

M&C SAATCHI PLC

FINAL RESULTS

**YEAR ENDED
31 DECEMBER 2011**

20 MARCH 2012

M&C Saatchi PLC
Final Results for the year ended 31 December 2011

20 March 2012

Strong results, with continued revenue momentum and earnings growth

Highlights

	2011	Growth versus 2010
Revenue	£153.1m	+22% (2010: £125.1m)
Operating Profit	£15.4m	+16% (2010: £13.3m)
Profit Before Tax	£15.6m	+17% (2010: £13.3m)
EPS	14.30p	+14% (2010: 12.59p)
Dividend	4.50p	+15% (2010: 3.90p)

The highlights are headline results, see note 1 for a definition.

Strategy working

- Best year-on-year revenue growth since flotation in 2004
- Group Revenues up 22% to 153.1m (2010: £125.1m); up 20% using constant currencies
- Group reaping the benefits of expanding global network and the continued roll-out of high-growth diversified businesses
- Headline profit before tax up 17% to £15.6m (2010: £13.3m)
- Strong balance sheet and positive cashflow
- Headline basic earnings per share up 14% at 14.30p (2010: 12.59p)
- Final dividend of 3.50p per share (2010: 3.03p); total dividend up 15.4% to 4.50p (2010: 3.90p)
- Global Network performed well across all geographies:
 - UK: like-for-like revenues up 25%, with mobile performing particularly well
 - Europe: like-for-like revenues up 23%, in spite of challenging trading conditions
 - Asia and Australasia: like-for-like revenues up 6%
 - Africa's revenues up fivefold to £3m
 - Sao Paulo acquisition driven up Americas' revenues 65%
- Clear performed well following restructuring with like-for-like revenue up 11% and operating profit up 2%
- Strong new business performance - particular success in with multinational clients
- Start-ups in data and social media making good progress

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

“M&C Saatchi has produced another strong performance and has made further excellent progress in delivering the best year-on-year growth in revenue since our flotation in 2004.

“We are reaping the benefits of our growing global network and the roll-out of our growth specialist businesses such as M&C Saatchi Sport & Entertainment and M&C Saatchi Mobile.

“2012 has started well. Despite uncertainty with the macro environment we are benefitting from new revenues from the significant wins last year, such as O₂. In addition, we have already had further new business success with Eithad, the Commonwealth Bank of Australia and Edgars in South Africa.

“Our successful strategy remains the same. We will continue to build scale through work with multi-national clients; we will invest in high-growth new businesses in mature markets; we will increase our presence in desirable markets; and we will roll out proven models across the network. This strategy is producing strong financial results and the Board is confident that it will continue to do so in 2012 and beyond.”

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Notes to Editors

Headline results

The term headline is not a defined term in IFRS. The items that are excluded from headline results is the amortisation or impairment of intangible assets (including goodwill) acquired in business combinations, changes to contingent and deferred consideration taken to the income statement; and fair value gains and losses on liabilities caused by our put and call option agreements

SUMMARY OF RESULTS

2011 was another good year for the Group with strong revenue momentum and earnings growth. Like-for-like revenues increased 20% and we maintained a double digit headline operating margin of 10%, in spite of the drag from new businesses. The headline profit before tax advanced 17% to £15.6m and headline net earnings rose 15%. Cash flows remain positive and our balance sheet continues to be strong.

UK

We experienced excellent like-for-like revenue growth in the UK of 25%, with our mobile business doing particularly well. We also won significant international and regional business and this has continued into 2012, with us winning the Etihad and Loewe global accounts. Our differentiated integrated offer is key to both these wins and the revenue growth from existing clients.

Media buying remains a highly competitive market and we lost the Barclays account in the second half in a procurement driven pitch. However, we believe Walker Media offers a unique combination of bespoke communications planning and buying value and this is being seen in a healthy new business pipeline. We retain a close watch on costs as well as margins which continue to be eroded by the pressure on media buying remuneration. This resulted in the headline operating margin dipping from 20.5% to 19.5% (excluding the impact of Group recharges). The UK headline operating profit improved an impressive 18% on 2010.

Europe

Despite the economic backdrop, we feel we are making excellent progress in Europe. Like-for-like revenues increased 23%. Headline operating profit was up 30%. Germany, Italy and Switzerland all performed well. In France, new business proved slow on the advertising front but we benefited from direct marketing, digital and PR contributions.

Africa

Both Cape Town and Johannesburg were profitable in their second year of trading. Revenues were up from £0.6m to £3m and key wins in the year were Heineken, Nedbank, Nestlé and Samsung. We believe our offices are well positioned to take advantage of a developing African market. The growth has continued into 2012 with the win of Edgars Department Stores and we are projecting a staff head count of over 100 by the end the year.

Asia and Australasia

2011 was a more testing year for Asia and Australasia. Having held several very large clients for many years, Australia experienced significant client churn but also delivered one of their best new business years, with CPA, Dick Smith, EFTPOS, Google, Lend Lease and Masters all coming on board. This enormous amount of new business activity inevitably suppressed margins. Australia has started 2012 favourably and recently picked up the Commonwealth Bank account, which will be a Group top ten account. Sydney is also diversifying and acquired a small PR company in January 2012.

Our other key challenge within the region has been China, where severe pricing pressure made for a difficult market. We closed our Guangzhou office and struggled in Hong Kong. Otherwise, there was another outstanding performance from Malaysia. New Zealand, Japan and India were all profitable, albeit relatively small. We have reopened our Singapore office in February 2012 with an experienced and promising team.

Like-for-like revenues rose 6% year-on-year whilst profits declined 35%, depressed by Australian and Chinese decreases, which left a headline operating margin of 4.7%, which compares with 2010's 8.2%.

Americas

In New York, we housed our Sport & Entertainment, Mobile and Clear operations under one roof in November. We have this year recruited a Chief Executive, Jeff Brooks, who joined in February and will expand our offer in the US. He will be hiring a chief creative officer and a head of planning to complete the management team, so there will be some investment this year.

Our Los Angeles office made a small profit. In São Paulo, the acquisition completed in March 2011 is now fully integrated and working well. Bradesco, a leading Brazilian bank has become a key Group client and new clients have been won, including Minerva and Tetra Pak. Like-for-like revenues rose 65% year on year. The 2011 headline operating profit was £0.1m, which compares with a loss of £0.3m in 2010.

Clear

Clear had a slow start in Europe but following some restructuring performed well. Clear Asia and Australia are both growing rapidly, whilst Singapore was profitable in its first year of trading. Clear USA is flourishing and returned 93% year on year revenue growth. The San Francisco office opening is now scheduled for the middle of this year. New clients in Europe were Asics and Wrigley, whilst Asia added Bacardi, De Beers, Fonterra and Revlon and the USA, PepsiCo, GSK, Vans, Australia EFTPOS and Goodman Fielder.

Like-for-like revenue was up 11% on 2010, the headline operating margin slipped from 17.9% to 16.5% due to pricing pressure in Europe, leaving headline operating profit advancing 2% year on year.

Outlook

2012 has started well. Despite uncertainty with the macro environment we are benefitting from new revenues from the significant wins last year, such as O₂. In addition, we have already had further new business success with Eithad, the Commonwealth Bank of Australia and Edgars in South Africa.

Our successful strategy remains the same. We will continue to build scale through work with multi-national clients; we will invest in high-growth new businesses in mature markets; we will increase our presence in desirable markets; and we will roll out proven models across the network. This strategy is producing strong financial results and the Board is confident that it will continue to do so in 2012 and beyond.

M&C SAATCHI PLC
AUDITED CONSOLIDATED INCOME STATEMENT

Year ended 31 December		2011	2010
	Note	£000	£000
BILLINGS		520,017	463,979
REVENUE	3	153,133	125,144
Operating costs	5	(139,040)	(112,469)
OPERATING PROFIT	3	14,093	12,675
Share of results of associates	6	115	61
Finance income	7	2,199	227
Finance costs	8	(370)	(5,151)
PROFIT BEFORE TAXATION	3	16,037	7,812
Taxation	9	(4,589)	(4,739)
PROFIT FOR THE YEAR		11,448	3,073
Profit attributable to:			
Equity shareholders of the Group	3	9,599	2,560
Non controlling interests		1,849	513
		11,448	3,073
EARNINGS PER SHARE	3		
Basic		15.39p	4.15p
Diluted		15.07p	4.04p
HEADLINE RESULTS	3		
Operating profit		15,399	13,292
Profit before tax		15,562	13,281
Profit after tax attributable to equity shareholders		8,918	7,766
HEADLINE EARNINGS PER SHARE	3		
Basic		14.30p	12.59p
Diluted		14.00p	12.26p

M&C SAATCHI PLC
AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME

Year ended 31 December	2011	2010
	£000	£000
Profit for the year	11,448	3,073
Other comprehensive income:		
Exchange differences on translating foreign operations before tax	(189)	509
Tax (expense)/benefit	(40)	5
Other comprehensive income for the year net of tax	(229)	514
Total comprehensive income for the year	11,219	3,587
Total comprehensive income attributable		
to:		
Equity shareholders' of the Group	9,370	3,074
Non controlling interests	1,849	513
	11,219	3,587

M&C SAATCHI PLC

AUDITED CONSOLIDATED BALANCE SHEET

At 31 December		2011	2010
	Note	£000	£000
NON CURRENT ASSETS			
Intangible assets		60,229	61,125
Investments in associates		2,226	1,579
Plant and equipment		6,941	5,487
Deferred tax assets		1,098	825
Other non current assets		4,987	4,752
		75,481	73,768
CURRENT ASSETS			
Trade and other receivables		89,585	80,245
Current tax assets		322	125
Cash and cash equivalents		18,779	31,388
		108,686	111,758
CURRENT LIABILITIES			
Trade and other payables		(103,406)	(113,480)
Current tax liabilities		(2,270)	(1,275)
Other financial liabilities		(126)	(2,538)
Deferred and contingent consideration		(128)	(331)
Minority shareholder put option liabilities	13	(1,682)	(3,873)
		(107,612)	(121,497)
NET CURRENT ASSETS (LIABILITIES)		1,074	(9,739)
TOTAL ASSETS LESS CURRENT LIABILITIES		76,555	64,029
NON CURRENT LIABILITIES			
Deferred tax liabilities		(813)	(942)
Other financial liabilities		(3,890)	(143)
Contingent consideration		–	(343)
Minority shareholder put options liabilities	13	(15,410)	(11,162)
Other non current liabilities		(396)	(368)
		(20,509)	(12,958)
TOTAL NET ASSETS		56,046	51,071

M&C SAATCHI PLC

AUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)

At 31 December	Note	2011 £000	2010 £000
EQUITY			
Equity attributable to shareholders of the Group			
Share capital		635	625
Share premium		13,832	12,822
Merger reserve		21,194	21,922
Treasury reserve		(792)	(792)
Minority interest put option reserve		(14,305)	(10,466)
Non controlling interest acquired		(297)	(130)
Foreign exchange reserve		2,308	2,662
Retained earnings		30,808	23,053
		53,383	49,696
NON CONTROLLING INTEREST			
		2,663	1,375
TOTAL EQUITY		56,046	51,071

M&C SAATCHI PLC

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	MI put option reserve £000	Non controlling interest acquired £000	Foreign exchange reserves £000	Retained earnings £000	Subtotal £000	Non controlling interest in equity £000	Total £000
At 1 January 2010	622	12,758	22,258	(792)	(3,480)	–	2,148	18,832	52,346	770	53,116
Acquired non controlling interest	1	64	–	–	169	(214)	–	(64)	(44)	–	(44)
Acquisitions	–	–	–	–	–	–	–	–	–	218	218
Issues of shares to minorities	–	–	–	–	–	–	–	–	–	474	474
Exchange rate movements	–	–	–	–	(13)	–	–	–	(13)	(23)	(36)
Sale to non controlling interests	–	–	(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 share to cash based option	–	–	–	–	–	–	–	(284)	(284)	–	(284)
Reclassification of cash to share based option	–	–	–	–	–	–	–	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
At 1 January 2011	625	12,822	21,922	(792)	(10,466)	(130)	2,662	23,053	49,696	1,375	51,071

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

The reclassification of share to cash based options is due to the Group paying cash equal to the employment tax payable and issuing a reduced number of shares on exercise of its employee share options. The reclassification of cash to share based options is due to a reclassification of share based options which had previously been held as a liability.

M&C SAATCHI PLC

AUDITED CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December	Note	2011 £000	2010 £000
CASH GENERATED FROM OPERATIONS	11	(1,074)	28,291
Tax paid		(4,159)	(4,636)
NET CASH INFLOW FROM OPERATING ACTIVITIES		(5,233)	23,655
INVESTING ACTIVITIES			
Acquisitions and disposals	12	(1,773)	(1,280)
Proceeds from sale of plant and equipment		9	30
Purchase of plant and equipment		(3,389)	(2,354)
Purchase of capitalised software		(173)	(207)
Dividends from associates		-	200
Interest earned		345	227
NET CASH CONSUMED BY INVESTING ACTIVITIES		(4,981)	(3,384)
FINANCING ACTIVITIES			
Dividends paid		(2,523)	(2,229)
Minority dividends paid		(814)	(577)
Subsidiaries' sale of own shares to minorities		58	397
Repayment of finance leases		(62)	(32)
Inception of bank loans		2,117	3,703
Repayment of bank loans		(786)	(5,583)
Interest paid		(297)	(299)
NET CASH CONSUMED BY FINANCING ACTIVITIES		(2,307)	(4,620)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(12,521)	15,651
Cash and cash equivalents at the beginning of the year		31,388	15,111
Effect of exchange rate changes		(88)	626
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		18,779	31,388

M&C SAATCHI PLC

NOTES TO THE PRELIMINARY STATEMENTS

YEAR ENDED 31 DECEMBER 2011

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.

These 2011 audited preliminary financial statements were approved for issue on 19 March 2012.

The financial information set out below does not constitute the company's statutory accounts for 2010 or 2011. Statutory accounts for the years ended 31 December 2010 and 31 December 2011 have been reported on by the Independent Auditors. The Independent Auditors' Reports on the Annual Report and Financial Statements for 2010 and 2011 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2010 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2011 will be delivered to the Registrar in due course.

Headline results

The directors believe that the headline results and headline earnings per share provide additional useful information on the underlying performance of the business. In addition, the headline results are used for internal performance management, the calculation of rewards in the Group's Long Term Incentive Plan (LTIP) scheme and minority shareholder put option liabilities. The term headline is not a defined term in IFRS.

Our segmental reporting reflects our headline results in accordance with IFRS8.

The items that are excluded from headline results are the amortisation or impairment of intangible assets (including goodwill) acquired in business combinations, changes to contingent and deferred consideration taken to the income statement, and fair value gains and losses on liabilities caused by our put and call option agreements.

2. ACCOUNTING POLICIES

The financial information set out in these final results has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The accounting policies adopted in these final results have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the statutory accounts for the period ended 31 December 2011. The principal accounting policies adopted are unchanged from those used in the preparation of the statutory accounts for the period ended 31 December 2010.

M&C SAATCHI PLC
NOTES TO THE PRELIMINARY STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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

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

M&C SAATCHI PLC
NOTES TO THE PRELIMINARY STATEMENTS
YEAR ENDED 31 DECEMBER 2011

Year ended
31 December
2010

	Reported results £000	Amortisation of acquired intangibles £000	Fair value adjustmen ts 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 cost	(5,151)	–	4,852	(299)
PROFIT BEFORE TAXATION	7,812	617	4,852	13,281
Taxation	(4,739)	(168)	–	(4,907)
PROFIT FOR THE YEAR	3,073	449	4,852	8,374
Non controlling interests	(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
- Options	128			128
- LTIP options 2011	202			202
- LTIP options 2011	465			465
Total	63,352			63,352
DILUTED EARNINGS PER SHARE	4.04p			12.26p

M&C SAATCHI PLC
NOTES TO THE PRELIMINARY STATEMENTS
YEAR ENDED 31 DECEMBER 2011

4. SEGMENTAL INFORMATION

This segmental information is reconciled to the statutory results in Note 3.

**Year ended
31 December
2011**

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

HEADLINE BASIC EPS

14.30p

**COSTS INCLUDED IN OPERATING
PROFIT:**

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

**OFFICE
LOCATION**

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

M&C SAATCHI PLC
NOTES TO THE PRELIMINARY STATEMENTS
YEAR ENDED 31 DECEMBER 2011

YEAR ENDED 31 DECEMBER 2010	UK £000	Europe £000	Middle East & Africa £000	Asia and Australasia £000	Americas £000	Clear £000	Total £000
Revenue	53,700	11,580	604	44,115	4,107	11,038	125,144
Operating profit excluding group costs	10,997	1,573	(690)	3,630	(249)	1,976	17,237
Group costs	3,498	72	–	365	10	–	3,945
Operating profit	7,499	1,501	(690)	3,265	(259)	1,976	13,292
Share of results of associates	–	48	13	–	–	–	61
Finance income	84	3	4	131	2	3	227
Finance cost	(176)	(62)	–	(34)	(27)	–	(299)
Profit before taxation	7,407	1,490	(673)	3,362	(284)	1,979	13,281
Taxation	(2,443)	(550)	(22)	(1,171)	(123)	(598)	(4,907)
Profit for the year	4,964	940	(695)	2,191	(407)	1,381	8,374
Non controlling interests	(179)	(329)	382	(494)	70	(58)	(608)
Profit attributable to equity holders of the group	4,785	611	(313)	1,697	(337)	1,323	7,766
Headline basic EPS							12.59p
Costs included in operating profit:							
Depreciation	(576)	(151)	(38)	(537)	(30)	(128)	(1,460)
Amortisation of software	–	(44)	(6)	(53)	(9)	–	(112)
Share option charges	(452)	(10)	–	(53)	(2)	–	(517)
OFFICE LOCATION	London	Paris Berlin Madrid Geneva Milan Moscow	Beirut Cape Town Jo'burg	Sydney Melbourne Auckland Wellington New Delhi Mumbai Kuala Lumpur Hong Kong Beijing Shanghai Tokyo	Los Angeles São Paulo New York	London Hong Kong New York Amsterdam Sydney	

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SEGMENTAL INCOME STATEMENT TRANSLATED AT 2010 EXCHANGE RATES

It is normal practice in our industry to provide like for like results. In the year we had not acquired any significant new businesses therefore the only difference in our like for like results is the impact from movements in exchange rates. Had our 2011 results been translated at 2010 exchange rate then our results would have been:

Year ended 31 December 2011	UK £000	Europe £000	Middle East & Africa £000	Asia and Australas ia £000	America s £000	Clear £000	Total £000
Revenue	66,974	14,290	3,074	46,737	6,788	12,249	150,112
Operating profit excluding group costs	13,031	2,014	286	2,165	75	2,029	19,600
Group costs	4,175	69	–	46	87	–	4,377
Operating profit	8,856	1,945	286	2,119	(12)	2,029	15,223
Share of results of associates	(13)	92	36	–	–	–	115
Finance income	192	16	4	164	24	4	404
Finance cost	(223)	(62)	(3)	(49)	(27)	–	(364)
Profit before taxation	8,812	1,991	323	2,234	(15)	2,033	15,378
Taxation	(2,768)	(697)	121	(825)	29	(588)	(4,728)
Profit for the year	6,044	1,294	444	1,409	14	1,445	10,650
Increase / (decrease) in 2011 results caused by translation differences	–	30	(14)	111	–	(10)	117

MARKET RISK

	2011	2010
Largest client as a % of total revenue	%	%
Top Client	5.7	6.0
Top 10	30.3	33.4
Top 15	37.8	40.5
Top 30	50.4	53.3

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5. OPERATING COSTS

Year ended 31 December	2011 £000	2010 £000
Total staff costs	95,302	80,261
Other costs include:		
Profit on exchange	(119)	(597)
Amortisation of intangibles		
- Acquired intangibles	714	617
- Capitalised software	188	112
Goodwill impairment	902	–
Depreciation of plant and equipment	1,929	1,460
Losses on disposal of fixed assets	38	141

6. SHARE OF ASSOCIATES

Year ended 31 December	2011 £000	2010 £000
Share of associates' profit before taxation	133	62
Share of associates' taxation	(18)	(1)
	115	61

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7. FINANCE INCOME

Year ended 31December	2011	2010
	£000	£000
Bank interest receivable	401	226
Other interest receivable	17	1
Total interest receivable	418	227
Fair value adjustments to minority shareholder put option liabilities	1,781	–
Total finance income	2,199	227

8. FINANCE COSTS

Year ended 31December	2011	2010
	£000	£000
Finance costs		
Bank interest payable	(369)	(299)
Other interest payable	(1)	–
Total interest payable	(370)	(299)
Fair value adjustments to minority shareholder put option liabilities	–	(4,852)
Total finance costs	(370)	(5,151)

M&C SAATCHI PLC
NOTES TO THE PRELIMINARY STATEMENTS
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9. TAXATION

Year ended 31 December	2011 £000	2010 £000
Current taxation		
Taxation in the year		
- UK	2,858	1,695
- Overseas	2,298	2,148
Withholding taxes payable	10	–
Utilisation of previously unrecognised tax losses	(141)	(91)
Adjustment for over / (under) provisions in prior periods	30	(10)
	5,015	3,782
Deferred taxation		
Origination and reversal of temporary differences	(571)	950
Recognition of previously unrecognised tax losses	145	–
Effect of changes in tax rates	–	7
	(426)	957
Total taxation	4,589	4,739

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10. DIVIDENDS

Year ended 31 December	2011 £000	2010 £000
2010 final dividend 3.03p (2009: Nil)	1,895	–
2009 Additional interim dividend 2.75p	–	1,692
2011 interim dividend 1.00p (2010: 0.87p)	628	537
	2,523	2,229

Proposed final dividend of 3.50p totalling £2,199k. Subject to shareholders approval on 14 June 2012, the dividend is payable on 6 July 2012 to shareholders on the register 8 June 2012.

The dividend relates to the following years:

Year ended 31 December	2011 £000	2010 £000
First interim dividend	628	537
Final dividends	2,199	1,895
Total dividend that relates to the year	2,827	2,432

The headline dividend cover is:

Headline profit after tax attributable to equity shareholders	8,918	7,766
Total dividend that relates to the year	2,827	2,432
Headline dividend cover	3.2	3.2

Headline dividend cover is calculated by taking headline profit after tax attributable to equity shareholders and dividing it by the total dividends that relate to that year's profits. The Group seeks to maintain a long term headline dividend cover of between 3 and 4.

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11. CASH GENERATED FROM OPERATIONS

Year ended 31 December	2011 £000	2010 £000
Revenue	153,133	125,144
Operating expenses	(139,040)	(112,469)
Operating profit	14,093	12,675
Adjustments for:		
Depreciation of plant and equipment	1,929	1,460
Losses on sale of plant and equipment	38	141
Amortisation on acquired intangible assets	714	617
Impairment of Goodwill	902	–
Amortisation of capitalised software intangible assets	188	112
Non-cash share based incentive plans	1,087	517
Operating cash flow before movements in working capital and provisions	18,951	15,522
(Increase) / decrease in debtors	(10,250)	(27,760)
Increase / (decrease) in creditors	(9,775)	40,529
Net cash inflow from operating activities	(1,074)	28,291

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12. CASH CONSUMED BY ACQUISITIONS AND DISPOSALS

Year ended 31 December	2011 £000	2010 £000
Initial cash consideration		
- M&C Saatchi Mobile Ltd	–	(2,481)
- Talk PR Ltd	–	(104)
- Direct One SAS	(283)	(343)
- Play London Ltd	–	(45)
- M&C Saatchi Agency PTY Ltd	–	595
– Brazilian Client list	(912)	–
– M&C Saatchi Communications Pvt Ltd	(17)	–
– M&C Saatchi Export Ltd	(27)	–
	(1,239)	(2,378)
Cash and cash equivalents acquired	–	1,098
	(1,239)	(1,280)
Purchase of associates	(534)	–
	(1,773)	(1,280)

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13. MINORITY SHAREHOLDER PUT OPTION LIABILITIES

Some of our subsidiaries' minorities have the right to a put option. The put options give the minorities a right to exchange their minority holdings in the subsidiary into shares in M&C Saatchi plc or cash (as per the agreement).

Year ended 31 December	2011	2010
	£000	£000
Amounts falling within one year		
– Cash	(234)	(216)
– Equity	(1,448)	(3,657)
	(1,682)	(3,873)
Amounts falling after one year		
– Equity	(15,410)	(11,162)
	(17,092)	(15,035)

Year ended 31 December	2011	2010
	£000	£000
At 1 January	(15,035)	(3,923)
Exchange difference	–	(93)
Additions	(4,133)	(7,345)
Exercises	296	974
Termination	–	204
Income statement charge due to		
– Change in estimates	517	796
– Change in share price	1,979	(5,273)
– Time	(716)	(375)
At 31 December	(17,092)	(15,035)

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The movements in the year relating to the minority interest put options that are payable in cash and in equity are as follows:

Cash Based	2011
	£000
At 1 January	(216)
Income statement charge due to	
– Change in estimates	(44)
– Change in share price	26
At 31 December	(234)

Equity Based	2011	2011
	Equity	£000
At 1 January	(11,488)	(14,819)
Additions	(2,959)	(4,134)
Exercises	241	296
Income statement charge due to		
– Change in estimates	481	561
– Change in share price	(132)	1,953
– Time	(614)	(716)
At 31 December	(14,471)	(16,858)

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Put options are exercisable from:

Company	Year	% of Company shares exchangeable
M&C Saatchi LA Inc	2011	16.0
M&C Saatchi Marketing Arts Ltd	2011	50.0
M&C Saatchi (M) SDN BHD	2011	20.0
M&C Saatchi Sports and Entertainment Ltd	2011	2.8
Influence Communications Ltd	2011	5.0
M&C Saatchi Europe Holdings Ltd	2011	4.0
M&C Saatchi German Holdings Ltd	2011	4.0
M&C Saatchi Corporate SAS	2011	12.5
M&C Saatchi Communications Pty Ltd	2011	18.0
M&C Saatchi Berlin GmbH	2011	10.0
Talk PR Audience Ltd	2011	17.0
M&C Saatchi GAD SAS	2012	43.0
FCINQ SAS	2013	18.0
M&C Saatchi Sport & Entertainment LLP	2014	35.0
M&C Saatchi Berlin GmbH	2014	5.0
Direct One SAS	2014	10.0
Clear Ideas Consulting LLP*	2014	12.5
Clear Ideas Consulting LLP*	2015	12.5
Direct One SAS	2015	10.0
M&C Saatchi Agency Pty Ltd	2015	20.0
M&C Saatchi Sport & Entertainment PTY LTD	2015	49.0
Talk PR Ltd	2015	49.0
M&C Saatchi UK PR LLP*	2015	35.0
M&C Saatchi (Switzerland) SA	2016	40.0
M&C Saatchi Mobile Ltd	2016	40.0
The Source (London) Ltd	2016	30.0
Direct One SAS	2016	10.0
M&C Saatchi Brazil Comunicação LTDA*	2017	49.9

* New options in 2011