

M&C SAATCHI PLC

INTERIM RESULTS

**SIX MONTHS TO
30TH JUNE 2009**

24TH September 2009

GROUP HIGHLIGHTS

- Total revenues of £49.8m (2008: £51.8m)
- Headline operating profit £5.5m (2008: £7.7m)
- Headline profit before tax £5.4m (2008: £8.0m)
- Headline basic earnings per share 5.27p (2008: 8.62p)
- Interim dividend held at 0.87p

The headline results referred to above are stated before accounting for the amortisation and impairment of acquired intangibles (including goodwill), the fair value adjustment to minority put option liabilities and notional interest on contingent consideration.

The reconciliation of the difference between the headline results and the reported results (shown on page 7) is set out in note 4 on page 16. The like-for-like revenue comparisons referred to in this report are stated after excluding the impact of foreign currency movements and of discontinued operations.

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

“We are pleased to report that M&C Saatchi continues to perform well in a very challenging market. Group trading has stabilised against the second half of last year and the business remains in good shape with strong cash flows and balance sheet.

“As always, we remain focused on providing a great service to our clients, winning new business and managing costs. Where the possibility exists for significant returns, we will continue to invest in order to provide the basis for future growth. Accordingly, we have opened three new offices this year and we are also extending our current brands into new markets.

”The outlook for the full year remains in line with management expectations.”

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SUMMARY OF RESULTS

Overview

The Board of M&C Saatchi plc announces the unaudited results for the six months ending 30 June 2009.

In the first six months of 2009 our clients have faced unprecedented pressure to reduce costs and improve efficiency in the face of the current economic climate. This has impacted both revenue and profitability. Given this backdrop, we are pleased with these results. The business is in good shape, our clients remain loyal and the balance sheet and cash flows are strong. The environment, however, remains difficult and we are focused on managing costs and responding to the challenges that the industry is facing and, despite the depressed conditions, will continue to invest in the future.

The Group is reporting a revenue reduction of 3.8% to £49.8m (2008: £51.8m) and on a like-for-like basis, eliminating the positive impact of exchange rate movements on the overseas revenue, the reduction is 7.5%.

The headline operating profit is down by 28.4% to £5.5m (2008: £7.7m). The headline operating margin has declined to 11.1% (2008: 14.9%).

We have continued with our stated strategy of investing in new geographies and new businesses that we believe are important drivers for future growth. This year we have opened new offices in Geneva, Sao Paulo and Tokyo and the early signs are promising. The expectation is that these businesses will incur losses in the first two years of operation and the impact on this period's results has been, as planned, a revenue contribution of £0.2m and an operating loss of £0.6m. Excluding this investment, the headline operating margin for the Group was 12.3%.

Managing costs is a key focus for the Group. The reported results show a revenue decrease of 3.8% compared to an overall cost increase of 0.5% and hence the operating margin decline. The overall cost increase is due to the costs incurred (£0.7m) opening the three new offices. Excluding these costs there was a net year on year decrease of 1.2%.

The contribution from the Group's associate in Spain was a loss of £0.1m (2008: £0.1m loss) and reflects the continued difficult trading conditions in that country.

The Group incurred a net interest charge of £0.1m, compared to a net contribution of £0.3m last year. This was principally due to a tighter working capital environment.

The Group's tax rate has increased to 34.5% (2008: 31.7%), due to the unutilised losses trapped in the new offices.

The profits attributable to the Group's minorities decreased by 16% to £0.26m (2008: £0.31m).

The weighted average number of shares increased to 60.9m from the position at the end of 2008 (60.0m) as a result of shares issued to satisfy the acquisition of the Group's minority in Talk PR and M&C Saatchi Sports and Entertainment. The number of shares in issue at the 30 June 2009 was 61.5m.

The net result of all of the above was that the headline basic earning per share decreased to 5.27p (2008: 8.62p).

The board is recommending that we hold the interim dividend at 0.87p per share.

Cash Flow and Group Debt.

At 30 June 2009 the Group had net debt of £0.4m. Cash balances across the Group stood at £4.5m down from £9.3m at end of 2008, and we were utilising £4.9m of the three-year facility provided by RBS which continues until 2011.

During the period the Group generated free cash flow of £3.8m. There was a working capital outflow of £6.0m and a debt repayment of £1.7m. The Group paid £0.3m acquiring some of its minority interests (The detail is set out in note 11 to the interim accounts). Other net outflows including exchange revaluations totalled £0.6m. The total net outflow was £4.8m.

REVIEW OF OPERATIONS

UK

Trading in the UK is tough in comparison to previous years. Clients started to reduce communication budgets in the face of the economic headwinds in the last quarter of 2008, but we saw little impact on fees. In 2009 we are seeing significant pressure being applied to fees to reflect the reduction in activity. Revenue declined by 6% to £23.8m (2008: £25.2m) and the headline operating profit declined to £5.0m (2008: £5.8m). Excluding the impact of the Group recharges the headline operating margin declined to 21.1% (2008: 23.1%).

We are monitoring costs carefully; focusing on maintaining margin whilst being careful to maintain sufficient resource to properly service clients. In spite of the drop compared to last year, the headline operating margin of our UK business remains healthy. Nevertheless we are taking steps to reduce our variable costs which have been reduced by 3.3% compared to the same period last year and we will continue to focus on costs as future revenue levels become clearer.

Important new revenue in this period came from the Department of Health's "Change 4 Life" anti obesity campaign, which was won last year, as well as assignments from Boots (Boots Advantage Card), The Carphone Warehouse, Castrol (sports sponsorship) and for the State of Georgia.

Clear

Clear's project-based business was the first to be seriously affected by the economic downturn. Revenue declined significantly in the fourth quarter of 2008, but has since shown resilience and revenue in the first half of this year is 9% above the second half 2008.

Costs have been reduced by 15% compared with the levels in the first half of last year and while the margin has fallen compared with last year's level of 27.2%, it remains healthy at 19.6%.

Europe

It is as tough in continental Europe as it is in the UK. There are few new business opportunities and clients are cutting activity and looking for fee reductions. The weakness of sterling is the cause of the reported revenue increase of 9.7% to £4.5m (2008: £4.1m). Using constant rates the revenue has reduced by 4.9%.

Again, using constant rates, the costs across our two offices has increased by 1.7% and that reflects the growth of the Paris office prior to the downturn. There are few short-term cost savings to be achieved due to employment legislation, particularly in France, but if the recession persists further action will be taken to manage the margin which has declined to 9.9% (2008: 12.4%).

Asia and Australia

A comparatively strong performance from this region. On a like-for-like basis, excluding the impact of the offices closed last year and using constant exchange rates, revenue has increased by 1.5%.

Australia had a good first six months with a like-for-like revenue increase of 7%. Important new assignments have come from Freedom Furniture, Mitre 10, KR Castlemaine and Deacons. The offices in Greater China (Hong Kong and Shanghai) are also gaining momentum, reporting a like-for-like revenue increase of 9%.

Elsewhere in the region it is more difficult. Revenue was flat in Malaysia and there were declines in New Zealand and India.

The headline operating profit increase of 56% includes the benefit of eliminating the 0.5m losses incurred in Thailand and Singapore last year. Excluding this effect, the headline operating profit remained flat at £1.6m and the headline operating margin declined marginally to 11.5% (2008: 12.3%).

America

Our office in Los Angeles was one of the first to suffer from the economic downturn and it remains difficult. On a like-for-like basis revenue declined by 36%. Clients have continued to reduce spend and Ketel One, an important and valued client, was lost following the sale of the brand to Diageo.

New Offices

As we reported in March, in spite of the difficult trading environment we have been pursuing opportunities to expand organically by opening new businesses and extending existing businesses into new markets.

We opened new offices in Geneva in February, Sao Paulo in March and Tokyo in August. It is still very early in their life cycle but they are trading in line with expectations.

During the period the new offices contributed £0.2m of new revenue and incurred an operating loss of £0.6m.

Outlook

The outlook for the full year remains in line with management expectations.

In the current environment long-term forecasting is difficult, but what we can see suggests that conditions will remain depressed for the medium term as long as the budget outlook for our clients remains uncertain.

We believe however the Group is in good shape. Resource levels are being tightly managed, the balance sheet is strong, and we will continue to seek further opportunities to provide the basis for future growth.

This report comments on the unaudited consolidated income statement of M&C Saatchi plc (the "Group") for the six months to 30 June 2009 compared with unaudited consolidated income statement for the same period in 2008. The report also comments on the numbers before the impact of fair value adjustments to minority shareholder put option liabilities and amortisation and impairment of intangible assets (headline numbers).

M&C SAATCHI PLC**UNAUDITED CONSOLIDATED INCOME STATEMENT**

AT 30 JUNE 2009

		Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
	Note	£000	£000	£000
BILLINGS		174,622	222,753	436,506
REVENUE	4	49,801	51,769	104,383
Operating costs		(44,339)	(44,514)	(93,617)
OPERATING PROFIT	4	5,462	7,255	10,766
Share of results of associates		(107)	(114)	(81)
Impairment of associate		-	-	(2,400)
Finance income	6	564	978	3,350
Finance costs	7	(198)	(572)	(1,142)
PROFIT BEFORE TAXATION	4	5,721	7,547	10,493
Taxation on profits	8	(1,865)	(2,470)	(3,904)
PROFIT FOR THE FINANCIAL PERIOD		3,856	5,077	6,589
Profit attributable to:				
Equity shareholders of the Group	4	3,593	4,763	6,021
Minority interests		263	314	568
		3,856	5,077	6,589
EARNINGS PER SHARE	4			
Basic		5.90p	8.06p	10.04p
Diluted		5.75p	7.50p	9.75p
HEADLINE RESULTS	4			
Operating profit		5,527	7,721	13,739
Profit before tax		5,357	7,962	14,095
Profit attributable to equity shareholders		3,210	5,096	9,024
HEADLINE EARNINGS PER SHARE	4			
Basic		5.27p	8.62p	15.05p
Diluted		5.14p	8.02p	14.62p

M&C SAATCHI PLC**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****AT 30 JUNE 2009**

	Six months ended 30 June 2009 £000	Six months ended 30 June 2008 £000	Year ended 31 December 2008 £000
Profit for the period	3,856	5,077	6,589
Other comprehensive income:			
Exchange differences on translating foreign operations before tax	(990)	566	2,403
Tax benefit / (expense)	135	(103)	(311)
Other comprehensive income for the period net of tax	(855)	463	2,092
Total comprehensive income for the period	3,001	5,540	8,681
Total comprehensive income attributable to:			
Equity shareholders of the Company	2,802	5,222	7,952
Minority interests	199	318	729
	3,001	5,540	8,681

M&C SAATCHI PLC**UNAUDITED CONSOLIDATED BALANCE SHEET**

AT 30 JUNE 2009

	30 June 2009	30 June 2008	31 December 2008
	£000	£000	£000
NON CURRENT ASSETS			
Intangible assets	58,209	63,568	58,114
Investments in associates	1,585	4,098	1,711
Plant and equipment	3,977	3,943	4,239
Deferred tax assets	1,919	2,078	1,924
Other non current assets	1,543	544	707
	67,233	74,231	66,695
CURRENT ASSETS			
Trade and other receivables	49,581	64,088	60,784
Current tax assets	781	206	649
Cash and cash equivalents	4,470	1,980	9,271
	54,832	66,274	70,704
CURRENT LIABILITIES			
Trade and other payables	(57,197)	(70,360)	(73,583)
Current tax liabilities	(2,778)	(1,904)	(3,030)
Other financial liabilities	(3)	(13)	(37)
Deferred and contingent consideration	(229)	(112)	(116)
Minority shareholder put options liabilities	(508)	(1,983)	(1,881)
	(60,715)	(74,372)	(78,647)
NET CURRENT LIABILITIES	(5,883)	(8,098)	(7,943)
TOTAL ASSETS LESS CURRENT LIABILITIES	61,350	66,133	58,752
NON CURRENT LIABILITIES			
Deferred tax liabilities	(924)	(1,526)	(928)
Other financial liabilities	(4,861)	(7,468)	(6,702)
Deferred and contingent consideration	-	(4,917)	-
Minority shareholder put options liabilities	(1,824)	(3,268)	(1,816)
Other non current liabilities	(524)	(1,344)	(483)
	(8,133)	(18,523)	(9,929)
NET ASSETS	53,217	47,610	48,823

M&C SAATCHI PLC**UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)**

AT 30 JUNE 2009

	30 June 2009	30 June 2008	31 December 2008
	£000	£000	£000
EQUITY			
Equity attributable to shareholders of the parent			
Share capital	622	610	615
Share premium	12,758	12,758	12,758
Merger reserve	22,257	21,685	21,777
Treasury reserve	(792)	(792)	(792)
Minority interest put option reserve	(4,062)	(4,436)	(4,463)
Foreign exchange reserve	1,458	777	2,249
Retained earnings	20,110	16,552	15,869
TOTAL SHAREHOLDERS' EQUITY	52,351	47,154	48,013
MINORITY INTERESTS	866	456	810
TOTAL EQUITY	53,217	47,610	48,823

M&C SAATCHI PLC
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
SIX MONTHS ENDED 30 JUNE 2009**

	Share capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	Minority interest put option reserve £000	Translation of foreign operations £000	Retained earnings £000	Subtotal £000	Minority interests £000	Total £000
31 December 2007	597	12,758	20,285	(792)	(6,876)	318	9,053	35,343	555	35,898
Reserve movements for the Year ending 31 December 2008										
Issue of shares for acquisitions	18	-	1,925	-	-	-	-	1,943	-	1,943
Repayment of minority share capital	-	-	-	-	-	-	-	-	(19)	(19)
Exercise of minority put options	-	-	-	-	2,413	-	2,657	5,070	(19)	5,051
Transfer to majority reserves	-	-	-	-	-	-	(212)	(212)	212	-
Transfer of reserves	-	-	(433)	-	-	-	433	-	-	-
Equity settled share based payments	-	-	-	-	-	-	104	104	-	104
Dividends	-	-	-	-	-	-	(2,187)	(2,187)	(648)	(2,835)
Total comprehensive income for the year	-	-	-	-	-	1,931	6,021	7,952	729	8,681
31 December 2008	615	12,758	21,777	(792)	(4,463)	2,249	15,869	48,013	810	48,823
Reserve movements for the Six months ending 30 June 2009										
Issue of shares to new minorities	-	-	-	-	-	-	-	-	102	102
Issue of shares for acquisitions	7	-	480	-	-	-	-	487	-	487
Exercise of minority put options	-	-	-	-	401	-	537	938	(57)	881
Equity settled share based payments	-	-	-	-	-	-	111	111	-	111
Dividends	-	-	-	-	-	-	-	-	(188)	(188)
Total comprehensive income for the period	-	-	-	-	-	(791)	3,593	2,802	199	3,001
30 June 2009	622	12,758	22,257	(792)	(4,062)	1,458	20,110	52,351	866	53,217

M&C SAATCHI PLC**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)****SIX MONTHS ENDED 30 JUNE 2009**

	Share capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	Minority interest put option reserve £000	Translation of foreign operations £000	Retained earnings £000	Subtotal £000	Minority interests £000	Total £000
31 December 2007	597	12,758	20,285	(792)	(6,876)	318	9,053	35,343	555	35,898
Reserve movements for the Six month ending 30 June 2008										
Issue of shares for acquisitions	13	-	1,400	-	-	-	71	1,484	-	1,484
Exercise of minority put options	-	-	-	-	2,440	-	2,619	5,059	-	5,059
Equity settled share based payments	-	-	-	-	-	-	125	125	-	125
Transfer between majority and minority reserves	-	-	-	-	-	-	(79)	(79)	79	-
Dividends	-	-	-	-	-	-	-	-	(496)	(496)
Total comprehensive income for the period	-	-	-	-	-	459	4,763	5,222	318	5,540
30 June 2008	610	12,758	21,685	(792)	(4,436)	777	16,552	47,154	456	47,610

M&C SAATCHI PLC**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
SIX MONTHS ENDED 30 JUNE 2009**

	Notes	Six months ended 30 June 2009 £000	Six months ended 30 June 2008 £000	Year ended 31 December 2008 £000
CASH GENERATED FROM OPERATIONS	10	688	2,921	15,050
Tax paid		(1,923)	(2,159)	(3,592)
NET CASH (OUT) / IN FLOW FROM OPERATING ACTIVITIES		(1,235)	762	11,458
Acquisitions	11	(333)	(14,082)	(14,156)
Proceeds from sale of plant and equipment		9	4	5
Purchase of plant and equipment		(863)	(627)	(1,605)
Purchase of capitalised software		(28)	(41)	(100)
Dividends received from associates		-	56	125
Interest earned from cash held by trading entities		134	737	1,401
Interest received on centrally held cash		-	7	10
NET CASH CONSUMED BY INVESTING ACTIVITIES		(1,081)	(13,946)	(14,320)
Dividends paid		-	-	(2,187)
Minority dividends paid		(189)	(496)	(648)
Subsidiaries' purchase of own shares from minorities		111	-	(19)
Repayment of finance leases		(12)	(10)	(12)
Inception of bank loans		-	10,722	12,620
Repayment of bank loans		(1,705)	(11,780)	(14,703)
Interest paid		(197)	(403)	(974)
Interest on finance leases		-	-	(1)
NET CASH CONSUMED FROM FINANCING ACTIVITIES		(1,992)	(1,967)	(5,924)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,308)	(15,151)	(8,786)
Cash and cash equivalents at the beginning of the period		9,271	16,895	16,895
Effect of exchange rate changes		(493)	236	1,162
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		4,470	1,980	9,271

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 condensed consolidated half-yearly financial information was approved for issue on 23 September 2009.

This interim report does not constitute the Group's statutory accounts. The information presented in relation to 31 December 2008 is extracted from the statutory financial statements for the year then ended and which have been delivered to the Registrar of Companies. The auditors' report on the statutory financial statements for the year ended 31 December 2008 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 S237(2) or (3) of the Companies Act 1985.

2. BASIS OF PREPARATION

This condensed consolidated half-yearly financial information for the half-year ended 30 June 2009 has been prepared in accordance with the AiM Rules for companies. The half-yearly condensed consolidated financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2008.

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 2008 and which will form the basis of the 2009 financial statements, except as described below.

A number of new and amended standards become effective for periods beginning on or after 1 January 2009. The principal changes that are relevant to the Group are:

IFRS 8 Operating Segments is a disclosure standard only; there has been no effect on the reported results or previous financial position of the Group. The segments reported in these interims results reflect the guidance under IFRS 8 and full note disclosures will be provided in the 2009 financial statements.

M&C SAATCHI PLC

NOTES TO THE INTERIM STATEMENTS

SIX MONTHS ENDED 30 JUNE 2009

IAS 1 Presentation of Financial Statements (revised 2007) has introduced a number of terminology changes (including new titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. There has been no effect on the reported results or previous financial position of the Group. Full supporting note disclosures will be provided in the 2009 financial statements.

None of the other new standards and amendments is expected materially to affect the Group.

4. EARNINGS PER SHARE AND RECONCILIATION BETWEEN HEADLINE AND STATUTORY RESULTS

Six months ended
30 June 2009

	Reported results £000	Amortisation of acquired intangibles & write off of goodwill £000	Fair value adjustments to minority put option liabilities £000	Notional interest on deferred consideration £000	Headline & Segmental results £000
REVENUE	49,801	-	-	-	49,801
OPERATING PROFIT	5,462	65	-	-	5,527
Share of results of associates	(107)	-	-	-	(107)
Finance income	564	-	(429)	-	135
Finance expense	(198)	-	-	-	(198)
PROFIT BEFORE	5,721	65	(429)	-	5,357
TAXATION					
Taxation	(1,865)	(19)	-	-	(1,884)
PROFIT AFTER TAXATION	3,856	46	(429)	-	3,473
Minority interests	(263)	-	-	-	(263)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	3,593	46	(429)	-	3,210
BASIC EARNINGS PER SHARE					
Weighted average number of shares (thousands)	60,911				60,911
BASIC EPS	5.90p				5.27p
DILUTED EARNINGS PER SHARE					
Weighted average number of shares (thousands) as above	60,911				60,911
Add					
- Float options	411				411
- LTIP options	1,144				1,144
Total	62,466				62,466
DILUTED EARNINGS PER SHARE	5.75p				5.14p

M&C SAATCHI PLC**NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2009**Six months ended
30 June 2008

	Reported results £000	Amortisation of acquired intangibles & write off of goodwill £000	Fair value adjustments to minority put option liabilities £000	Notional interest on deferred consideration £000	Headline & Segmental results £000
REVENUE	51,769	-	-	-	51,769
OPERATING PROFIT	7,255	466	-	-	7,721
Share of results of associates	(114)	14	-	-	(100)
Finance income	978	-	(234)	-	744
Finance expense	(572)	-	-	169	(403)
PROFIT BEFORE	7,547	480	(234)	169	7,962
TAXATION					
Taxation	(2,470)	(82)	-	-	(2,552)
PROFIT AFTER TAXATION	5,077	398	(234)	169	5,410
Minority interests	314	-	-	-	314
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	4,763	398	(234)	169	5,096
BASIC EARNINGS PER SHARE					
Weighted average number of shares (thousands)	59,085				59,085
BASIC EPS	8.06p				8.62p
DILUTED EARNINGS PER SHARE					
Weighted average number of shares (thousands) as above	59,085				59,085
Add					
- Float options	411				411
- LTIP options	995				995
- Contingent consideration	3,047				3,047
Total	63,538				63,538
DILUTED EARNINGS PER SHARE	7.50p				8.02p

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

SIX MONTHS ENDED 30 JUNE 2009

Year ended 31
December 2008

	Reported results £000	Amortisation of acquired intangibles £000	Impairment of acquired intangibles and goodwill £000	Fair value adjustments to minority put option liabilities £000	Notional interest on deferred considerati on £000	Headline & Segmental results £000
REVENUE	104,383	-	-	-	-	104,383
OPERATING PROFIT	10,766	575	2,398	-	-	13,739
Impairment of associate	(2,400)	-	2,400	-	-	-
Share of results of associates	(81)	-	-	-	-	(81)
Finance income	3,350	-	-	(1,940)	-	1,410
Finance expense	(1,142)	-	-	-	169	(973)
PROFIT BEFORE TAXATION	10,493	575	4,798	(1,940)	169	14,095
Taxation	(3,904)	(164)	(435)	-	-	(4,503)
PROFIT AFTER TAXATION	6,589	411	4,363	(1,940)	169	9,592
Minority interests	568	-	-	-	-	568
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	6,021	411	4,363	(1,940)	169	9,024
BASIC EARNINGS PER SHARE						
Weighted average number of shares (thousands)	59,972					59,972
BASIC EPS	10.04p					15.05p
DILUTED EARNINGS PER SHARE						
Weighted average number of shares (thousands) as above	59,972					59,972
Add						
- Float options	411					411
- LTIP options	1,151					1,151
- Contingent consideration	205					205
Total	61,739					61,739
DILUTED EARNINGS PER SHARE	9.75p					14.62p

M&C SAATCHI PLC**NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2009****5. SEGMENTAL INFORMATION**

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

Six months to 30 June 2009	UK £000	Europe £000	Asia & Australia £000	America £000	New Offices £000	Clear £000	Total £000
REVENUE	23,757	4,546	15,354	1,304	150	4,690	49,801
OPERATING PROFIT EXCLUDING GROUP COSTS	5,016	469	1,566	(213)	(579)	921	7,180
Group costs	(1,467)	(20)	(131)	(2)	(33)	-	(1,653)
Operating profit	3,549	449	1,435	(215)	(612)	921	5,527
Share of result of associates	-	(107)	-	-	-	-	(107)
Finance income	65	7	57	1	-	5	135
Finance costs	(161)	(35)	(2)	-	-	-	(198)
PROFIT BEFORE TAXATION	3,453	314	1,490	(214)	(612)	926	5,357
Taxation	(1,030)	(151)	(485)	82	-	(300)	(1,884)
PROFIT FOR THE PERIOD	2,423	163	1,005	(132)	(612)	626	3,473
Minority interests	(62)	(78)	(167)	20	24	-	(263)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	2,361	85	838	(112)	(588)	626	3,210
HEADLINE BASIC EPS							5.27p
COSTS INCLUDED IN OPERATING PROFIT:							
Depreciation and amortisation of software	307	82	566	16	5	80	1,056
Share option charges	86	-	46	2	-	-	134
OFFICE LOCATION	London	Paris Berlin Madrid	Sydney Melbourne Auckland Wellington Kuala Lumpur New Delhi Mumbai Hong Kong Shanghai	LA	Sao Paulo Geneva Tokyo	London Amsterdam New York Hong Kong	

M&C SAATCHI PLC
NOTES TO THE INTERIM STATEMENTS
SIX MONTHS ENDED 30 JUNE 2009

Six months to 30 June 2008	UK £000	Europe £000	Asia & Australia £000	America £000	New Offices £000	Clear £000	Total £000
REVENUE	25,195	4,145	14,789	1,541	-	6,099	51,769
OPERATING PROFIT EXCLUDING GROUP COSTS	5,810	534	1,045	173	-	1,659	9,221
Group costs	(1,353)	(20)	(126)	(1)	-	-	(1,500)
Operating profit	4,457	514	919	172	-	1,659	7,721
Share of result of associates	-	(100)	-	-	-	-	(100)
Finance income	656	8	67	1	-	12	744
Finance costs	(266)	(99)	(31)	-	-	(7)	(403)
PROFIT BEFORE TAXATION	4,847	323	955	173	-	1,664	7,962
Taxation	(1,374)	(42)	(567)	(72)	-	(497)	(2,552)
PROFIT FOR THE PERIOD	3,473	281	388	101	-	1,167	5,410
Minority interests	(175)	(30)	(92)	(17)	-	-	(314)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	3,298	251	296	84	-	1,167	5,096
HEADLINE BASIC EPS							8.62p
COSTS INCLUDED IN OPERATING PROFIT:							
Depreciation and amortisation of software	296	58	307	16	-	84	761
Share option charges	106	-	17	2	-	-	125
OFFICE LOCATION	London	Paris Berlin Madrid	Sydney Melbourne Auckland Wellington Kuala Lumpur New Delhi Mumbai Hong Kong Shanghai Bangkok Singapore	LA	-	London Amsterdam New York	

M&C SAATCHI PLC
NOTES TO THE INTERIM STATEMENTS
SIX MONTHS ENDED 30 JUNE 2009

Year Ended 31 December 2008	UK £000	Europe £000	Asia & Australia £000	America £000	New Offices £000	Clear £000	Total £000
REVENUE	52,357	8,727	29,677	3,200	-	10,422	104,383
OPERATING PROFIT EXCLUDING GROUP COSTS	11,259	1,306	2,376	295	-	1,905	17,141
Group costs	3,088	38	273	3	-	-	3,402
Operating profit	8,171	1,268	2,103	292	-	1,905	13,739
Share of result of associates	-	(81)	-	-	-	-	(81)
Finance income	1,180	45	162	2	-	21	1,410
Finance costs	(672)	(258)	(43)	-	-	-	(973)
PROFIT BEFORE TAXATION	8,679	974	2,222	294	-	1,926	14,095
Taxation	(2,730)	(209)	(871)	(103)	-	(590)	(4,503)
PROFIT FOR THE PERIOD	5,949	765	1,351	191	-	1,336	9,592
Minority interests	(240)	(182)	(114)	(32)	-	-	(568)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	5,709	583	1,237	159	-	1,336	9,024
HEADLINE BASIC EPS							14.62p
COSTS INCLUDED IN OPERATING PROFIT:							
Depreciation and amortisation of software	605	129	772	31	-	169	1,706
Share option charges	96	-	36	1	-	-	133
OFFICE LOCATION	London	Paris Berlin Madrid	Sydney Melbourne Auckland Wellington Kuala Lumpur New Delhi Mumbai Hong Kong Shanghai Bangkok Singapore	LA	-	London Amsterdam New York	

6. FINANCE INCOME

	Six months ended 30 June 2009 £000	Six months ended 30 June 2008 £000	Year ended 31 December 2008 £000
Bank interest receivable	124	725	1,247
Other interest receivable	11	19	163
Total interest receivable	135	744	1,410
Fair value adjustments to minority shareholder put option liabilities	429	234	1,940
Total	564	978	3,350

7. FINANCE EXPENSE

	Six months ended 30 June 2009 £000	Six months ended 30 June 2008 £000	Year ended 31 December 2008 £000
Finance costs			
Bank interest chargeable	(197)	(395)	(925)
Interest payable on finance leases	-	-	(1)
Other interest payable	(1)	(8)	(47)
Total interest payable	(198)	(403)	(973)
Notional interest on contingent consideration	-	(169)	(169)
Total	(198)	(572)	(1,142)

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 2009 is 32.6% (30 June 2008: 32.7%).

The headline effective annual tax rate (excluding associate) used for the period to 30 June 2009 is 34.5% (30 June 2008: 31.7%).

The increase in headline tax rate is due to the carried forward tax losses of our new offices in 2009.

The difference between the headline and statutory tax rates is caused by a difference in the profit before tax as neither the impact of fair value adjustments to minority shareholder put option liabilities or notional interest has any effect on the tax charge.

9. DIVIDENDS

	Six months ended 30 June 2009 £000	Six months ended 30 June 2008 £000	Year ended 31 December 2008 £000
2008 final dividend 0.00*p (2007 2.43p)	-	-	1,658
2008 interim dividend – (2007 0.87p)	-	-	529
	-	-	2,178

*The 2008 final dividend of £1,683k (2.75p per share) was paid in July 2009 and therefore is not included in the income statement covering the period to 30 June 2009.

The directors propose an interim dividend of 0.87p per share (2008: 0.87p per share) payable on 19 November 2009 to shareholders who are on the register at 23 October 2009. This interim dividend, amounting to £535k (2008: £529k) has not been recognised as a liability in this half-yearly financial report.

M&C SAATCHI PLC**NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2009****10. CASH GENERATED FROM OPERATIONS**

	Six months ended 30 June 2009 £000	Six months ended 30 June 2008 £000	Year ended 31 December 2008 £000
Revenue	49,801	51,769	104,383
Operating expenses	(44,339)	(44,514)	(93,617)
Operating Profit	5,462	7,255	10,766
Adjustments for:			
Depreciation of plant and equipment	1,013	724	1,631
Losses on sale of plant and equipment	-	13	15
Loss / (profit) on sale of intangible assets	-	(4)	5
Impairment and amortisation on acquired intangible assets	65	466	2,127
Impairment of goodwill	-	-	846
Amortisation of capitalised software intangible assets	42	37	75
Non-cash share based incentive plans	134	125	133
Operating cash flow before movements in working capital and provisions	6,716	8,616	15,598
Decrease in trade and other receivables	9,922	12,216	17,615
Decrease in trade and other payables	(15,950)	(17,911)	(18,163)
Net cash inflow from operating activities	688	2,921	15,050

M&C SAATCHI PLC**NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2009****11. CASH CONSUMED BY ACQUISITIONS**

	Six months ended 30 June 2009 £000	Six months ended 30 June 2008 £000	Year ended 31 December 2008 £000
Initial cash consideration			
- Clear Ideas Ltd	-	(2,405)	(2,405)
- Walker Media Holdings Ltd	-	(9,258)	(9,258)
- Talk PR Ltd	(58)	-	-
- M&C Saatchi Berlin Gmbh	(104)	-	-
- Play London Ltd	-	(43)	(43)
- FCINQ SAS	-	-	(71)
- M&C Saatchi Immediate Sales Ltd	-	-	(3)
- M&C Saatchi Sport & Entertainment Ltd	(171)	-	-
	(333)	(11,706)	(11,780)
Cash and cash equivalents acquired	-	-	-
	(333)	(11,706)	(11,780)
Purchase of associate (Zapping, Spain)	-	(2,376)	(2,376)
Total payments made in the period relating to acquisitions	(333)	(14,082)	(14,156)