	3,622	15,200

6. Reconciliation of equity attributable to equity holders of parent

	As at 30 June 2008 (unaudited) £'000	As at 30 June 2007 (unaudited) £'000	As at 31 December 2007 (audited) £'000
Balance at 1 January	**73,074**	59,858	59,858
Dividends paid	**(1,352)**	(1,043)	(1,624)
Credit in relation to share based payments	**526**	438	557
Purchase of own shares	**(547)**	(655)	(1,160)
Own shares disposed of on exercise of options	**–**	193	200
Net profit for the period attributable to equity holders of the parent	**5,602**	4,347	8,985
Increase in share capital	**5,849**	5,937	6,258
Balance at 30 June/31 December	**83,152**	69,075	73,074

7. Acquisitions

On 29 February 2008, the Group acquired 55% of the issued share capital of Naked Eye Research Limited. The fair value of the consideration given for the acquisition was £96,822. An initial payment of £50,000 was satisfied in cash. Costs relating to the acquisition amounted to £30,914, of which £28,414 had been paid during the period. The Group has provided for contingent consideration of £50,000 to date, dependent on profits to 2013. This has been discounted to a net present value of £46,822, with the resulting discounting charge of £3,178 to be taken through the income statement over the period.

On 20 March 2008, the Group acquired 100% of the issued share capital of MC Bio Communications Limited. The fair value of the consideration given for the acquisition was £313,581. An initial payment of £1 was satisfied in cash. Costs relating to the acquisition amounted to £41,755, of which £28,255 had been paid during the period. The Group has provided for contingent consideration of £400,000 to date, dependent on profits to 2013. This has been discounted to a net present value of £313,580, with the resulting discounting charge of £86,420 to be taken through the income statement over the period.

On 2 April 2008, the Group acquired 100% of the issued share capital of Bankbrae Holdings Limited, holding company of The Sports Business Limited. The fair value of the consideration given for the acquisition was £361,838. An initial payment of £200,000 was satisfied in cash. Costs relating to the acquisition amounted to £60,752, of which £55,752 had been paid during the period. The Group has provided for contingent consideration of £200,000 to date, dependent on profits to 2011. This has been discounted to a net present value of £161,838, with the resulting discounting charge of £38,162 to be taken through the income statement over the period.

The following table sets out the Groups provisional assessment of the consolidated fair values of the liabilities acquired and the goodwill. The fair value of the net assets acquired was £120,414, resulting in goodwill of £785,248 which has been capitalised as an intangible fixed asset.

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Net assets acquired:			
Tangible assets	2	–	2
Trade and other receivables	261	–	261
Cash and cash equivalents	140	–	140
Trade and other payables	(253)	–	(253)
	150	–	150
Minority interest			(30)
			120
Goodwill			785
Total consideration			905
Satisfied by:			
Cash			250
Directly attributable costs			133
Deferred consideration			522
			905
Net cash outflow arising on acquisition:			
Cash consideration			362
Cash and cash equivalents acquired			(140)
			222

Goodwill arises from anticipated profitability and future operating synergies from the combination.

The acquired businesses have contributed £23,000 to the operating profit of the Group for the six months to 30 June 2008.

The Group additionally spent £10,357,000 on consideration and deferred consideration associated with other acquisitions of the group. This included £9,587,000 to satisfy the deferred consideration relating to VCCP Limited. £5,854,000 of shares were also issued to satisfy this consideration.

8. Events after balance sheet date

A new and extended five year banking facility has been agreed with Royal Bank of Scotland for £32 million. This is at a rate of 1.3% above LIBOR.

9. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There were no significant transactions between the Group and its associates.

Responsibility statement

We confirm to the best of our knowledge

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the board

Mark Smith
Finance Director

26 August 2008

Independent review report to Chime Communications plc

We have been engaged by the company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2008 which comprises the income statement, the balance sheet, the statement of recognised income and expense the cash flow statement and related notes 1 to 9. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditor

26 August 2008
London

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