

M&C SAATCHI PLC

INTERIM RESULTS

SIX MONTHS ENDED
30 JUNE 2012

20 September 2012

M&C Saatchi PLC
Interim Results for the six months ended 30 June 2012

20 September 2012

Excellent results, with strong revenue momentum and earnings growth

Financial Highlights 2012		Growth versus 2011
Revenue	£82.8m	+15% (2011: £71.9m)
Operating Profit	£8.6m	+13% (2011: £7.6m)
Profit Before Tax	£8.7m	+13% (2011: £7.7m)
EPS	7.95p	+11% (2011: 7.15p)
Dividend	1.10p	+10% (2011: 1.00p)

The highlights are headline results, see note on next page for definition.

Operational Highlights

- Successful first half with further strong growth in both revenue and earnings, driven by excellent new business wins and roll out of international offices and new businesses
- Global Network performed well across all geographies:
 - UK: revenues up 16%, with CRM and mobile performing particularly well
 - Europe: like-for-like revenues up 25%, operating profit up 31%, in spite of macro-economic challenges
 - Asia and Australasia: like-for-like revenues up 12%, operating profit up 41%
 - Middle East and Africa: like-for-like revenues up 146% to £2.8m, well positioned to take advantage of growing African market
 - Americas: like-for-like revenues up 12% with our New York agency set to launch in Q4
 - Clear had a disappointing first half and have reduced their cost base 15%
- We continue to invest and build for the future: two offices added (Abu Dhabi and Singapore) together with a new management team in New York
- Strong balance sheet maintained, focus on cash control with net cash of £14.4m
- Interim dividend increased 10% to 1.10p

Commenting on the results, David Kershaw, Chief Executive, said:

“M&C Saatchi has made further good progress over the first six months of 2012. This has resulted from new business success and successful new businesses.

“Our federation of entrepreneurs delivered double digit revenue and earnings growth. Meanwhile, we continue to invest in high-growth new businesses in mature markets, to scale up in new markets and to export proven models across the network.

“Looking ahead, we are confident that we will continue to make progress in 2012 and beyond. The strategy is working. ”

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Notes to Editors

Headline results

Headline results are stated before accounting for the amortisation of acquired intangibles (including goodwill), the fair value adjustment to minority put option liabilities, revisions to contingent consideration and call option revaluations. The reconciliation of the difference between the headline results and the reported results is set out in note 4 on page 16.

Like-for-like

The like-for-like revenue comparisons referred to in this report are stated after excluding the impact of foreign currency movements.

Periods compared

This report comments on the unaudited consolidated income statement of M&C Saatchi plc (the “Group”) for the six months to 30 June 2012 compared with unaudited consolidated income statement for the same period in 2011.

SUMMARY OF RESULTS

The first six months of 2012 saw another strong performance with very good revenue momentum and earnings growth. Like-for-like revenues increased 15% and we maintain a double digit headline operating margin of 10%, in spite of first half investment in three offices (New York, Abu Dhabi and Singapore). The headline profit before tax advanced 13% to £8.7m and headline net earnings rose 13%.

UK

We experienced very good revenue growth in the UK of 16%, with our CRM and mobile businesses doing particularly well. We also had a strong run of wins across our family of businesses, including O₂, Loewe, National Trust, Harveys, Spotify, Twitter, Intercontinental Hotels, Saga, Viking and Virgin Holidays. We are seeing an increasing number of integrated wins across communication channels. We retain a close watch on costs as well as margins. This resulted in the headline operating margin holding at 20.7% (2011: 20.8%, both margins exclude the impact of Group recharges). The UK headline operating profit improved a positive 15% on 2011.

Europe

Despite the economic backdrop, we made outstanding progress in Europe. Like-for-like revenues increased 25%. Headline operating profit was up 31%. Germany and Switzerland both performed well, whilst Italy excelled. In France, new business continued to be sluggish on the advertising front but we benefited from digital and PR contributions. We retained La Banque Postale, a major client. Spain continued to underperform in a very difficult market but, as an associate, our investment there is just 25%.

Middle East and Africa

We experienced excellent growth in both Cape Town and Johannesburg. Revenues were up from £1.1m to £2.8m and key wins in the period were Edgars Department Stores and Nedbank's below-the-line account. The African headline operating profit was £330k, compared with a loss of £26k in the same period last year. Elsewhere in the region, we opened an Abu Dhabi office on the back of our Etihad win.

Asia and Australasia

In Asia and Australasia, like-for-like revenue increased 12% in the six months and headline operating profit was up a very favourable 41%. The key driver for this was Australia, which stabilised after a turbulent 2011 on the client front. In the first six months of this year, we won Commonwealth Bank and retained Optus, two Group top ten accounts. We also won assignments from Opal and Slater & Gordon, lawyers. In February, we widened the office capability with the acquisition of Bang PR, a Sydney based consumer PR company which works with Optus and Woolworth.

New Zealand was impacted by two of their main clients suspending media spends. There was another excellent performance from Malaysia. China continued to be challenging, with severe pricing pressure and our lack of scale making for a more difficult market. Japan and India were both profitable, albeit relatively modest. We reopened our Singapore office in February 2012 with an experienced and promising team.

The regional headline operating margin was 7.0%, which compared with 2011's 5.6%.

Americas

In New York, we recruited a Chief Executive, Jeff Brooks, who joined in February to expand our offer in the US. He has hired a chief creative officer and will be hiring head of planning to complete the management team and will launch the agency in the last quarter. This investment meant a headline operating loss in the Americas of £445k for the first six months. Further investment will follow in the second half.

We made some progress in Los Angeles and Sao Paulo, which both continued to win new business.

Clear

Clear had a disappointing first half, with revenues slowing for a variety of reasons; budget cuts, restructuring programmes underway or the switching of spend into communications. We have taken action implementing a programme that reduced costs by 15%.

Outlook

M&C Saatchi has made further good progress over the first six months of 2012. This has resulted from new business success and successful new businesses.

Our federation of entrepreneurs delivered double digit revenue and earnings growth. Meanwhile, we continue to invest in high-growth new businesses in mature markets, to scale up in new markets and to export proven models across the network.

Looking ahead, we are confident that we will continue to make progress in 2012 and beyond. The strategy is working.

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED INCOME STATEMENT
ENDED 30 JUNE 2012

		Six months ended 30 June 2012	Six months ended 30 June 2011	Year ended 31 December 2011
	Note	£000	£000	£000
BILLINGS		240,330	242,035	520,017
REVENUE	4	82,846	71,906	153,133
Operating costs		(74,494)	(64,404)	(139,040)
OPERATING PROFIT	4	8,352	7,502	14,093
Share of results of associates		13	105	115
Finance income	6	196	171	2,199
Finance costs	7	(2,593)	(709)	(370)
PROFIT BEFORE TAXATION	4	5,968	7,069	16,037
Taxation on profits	8	(2,542)	(2,395)	(4,589)
PROFIT FOR THE FINANCIAL PERIOD		3,426	4,674	11,448
Profit attributable to:				
Equity shareholders of the Group	4	2,345	3,845	9,599
Non controlling interest		1,081	829	1,849
		3,426	4,674	11,448
EARNINGS PER SHARE	4			
Basic		3.73p	6.20p	15.39p
Diluted		3.63p	6.08p	15.07p

M&C SAATCHI PLC**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****ENDED 30 JUNE 2012**

	Six months ended 30 June 2012	Six months ended 30 June 2011	Year ended 31 December 2011
	£000	£000	£000
Profit for the period	3,426	4,674	11,448
Other comprehensive income:			
Exchange differences on translating foreign operations before tax	(384)	426	(189)
Tax expense	(40)	-	(40)
Other comprehensive income for the period net of tax	(424)	426	(229)
Total comprehensive income for the period	3,002	5,100	11,219
Total comprehensive income attributable to:			
Equity shareholders of the Group	1,921	4,271	9,370
Non controlling interests	1,081	829	1,849
	3,002	5,100	11,219

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2012

	30 June 2012	30 June 2011	31 December 2011
	£000	£000	£000
NON CURRENT ASSETS			
Intangible assets	61,414	62,234	60,229
Investments in associates	2,226	2,196	2,226
Plant and equipment	7,033	5,884	6,941
Deferred tax assets	1,419	651	1,098
Other non current assets	5,562	5,255	4,987
	77,654	76,220	75,481
CURRENT ASSETS			
Trade and other receivables	73,027	67,597	89,585
Current tax assets	539	873	322
Cash and cash equivalents	18,066	17,420	18,779
	91,632	85,890	108,686
CURRENT LIABILITIES			
Trade and other payables	(84,175)	(82,831)	(103,406)
Current tax liabilities	(2,138)	(2,692)	(2,270)
Other financial liabilities	(108)	(97)	(126)
Deferred and contingent consideration	-	(260)	(128)
Minority shareholder put options liabilities	(1,936)	(1,551)	(1,682)
	(88,357)	(87,431)	(107,612)
NET CURRENT ASSETS / (LIABILITIES)	3,275	(1,541)	1,074
TOTAL ASSETS LESS CURRENT LIABILITIES	80,929	74,679	76,555
NON CURRENT LIABILITIES			
Deferred tax liabilities	(918)	(902)	(813)
Other financial liabilities	(3,712)	(2,614)	(3,890)
Contingent consideration	-	-	-
Minority shareholder put options liabilities	(17,595)	(18,152)	(15,410)
Other non current liabilities	(411)	(300)	(396)
	(22,636)	(21,968)	(20,509)
NET ASSETS	58,293	52,711	56,046

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)
AT 30 JUNE 2012

	30 June 2012	30 June 2011	31 December 2011
	£000	£000	£000
EQUITY			
Share capital	637	632	635
Share premium	14,126	13,455	13,832
Merger reserve	21,194	21,922	21,194
Treasury reserve	(792)	(792)	(792)
Minority interest put option reserve	(14,305)	(14,652)	(14,305)
Non controlling interest acquired	(359)	(130)	(297)
Foreign exchange reserve	1,884	3,088	2,308
Retained earnings	33,243	26,530	30,808
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE GROUP	55,628	50,053	53,383
NON CONTROLLING INTERESTS	2,665	2,658	2,663
TOTAL EQUITY	58,293	52,711	56,046

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
SIX MONTHS ENDED 30 JUNE 2012

	Share Capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	MI put option reserve £000	Non controlling interest acquired £000	Foreign exchange reserves £000	Retained earnings £000	Subtotal £000	Non controlling interest in equity £000	Total £000
At 1 January 2011	625	12,822	21,922	(792)	(10,466)	(130)	2,662	23,053	49,696	1,375	51,071
Reserve movement for year ending 31 December 2011											
Acquired non controlling interest	2	262	–	–	158	(166)	–	–	256	–	256
Issues of shares to minorities	–	–	–	–	–	–	–	–	–	166	166
Exchange rate movements	–	–	–	–	–	(1)	–	–	(1)	87	86
Release on company deletion	–	–	–	–	–	–	(125)	125	–	–	–
Issue of minority put options	–	–	–	–	(4,186)	–	–	–	(4,186)	–	(4,186)
Cancellation of minority put options	–	–	–	–	189	–	–	(133)	56	–	56
Released against Hong Kong Investment provision	–	–	(728)	–	–	–	–	728	–	–	–
Option exercise	8	748	–	–	–	–	–	(756)	–	–	–
Reclassification of share to cash based option	–	–	–	–	–	–	–	(372)	(372)	–	(372)
Share option charge	–	–	–	–	–	–	–	1,087	1,087	–	1,087
Dividends	–	–	–	–	–	–	–	(2,523)	(2,523)	(814)	(3,337)
Total comprehensive income for the year	–	–	–	–	–	–	(229)	9,599	9,370	1,849	11,219
At 1 December 2011	635	13,832	21,194	(792)	(14,305)	(297)	2,308	30,808	53,383	2,663	56,046

	Share Capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	MI put option reserve £000	Non controlling interest acquired £000	Foreign exchange reserves £000	Retained earnings £000	Subtotal £000	Non controlling interest in equity £000	Total £000
At 1 January 2012	635	13,832	21,194	(792)	(14,305)	(297)	2,308	30,808	53,383	2,663	56,046
Reserve movement for six months ending 30 June 2012											
Issue of shares to minorities	–	–	–	–	–	–	–	–	–	11	11
Exchange rate movements	–	–	–	–	–	–	–	–	–	(2)	(2)
Options exercise	2	294	–	–	–	–	–	(296)	–	–	–
Non Controlling interest acquired	–	–	–	–	–	(62)	–	–	(62)	–	(62)
Share option charge	–	–	–	–	–	–	–	386	386	–	386
Dividends	–	–	–	–	–	–	–	–	–	(1,088)	(1,088)
Total comprehensive income for year	–	–	–	–	–	–	(424)	2,345	1,921	1,081	3,002
At 30 June 2012	637	14,126	21,194	(792)	(14,305)	(359)	1,884	33,243	55,628	2,665	58,293

M&C SAATCHI PLC

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

SIX MONTHS ENDED 30 JUNE 2012

	Share Capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	MI put option reserve £000	Non controlling interest acquired £000	Foreign exchange reserves £000	Retained earnings £000	Subtotal £000	Non controlling interest in equity £000	Total £000
At 1 January 2011	625	12,822	21,922	(792)	(10,466)	(130)	2,662	23,053	49,696	1,375	51,071
Reserve movement for six months ending 30 June 2011											
Issues of shares to minorities	–	–	–	–	–	–	–	–	–	707	707
Exchange rate movements	–	–	–	–	–	–	–	–	–	49	49
Issue of minority put options	–	–	–	–	(4,316)	–	–	–	(4,316)	–	(4,316)
Cancellation of minority put options	–	–	–	–	130	–	–	55	185	–	185
Option exercise	7	633	–	–	–	–	–	(640)	–	–	–
Reclassification of share to cash based option	–	–	–	–	–	–	–	(239)	(239)	–	(239)
Share option charge	–	–	–	–	–	–	–	456	456	–	456
Dividends	–	–	–	–	–	–	–	–	–	(302)	(302)
Total comprehensive income for the year	–	–	–	–	–	–	426	3,845	4,271	829	5,100
At 30 June 2011	632	13,455	21,922	(792)	(14,652)	(130)	3,088	26,530	50,053	2,658	52,711

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
SIX MONTHS ENDED 30 JUNE 2012

	Notes	Six months ended 30 June 2012 £000	Six months ended 30 June 2011 £000	Year Ended 31 December 2011 £000
CASH GENERATED FROM OPERATIONS	10	5,757	(9,762)	(1,074)
Tax paid		(2,247)	(1,088)	(4,159)
NET CASH (OUT) / IN FLOW FROM OPERATING ACTIVITIES		3,510	(10,850)	(5,233)
Acquisitions	11	(1,720)	(1,598)	(1,773)
Proceeds from sale of plant and equipment		-	-	9
Purchase of plant and equipment		(1,142)	(1,197)	(3,389)
Purchase of capitalised software		(95)	(72)	(173)
Dividends received from associates		-	-	-
Interest earned from cash held by trading entities		196	139	345
NET CASH CONSUMED BY INVESTING ACTIVITIES		(2,761)	(2,728)	(4,981)
Dividends paid		-	-	(2,523)
Dividends paid to non controlling interest		(1,088)	(302)	(814)
Subsidiaries' sale of own shares to minorities		11	2	58
Repayment of finance leases		(41)	(27)	(62)
Inception of bank loans		1,186	355	2,117
Repayment of bank loans		(1,272)	(365)	(786)
Interest paid		(154)	(139)	(297)
NET CASH CONSUMED FROM FINANCING ACTIVITIES		(1,358)	(476)	(2,307)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(609)	(14,054)	(12,521)
Cash and cash equivalents at the beginning of the period		18,779	31,388	31,388
Effect of exchange rate changes		(104)	86	(88)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		18,066	17,420	18,779

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2012****1. GENERAL INFORMATION**

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is 36 Golden Square, London W1F 9EE.

The Company has its primary listing on the AIM market of the London Stock Exchange.

This consolidated half-yearly financial information was approved for issue on 19 September 2012.

These results do not constitute the Group's statutory accounts. The information presented in relation to 31 December 2011 is extracted from the statutory financial statements for the year then ended and which have been delivered to the Registrar of Companies. The auditor's report on the statutory financial statements for the year ended 31 December 2011 was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report(s) and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

2. BASIS OF PREPARATION

This consolidated half-yearly financial information for the half-year ended 30 June 2012 has been prepared in accordance with the AIM Rules for companies. The half-yearly consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011.

3. ACCOUNTING POLICIES

The financial information in these interim results is that of the holding company and all of its subsidiaries (the Group). It has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted for use in the EU (IFRSs). The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 December 2011 and which will form the basis of the 2012 financial statements.

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2012****4. EARNINGS PER SHARE AND RECONCILIATION BETWEEN HEADLINE AND STATUTORY RESULTS****Six months ended
30 June 2012**

	Reported results £000	Amortisation of acquired intangibles £000	Fair value adjustments to minority put option liabilities £000	Revised estimate of contingent consideration £000	Headline & Segmental results £000
REVENUE	82,846	-	-	-	82,846
OPERATING PROFIT	8,352	303	-	-	8,655
Share of results of associates	13	-	-	-	13
Finance income	196	-	-	-	196
Finance expense	(2,593)	-	2,438	-	(155)
PROFIT BEFORE TAXATION	5,968	303	2,438	-	8,709
Taxation	(2,542)	(81)	-	-	(2,623)
PROFIT AFTER TAXATION	3,426	222	2,438	-	6,086
Non controlling interest	(1,081)	-	-	-	(1,081)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	2,345	222	2,438	-	5,005
BASIC EARNINGS PER SHARE					
Weighted average number of shares (thousands)	62,930				62,930
BASIC EPS	3.73p				7.95p
DILUTED EARNINGS PER SHARE					
Weighted average number of shares (thousands) as above	62,930				62,930
Add					
- UK growth shares	1,620				1,620
- Float options	128				128
Total	64,678				64,678
DILUTED EARNINGS PER SHARE	3.63p				7.74p

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2012****Six months ended
30 June 2011**

	Reported results £000	Amortisation of acquired intangibles £000	Fair value adjustments to minority put option liabilities £000	Revised estimate of contingent consideration £000	Headline & Segmental results £000
REVENUE	71,906	-	-	-	71,906
OPERATING PROFIT	7,502	292	-	(158)	7,636
Share of results of associates	105	-	-	-	105
Finance income	171	-	-	-	171
Finance expense	(709)	-	538	-	(171)
PROFIT BEFORE TAXATION	7,069	292	538	(158)	7,741
Taxation	(2,395)	(83)	-	-	(2,478)
PROFIT AFTER TAXATION	4,674	209	538	(158)	5,263
Non controlling interest	(829)	-	-	-	(829)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	3,845	209	538	(158)	4,434

BASIC EARNINGS PER SHARE

Weighted average number of shares (thousands)	61,992	61,992
BASIC EPS	6.20p	7.15p

DILUTED EARNINGS PER SHARE

Weighted average number of shares (thousands) as above	61,992	61,992
Add		
- UK growth shares	818	818
- Float options	128	128
- LTIP options	307	307
Total	63,245	63,245
DILUTED EARNINGS PER SHARE	6.08p	7.01p

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS**

SIX MONTHS ENDED 30 JUNE 2012

Year ended 31 December 2011	Reported results £000	Amortisation of acquired intangibles £000	Impairment of Goodwill £000	Contingent liability revaluation £000	Fair value adjustments to minority put option liabilities £000	Headline & segmental results £000
REVENUE	153,133	–	–	–	–	153,133
OPERATING PROFIT	14,093	714	902	(310)	–	15,399
Share of results of associates	115	–	–	–	–	115
Finance income	2,199	–	–	–	(1,781)	418
Finance cost	(370)	–	–	–	–	(370)
PROFIT BEFORE TAXATION	16,037	714	902	(310)	(1,781)	15,562
Taxation	(4,589)	(206)	–	–	–	(4,795)
PROFIT FOR THE YEAR	11,448	508	902	(310)	(1,781)	10,767
Non controlling interests	(1,849)	–	–	–	–	(1,849)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	9,599	508	902	(310)	(1,781)	8,918
BASIC EARNINGS PER SHARE						
Weighted average number of shares (thousands)	62,355	–	–	–	–	62,355
BASIC EPS	15.39p	–	–	–	–	14.30p
DILUTED EARNINGS PER SHARE						
Weighted average number of shares (thousands) as above	62,355	–	–	–	–	62,355
Add						
- UK growth shares	1,102	–	–	–	–	1,102
- Options	128	–	–	–	–	128
- LTIP options 2011	111	–	–	–	–	111
Total	63,696					63,696
DILUTED EARNINGS PER SHARE	15.07p					14.00p

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2012****5. SEGMENTAL INFORMATION**

This segmental information is reconciled to the statutory results in Note 4.

Six months to 30 June 2012	UK £000	Europe £000	Middle East & Africa £000	Asia & Australasia £000	Americas £000	Clear £000	Total £000
Revenue	36,315	7,825	2,800	26,999	3,193	5,714	82,846
Operating profit excluding group costs	7,512	1,115	330	1,880	(445)	489	10,881
Group costs	(2,039)	(36)	-	(112)	(39)	-	(2,226)
Operating profit	5,473	1,079	330	1,768	(484)	489	8,655
Share of result of associate	75	(93)	31	-	-	-	13
Finance income	65	11	6	82	30	2	196
Finance costs	(19)	(31)	(3)	(48)	(54)	-	(155)
Profit before taxation	5,594	966	364	1,802	(508)	491	8,709
Taxation	(1,315)	(386)	(108)	(768)	82	(128)	(2,623)
Profit for the period	4,279	580	256	1,034	(426)	363	6,086
Non controlling interest	(518)	(178)	(121)	(381)	116	1	(1,081)
Profit attributable to equity holders of the group	3,761	402	135	653	(310)	364	5,005
HEADLINE BASIC EPS							7.95p

COSTS INCLUDED IN OPERATING PROFIT

Depreciation and amortisation of software	536	137	71	299	53	87	1,183
Share option charges	378	-	-	-	-	-	378

**OFFICE
LOCATION**

London	Paris	Beirut	Sydney	Los Angeles	London
	Berlin	Cape Town	Melbourne	New York	Amsterdam
	Madrid	Johannesburg	Auckland	Sao Paulo	New York
	Geneva	Abu Dhabi	Wellington		Hong Kong
	Milan		Kuala Lumpur		Singapore
	Moscow		New Delhi		Sydney
			Mumbai		
			Hong Kong		
			Shanghai		
			Tokyo		
			Singapore		

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2012**

Six months to 30 June 2011	UK	Europe	Middle East & Africa	Asia & Australasia	Americas	Clear	Total
	£000	£000	£000	£000	£000	£000	£000
Revenue	31,366	6,609	1,137	23,641	2,978	6,175	71,906
Operating profit excluding group costs	6,520	851	(26)	1,335	(96)	1,231	9,815
Group costs	(1,952)	(34)	-	(159)	(34)	-	(2,179)
Operating profit	4,568	817	(26)	1,176	(130)	1,231	7,636
Share of result of associate	-	118	(13)	-	-	-	105
Finance income	95	5	2	66	-	3	171
Finance costs	(97)	(28)	-	(31)	(15)	-	(171)
Profit before taxation	4,566	912	(37)	1,211	(145)	1,234	7,741
Taxation	(1,381)	(219)	(16)	(441)	(14)	(407)	(2,478)
Profit for the period	3,185	693	(53)	770	(159)	827	5,263
Non controlling interest	(286)	(167)	43	(352)	(3)	(64)	(829)
Profit attributable to equity holders of the group	2,899	526	(10)	418	(162)	763	4,434

HEADLINE BASIC EPS**7.15p****COSTS INCLUDED IN OPERATING PROFIT**

Depreciation and amortisation of software	375	131	35	320	29	61	951
Share option charges	402	-	-	59	2	-	463

**OFFICE
LOCATION**

London	Paris	Beirut	Sydney	Los Angeles	London
	Berlin	Cape Town	Melbourne	New York	Amsterdam
	Madrid	Johannesburg	Auckland	Sao Paulo	New York
	Geneva		Wellington		Hong Kong
	Milan		Kuala Lumpur		Singapore
	Moscow		New Delhi		Sydney
			Mumbai		
			Hong Kong		
			Shanghai		
			Tokyo		

M&C SAATCHI PLC
UNAUDITED NOTES TO THE INTERIM STATEMENTS
SIX MONTHS ENDED 30 JUNE 2012
**Year ended
31 December 2011**

	UK £000	Europe £000	Middle East & Africa £000	Asia and Australasia £000	Americas £000	Clear £000	Total £000
Revenue	66,974	14,540	2,987	49,700	6,736	12,196	153,133
Operating profit excluding group costs	13,031	2,053	276	2,358	77	2,016	19,811
Group costs	(4,175)	(70)	–	(79)	(88)	–	(4,412)
Operating profit	8,856	1,983	276	2,279	(11)	2,016	15,399
Share of results of associates	(13)	93	35	–	–	–	115
Finance income	192	17	4	176	25	4	418
Finance cost	(223)	(63)	(3)	(52)	(29)	–	(370)
Profit before taxation	8,812	2,030	312	2,403	(15)	2,020	15,562
Taxation	(2,768)	(706)	118	(883)	29	(585)	(4,795)
Profit for the year	6,044	1,324	430	1,520	14	1,435	10,767
Non controlling interests	(618)	(443)	(113)	(541)	(4)	(130)	(1,849)
Profit attributable to equity holders of the group	5,426	881	317	979	10	1,305	8,918

HEADLINE BASIC EPS
14.30p
Costs included in operating profit:

Depreciation	(882)	(215)	(69)	(584)	(57)	(122)	(1,929)
Amortisation of software	(56)	(48)	(8)	(56)	(20)	–	(188)
Share option charges	(1,048)	–	–	(37)	(2)	–	(1,087)

OFFICE LOCATION

London	Paris	Beirut	Sydney	Los	London
	Berlin	Cape	Melbourne	Angeles	Hong Kong
	Madrid	Town	Auckland	São Paulo	New York
	Geneva	Jo'burg	Wellington	New York	Amsterdam
	Milan		New Delhi		Sydney
	Moscow		Mumbai		Singapore
			Kuala		
			Lumpur		
			Hong Kong		
			Beijing		
			Shanghai		
			Tokyo		

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2012****6. FINANCE INCOME**

	Six months ended 30 June 2012 £000	Six months ended 30 June 2011 £000	Year ended 31 December 2011 £000
Bank interest receivable	174	150	401
Other interest receivable	22	21	17
Total interest receivable	196	171	418
Fair value adjustments to minority shareholder put option liabilities	-	-	1,781
Total finance income	196	171	2,199

7. FINANCE COSTS

	Six months ended 30 June 2012 £000	Six months ended 30 June 2011 £000	Year ended 31 December 2011 £000
Finance costs			
Bank interest payable	(134)	(146)	(369)
Other interest payable	(21)	(25)	(1)
Total interest payable	(155)	(171)	(370)
Fair value adjustments to minority shareholder put option liabilities	(2,438)	(538)	-
Total	(2,593)	(709)	(370)

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2012****8. TAXATION**

Income tax expenses are recognised based on management's estimate of the average annual income tax expected for the full financial year.

The estimated effective annual tax rate for the period to 30 June 2012 is 42.6% (30 June 2011: 33.9%).

The estimated headline effective annual tax rate (excluding associates) used for the period to 30 June 2012 is 30.2% (30 June 2011: 32.5%).

The decrease in the headline tax rate utilisation of historic tax losses and the reduction in UK tax rates.

The difference between the headline and statutory tax rates is caused by a difference in the profit before tax due to the impact of fair value adjustments to minority shareholder put option liabilities has no effect on the tax charge.

9. DIVIDENDS

	Six months ended 30 June 2012 £000	Six months ended 30 June 2011 £000	Year ended 31 December 2011 £000
2010 final dividend 3.03p (2009: Nil)	-	-	1,895
2011 interim dividend 1.00p (2010: 0.87p)	-	-	628
	-	-	2,523

The directors propose an interim dividend of 1.10p per share (2011: 1.00p per share) payable on 16 November 2012 to shareholders who are on the register at 2 November 2012. This interim dividend, amounting to £697k (2011: £628k) has not been recognised as a liability in this half-yearly financial report.

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2012****10. CASH GENERATED FROM OPERATIONS**

	Six months ended 30 June 2012 £000	Six months ended 30 June 2011 £000	Year ended 31 December 2011 £000
Revenue	82,846	71,906	153,133
Operating cost	(74,494)	(64,404)	(139,040)
Operating Profit	8,352	7,502	14,093
Adjustments for:			
Depreciation of plant and equipment	1,114	885	1,929
Losses on sale of plant and equipment	-	-	38
Impairment and amortisation on acquired intangible assets	303	292	714
Impairment of Goodwill	-	-	902
Amortisation of capitalised software intangible assets	69	66	188
Non-cash share based incentive plans	378	456	1,087
Operating cash flow before movements in working capital and provisions	10,216	9,201	18,951
Decrease / (increase) in trade and other receivables	15,212	12,599	(10,250)
Decrease in trade and other payables	(19,671)	(31,562)	(9,775)
Net cash (outflow) / inflow from operating activities	5,757	(9,762)	(1,074)

11. CASH CONSUMED BY ACQUISITIONS

	Six months ended 30 June 2012 £000	Six months ended 30 June 2011 £000	Year ended 31 December 2011 £000
Acquisitions			
Initial cash consideration paid	(1,743)	(1,598)	(1,773)
Cash and cash equivalents acquired	23	-	-
Total payments made in the period relating to acquisitions	(1,720)	(1,598)	(1,773)