M&C SAATCHI PLC

PRELIMINARY RESULTS

YEAR ENDED
31 DECEMBER 2009

25 MARCH 2010

Group Highlights

- Revenues stable at £103.4m (2008: £104.4m); down 5% using constant currencies
- Headline operating profit excluding impact of new offices £11.8m (2008: £13.7m)
- Headline operating profit £10.4m (2008: £13.7m)
- Headline operating margin excluding impact of new offices 11.5% (2008: 13.2%)
- Headline operating margin 10.0% (2008: 13.2%)
- Headline profit before tax £10.3m (2008: £14.1m)
- Cash and cash equivalents £15.1m (2008: £9.3m)
- Group debt £4.4m (2008: £6.7m)
- Total dividend for year held at 3.62p per share

Developments in 2010

- New offices opened in South Africa and Guangzhou (China)
- Agreement in principle to acquire a majority stake in Inside Mobile, a specialist mobile marketing business
- New ownership structure in Australia
- Agreement in principle to acquire minority stake in Lebanon based agency Quantum and to expand presence in the Middle East and North Africa region

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

"M&C Saatchi has delivered in a challenging and unpredictable year. Through 2009 we kept a control on costs, ensuring that we maintained investment in the business. The Group is well placed to grow as the economic environment improves.

"In 2010 the Group is investing in new geographies and expanding our existing brands into new markets. We have announced the new office in South Africa and we will be expanding our presence in the Middle East and North Africa region. The Group is delighted to announce the acquisition of Inside Mobile, a fast-growing mobile marketing specialist.

"2010 has started well both operationally and financially and the Group is well positioned to meet any pick up in demand. Visibility remains an issue, but we remain confident in our business model. The entry into new markets is still in the investment phase but is expected to move into profitability towards the end of the year. We expect returns on these investments in 2011.

"The Board looks forward to the year ahead with confidence".

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SUMMARY OF RESULTS

Overview

The Board of M&C Saatchi plc announces the unaudited results for the year ended 31 December 2009.

We are happy to report that the results for the year are in line with both internal and external expectations.

The 2009 results reflect both the difficult trading conditions and the £1.4m invested in start up costs in new markets. Despite the year-on-year decline in the financial results the underlying financial health of the Group has not suffered. The cash flows and balance sheet remain strong, working capital is being closely managed, debt has been reduced and net cash increased. The Board believes that the business is in good shape and we are confident that the Group has significant opportunity for growth.

During these turbulent times, it has essentially been business as usual. There have been some excellent individual office performances and the content and ideas creation parts of the Group have performed very well. While the broad advertising and media sector has had a very tough time, the importance of Brutal Simplicity of Thought and creative excellence remain as important as ever.

We have also continued to build for the future. We opened three new offices in 2009 - in Switzerland, Brazil and Japan - and extended existing brands into new markets. This process has continued into 2010. This year we have announced a partnership in South Africa with Mike Abel, the former CEO of our successful Australian business. The Group has opened an office in Guangzhou, the fourth office in the high growth region of Greater China. We are announcing that we are acquiring a minority stake in Quantum, a Lebanon-based marketing and communications business operating in the Middle East and North Africa region. They will now work under the M&C Saatchi name. As a Group we are already managing an increasing volume of business in this region and we believe this acquisition will allow us to build on that presence. We will evaluate openings in other new markets if the right opportunity arises.

Local ownership and highly incentivised management teams have always been at the heart of our corporate philosophy. With this in mind, we are delighted to announce that we have reached an agreement with Tom Dery and Tom McFarlane, who form the core of the management team in Australia, to buy a 20% stake in the Australian business. The details of this transaction are covered in a separate announcement issued today.

We are pleased to announce an agreement in principle to acquire a majority stake in Inside Mobile, the mobile communication specialists. Inside Mobile is a small but growing company that operates in the fast-growing area of mobile marketing. We believe there is significant potential in offering this expertise across our client base and geographies.

We are confident that all these developments, combined with the underlying strengths of the M&C Saatchi Group, provide an excellent basis for continued growth.

Numbers

In response to tough conditions in 2009, we have been carefully managing our business on an office-by-office basis, reducing costs where fee reductions have been sought by our clients, maintaining resource levels where needed and investing in additional resource in the key new markets.

Revenue

Group revenues in 2009 were £103.4m, 1% down on the prior year. Excluding the positive impact of Sterling's weakness, primarily against the Australian Dollar and the Euro, revenues declined by 5%.

The strongest performance came from the Asia and Australia region which reported revenue growth of 12%. The like-for-like growth (excluding exchange and the offices closed in the prior year) was 4%. The strongest growth came from Australia (like-for-like growth of 8%) and Malaysia (like-for-like growth of 8%). Across the rest of the Group the impact of the challenging trading environment resulted in revenue reductions. Like-for-like revenue was down 3% across our offices in Europe and 6% across our UK operations (excluding Clear), while our office in LA suffered a 37% revenue decline. Clear, our consulting business, was down by 18%.

The three new offices opened in the year - Geneva (February), Sao Paulo (March) and Tokyo (August) - together contributed 1% of Group revenues.

Operating profit and margin

At a headline level including the £1.4m start-up losses incurred across the three new offices operating profit fell 25% to £10.4m (£13.7m). The headline operating margin was 10.0% (2008: 13.2%). Excluding the impact of the start-up losses, headline operating profit fell 14% to £11.8m, with a headline operating margin of 11.5% (2008: 13.2%).

Managing costs continued to be an important focus for the Group. Across the Group, revenue declined by £0.9m or 1% and costs increased £2.4m, or 3%, the result being the margin deterioration of 3.2pts. The establishment of the new offices in Geneva, Sao Paulo and Tokyo led to a £2.2m increase in costs and the operating losses of £1.4m negatively impacted the Group margin by 1.5pts. The headline results show that costs increased by £3.9m across our offices in Europe and the Asia and Australia region, but were more than offset by the £4.3m increase in revenue. This increase in both revenue and costs is largely attributable to the impact of exchange rates. Significant cost reductions were achieved across our UK businesses (including Clear) of £3.6m which represents an average cost saving rate of 72% of the revenue decline.

Contribution from the Group's Associate

The contribution from the Group's 25% holding in Spanish Marketing Service group Zapping/M&C Saatchi increased to £64k (2008: £(81)k).

Interest, tax and minority interests (non-controlling interest)

The Group's net interest cost increased to £0.1m from a net income of £0.4m in 2008. There was a significant reduction in the interest expense incurred on the Group debt as a result of lower interest rates and the average group debt reducing to £5.1m (2008: £7.9m). Interest receivable on Group treasury activities has also fallen.

The tax rate on headline profit before tax, before the investment in new markets and the effect of the associate, was 31.7% (2008: 31.8%). The impact of the non-deductable losses incurred in these new ventures increased the tax rate by 4.5pts to 36.2%. The Group will be able to utilise the tax losses when the new offices start making profits.

The proportion of profits attributable to minority shareholders decreased to 5.6% (2008: 5.9%) of headline profit after tax to £0.4m (2008: £0.6m). The small decrease is due principally to the Group acquiring shares from its minorities during 2008 and 2009.

Headline profit attributable to equity holders and EPS

The headline profit attributable to equity holders of the Group decreased by 31% to £6.2m (2008: £9.0m).

The weighted average number of shares increased to 61.2m (2008: 60.0m) which resulted in the headline undiluted earnings per share decreasing marginally faster than Group earnings. The additional shares were issued to satisfy the acquisition of some of the Group's minorities.

The undiluted headline EPS decreased to 10.15p (2008:15.05p).

Dividend

The Board has already announced that it has approved a second interim dividend of 2.75p per share to be paid on 1 April 2010. Together with the first interim dividend of 0.87p per share, the total dividend paid in respect to 2009 will be 3.62p per share (2008: 3.62p).

Cash Flow, Group Debt and Deferred Consideration

As at the 31 December 2009, cash balances across the Group stood at £15.1m (2008: £9.3m) and we were utilising £4.4m (2008: £6.7m) of the three-year £18m facility provided by RBS, which continues until March 2011.

During the year the Group generated an inflow of cash from normal activities (before payment of dividends, acquisitions and the repayment of debt) of £11.0m (2008: £10.2m) which represents a very strong 167% (2008: 106%) of headline profit after tax. The Group enjoyed a particularly strong inflow of working capital at the end of the year which made a significant contribution, which resulted in a positive impact of the year-on-year working capital movement of £4.5m.

During the year the Group acquired a small number of its existing minorities and made a small acquisition of a research business in Brazil, the total cash outflow was £0.5m (2008: £14.2m). The Group paid £2.6m (2008: £2.8m) in the form of dividends to equity and minority shareholders and repaid £2.3m (2008: £2.1m) of debt.

The amount of deferred consideration payable at the 31 December 2009 was £0.2m (2008: £0.1m) relating to the acquisition of some of the Group's minority shareholders.

REVIEW OF OPERATIONS BY REGION

UK

Our UK operations saw revenue decline 6% to £49.1m (2008: £52.4m) and the underlying operating profit (pre central costs) fell 7% to £10.5m (2008: £11.3m). Including central costs, the operating profit was £7.2m (2008: £8.2m).

In a difficult trading environment the content-creation businesses performed well, with revenue down by only 4% while a cost-saving programme ensured that the fall in operating profits was only 2%. Media-related activities that are more significantly affected by volume had a more challenging time, but Walker Media was still able to deliver a robust performance largely due to excellent client retention in a highly competitive environment. Revenue declined by 11%, but effective management of the cost base meant that margin levels were maintained.

The effect of the revenue and cost movements across the UK operations was a modest decline in the headline operating margin to 21.3% (2008: 21.5%). Including the impact of the central costs, which are accounted for within the UK operations, the headline operating margin was 14.7% (2008: 15.6%).

Supporting our existing clients through a difficult year was our priority and client retention across all the UK operations was good, but we also had a good contribution from new clients. The most significant was the Department of Health's "Change 4 Life" healthy living campaign, as well as assignments from Boots (Boots Advantage card), The Carphone Warehouse, Castrol (sports sponsorship) The Republic of Georgia, the Evening Standard, Fiat and Harper Collins. The last three were media-only wins.

Clear

Clear's project-based business was particularly hard hit by the economic downturn. Trading improved in the first half of 2009, compared with fourth quarter of 2008. There was a further period of weakening during the third quarter, but the final months of 2009 and the early months of 2010 have been positive.

Across the year revenue was down by 18% to £8.5m (2008: £10.4m). Clear works on a time-related consultancy basis and the ability to drive revenue is directly related to the quality and quantity of its people. We have taken a measured approach to managing the cost base to preserve the growth potential of the business. Overall costs have been reduced by 15%, which represents a revenue cost saving ratio of 67%. The headline operating margin reduced to 15.2% (2008: 18.3%).

Europe

Across our two offices located in Paris and Berlin, reported revenue increased by 8% to £9.4m (2008: £8.7m). Excluding the impact of the 12% decline in the value of Sterling, like-for-like revenue declined by 3%.

Due to employment legislation in Europe it is difficult to make short-term cost savings, but cost reductions are being implemented where possible. Across the two offices the like-for-like (using constant exchange rates) cost base has been reduced by £165k compared with a like-for-like revenue reduction of £302k a revenue cost savings ratio of 55%. The headline operating margin was 14% (2008: 15%).

It has been a tough year for new business, but there were some important wins including Comte (cheese), Prodmarques (poster sites), an additional assignment from Jameson for Terres De Whisky in France and an assignment from Munich Re in Germany.

Asia and Australia

There was a mixed but significantly improved set of results from our operations in Asia and Australia. The like-for-like revenue (using constant currencies and eliminating the impact of the offices closed in 2008) increased by 4%. Headline operating margin remained at 8%. Reported revenue, benefiting from Sterling weakness, increased by 12% to £33.2m (2008: £29.7m) and headline operating profit (excluding Group costs) increased by 14% to £2.7m (2008: £2.4m).

On a like-for-like basis Australia and Malaysia both produced revenue growth of 8%. Our operations in Greater China are also starting to show some momentum with like-for-like revenue growth of 4% and an important improvement in operating margin.

Our offices in New Zealand and India both suffered significant revenue declines.

Across the region there was good new business momentum. New accounts included Freedom furniture, ETrade and KR Castlemaine in Australia. The office in Hong Kong has won assignments from National Geographic, Disneyland, ANZ (Asia) and AIA. Shanghai has won assignments from Shin Ho (soy sauce) and Cerebos (health supplements).

America

Our office in LA was the first to suffer from the economic downturn and trading has remained difficult. Clients were quick to reduce activity and fees and Ketel One was lost following the sale of the brand to Diageo. The year finished positively with a win from the State of California to promote swine flu awareness and there is an encouraging level of new business activity as we head into 2010.

New Offices

In 2009 we opened three new offices in Geneva (February), Sao Paulo (March) and Tokyo (August) in line with our established strategy of organically developing in important locations around the world in partnership with local management.

We expect to incur two years of operating losses in each new office, with profitability achieved in the second half of year two. In 2009 the new offices contributed £0.8m of new revenue and £1.4m of operating losses. This was broadly in line with our expectations.

In Japan important projects were won from Mitsubishi, Sony Play Station and Callaway Golf. Switzerland got off to a good start with accounts from Japan Tobacco and the State of Geneva. The momentum in Brazil has been slower, but assignments have been won from Shopping Vila Olympia (shopping centre) Hines (property) and from GlaxoSmithKline.

Outlook

2010 has started well both operationally and financially and the Group is well positioned to meet any pick up in demand. Visibility remains an issue, but we remain confident in our business model. The entry into new markets is still in the investment phase but is expected to move into profitability towards the end of the year. We expect returns on these investments in 2011.

The Board looks forward to the year ahead with confidence.

M&C SAATCHI PLC

UNAUDITED CONSOLIDATED INCOME STATEMENT

Year ended 31 December	Note	2009 £000	2008 £000
BILLINGS		**370,746**	**436,506**
REVENUE	**3**	**103,435**	**104,383**
Operating costs	5	(93,257)	(93,617)
OPERATING PROFIT	**3**	**10,178**	**10,766**
Share of results of associates	6	64	(81)
Impairment of associate	6	–	(2,400)
Finance income	7	386	3,350
Finance costs	8	(369)	(1,142)
PROFIT BEFORE TAXATION	**3**	**10,259**	**10,493**
Taxation on profits	9	(3,666)	(3,904)
PROFIT FOR THE FINANCIAL YEAR		**6,593**	**6,589**
Profit attributable to:			
Equity shareholders of the Group	3	6,223	6,021
Minority interests		370	568
		6,593	**6,589**
EARNINGS PER SHARE	**3**		
Basic		10.17p	10.04p
Diluted		9.69p	9.75p
HEADLINE RESULTS	**3**		
Operating profit		**10,360**	**13,739**
Profit before tax		**10,288**	**14,095**
Profit attributable to equity shareholders		**6,215**	**9,024**
HEADLINE EARNINGS PER SHARE	**3**		
Basic		10.15p	15.05p
Diluted		9.67p	14.62p

M&C SAATCHI PLC

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December	2009 £000	2008 £000
Profit for the Year	**6,593**	**6,589**
Other comprehensive income:		
Exchange differences on translating foreign operations before tax	(193)	2,403
Tax benefit / (expense)	92	(311)
Other comprehensive income for the year net of tax	(101)	2,092
Total comprehensive income for the year	**6,492**	**8,681**
Total comprehensive income attributable to:		
Equity shareholders of the Company	6,122	7,952
Minority interests	370	729
	6,492	**8,681**

M&C SAATCHI PLC

UNAUDITED CONSOLIDATED BALANCE SHEET

At 31 December	Note	2009	2008
		£000	**£000**
NON CURRENT ASSETS			
Intangible assets		58,394	58,114
Investments in associates		1,730	1,711
Plant and equipment		4,353	4,239
Deferred tax assets		1,900	1,924
Other non current assets		1,787	707
		68,164	**66,695**
CURRENT ASSETS			
Trade and other receivables		53,844	60,784
Current tax assets		89	649
Cash and cash equivalents		15,111	9,271
		69,044	**70,704**
CURRENT LIABILITIES			
Trade and other payables		(72,278)	(73,583)
Current tax liabilities		(2,000)	(3,030)
Other financial liabilities		(26)	(37)
Deferred and contingent consideration		(229)	(116)
Minority shareholder put options liabilities	13	(1,089)	(1,881)
		(75,622)	**(78,647)**
NET CURRENT LIABILITIES		**(6,578)**	**(7,943)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**61,586**	**58,752**
NON CURRENT LIABILITIES			
Deferred tax liabilities		(871)	(928)
Other financial liabilities		(4,447)	(6,702)
Minority shareholder put options liabilities	13	(2,834)	(1,816)
Other non current liabilities		(318)	(483)
		(8,470)	**(9,929)**
NET ASSETS		**53,116**	**48,823**

M&C SAATCHI PLC

UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)

At 31 December	2009 £000	2008 £000
EQUITY		
Equity attributable to shareholders of the parent		
Share capital	622	615
Share premium	12,758	12,758
Merger reserve	22,258	21,777
Treasury reserve	(792)	(792)
Minority interest put option reserve	(3,480)	(4,463)
Foreign exchange reserve	2,148	2,249
Retained earnings	18,832	15,869
TOTAL SHAREHOLDERS' EQUITY	**52,346**	**48,013**
MINORITY INTERESTS	**770**	**810**
TOTAL EQUITY	**53,116**	**48,823**

M&C SAATCHI PLC

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	Minority interest put option reserve £000	Translation of foreign operations £000	Retained earnings £000	Subtotal £000	Minority interests £000	Total £000
At 1 January 2008	597	12,758	20,285	(792)	(6,876)	318	9,053	**35,343**	555	**35,898**
Issue of shares for acquisitions	18	–	1,925	–	–	–	–	**1,943**	–	**1,943**
Repayment of minority share capital	–	–	–	–	–	–	–	–	(19)	**(19)**
Exercise of minority put options	–	–	–	–	2,413	–	2,657	**5,070**	(19)	**5,051**
Transfer to majority reserves	–	–	–	–	–	–	(212)	**(212)**	212	**–**
Transfer of reserves	–	–	(433)	–	–	–	433	**–**	–	**–**
Equity settled share based payments	–	–	–	–	–	–	104	**104**	–	**104**
Dividends	–	–	–	–	–	–	(2,187)	**(2,187)**	(648)	**(2,835)**
Total comprehensive income for the year	–	–	–	–	–	1,931	6,021	**7,952**	729	**8,681**
At 31 December 2008	615	12,758	21,777	(792)	(4,463)	2,249	15,869	**48,013**	810	**48,823**
Issue of shares for acquisitions	7	–	481	–	–	–	–	**488**	(58)	**430**
Issue of shares to minority	–	–	–	–	–	–	–	**–**	104	**104**
Exchange rate movements	–	–	–	–	(10)	–	–	**(10)**	(46)	**(56)**
Exercise of minority put options	–	–	–	–	401	–	537	**938**	–	**938**
Issue of minority put options	–	–	–	–	(1,737)	–	–	**(1,737)**	–	**(1,737)**
Cancellation of minority put options	–	–	–	–	2,329	–	(1,829)	**500**	–	**500**
Equity settled share based payments	–	–	–	–	–	–	251	**251**	–	**251**
Dividends	–	–	–	–	–	–	(2,219)	**(2,219)**	(410)	**(2,629)**
Total comprehensive income for the year	–	–	–	–	–	(101)	6,223	**6,122**	370	**6,492**
At 31 December 2009	622	12,758	22,258	(792)	(3,480)	2,148	18,832	**52,346**	770	**53,116**

M&C SAATCHI PLC

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

Year Ended	Notes	2009 £000	2008 £000
CASH GENERATED FROM OPERATIONS	11	**16,971**	**15,050**
Tax paid		(4,024)	(3,592)
NET CASH (OUT) / IN FLOW FROM OPERATING ACTIVITIES		**12,947**	**11,458**
Acquisitions	12	(536)	(14,156)
Proceeds from sale of plant and equipment		10	5
Purchase of plant and equipment		(1,715)	(1,605)
Purchase of capitalised software		(82)	(100)
Dividends received from associates		38	125
Interest earned from cash held by trading entities		215	1,411
NET CASH CONSUMED BY INVESTING ACTIVITIES		**(2,070)**	**(14,320)**
Dividends paid		(2,219)	(2,187)
Minority dividends paid		(410)	(648)
Subsidiaries' purchase of own shares from minorities		–	(19)
Subsidiaries' sale of own shares from minorities		118	–
Repayment of finance leases		(29)	(12)
Inception of bank loans		1	12,620
Repayment of bank loans		(2,154)	(14,703)
Interest paid		(350)	(974)
Interest on finance leases		(1)	(1)
NET CASH CONSUMED FROM FINANCING ACTIVITIES		**(5,044)**	**(5,924)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**5,833**	**(8,786)**
Cash and cash equivalents at the beginning of the year		9,271	16,895
Effect of exchange rate changes		7	1,162
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**15,111**	**9,271**

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 2009 unaudited preliminary financial statements were approved for issue on 24 March 2010.

The financial information set out below does not constitute the company's statutory accounts for 2008 or 2009. Statutory accounts for the year 31 December 2008 have been reported on by the Independent Auditors. The Independent Auditors' Report on the Annual Report and Financial Statements for 2008 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 237(2) or 237(3) of the Companies Act 1985.

The results for 2009 are unaudited. Statutory accounts for the year ended 31 December 2009 will be finalised based on the information presented in this announcement.

Statutory accounts for the year ended 31 December 2008 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2009 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, impairment of investment in associates, fair value gains and losses on liabilities caused by our put and call option agreements, and notional interest on deferred consideration.

2. ACCOUNTING POLICIES

The financial information in these preliminary 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 2008 and which will form the basis of the 2009 financial statements, except as described below.

A number of new and amended standards become effective for years beginning on or after 1 January 2009. The principal changes that are relevant to the Group are:

IFRS 8 Operating Segments is a disclosure standard only; there has been no effect on the reported results or previous financial position of the Group. The segments reported in these preliminary results reflect the guidance under IFRS 8.

IAS 1 Presentation of Financial Statements (revised 2007) has introduced a number of terminology changes (including new titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. There has been no effect on the reported results or previous financial position (balance sheet)of the Group.

None of the other new standards and amendments is to affect the Group.

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

Year ended 31 December 2009	Reported results £000	Amortisation of acquired intangibles £000	Loss on disposal* £000	Fair value adjustments to minority put option liabilities £000	Revaluation of call option £000	Headline & Segmental results £000
REVENUE	**103,435**	**–**	**–**	**–**	**–**	**103,435**
OPERATING PROFIT	**10,178**	**159**	**23**	**–**	**–**	**10,360**
Impairment of associate	–	–	–	–	–	–
Share of results of associates	64	–	–	–	–	64
Finance income	386	–	–	(157)	–	229
Finance expense	(369)	–	–	–	4	(365)
PROFIT BEFORE TAXATION	**10,259**	**159**	**23**	**(157)**	**4**	**10,288**
Taxation	(3,666)	(37)	–	–	–	(3,703)
PROFIT AFTER TAXATION	**6,593**	**122**	**23**	**(157)**	**4**	**6,585**
Minority interests	(370)	–	–	–	–	(370)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	**6,223**	**122**	**23**	**(157)**	**4**	**6,215**
BASIC EARNINGS PER SHARE						
Weighted average number of shares (thousands)	61,218					61,218
BASIC EPS	**10.17p**					**10.15p**
DILUTED EARNINGS PER SHARE						
Weighted average number of shares (thousands) as above	61,218					61,218
Add						
- UK growth shares	1,583					1,583
- Float options	411					411
- LTIP options 2010	569					569
- LTIP options 2011	465					465
Total	64,246					64,246
DILUTED EARNINGS PER SHARE	**9.69p**					**9.67p**

Year ended 31 December 2008	Reported results £000	Amortisation of acquired intangibles £000	Impairment of acquired intangibles and goodwill £000	Fair value adjustments to minority put option liabilities £000	Notional interest on deferred considerati on £000	Headline & Segmental results £000
REVENUE	**104,383**	**-**	**-**	**-**	**-**	**104,383**
OPERATING PROFIT	**10,766**	**575**	**2,398**	**-**	**-**	**13,739**
Impairment of associate	(2,400)	–	2,400	–	–	–
Share of results of associates	(81)	–	–	–	–	(81)
Finance income	3,350	–	–	(1,940)	–	1,410
Finance expense	(1,142)	–	–	–	169	(973)
PROFIT BEFORE TAXATION	**10,493**	**575**	**4,798**	**(1,940)**	**169**	**14,095**
Taxation	(3,904)	(164)	(435)	–	–	(4,503)
PROFIT AFTER TAXATION	**6,589**	**411**	**4,363**	**(1,940)**	**169**	**9,592**
Minority interests	(568)	–	–	–	–	(568)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	**6,021**	**411**	**4,363**	**(1,940)**	**169**	**9,024**
BASIC EARNINGS PER SHARE						
Weighted average number of shares (thousands)	59,972					59,972
BASIC EPS	**10.04p**					**15.05p**
DILUTED EARNINGS PER SHARE						
Weighted average number of shares (thousands) as above	59,972					59,972
Add						
- UK growth shares	–					–
- Float options	411					411
- LTIP options	1,151					1,151
- Contingent consideration	205					205
Total	61,739					61,739
DILUTED EARNINGS PER SHARE	**9.75p**					**14.62p**

4. SEGMENTAL INFORMATION

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

Year ended 31 December 2009	UK	Europe	Asia & Australia	America	New Offices	Clear	Total
	£000	£000	£000	£000	£000	£000	£000
REVENUE	**49,079**	**9,444**	**33,227**	**2,386**	**800**	**8,499**	**103,435**
OPERATING PROFIT EXCLUDING GROUP COSTS	**10,453**	**1,315**	**2,707**	**(315)**	**(1,355)**	**1,289**	**14,094**
Group costs	3,252	71	369	3	39	–	3,734
Operating profit	7,201	1,244	2,338	(318)	(1,394)	1,289	10,360
Share of result of associates	–	64	–	–	–	–	64
Finance income	93	10	119	2	–	5	229
Finance costs	(274)	(65)	(16)	–	(10)	–	(365)
PROFIT BEFORE TAXATION	**7,020**	**1,253**	**2,441**	**(316)**	**(1,404)**	**1,294**	**10,288**
Taxation	(2,075)	(413)	(906)	102	(14)	(397)	(3,703)
PROFIT AFTER TAXATION	**4,945**	**840**	**1,535**	**(214)**	**(1,418)**	**897**	**6,585**
Minority interests	(80)	(226)	(194)	24	106	–	(370)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	**4,865**	**614**	**1,341**	**(190)**	**(1,312)**	**897**	**6,215**
HEADLINE BASIC EPS							**10.15p**
COSTS INCLUDED IN OPERATING PROFIT:							
Depreciation	(581)	(138)	(772)	(23)	(24)	(153)	(1,691)
Amortisation of software	(8)	(28)	(55)	(6)	(3)	–	(100)
Share option charges	(216)	–	(31)	(4)	–	–	(251)
OFFICE LOCATION	London	Paris Berlin Madrid	Sydney Melbourne Auckland Wellington Kuala Lumpur New Delhi Mumbai Hong Kong Shanghai	LA	Sao Paulo Geneva Tokyo	London Amsterdam New York Hong Kong Sydney	

Year Ended 31 December 2008	UK	Europe	Asia & Australia	America	New Offices	Clear	Total
	£000	£000	£000	£000	£000	£000	£000
REVENUE	**52,357**	**8,727**	**29,677**	**3,200**	**-**	**10,422**	**104,383**
OPERATING PROFIT EXCLUDING GROUP COSTS	**11,259**	**1,306**	**2,376**	**295**	**-**	**1,905**	**17,141**
Group costs	3,088	38	273	3	–	–	3,402
Operating profit	8,171	1,268	2,103	292	–	1,905	13,739
Share of result of associates	–	(81)	–	–	–	–	(81)
Finance income	1,180	45	162	2	–	21	1,410
Finance costs	(672)	(258)	(43)	–	–	–	(973)
PROFIT BEFORE TAXATION	**8,679**	**974**	**2,222**	**294**	**-**	**1,926**	**14,095**
Taxation	(2,730)	(209)	(871)	(103)	–	(590)	(4,503)
PROFIT AFTER TAXATION	**5,949**	**765**	**1,351**	**191**	**–**	**1,336**	**9,592**
Minority interests	(240)	(182)	(114)	(32)	–	–	(568)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	**5,709**	**583**	**1,237**	**159**	**–**	**1,336**	**9,024**
HEADLINE BASIC EPS							**14.62p**
COSTS INCLUDED IN OPERATING PROFIT:							
Depreciation	(605)	(106)	(726)	(25)	–	(169)	(1,631)
Amortisation of software	–	(23)	(46)	(6)	–	–	(75)
Share option charges	96	–	36	1	–	–	133
OFFICE LOCATION	London	Paris Berlin Madrid	Sydney Melbourne Auckland Wellington Kuala Lumpur New Delhi Mumbai Hong Kong Shanghai Bangkok Singapore	LA	–	London Amsterdam New York Hong Kong	

SEGMENTAL INCOME STATEMENT TRANSLATED AT 2008 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 2009 results been translated at 2008 exchange rate then our results would have been:

Year ended 31 December 2009	UK	Europe	Asia & Australia	America	New Offices	Clear	Total
	£000	£000	£000	£000	£000	£000	£000
REVENUE	**49,079**	**8,425**	**30,065**	**2,014**	**800**	**8,208**	**98,591**
OPERATING PROFIT EXCLUDING GROUP COSTS	**10,453**	**1,169**	**2,337**	**(276)**	**(1,355)**	**1,302**	**13,630**
Group costs	3,252	63	335	3	39	–	3,692
Operating profit	7,201	1,106	2,002	(279)	(1,394)	1,302	9,938
Share of result of associates	–	57	–	–	–	–	57
Finance income	90	9	109	2	–	5	215
Finance costs	(271)	(65)	(15)	–	(10)	–	(361)
PROFIT BEFORE TAXATION	**7,020**	**1,107**	**2,096**	**(277)**	**(1,404)**	**1,307**	**9,849**
Taxation	(2,075)	(364)	(801)	86	(14)	(396)	(3,564)
PROFIT FOR THE YEAR	**4,945**	**743**	**1,295**	**(191)**	**(1,418)**	**911**	**6,285**
Increase in 2009 results caused by translation differences	–	97	240	(23)	–	(14)	300

MARKET RISK

Largest client as a % of total revenue	2009 %	2008 %
Top Client	5.8	6.3
Top 10	36.8	32.9
Top 15	46.3	40.9
Top 30	60.1	57.5

5. OPERATING COSTS

Year ended 31 December	2009 £'000	2008 £'000
Total staff costs	66,350	61,913
Other costs	26,907	31,704
Total operating costs	**93,257**	**93,617**
Other costs include:		
Goodwill impairment	–	846
Acquired intangibles impairment	–	1,552
Amortisation of intangibles		
- Acquired intangibles	159	575
- Capitalised software	100	75
Depreciation of plant and equipment	1,691	1,631
Losses on disposal of fixed assets	2	15
Losses on disposal of intangible assets	23	–

6. SHARE OF ASSOCIATES

Year ended 31 December	2009 £'000	2008 £'000
Share of associates' (loss) / profit before taxation	112	(20)
Share of associates' taxation	(48)	(61)
	64	**(81)**

IMPAIRMENT OF ASSOCIATE

During the year £nil of our investment in the associate was impaired (2008: £2,400k).

7. FINANCE INCOME

Year ended 31December	2009 £000	2008 £000
Bank interest receivable	203	1,247
Other interest receivable	26	163
Total interest receivable	229	1,410
Fair value adjustments to minority shareholder put option liabilities	157	1,940
Total	**386**	**3,350**

8. FINANCE EXPENSE

	2009 £000	2008 £000
Finance costs		
Bank interest chargeable	**(350)**	(925)
Interest payable on finance leases	–	(1)
Other interest payable	**(15)**	(47)
Total interest payable	**(365)**	(973)
Notional interest on contingent consideration	–	(169)
Fair value adjustments to call options	(4)	–
Total	**(369)**	**(1,142)**

9. TAXATION

Year ended 31 December	2009 £'000	2008 £'000
Current taxation		
Taxation in the year		
- UK	2,176	2,990
- Overseas	1,466	1,768
Withholding taxes payable	–	12
Utilisation of previously unrecognised tax losses	–	(182)
Adjustment for over provisions in prior periods	(20)	(144)
Total	3,622	4,444
Deferred taxation		
Origination and reversal of temporary differences	27	(596)
Effect of changes in tax rates	17	56
Total	44	(540)
Total taxation	**3,666**	**3,904**

9. TAXATION CONTINUED

The difference between the actual tax and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

Year ended 31 December	2009 £'000	2008 £'000
Profit before taxation	**10,259**	**10,493**
Taxation at UK Corporation tax rate of 28% (2008: 28.5%)	(2,873)	(2,991)
Tax effect of associates	18	(23)
Expenses not deductible for tax	(272)	(250)
Different tax rates applicable in overseas jurisdictions	(30)	(89)
Effect of changes in tax rates on deferred tax	(17)	(56)
Withholding taxes	–	(12)
Utilisation of previously unrecognised tax losses	–	182
Adjustment for over provisions in prior periods	20	144
Tax losses for which no deferred tax asset was recognised	(580)	(222)
Share based incentive charge greater than value of shares	30	(167)
Fair value adjustments on minority shareholder put options	44	553
Notional interest of deferred consideration	–	(48)
Loss on disposal of intangible asset	(6)	–
Impairment of goodwill	–	(925)
Total taxation	**(3,666)**	**(3,904)**

10. DIVIDENDS

Year ended 31 December	2009 £'000	2008 £'000
2008 final dividend 2.75p (2007 2.75p)	1,683	1,658
2009 interim dividend 0.87p (2008 0.87p)	536	529
	2,219	**2,187**

An additional 2009 interim dividend of 2.75p totalling £1,692k will be paid 1 April 2010. No final dividend is proposed.

Dividends relate to the profit of the following years:

Year ended 31 December	2009 £'000	2008 £'000
First interim dividends	536	529
Second interim dividend	1,692	–
Final dividends	–	1,683
Total dividend that relates to the year	**2,228**	**2,212**

The headline dividend cover is:

Headline profit after tax attributable to equity shareholders	6,215	9,024
Total dividend that relates to the year	2,228	2,212
Headline dividend cover	**2.8**	**4.1**

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.

11. CASH GENERATED FROM OPERATIONS

Year ended 31 December	2009 £000	2008 £000
Revenue	**103,435**	**104,383**
Operating expenses	**(93,257)**	**(93,617)**
Operating Profit	**10,178**	**10,766**
Adjustments for:		
Depreciation of plant and equipment	1,691	1,631
Losses on sale of plant and equipment	2	15
Loss on sale of intangible assets	–	5
Impairment and amortisation on acquired intangible assets	233	2,127
Impairment of goodwill	–	846
Loss on disposal of intangible	23	–
Amortisation of capitalised software intangible assets	100	75
Non-cash share based incentive plans	251	133
Operating cash flow before movements in working capital and provisions	**12,478**	**15,598**
Decrease in trade and other receivables	7,217	17,615
Decrease in trade and other payables	(2,724)	(18,163)
Net cash inflow from operating activities	**16,971**	**15,050**

12. CASH CONSUMED BY ACQUISITIONS

Year ended 31 December	2009 £000	2008 £000
Initial cash consideration		
- Clear Ideas Ltd	–	(2,405)
- Walker Media Holdings Ltd	–	(9,258)
- M&C Saatchi Export Ltd (formerly The Immediate Sales Ltd)	–	(3)
- Play London Ltd		(43)
- FCINQ SAS	(107)	(71)
- Talk PR Ltd	(58)	–
- M&C Saatchi Sport & Entertainment Ltd	(171)	–
- M&C Saatchi/Insight Pesquisa & Planejamento Ltda	(82)	–
- M&C Saatchi Berlin Gmbh	(109)	–
	(527)	(11,780)
Cash and cash equivalents acquired	–	–
	(527)	(11,780)
Purchase of associate (Zapping, Spain)	(9)	(2,376)
Total payments made in the year relating to acquisitions	**(536)**	**(14,156)**

13. MINORITY SHAREHOLDER PUT OPTION LIABILITIES

When the Group sets up new subsidiary businesses with partners, the minority partners acquire 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	2009 £000	2008 £000
Amounts falling within one year		
– Cash	(419)	(675)
– Equity	(670)	(1,206)
	(1,089)	(1,881)
Amounts falling after one year		
– Cash	(379)	(422)
– Equity	(2,455)	(1,394)
	(2,834)	(1,816)
	(3,923)	**(3,697)**

Year ended 31 December	2009 £000	2008 £000
At 1 January	(3,697)	(10,545)
Exchange difference	(84)	(29)
Additions	(1,736)	(654)
Exercises	939	5,591
Termination	498	–
Income statement charge due to		
– Change in estimates	244	1,526
– Change in share price	(59)	1,182
– Time	(28)	(768)
At 31 December	**(3,923)**	**(3,697)**

Company	Country of incorporation	Put options are exercisable from	% of Company shares exchangeable
Talk PR Ltd	UK	2009	5%
M&C Saatchi Export Ltd	UK	2009	3%
M&C Saatchi LA Inc	USA	2009	16%
M&C Saatchi Marketing Arts Ltd	UK	2009	50%
M&C Saatchi (M) SDN BHD	Malaysia	2009	20%
M&C Saatchi Sports and Entertainment Ltd	UK	2009	3%
Provenance Communication Ltd	UK	2009	30%
Influence Communications Limited	UK	2009	5%
M&C Saatchi Europe Holdings Ltd	UK	2010	4%
M&C Saatchi German Holdings Ltd	UK	2010	4%
M&C Saatchi GAD SAS	France	2011	48%
M&C Saatchi Corporate SAS	France	2011	13%
M&C Saatchi Communications Pty Ltd	India	2011	38%
M&C Saatchi Berlin GmbH	Germany	2011	15%
Talk PR Audience Ltd	UK	2011	17%
FCINQ SAS	France	2013	18%
M&C Saatchi/Insight Pesquisa & Planejamento Ltda	Brazil	2014	40%
M&C Saatchi Sport & Entertainment LLP	USA	2014	35%
M&C Saatchi (Switzerland) SA	Switzerland	2015	40%