M&C SAATCHI

M&C Saatchi plc

Preliminary Results for the Year Ended 31st December 2005

M&C Saatchi plc
2005 Preliminary Results

M&C Saatchi plc, the international marketing communications Group today announces its preliminary results for the year ended 31st December 2005.

Financial Highlights

- Revenues (gross profit) up 9.4% to £68.0 million (2004: £62.2 million)
- Underlying operating profit (before the impact of the European expansion) up 7.5% to £7.8 million (2004: £7.2 million).
- Underlying operating margin (before the impact of the European expansion) broadly flat at 11.5% (2004: 11.6%).
- Underlying profit before taxation (before the impact of the European expansion) up 11.3% to £9.1 million (2004: £8.1 million).
- Cost of European Expansion £1.4 million.
- Reported Profit before tax (before the share based payment charge of £0.2 million) of £7.5 million (2004: £8.1 million).
- Reported earnings per share (including share based payment charge in 2005) of 7.57p (2004: 9.28p).
- Dividend per share up 10% to 2.55p.

Note: The above figures (except where stated) are reported before the amortisation of goodwill and share based payment charge

Operational Highlights

- Strong new business performance, particularly in the second half. Significant new business wins included: Australian Tourism, ITV, Ribena, Cadbury Muller, Direct Line Insurance (M&C Saatchi), Weetabix and Independent News and Media (Walker Media) Nat West Mortgages and Mini (LIDA), Twinings, Perrier Jouet, Orange, Ovaltine and Disney (Talk PR) ,Carslberg (Sports and Entertainment) , PODS (USA), City National Bank (California), eBay (Asia) and Wyeth (China).
- Successful launch of our first European office in Paris in September 2005. Plans are well advanced for Germany and Spain.
- Further expansion in Asia adding offices in Bangkok and New Delhi.
- New complementary businesses developed: Provenance (luxury brand specialists) and Walker-i (digital media).

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

"I am pleased to report another strong underlying performance across the Group. We have made good progress with our strategy of expansion into new geographies and new businesses, which is the foundation of our future growth. Our new business performance has also been strong across the Group, which has helped to offset the financial impact of losing the BA account."

For further information please contact

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Financial Review

Reported revenues (gross profit) increased by 9.4% to £68.0 million. This is our 11th successive year of organic revenue growth. On a constant currency basis revenues grew by 7.9%.

While all areas of the business performed well, the key driver of growth has been the UK with revenues up 8.1%, a strong performance given the loss of the BA account. Although small in absolute terms, revenue growth was also strong in the USA at 26.7% .

The table below gives details of the revenue and revenue growth by region.

	2005 Constant Rates	V's 04	2005 Reported Rates	Vs 04	2004
	£'000	%	£'000	%	£'000
UK	39,470	8.1	39,470	8.1	36,518
Asia Pacific	24,187	4.6	25,084	8.5	23,126
USA	3,189	25.8	3,211	26.7	2,534
Europe	236	-	236	-	-
Total	67,082	7.9	68,001	9.4	62,178

The underlying performance (which excludes the impact of the European expansion, the amortisation of goodwill and the share based payment charge) shows operating profit increased by 7.5% to £7.8 million (2004: £7.2 million). The underlying operating margin dropped marginally to 11.5% (2004: 11.6%). This was due to the loss of BA revenues in the fourth quarter and the associated pitch costs.

The Groups net interest increased 50% to £1.4 million (2004: £0.9 million) due principally to interest earned on the net proceeds from the float.

The underlying profit before tax (excluding the impact of the European expansion of £1.4 million, the amortisation of goodwill of £1.7 million and before the share based payment charge of £0.2 million) increased by 11.3% to £9.1 million (2004: £8.1 million). The cost of the European expansion reduced the underlying profit before tax to £7.6 million.

2005 has been the first year that our operating performance has been significantly impacted by our expansion strategy in Europe. We opened our first office in continental Europe in Paris in September 2005 and it has had a successful first six months. The initial losses of the Paris office plus the ongoing development costs associated with the further European expansion totalled £1.4 million and reduced the operating margin by 2.1pts. This is in line with the strategy set out prior to the float in 2004 and consistent with expectations.

The Group's tax rate, before taking account of the items listed below, increased by 0.2pts to 33.0%. The impact of the non deductible losses incurred by our associate in the UK (0.6pts) and the European start up (2.5pts) increased the reported tax rate to 36.1%. These losses will be carried forward to offset future taxable profits.

The profits attributable to the minorities increased to £0.7million (2004: £0.4 million). The percentage of the group's profits contributed by profits with new or remaining minorities increased to 11.2% (2004: 8.0%) (before the impact of the European expansion). The growth in profits from Walker Media was the principle cause.

The reported earnings per share decreased due the European expansion to 4.46p (2004: 6.19p)

The Board is recommending a final dividend of 1.78p per share making a total of 2.55p per share for 2005. This represents an increase of 10% on the equivalent annualised dividend for 2004. The final dividend of 1.78p is payable on the 12th June 2006 to shareholders on the register as at 12th May 2006.

2004 unaudited proforma accounts

Except where otherwise stated the report refers to the 2004 proforma profit and loss account. This has been prepared to show the Group's results as if the reorganisation placing and admission to AIM had effect from 1st January 2004 and excludes exceptional costs.

Review of Operations

The UK

The UK region covers our marketing communications operations, comprising M&C Saatchi (advertising), LIDA (direct marketing), Talk PR (public relations), Immediate Sales (integrated marketing), M&C Saatchi Sports and Entertainment, Influence (issue marketing), Play (digital marketing), Provenance (luxury brand specialists) and our media planning and buying operation Walker Media.

Our UK business performed well in 2005 with revenue up by 8.1%. The growth was led by Walker Media but with all our UK businesses showed good growth.

The new business performance in the UK was strong, with the contributions more significant in the second half. The new accounts include; ITV, Ribena, Cadbury Muller, Direct Line Insurance (M&C Saatchi) Weetabix and Independent News and Media (Walker Media), NatWest mortgages and Mini (LIDA), Twinings, Perrier Jouet, Orange, Ovaltine and Disney (Talk PR) and Carslberg (Sports and Entertainment).

An important part of our organic growth strategy in the UK is the ongoing development of complementary businesses which expand our offering to existing and potential clients. Last year saw the launch of Provenance (luxury brand specialists) and Walker-i, a subsidiary of Walker Media specialising in digital media.

Asia Pacific and Australia

On a constant currency basis revenue grew by 4.6% to £24.2 million (2004: £23.1 million). This was principally driven by a strong performance from Australia which accounts for 66% of the region. There was also a strong performance from our Malaysian business and contribution from our acquisitions in Thailand and India.

The most notable new business win was Australian Tourism, but this came at the expense of the New Zealand Tourism business. There was a small net contribution to revenue this year; the impact will be more significant in 2006.

Other wins in the region were: eBay (Asia regional), Spirit of Tasmania Ferry Service (Australia), Alliance Bank (Malaysia) and Wyeth (China).

America

On a constant currency basis revenue grew by 25.8% to £3.2 million (2004: £2.5 million). This was principally driven by the LA office which posted revenues over 50% higher than 2004.

Our American activities were reorganised in 2005. New management was put into New York and the office had a successful start winning PODS (Portable on Demand Storage) in June.

Other new business wins included; Ghirardelli chocolates, City National Bank and assignments from RBS and Travelex.

Europe

Our first European office opened in Paris in September last year. M&C Saatchi.GAD, led by Giles Masson, Antoine Barthuel and Daniel Fohr, has had a very successful start and has already won assignments from: Pernod Ricard (Havana Club & Olmeca), S'Miles Loyalty scheme, Branly Museum.

Plans are well progressed for further openings in the key markets in Germany and Spain. We expect to be able to make announcements shortly.

Outlook

We expect the year ahead to be one of further progress and growth across all of our businesses.

The loss of BA will be more significantly felt in 2006 and we see an environment that will limit the opportunity for margin growth.

From a new business perspective the year has started well. Important new accounts include Kingsmill (Allied Bakeries) and RBS Retail. Our Paris office has maintained its excellent progress winning Bordeaux Wines and is currently pitching for other significant accounts. Walker Media has had an outstanding start to the year and the New York office has also made good progress recently winning AIG insurance.

Our investment programme in new offices, through organic start ups or small acquisitions and new businesses streams, will continue into 2006 and this strategy remains the foundation for the company's growth going forward.

M&C SAATCHI PLC

PRELIMINARY CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Unaudited year ended 31-Dec 2005 £000	Unaudited proforma 31-Dec 2004 £000	Audited year ended 31-Dec 2004 £000
Turnover				
– Continuing operations		297,688	106,884	106,884
– Acquisitions		596	180,864	108,300
Turnover	2	298,284	287,748	215,184
Cost of sales	3	(230,283)	(225,570)	(155,807)
Gross profit		68,001	62,178	59,377
Administrative expenses				
– Ordinary		(61,639)	(54,944)	(52,907)
– Exceptional		–	–	(2,795)
– Options & long term bonus		(185)	–	–
– Amortisation of goodwill		(1,688)	(1,672)	(777)
Administrative expenses	3	(63,512)	(56,616)	(56,479)
Operating profit				
– Continuing operations		4,480	4,157	2,257
– Acquisitions		9	1,405	641
Operating profit		4,489	5,562	2,898
Share of operating profit /(loss) of associates		(75)	–	352
Interest receivable		1,384	931	800
Interest payable		(29)	(30)	(30)
Profit on ordinary activities before taxation		5,769	6,463	4,020
Taxation on profits on ordinary activities	4	(2,690)	(2,666)	(2,033)
Profit on ordinary activities after taxation		3,079	3,797	1,987
Minority interests		(663)	(441)	(531)
Profit for the financial year		2,416	3,356	1,456
Earnings per share				
– Basic	6	4.46p	6.19p	3.42p
– Diluted	6	4.41p	6.14p	3.41p

All amounts relate to continuing activities.

The reconciliation of movements in shareholders' funds is shown in note 8 to the financial statements.

Except where otherwise stated this report comments on the unaudited profit and loss account of M&C Saatchi plc (the "Group") for the year to 31st December 2005 compared with the unaudited pro forma profit and loss account for the same period in 2004. The report also comments on the numbers before the impact of the amortisation of goodwill. The pro forma report has been prepared to show for illustrative purposes only, the results as if the reorganisation which occurred immediately prior to its admission to trading on AIM on 14th July 2004, had occurred on 1st January 2004. The reorganisation included the acquisition of M&C Saatchi Worldwide Ltd by M&C Saatchi plc and the acquisition of a further 29% of Walker Media Holdings share capital resulting in a 75% holding. At the same time a number of key executives who held shares in their operating companies had their interest acquired by M&C Saatchi plc. Full details were set out in the admission document. The directors believe that the presentation of the financial highlights and the financial report on this basis provide a clearer understanding of the Group's results.

M&C SAATCHI PLC
PRELIMINARY CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Unaudited Year ended 31-Dec 2005 £000	Audited Year ended 31-Dec 2004 £000
Profit for the financial year		
– Group	2,497	1,140
– Associates	(81)	316
	2,416	1,456
Exchange differences on retranslation of opening reserves	(50)	260
Total recognised gains and losses for the financial year	2,366	1,716

M&C SAATCHI PLC
PRELIMINARY CONSOLIDATED BALANCE SHEET

	Note	Unaudited At 31-Dec 2005 £000	Unaudited At 31-Dec 2005 £000	Audited At 31-Dec 2004 £000	Audited At 31-Dec 2004 £000
Fixed assets					
Intangible assets			14,592		16,158
Tangible assets			3,194		3,047
Investments			100		15
			17,886		19,220
Current assets					
Work in progress		3,277		3,368	
Debtors					
– Due within one year		50,552		46,374	
– Due after more than one year		578		731	
Cash at bank and in hand		20,486		17,323	
		74,893		67,796	
Creditors					
– Amounts falling due within one year		58,969		55,351	
Net current assets			15,924		12,445
Total assets less current liabilities			33,810		31,665
Creditors					
– Amounts falling due after more than one year			868		774
Provisions for liabilities and charges			404		218
			32,538		30,673
Capital and reserves					
Share capital	7		542		542
Share premium account	7		9,618		9,618
Merger reserve	7		14,756		15,959
Share option reserve	7		599		514
Profit and loss account	7		6,101		3,577
Shareholders' funds – equity	7		31,616		30,210
Minority interests – equity			922		463
			32,538		30,673

M&C SAATCHI PLC
PRELIMINARY CONSOLIDATED CASH FLOW STATEMENT

	Note	Unaudited Year ended 31-Dec 2005 £000	Unaudited Year ended 31-Dec 2005 £000	Audited Year ended 31-Dec 2004 £000	Audited Year ended 31-Dec 2004 £000
Cash inflow from operating activities	9		6,596		4,953
Dividend received from associates			–		728
Returns on investments and servicing of finance					
Interest received		1,384		687	
Interest paid		(8)		(3)	
Interest element of finance lease rental payments		(15)		(27)	
Minority interest dividend paid		(428)		(1,296)	
Net cash outflow from return on investment and servicing of finance			933		(639)
Taxation					
UK taxation paid		(1,498)		(1,136)	
Overseas taxation paid		(567)		(664)	
			(2,065)		(1,800)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(1,289)		(922)	
Sale of tangible fixed assets		37		417	
Sale of a part share of a subsidiary undertakings		–		527	
Net cash inflow/(outflow) from capital expenditure and financial investment			(1,252)		22
Acquisitions and disposals					
Investment in subsidiary		(369)		(382)	
Cash acquired with subsidiary undertakings		187		2,243	
Investment in associate		–		–	
			(182)		1,861
Equity dividends paid			(1,045)		(2,313)
Net cash inflow/(outflow) before financing			2,985		2,812
Financing					
Share placement		–		10,537	
Share placement costs		–		(835)	
Shares issued to minorities in subsidiaries		124		107	
Repayment of bank loans		–		(21)	
Capital element of finance lease rental payments		(142)		(225)	
Net cash inflow/(outflow) from financing			(18)		9,563
Increase/(decrease) in cash in the year	11		2,967		12,375

M&C SAATCHI PLC
NOTES FORMING PART OF THE PRELIMINARY FINANCIAL STATEMENTS FOR YEAR ENDED 31ST DECEMBER 2005

1. STATUTORY INFORMATION

The financial information contained in this announcement, for the years ended 31st December 2005 or 2004, does not constitute statutory financial statements within the meaning of section 240 of the Companies act 1985. The financial information for the year ended 31st December 2004 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts was unqualified. The statutory accounts for the year ended 31st December 2004 will be finalised on the basis of the financial information presented by the directors in this unaudited preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting. The audit report for the year ended 31st December 2005 has yet to be signed.

The preliminary announcement was approved by the board of directors on 22nd March 2006.

M&C SAATCHI PLC

NOTES FORMING PART OF THE PRELIMINARY FINANCIAL STATEMENTS FOR YEAR ENDED 31ST DECEMBER 2005 (CONTINUED)

2. TURNOVER, PROFIT AND NET ASSETS

Turnover and profit before taxation are attributable to the provision of advertising and marketing services.

	Unaudited 2005 £000	Unaudited pro forma 2004 £000	Audited 2004 £000
Turnover			
Analysis by geographical market:			
By origin and destination			
UK	245,926	241,373	168,809
Asia and Australia	45,636	41,736	41,736
America	6,417	4,639	4,639
Europe	305	–	–
	298,284	287,748	215,184
Gross profit			
Analysis by geographical market:			
By origin			
UK	39,470	36,518	33,717
Asia and Australia	25,084	23,126	23,126
America	3,211	2,534	2,534
Europe	236	–	–
	68,001	62,178	59,377
Operating profit/(loss) – excluding amortisation of goodwill			
Analysis by geographical market:			
By origin			
UK	5,811	4,348	789
Asia and Australia	2,117	2,686	2,686
America	(322)	200	200
Europe	(1,429)	–	–
	6,177	7,234	3,675

M&C SAATCHI PLC

NOTES FORMING PART OF THE PRELIMINARY FINANCIAL STATEMENTS FOR YEAR ENDED 31ST DECEMBER 2005 (CONTINUED)

2. TURNOVER, PROFIT AND NET ASSETS CONTINUED

	Unaudited 2005 £000	Unaudited pro forma 2004 £000	Audited 2004 £000
Operating profit/(loss)			
Analysis by geographical market:			
By origin			
UK	4,123	2,676	12
Asia and Australia	2,117	2,686	2,686
America	(322)	200	200
Europe	(1,429)	–	–
	4,489	5,562	2,898

	Unaudited 2005 £000	Unaudited pro forma 2004 £000	Audited 2004 £000
Profit/(loss) before taxation			
Analysis by geographical market:			
By origin			
UK	5,318	3,528	1,085
Asia and Australia	2,202	2,736	2,736
America	(319)	199	199
Europe	(1,432)	–	–
	5,769	6,463	4,020

	Unaudited 2005 £000	Audited 2004 £000
Net assets/(liabilities)		
Analysis by geographical market:		
By origin		
UK	32,008	30,574
Asia and Australia	3,646	2,466
America	(1,950)	(2,367)
Europe	(1,166)	–
	32,538	30,673

M&C SAATCHI PLC
NOTES FORMING PART OF THE PRELIMINARY FINANCIAL STATEMENTS FOR YEAR ENDED 31ST DECEMBER 2005 (CONTINUED)

3. COST OF SALES AND ADMINISTRATIVE EXPENSES

	Unaudited	Unaudited proforma	Audited
	2005	2004	2004
	£000	£000	£000
Cost of sales			
Continuing operations	229,869	50,554	50,554
Acquisitions	414	175,016	105,253
	230,283	225,570	155,807
Administrative expenses			
Continuing operations	63,339	54,210	54,073
Acquisitions	173	2,406	2,406
	63,512	56,616	56,479

M&C SAATCHI PLC

NOTES FORMING PART OF THE PRELIMINARY FINANCIAL STATEMENTS FOR YEAR ENDED 31ST DECEMBER 2005 (CONTINUED)

4. TAXATION ON PROFITS FROM ORDINARY ACTIVITIES

	Unaudited Year ended 2005 £000	Unaudited Year ended 2005 £000	Audited Year ended 2004 £000	Audited Year ended 2004 £000
Current tax				
UK corporation tax on profits for the year	1,991		1,204	
Overseas tax payable	605		1,024	
Adjustment in respect of previous years	53		15	
Associates	–		148	
Total current tax		2,649		2,391
Deferred tax				
Origination and reversal of timing differences	41		(358)	
Movement in deferred tax provision		41		(358)
Taxation on profit on ordinary activities		2,690		2,033

The tax assessed for the year differs from that obtained by using the standard rate of corporation tax in the UK. The differences are explained below:

	Unaudited Year ended 2005 £000	Audited Year ended 2004 £000
Profit on ordinary activities before tax	5,769	4,020
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003: 30%)	1,731	1,206
Effects of:		
Expenses not deductible for tax	258	150
Float expenses not deductible for tax	–	379
Goodwill amortisation	506	233
Exchange adjustment taken to reserves subject to tax	–	81
Tax losses Carried forward	204	31
Differences between capital allowances and depreciation	30	(25)
Short term timing differences	(163)	175
Short term timing differences due to provision on options and phantom bonus accruals	49	214
Adjustment to tax charge in respect of previous years	53	15
Tax rate differences	(19)	(68)
Current tax charge for year	2,649	2,391

M&C SAATCHI PLC
NOTES FORMING PART OF THE PRELIMINARY FINANCIAL STATEMENTS FOR YEAR ENDED 31ST DECEMBER 2005 (CONTINUED)

5. DIVIDENDS

	Unaudited Year ended 2005 £000	Audited Year ended 2004 £000
Paid prior to reorganisation and flotation(1)		
Ordinary shares of £1:		
£0 per share (2004: £144)	–	1,800
Ordinary shares of £1:		
£0 per share(2004: £135(2))	–	338
'B' shares of £1:		
£0per share (2004: £41,100)	–	164
'C' shares of £1:		
£0 er share (2004: £10,924)	–	11
	–	2,313
Interim dividend of		
M&C Saatchi plc		
Interim dividend of 0.77p per share (2004: Nil)	416	–
M&C Saatchi plc (3) (2004: 1.16p)	629	–
	1,045	2,313

(1) These 2004 dividends were paid by M&C Saatchi Worldwide Limited (the previous ultimate holding company of the M&C Saatchi Group). Its share capital before reorganisation consisted of 12,500 ordinary shares of £1, 4 B shares of £1 and 1 C share of £1.
(2) This 2004 Dividend waived by all the ordinary £1 shareholders with the exception of Charles Saatchi, who held 2,500 shares.
(3) In line with FRS 21, dividends agreed after balance sheet date are not accrued in the accounts. The proposed final 2005 dividend is 1.78p per share, making a total dividend per share of 2.55p (£1,382k) for the year.

M&C SAATCHI PLC
NOTES FORMING PART OF THE PRELIMINARY FINANCIAL STATEMENTS FOR YEAR ENDED 31ST DECEMBER 2005 (CONTINUED)

6. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing profit after tax and minority interest by the number of shares in issue during the year.
Earnings per share are calculated as follows:

	Unaudited Year ended 2005 £000	Audited Year ended 2004 £000
Basic		
Profit for the year	£2,416,000	£1,456,000
Weighted average number of ordinary shares	54,206,799	42,542,000
Basic earnings per share	4.46p	3.42p
Diluted		
Profit for the year	£2,416,000	£1,456,000
Weighted average number of ordinary shares	54,747,997	42,732,000
Basic earnings per share	4.41p	3.41p

On 31st December 2005 there were 670,634 (2004: 411,050) outstanding options. The weighted average for the year was 541,198 (2004:190,322).

M&C SAATCHI PLC
NOTES FORMING PART OF THE PRELIMINARY FINANCIAL STATEMENTS FOR YEAR ENDED 31ST DECEMBER 2005 (CONTINUED)

7. RESERVES

group	Ordinary share capital £000	Share premium account £000	Merger reserve £000	Share option reserve £000	Profit and loss account £000	Total £000
At 1 January 2005 (audited)	542	9,618	15,959	514	3,577	30,210
Exchange differences	–	–	–	–	(50)	(50)
Issue of options	–	–	–	85	–	85
Merger reserve release on goodwill amortisation	–	–	(1,203)	–	1,203	–
Dividends	–	–	–	–	(1,045)	(1,045)
Retained profit for the year	–	–	–	–	2,416	2,416
At 31 December 2005 (unaudited)	542	9,618	14,756	599	6,101	31,616

8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Unaudited Year ended 2005 group £000	Audited Year ended 2004 group £000
Profit for the financial year		
– Group	2,497	1,140
– Associates	(81)	316
Dividend	(1,045)	(2,313)
	1,371	(857)
Exchange differences	(50)	260
Issue of shares	–	27,155
Share issue cost	–	(835)
Issue of options	85	514
Net addition/(reduction) to shareholders' funds	1,406	26,237
Opening shareholders' funds	30,210	3,973
Closing shareholders' funds	31,616	30,210

M&C SAATCHI PLC

NOTES FORMING PART OF THE PRELIMINARY FINANCIAL STATEMENTS FOR YEAR ENDED 31ST DECEMBER 2005 (CONTINUED)

9. NET CASH INFLOW FROM OPERATING ACTIVITIES

	Unaudited Year ended 2005 £000	Audited Year ended 2004 £000
Operating profit	4,489	2,898
Amortisation of intangible fixed assets	1,688	777
Non cash flow expenses associated with reorganisation	–	460
Depreciation	1,183	1,167
(Loss)/ (profit) on sale of tangible fixed assets	59	(34)
Decrease / (increase) in work in progress	224	(2,062)
(Increase) in debtors	(3,482)	(16,233)
Increase in creditors	2,428	17,902
Option charge	85	–
Exchange differences	(78)	78
	6,596	4,953

10. ANALYSIS OF CHANGES IN NET FUNDS

	Balance at 01-Jan 2005 (Audited) £000	Cash inflow £000	Finance leases £000	Exchange movements £000	Balance at 31-Dec 2005 (Unaudited) £000
Cash at bank and in hand	17,323	2,967	–	196	20,486
Overdrafts	–	(29)	–	–	(29)
	17,323	2,938	–	196	20,457
Finance leases	(244)	142	(14)	(12)	(128)
Total	17,079	3,080	(14)	184	20,329

M&C SAATCHI PLC
NOTES FORMING PART OF THE PRELIMINARY FINANCIAL STATEMENTS FOR YEAR ENDED 31ST DECEMBER 2005 (CONTINUED)

11. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Unaudited Year ended 2005 £000	Unaudited Year ended 2005 £000	Audited Year ended 2004 £000	Audited Year ended 2004 £000
Increase in cash in the year	2,967		12,375	
Cash outflow from decrease				
In lease financing	142		225	
Inception of finance leases	(14)		(31)	
Exchange differences	184		(87)	
Overdraft	(29)		–	
Cash outflow from repayment of bank loan	–		21	
Movement in net funds in the year		3,250		12,503
Net funds at start of year		17,079		4,576
Net funds at end of year		20,329		17,079