



---

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

---

**Form 8-K/A**

---

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**Date of report (Date of earliest event reported): June 29, 2007**

**The Interpublic Group of Companies, Inc.**

*(Exact Name of Registrant as Specified in Charter)*

**Delaware**  
*(State or Other Jurisdiction  
of Incorporation)*

**1-6686**  
*(Commission File  
Number)*

**13-1024020**  
*(IRS Employer  
Identification No.)*

**1114 Avenue of the Americas,  
New York, New York**  
*(Address of Principal Executive Offices)*

**10036**  
*(Zip Code)*

**Registrant's telephone number, including area code: 212-704-1200**

*(Former Name or Former Address, if Changed Since Last Report)*

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**TABLE OF CONTENTS**

[Item 9.01 Financial Statements and Exhibits.](#)

[Cautionary Statement](#)

[SIGNATURES](#)

[EX-23.1: CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)

[EX-99.1: AUDITED CONSOLIDATED FINANCIAL STATEMENTS](#)

[EX-99.2: UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS](#)

---

**Item 9.01 Financial Statements and Exhibits.**

(a) Financial Statements of Businesses Acquired.

On June 29, 2007, The Interpublic Group of Companies, Inc. (the "Company" or "IPG") completed the acquisition of the remaining capital stock of Lintas India Private Limited ("Lintas"). Prior to the acquisition the Company owned 49% of the capital stock, so Lintas is now a wholly-owned subsidiary of the Company. The stock was acquired from Lintas employees' trusts and the cost of the acquisition, which was calculated based on current results and applicable market multiples, is approximately \$50 million payable in cash.

The required audited consolidated financial statements of Lintas as of and for the year ended March 31, 2007 are attached hereto as Exhibit 99.1 and are incorporated in their entirety herein by reference. These financial statements have been prepared in all material respects in accordance with accounting principles generally accepted in India ("Indian GAAP").

(b) Pro forma financial information.

The required pro forma financial information for the six months ended June 30, 2007 and for the twelve months ended December 31, 2006 is attached hereto as Exhibit 99.2 and is incorporated in its entirety herein by reference.

(d) Exhibits.

<b>Exhibit No.</b>	<b>Description</b>
23.1	Consent of independent registered public accounting firm.
99.1	Audited consolidated financial statements of Lintas as of and for the year ended March 31, 2007.
99.2	Unaudited pro forma Condensed Consolidated Statement of Operations for the six months ended June 30, 2007 and for the twelve months ended December 31, 2006.

#### Cautionary Statement

This current report on Form 8-K contains forward-looking statements. Statements in this report that are not historical facts, including statements about management's beliefs and expectations, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined in our 2006 Annual Report on Form 10-K under Item 1A, Risk Factors, and other SEC filings. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, the following:

- risks arising from material weaknesses in our internal control over financial reporting, including material weaknesses in our control environment;
- our ability to attract new clients and retain existing clients;
- our ability to retain and attract key employees;
- risks associated with assumptions we make in connection with our critical accounting estimates;
- potential adverse effects if we are required to recognize impairment charges or other adverse accounting-related developments;
- potential adverse developments in connection with the ongoing SEC investigation;
- potential downgrades in the credit ratings of our securities;
- risks associated with the effects of global, national and regional economic and political conditions, including fluctuations in economic growth rates, interest rates and currency exchange rates; and
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world.

Investors should carefully consider these factors and the additional risk factors outlined in more detail in our 2006 Annual Report on Form 10-K under Item 1A, Risk Factors, and other SEC filings.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By /s/ Nicholas J. Camera  
Nicholas J. Camera  
Senior Vice President, General Counsel and Secretary

Date: September 14, 2007

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the following Registration Statements on Form S-8 No. 33-20291 and No. 33-2830 relating to the Management Incentive Compensation Plan of The Interpublic Group of Companies, Inc. (the "Company"); Registration Statements on Form S-8 No. 33-5352, No. 33-21605, No. 333-4747, and No. 333-23603 relating to the 1986 Stock Incentive Plan, the 1986 United Kingdom Stock Option Plan and the 1996 Stock Incentive Plan of the Company; Registration Statements on Form S-8 No. 33-10087 and No. 33-25555 relating to the Long-Term Performance Incentive Plan of the Company; Registration Statement on Form S-8 No. 333-28029 relating to The Interpublic Outside Directors' Stock Incentive Plan of the Company; Registration Statement on Form S-8 No. 333-42675 relating to the 1997 Performance Incentive Plan of the Company; Amendment No. 1 on Form S-8 to Registration Statement on Form S-4 No. 333-59254 relating to the True North Communications Inc. Stock Option Plan and the Bozell, Jacobs, Kenyon & Eckhardt, Inc. Stock Option Plan; Registration Statement on Form S-8 No. 333-89896 relating to the 2002 Performance Incentive Plan of the Company; Registration Statement on Form S-8 No. 333-115923 relating to the 2004 Performance Incentive Plan of the Company; Registration Statement on Form S-8 No. 333-115924 relating to the Non-Management Directors' Stock Incentive Plan of the Company; Registration Statement on Form S-8 No. 333-134498 relating to the 2006 Performance Incentive Plan of the Company; Registration Statement on Form S-8 No. 333-134497, relating to the Employee Stock Purchase Plan of the Company (2006) of The Interpublic Group of Companies, Inc.; Registration Statement on Form S-4 No. 333-142196 relating to the exchange of Floating Rate Notes due 2010 of the Company; Registration Statement on Form S-3 No. 333-142197 relating to the 4.25% Convertible Senior Notes due 2023 of the Company; and Registration Statement on Form S-3 No. 333-142198 relating to the 5<sup>1</sup>/<sub>4</sub>% Series B Cumulative Convertible Perpetual Preferred Stock of the Company of our report dated September 12, 2007 relating to the consolidated financial statements of Lintas India Private Limited, which appears in this Form 8-K.

*/s/ Price Waterhouse & Co.*  
Mumbai, India  
September 12, 2007

**REPORT OF INDEPENDENT AUDITORS  
TO THE BOARD OF DIRECTORS OF LINTAS INDIA PRIVATE LIMITED**

We have audited the consolidated balance sheet of Lintas India Private Limited (the "Company") and its subsidiaries and joint ventures as of March 31, 2007 and the related consolidated profit and loss account and consolidated cash flow statement for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lintas India Private Limited as of March 31, 2007, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in India.

*/s/ Price Waterhouse & Co.*  
Mumbai, India  
September 12, 2007



**LINTAS INDIA PRIVATE LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2007**

	Schedule No.	Rupees	As at 31st March 2007 Rupees
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds:</b>			
Capital	1		4,800,000
Reserves and Surplus	2		1,784,453,002
			<u>1,789,253,002</u>
<b>Minority Interest</b>			<u>19,936,198</u>
			<u><u>1,809,189,200</u></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets:</b>			
Gross Block	3	565,034,209	
Less: Depreciation		<u>297,856,408</u>	
Net Block		267,177,801	
Capital Advances		<u>880,940</u>	
			268,058,741
<b>Investments</b>	4		591,891,996
<b>Deferred Tax Assets (Net)</b>	5		23,283,186
<b>Current Assets, Loans and Advances:</b>			
Jobs In Progress	6	34,614,752	
Sundry Debtors	7	2,817,371,734	
Cash and Bank Balances	8	75,493,800	
Other Current Assets	9	260,925	
Loans and Advances	10	<u>348,802,462</u>	
		<u>3,276,543,673</u>	
<b>Less: Current Liabilities and Provisions:</b>			
Current Liabilities	11	2,296,281,431	
Provisions	12	<u>54,306,965</u>	
		<u>2,350,588,396</u>	
<b>Net Current Assets</b>			925,955,277
			<u><u>1,809,189,200</u></u>
<b>Notes to Accounts</b>	16		

Schedules referred to above form an integral part of the Consolidated Balance Sheet.

This is the Consolidated Balance Sheet referred to in our report of even date.

**LINTAS INDIA PRIVATE LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007**

	Schedule No.	2006-2007 Rupees
<b>Income</b>		
Commission and Service Fees	13	1,641,491,411
Other Income	14	115,620,711
		<u>1,757,112,122</u>
<b>Expenditure</b>		
Administrative and General Expenses	15	1,239,721,983
Interest		340,985
Depreciation		43,054,873
		<u>1,283,117,841</u>
<b>Profit before Taxation</b>		
Current Tax		473,994,281
Minimum Alternative Tax (credit)		(216,171)
Excess provision for Tax in earlier years (net)		(16,482,122)
Fringe Benefit Tax		10,074,467
Deferred Tax		(6,240,071)
		<u>329,922,997</u>
<b>Profit after Taxation and Before share of profit of Minority Shareholders</b>		
Minority's share of profit in Subsidiary Companies		3,240,101
		<u>326,682,896</u>
<b>Net Profit</b>		
Profit and Loss Account Balance brought forward from the Previous Year		782,277,054
		<u>1,108,959,950</u>
<b>Profit available for Appropriation</b>		
<b>Appropriations:</b>		
Transfer to General Reserve		1,120,042
Tax paid on Interim Dividend declared by a Joint Venture Company		481,058
Tax on Proposed Final Dividend declared by a Subsidiary Company		212,353
		<u>1,107,146,497</u>
		<u>1,108,959,950</u>
<b>Earnings per Share — Basic and Diluted</b>		
(Schedule 16 — Note 11)		<b>6,805.89</b>
<b>Notes to Accounts</b>		
	<b>16</b>	

Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

This is the Consolidated Profit and Loss Account referred to in our report of even date.

**LINTAS INDIA PRIVATE LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007**

	<b>2006-07</b> <b>Rupees</b>
<b>A. Cash Flow From Operating Activities:</b>	
Profit before taxation	473,994,282
Adjustments for:	
Depreciation	43,054,873
Interest Expense	340,985
Interest Income	(19,861,273)
Dividend Income	(26,069,869)
Profit on Sale of Fixed Assets (net)	(539,458)
Fixed Assets Written-off	336,533
Gain on Sale of Investments in units of Mutual Funds	(11,706,179)
Provision for Doubtful Debts	6,810,211
Liabilities no longer required written back	(39,627,472)
<b>Operating Profit before working capital changes</b>	<b>426,732,633</b>
<b>Adjustments for changes in working capital:</b>	
— (Increase)/Decrease in Inventories	(34,279,138)
— (Increase)/Decrease in Sundry Debtors	(551,578,721)
— (Increase)/Decrease in Loans and Advances	(34,550,758)
— Increase/(Decrease) in Current Liabilities and Provisions	467,363,450
<b>Cash from operations</b>	<b>273,687,466</b>
— Taxes Paid (Net of Refunds)	(180,521,471)
<b>Net cash from Operating Activities</b>	<b>93,165,995</b>
<b>B. Cash Flow From Investing Activities:</b>	
Purchase of Fixed Assets (including Capital Advances)	(47,602,396)
Proceeds from Sale of Fixed Assets	1,915,379
Purchase of Investments	(696,448,481)
Proceeds from Sale of Investments	683,646,291
Interest Received	4,146,441
Dividend Received	26,459,837
<b>Net cash used in Investing Activities</b>	<b>(27,882,929)</b>
<b>C. Cash Flow From Financing Activities:</b>	
Repayment of Inter Corporate Loans	(5,600,000)
Interest Paid	(340,985)
Dividend Paid	(117,841,150)
Dividend Tax Paid	(17,330,693)
<b>Net cash used in Financing Activities</b>	<b>(141,112,828)</b>
<b>Net Decrease in Cash and cash Equivalents</b>	<b>(75,829,762)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>151,323,562</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>75,493,800</b>
<b>Cash and cash equivalents comprise</b>	
Cash in hand	843,031
Balances with Scheduled Banks in Current and Deposit Accounts	74,650,769
	<b>75,493,800</b>

**Note:** The above Consolidated Cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

**LINTAS INDIA PRIVATE LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET**  
**AS AT 31ST MARCH 2007**

**SCHEDULE 1**

	<u>As at 31st March 2007 Rupees</u>
<b>CAPITAL</b>	
<b>Authorised:</b>	
30,000 'A' Equity Shares of Rs.100 each	3,000,000
24,320 'B' Equity Shares of Rs.100 each	2,432,000
	<u>5,432,000</u>
<b>Issued and Subscribed:</b>	
[Schedule 16 — Note 13]	
24,480 'A' Equity Shares of Rs.100 each, fully paid up (See Notes below)	2,448,000
23,520 'B' Equity Shares of Rs.100 each, fully paid up (See Notes below)	2,352,000
	<u>4,800,000</u>

**Notes:**

1. Of the above, 1,200 Equity Shares of Rs.100 each are allotted as fully paid pursuant to a contract without payment having being received in cash.
2. Of the above, 45,000 Equity Shares have been allotted as fully paid up bonus shares by capitalisation of General Reserve.

**SCHEDULE 2**

	<u>Rupees</u>	<u>As at 31st March 2007 Rupees</u>
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		90,406
<b>General Reserve:</b>		
As per last Balance Sheet	676,096,057	
Add: Amount transferred from Profit and Loss Account	<u>1,120,042</u>	
[Includes Share in Joint Venture Rs. 2,234,608]		677,216,099
<b>Profit and Loss Account</b>		1,107,146,497
[Includes Share in Joint Venture Rs. 9,150,179]		<u>1,784,453,002</u>

LINTAS INDIA PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2007

SCHEDULE 3

FIXED ASSETS

[Schedule 16 — Note 1 C (c)]  
(Rupees)

ASSETS	GROSS BLOCK			DEPRECIATION			NET BOOK VALUE		
	As at 31st March 2006	Additions during the Year	Deductions during the Year	As at 31st March 2007	As at 31st March 2006	For the Year	Depreciation on Deductions	As at 31st March 2007	As at 31st March 2007
Goodwill on Consolidation	132,264	—	—	132,264	—	—	—	—	132,264
Buildings	282,563,361	—	—	282,563,361	88,177,421	9,719,256	—	97,896,677	184,666,684
Furniture and Fittings	58,214,978	10,478,086	1,885,369	66,807,695	36,816,548	6,631,971	1,696,150	41,752,369	25,055,326
Equipment	169,091,201	18,215,244	22,718,283	164,588,162	134,146,464	14,384,247	22,213,019	126,317,692	38,270,470
Vehicles	29,125,002	5,461,077	6,800,501	27,785,578	21,399,231	3,661,042	5,782,530	19,277,743	8,507,835
Software	8,813,125	10,404,740	—	19,217,865	3,111,302	7,776,302	—	10,887,604	8,330,261
	547,939,931	44,559,147	31,404,153	561,094,925	283,650,966	42,172,818	29,691,699	296,132,085	264,962,840
Share in Joint Ventures — [Schedule 16 — Note 7]	1,728,697	2,210,587	—	3,939,284	842,268	882,055	—	1,724,323	2,214,961
<b>Total</b>	<b>549,668,628</b>	<b>46,769,734</b>	<b>31,404,153</b>	<b>565,034,209</b>	<b>284,493,234</b>	<b>43,054,873</b>	<b>29,691,699</b>	<b>297,856,408</b>	<b>267,177,801</b>
Capital Advance									880,940
									268,058,741

**LINTAS INDIA PRIVATE LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET**  
**AS AT 31ST MARCH 2007**

**SCHEDULE 4**

	<u>As at 31st March 2007 Rupees</u>
<b>INVESTMENTS</b>	
[Schedule 16 — Note 1 C(d)]	
<b>LONG-TERM</b>	
<b>Unquoted Non-trade Investments in Mutual Funds</b>	383,337,796
[Schedule 16 — Note 6]	
<b>Unquoted Non-trade Investments in Bonds:</b>	
74,120 — 6.75% Tax free US64 Bonds of the face value of Rs. 100 each, fully paid up. (Maturity Date: June 2008)	7,412,000
	<u>390,749,796</u>
<b>CURRENT</b>	
<b>Unquoted Non-trade Investments in Mutual Funds:</b>	201,142,200
[Schedule 16 — Note 6]	<u>591,891,996</u>

**SCHEDULE 5**

	<u>As at 31st March 2007 Rupees</u>
<b>DEFERRED TAX ASSETS / (LIABILITY)</b>	
[Schedule 16 — Note 1 C(f)]	
<b>Timing differences towards:</b>	
— Provision for Doubtful Debts	13,287,869
— Provision for Leave Encashment	10,419,522
— Provision for expenses inadmissible under Section 40(a) of the Income Tax Act	1,185,259
— Provision for Gratuity	29,716
— Unpaid bonus	1,319
— Depreciation	<u>(2,003,610)</u>
	22,920,075
Share in Joint Ventures — [Schedule 16 — Note 7]	363,111
	<u>23,283,186</u>

**LINTAS INDIA PRIVATE LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET**  
**AS AT 31ST MARCH 2007**

**SCHEDULE 6**

	<u>As at 31st March 2007 Rupees</u>
<b>JOBS IN PROGRESS</b>	
[Schedule 16 — Note 1 C(e)]	
Jobs in Progress	34,614,752
	<u>34,614,752</u>

**SCHEDULE 7**

	<u>As at 31st March 2007 Rupees</u>
<b>SUNDRY DEBTORS</b>	
(Schedule 16 — Note 2)	
<b>Outstanding for more than six months</b>	
Unsecured, Considered Good	20,667,919
Unsecured, Considered Doubtful	40,362,817
	<u>61,030,736</u>
Less: Provision for doubtful debts	40,362,817
	<u>20,667,919</u>
<b>Other Debts</b>	
Unsecured, Considered Good	2,698,763,704
	<u>2,719,431,623</u>
Share in Joint Ventures — [Schedule 16 — Note 7]	97,940,111
	<u>2,817,371,734</u>

**LINTAS INDIA PRIVATE LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET**  
**AS AT 31ST MARCH 2007**

**SCHEDULE 8**

	<u>As at 31st March 2007 Rupees</u>
<b>CASH AND BANK BALANCES</b>	
Cash on Hand	843,031
Balances with Scheduled Banks:	
On Current Accounts	46,038,446
On Deposit Accounts	10,000,000
On Margin Money Deposit Accounts (Against outstanding bank guarantees)	4,000,000
On "Business Multiplier" Account ( Refer Note below)	12,543,709
	<u>73,425,186</u>
Share in Joint Ventures — [Schedule 16 — Note 7]	2,068,614
	<u>75,493,800</u>

**Note:**

The balance in the account in excess of Rs.1,500,000 is converted by the bank into interest bearing short-term deposits. These deposits are broken and transferred by the bank to the current account, as required, to meet the shortfall.

**SCHEDULE 9**

	<u>As at 31st March 2007 Rupees</u>
<b>OTHER CURRENT ASSETS</b>	
<b>Accrued Interest on:</b>	
Deposits with Industrial Development Bank of India under Investment Deposit Scheme	82,320
Deposits with Scheduled Banks	11,835
Unit Trust of India Bonds	166,770
	<u>260,925</u>



**LINTAS INDIA PRIVATE LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET**  
**AS AT 31ST MARCH 2007**

**SCHEDULE 10**

	<u>As at 31st March 2007 Rupees</u>
<b>LOANS AND ADVANCES</b>	
(Unsecured, Considered Good)	
Advances Recoverable in Cash or in Kind or for Value to be Received	75,934,507
Loan to Employees' Welfare Trust	75,000
Deposits for Premises	94,164,765
Deposits with Industrial Development Bank of India under Investment Deposit Scheme	2,586,788
Other Deposits	5,417,501
Balance with Excise Authorities	8,057,238
Advance Payment of Taxes	
— Income Tax	155,237,744
(Net of Provisions Rs. 1,544,091,836)	
— Fringe Benefit Tax	1,570,000
(Net of Provisions Rs. 19,320,000)	
	343,043,543
Share in Joint Ventures — [Schedule 16 — Note 7]	5,758,919
	348,802,462

**SCHEDULE 11**

	<u>As at 31st March 2007 Rupees</u>
<b>CURRENT LIABILITIES</b>	
Due to Small Scale Industrial Undertakings	198,701
Due to other than Small Scale Industrial Undertakings	2,200,579,174
Other Liabilities	1,472,410
	2,202,250,285
Share in Joint Ventures — [Schedule 16 — Note 7]	94,031,146
	2,296,281,431

**LINTAS INDIA PRIVATE LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET**  
**AS AT 31ST MARCH 2007**

**SCHEDULE 12**

	<u>As at 31st March 2007 Rupees</u>
<b>PROVISIONS</b>	
Tax on Proposed Dividend	416,378
Wealth Tax	1,938,142
Leave Encashment	31,897,795
[Schedule 16 — Note 1 C(b) (iii)]	
Gratuity	1,253,700
Contingencies [Schedule 16 — Note 12 ]	<u>18,451,667</u>
	53,957,682
Share in Joint Ventures — [Schedule 16 — Note 7]	<u>349,283</u>
	<u>54,306,965</u>

**LINTAS INDIA PRIVATE LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND**  
**LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007**

**SCHEDULE 13**

	2006-07 Rupees
<b>Commission and Service Fees</b>	
Commission and Service Fees	1,619,996,990
	1,619,996,990
Share in Joint Ventures — [Schedule 16 — Note 7]	21,494,421
	1,641,491,411

**SCHEDULE 14**

	Rupees	2006-07 Rupees
<b>OTHER INCOME</b>		
<b>Dividend:</b>		
[Schedule 16 — Note 1 C(d)]		
Non-Trade Investments in Mutual Funds		26,069,869
<b>Interest:</b>		
Staff Loans	2,256	
Non-trade Investments	500,310	
Investment Deposit Scheme	82,320	
Others — Gross (Tax deducted at source Rs. 740,005)		
(Schedule 16 — Note 10)	19,124,938	
		19,709,824
Liabilities no longer required written back		36,270,804
Gain on Sale of Investments in units of Mutual Funds		11,706,179
Profit on Sale of Fixed Assets (net)		539,458
Discounts Earned		7,610,581
Sale of Paintings		5,762,363
Miscellaneous		427,062
		108,096,140
Share in Joint Ventures — [Schedule 16 — Note 7]		7,524,571
		115,620,711

**LINTAS INDIA PRIVATE LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND**  
**LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007**

**SCHEDULE 15**

	<u>Rupees</u>	<u>2006-07</u> <u>Rupees</u>
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Salaries, Allowances and Bonus [Schedule 16 — Note 1 C(b)]		514,367,800
Contribution to Provident, Gratuity and Other Funds [Schedule 16 — Note 1 C(b)]		30,129,789
Staff Welfare expenses		32,638,196
Rent (Schedule 16 — Note 8)		62,011,770
Repairs and Maintenance		
— Building	4,051,431	
— Machinery and Equipment	6,178,490	
— Others	<u>12,134,087</u>	
		22,364,008
Rates and Taxes (Schedule 16 — Note 12)		22,254,956
Electricity and Water		20,322,007
Insurance		1,044,361
Auditors' Remuneration:		
— As Auditors	2,500,000	
— Taxation Matters (Tax Audit)	655,000	
— Other Services	10,000	
— Out-of-Pocket Expenses	<u>50,499</u>	
		3,215,499
Travelling and Conveyance		67,970,213
Communication		29,081,155
Printing and Stationery		14,061,639
Directors' Commission		9,966,514
Legal and Professional		129,736,773
Client Presentation		22,372,236
Studio, Research and Marketing Services		143,859,055
Rural Communication		61,194,192
Software Expenses		533,202
Provision for Doubtful Debts		6,567,068
Exchange Loss (Net) [Schedule 16 — Note 1 C(g)]		220,303
Fixed Assets Written-off		336,533
Miscellaneous		<u>29,826,584</u>
		1,224,073,853
Share in Joint Ventures — [Schedule 16 — Note 7]		<u>15,648,130</u>
		<u>1,239,721,983</u>

**LINTAS INDIA PRIVATE LIMITED  
SCHEDULE 16**

**NOTES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR  
THE YEAR ENDED 31ST MARCH 2007**

**1 Significant Accounting Policies**

**A Basis of Accounting**

The Consolidated Financial Statements are prepared under historical cost convention from the books of account maintained on accrual basis, except for interest on statutory refunds, which is accounted only if received before the date of approval of the Accounts, and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and referred to in Section 211(3C) of the Companies Act, 1956, of India.

**B Principles of Consolidation**

(i) The consolidated financial statements relate to Lintas India Private Limited (the Company), its Subsidiary Companies and Joint Venture Companies. The consolidated financial statements have been prepared on the following basis:

(a) The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses on intra-group transactions.

(b) The difference between the cost of investment in the subsidiaries over the Company's portion of equity of the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve.

(c) Minority Interest in the net assets of consolidated subsidiaries consist of:

- the amount of equity attributable to minorities at the date on which investment in a subsidiary is made and
- the minorities' share of movements in equity since the date the parent subsidiary relationship comes into existence

(d) In the consolidated financial statements, the Company has reported its interest in the Joint Venture Companies, using proportionate consolidation method whereby the Company's share of each of the assets, liabilities, income and expenses of the jointly controlled entities is reported as separate line items, after eliminating proportionate unrealised profits or losses attributable to the interest of the Company.

(e) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are prepared to the extent possible, in the same manner as the Company's separate financial statements.

(f) As this is the first year of reporting consolidated financial statements, figures for the previous year are not given.

**LINTAS INDIA PRIVATE LIMITED**  
**SCHEDULE 16**

**NOTES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR**  
**THE YEAR ENDED 31ST MARCH 2007**

(ii) The Subsidiary Companies and Joint Venture Companies considered in the consolidated financial statements are:

Name of the Company	Relationship	Country of Incorporation	% Voting power held as at March 31, 2007
Karishma Advertising Private Limited	Subsidiary	India	99.95
SSC&B Lintas Private Limited	Subsidiary	India	99.99
Initiative Media (India) Private Limited	Subsidiary	India	99.90
Quadrant Communications Limited	Subsidiary	India	51.00
Sprint Advertising Private Limited*	Subsidiary	India	99.73
Pathfinders and Market Research Private Limited*	Subsidiary	India	98.93
Lin-TV Advertising Private Limited*	Subsidiary	India	98.93
Aaren Initiative Outdoor Advertising Private Limited	Joint Venture	India	50.00
Unitas Creative Television Private Limited	Joint Venture	India	49.97

\* Shareholding is through subsidiaries, Karishma Advertising Private Limited and Initiative Media (India) Private Limited.

**C. Other Significant Accounting Policies**

**(a) Commission and Service Fees**

- (i) Commission and service fees represent income from jobs completed on behalf of clients.
- (ii) Commission in respect of advertisements, which requires performance of only creative work, is recognised in the period during which the advertisement is published or aired, based on the management's estimates and / or statements received from the client or the agency on record.
- (iii) Retainer fees are accounted on an accrual basis over the period of contract.

**(b) Employee Benefits**

- (i) The Company, its subsidiaries and jointly controlled entity makes regular contribution to approved provident, pension and superannuation funds. These contributions are charged to the Profit and Loss Account.
- (ii) The liability for gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end.
- (iii) In respect of the Company, its subsidiaries and jointly controlled entity, provision towards accrued leave is made based on the accrued leave balances, as per its policy, for each employee on its rolls as at the year end.

**(c) Fixed Assets and Depreciation**

- (i) Fixed Assets are stated at cost less accumulated depreciation.
- (ii) Depreciation on Fixed Assets is provided on the written down value method at the rates specified in Schedule XIV to the Companies Act, 1956, of India, except for computer software, which is amortised on the straight-line method over a period of three years. On additions, depreciation is provided for the full year irrespective of the dates of additions during the year. On assets sold, discarded,

**LINTAS INDIA PRIVATE LIMITED**  
**SCHEDULE 16**

**NOTES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR**  
**THE YEAR ENDED 31ST MARCH 2007**

demolished or destroyed during the year, no depreciation is provided during the year. All fixed assets individually costing Rs. 5,000 and less are depreciated fully in the year of acquisition.

(d) Investments / Dividend on Investments

Long-term investments are stated at cost less provision, if any, for permanent diminution in value. Current investments are stated at lower of cost and fair value. Dividends are accounted for when the right to receive the dividend is established.

(e) Jobs in Progress

Jobs in Progress, representing expenses incurred on client jobs, are carried at cost.

(f) Deferred Taxation

Deferred tax arising from timing differences between book and tax profits is accounted for under the liability method, at the current / substantially enacted rate of tax, to the extent that the timing differences are expected to crystallise / capable of reversal as deferred tax charge / benefit in the Profit and Loss Account and as deferred tax liability / asset in the Balance Sheet.

(g) Foreign Exchange transactions

(i) Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gain and losses arising on account of differences in foreign exchange rates on settlement / translation of monetary assets and liabilities are recognised in the Profit and Loss Account. Non-monetary foreign currency items are carried at cost.

(ii) Gains and Losses on account of foreign exchange fluctuation in respect of liabilities in foreign currencies specific to acquisition of fixed assets are adjusted to the carrying cost of the respective fixed assets.

(h) Provisions and Contingent Liabilities

A provision is recognised when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 — 'Provisions, Contingent Liabilities and Contingent Assets', is made.

(i) Impairment of Assets

At each balance sheet date an assessment is made as to whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

2 Other Debts and Share in Joint Ventures under Sundry Debtors include Unbilled Media Rs. 1,322,383,570 and Unbilled Production Rs. 391,581,652 representing spots / insertions released in media prior to the

**LINTAS INDIA PRIVATE LIMITED**  
**SCHEDULE 16**

**NOTES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR**  
**THE YEAR ENDED 31ST MARCH 2007**

year-end and production jobs completed prior to the year-end, respectively, the debit notes for which are being raised subsequently.

**3 Contingent liabilities**

(i) Claims to the extent ascertainable, not acknowledged as debts Rs. 4,079,878.

(ii) Disputed income-tax matters aggregating Rs. 32,308,314, details of which are as under:

(a) In respect of Assessment Year 1994-95, Rs. 14,474,910 being penalty under Section 271(1)(c) of the Income Tax Act, 1961. The matter was decided in the Company's favour at the Commissioner of Income Tax (Appeals). However, the income tax department has preferred an appeal to the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax (Appeals).

(b) In respect of Assessment Year 1997-98, Rs. 6,216,065 being the effect of certain disallowances by the Income Tax authorities. The matter was decided in the Company's favour at the Commissioner of Income Tax (Appeals). However, the income tax department has preferred an appeal to the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax (Appeals).

(c) In respect of Assessment Year 1998-99, Rs. 4,778,402 being the effect of certain disallowances by the Income Tax authorities. The matter was decided in the Company's favour at the Commissioner of Income Tax (Appeals). However, the income tax department has preferred an appeal to the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax (Appeals).

(d) In respect of Assessment Year 1999-00, Rs. 2,224,834 being the effect of certain disallowances by the Income Tax authorities. The matter was decided in the Company's favour at the Commissioner of Income Tax (Appeals). However, the income tax department has preferred an appeal to the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax (Appeals).

(e) In respect of a subsidiary of the Company, for Assessment Year 2001-02, Rs. 486,243 being penalty under Section 271(1)(c) of the Income Tax Act, 1961, against which an appeal has been preferred to the Income Tax Appellate Tribunal.

(f) In respect of a subsidiary of the Company, for Assessment Year 2003-04, Rs. 3,907,769 being the effect of a disallowance by the Income Tax authorities. The matter was decided in the subsidiary's favour by the Commissioner of Income Tax (Appeals). However, the income tax department has preferred an appeal to the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax (Appeals).

(g) In respect of a subsidiary of the Company, for Assessment Year 2004-05, Rs. 220,091 being the effect of a disallowance by the Income Tax authorities against which the appeal has been preferred to the Commissioner of Income Tax (Appeals).

The timing and the amount of cash outflows, if any, that may arise from the above matters will be determined only on settlement of the cases.

**4 Segmental Information**

In accordance with the requirements of Accounting Standard 17 on Segment Reporting, the Companies forming part of consolidated financial statements are exclusively engaged in the business of "Advertising". Thus the segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segments assets, the total amount of charge for depreciation



**LINTAS INDIA PRIVATE LIMITED**  
**SCHEDULE 16**

**NOTES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR**  
**THE YEAR ENDED 31ST MARCH 2007**

during the year are all as reflected in the Financial Statements for the year ended 31st March 2007 and as on that date.

5 (i) Related Party Disclosures

(a)	Control: Substantial interest in the voting power of the Company	49% of the paid-up share capital of the Company held by Lowe & Partners Worldwide Inc. (Refer Note 13 below) Unitas Creative Television Private Limited Aaren Initiative Outdoor Advertising Private Limited
(b)	Joint Control	P.R. Mehta (Lintas) S.C. Munsiff (Lintas)
(c)	Key Management Personnel:	Lowe LDB (Private) Ltd. — Srilanka Lowe & Partners — Jakarta Initiative Media GmbH Lowe Malaysia Initiative Media F.Z.L.L.C, U.A.E Lowe — AsiaPacific Lowe Worldwide Ltd. — London Lowe & Partners — New York Lowe — Philippines Lowe Bull Gauteng (Pty) Ltd. PT Citra Lintas Indonesia Lowe China Lowe & Partners Middle East North Africa F.Z.L.L.C. Lowe & Partners (Singapore) Pte Ltd. Lowe & Partners SDN BHD, Malaysia Lowe & Partners STD Tokyo Initiative — Sydney Initiative Media London Ltd. Shanghai Lintas Advtg Co Ltd Interpublic Group New York Initiative New York Lowe Limited — Vietnam Lowe Brazil Lowe Bangkok Lowe Inc — Philippines Lowe LTDA Lowe Paris
(d)	Enterprises in the Group with whom transactions have taken place during the year	

**LINTAS INDIA PRIVATE LIMITED**  
**SCHEDULE 16**

**NOTES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR**  
**THE YEAR ENDED 31ST MARCH 2007**

5 (ii) The following transactions were carried out with related parties mentioned in (i) above.

Particulars	<u>Joint Control</u> <u>2006-2007</u>	<u>Key Management</u> <u>Personnel</u> <u>2006-2007</u> Rupees	<u>Enterprises in the</u> <u>Group with whom</u> <u>transactions have</u> <u>taken place</u> <u>during the year</u> <u>2006-2007</u>
<b><u>Commission and Service Fees (net)</u></b>			
Aaren Initiative Outdoor Advertising Private Limited	47,691,186	—	—
Others	—	—	(20,359,180)
<b><u>Remuneration</u></b>			
Prem Mehta	—	32,448,463	—
Shahrook Munsiff	—	12,218,377	—
<b><u>Miscellaneous</u></b>			
Lowe Bull Gauteng (Pty) Ltd.	—	—	4,208,622
PT.Citra Lintas Indonesia	—	—	1,759,612
Lowe & Partners SDN BHD, Malaysia	—	—	1,107,869
Others	—	—	2,742,594

Figures in brackets indicate income

5 (iii) The following are balances of related parties mentioned in (i) above.

Particulars	<u>Joint Control</u> <u>As at 31st</u> <u>March 2007</u>	<u>Key Management</u> <u>Personnel</u> <u>As at 31st</u> <u>March 2007</u> Rupees	<u>Enterprises in the</u> <u>Group with whom</u> <u>transactions have</u> <u>taken place</u> <u>during the year</u> <u>As at 31st</u> <u>March 2007</u>
<b><u>Sundry Debtors</u></b>			
Lowe & Partners Worldwide Limited	—	—	2,431,338
Shanghai Lintas Advtg Co Ltd	—	—	2,122,315
Aaren Initiative Outdoor Advertising Private Limited	5,824,508	—	—
Others	—	—	4,034,549
<b><u>Loans and Advances</u></b>			
Unitas Creative Television Private Limited	10,200	—	—
<b><u>Sundry Creditors</u></b>			
Aaren Initiative Outdoor Advertising Private Limited	(5,036,580)	—	—
Prem Mehta	—	(7,474,886)	—
Others	—	—	(1,147,080)

Figures in brackets indicate liabilities

LINTAS INDIA PRIVATE LIMITED  
SCHEDULE 16

NOTES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2007

6. Details of Purchase and Sale of investments during the year ended 31st March 2007

Investments	Balance as at 31st March 2006		Purchased during the Year		Sold during the Year		Balance as at 31st March 2007	
	Quantity	Rupees	Quantity	Rupees	Quantity	Rupees	Quantity	Rupees
<b>Long Term</b>								
<b>Unquoted Investments in Mutual Funds:</b>								
DSP Merrill Lynch Oppurtunities Fund — Dividend — Regular of the face value of Rs. 10 each fully paid up	196,873	3,400,000	—	—	—	—	196,873	3,400,000
DSPML Floating Rate Fund — Regular Plan — Weekly Dividend of the face value of Rs. 10 each fully paid up	740,843	7,436,476	231,986	2,329,503	247,895	2,489,400	724,934	7,277,519
DSPML Oppurtunities Fund — Dividend of the face value of Rs. 10 each fully paid up	107,571	2,600,000	129,857	3,071,219	70,604	1,981,719	166,824	3,987,468
HDFC Cash Management Fund — Savings Plan — Growth Option of the face value of Rs. 10 each fully paid up	7,054,773	100,000,000	3,396,324	50,000,000	5,751,592	87,000,000	4,699,505	68,472,329
HDFC Equity Fund — Dividend of the face value of Rs. 10 each fully paid up	310,874	10,368,782	389,303	14,947,223	—	—	700,177	25,316,006
HDFC Multiple Yield Fund — Growth of the face value of Rs. 10 each fully paid up	723,138	8,000,000	—	—	723,138	8,808,685	—	—
HDFC Multiple Yield Fund Plan 2005 — Growth of the face value of Rs. 10 each fully paid up	2,100,000	21,000,000	—	—	2,100,000	23,148,300	—	—
HDFC Top 200 Fund — Dividend of the face value of Rs. 10 each fully paid up	150,410	3,300,000	—	—	—	—	150,410	3,300,000

SCHEDULE 16

NOTES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2007

6. Details of Purchase and Sale of investments during the year ended 31st March 2007

Investments	Balance as at 31st March 2006		Purchased during the Year		Sold during the Year		Balance as at 31st March 2007	
	Quantity	Rupees	Quantity	Rupees	Quantity	Rupees	Quantity	Rupees
OEFD HSBC Equity Fund — Dividend of the face value of Rs. 10 each fully paid up	165,474	3,300,000	—	—	—	—	165,474	3,300,000
Prudential ICICI FMP — Growth Yearly XII — Yearly Plus of the face value of Rs. 10 each, fully paid up	1,000,000	10,000,000	—	—	1,000,000	10,783,000	—	—
Prudential ICICI Plan 1 Year Plus — Growth (Normal) of the face value of Rs. 10 each fully paid up	3,000,000	30,000,000	—	—	3,000,000	32,038,800	—	—
Reliance Fixed Tenor Fund Plan A — Growth Plan of the face value of Rs. 10 each fully paid up	1,000,000	10,000,000	—	—	—	—	1,000,000	10,000,000
Reliance Floating Rate Fund — Weekly Dividend Plan of the face value of Rs. 10 each fully paid up	817,425	8,246,048	251,680	2,538,174	267,851	2,701,300	801,254	8,082,197
Reliance Vision Fund — Dividend Plan of the face value of Rs. 10 each fully paid up	41,285	2,067,327	75,075	3,291,932	40,780	2,086,592	75,580	3,335,789
Standard Chartered Liquidity Manager Plus — Weekly Dividend of the face value of Rs. 1000 each fully paid up	100,043	100,088,310	111,702	111,778,178	—	—	211,745	211,866,488
Templeton India Equity Income Fund — Dividend of the face value of Rs. 10 each fully paid up	—	—	488,759	5,000,000	—	—	488,759	5,000,000

SCHEDULE 16

NOTES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2007

6. Details of Purchase and Sale of investments during the year ended 31st March 2007

Investments	Balance as at 31st March 2006		Purchased during the Year		Sold during the Year		Balance as at 31st March 2007	
	Quantity	Rupees	Quantity	Rupees	Quantity	Rupees	Quantity	Rupees
Templeton India Short Term Income Plan — Growth of the face value of Rs. 1000 each fully paid up	23,815	30,000,000	—	—	—	—	23,815	30,000,000
<b>SUB TOTAL (A)</b>	<b>17,532,524</b>	<b>349,806,943</b>	<b>5,074,686</b>	<b>192,956,229</b>	<b>13,201,860</b>	<b>171,037,796</b>	<b>9,405,350</b>	<b>383,337,796</b>

**Current**

**Unquoted Investments in Mutual Funds:**

Deutsche Fixed Term Fund — Series 8 — Dividend of the face value of Rs. 10 each fully paid up	1,000,000	10,000,000	—	—	1,000,000	10,000,000	—	—
HDFC Fixed Maturity Plans 3M June 2006(1) — Dividend of the face value of Rs. 10 each fully paid up	—	—	3,000,000	30,000,000	3,000,000	30,005,700	—	—
HDFC Fixed Maturity Plans 3M March 2006(1) — Institutional Plan — Dividend of the face value of Rs. 10 each fully paid up	3,000,000	30,000,000	—	—	3,000,000	30,005,187	—	—
HDFC Fixed Maturity Plans 3M May 2006(1) — Dividend of the face value of Rs. 10 each fully paid up	—	—	3,000,000	30,000,000	3,000,000	30,005,100	—	—
HDFC Fixed Maturity Plans 90D March 07(4) Retail Plan Dividend of the face value of Rs. 10 each fully paid up	—	—	3,000,000	30,000,000	—	—	3,000,000	30,000,000
HSBC Cash Fund — Institutional — Plus Weekly Dividend of the face value of Rs. 10 each fully paid up	9,994,331	100,071,185	11,218,661	112,350,052	21,212,992	212,485,715	—	—

SCHEDULE 16

NOTES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2007

6. Details of Purchase and Sale of investments during the year ended 31st March 2007

Investments	Balance as at 31st March 2006		Purchased during the Year		Sold during the Year		Balance as at 31st March 2007	
	Quantity	Rupees	Quantity	Rupees	Quantity	Rupees	Quantity	Rupees
HSBC Fixed Term Series 7 — Dividend of the face value of Rs. 10 each fully paid up	1,000,000	10,000,000	—	—	1,000,000	10,000,700	—	—
HSBC Fixed Term Series VIII — Dividend of the face value of Rs. 10 each fully paid up	3,000,000	30,000,000	—	—	3,000,000	30,003,357	—	—
HSBC Liquid Plus Institutional Plus — Weekly Dividend of the face value of Rs. 10 each fully paid up	—	—	8,083,808	80,972,800	—	—	8,083,808	80,972,800
Kotak FMP Series 23 — Dividend of the face value of Rs. 10 each fully paid up	1,000,000	10,000,000	—	—	1,000,000	10,009,236	—	—
Reliance Fixed Horizon Fund — II Monthly Plan — Series 1 — Retail Dividend Plan of the face value of Rs. 10 each fully paid up	—	—	5,000,000	50,000,000	5,000,000	50,000,000	—	—
Reliance Fixed Horizon Fund I — Monthly Plan — Series IV — Dividend of the face value of Rs. 10 each fully paid up	—	—	5,000,000	50,000,000	5,000,000	50,000,000	—	—
Reliance Fixed Horizon Fund — Dividend option of the face value of Rs. 10 each fully paid up	—	—	3,000,000	30,000,000	3,000,000	30,000,000	—	—
Reliance Monthly Interval Fund — Series I — Institutional Dividend Plan of the face value of Rs. 10 each fully paid up	—	—	5,000,000	50,000,000	—	—	5,000,000	50,000,000

SCHEDULE 16

NOTES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2007

6. Details of Purchase and Sale of investments during the year ended 31st March 2007

Investments	Balance as at 31st March 2006		Purchased during the Year		Sold during the Year		Balance as at 31st March 2007	
	Quantity	Rupees	Quantity	Rupees	Quantity	Rupees	Quantity	Rupees
Standard Chartered Fixed Maturity Plan — Quarterly Series — 5 of the face value of Rs. 10 each fully paid up	—	—	2,016,940	20,169,400	—	—	2,016,940	20,169,400
Standard Chartered Fixed Maturity Plan SCFMP — 3 — Dividend of the face value of Rs. 10 each fully paid up	5,500	55,000	—	—	5,500	55,000	—	—
Standard Chartered Fixed Maturity Plan SCFMP — 3 — Dividend of the face value of Rs. 10 each fully paid up	1,000,000	10,000,000	—	—	1,000,000	10,000,000	—	—
Standard Chartered Fixed Maturity Plan SCFMP — 4 — Dividend of the face value of Rs. 10 each fully paid up	3,850	38,500	—	—	3,850	38,500	—	—
Standard Chartered Fixed Maturity Plan SCFMP — 4 — Dividend of the face value of Rs. 10 each fully paid up	1,000,000	10,000,000	—	—	1,000,000	10,000,000	—	—
Tata Fixed Horizon Fund Series 8 — Scheme D — IP — Periodic Dividend of the face value of Rs. 10 each fully paid up	—	—	2,000,000	20,000,000	—	—	2,000,000	20,000,000
<b>SUB TOTAL (B)</b>	<b>21,003,681</b>	<b>210,164,685</b>	<b>50,319,409</b>	<b>503,492,252</b>	<b>51,222,342</b>	<b>512,608,495</b>	<b>20,100,748</b>	<b>201,142,200</b>
<b>TOTAL (A+B)</b>		<b>559,971,628</b>		<b>696,448,481</b>		<b>683,646,291</b>		<b>584,479,996</b>

**LINTAS INDIA PRIVATE LIMITED**  
**SCHEDULE 16**

**NOTES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR**  
**ENDED 31ST MARCH 2007**

7 Disclosure of Interest in Joint Ventures

The Group's interest in jointly controlled entities (incorporated Joint Ventures) are:

	<u>As at March 31, 2007 Rupees</u>
<b>I ASSETS</b>	
1 Fixed Assets	2,214,961
2 Investments	—
3 Deferred Tax Assets — Net	363,111
4 Current Assets, Loans and Advances	
a) Jobs in Progress	—
b) Sundry Debtors	97,940,111
c) Cash and Bank Balance	2,068,614
d) Loans, Advances and Other Current Assets	5,758,919
<b>II LIABILITIES</b>	
1 Shareholders' Funds — Reserves and Surplus	11,384,787
2 Current Liabilities and Provisions	
a) Liabilities	94,031,146
b) Provisions	349,283
	<u>For the Year Ended March 31, 2007 Rupees</u>
<b>III INCOME</b>	
1 Commission and Service Fees	21,494,420
2 Other Income	7,524,571
<b>IV EXPENDITURE</b>	
1 Administrative and General Expenses	15,648,130
2 Depreciation	882,055
Profit before Taxation	12,488,806
Provision for taxation (including deferred taxation)	4,660,733
Profit after Taxation	7,828,073
<b>V OTHER MATTERS</b>	
Contingent Liabilities	—

8 Disclosure as required by Accounting Standard 19 on Leases, issued by the Institute of Chartered Accountants of India is given below:

As lessee/licensee

(i) The Company, its subsidiaries and jointly controlled entities have taken various residential, office and godown premises under operating lease or leave and license agreements. These are not non-cancellable and



**LINTAS INDIA PRIVATE LIMITED**  
**SCHEDULE 16**

**NOTES TO THE CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR**  
**ENDED 31ST MARCH 2007**

range between 11 months and 9 years 11 months and are renewable by mutual consent on mutually agreeable terms.

(ii) Lease payments are recognised in the statement of Profit and Loss Account under 'Rent' in Schedule 15.

9 Bank guarantees (secured against Margin Money Deposits aggregating Rs. 4,000,000) outstanding at year end aggregated Rs. 13,100,000.

10 Other Interest under Schedule 14 comprises interest on income tax refunds Rs. 15,766,308 and bank interest Rs. 3,358,630.

11	Earnings Per Share	<u>2006-2007</u>
	Profit after Taxation and Minority Interest for the year (Rs.)(A)	326,682,896
	Number of Equity Shares(B)	48,000
	Earnings per share (Rs.) — Basic and Diluted (A/B)	6,805.89
	Nominal value of an equity share (Rs.)	100

12 Provision for Contingencies with respect to indirect taxes made in accordance with the Company policy stated in Note 1(C)(h) above.

	Rupees
Opening Balance	—
Add: Additional provision made	18,451,667
Amount Utilised	—
Provision Reversed	—
Closing Balance	<u>18,451,667</u>

The timing and the amount of cash outflows, if any, that may arise from the above matters will be determined only on settlement of the cases.

13 The Board of Directors at their meeting held on 4th June 2007 approved the buy back of 3,730 shares of Rs.100 each which was subsequently ratified by the members at the Extraordinary General Meeting on 6th June 2007. The Company bought back 3,730 equity shares of Rs. 100 each from 'A' shareholders in proportion of their shareholding and the buy back procedures were completed as per the terms of the letter of offer dated 4th June 2007. Accordingly, with effect from 29th June 2007, the paid up capital is Rs. 4,427,000 (44,270 equity shares of Rs. 100 each).

On 29th June 2007, the 'A' shareholders transferred 20,750 equity shares of Rs. 100 each to Interpublic Mauritius Limited (a subsidiary of Interpublic Group of Companies) as per Foreign Investment Promotion Board (FIPB) approval dated 31st May 2007. Subsequent to this transfer, the entire share capital of the Company is now held by two Overseas corporate bodies — Lowe & Partners Worldwide Inc. and Interpublic Mauritius Limited, both being subsidiaries of Interpublic Group of Companies.

Unaudited pro forma condensed consolidated statement of operations for the six months ended June 30, 2007 is as follows:

(\$ in millions, except per share amounts)

	Historical IPG	Lintas	Adjustments	Unaudited Pro Forma IPG
Revenue	\$ 3,011.8	\$ 18.4	\$ (0.4)	\$ 3,029.8
Total operating expenses	2,990.4	13.6	0.4	3,004.4
Operating income	21.4	4.8	(0.8)	25.4
Total (expenses) and other income	(48.8)	1.5	(0.1)	(47.4)
(Loss) income before income taxes	(27.4)	6.3	(0.9)	(22.0)
(Benefit of) provision for income taxes	(37.1)	3.3	(0.1)	(33.9)
Income of consolidated companies	9.7	3.0	(0.8)	11.9
Income applicable to minority interests, net of tax	(2.0)	(0.1)	0.0	(2.1)
Equity in net income of unconsolidated affiliates, net of tax	3.4	—	(1.9)	1.5
Net income	11.1	2.9	(2.7)	11.3
Dividends on preferred stock	13.8	—	—	13.8
Net (loss) income applicable to common stockholders	\$ (2.7)	\$ 2.9	\$ (2.7)	\$ (2.5)
Loss per share of common stock:				
Basic and diluted	\$ (0.01)			\$ (0.01)
Weighted-average number of common shares outstanding:				
Basic and diluted	456.7			456.7

Unaudited pro forma condensed consolidated statement of operations for the twelve months ended December 31, 2006 is as follows:

(\$ in millions, except per share amounts)

	Historical IPG	Lintas	Adjustments	Unaudited Pro Forma IPG
Revenue	\$ 6,190.8	\$ 37.1	\$ (0.5)	\$ 6,227.4
Total operating expenses	6,084.8	29.0	0.9	6,114.7
Operating income	106.0	8.1	(1.4)	112.7
Total (expenses) and other income	(111.0)	2.6	(0.2)	(108.6)
(Loss) income from continuing operations before income taxes	(5.0)	10.7	(1.6)	4.1
Provision for income taxes	18.7	3.3	(0.2)	21.8
(Loss) income from continuing operations of consolidated companies	(23.7)	7.4	(1.4)	(17.7)
Income applicable to minority interests, net of tax	(20.0)	(0.1)	(0.0)	(20.1)
Equity in net income of unconsolidated affiliates, net of tax	7.0	—	(2.7)	4.3
(Loss) income from continuing operations	(36.7)	7.3	(4.1)	(33.5)
Dividends on preferred stock	47.6	—	—	47.6
(Loss) income from continuing operations applicable to common stockholders	\$ (84.3)	\$ 7.3	\$ (4.1)	\$ (81.1)
Loss per share of common stock from continuing operations — basic and diluted:	\$ (0.20)			\$ (0.19)
Weighted-average number of common shares outstanding:				
Basic and diluted	428.1			428.1

#### Notes to Unaudited Pro Forma Condensed Consolidated Statements of Operations

##### Note 1: Basis of Pro Forma Presentation

On June 29, 2007, The Interpublic Group of Companies, Inc. (the "Company" or "IPG") completed the acquisition of the remaining capital stock of Lintas India Private Limited ("Lintas"). Prior to the acquisition the Company owned 49% of the capital stock, so Lintas is now a wholly-owned subsidiary of the Company. The stock was acquired from Lintas employees' trusts and the cost of the acquisition, which was calculated based on current results and applicable market multiples, is approximately \$50 million payable in cash.

The unaudited pro forma condensed consolidated statements of operations give effect to the acquisition of Lintas using the purchase method of accounting under accounting principles generally accepted in the United States ("U.S. GAAP") for the six months ended June 30, 2007 and for the year ended December 31, 2006 as if the acquisition had been completed as of January 1, 2006. The purchase price in excess of the estimated fair value of the tangible net assets acquired was allocated to goodwill and identifiable intangible assets. Lintas does not have significant amounts of tangible assets, therefore a substantial portion of the total consideration has been allocated to goodwill and identifiable intangible assets. The Company is in the process of obtaining final third party valuations for the intangible assets and adjustments could be made to the preliminary values assigned to the assets and liabilities acquired that would primarily be offset by a change in goodwill. The final determination of the estimated fair value of the acquired net assets will be completed as soon as possible, but no later than one year from the June 29, 2007 acquisition date.

The unaudited pro forma condensed consolidated statements of operations are presented for illustrative purposes and are not indicative of the results of operations that would have been achieved if the acquisition had been completed earlier or of future operating results. The historical IPG condensed consolidated

statements of operations have been derived from and should be read in conjunction with the financial statements of IPG for the six months ended June 30, 2007 (unaudited) and for the year ended December 31, 2006 as filed with the Securities and Exchange Commission. The condensed consolidated statement of operations for Lintas for the six months ended June 30, 2007 has been derived from its unaudited consolidated financial statements from January 1 through June 30 of 2007. The condensed consolidated statement of operations for Lintas for the year ended December 31, 2006 has been derived from and should be read in conjunction with the audited financial statements of Lintas for the year ended March 31, 2007 attached as Exhibit 99.1.

**Note 2: Adjustments**

Adjustments primarily were made to conform Lintas' consolidated financial statements which were prepared in accordance with Indian GAAP to U.S. GAAP. The Company prepared a reconciliation of net profit and shareholders' funds prepared in accordance with Indian GAAP to Lintas' comparable financial measures calculated and presented in accordance with U.S. GAAP. The reconciling items were as follows:

*Lease Amortization* — Lintas has lease payments related to various operating leases that have scheduled rent increases associated with them. Under U.S. GAAP, an adjustment was recorded so that the effects of those scheduled rent increases were recognized by the lessee on a straight-line basis over the lease term.

*Fringe Tax Benefits* — An adjustment was recorded to reclassify these costs as office & general expenses as they are classified after provision for current tax under Indian GAAP.

*Investments* — An adjustment was recorded to adjust the current investments to fair value because under Indian GAAP current investments are stated at cost or fair value, whichever is lower and long-term investments are carried at cost.

*Equity Investments* — Lintas has joint ventures which are consolidated for Indian GAAP purposes. An adjustment was recorded to comply with equity method accounting under U.S. GAAP, which primarily affected revenue and operating expenses.

*Undistributed Profits* — An adjustment was recorded in accordance with Accounting Principles Board Opinion No. 23, *Accounting for Income Taxes — Special Areas*, to record deferred taxes on undistributed profits as the transfer of these earnings from Lintas's subsidiaries and joint ventures to the parent company in India is relatively certain.

*Minority Interest* — An adjustment was recorded for minority interest related to the adjustment to undistributed profits related to investments in entities where Lintas is a minority owner.

Adjustments were also made to conform Lintas' consolidated financial statements with the Company's policies related to depreciation of fixed assets and provision for doubtful accounts and for certain other pro forma adjustments related to equity in net income of Lintas and amortization of intangible assets.