

M&C SAATCHI PLC

INTERIM RESULTS

SIX MONTHS ENDED
30 JUNE 2014

11 September 2014

M&C Saatchi PLC
Interim results for the six months ended 30 June 2014

11 September 2014

Strong revenue momentum and earnings growth

| Financial Highlights 2014 | | Growth versus 2013 |
|----------------------------------|--------|---------------------------|
| Revenue | £82.6m | + 3% (2013: £80.1m) |
| Revenue in constant currencies | | + 11% |
| Operating Profit | £8.0m | + 17% (2013: £6.8m) |
| Profit Before Tax | £8.5m | + 17% (2013: £7.3m) |
| Earnings | £5.1m | + 23% (2013: £4.1m) |
| EPS | 7.96p | + 24% (2013: 6.41p) |
| Dividend | 1.40p | + 15% (2013: 1.21p) |

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

Operational Highlights

- Successful first half with strong revenue momentum and earnings growth
- Global Network performed well:
 - UK: revenues up 17%, with CRM and mobile continuing to excel
 - Europe: like-for-like revenues up 14%
 - Middle East and Africa: like-for-like revenues up 11%
 - Asia and Australasia: like-for-like revenues down 3%
 - Americas: like-for-like revenues up 57%
- Continued investment in New York office
- Clear: profitability down off slightly lower revenues
- Strong balance sheet maintained with net cash of £9.6m
- Interim dividend increased 15% to 1.40p

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

“Our results for the first six months of 2014 showed continued revenue momentum and excellent earnings growth and give us confidence for a successful full year outcome.

“This success is based upon a combination of new business wins in our core operations and a growing contribution from our developing new businesses.

“Most of these have yet to reach their full potential and we are anticipating even better returns in 2015.”

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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 are the amortisation or impairment of intangible assets (including goodwill, but excluding software) acquired in business combinations and fair value gains and losses on liabilities caused by our put and call option agreements. Headline results have been restated to reflect the Discontinued Operation (note 2) so that it is shown as if Walker Media had always been discontinued. See note 4 for a reconciliation of non-headline to headline results.

Like-for-like

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

Periods compared

This report comments on the unaudited consolidated income statement of M&C Saatchi plc (the “Group”) for the six months to 30 June 2014 compared with unaudited consolidated income statement for the same period in 2013.

SUMMARY OF RESULTS

The first six months of 2014 saw strong revenue momentum and earnings growth. Like-for-like revenues increased 11% and we returned a headline operating margin of 9.7%, up from 8.5% in 2013. The headline profit before tax advanced 17% to £8.5m and headline net earnings rose 23%.

UK

We posted an excellent revenue increase in the UK of 17%, with our CRM and mobile operations continuing to do well. We experienced a favourable run of account wins across our group of businesses in the first half, including Land Rover, John Lewis, Ballantine's, Foot Locker, FCA, NFA and Doodle, as well as winning the global account of Doewe Egberts. In April, we bolstered our digital capabilities by acquiring Lean Mean Fighting Machine, a highly respected and much awarded online agency. Following the successful exporting in recent years of our Mobile and Sport & Entertainment ventures to our overseas offices, we are now also rolling out internationally LIDA, our acclaimed CRM agency together with M&C Saatchi PR. In addition, we are also exploring a new business in content creation. As ever, we retained a careful watch on costs to support margins. This resulted in the headline operating margin holding at 16.8% (2013: 17.7%, both margins exclude the impact of Group recharges). The UK headline operating profit improved a positive 11% on 2013.

Europe

We made further notable progress in Europe with like-for-like revenues up 14%. Headline operating profit was up 17%, with a headline operating margin of 12%. Stockholm have maintained their impressive revenue momentum with a stream of good new business wins in the period. Both Germany and Italy again produced first-rate performances. The French economy remained sluggish but our agency had a positive new business run, winning McCain and Thomas Cook as well as a place on the EDF roster. Spain struggled in a difficult market but as an associate our investment there is just 25%.

Middle East and Africa

Like-for-like revenues in the Middle East and Africa were up 11%, with exceptional growth in both Cape Town and Johannesburg; key wins in the period came from Pepsico and Deloitte Consulting. Our unit to service the African market is working well, winning projects for Amstel in Cameroon and Guinness in Ghana. Abu Dhabi continues to build revenues beyond Etihad and won projects from new clients. Overall this resulted in an excellent financial performance in the region with operating profit up 72% and headline operating margin up from 6.4% to 12.0%.

Asia and Australasia

In Asia and Australasia, like-for-like revenue decreased 3% in the period. Australian revenues were down without the account of David Jones in 2014, which was lost in the third quarter of last year. However, our Australian offices have had an outstanding new business run in the first half, winning IAG, Lexus, A2, Wotif and Cricket Australia, which we expect will make favourable contributions to the second half. Revenues were also impacted by a series of account losses in New Zealand, which meant we took the strategic decision to close the office. Otherwise, the relationship with our new associate in China, aeiou, is working well and they picked up some Microsoft business. Malaysia made an outstanding contribution, maintaining their excellent performance. In India, we replicated our Chinese investment acquiring 20% of February, a Delhi based agency. Singapore was appointed on an Asian regional basis for Jaguar and continues to win Government assignments. The headline regional operating margin was up two points from 9.9% to 11.9%, with operating profit down just 1%.

Americas

In the Americas our like-for-like revenues were up 57%. The first half saw further investment in New York where conversion of new business proved slow, which led us to implement a management restructure. We are now also looking at an associate investment to enhance our presence and accelerate growth. Our office in Los Angeles made notable progress, winning UGG's social media business across the US and the Sylvester Cancer Centre. We are still looking to upgrade our Sao Paulo presence, replicating the investment approach we took in China. Overall, the operating loss decreased from £580k to £458K.

Clear

Clear's like-for-like revenues decreased 3%. The Clear US operation performed well but both the UK and Australia experienced a slow second quarter with thinner new business pipelines. The UK is now focusing on building revenues through recruiting outstanding consultants with proven revenue track records. The UK operation has also moved to be located alongside our other UK companies around Golden Square and will now look to work more closely with them. The operating profit fell 36% and the headline operating margin fell from 13.2% to 9.1%.

Outlook

Our results for the first six months of 2014 showed continued revenue momentum and excellent earnings growth and give us confidence for a successful full year outcome.

This success is based upon a combination of new business wins in our core operations and a growing contribution from our developing new businesses.

Most of these have yet to reach their full potential and we are anticipating even better returns in 2015.

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED INCOME STATEMENT
ENDED 30 JUNE 2014

| | | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year ended 31 December 2013 |
|---|----------|---|---|---|
| | Not e | £000 | £000 | £000 |
| BILLINGS | | 158,614 | 146,883 | 320,288 |
| REVENUE | 4 | 82,616 | 80,143 | 162,039 |
| Operating costs | | (74,980) | (73,668) | (149,282) |
| OPERATING PROFIT | 4 | 7,636 | 6,475 | 12,757 |
| Share of results of associates | | 573 | 7 | 163 |
| Finance income | 6 | 5,386 | 152 | 376 |
| Finance costs | 7 | (193) | (4,873) | (15,852) |
| PROFIT BEFORE TAXATION | 4 | 13,402 | 1,761 | (2,556) |
| Taxation on profits | 8 | (2,331) | (2,327) | (4,207) |
| PROFIT AFTER TAXATION | | 11,071 | (566) | (6,763) |
| Profit from discontinued operations, net of tax | 8 | - | 1,864 | 10,093 |
| PROFIT FOR THE FINANCIAL PERIOD | | 11,071 | 1,298 | 3,330 |
| Profit attributable to: | | | | |
| Equity shareholders of the Group | 4 | 10,065 | 589 | 1,483 |
| Non controlling interest | | 1,006 | 709 | 1,847 |
| | | 11,071 | 1,298 | 3,330 |
| EARNINGS PER SHARE | 4 | | | |
| Basic | | 15.76p | 0.91p | 2.24p |
| Diluted | | 14.89p | 0.85p | 2.11p |

Reconciliation of the above numbers to the Headline numbers, discussed in the front of this report, can be found in note 4 page 17 to 19.

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
ENDED 30 JUNE 2014

| | Six months ended 30 June 2014 £000 | Six months ended 30 June 2013 £000 | Year ended 31 December 2013 £000 |
|--|---|---|---|
| Profit for the period | 11,071 | 1,298 | 3,330 |
| Other comprehensive income: | | | |
| Exchange differences on translating foreign operations | (343) | (155) | (1,302) |
| Total other comprehensive income for the period net of tax | (343) | (155) | (1,302) |
| Total comprehensive income for the period | 10,728 | 1,143 | 2,028 |
| Total comprehensive income attributable to: | | | |
| Equity shareholders of the Group | 9,722 | 434 | 181 |
| Non controlling interests | 1,006 | 709 | 1,847 |
| | 10,728 | 1,143 | 2,028 |

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2014

| | 30 June 2014 | 30 June 2013 | 31 December 2013 |
|--|-------------------------|-------------------------|---------------------------------|
| | £000 | £000 | £000 |
| NON CURRENT ASSETS | | | |
| Intangible assets | 35,086 | 61,295 | 35,269 |
| Investments in associates | 13,619 | 759 | 13,099 |
| Plant and equipment | 7,575 | 8,116 | 7,310 |
| Deferred tax assets | 1,352 | 1,711 | 1,313 |
| Other non current assets | 5,540 | 4,656 | 5,316 |
| | 63,172 | 76,537 | 62,307 |
| CURRENT ASSETS | | | |
| Trade and other receivables | 65,932 | 82,224 | 61,478 |
| Current tax assets | 822 | 821 | 1,355 |
| Cash and cash equivalents | 20,056 | 23,927 | 33,702 |
| | 86,810 | 106,972 | 96,535 |
| CURRENT LIABILITIES | | | |
| Bank overdraft | (111) | (113) | (115) |
| Trade and other payables | (63,069) | (93,621) | (64,004) |
| Current tax liabilities | (2,617) | (2,888) | (3,552) |
| Other financial liabilities | (14) | (75) | (20) |
| Deferred and contingent consideration | (215) | - | (420) |
| Minority shareholder put options liabilities | (12,862) | (11,328) | (21,844) |
| | (78,888) | (108,025) | (89,955) |
| NET CURRENT ASSETS / (LIABILITIES) | 7,922 | (1,053) | 6,580 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 71,094 | 75,484 | 68,887 |
| NON CURRENT LIABILITIES | | | |
| Deferred tax liabilities | (439) | (642) | (486) |
| Other financial liabilities | (10,349) | (3,849) | (356) |
| Minority shareholder put options liabilities | (14,361) | (15,227) | (16,325) |
| Other non current liabilities | (947) | (509) | (896) |
| | (26,096) | (20,227) | (18,063) |
| NET ASSETS | 44,998 | 55,257 | 50,824 |

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)
AT 30 JUNE 2014

| | 30 June 2014 | 30 June 2013 | 31 December 2013 |
|--------------------------------------|-------------------------|-------------------------|---------------------------------|
| | £000 | £000 | £000 |
| EQUITY | | | |
| Share capital | 647 | 681 | 690 |
| Share premium | 16,402 | 16,037 | 16,402 |
| Merger reserve | 22,405 | 20,669 | 16,736 |
| Treasury reserve | (792) | (792) | (792) |
| Minority interest put option reserve | (15,594) | (15,904) | (16,587) |
| Non controlling interest acquired | (2,540) | (1,532) | (1,532) |
| Foreign exchange reserve | 201 | 1,691 | 544 |
| Retained earnings | 21,898 | 31,906 | 33,070 |
| TOTAL SHAREHOLDERS FUNDS | 42,627 | 52,756 | 48,531 |
| NON CONTROLLING INTERESTS | 2,371 | 2,501 | 2,293 |
| TOTAL EQUITY | 44,998 | 55,257 | 50,824 |

M&C SAATCHI PLC

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 JUNE 2014

| | Share Capital £000 | Share premium £000 | Merger reserve £000 | Treasury reserve £000 | MI put option reserve £000 | Non controllin g interest acquired £000 | Foreign exchange reserves £000 | Retained earnings £000 | Subtotal £000 | Non controlling interest in equity £000 | Total £000 |
|---|--------------------------|--------------------------|---------------------------|-----------------------------|-------------------------------------|---|---|------------------------------|------------------|---|---------------|
| At 1 January 2013 | 641 | 14,625 | 20,669 | (792) | (13,675) | (1,085) | 1,846 | 31,373 | 53,602 | 2,584 | 56,186 |
| Reserve movement for year ending 31 December 2013 | | | | | | | | | | | |
| Acquisition | – | – | – | – | (1,661) | – | – | – | (1,661) | 321 | (1,340) |
| Disposals | – | – | (3,933) | – | – | – | – | 3,933 | – | (100) | (100) |
| Exercise of put options | 5 | 1,281 | – | – | 447 | (447) | – | – | 1,286 | – | 1,286 |
| Issue of shares to minorities | – | – | – | – | (484) | – | – | (170) | (654) | 417 | (237) |
| Exchange rate movements | – | – | – | – | – | – | – | – | – | (77) | (77) |
| Issue of minority put options | – | – | – | – | (1,214) | – | – | – | (1,214) | – | (1,214) |
| Option exercise | 44 | 496 | – | – | – | – | – | (418) | 122 | (155) | (33) |
| Share option charge | – | – | – | – | – | – | – | 290 | 290 | – | 290 |
| Dividends | – | – | – | – | – | – | – | (3,421) | (3,421) | (2,544) | (5,965) |
| Total transactions with owners | 49 | 1,777 | (3,933) | – | (2,912) | (447) | – | 214 | (5,252) | (2,138) | (7,390) |
| Total comprehensive income for the year | – | – | – | – | – | – | (1,302) | 1,483 | 181 | 1,847 | 2,028 |
| At 1 December 2014 | 690 | 16,402 | 16,736 | (792) | (16,587) | (1,532) | 544 | 33,070 | 48,531 | 2,293 | 50,824 |

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
SIX MONTHS ENDED 30 JUNE 2014

| | Share Capital £000 | Share premium £000 | Merger reserve £000 | Treasury reserve £000 | MI put option reserve £000 | Non controllin g interest acquired £000 | Foreign exchange reserves £000 | Retained earnings £000 | Subtotal £000 | Non controlling interest in equity £000 | Total £000 |
|--|--------------------------|--------------------------|---------------------------|-----------------------------|-------------------------------------|---|---|------------------------------|------------------|---|-----------------|
| At 1 January 2014 | 690 | 16,402 | 16,736 | (792) | (16,587) | (1,532) | 544 | 33,070 | 48,531 | 2,293 | 50,824 |
| Reserve movement for six months ending 30 June 2014 | | | | | | | | | | | |
| Exercise of put options | 20 | – | 5,669 | – | 1,008 | (1,008) | – | – | 5,689 | (9) | 5,680 |
| Share buy back | (63) | – | – | – | – | – | – | (21,414) | (21,477) | – | (21,477) |
| Exchange rate movements | – | – | – | – | (15) | – | – | – | (15) | (10) | (25) |
| Share option charge | – | – | – | – | – | – | – | 177 | 177 | – | 177 |
| Total transactions with owners | (43) | – | 5,669 | – | 993 | (1,008) | – | (21,237) | (15,626) | (19) | (15,645) |
| Dividends | – | – | – | – | – | – | – | – | – | (909) | (909) |
| Total comprehensive income for year | – | – | – | – | – | – | (343) | 10,065 | 9,722 | 1,006 | 10,728 |
| At 30 June 2014 | 647 | 16,402 | 22,405 | (792) | (15,594) | (2,540) | 201 | 21,898 | 42,627 | 2,371 | 44,998 |

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
SIX MONTHS ENDED 30 JUNE 2014

| | 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 2013 | 641 | 14,625 | 20,669 | (792) | (13,675) | (1,085) | 1,846 | 31,373 | 53,602 | 2,584 | 56,186 |
| Reserve movement for six months ending 30 June 2013 | | | | | | | | | | | |
| Acquisitions | – | – | – | – | (986) | – | – | – | (986) | 208 | (778) |
| Issue of shares to minorities | – | – | – | – | (367) | – | – | – | (367) | 101 | (266) |
| Acquired non controlling interest | – | – | – | – | – | – | – | – | – | (108) | (108) |
| Sale shares to minorities | – | – | – | – | (1,323) | – | – | (203) | (1,526) | 607 | (919) |
| Exchange rate movements | – | – | – | – | – | – | – | – | – | 25 | 25 |
| Options exercise | 35 | 131 | – | – | – | – | – | (10) | 156 | (156) | – |
| Non Controlling interest acquired | 5 | 1,281 | – | – | 447 | (447) | – | – | 1,286 | – | 1,286 |
| Share option charge | – | – | – | – | – | – | – | 157 | 157 | – | 157 |
| Total transactions with owners | 40 | 1,412 | – | – | (2,229) | (447) | – | (56) | (1,280) | 677 | (603) |
| Dividends | – | – | – | – | – | – | – | – | – | (1,469) | (1,469) |
| Total comprehensive income for year | – | – | – | – | – | – | (155) | 589 | 434 | 709 | 1,143 |
| At 30 June 2013 | 681 | 16,037 | 20,669 | (792) | (15,904) | (1,532) | 1,691 | 31,906 | 52,756 | 2,501 | 55,257 |

M&C SAATCHI PLC
UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
SIX MONTHS ENDED 30 JUNE 2014

| | Notes | Six months ended 30 June 2014 £000 | Six months ended 30 June 2013 £000 | Year Ended 31 December 2013 £000 |
|---|-------|---------------------------------------|---------------------------------------|-------------------------------------|
| Revenue | | 82,616 | 80,143 | 162,039 |
| Operating cost | | (74,980) | (73,668) | (149,282) |
| Operating Profit (continuing) | | 7,636 | 6,475 | 12,757 |
| Adjustments for: | | | | |
| Operating profit from discontinued operations | | - | 2,375 | 3,974 |
| Depreciation of plant and equipment | | 1,065 | 1,240 | 2,233 |
| Losses on sale of plant and equipment | | 137 | 38 | 23 |
| Amortisation on acquired intangible assets | | 370 | 352 | 900 |
| Amortisation of capitalised software intangible assets | | 59 | 76 | 143 |
| Equity settled share based payment expenses | | 177 | 157 | 290 |
| Operating cash flow before movements in working capital and provisions | | 9,444 | 10,713 | 20,320 |
| Decrease / (increase) in trade and other receivables | | (3,494) | 15,449 | 5,464 |
| Decrease in trade and other payables | | (989) | (16,138) | (6,743) |
| Cash generated / (consumed) from operations | | 4,961 | 10,024 | 19,041 |
| Tax paid | | (3,066) | (3,333) | (5,080) |
| Net cash (out) / in flow from operating activities | | 1,895 | 6,691 | 13,961 |
| Investing activities | | | | |
| Acquisitions net of cash acquired | 10 | (1,374) | (1,106) | (3,101) |
| Disposal of discontinued operations, net of cash disposed of | | - | - | 15,082 |
| Acquisition of investments | | (224) | - | (800) |
| Proceeds from sale of plant and equipment | | 30 | 33 | 20 |
| Purchase of plant and equipment | | (1,504) | (1,893) | (2,771) |
| Purchase of capitalised software | | (24) | (28) | (90) |
| Dividend from associates | | 82 | 39 | 73 |
| Interest earned | | 31 | 204 | 473 |
| Net cash consumed by investing activities | | (2,983) | (2,751) | 8,886 |
| Net cash generated / (consumed) by operating and investing activities | | (1,088) | 3,940 | 22,847 |

| | Six months ended 30 June 2014 | Six months ended 30 June 2013 | Year Ended 31 December 2013 |
|--|---|---|--------------------------------------|
| Notes | £000 | £000 | £000 |
| Net cash generated / (consumed) by operating and investing activities | (1,088) | 3,940 | 22,847 |
| Dividends paid to equity holders of the Company | – | – | (3,421) |
| Purchase of own shares | (21,477) | – | – |
| Dividends paid to non controlling interest | (909) | (1,469) | (2,544) |
| Subsidiaries' sale of own shares to minorities | – | – | 1 |
| Repayment of finance leases | (22) | (28) | (42) |
| Inception of bank loans | 10,022 | 1,530 | 4,261 |
| Repayment of bank loans | – | (2,130) | (8,200) |
| Interest paid | (187) | (158) | (321) |
| Net cash consumed from financing activities | (12,573) | (2,255) | (10,266) |
| Net increase / (decrease) in cash and cash equivalents | (13,661) | 1,685 | 12,581 |
| Cash and cash equivalents at the beginning of the period | 33,587 | 22,248 | 22,248 |
| Effect of exchange rate changes | 19 | (119) | (1,242) |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 19,945 | 23,814 | 33,587 |

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2014****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 10 September 2014.

These results do not constitute the Group's statutory accounts. The information presented in relation to 31 December 2013 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 2013 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 2014 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 2013.

The annual financial statements for year ended 31 December 2013 treats Walker Media Limited, due to the disposal of 75.1% of its equity on 28 November 2013, as a discontinued operation. The comparative consolidated half-yearly financial information for the half-year ended 30 June 2013 have been restated to reflect this discontinuance.

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 2013 and which will form the basis of the 2014 financial statements.

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2014****4. EARNINGS PER SHARE AND RECONCILIATION BETWEEN HEADLINE AND STATUTORY RESULTS****Six months ended
30 June 2014**

| | Reported results £000 | Amortisation of acquired intangibles £000 | Fair value adjustments to minority put option liabilities £000 | Headline & Segmental results £000 |
|---|-----------------------------|--|--|--|
| REVENUE | 82,616 | - | - | 82,616 |
| OPERATING PROFIT | 7,636 | 370 | - | 8,006 |
| Share of results of associates | 573 | - | - | 573 |
| Finance income | 5,386 | - | (5,270) | 116 |
| Finance expense | (193) | - | - | (193) |
| PROFIT BEFORE TAXATION | 13,402 | 370 | (5,270) | 8,502 |
| Taxation | (2,331) | (78) | - | (2,409) |
| PROFIT AFTER TAXATION | 11,071 | 292 | (5,270) | 6,093 |
| Non controlling interest | (1,006) | - | - | (1,006) |
| PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP | 10,065 | 292 | (5,270) | 5,087 |
| BASIC EARNINGS PER SHARE | | | | |
| Weighted average number of shares (thousands) | 63,882 | | | 63,882 |
| BASIC EPS | 15.76p | | | 7.96p |
| DILUTED EARNINGS PER SHARE | | | | |
| Weighted average number of shares (thousands) as above | 63,882 | | | 63,882 |
| Add | | | | |
| - UK growth shares | 641 | | | 641 |
| - Options | - | | | - |
| - LTIP | 55 | | | 55 |
| - 2012 LTIP | 230 | | | 230 |
| - New LTIP | 2,322 | | | 2,322 |
| - Dilutive put options | 472 | | | 472 |
| Total | 67,602 | | | 67,602 |
| DILUTED EARNINGS PER SHARE | 14.89p | | | 7.52p |

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2014****Six months ended
30 June 2013**

| | Reported results £000 | Comparative half year of discontinued operation £000 | Amortisation of acquired intangibles £000 | Fair value adjustments to minority put option liabilities £000 | Headline & Segmental results £000 |
|---|--------------------------|--|--|---|---|
| REVENUE | 80,143 | - | - | - | 80,143 |
| OPERATING PROFIT | 6,475 | | 352 | - | 6,827 |
| Share of results of associates | 7 | 464 | - | - | 471 |
| Finance income | 152 | | - | - | 152 |
| Finance expense | (4,873) | | - | 4,698 | (175) |
| PROFIT BEFORE TAXATION | 1,761 | 464 | 352 | 4,698 | 7,275 |
| Taxation | (2,327) | - | (84) | - | (2,411) |
| PROFIT AFTER TAXATION | (566) | 464 | 268 | 4,698 | 4,864 |
| Profit from discontinued operations, net of tax | 1,864 | (1,864) | - | - | - |
| PROFIT FOR THE FINANCIAL PERIOD | 1,298 | (1,400) | 268 | 4,698 | 4,864 |
| Non controlling interest | (709) | - | (16) | - | (725) |
| PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP | 589 | (1,400) | 252 | 4,698 | 4,139 |
| BASIC EARNINGS PER SHARE | | | | | |
| Weighted average number of shares (thousands) | 64,581 | | | | 64,581 |
| BASIC EPS | 0.91p | | | | 6.41p |
| DILUTED EARNINGS PER SHARE | | | | | |
| Weighted average number of shares (thousands) as above | 64,581 | | | | 64,581 |
| Add | | | | | |
| - UK growth shares | 1,411 | | | | 1,411 |
| - Options | 128 | | | | 128 |
| - LTIP | 96 | | | | 96 |
| - New options | 2,521 | | | | 2,521 |
| - 2012 LTIP | 246 | | | | 246 |
| Total | 68,983 | | | | 68,983 |
| DILUTED EARNINGS PER SHARE | 0.85p | | | | 6.00p |

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2014**

| Year ended 31 December 2013 | Reported results £000 | Comparative year of discontinued operation £000 | Amortisation of acquired intangibles £000 | Fair value adjustments to minority put option liabilities £000 | Headline & segmental results £000 |
|---|--------------------------|---|--|---|--|
| REVENUE | 162,039 | – | – | – | 162,039 |
| OPERATING PROFIT | 12,757 | – | 900 | – | 13,657 |
| Share of results of associates | 163 | 758 | – | – | 921 |
| Finance income | 376 | – | – | – | 376 |
| Finance cost | (15,852) | – | – | 15,503 | (349) |
| PROFIT BEFORE TAXATION | (2,556) | 758 | 900 | 15,503 | 14,605 |
| Taxation | (4,207) | – | (230) | – | (4,437) |
| PROFIT AFTER TAXATION | (6,763) | 758 | 670 | 15,503 | 10,168 |
| Profit from discontinued operations, net of tax | 10,093 | (10,093) | – | – | – |
| PROFIT FOR THE FINANCIAL PERIOD | 3,330 | (9,335) | 670 | 15,503 | 10,168 |
| Non controlling interests | (1,847) | – | (134) | – | (1,981) |
| PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP | 1,483 | (9,335) | 536 | 15,503 | 8,187 |
| BASIC EARNINGS PER SHARE | | | | | |
| Weighted average number of shares (thousands) | 66,094 | – | – | – | 66,094 |
| BASIC EPS | 2.24p | – | – | – | 12.39p |
| DILUTED EARNINGS PER SHARE | | | | | |
| Weighted average number of shares (thousands) as above | 66,094 | – | – | – | 66,094 |
| Add | | | | | |
| - UK growth shares | 631 | – | – | – | 631 |
| - Options | 128 | – | – | – | 128 |
| - LTIP | 102 | – | – | – | 102 |
| - 2012 LTIP | 230 | – | – | – | 230 |
| - New LTIP | 2,751 | – | – | – | 2,751 |
| - Dilutive put options | 359 | – | – | – | 359 |
| Total | 70,295 | – | – | – | 70,295 |
| DILUTED EARNINGS PER SHARE | 2.11p | – | – | – | 11.65p |

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2014****5. SEGMENTAL INFORMATION**

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

| Six months to 30 June 2014 | UK | Europe | Middle East & Africa | Asia & Australasia | Americas | Clear | Total |
|---|---------------|---------------|-------------------------|-----------------------|--------------|--------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Revenue | 37,509 | 10,372 | 3,934 | 21,582 | 5,506 | 3,713 | 82,616 |
| Operating profit excluding group costs | 6,306 | 1,240 | 473 | 2,560 | (458) | 337 | 10,458 |
| Group costs | (2,235) | (36) | - | (165) | (16) | - | (2,452) |
| Operating profit | 4,071 | 1,204 | 473 | 2,395 | (474) | 337 | 8,006 |
| Share of result of associate | 430 | (17) | - | 160 | - | - | 573 |
| Finance income and costs | (67) | (24) | 9 | 19 | (16) | 2 | (77) |
| Profit before taxation | 4,434 | 1,163 | 482 | 2,574 | (490) | 339 | 8,502 |
| Taxation | (854) | (355) | (124) | (826) | (119) | (131) | (2,409) |
| Profit for the period | 3,580 | 808 | 358 | 1,748 | (609) | 208 | 6,093 |
| Non controlling interest | (475) | (211) | (173) | (437) | 308 | (18) | (1,006) |
| Profit attributable to equity holders of the group | 3,105 | 597 | 185 | 1,311 | (301) | 190 | 5,087 |

HEADLINE BASIC EPS**7.96p****COSTS INCLUDED IN OPERATING PROFIT**

| | | | | | | | |
|--|-----|-----|----|-----|----|----|-------|
| Depreciation and amortisation of software | 636 | 136 | 98 | 173 | 23 | 58 | 1,124 |
| Share option charges | 177 | - | - | - | - | - | 177 |

OFFICE LOCATION

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

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2014**

| Six months to 30 June 2013 | UK | Europe | Middle East & Africa | Asia & Australasia | Americas | Clear | Total |
|---|---------------|--------------|-------------------------|-----------------------|--------------|--------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Revenue | 32,147 | 9,471 | 4,305 | 26,257 | 3,961 | 4,002 | 80,143 |
| Operating profit excluding group costs | 5,676 | 1,059 | 275 | 2,592 | (580) | 528 | 9,550 |
| Group costs | (2,565) | (36) | - | (83) | (39) | - | (2,723) |
| Operating profit | 3,111 | 1,023 | 275 | 2,509 | (619) | 528 | 6,827 |
| Share of result of associate | 465 | 6 | - | - | - | - | 471 |
| Finance income and costs | (25) | (34) | 12 | 37 | (12) | (1) | (23) |
| Profit before taxation | 3,551 | 995 | 287 | 2,546 | (631) | 527 | 7,275 |
| Taxation | (772) | (383) | (192) | (894) | (31) | (139) | (2,411) |
| Profit for the period | 2,779 | 612 | 95 | 1,652 | (662) | 388 | 4,864 |
| Non controlling interest | (533) | (28) | (108) | (352) | 306 | (10) | (725) |
| Profit attributable to equity holders of the group | 2,246 | 584 | (13) | 1,300 | (356) | 378 | 4,139 |

HEADLINE BASIC EPS**6.41p****COSTS INCLUDED IN OPERATING PROFIT**

| | | | | | | | |
|--|-----|-----|-----|-----|----|----|-------|
| Depreciation and amortisation of software | 643 | 136 | 120 | 271 | 65 | 81 | 1,316 |
| Share option charges | 157 | - | - | - | - | - | 157 |

OFFICE LOCATION

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

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2014**

| Year ended 31 December 2013 | UK £000 | Europe £000 | Middle East & Africa £000 | Asia and Australasia £000 | Americas £000 | Clear £000 | Total £000 |
|--|------------|---|---|--|--------------------------------------|---|---------------|
| Revenue | 68,147 | 19,424 | 8,055 | 48,299 | 10,502 | 7,612 | 162,039 |
| Operating profit excluding group costs | 11,054 | 1,902 | 376 | 4,438 | (90) | 919 | 18,599 |
| Group costs | (4,546) | (71) | – | (234) | (91) | – | (4,942) |
| Operating profit | 6,508 | 1,831 | 376 | 4,204 | (181) | 919 | 13,657 |
| Share of results of associates | 983 | 23 | (152) | 67 | - | - | 921 |
| Finance income and cost | (45) | (55) | 104 | 37 | (19) | 5 | 27 |
| Profit before taxation | 7,446 | 1,799 | 328 | 4,308 | (200) | 924 | 14,605 |
| Taxation | (1,560) | (670) | (186) | (1,671) | (137) | (213) | (4,437) |
| Profit for the year | 5,886 | 1,129 | 142 | 2,637 | (337) | 711 | 10,168 |
| Non controlling interests | (1,232) | (208) | (214) | (811) | 509 | (25) | (1,981) |
| Profit attributable to equity holders of the group | 4,654 | 921 | (72) | 1,826 | 172 | 686 | 8,187 |
| HEADLINE BASIC EPS | | | | | | | 12.39p |
| Costs included in operating profit: | | | | | | | |
| Depreciation | (969) | (229) | (172) | (454) | (82) | (154) | (2,060) |
| Amortisation of software | (38) | (39) | (29) | (14) | (23) | – | (143) |
| Share option charges | (290) | – | – | – | – | – | (290) |
| OFFICE LOCATION | London | Paris Berlin Madrid Geneva Milan Moscow Stockholm | Beirut Cape Town Jo'burg Abu Dhabi | Sydney Melbourne Auckland Wellington New Delhi Mumbai Kuala Lumpur Hong Kong Beijing Shanghai Tokyo Singapore | Los Angeles São Paulo New York | London New York Sydney Singapore | |

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2014****6. FINANCE INCOME**

| | Six months ended 30 June 2014 £000 | Six months ended 30 June 2013 £000 | Year ended 31 December 2013 £000 |
|--|---|---|---|
| Bank interest receivable | 99 | 131 | 173 |
| Other interest receivable | 17 | 21 | 203 |
| Total finance income | 116 | 152 | 376 |
| Fair value adjustments to minority shareholder put option liabilities | 5,270 | - | - |
| Total | 5,386 | 152 | 376 |

7. FINANCE COSTS

| | Six months ended 30 June 2014 £000 | Six months ended 30 June 2013 £000 | Year ended 31 December 2013 £000 |
|--|---|---|---|
| Finance costs | | | |
| Bank interest payable | (189) | (153) | (342) |
| Other interest payable | (4) | (22) | (7) |
| Total interest payable | (193) | (175) | (349) |
| Fair value adjustments to minority shareholder put option liabilities | - | (4,698) | (15,503) |
| Total | (193) | (4,873) | (15,852) |

M&C SAATCHI PLC**UNAUDITED NOTES TO THE INTERIM STATEMENTS****SIX MONTHS ENDED 30 JUNE 2014****8. TAXATION**

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

The estimated headline effective annual tax rate (excluding associates) used for the period to 30 June 2014 is 28.3% (30 June 2013: 33.1%).

The decrease in the headline tax rate is due to reduced losses in subsidiaries that we are investing in and the reduced UK tax rate.

The estimated effective annual tax rate for the period to 30 June 2014 is 17.4% (30 June 2013: 132.1%).

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 that have no effect on the tax charge.

9. DIVIDENDS

| | Six months ended 30 June 2014 £000 | Six months ended 30 June 2013 £000 | Year ended 31 December 2013 £000 |
|---|---|---|---|
| 2012 final dividend 3.85p (2011: 3.50p) | - | - | 2,596 |
| 2013 interim dividend 1.21p (2012: 1.10p) | - | - | 825 |
| | - | - | 3,421 |

The directors propose an interim dividend of 1.40p per share (2013: 1.21p per share) payable on 14 November 2014 to shareholders who are on the register at 31 October 2014. This interim dividend, amounting to £932k (2013: £825k) 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 2014****10. CASH CONSUMED BY ACQUISITIONS**

| | Six months ended 30 June 2014 £000 | Six months ended 30 June 2013 £000 | Year ended 31 December 2013 £000 |
|------------------------------------|---|---|---|
| Acquisitions | | | |
| Initial cash consideration paid | (1,232) | (1,580) | (4,007) |
| Cash and cash equivalents acquired | (142) | 474 | 906 |
| | (1,374) | (1,106) | (3,101) |