

M&C SAATCHI PLC

INTERIM RESULTS

**SIX MONTHS TO
30 JUNE 2010**

30 September 2010

SUMMARY OF RESULTS

Overview

The Board of M&C Saatchi plc announces the unaudited results for the six months ended 30 June 2010.

We are pleased to report a good set of results for the first six months of 2010 which saw revenue growth of 17% to £58.2m (2009: £49.8m). Like-for-like revenue growth, which excludes the impact of exchange rate movements, acquisitions and discontinued operations, increased by 11% to £55.3m.

Headline operating profit increased 13% to £6.3m (2009: £5.5m). Regionally, there was an especially good first half performances from Europe and, in terms of divisions, from Clear. The headline operating margin dipped from 11.1% in 2009 to 10.7%, with some erosion from pricing pressure in Asia and Australasia.

There was a modest net interest charge of £37k (2009: £63k) and a profit contribution of £31k from the Group's associate in Spain (2009: loss of £107k). This left a headline profit before tax for the Group of £6.3m (2009: £5.4m), up 17% on last year.

The Group's headline tax rate has increased to 36.2% (2009: 34.5%), due to IFRS 3 no longer allowing investment expenses, on which we do not get a tax credit, to be capitalised and the return to profit of our higher tax rate US operations.

In addition, the non controlling interest charge reduced to £8k (2009: £263k) as under IAS27 losses are now attributable to minority shareholders as well as profits.

The headline profit attributable to the equity shareholders of the Group increased 24% to £4.0m.

Headline basic EPS grew 23% to 6.49p (2009: 5.27p).

As at 30 June 2010 the Group had net cash of £6.4m. Cash balances across the Group stood at £12.8m, down from £15.1m at the end of 2009, and we were utilising £6.4m of the £18.0m three-year facility provided by RBS, which continues until 2011.

During the period the Group generated free cash flow of £4.2m. There was a working capital outflow of £6.0m and £1.9m paid in dividends. The Group paid £2.6m for acquisitions that held £1.1m of cash (further detail is set out in note 11 to the interim accounts). The Group received £0.6m as a down payment on disposal of a non-controlling shareholding and £2.0m from debt drawdown. Exchange rate movements meant our cash position improved by £0.3m. The total net outflow was £2.3m.

While the business has made good progress in the first half, the outlook remains uncertain and, given this backdrop, the Board has decided to hold the interim dividend at 0.87p a share. This is a reflection of the fact that the dividend has been held since 2008, in the face of the difficult economic conditions. The Board is mindful of the need to provide a progressive dividend and will review the full-year payout in the light of that need and the performance for the year as a whole at a time when we should have greater clarity on the outlook for the Group and the markets in which we operate.

REVIEW OF OPERATIONS

UK

Trading in the UK remained tough. The new business performance was very good with notable wins from iShares, Mail on Sunday, Network Rail, the Olympic Delivery Authority, Bathstore, the Conservative Party, FTI Consulting, the Turkish Tourist Board, IKEA and Netjets. There were, however, client losses. We completed 2009 without any major client reviews. This year, however, we have lost Fosters, Lucozade and Halfords on the content front after reviews. In addition, the Change4Life campaign has been cancelled as part of the new Government's cost-saving measures.

Revenue increased by 6% to £25.3m (2009: £23.8m) and the headline operating profit increased to £5.3m (2009: £5.0m). Excluding the impact of the Group recharges, the headline operating margin was steady at 21.0% (2009: 21.1%), which was especially pleasing in the context of a very competitive media buying market.

Clear

Clear, our project-based consultancy, started the year positively after a difficult couple of years. Revenue rose 14% to £5.4m (2009: £4.7m) and Clear's operating margin increased to 22.3% (2009: 19.6%). The new offices in the US and Asia are trading well and a further office has been opened in Australia. New assignments have been won from Barclays, Celgene, Coors, Philips and Skandia.

Europe

The market within Continental Europe remained as challenging as in the UK. Our offices, however, performed favourably in the first half, in particular in Germany. Revenues increased 11% to £5.1m (2009: £4.6m).

Using constant exchange rates and stripping out the effect of the Sterling strengthening, revenue increased by 14%.

Asia and Australasia

Asia and Australasia returned a comparatively strong performance in revenue terms. On a like-for-like basis and using constant exchange rates, revenue increased by 14%. Operating profit, however, rose by 9%, with some erosion of operating margin which fell to 7.9% from 9.6% in 2009, primarily due to pricing pressure in the Australian market.

Australia had a good first six months, with important new business wins from Brand Australia, David Jones and ING. Greater China (Beijing, Shanghai, Guangzhou and Hong Kong) continued to gain momentum, while Malaysia added a strong profit contribution and won new business from Volkswagen, the Malaysian stock exchange Bursa Malaysia and MAB (who manage and run all Malaysian airports). Elsewhere in the region, New Zealand and India were relatively weak.

Americas

Los Angeles made a good start to the year, winning business from the California Department of Public Health, Epsom and the Hotel Bel Air. Brazil's trading improved and they are approaching profitability after 18 months of operation. Total Americas revenues using constant exchange rates were up 27%, with published revenues of £1.7m (2009: £1.3m).

New Offices

We opened new offices in Cape Town in February and in Milan in June. 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 £0.3m.

Outlook

Looking ahead, the environment remains uncertain with limited visibility around our clients' exposure to economic pressures. Current trading, however, is strong and we continue to manage resources tightly while also seeking further opportunities that will provide the basis for future growth. We therefore remain confident that M&C Saatchi plc will continue to make good progress in the full year and beyond.

This report comments on the unaudited consolidated income statement of M&C Saatchi plc (the "Group") for the six months to 30 June 2010 compared with unaudited consolidated income statement for the same period in 2009. The report also comments on the numbers before accounting for the amortisation of acquired intangibles (including goodwill), the fair value adjustment to minority put option liabilities and call option revaluations.

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED INCOME STATEMENT
AT 30 JUNE 2010

		Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	Note	£000	£000	£000
BILLINGS		217,006	174,622	370,764
REVENUE	4	58,227	49,801	103,435
Operating costs		(52,088)	(44,339)	(93,257)
OPERATING PROFIT	4	6,139	5,462	10,178
Share of results of associates		31	(107)	64
Finance income	6	127	564	386
Finance costs	7	(1,456)	(198)	(369)
PROFIT BEFORE TAXATION	4	4,841	5,721	10,259
Taxation on profits	8	(2,232)	(1,865)	(3,666)
PROFIT FOR THE FINANCIAL PERIOD		2,609	3,856	6,593
Profit attributable to:				
Equity shareholders of the Group	4	2,601	3,593	6,223
Non controlling interest		8	263	370
		2,609	3,856	6,593
EARNINGS PER SHARE	4			
Basic		4.22p	5.90p	10.17p
Diluted		4.09p	5.75p	9.69p

M&C SAATCHI PLC**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****AT 30 JUNE 2010**

	Six months ended 30 June 2010	Six months ended 30 June 2009	Year ended 31 December 2009
	£000	£000	£000
Profit for the period	2,609	3,856	6,593
Other comprehensive income:			
Exchange differences on translating foreign operations before tax	(313)	(990)	(193)
Tax benefit / (expense)	-	135	92
Other comprehensive income for the period net of tax	(313)	(855)	(101)
Total comprehensive income for the period	2,296	3,001	6,492
Total comprehensive income attributable to:			
Equity shareholders of the Group	2,288	2,802	6,122
Non controlling interests	8	199	370
	2,296	3,001	6,492

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2010

	30 June 2010	30 June 2009	31 December 2009
	£000	£000	£000
NON CURRENT ASSETS			
Intangible assets	60,957	58,209	58,394
Investments in associates	1,745	1,585	1,730
Plant and equipment	4,415	3,977	4,353
Deferred tax assets	1,919	1,919	1,900
Other non current assets	4,224	1,543	1,787
	73,260	67,233	68,164
CURRENT ASSETS			
Trade and other receivables	57,429	49,581	53,844
Current tax assets	83	781	89
Cash and cash equivalents	12,809	4,470	15,111
	70,321	54,832	69,044
CURRENT LIABILITIES			
Trade and other payables	(71,407)	(57,197)	(72,278)
Current tax liabilities	(1,794)	(2,778)	(2,000)
Other financial liabilities	(954)	(3)	(26)
Deferred and contingent consideration	(1,665)	(229)	(229)
Minority shareholder put options liabilities	(964)	(508)	(1,089)
	(76,784)	(60,715)	(75,622)
NET CURRENT LIABILITIES	(6,463)	(5,883)	(6,578)
TOTAL ASSETS LESS CURRENT LIABILITIES	66,797	61,350	61,586
NON CURRENT LIABILITIES			
Deferred tax liabilities	(836)	(924)	(871)
Other financial liabilities	(5,484)	(4,861)	(4,447)
Deferred and contingent consideration	-	-	-
Minority shareholder put options liabilities	(11,250)	(1,824)	(2,834)
Other non current liabilities	(425)	(524)	(318)
	(17,995)	(8,133)	(8,470)
NET ASSETS	48,802	53,217	53,116

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

AT 30 JUNE 2010

	30 June 2010	30 June 2009	31 December 2009
	£000	£000	£000
EQUITY			
Share capital	623	622	622
Share premium	12,758	12,758	12,758
Merger reserve	21,922	22,257	22,258
Treasury reserve	(792)	(792)	(792)
Minority interest put option reserve	(11,260)	(4,062)	(3,480)
Non controlling interest acquired	(119)	-	-
Foreign exchange reserve	1,835	1,458	2,148
Retained earnings	23,044	20,110	18,832
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE GROUP	48,011	52,351	52,346
NON CONTROLLING INTERESTS	791	866	770
TOTAL EQUITY	48,802	53,217	53,116

M&C SAATCHI PLC**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****SIX MONTHS ENDED 30 JUNE 2010**

	Share capital	Share premium	Merger reserve	Treasury reserve	Minority interest put option reserve	Non controlling interest acquired	Translation of foreign operations	Retained earnings	Subtotal	Non Controlling interests	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
31 December 2008	615	12,758	21,777	(792)	(4,463)	–	2,249	15,869	48,013	810	48,823
Reserve movements for the Year ending 31 December 2009											
Issue of shares for acquisitions	7	–	481	–	–	–	–	–	488	(58)	430
Issue of shares to minority	–	–	–	–	–	–	–	–	–	104	104
Exchange rate movements	–	–	–	–	(10)	–	–	–	(10)	(46)	(56)
Exercise of minority put options	–	–	–	–	401	–	–	537	938	–	938
Issue of minority put options	–	–	–	–	(1,737)	–	–	–	(1,737)	–	(1,737)
Cancellation of minority put options	–	–	–	–	2,329	–	–	(1,829)	500	–	500
Equity settled share based payments	–	–	–	–	–	–	–	251	251	–	251
Dividends	–	–	–	–	–	–	–	(2,219)	(2,219)	(410)	(2,629)
Total comprehensive income for the year	–	–	–	–	–	–	(101)	6,223	6,122	370	6,492
31 December 2009	622	12,758	22,258	(792)	(3,480)	–	2,148	18,832	52,346	770	53,116
Reserve movements for the Six months ending 30 June 2010											
Issue of shares to new minorities	–	–	–	–	–	–	–	–	–	23	23
Acquisitions	–	–	–	–	–	–	–	–	–	200	200
Exchange rate movements	–	–	–	–	(1)	–	–	–	(1)	7	6
Exercise of share options	1	–	–	–	–	–	–	(1)	–	–	–
Issue of minority put options	–	–	–	–	(7,852)	–	–	–	(7,852)	–	(7,852)
Non controlling interest disposed	–	–	(336)	–	–	–	–	3,200	2,864	–	2,864
Non controlling interest acquired	–	–	–	–	73	(119)	–	–	(46)	–	(46)
Equity settled share based payments	–	–	–	–	–	–	–	185	185	–	185
Reclassification of cash to share settled options	–	–	–	–	–	–	–	(215)	(215)	–	(215)
Reclassification of share to cash settled options	–	–	–	–	–	–	–	134	134	–	134
Dividends	–	–	–	–	–	–	–	(1,692)	(1,692)	(217)	(1,909)
Total comprehensive income for the period	–	–	–	–	–	–	(313)	2,601	2,288	8	2,296
30 June 2010	623	12,758	21,922	(792)	(11,260)	(119)	1,835	23,044	48,011	791	48,802

M&C SAATCHI PLC**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)****SIX MONTHS ENDED 30 JUNE 2010**

	Share capital	Share premium	Merger reserve	Treasury reserve	Minority interest put option reserve	Non controlling interest acquired	Translation of foreign operations	Retained earnings	Subtotal	Non Controlling interests	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
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 month 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 CASH FLOW STATEMENT**

SIX MONTHS ENDED 30 JUNE 2010

	Notes	Six months ended 30 June 2010 £000	Six months ended 30 June 2009 £000	Year ended 31 December 2009 £000
CASH GENERATED FROM OPERATIONS	10	1,227	688	16,971
Tax paid		(2,136)	(1,923)	(4,024)
NET CASH (OUT) / IN FLOW FROM OPERATING ACTIVITIES		(909)	(1,235)	12,947
Acquisitions	11	(1,525)	(333)	(536)
Disposals of non controlling shareholding		581	-	-
Proceeds from sale of plant and equipment		-	9	10
Purchase of plant and equipment		(747)	(863)	(1,715)
Purchase of capitalised software		(68)	(28)	(82)
Dividends received from associates		-	-	38
Interest earned from cash held by trading entities		110	134	215
NET CASH CONSUMED BY INVESTING ACTIVITIES		(1,649)	(1,081)	(2,070)
Dividends paid		(1,692)	-	(2,219)
Minority dividends paid		(217)	(189)	(410)
Subsidiaries' sale of own shares to minorities		10	111	118
Repayment of finance leases		(16)	(12)	(29)
Inception of bank loans		3,421	-	1
Repayment of bank loans		(1,370)	(1,705)	(2,154)
Interest paid		(140)	(197)	(350)
Interest on finance leases		-	-	(1)
NET CASH CONSUMED FROM FINANCING ACTIVITIES		(4)	(1,992)	(5,044)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(2,562)	(4,308)	5,833
Cash and cash equivalents at the beginning of the period		15,111	9,271	9,271
Effect of exchange rate changes		260	(493)	7
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		12,809	4,470	15,111

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 29 September 2010.

These results do not constitute the Group's statutory accounts. The information presented in relation to 31 December 2009 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 2009 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 2010 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 2009.

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 2009 and which will form the basis of the 2010 financial statements, except as described below.

The Group has decided to define its new offices segment, as new offices created in the year (in our 2009 financial statements we stated that this segment would be for the first 2 years of a new office's life). This change has no effect, and would have no affect if it was reapplied to our 2009 financial statements.

A number of new and amended standards become effective for periods beginning on or after 1 January 2010. The principal changes that are relevant to the Group are:

IFRS 3 Business Combinations (Revised); apart from no longer capitalising acquisition expenses, there has been no effect on the reported results or previous financial position of the Group.

IAS 27 Consolidated and separate financial statements (as amended) has had no effect on the previous financial position of the Group. However it has affected the reported results of the Group in the following ways:-

a) Non controlling interests. Where we have a loss making subsidiary whose losses are funded by the Group, previously and as stated in 2009 results 100% of those losses would be attributable to Equity holders of the Group, in 2010 the losses are shared between the Group and the non controlling interest, in proportion to the interests in the subsidiary. This change has resulted in the half years 2010 profits attributable to equity shareholders of the Group increasing by £273k.

b) Disposals of subsidiaries equity that does not affect control, no longer affect the value of Goodwill or create a profit / loss on disposal in the income statement. Proceeds less transfer to non controlling interests are credited directly to retained earnings. In the event that equity had previously been acquired under this revised standard then such a disposal will result in a release from Non controlling interest acquired reserve to retained earnings.

c) Acquisition of subsidiaries equity that does not affect control, no longer changes the value of Goodwill. If a minority interest put option exists then the amount paid is provided by the minority shareholder put option liability, and its related minority interest put option reserve is taken to Non controlling interest acquired reserve. If no minority interest put option exists then the amount paid is taken to Non controlling interest acquired reserve. In both cases the share of net assets in Non controlling interest reserve, is transferred to the Non controlling interest acquired reserve.

4. EARNINGS PER SHARE AND RECONCILIATION BETWEEN HEADLINE AND STATUTORY RESULTSSix months ended 30
June 2010

	Reported results £000	Amortisation of acquired intangibles £000	Fair value adjustments to minority put option liabilities £000	Revaluation of call option £000	Headline & Segmental results £000
REVENUE	58,227	-	-	-	58,227
OPERATING PROFIT	6,139	120	-	-	6,259
Share of results of associates	31	-	-	-	31
Finance income	127	-	-	-	127
Finance expense	(1,456)	-	1,299	(6)	(163)
PROFIT BEFORE TAXATION	4,841	120	1,299	(6)	6,254
Taxation	(2,232)	(19)	-	-	(2,251)
PROFIT AFTER TAXATION	2,609	101	1,299	(6)	4,003
Non controlling interest	(8)	-	-	-	(8)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	2,601	101	1,299	(6)	3,995
BASIC EARNINGS PER SHARE					
Weighted average number of shares (thousands)	61,572				61,572
BASIC EPS	4.22p				6.49p
DILUTED EARNINGS PER SHARE					
Weighted average number of shares (thousands) as above	61,572				61,572
Add					
- UK growth shares	976				976
- Float options	128				128
- LTIP options	929				929
Total	63,605				63,605
DILUTED EARNINGS PER SHARE	4.09p				6.28p

M&C SAATCHI PLC**NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2010**Six months ended
30 June 2009

	Reported results £000	Amortisation of acquired intangibles £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 TAXATION	5,721	65	(429)	-	5,357
Taxation	(1,865)	(19)	-	-	(1,884)
PROFIT AFTER TAXATION	3,856	46	(429)	-	3,473
Non controlling interest	(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 2010**Year ended 31
December 2009

	Reported results £000	Amortisation of acquired intangibles £000	Loss on disposal of acquired intangibles £000	Fair value adjustments to minority put option liabilities £000	Revaluation of call option £000	Headline & Segmental results £000
REVENUE	103,435	-	-	-	-	103,435
OPERATING PROFIT	10,178	159	23	-	-	10,360
Share of results of associates	64	-	-	-	-	64
Finance income	386	-	-	(157)	-	229
Finance expense	(369)	-	-	-	4	(365)
PROFIT BEFORE TAXATION	10,259	159	23	(157)	4	10,288
Taxation	(3,666)	(37)	-	-	-	(3,703)
PROFIT AFTER TAXATION	6,593	122	23	(157)	4	6,585
Non controlling interest	(370)	-	-	-	-	(370)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	6,223	122	23	(157)	4	6,215
BASIC EARNINGS PER SHARE						
Weighted average number of shares (thousands)	61,218					61,218
BASIC EPS	10.17p					10.15p
DILUTED EARNINGS PER SHARE						
Weighted average number of shares (thousands) as above	61,218					61,218
Add						
- UK growth shares	1,583					1,583
- Float options	411					411
- LTIP options	1,034					1,034
Total	64,246					64,246
DILUTED EARNINGS PER SHARE	9.69p					9.67p

M&C SAATCHI PLC
NOTES TO THE INTERIM STATEMENTS
SIX MONTHS ENDED 30 JUNE 2010
5. SEGMENTAL INFORMATION

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

Six months to 30 June 2010	UK	Europe	Asia & Australasia	Americas	New Offices	Clear	Total
	£000	£000	£000	£000	£000	£000	£000
REVENUE	25,266	5,121	20,539	1,718	231	5,352	58,227
OPERATING PROFIT EXCLUDING GROUP COSTS	5,296	591	1,613	(103)	(342)	1,193	8,248
Group costs	(1,764)	(37)	(180)	(8)	-	-	(1,989)
Operating profit	3,532	554	1,433	(111)	(342)	1,193	6,259
Share of result of associate	-	31	-	-	-	-	31
Finance income	61	2	58	1	2	3	127
Finance costs	(112)	(29)	(12)	(10)	-	-	(163)
PROFIT BEFORE TAXATION	3,481	558	1,479	(120)	(340)	1,196	6,254
Taxation	(1,081)	(190)	(548)	(85)	-	(347)	(2,251)
PROFIT FOR THE PERIOD	2,400	368	931	(205)	(340)	849	4,003
Non controlling interest	(26)	(89)	(92)	31	170	(2)	(8)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	2,374	279	839	(174)	(170)	847	3,995
HEADLINE BASIC EPS							6.49p
COSTS INCLUDED IN OPERATING PROFIT							
Depreciation and amortisation of software	262	115	304	13	17	66	777
Share option charges	146	-	38	1	-	-	185
OFFICE LOCATION	London	Paris	Sydney	LA	Cape Town	London	
		Berlin	Melbourne	Sao Paulo	Milan	Amsterdam	
		Madrid	Auckland			New York	
		Geneva	Wellington			Hong Kong	
			Kuala Lumpur			Sydney	
			New Delhi				
			Mumbai				
			Hong Kong				
			Shanghai				
			Guangzhou				
			Tokyo				

M&C SAATCHI PLC
NOTES TO THE INTERIM STATEMENTS
SIX MONTHS ENDED 30 JUNE 2010

Six months to 30 June 2009	UK	Europe	Asia & Australasia	Americas	New Offices	Clear	Total
	£000	£000	£000	£000	£000	£000	£000
REVENUE	23,757	4,608	15,427	1,320	-	4,689	49,801
OPERATING PROFIT EXCLUDING GROUP COSTS	5,016	343	1,475	(575)	-	921	7,180
Group costs	(1,467)	(20)	(131)	(35)	-	-	(1,653)
Operating profit	3,549	323	1,344	(610)	-	921	5,527
Share of result of associate	-	(107)	-	-	-	-	(107)
Finance income	65	7	57	1	-	5	135
Finance costs	(161)	(35)	(2)	-	-	-	(198)
PROFIT BEFORE TAXATION	3,453	188	1,399	(609)	-	926	5,357
Taxation	(1,030)	(151)	(485)	82	-	(300)	(1,884)
PROFIT FOR THE PERIOD	2,423	37	914	(527)	-	626	3,473
Non controlling interest	(62)	(54)	(167)	20	-	-	(263)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	2,361	(17)	747	(507)	-	626	3,210
HEADLINE BASIC EPS							5.27p
COSTS INCLUDED IN OPERATING PROFIT							
Depreciation and amortisation of software	307	82	566	20	-	80	1,055
Share option charges	86	-	46	2	-	-	134
OFFICE LOCATION	London	Paris	Sydney	LA		London	
		Berlin	Melbourne	Sao Paulo		Amsterdam	
		Madrid	Auckland			New York	
		Geneva	Wellington			Hong Kong	
			Kuala Lumpur			Sydney	
			New Delhi				
			Mumbai				
			Hong Kong				
			Shanghai				
			Tokyo				

As new offices are offices that were opened in 2010 we have reanalysed this data to give the correct comparative.

M&C SAATCHI PLC
NOTES TO THE INTERIM STATEMENTS
SIX MONTHS ENDED 30 JUNE 2010

Year Ended 31 December 2009	UK	Europe	Asia & Australasia	Americas	New Offices	Clear	Total
--------------------------------	----	--------	-----------------------	----------	----------------	-------	-------

	£000	£000	£000	£000	£000	£000	£000
REVENUE	49,079	9,639	33,583	2,635	-	8,499	103,435
OPERATING PROFIT EXCLUDING GROUP COSTS	10,453	1,113	2,278	(1,039)	-	1,289	14,094
Group costs	(3,252)	(71)	(369)	(42)	-	-	(3,734)
Operating profit	7,201	1,042	1,909	(1,081)	-	1,289	10,360
Share of result of associate	-	64	-	-	-	-	64
Finance income	92	10	120	2	-	5	229
Finance costs	(273)	(67)	(20)	(5)	-	-	(365)
PROFIT BEFORE TAXATION	7,020	1,049	2,009	(1,084)	-	1,294	10,288
Taxation	(2,075)	(413)	(906)	88	-	(397)	(3,703)
PROFIT FOR THE PERIOD	4,945	636	1,103	(996)	-	897	6,585
Non controlling interest	(80)	(202)	(111)	23	-	-	(370)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	4,865	434	992	(973)	-	897	6,215
HEADLINE BASIC EPS							10.15p
COSTS INCLUDED IN OPERATING PROFIT							
Depreciation and amortisation of software	589	173	843	33	-	153	1,791
Share option charges	216	-	31	4	-	-	251
OFFICE LOCATION	London	Paris	Sydney	LA		London	
		Berlin	Melbourne	Sao Paulo		Amsterdam	
		Madrid	Auckland			New York	
		Geneva	Wellington			Hong Kong	
			Kuala Lumpur			Sydney	
			New Delhi				
			Mumbai				
			Hong Kong				
			Shanghai				
			Tokyo				

As new offices are offices that were opened in 2010 we have reanalysed this data to give the correct comparative.

6. FINANCE INCOME

	Six months ended 30 June 2010 £000	Six months ended 30 June 2009 £000	Year ended 31 December 2009 £000
Bank interest receivable	114	124	203
Other interest receivable	13	11	26
Total interest receivable	127	135	229
Fair value adjustments to minority shareholder put option liabilities	-	429	157
Total	127	564	386

7. FINANCE EXPENSE

	Six months ended 30 June 2010 £000	Six months ended 30 June 2009 £000	Year ended 31 December 2009 £000
Finance costs			
Bank interest chargeable	(139)	(197)	(350)
Other interest payable	(24)	(1)	(15)
Total interest payable	(163)	(198)	(365)
Revaluation of call option	6	-	(4)
Fair value adjustments to minority shareholder put option liabilities	(1,299)	-	-
Total	(1,456)	(198)	(369)

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 2010 is 46.1% (30 June 2009: 32.6%).

The headline effective annual tax rate (excluding associate) used for the period to 30 June 2010 is 35.9% (30 June 2009: 34.5%).

The increase in headline tax rate is due to IFRS 3 no longer allowing investment expenses on which we do not get a tax credit to be capitalised and our higher tax rate US operations returning to profit.

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 revaluation of call option has any effect on the tax charge.

9. DIVIDENDS

	Six months ended 30 June 2010 £000	Six months ended 30 June 2009 £000	Year ended 31 December 2009 £000
2009 final dividend 0.00p* (2008 2.75p)	-	-	1,683
2009 interim dividend – (2008 0.87p)	-	-	536
2009 second interim dividend – (2008 none)	(1,692)	-	-
	(1,692)	-	2,219

*Due to a second interim dividend being paid there was no 2009 final dividend.

The directors propose an interim dividend of 0.87p per share (2009: 0.87p per share) payable on 19 November 2010 to shareholders who are on the register at 5 November 2010. This interim dividend, amounting to £537k (2009: £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 2010****10. CASH GENERATED FROM OPERATIONS**

	Six months ended 30 June 2010 £000	Six months ended 30 June 2009 £000	Year ended 31 December 2009 £000
Revenue	58,227	49,801	103,435
Operating expenses	(52,088)	(44,339)	(93,257)
Operating Profit	6,139	5,462	10,178
Adjustments for:			
Depreciation of plant and equipment	722	1,013	1,691
Losses on sale of plant and equipment	2	-	2
Loss on sale of intangible assets	-	-	23
Impairment and amortisation on acquired intangible assets	120	65	159
Amortisation of capitalised software intangible assets	55	42	100
Non-cash share based incentive plans	185	134	251
Operating cash flow before movements in working capital and provisions	7,223	6,716	12,404
(Increase) / decrease in trade and other receivables	(5,302)	9,922	7,291
Decrease in trade and other payables	(694)	(15,950)	(2,724)
Net cash inflow from operating activities	1,227	688	16,971

M&C SAATCHI PLC**NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2010****11. CASH CONSUMED BY ACQUISITIONS**

	Six months ended 30 June 2010 £000	Six months ended 30 June 2009 £000	Year ended 31 December 2009 £000
Acquisitions			
Initial cash consideration paid	(2,400)	(333)	(420)
Cash and cash equivalents acquired	1,104	-	-
	(1,296)	(333)	(420)
Contingent consideration paid	(229)	-	(107)
Purchase of associate (Zapping, Spain)	-	-	(9)
Total payments made in the period relating to acquisitions	(1,525)	(333)	(536)