

M&C SAATCHI PLC

INTERIM RESULTS

**SIX MONTHS TO
30 JUNE 2011**

21 September 2011

INTERIM RESULTS FOR THE SIX MONTHS TO 30 JUNE 2011

21 September 2011

GROUP HIGHLIGHTS

- Revenues up by 23% to £71.9m (2010: £58.2m)
- Like-for-like* revenue up 21%
- Headline* operating profit up 22% to £7.6m (2010: £6.3m)
- Headline* profit before tax up 24% to £7.7m (2010: £6.3m)
- Headline* basic earnings per share up 10% to 7.15p (2010: 6.49p)
- Interim dividend increased 15% to 1.0p (2010: 0.87p)

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

“The results for the period show significant progress. Trading has been strong in a tough market. We experienced good growth in our UK and other European businesses. The Asia and Australasia region had a more challenging half but we are pleased that our African and American operations are all moving towards profit. Revenue was 23% up on the same period last year and profit before tax increased 24%.

“The network is now in place and the new offices are all on course to be profitable by the end of the year. We have more multi-national clients as well as rolling out our higher growth companies. We are confident about our progress but conscious of any macro effects beyond our control in 2012. We remain vigilant about costs and maintaining our strong balance sheet.”

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

SUMMARY OF RESULTS

Overview

The Board of M&C Saatchi plc announces the unaudited results for the six months ended 30 June 2011.

We are pleased to report a strong set of results for the first six months of 2011 which saw revenue growth of 23% to £71.9m (2010: £58.2m). Like-for-like revenue growth which excludes the impact of exchange rate movements increased by 21% to £70.6m (2010: £55.3m).

Headline operating profit was up 22% to £7.6m (2010: £6.3m). Regionally, there were especially good first half performances from both the UK and the rest of Europe. The overall operating margin dipped from 10.7% in 2010 to 10.6%, due to some pricing pressure in China and Australia.

There was a net nil interest charge in the period (2010: £36k) and a profit contribution of £105k from the Group's associates in Spain and the Middle East (2010: £31k). This left a headline profit before tax of £7.7m (2010: £6.3m), 24% up on last year.

The Group's headline tax rate (excluding associates) has gone down to 32.5% (2010: 36.2%). The decrease is due to a reduction in our organic start-up losses, with some companies now making a profit and utilising their historic tax losses. Our present and projected tax rate has further been reduced by the reduction in the rate of UK corporation tax.

With many of these newer companies within the Group now making a profit, the minority interest charge has risen to £829k (2010: £8k).

The headline profit attributable to the equity shareholders of the Group increased 11% to £4.4m.

Headline basic EPS has grown 10% to 7.15p (2010: 6.49p).

At 30 June 2011 the Group had net cash of £14.8m (2010: 7.3m). Cash balances across the Group stood at £17.4m down from £31.4m at the 2010 year-end, with the release to suppliers over the first half of some exceptionally large client advance payments received at the end of 2010. We were utilising £2.6m of the three-year £10m facility provided by RBS, which continues until 2014.

During the period the Group generated free cash flow of £6.8m. There was a working capital outflow of £19.0m and £1.6m spent on acquisitions. The total net outflow was £14.0m primarily due to the release to suppliers of the client 2010 advance payments. Other net outflows including dividends paid to minority interest shareholders totalled £0.2m.

REVIEW OF OPERATIONS

With the worldwide agency network now in place, the key development from a year ago has been the network's ability to win regional and international business. As well as the first quarter wins confirmed with the preliminary results (FTI Consulting, Kasperski and Garmin), we have maintained this momentum winning new assignments from Vertu, Google, Siemens, Lenovo and Pernod Ricard.

UK

Our first half financial performance was very good. Revenue increased by 24% to £31.4m (2010: £25.3m) and the headline operating profit (excluding Group costs) increased 23% to £6.5m (2010: £5.3m). Excluding the impact of the Group recharges, the headline operating margin remained steady at 20.8% (2010: 21.0%), which was pleasing in the context of a media buying market that continues to be very competitive.

The UK has been the lead country in most of the international wins. Importantly, the new management has succeeded in developing a robust integrated offer, which clients are increasingly finding appealing. Data and social media operations were launched in the second quarter and are very much in demand. M&C Saatchi Mobile (acquired last year as Inside Mobile) is growing fast and has developed an extensive client portfolio that includes Boots, BMW, Ernst & Young, Hyundai, Pfizer and Wonga.

Europe

Our offices all made good progress in the first half. Germany delivered positive results, adding more Ferrero brands. France is still a tough market but benefited from strong digital and PR performances. Italy won Sky and very impressively was voted the country's Best Independent Agency in its first year of trading. Spain (an Associate) made a better contribution and won Correos, the national postal service.

Revenues increased 26% to £6.6m (2010: £5.3m). Using constant currency rates meant that the revenue increased by 25%. Headline operating profit (excluding Group costs) increased 44% to £0.9m (2010: £0.6m) and the headline operating margin for the first half increased to 12.9% (2010: 11.2%),

Middle East & Africa

Both our African offices made big steps forward in revenue terms and Cape Town and Johannesburg are set to be profitable in the second half. First half 2011 revenues were £1.1m (2010: £0.1m) and there is now a significant client base with key wins in the period being Samsung and Nestlé. The offices were virtually at breakeven in the first half, which compares with a loss of £0.3m for the same period last year. We feel they are very well positioned to take advantage of the growing African market.

MENA (an associate) had a challenging period with their performance severely hit by the Arab spring. Under our agreed contract, the Group's share of losses was negligible. However, opportunities are beginning to emerge within the region as stability begins to return.

Asia and Australasia

A relatively weaker result was returned from the Asian and Australasian region with the performance eroded by Australia's ANZ advertising loss at the end of last year. This together with some market pricing pressure in both Australia and China meant lower operating margins. On a like-for-like basis and using constant exchange rates, revenue has increased by 8%. Operating profit was down 17% to £1.3m (2010: £1.6) with a fall in operating margin from 7.9% in 2010 to 5.6%.

Australia has clawed back much of the loss through cost control and new business wins, including EFTPOS, Tennis Australia and Dick Smith. Greater China has been gaining some revenue momentum and led the Lenovo new business win. Malaysia maintained their strong financial performance, whilst New Zealand had a good first half winning Education NZ. Our challenge in India is to develop advertising scale to add to our strong direct and digital offering.

Americas

In New York, we now have a single property to house Clear, Sport & Entertainment and Mobile in one hub. This will form the foundation for growth into other marketing services and will be a key development focus in the next eighteen months. Los Angeles has been slow; the office won Ugg but several client losses resulted in a profit decline. The new acquisition in Brazil has meant scale and profitability. Sao Paulo now has a good impetus and has been winning new business; including Minerva and Tetra Pak.

Revenues using constant exchange rates were up 76% to £3.0m (2010: £1.7m) boosted by the new acquisition revenues. The region made a small operating loss of £0.1m (2010: a loss of £0.1m)

Clear

Clear experienced a slow start in the UK but is now performing more in line with our expectations under a new management team. Asia continues to grow well, whilst the US is flourishing.

There were good new business wins, including Bacardi, Fonterra, HTC, VFC and Pepsi.

In January, Clear added a new office in Singapore and is now looking to open an office in San Francisco to capitalise on the US demand.

Like-for-like revenues were up 17% to £6.2m (2010: £5.3m). Headline operating profit was flat at £1.2m with Clear's operating margin slipping to 19.9% (2010: 22.3%) due to some pressure on pricing, mainly in the UK.

Outlook

The network is now in place and the new offices are all on course to be profitable by the end of the year. We have more multi-national clients. We have successfully invested in new higher growth businesses and subsequently rolled out proven models.

We are confident about our progress but are conscious of any macro effects beyond our control in 2012. Consequently, we remain vigilant about costs and maintaining our strong balance sheet.

This report comments on the unaudited consolidated income statement of M&C Saatchi plc (the "Group") for the six months to 30 June 2011 compared with unaudited consolidated income statement for the same period in 2010. 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, revisions to contingent consideration and call option revaluations.

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED INCOME STATEMENT
ENDED 30 JUNE 2011

		Six months ended 30 June 2011	Six months ended 30 June 2010	Year ended 31 December 2010
	Note	£000	£000	£000
BILLINGS		242,035	217,006	463,979
REVENUE	4	71,906	58,227	125,144
Operating costs		(64,404)	(52,088)	(112,469)
OPERATING PROFIT	4	7,502	6,139	12,675
Share of results of associates		105	31	61
Finance income	6	171	127	227
Finance costs	7	(709)	(1,456)	(5,151)
PROFIT BEFORE TAXATION	4	7,069	4,841	7,812
Taxation on profits	8	(2,395)	(2,232)	(4,739)
PROFIT FOR THE FINANCIAL PERIOD		4,674	2,609	3,073
Profit attributable to:				
Equity shareholders of the Group	4	3,845	2,601	2,560
Non controlling interest		829	8	513
		4,674	2,609	3,073
EARNINGS PER SHARE	4			
Basic		6.20p	4.22p	4.15p
Diluted		6.08p	4.09p	4.04p

M&C SAATCHI PLC**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
ENDED 30 JUNE 2011**

	Six months ended 30 June 2011	Six months ended 30 June 2010	Year ended 31 December 2010
	£000	£000	£000
Profit for the period	4,674	2,609	3,073
Other comprehensive income:			
Exchange differences on translating foreign operations before tax	426	(313)	509
Tax benefit / (expense)	-	-	5
Other comprehensive income for the period net of tax	426	(313)	514
Total comprehensive income for the period	5,100	2,296	3,587
Total comprehensive income attributable to:			
Equity shareholders of the Group	4,271	2,288	3,074
Non controlling interests	829	8	513
	5,100	2,296	3,587

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2011

	30 June 2011	30 June 2010	31 December 2010
	£000	£000	£000
NON CURRENT ASSETS			
Intangible assets	62,234	60,957	61,125
Investments in associates	2,196	1,745	1,579
Plant and equipment	5,884	4,415	5,487
Deferred tax assets	651	1,919	825
Other non current assets	5,255	4,224	4,752
	76,220	73,260	73,768
CURRENT ASSETS			
Trade and other receivables	67,597	57,429	80,245
Current tax assets	873	83	125
Cash and cash equivalents	17,420	12,809	31,388
	85,890	70,321	111,758
CURRENT LIABILITIES			
Trade and other payables	(82,831)	(71,407)	(113,480)
Current tax liabilities	(2,692)	(1,794)	(1,275)
Other financial liabilities	(97)	(954)	(2,538)
Deferred and contingent consideration	(260)	(1,665)	(331)
Minority shareholder put options liabilities	(1,551)	(964)	(3,873)
	(87,431)	(76,784)	(121,497)
NET CURRENT LIABILITIES	(1,541)	(6,463)	(9,739)
TOTAL ASSETS LESS CURRENT LIABILITIES	74,679	66,797	64,029
NON CURRENT LIABILITIES			
Deferred tax liabilities	(902)	(836)	(942)
Other financial liabilities	(2,614)	(5,484)	(143)
Contingent consideration	-	-	(343)
Minority shareholder put options liabilities	(18,152)	(11,250)	(11,162)
Other non current liabilities	(300)	(425)	(368)
	(21,968)	(17,995)	(12,958)
NET ASSETS	52,711	48,802	51,071

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

AT 30 JUNE 2011

	30 June 2011	30 June 2010	31 December 2010
	£000	£000	£000
EQUITY			
Share capital	632	623	625
Share premium	13,455	12,758	12,822
Merger reserve	21,922	21,922	21,922
Treasury reserve	(792)	(792)	(792)
Minority interest put option reserve	(14,652)	(11,260)	(10,466)
Non controlling interest acquired	(130)	(119)	(130)
Foreign exchange reserve	3,088	1,835	2,662
Retained earnings	26,530	23,044	23,053
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE GROUP	50,053	48,011	49,696
NON CONTROLLING INTERESTS	2,658	791	1,375
TOTAL EQUITY	52,711	48,802	51,071

M&C SAATCHI PLC**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****SIX MONTHS ENDED 30 JUNE 2011**

	Share capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	Minority interest put option reserve £000	Non controlling interest acquired £000	Translation of foreign operations £000	Retained earnings £000	Subtotal £000	Non Controlling interests £000	Total £000
31 December 2009	622	12,758	22,258	(792)	(3,480)	–	2,148	18,832	52,346	770	53,116
Reserve movements for the Year ending 31 December 2010											
Acquired non controlling interest	1	64	–	–	169	(214)	–	(64)	(44)	–	(44)
Acquisitions	–	–	–	–	–	–	–	–	–	218	218
Issue of shares to minority	–	–	–	–	–	–	–	–	–	474	474
Exchange rate movement	–	–	–	–	(13)	–	–	–	(13)	(23)	(36)
Sale to non controlling interest	–	–	(336)	–	–	84	–	3,550	3,298	–	3,298
Issue of minority put options	–	–	–	–	(7,345)	–	–	–	(7,345)	–	(7,345)
Cancellation of minority put options	–	–	–	–	203	–	–	15	218	–	218
Option exercise	2	–	–	–	–	–	–	(2)	–	–	–
Reclassification of cash to share based options	–	–	–	–	–	–	–	(284)	(284)	–	(284)
Reclassification of share to cash based options	–	–	–	–	–	–	–	158	158	–	158
Share option charge	–	–	–	–	–	–	–	517	517	–	517
Dividends	–	–	–	–	–	–	–	(2,229)	(2,229)	(577)	(2,806)
Total comprehensive income for the year	–	–	–	–	–	–	514	2,560	3,074	513	3,587
31 December 2010	625	12,822	21,922	(792)	(10,466)	(130)	2,662	23,053	49,696	1,375	51,071
Reserve movements for the Six months ending 30 June 2011											
Acquired non controlling interest	4	633	–	–	–	–	–	(637)	–	–	–
Issue of shares to minority	–	–	–	–	–	–	–	–	–	707	707
Exchange rate movement	–	–	–	–	–	–	–	–	–	49	49
Issue of minority put options	–	–	–	–	(4,316)	–	–	–	(4,316)	–	(4,316)
Cancellation of minority put options	–	–	–	–	130	–	–	55	185	–	185
Options exercised	3	–	–	–	–	–	–	(3)	–	–	–
Equity settled share based payments	–	–	–	–	–	–	–	456	456	–	456
Reclassification of share to cash settled options	–	–	–	–	–	–	–	(239)	(239)	–	(239)
Dividends	–	–	–	–	–	–	–	–	–	(302)	(302)
Total comprehensive income for the period	–	–	–	–	–	–	426	3,845	4,271	829	5,100
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 STATEMENT OF CHANGES IN EQUITY (CONTINUED)****SIX MONTHS ENDED 30 JUNE 2011**

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

SIX MONTHS ENDED 30 JUNE 2011

	Notes	Six months ended 30 June 2011 £000	Six months ended 30 June 2010 £000	Year Ended 31 December 2010 £000
CASH GENERATED FROM OPERATIONS	11	(9,762)	1,227	28,291
Tax paid		(1,088)	(2,136)	(4,636)
NET CASH (OUT) / IN FLOW FROM OPERATING ACTIVITIES		(10,850)	(909)	23,655
Acquisitions	12	(1,598)	(944)	(1,280)
Proceeds from sale of plant and equipment		-	-	30
Purchase of plant and equipment		(1,197)	(747)	(2,354)
Purchase of capitalised software		(72)	(68)	(207)
Dividends received from associates		-	-	200
Interest earned from cash held by trading entities		139	110	227
NET CASH CONSUMED BY INVESTING ACTIVITIES		(2,728)	(1,649)	(3,384)
Dividends paid		-	(1,692)	(2,229)
Dividends paid to non controlling interest		(302)	(217)	(577)
Subsidiaries' sale of own shares to minorities		2	10	397
Repayment of finance leases		(27)	(16)	(32)
Inception of bank loans		355	3,421	3,703
Repayment of bank loans		(365)	(1,370)	(5,583)
Interest paid		(139)	(140)	(299)
NET CASH CONSUMED FROM FINANCING ACTIVITIES		(476)	(4)	(4,620)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(14,054)	(2,562)	15,651
Cash and cash equivalents at the beginning of the period		31,388	15,111	15,111
Effect of exchange rate changes		86	260	626
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		17,420	12,809	31,388

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 20 September 2011.

These results do not constitute the Group's statutory accounts. The information presented in relation to 31 December 2010 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 2010 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 2011 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 2010.

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 2010 and which will form the basis of the 2011 financial statements, except as described below.

The Group has decided to cease using its new offices segment, and create a new Middle East and Africa segment. Our 2010 comparatives reflect this change.

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

SIX MONTHS ENDED 30 JUNE 2011

4. EARNINGS PER SHARE AND RECONCILIATION BETWEEN HEADLINE AND STATUTORY RESULTSSix 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 2011

Six 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**UNAUDITED NOTES TO THE INTERIM STATEMENTS**

SIX MONTHS ENDED 30 JUNE 2011

Year ended
31 December 2010

	Reported results £000	Amortisation of acquired intangibles £000	Fair value adjustments to minority put option liabilities £000	Headline & Segmental results £000
REVENUE	125,144	-	-	125,144
OPERATING PROFIT	12,675	617	-	13,292
Share of results of associates	61	-	-	61
Finance income	227	-	-	227
Finance expense	(5,151)	-	4,852	(299)
PROFIT BEFORE TAXATION	7,812	617	4,852	13,281
Taxation	(4,739)	(168)	-	(4,907)
PROFIT AFTER TAXATION	3,073	449	4,852	8,374
Non controlling interest	(513)	-	(95)	(608)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	2,560	449	4,757	7,766
BASIC EARNINGS PER SHARE				
Weighted average number of shares (thousands)	61,667			61,667
BASIC EPS	4.15p			12.59p
DILUTED EARNINGS PER SHARE				
Weighted average number of shares (thousands) as above	61,667			61,667
Add				
- UK growth shares	890			890
- Float options	128			128
- LTIP options	667			667
Total	63,352			63,352
DILUTED EARNINGS PER SHARE	4.04p			12.26p

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2011****5. SEGMENTAL INFORMATION**

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

Six months to 30 June 2011	UK	Europe	Middle East & Africa	Asia & Americas Australasia	Clear	Total
	£000	£000	£000	£000	£000	£000
REVENUE	31,366	6,609	1,137	23,641	2,978	71,906
OPERATING PROFIT EXCLUDING GROUP COSTS	6,520	851	(26)	1,335	(96)	9,815
Group costs	(1,952)	(34)	-	(159)	(34)	(2,179)
Operating profit	4,568	817	(26)	1,176	(130)	7,636
Share of result of associate	-	118	(13)	-	-	105
Finance income	95	5	2	66	-	171
Finance costs	(97)	(28)	-	(31)	(15)	(171)
PROFIT BEFORE TAXATION	4,566	912	(37)	1,211	(145)	7,741
Taxation	(1,381)	(219)	(16)	(441)	(14)	(2,478)
PROFIT FOR THE PERIOD	3,185	693	(53)	770	(159)	5,263
Non controlling interest	(286)	(167)	43	(352)	(3)	(829)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	2,899	526	(10)	418	(162)	4,434
HEADLINE BASIC EPS						7.15p
COSTS INCLUDED IN OPERATING PROFIT						
Depreciation and amortisation of software	375	131	35	320	29	951
Share option charges	402	-	-	59	2	463
OFFICE LOCATION	London	Paris Berlin Madrid Geneva Milan Moscow	Beirut Cape Town Johannesburg	Sydney Melbourne Auckland Wellington Kuala Lumpur New Delhi Mumbai Hong Kong Shanghai Tokyo	Los Angeles New York Sao Paulo	London Amsterdam New York Hong Kong Singapore Sydney

M&C SAATCHI PLC
UNAUDITED NOTES TO THE INTERIM STATEMENTS
SIX MONTHS ENDED 30 JUNE 2011

Six months to 30 June 2010	UK	Europe	Middle East & Africa	Asia & Australasia	Americas	Clear	Total
	£000	£000	£000	£000	£000	£000	£000
REVENUE	25,266	5,257	95	20,539	1,718	5,352	58,227
OPERATING PROFIT EXCLUDING GROUP COSTS	5,296	591	(342)	1,613	(103)	1,193	8,248
Group costs	(1,764)	(37)	-	(180)	(8)	-	(1,989)
Operating profit	3,532	554	(342)	1,433	(111)	1,193	6,259
Share of result of associate	-	31	-	-	-	-	31
Finance income	61	2	2	58	1	3	127
Finance costs	(112)	(29)	-	(12)	(10)	-	(163)
PROFIT BEFORE TAXATION	3,481	558	(340)	1,479	(120)	1,196	6,254
Taxation	(1,081)	(190)	-	(548)	(85)	(347)	(2,251)
PROFIT FOR THE PERIOD	2,400	368	(340)	931	(205)	849	4,003
Non controlling interest	(26)	(89)	170	(92)	31	(2)	(8)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	2,374	279	(170)	839	(174)	847	3,995
HEADLINE BASIC EPS							6.49p
COSTS INCLUDED IN OPERATING PROFIT							
Depreciation and amortisation of software	261	116	17	304	13	66	777
Share option charges	146	-	-	38	1	-	185
OFFICE LOCATION	London	Paris Berlin Madrid Geneva Milan	Beirut Cape Town Johannesburg	Sydney Melbourne Auckland Wellington Kuala Lumpur New Delhi Mumbai Hong Kong Shanghai Guangzhou Tokyo	Los Angeles New York Sao Paulo	London Amsterdam New York Hong Kong Sydney	

As Middle East & Africa is a new segment we have reanalysed this data to give the correct comparative.

M&C SAATCHI PLC
UNAUDITED NOTES TO THE INTERIM STATEMENTS
SIX MONTHS ENDED 30 JUNE 2011

Year to 31 December 2010

	UK	Europe	Middle East & Africa	Asia & Americas Australasia	Clear	Total
	£000	£000	£000	£000	£000	£000
REVENUE	53,700	11,580	604	44,115	4,107	125,144
OPERATING PROFIT EXCLUDING GROUP COSTS	10,997	1,573	(690)	3,630	(249)	17,237
Group costs	(3,498)	(73)	-	(364)	(10)	(3,945)
Operating profit	7,499	1,500	(690)	3,266	(259)	13,292
Share of result of associate	-	48	13	-	-	61
Finance income	84	3	4	131	2	227
Finance costs	(176)	(62)	-	(34)	(27)	(299)
PROFIT BEFORE TAXATION	7,407	1,489	(673)	3,363	(284)	13,281
Taxation	(2,443)	(549)	(22)	(1,171)	(123)	(4,907)
PROFIT FOR THE PERIOD	4,964	940	(695)	2,192	(407)	8,374
Non controlling interest	(179)	(329)	382	(494)	70	(608)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	4,785	611	(313)	1,698	(337)	7,766
HEADLINE BASIC EPS						12.59p
COSTS INCLUDED IN OPERATING PROFIT						
Depreciation and amortisation of software	576	184	54	590	38	1,572
Share option charges	452	10	-	53	2	517
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		Sydney
				New Delhi		
				Mumbai		
				Hong Kong		
				Shanghai		
				Guangzhou		
				Tokyo		

As Middle East & Africa is a new segment we have reanalysed this data to give the correct comparative.

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2011****6. FINANCE INCOME**

	Six months ended 30 June 2011 £000	Six months ended 30 June 2010 £000	Year ended 31 December 2010 £000
Bank interest receivable	150	114	226
Other interest receivable	21	13	1
Total	171	127	227

7. FINANCE COSTS

	Six months ended 30 June 2011 £000	Six months ended 30 June 2010 £000	Year ended 31 December 2010 £000
Finance costs			
Bank interest payable	(146)	(139)	(299)
Other interest payable	(25)	(24)	-
Total interest payable	(171)	(163)	(299)
Revaluation of call option	-	6	-
Fair value adjustments to minority shareholder put option liabilities	(538)	(1,299)	(4,852)
Total	(709)	(1,456)	(5,151)

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 2011 is 33.9% (30 June 2010: 46.1%).

The headline effective annual tax rate (excluding associates) used for the period to 30 June 2011 is 32.5% (30 June 2010: 36.2%).

The decrease in the headline tax rate to closer to our long term levels is due to a reduction in our organic start losses, with some companies now making a profit and utilising their historic tax losses. Our present and long term tax rate has further been reduced by the reduction in UK corporation tax.

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 2011 £000	Six months ended 30 June 2010 £000	Year ended 31 December 2010 £000
2010 interim dividend 0.87p – (2009 0.87p)	-	-	537
2009 second interim dividend none – (2009 2.75p)	-	1,682	1,682
2010 final dividend 3.03p* (2009 none)	-	-	-
	-	1,682	2,219

*The 2010 final dividend of £1,895k (3.03p per share) was paid in July 2011 and therefore is not included in the statement of changes in equity for the period to 30 June 2011.

The directors propose an interim dividend of 1.00p per share (2010: 0.87p per share) payable on 18 November 2011 to shareholders who are on the register at 4 November 2011. This interim dividend, amounting to £626k (2010: £537k) 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 2011****10. CHANGES TO PUT OPTIONS****New issue of put options**

During the period equity was issued in the following subsidiary enterprises, the equity has the right to be put into M&C Saatchi plc:-

Company	Year	% of Company shares / partnership interest exchangeable
Clear Ideas Consulting LLP*	2015	12.5%
Clear Ideas Consulting LLP*	2016	12.5%
M&C Saatchi Brazil Participações LTDA	2017	40.0%
M&C Saatchi UK PR LLP	2015	35.0%

*This is a share in capital above its present value

Revised put options

The following put option agreements have been revised:-

Company	Year	% of Company shares exchangeable
M&C Saatchi GAD SAS**	2012	19.4%
M&C Saatchi GAD SAS**	2014	19.4%
M&C Saatchi Brazil Comunicação LTDA***	2017	9.9%

** Some of the M&C Saatchi GAD SAS shareholders have agreed to delay their right to put their shares by between one and three years, in return, the fair market value formula has been revised to reflect the Group multiple as well as a minimum value per share.

*** As part of the reorganization of Brazil the put option exercise date has been delayed by two years and the formula adjusted.

Deleted put option

The following put option was deleted as part of the Brazil reorganisation.

Company	Year	% of Company shares exchangeable
M&C Saatchi Brazil ParticipaçõesLTDA***	2015	10.1%

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2011****11. CASH GENERATED FROM OPERATIONS**

	Six months ended 30 June 2011 £000	Six months ended 30 June 2010 £000	Year ended 31 December 2010 £000
Revenue	71,906	58,227	125,144
Operating cost	(64,404)	(52,088)	(112,469)
Operating Profit	7,502	6,139	12,675
Adjustments for:			
Depreciation of plant and equipment	885	722	1,460
Losses on sale of plant and equipment	-	2	141
Impairment and amortisation on acquired intangible assets	292	120	617
Amortisation of capitalised software intangible assets	66	55	112
Non-cash share based incentive plans	456	185	517
Operating cash flow before movements in working capital and provisions	9,201	7,223	15,522
Decrease / (increase) in trade and other receivables	12,599	(5,302)	(27,760)
(Decrease) / increase in trade and other payables	(31,562)	(694)	40,529
Net cash (outflow) / inflow from operating activities	(9,762)	1,227	28,291

12. CASH CONSUMED BY ACQUISITIONS

	Six months ended 30 June 2011 £000	Six months ended 30 June 2010 £000	Year ended 31 December 2010 £000
Acquisitions			
Initial cash consideration paid	(1,598)	(2,629)	(2,378)
Cash and cash equivalents acquired	-	1,104	1,098
Total payments made in the period relating to acquisitions	(1,598)	(1,525)	(1,280)