

Insight



Nick Sparrow
Head of Insight

Financial Highlights

Revenue

£16.7m

(2008: £17.9m)

Headline PBIT

£4.5m

(2008: £5.3m)

Reported PBIT

£4.3m

(2008: £5.2m)

Operational Highlights

- newvista research revenue growth of 16%
- Launch of NewVista PULSE
- Integration of sensory research

Operating Companies



Operating Review

Insight

Insight performs a complete range of market research services on behalf of its clients, through both qualitative and quantitative means using the mediums of face-to-face, telephone and online techniques. The Division comprises businessvista research™, CML Research (CML), Fieldworkuk.com, ICM Direct, ICM Research, Marketing Sciences (MSL) and newvista research™.

Robust performance

The Insight Division accounts for 20 per cent of Group revenue (2008: 22 per cent) and 24 per cent of Group Headline PBIT (2008: 29 per cent). The Division has contributed revenue of £16.7 million (2008: £17.9 million) and Headline PBIT of £4.5 million (2008: £5.3 million). On a Reported basis, PBIT is £4.3 million (2008: £5.2 million). The Headline PBIT margin remains above industry norms at 27 per cent (2008: 30 per cent).

As previously reported, the robust underlying performance from MSL and ICM has been offset by the underperformance of the Division's niche offerings from the subsidiaries CML and MSTs. Those two agencies operate in the qualitative and sensory/concept testing research sectors respectively, both of which are very short-term project-based businesses with no long-term tracking studies. These companies therefore often have little visibility of future business and due to their size, they do not have the critical mass to absorb client churn and budget cuts. Consequently, we have discontinued MSTs and transferred its sensory and concept testing function to MSL. The closure of MSTs has resulted in £78,000 (included within restructuring costs; see note 4 to the financial statements) of non-recurring costs.

Online innovation

newvista research™ (including businessvista research™) has seen revenue increase 16 per cent year-on-year and online research now accounts for 26 per cent of the Insight Division's revenue.

The Group continued its investment in online research. The introduction of random online sampling technology allows clients access to a pool of respondents far in excess of the core 120,000 strong panel. In February 2009, NewVista PULSE was launched – this is a revolutionary data collection tool using mobile (SMS and WAP) technology. The engagement of this panel allows the Group to turn-around questionnaires within four hours, effectively allowing clients the opportunity for insight on demand.

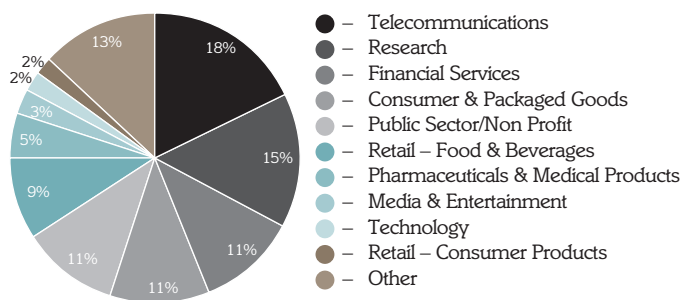
Integrated Research

The integration of the Insight Division continues as further operational efficiencies are exploited. Sensory research has been integrated into MSL, having been previously serviced by the separate research company, MSTs. This has reduced the resource base whilst allowing MSL the opportunity to cross-sell their existing offering to the sensory clients. Online data collection is centralised within ICM Direct and face-to-face within FieldworkUK. Each research company has access to a centralised pool of recruiters and researchers as well as guidance of best practice.

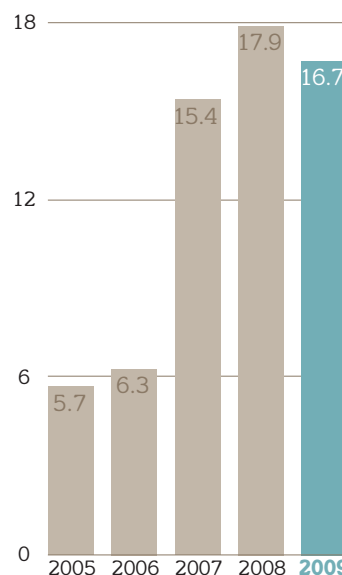
Continuing to grow the client base

The Insight Division won a number of impressive new assignments during the year from clients including Aviva, British Gas, the Central Office of Information (COI), EDF Energy, HMRC and Reckitt Benckiser. These wins add to a client base which spans a wide range of industry sectors and which is represented by a host of resilient blue chip clients including Aviva, BT, Coca Cola, COI, Danone, Kimberly Clark, Heinz, Nokia, NOP, Novartis, Nutricia, O2, Orange, Solvay, Tesco and Vodafone.

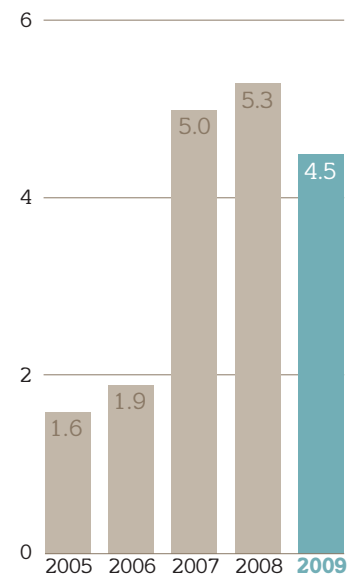
Insight Revenue by Industry Sector



Insight Revenue (£m)



Insight Headline PBIT (£m)



Communications



Richard Warren and Chris Warren
Joint Heads of Communications

Financial Highlights

Revenue increased to
£67.1m
(2008: £62.6m)

Headline PBIT
increased to
£14.3m
(2008: £13.1m)

Reported PBIT
increased to
£12.0m
(2008: £11.7m)

Operational Highlights

- Like-for-like revenue growth of 7%
- Launch of Creston Health
- Launch of Rock Medical Communications (a health education consultancy)
- Launch of tmwdigitalhealth
- Digital Revenue growth of 77% to £19.3m

Operating Companies

thecomposingroom

colombus



DELANEY LUND
KNOX WARREN

ROCK
medical communications

NELSON BOSTOCK
COMMUNICATIONS

therealadventure...



EMO



RED DOOR COMMUNICATIONS

PAN

tullommarshallwarren

tmwdigitalhealth

Operating Review continued

Communications

The Communications Division offers clients an integrated approach to their marketing and communication strategy, offering a range of services which include integrated advertising, brand strategy, channel marketing, relationship marketing (CRM), digital marketing, direct marketing, promotional marketing and public relations. The Division comprises Columbus Communications, DLKW, EMO, NBC, PAN, Red Door Communications, Rock Medical Communications, The Composing Room, The Real Adventure, tmwdigitalhealth and Tullo Marshall Warren (TMW).

Impressive Growth

The Communications Division, which accounts for 80 per cent of Group revenue (2008: 78 per cent) and 76 per cent of Headline PBIT (2008: 71 per cent), has delivered another year of growth with revenue increasing by 7 per cent to £67.1 million (2008: £62.6 million) and Headline PBIT increasing by 9 per cent to £14.3 million (2008: £13.1 million). Reported PBIT increased by 3 per cent to £12.0 million (2008: £11.7 million).

This growth was generated firstly, through our ability to meet the continued client demand for digital and online marketing solutions; and secondly, by a track record of organic growth from many of our existing portfolio of blue chip clients, in addition to winning substantial new clients especially during the first half-year.

The key performance measures remain in the upper quartile for the industry averages. Revenue per head increased by 3 per cent to £89,100 (2008 restated: £86,300), whilst Headline PBIT per head increased by 5 per cent to £18,900 (2008 restated: £18,000). The Headline PBIT margin remains high at 21 per cent (2008: 21 per cent). The 2008 per head KPIs have been restated to include freelance/non-permanent resource.

Creston – the Digital Group

As outlined in the Market Overview on pages 17 to 19, digital communications, and the seamless integration of digital with traditional communications techniques is crucial to maintaining market relevance in the current, evolving, market. The Group has kept pace with this evolution with digital revenue growing 77 per cent during the year and now representing 29 per cent of all Communications revenue.

A growing proportion of communications projects are integrated – TMW alone estimate that over 65 per cent of their revenue is now derived from digital activity.

We believe the next area of rapid growth will be in mobile marketing. To date, progress has been inhibited by the lack of screen size but with the latest iPhone generation this issue goes away. We further believe that the mobile phone could become THE interactive tool for users, usurping conventional access to the internet. To capitalise on this, we are investing in a senior mobile marketing specialist to help us grow in this exciting area.

EMO, our community marketing agency, has continued to win further auto business such as Toyota, Jaguar and Land Rover. EMO is now recognised as providing the most advanced online dealer marketing in the UK. These same local marketing skills are now also being applied on behalf of the UK Government with the 'Quit Smoking' campaign being driven down into local NHS Hospital catchment areas.

The Digital Forum continues to foster best practice across the Group whilst maximising effectiveness and efficiency of delivery.

Health

The Group's diversified health offering evolved during the year with the launch of Rock Medical Communications who specialise in the development of medical education programmes and collateral.

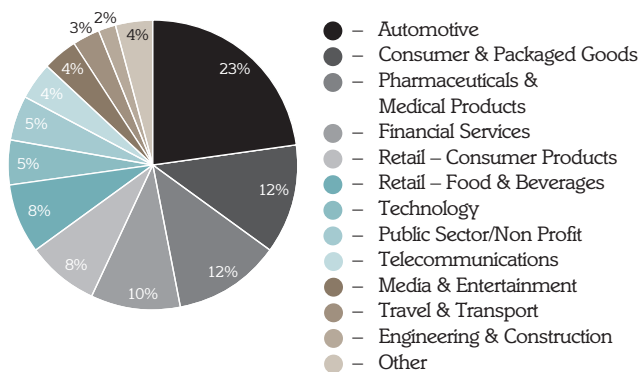
tmwdigitalhealth was launched having identified a need to provide digital communications solutions within the pharmaceuticals industry. By combining TMW's market-leading digital and CRM expertise with PAN and RDC's health experience, tmwdigitalhealth is able to fill this void and complete the Group's health offering.

Excellent new business wins boost portfolio

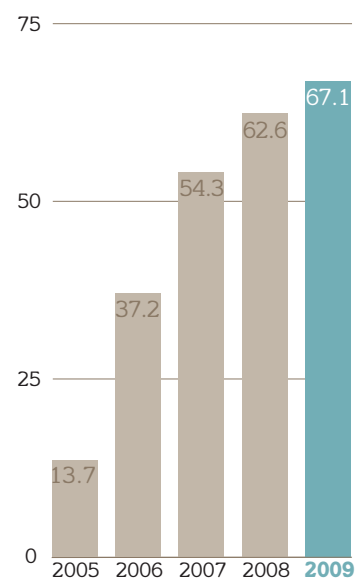
The Communications Division has enjoyed a strong new business record with a number of client wins which include BMI Healthcare, Central Office of Information (community anti-smoking), First Direct, General Motors (Insignia), GSK, the Health Lottery, House of Fraser, Invesco Perpetual, Jaguar, Land Rover, Marie Curie, Pfizer, Sainsbury's Business Direct, Spicers, Takeda, Toyota, the trainline.com, Trinity Mirror, Unilever (Liptons, Lynx, PG Tips and Knorr) and Xchanging.

These wins add to the existing blue chip client base which includes Burger King, Canon, COI, Diageo, General Motors Europe, GSK, Homeform, Lexus, Lloyds Banking Group (HBOS and Lloyds Blackhorse), Morrisons, Nissan, Nutricia, PepsiCo, Royal Mail, Sainsbury's, T-Mobile, Toshiba, Unilever and WH Smith.

Communications Revenue by Industry Sector



Communications Revenue (£m)



Communications Headline PBIT (£m)

