AATCHI

Annual Report 2013

RESULTS

REVENUE +5%
PROFIT +8%
EARNINGS +15%
EPS +11%

All on a pro forma basis as defined in note 3.

NEW BUSINESS

BASF
DOUWE EGBERTS
COMPARETHEMARKET
HMG CYBER SECURITY
LAND ROVER
O2
BOOTS
DE BEERS
RBS
ALLIANSEN
CARLSBERG
LG
SPP
VIASAT
MINI
CITY OF CAPE TOWN
THE DEMOCRATIC ALLIANCE
HEINEKEN
PRIMUS
VOLTAREN
10X

GUINNESS
IMAGE NATION
MUBADALA
SENAAT
MICROSOFT
1MALAYSIA
JAGUAR LAND ROVER
SINGAPORE TOURISM BOARD
CITYMD
KIND HEALTHY SNACKS
PROFOOT
GENERAL ELECTRIC
PERNOD RICARD
CEREBOS
GUARDIAN LIFE
JOHN LEWIS
MAGNERS
NORTH FACE
PERNOD RICARD
SUNCORP
WAGAMAMA

Chairman

The year has seen progress on most fronts. Revenue[1] up 5%, profit[1] up 8% and EPS[1] up 11%. M&C Saatchi Mobile and LIDA our CRM agency, had an outstanding year. David and Jamie will go into the detail behind these headline figures. But this movement is all in the right direction.

Shareholders will know that we sold just over 75% of our interest in Walker Media to the Publicis Groupe in November. The board decided that for Walker Media and its people to grow, to attract the major global players, it needed the international clout and buying power that the world's largest agency can offer.

It is our hope that our remaining 24.9% will be worth more than the 100% of Walker we used to own.

By way of precedent, in 2010, we reduced our shareholding in Talk PR from 100% to 51%. The PBT then was £149k. Three years later, in 2013, the PBT is £583K. In halving our share, our income increased by 70%.

Investors will also know that more than half of the £32 million Walker proceeds were returned to shareholders by way of a share buyback. In order to avoid directors' shareholding going above 29%, triggering a takeover, we also scaled down our holding. I'd like to thank Marcus Anselm our advisor at Clarity, for successfully steering us through this deal.

It seems fair to report that after some years of seeing our share price becalmed in the doldrums in spite of rising PBT, EPS etc, investors now seem to have taken to our story. Our strategy of New Business and New Businesses marches on.

Some of the work that our companies round the world are producing is remarkable. A small sample is included after this statement.

The quality of the work is our great asset. It is the spark that attracts customers to our clients and clients to our companies.

Jeremy Sinclair
Chairman
19 March 2014

1 All on a pro forma basis as defined in note 3.

Europ Assistance

The Milan agency achieved worldwide coverage for its insurance client Europ Assistance. An inept submarine crew find themselves surfacing near the Duomo in the centre of Milan. This resulted in 80,000 people visiting the event, 5,000 going to the store, 5,000,000 impressions on Twitter and an estimated worldwide reach of 100,000,000.

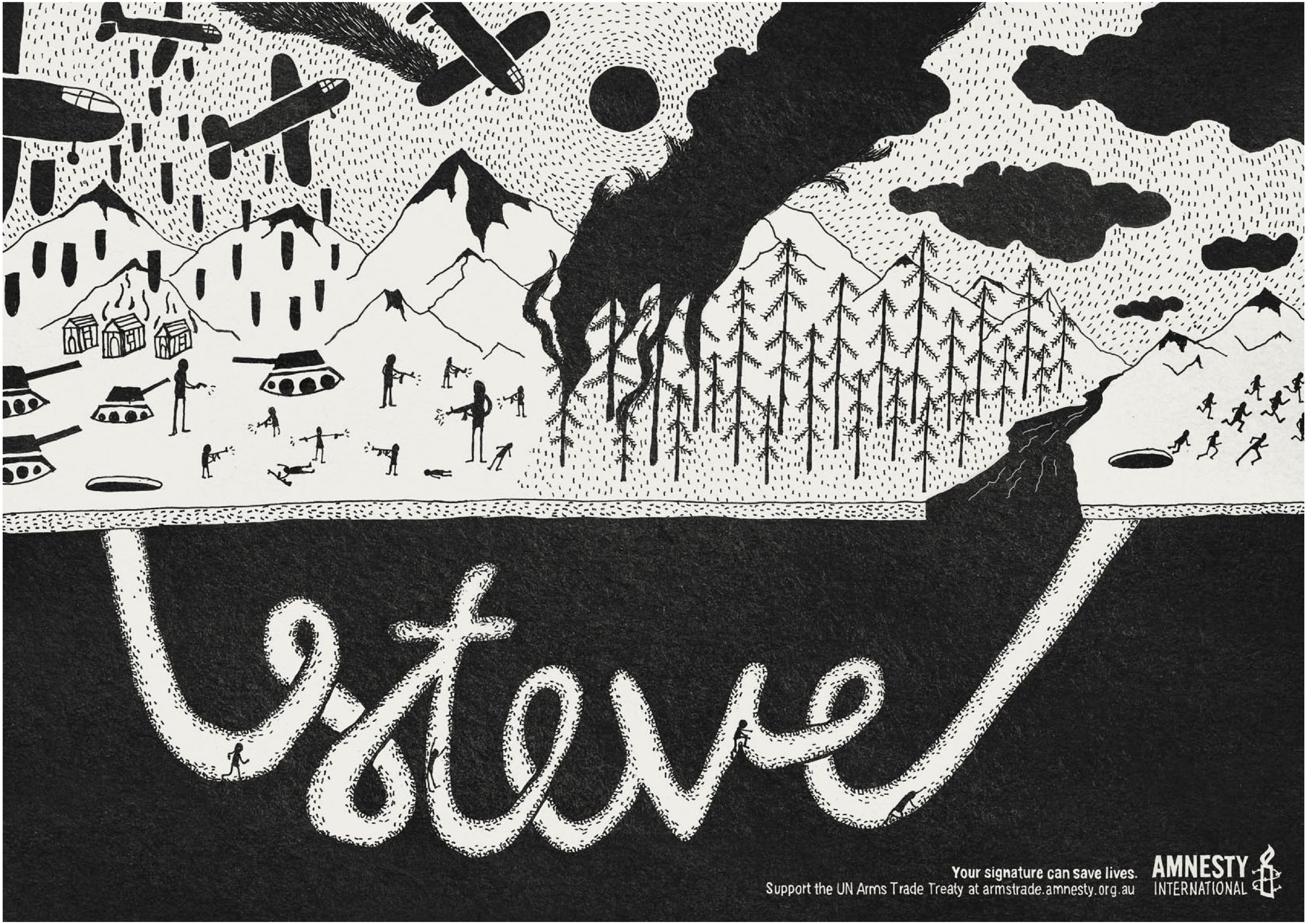
youtube.com/watch?feature=player_embedded&v=BePXj5CYVVM


#L1F3

Amnesty International

The Sydney agency graphically showed how signing a petition can save a life. This Arms Trade Treaty campaign produced 15,000 new Amnesty members. 34,000 signatories, which were handed to the Australian Foreign Minister, which in turn became part of 621,833 signatures presented to UN Secretary General Ban Ki-moon. On April 3rd 2013, the UN passed the first ever Global Arms Trade Treaty.

mcsaatchi.com/amnesty-international



steve
Your signature can save lives.
Support the UN Arms Trade Treaty at armstrade.amnesty.org.au
AMNESTY
INTERNATIONAL

Virgin Holidays

The UK Agency invented 'The Tanuary Sale' to promote Virgin Holidays during their key winter sales period.


VEGAS
FROM £999
Virgin HOLIDAYS
THE #Tanuary SALE

EE

M&C Saatchi PR demonstrated the brilliance of EE's technology by having 'fanbots' talking to the stars on the red carpet at the BAFTA's. EE customers (fans) at home talked (via the robots) to Lily Allen and Michael Sheen. They also spoke to: Helen Mirren, Judi Dench, Amy Adams, Ron Howard, Steve Coogan, John Ridley, Barkhad Abdi, Will Poulter, Léa Seydoux, George Mackay, Tinie Tempah, Laura Mvula, Christoph Waltz, Stanley Tucci, Douglas Booth, David Morrissey, Ruth Wilson, Luke Evans, Samantha Barks, Claudia Winkleman and David Gandy.

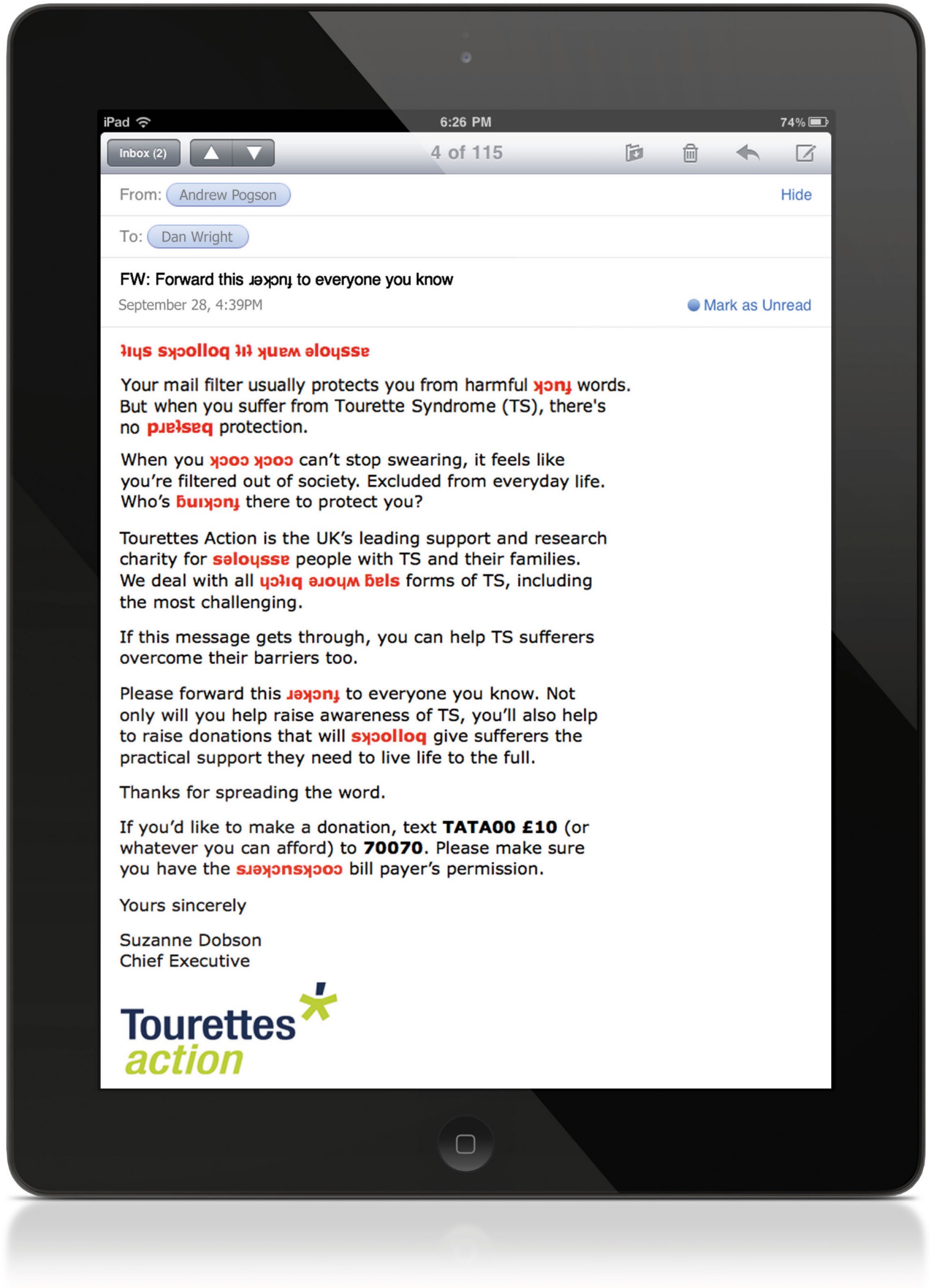
youtube.com/watch?v=K8W51IpdauU

EE
BRITISH ACADEMY
FILM AWARDS
EE
BRITISH ACADEMY
AWARDS

Tourettes Action

The company's star performer, LIDA, won awards and praise for their email for Tourettes Action. In order to bypass the filters that would exclude the sort of message that demonstrates what it is like to suffer from this disease, they had the brilliant idea to turn the offending words on their heads. The result was a forwarding rate of 25%, a doubling of the charity's engagement rate to 18% and an estimated 88,659 impressions, from one email.

tourettes-action.org.uk/breakthroughemail


iPad
6:26 PM
74%
Inbox (2)
4 of 115
From: Andrew Pogson
Hide
To: Dan Wright
FW: Forward this fucker to everyone you know
September 28, 4:39PM
Mark as Unread
asshole wank tit bollocks shit
Your mail filter usually protects you from harmful fuck words. But when you suffer from Tourette Syndrome (TS), there's no bastard protection.
When you cock cock can't stop swearing, it feels like you're filtered out of society. Excluded from everyday life. Who's fucking there to protect you?
Tourettes Action is the UK's leading support and research charity for assholes people with TS and their families. We deal with all slag whore bitch forms of TS, including the most challenging.
If this message gets through, you can help TS sufferers overcome their barriers too.
Please forward this fucker to everyone you know. Not only will you help raise awareness of TS, you'll also help to raise donations that will bollocks give sufferers the practical support they need to live life to the full.
Thanks for spreading the word.
If you'd like to make a donation, text TATA00 £10 (or whatever you can afford) to 70070. Please make sure you have the cocksuckers bill payer's permission.
Yours sincerely
Suzanne Dobson
Chief Executive
Tourettes action

Strategic report

Chief Executive

Summary of results

2013 saw another strong performance with revenue momentum and earnings growth.

We have monitored the 2013 results on a pro forma basis, this assumes we have owned Walker Media for the full year (see note 3). On this basis Headline revenues increased 4.7% (6.5% in constant currencies). The overall Group headline profit before tax advanced an impressive 8% to £18.6m. Headline net earnings rose 15% to £11.0m, aided by a reduced corporation tax rate (30.0% in 2013, compared with 32.4% in 2012).

UK (Excluding Walker Media)

Revenue in the UK was up 13%, with both CRM and Mobile particularly strong. UK headline operating profit improved 12% on 2012. Our success with new business, including HMG Cyber Security, Land Rover, O_2 and the Boots, De Beers and RBS digital business more than offset the loss of Dixons in January 2014. Our international capabilities were recognised by BASF and Douwe Egberts, both of whom appointed us globally. Our CRM offering through LIDA remains outstanding and they deservedly won Customer Engagement Agency of the year. We are now exporting CRM and PR to our overseas offices, alongside Sport & Entertainment and Mobile. Our disciplined approach to cost and margins resulted in the headline operating margin improving slightly to 16.2% (2012: 16.1%).

Europe

European revenues increased 20% year on year. Operating profit fell 18%, impacted by the investment associated with opening our Stockholm office. Stockholm has started well and clients include Alliansen, Carlsberg, LG, SPP and Viasat. In spite of a difficult advertising market the French office successfully won the Mini account in October. Additionally, we are benefitting from PR and digital diversification. Germany and Italy continue to perform well.

Middle East and Africa

Revenues increased 22% with strong contributions from both Cape Town and Johannesburg. Headline operating profit was up 59% but the headline operating margin remained low due to investment in Abu Dhabi. Key new business wins in the year were the City of Cape Town, the Democratic Alliance, Heineken, Primus, Voltaren and 10X Investments. We have formed a new unit to service a growing African market and they are working with Guinness in Ghana. We have strengthened the management in Abu Dhabi and they have been looking to build revenues beyond the Etihad account. Projects won in the second half came from Image Nation, Mubadala and Senaat.

Asia and Australasia

In Asia and Australasia, revenue was impacted by currency headwinds, down 10% (5% in constant currencies), and the channelling of our Chinese revenues through our new associate, aeiou. Headline operating profit for the region rose 29% with headline operating margin up to 9.2%. The improved profitability came largely from the successful merger with aeiou in China. aeiou are proving a valuable addition to the network and have already started winning business, adding some Microsoft business. Another key driver of the increased profitability was an improving New Zealand office, which won some Government work whilst significantly downsizing their cost base. Malaysia continued to excel and had another very good year with key client wins including 1Malaysia. Japan and India both returned modest profits. We are looking for a new Indian partner as an associate to bolster our operation there. Singapore also made a small profit in their second year of trading, winning Jaguar Land Rover and the Singapore Tourism Board as well as continuing to win Government work. The Australian business responded quickly to the loss of the David Jones account, protecting profits through cutting costs accordingly.

Americas

Revenues increased 31% with a small operating loss of £90k as a result of our investment in New York office, which continues to be an invaluable asset for global pitches. The team there have focused on developing key relationships and wins include CityMD, Kind Healthy Snacks and Profoot as well as projects from General Electric and Pernod Ricard. We made good progress in Los Angeles and opened a Mobile office in San Francisco. Additionally, we are upgrading our São Paulo office, replicating the investment approach we took in China, and we have found a strong independent agency in which we plan to take a 20% shareholding.

Clear

Clear had a much improved year following a restructure undertaken in the fourth quarter of 2012. Clear's operating profit improved threefold, from £0.3m to £0.9m as a result of a streamlined cost base, and new client wins included Cerebos, Guardian Life, John Lewis, Magners, North Face, Pernod Ricard, Suncorp and Wagamama. Their new business pipeline remains promising, fuelled by their Brand Desire research.

Chief Executive
Continued

Discontinued operations' Walker Media

Walker Media saw a small 3% headline revenue increase, though planned resource investment saw headline operating profit (excluding the impact of Group recharges) decrease 10.1% to £5.0m for the full year. On 27th November last year, we sold 75.1% of our shareholding in Walker Media to Publicis. The strategic rationale for this was clear; in all our businesses we look for entrepreneurial competitive advantage. However, one exception is media buying, where scale is a critical factor and we have been increasingly unable to compete with the larger groups. We very much believe in our media leadership and talent. During 2013 we therefore sought a new home for Walker Media, with the objectives of seeking a good price, retaining a 24.9% stake and developing a worldwide media partnership. This led to the successful sale to Publicis and we are satisfied that with the support of a large group's media buying infrastructure that our investment will continue to grow. Following on from this sale, on 23rd January 2014 we returned a majority of the proceeds to shareholders by way of a share buyback.

Outlook

2013 was another year of outstanding progress for M&C Saatchi. Our proven strategy of winning new business and starting new businesses continues to deliver with the Group producing record revenue and profits.

The strategic sale of 75% of Walker Media, and the current strong performance across the Global Network positions us well for the future.

David Kershaw
Chief Executive
19 March 2014

Finance Director

Objectives and strategic priorities

Key performance indicators

The Group manages its operational performance through a number of key performance indicators:

- Revenue growth, both regionally and within marketing disciplines;
- Continual improvement of operating margins;
- Enhancement of net cash from operating activities;
- Earnings per share growth; and
- Improvement of the talent levels within the Group, in particular our creative capabilities, as well as the reputation of all our businesses.

Operating profit and margin

At a Group level, we have monitored results on a pro forma basis, which assumes we held Walker Media for the full year. Our focus on revenue growth and margin improvement leaving our local CEOs to manage their cost base to their revenues. This local focus on cost has helped increase operating margins with our headline operating margin being 10.4% (2012: 10.1%). 2013's headline operating margin is after the investment of £2.0m (2012: £1.5m) in three new offices (Abu Dhabi, New York and Stockholm). Ignoring the impact of these investments, the like-for-like 2013 headline operating margin improved to 11.5% (2012: 10.9%). Headline revenues increased 4.7% in 2013 to £177.4m (2012: £169.5m). Excluding currency movement, the main influence being the positive effect of a strengthening of sterling against the US dollar, the South African rand and the Australian dollar, the like-for-like revenue increase was 6.5%. This resulted in headline operating profit increasing 8% to £18.5m (2012: £17.1m). Non-headline operating profit increased to £16.7m (2012: £15.8m) with a charge of £1.8m (2012: £1.3m) for non-headline items.

Headline results

The Group has used a pro forma headline basis to describe its results; this 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, changes to contingent and deferred consideration taken to the income statement; impairment of investment in associate; and fair value gains and losses on liabilities caused by our put and call option agreements. Headline results treat discontinued operations as if they had not been disposed. See note 3 for a reconciliation of non-headline to headline results.

Finance Director
Continued

Statutory results

Leaving our improved trading performance aside, the reduced year-on-year profit before tax of £8.6m and basic earnings per share reduction was in the most part caused by the large increase in our share price over 2013 from £1.805 to £3.33 that caused a £15.5m accounting charge for minority put options (2012: £4.4m) (note 27), offset by £6.5m effect disposal of 75% of Walker Media and a reduced impairment charge of £2.2m.

The Group's continuing operations, which exclude Walker Media, achieved revenue of £162.0m (2012: £154.5m) a growth of 5%. Due to the minority put option charge the continuing operations made a loss before tax of £2.6m (2012: profit £4.6m), and basic EPS was (13.0)p (2012: (2.3)p).

Amortisation and impairment of acquired intangibles

We have reviewed the carrying values for intangible assets at the end of 2013.

As can be seen in note 17, apart from Clear, the other carrying values are significantly above the recoverable amounts in all cash generating units (CGU).

Financial income and expense

The Group's headline net interest receivable was £158k (2012: £23k). There was no significant change in the interest expense incurred on the Group debt. Minority put option revaluations are excluded from the headline results as the charge can vary significantly each year and does not reflect the business's underlying performance. The accounting of this produces counterintuitive effects, with increases in our share price and increases in the actual or expected performance of our subsidiaries with put options, creating a charge to our accounts and reducing our profits. The £15.5m charge for non-headline fair value adjustment to minority put option liabilities was almost entirely caused by our share price movement in 2013, which increased 85% from £1.805 as at 1st January to £3.333 as at 31st December. Further details can be seen in note 27.

Tax

The tax rate on headline profit before tax was 30.0% (2012: 32.4%). This was in spite of our investment in new offices increasing to £2.0m (2012: £1.5m). The Group does not recognise a deferred tax asset on these losses until the future profits of these businesses are probable (note 14). As these offices become profitable, we will see a positive effect on the tax rate, which will be enhanced in New York where we can access the historic losses that we incurred there. Otherwise, the Group benefited from lower rates in the UK and improved profitability from some of the newer offices utilising losses brought forward.

Due to the accounting charge for minority put options, the tax rate on statutory profit before tax was 61.2% (2012: 54.2%)

Non controlling interest

The proportion of headline profits attributable to non controlling shareholders was almost unchanged at £2.0m (2012: £2.1m).

Dividend

As part of a progressive dividend policy, the Board is proposing to pay a final dividend of 4.24p per share (2012: 3.85p), giving a total dividend of 5.45p compared to 4.95p in 2012, which is an increase of 10% compared with our earnings growth of 15%. The final dividend will be paid, subject to shareholder approval at the 11 June 2014 AGM, on 4 July 2014 to shareholders on the register at 6 June 2014.

Net assets, cash flow and banking arrangements

Net assets reduced to £50.8m (2012: £56.2m) mainly due the effect of share price on value put option liability.

Cash net of bank borrowings at 31 December 2013 was £33.2m compared to £17.9m at 31 December 2012. The Group continued to generate cash which it used to make small tactical acquisitions and fund new offices. The 2013 year-end balance includes the benefit of the disposal of 75.1% of our shareholding in Walker Media. This was completed on 27th November 2013 and resulted in a net cash receipt of £15.1m. The Group subsequently undertook a tender offer which completed on 23rd January 2014, resulting in 6,337,800 ordinary shares being bought back at a price of £3.35 each for a total cost of £21.2m. As part of this exercise, the Group renewed its banking covenants with RBS on 21st November 2013. These comprise a revolving credit facility totalling £14.5m, which has been agreed to 30 April 2017.

Finance Director
Continued

Capital expenditure
Total capital expenditure for 2013 was flat at £2.8m (2012: £2.8m). The main components of this spend were the refurbishment of some new additional office space in London, as we expanded into additional offices within Golden Square. In addition, there was some IT investment across the Group as well as expenditure to accommodate our 6% increase in staff.

Associates
The return from our established associates was a modest loss of £21k (2012: profit of £91k). Our share of losses from M&C Saatchi SAL, our associate that covers the Middle East and North Africa region, was £152k (2012: profit of £102k). In Asia and Australasia, our share of profits from associates of £67k (2012: nil) came mainly from aeiou, our new associate in China, whilst our share of our European associates based in Russia and Spain was a profit of £23k (2012: loss of £88k). The profit share of our UK associates, Milk Data Strategy and Human Digital, was £41k (2012: £77k).

Long term incentive plan
On 4 February 2013, we announced that the conditional share awards granted to four of the Company's Executive Directors on 14 October 2010 under the Company's Long Term Incentive Plan vested on 31 December 2012, in accordance with the scheme's rules. The awards reflect the achievement of targets for both share price performance and total shareholder return conditions compared with the Company's listed peer group. M&C Saatchi share price increased 123% from 81p as at 31 December 2009 to £1.805 as at 31 December 2012. In addition, M&C Saatchi was ranked first among the 15 comparator companies for total shareholder return. When the Long Term Incentive Plan was adopted, each of the participants paid £97,250 to participate in the scheme. This sum was not refundable in the event that the vesting conditions were not met.

As a result of the vesting, a total of 3,546,932 M&C Saatchi plc ordinary shares were awarded to the following M&C Saatchi Directors: Jeremy Sinclair, David Kershaw, Maurice Saatchi and Bill Muirhead, with each Director receiving 886,733 shares.

Principal activity, trading review and future developments
See Directors' Report on page 30.

Principal risks and uncertainties

Client losses hurt, although some turnover over time is normal and expected. Losses can happen for a variety of reasons. Our client profile is in line with those of our major competitors, and we continue to attract new clients on the basis of our creative excellence, the commitment of our people and our unique portfolio of services. There is also the risk, as a result of client cash shortages (caused both by economic and political factors), that budgets and fees are reduced or clients stop trading or run out of funding after work has been commissioned. As our offerings develop to reflect clients' changing marketing mix and cross selling opportunities, there is reduced visibility of future income. The other risks the Group faces are financial (details of which can be seen in note 5 of the financial statements), the risk that key staff leave, and the risk that regulatory and legal changes affect our trading or ownership structures.

Strategic report approval

By order of the Board

Jamie Hewitt
Finance Director
19 March 2014

Board

Executive Directors

Jeremy Sinclair
Chairman

David Kershaw
Chief Executive

Non Executive Directors

Lloyd Dorfman
Non Executive Director

Adrian Martin
Non Executive Director

Maurice Saatchi
Executive Director

Bill Muirhead
Executive Director

Jamie Hewitt
Finance Director

Jonathan Goldstein
Non Executive Director

Directors' Report

The Directors submit their report together with the audited financial statements of the Group and Company for the year ended 31 December 2013.

Results and dividends

The consolidated income statement on page 38 shows the result for the year. The Directors approved an interim dividend of £825,000 (2012: £697,000) and recommend a final dividend of 4.24p pence totalling £2,629,000 (2012: £2,596,000).

Principal activity, trading review and future developments

The principal activity of the Group during the year was the provision of advertising and marketing services. The review of trading, future developments and key performance indicators (being revenue growth, disposal of Walker Media, headline operating margin, headline profit before tax, headline tax rate, and cash generation) is on pages 7 to 27.

Other risks and uncertainties

The Strategic Report deals with the principal risks and uncertainties. The Group trades internationally both through its local offices and via direct contracts in countries that we do not have offices. This trade exposes the Group to foreign exchange risk, political risk and in some locations physical risk. Other risks the Group is exposed to include client credit risk; the risk that the financial markets cause liquidity risk in addition to this client risk (given we have financial services clients); and cash flow risks. The Group mitigates such risks through monitoring, reviewing the available information and management's judgement on contractual terms. Further details of our risks and risk management can be seen in note 5.

Going concern

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The Directors continue to adopt the going concern basis in preparing the annual financial statements. The company's business activities, together with the factors likely to affect its future development, performance and position is set out in this Annual Report.

Financial instruments

Details of the use of financial instruments by the Group are contained in notes 23 to 25 of the financial statements.

Political contributions

During the year the Group made no political donations (2012: £1,000).

Directors

The names of the Directors are given on pages 28 and 29.

Insurance

The Company purchases insurance to cover its directors and officers against costs they may incur in defending themselves in legal proceedings instigated against them as a direct result of duties carried out on behalf of the Company.

Substantial shareholdings

As at 18 March 2014 the Company had been notified by shareholders representing 3% or more of issued share capital of the following interests:

Number of shares		%
Aviva plc & its subsidiaries	6,920,090	11.2%
David Kershaw	4,127,060	6.7%
Bill Muirhead	4,127,060	6.7%
Maurice Saatchi	4,127,060	6.7%
Jeremy Sinclair	4,127,060	6.7%
Herald Investment Trust plc	4,039,900	6.5%
Hargreave Hale	3,050,814	4.9%
RWC	2,948,131	4.8%

Regularly updated details of the Directors and substantial shareholders can be found on our corporate website www.mcsaatchiplc.com.

Directors' Report
Continued

Events since the end of the financial year
On 23 January 2014 the Company acquired by way of a tender offer and cancelled 6,337,800 of its 1p Ordinary shares, returning £21,231,630 to shareholders.

We have been informed that the shareholders of 20% of the Group's Australian subsidiary wish to put their shares. This obligation will be fulfilled in July 2014 in accordance with the rules of their put option.

The Directors are not aware of any other events since the end of the financial year that have had, or may have a significant impact on the Group's operations, the results of those operations, or the state of affairs of the Group in future years.

Employees & equal opportunities
The Group's equal opportunities policy is not to discriminate on any grounds other than someone's ability to work effectively. We will make reasonable adjustments to working arrangements or to a physical aspect of the workplace.

The Group recognises that its principal asset is its employees and their commitment to the Group's service, standards and customers. Decisions are made wherever possible in consultation with local management. Communication methods to employees vary according to need and local business size and can include all methods of communication.

Treasury shares

At the Annual General Meeting (AGM) in 2013 the Directors were given the authority to purchase up to 6,337,800 of its ordinary shares. The Directors will seek to renew this authority at the next AGM. During the year the Company held 700,000 of its ordinary shares ('treasury shares'). The Directors will use them to fulfil option obligations at a later date.

Directors' power to issue shares

At the AGM in 2013 the directors were given the authority to issue up to 42,718,400 of its ordinary shares of which 6,337,800 were approved to be issued for cash. During the year the Company issued 4,961,475 shares to fulfil options and to acquire equity (note 29). The Company did not issue any shares for cash.

Agreements that vest on change of control

Depending on the circumstance, some of our put option agreements vest on change of control.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law, and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Directors’ Report
Continued

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the European Union; and
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company’s transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Website publication
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors
All the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

KPMG has instigated an orderly wind down of KPMG Audit Plc as a result of an internal reorganisation and requested that going forward the audit is instead undertaken by KPMG LLP (an intermediate parent of KPMG Audit Plc). KPMG Audit Plc will not therefore be seeking re-appointment as auditor of the Company and in accordance with the Companies Act 2006, a resolution proposing the appointment of KPMG LLP as our auditors will be put to the 2014 AGM.

By order of the Board

Andy Blackstone
Company Secretary
19 March 2014

Remuneration Report

Policy on Directors' remuneration

Attracting and retaining high calibre executives is a key Company objective. We seek to reward them in a way that encourages the creation of value for shareholders.

Directors' pension arrangements

The Company contributes to the Directors' money purchase pension schemes.

Directors' contracts

All executive Directors listed in the remuneration report have service contracts with 12 month notice periods. All non Executive Directors have contracts with a nil to 30 day notice period dependent on the circumstances.

Directors' options

	Scheme[1]	Maximum M&C Saatchi Plc shares awardable
Jamie Hewitt	LTIP	110,759

Directors' interests in subsidiaries

	Scheme[1]	Shares in M&C Saatchi Worldwide Ltd
David Kershaw	New LTIP	55,675 B shares
Bill Muirhead	New LTIP	55,675 B shares
Maurice Saatchi	New LTIP	55,675 B shares
Jeremy Sinclair	New LTIP	55,675 B shares

	Scheme[1]	Shares in M&C Saatchi Network Ltd
Jamie Hewitt	2012 LTIP	153,000 G shares

[1] See note 30.

New LTIP

In 2010, each of the four participants paid £97,250 for the award. This would not have been refundable if the share price hurdles and a total shareholder return (TSR) conditions were not met.

During the year 3,546,932 (2012: nil) M&C Saatchi plc shares were issued in return for Directors' M&C Saatchi Worldwide Ltd A ordinary shares.

The Directors will receive further M&C Saatchi plc shares for their M&C Saatchi Worldwide Ltd shares if the Company's average ninety day closing mid-market share price as at 31 December 2014 is greater than or equal to 198.9p. If this condition is fulfilled then the participants are entitled to receive an award worth, in aggregate, ten percent of the Company's increase in market capitalisation above its 31 December 2013 value of £114.9m (i.e. 181.4p share price).The award causes an accounting charge of £156,000 (2012: £653,000).

2012 LTIP

The 2012 LTIP was issued on 19 January 2012 when the Company's share price was 123.5p. Each participant paid the fair market price for the award of £1,530. The award can be vested once at either 31 December 2014, 31 March 2015 or 30 September 2015. The condition for vesting is that the Company's share price is greater than or equal to 200.0p. The maximum number of the Company's shares awarded is equal to the number of M&C Saatchi Network Ltd G shares issued; this award reduces as the share price increase. The accounting charge per this arrangement is £19,000 (2012: 11,000).

LTIP

The LTIP award was issued in October 2010. The maximum award will vest if, over three years, the headline diluted earnings per share grows at 10% plus RPI or more. If the headline diluted earnings per share grows by 3% plus RPI or more, but less than 10% plus RPI, the award will vest proportionately between 30% and 100%. At a headline diluted earnings per share growth of less than 3% plus RPI, the award will not vest.

Other benefits

No Director of the Company has received or become entitled to receive a benefit (other than a fixed salary as an employee / consultant of the Company, the options indicated in this report, or a benefit included in the aggregate amount of remuneration shown in the financial statements) by reason of a contract made by the Company or a related corporation of which he is a member or with a Company in which he has a substantial financial interest.

By order of the Board

Andy Blackstone
Company Secretary
19 March 2014

2013	Basic salary £000	Bonus £000	Benefits in kind[1] £000	Pension £000	Total £000
Directors					
David Kershaw	**374**	**–**	**52**	**1**	**427**
Bill Muirhead	**325**	**–**	**52**	**49**	**426**
Maurice Saatchi	**374**	**–**	**47**	**–**	**421**
Jeremy Sinclair	**374**	**–**	**50**	**–**	**424**
Jamie Hewitt	**220**	**–**	**81**	**15**	**316**
Total	**1,667**	**–**	**282**	**65**	**2,014**
Non executive directors					
Lloyd Dorfman	**40**	**–**	**–**	**–**	**40**
Adrian Martin	**40**	**–**	**–**	**–**	**40**
Jonathan Goldstein	**40**	**–**	**–**	**–**	**40**
Total	**120**	**–**	**–**	**–**	**120**
TOTAL REWARDS	**1,787**	**–**	**282**	**65**	**2,134**

2012	Basic salary £000	Bonus £000	Benefits in kind[1] £000	Pension £000	Total £000
Directors					
David Kershaw	374	–	54	1	429
Bill Muirhead	325	–	55	49	429
Maurice Saatchi	374	–	52	–	426
Jeremy Sinclair	374	–	49	–	423
Jamie Hewitt	220	–	80	12	312
Total	1,667	–	290	62	2,019
Non executive directors					
Lloyd Dorfman	40	–	–	–	40
Adrian Martin	40	–	–	–	40
Jonathan Goldstein	40	–	–	–	40
Total	120	–	–	–	120
TOTAL REWARDS	1,787	–	290	62	2,139

[1] Benefits in kind include car allowances and permanent health insurance benefit.

Consolidated income statement

Year ended 31 December	Note	Continuing operations 2013 £000	Discontinued operations* 2013 £000	Total 2013 £000	Continuing operations 2012 £000	Discontinued operations* 2012 £000	Total 2012 £000
Billings		**320,288**	**198,618**	**518,906**	290,948	211,790	502,738
Revenue	3	**162,039**	**13,562**	**175,601**	154,476	15,010	169,486
Operating costs	6	**(149,282)**	**(9,588)**	**(158,870)**	(143,895)	(9,836)	(153,731)
Operating profit	3	**12,757**	**3,974**	**16,731**	10,581	5,174	15,755
Share of results of associates and joint ventures	9	**163**	**–**	**163**	91	–	91
Impairment of associate	20	**–**	**–**	**–**	(1,552)	–	(1,552)
Gain on disposal of discontinued operations	16	**–**	**7,048**	**7,048**	–	–	–
Finance income	10	**376**	**117**	**493**	306	116	422
Finance costs	11	**(15,852)**	**–**	**(15,852)**	(4,835)	–	(4,835)
(Loss) / profit before taxation	3	**(2,556)**	**11,139**	**8,583**	4,591	5,290	9,881
Taxation	13	**(4,207)**	**(1,046)**	**(5,253)**	(4,002)	(1,355)	(5,357)
(Loss) / profit for the year		**(6,763)**	**10,093**	**3,330**	589	3,935	4,524
Attributable to:							
Equity shareholders of the Group	3	**(8,610)**	**10,093**	**1,483**	(1,472)	3,935	2,463
Non controlling interests	3	**1,847**	**–**	**1,847**	2,061	–	2,061
(Loss) / profit for the year	3	**(6,763)**	**10,093**	**3,330**	589	3,935	4,524
Earnings per share							
Basic (pence)	3	**(13.03)p**	**15.27p**	**2.24p**	(2.32)p	6.21p	3.89p
Diluted (pence)	3	**(13.03)p**	**14.38p**	**2.11p**	(2.32)p	5.73p	3.59p

Headline results**	2013	2012
Operating profit	**18,460*****	17,068
Profit before tax	**18,597*****	17,182
Profit after tax attributable to equity shareholders	**11,033*****	9,560
Basic earnings per share (pence)	**16.69p*****	15.10p

* The results of Walker Media have been presented as a discontinued operations (note 16).
**The reconciliation of headline to statutory results above can be found in note 3.
***On a pro forma basis (note 3).

The notes on pages 46 to 88 form part of these financial statements.

Consolidated statement of comprehensive income

Year ended 31 December	Continuing operations 2013 £000	Discontinued operations 2013 £000	Total 2013 £000	Continuing operations 2012 £000	Discontinued operations 2012 £000	Total 2012 £000
(Loss) / profit for the year	**(6,763)**	**10,093**	**3,330**	589	3,935	4,524
Other comprehensive income*:						
Exchange differences on translating foreign operations before tax	**(1,302)**	**–**	**(1,302)**	(518)	–	(518)
Tax benefit	**–**	**–**	**–**	56	–	56
Other comprehensive income for the year net of tax	**(1,302)**	**–**	**(1,302)**	(462)	–	(462)
Total comprehensive income for the year	**(8,065)**	**10,093**	**2,028**	127	3,935	4,062
Total comprehensive income attributable to:						
Equity shareholders of the Group	**(9,912)**	**10,093**	**181**	(1,934)	3,935	2,001
Non controlling interests	**1,847**	**–**	**1,847**	2,061	–	2,061
(Loss) / profit for the year	**(8,065)**	**10,093**	**2,028**	127	3,935	4,062

* There are no items in other comprehensive income that would never be reclassified to the income statement.

The notes on pages 46 to 88 form part of these financial statements.

Consolidated balance sheet

At 31 December	Note	2013 £000	2012 £000
Non current assets			
Intangible assets	17	**35,269**	60,540
Investments in associates	20	**13,099**	756
Plant and equipment	21	**7,310**	7,237
Deferred tax assets	14	**1,313**	1,612
Other non current assets	22	**5,316**	5,041
		62,307	75,186
Current assets			
Trade and other receivables	23	**61,478**	95,248
Current tax assets		**1,355**	881
Cash and cash equivalents		**33,702**	22,332
		96,535	118,461
Current liabilities			
Bank overdraft		**(115)**	(84)
Trade and other payables	24	**(64,004)**	(106,872)
Current tax liabilities		**(3,552)**	(3,809)
Other financial liabilities	25	**(20)**	(131)
Deferred and contingent consideration	26	**(420)**	–
Minority shareholder put option liabilities	27	**(21,844)**	(2,549)
		(89,955)	(113,445)
Net current assets		**6,580**	5,016
Total assets less current liabilities		**68,887**	80,202
Non current liabilities			
Deferred tax liabilities	14	**(486)**	(669)
Other financial liabilities	25	**(356)**	(4,322)
Minority shareholder put option liabilities	27	**(16,325)**	(17,933)
Other non current liabilities	28	**(896)**	(1,092)
		(18,063)	(24,016)
Total net assets		**50,824**	56,186

The notes on pages 46 to 88 form part of these financial statements.

At 31 December	Note	2013 £000	2012 £000
Equity			
Equity attributable to shareholders of the Group			
Share capital	29	**690**	641
Share premium		**16,402**	14,625
Merger reserve		**16,736**	20,669
Treasury reserve		**(792)**	(792)
Minority interest put option reserve		**(16,587)**	(13,675)
Non controlling interest acquired		**(1,532)**	(1,085)
Foreign exchange reserve		**544**	1,846
Retained earnings		**33,070**	31,373
Total shareholders' funds		**48,531**	53,602
Non controlling interest		**2,293**	2,584
Total equity		**50,824**	56,186

These financial statements were approved and authorised for issue by the Board on 19 March 2014 and signed on its behalf by:

Jamie Hewitt
Finance Director
M&C Saatchi plc
Company Number 05114893

The notes on pages 46 to 88 form part of these financial statements.

Consolidated statement of changes in equity

	Note	Share capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000
At 1 January 2012		635	13,832	21,194	(792)
Acquisitions	18	–	–	–	–
Acquired non controlling interest		1	115	–	–
Issues of shares to minorities	27	–	–	–	–
Impairment of New Zealand		–	–	(525)	–
Subsidiary Share buyback of own equity from a non controlling shareholder		–	–	–	–
Exchange rate movements		–	–	–	–
Issue of minority put options	27	–	–	–	–
Cancellation of minority put options		–	–	–	–
Option exercise	30	5	678	–	–
Share option charge	30	–	–	–	–
Dividends	15	–	–	–	–
Total transactions with owners		6	793	(525)	–
Total comprehensive income for the year		–	–	–	–
At 1 January 2013		641	14,625	20,669	(792)
Acquisitions	18	**–**	**–**	**–**	**–**
Disposals*		**–**	**–**	**(3,933)**	**–**
Exercise of put options		**5**	**1,281**	**–**	**–**
Issues of shares to minorities	27	**–**	**–**	**–**	**–**
Exchange rate movements		**–**	**–**	**–**	**–**
Issue of minority put options	27	**–**	**–**	**–**	**–**
Option exercise	30	**44**	**496**	**–**	**–**
Share option charge	30	**–**	**–**	**–**	**–**
Dividends	15	**–**	**–**	**–**	**–**
Total transactions with owners		**49**	**1,777**	**(3,933)**	**–**
Total comprehensive income for the year		**–**	**–**	**–**	**–**
At 31 December 2013		**690**	**16,402**	**16,736**	**(792)**

The definitions of the reserves reported in the above can be found in note 2.

The notes on pages 46 to 88 form part of these financial statements.

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
(14,305)	(297)	2,308	30,808	53,383	2,663	56,046
–	–	–	–	–	71	71
73	(120)	–	–	69	(18)	51
–	–	–	(11)	(11)	26	15
–	–	–	525	–	–	–
–	(668)	–	–	(668)	(632)	(1,300)
–	–	–	–	–	(61)	(61)
(480)	–	–	–	(480)	–	(480)
1,037	–	–	329	1,366	–	1,366
–	–	–	(686)	(3)	–	(3)
–	–	–	855	855	–	855
–	–	–	(2,910)	(2,910)	(1,526)	(4,436)
630	(788)	–	(1,898)	(1,782)	(2,140)	(3,922)
–	–	(462)	2,463	2,001	2,061	4,062
(13,675)	(1,085)	1,846	31,373	53,602	2,584	56,186
(1,661)	**–**	**–**	**–**	**(1,661)**	**321**	**(1,340)**
–	**–**	**–**	**3,933**	**–**	**(100)**	**(100)**
447	**(447)**	**–**	**–**	**1,286**	**–**	**1,286**
(484)	**–**	**–**	**(170)**	**(654)**	**417**	**(237)**
–	**–**	**–**	**–**	**–**	**(77)**	**(77)**
(1,214)	**–**	**–**	**–**	**(1,214)**	**–**	**(1,214)**
–	**–**	**–**	**(418)**	**122**	**(155)**	**(33)**
–	**–**	**–**	**290**	**290**	**–**	**290**
–	**–**	**–**	**(3,421)**	**(3,421)**	**(2,544)**	**(5,965)**
(2,912)	**(447)**	**–**	**214**	**(5,252)**	**(2,138)**	**(7,390)**
–	**–**	**(1,302)**	**1,483**	**181**	**1,847**	**2,028**
(16,587)	**(1,532)**	**544**	**33,070**	**48,531**	**2,293**	**50,824**

* Amounts were released from merger reserve to retained earnings on disposal of discontinued operations in respect of the investments that create the related merger reserve. See definition of terms in note 2.

Consolidated cash flow statement and analysis of net debt

Year ended 31 December	Note	2013 £000	2012 £000
Revenue*		**162,039**	154,476
Operating expenses*		**(149,282)**	(143,895)
Operating profit (continuing)*		**12,757**	10,581
Adjustments for:			
Operating profit from discontinued operations (note 16)*		**3,974**	5,174
Depreciation of plant and equipment		**2,233**	2,289
Loss on sale of plant and equipment		**23**	99
Loss on sale of software intangibles		**–**	35
Amortisation of acquired intangible assets		**900**	705
Impairment of goodwill		**–**	608
Amortisation of capitalised software intangible assets		**143**	141
Equity settled share based payment expenses		**290**	855
Operating cash before movements in working capital		**20,320**	20,487
Decrease / (increase) in trade and other receivables		**5,464**	(5,717)
(Decrease) / increases in trade and other payables		**(6,743)**	4,194
Cash generated / (consumed) from operations		**19,041**	18,964
Tax paid		**(5,080)**	(5,178)
Net cash from operating activities		**13,961**	13,786
Investing activities			
Acquisitions of subsidiaries net of cash acquired	19	**(3,101)**	(3,199)
Disposal of discontinued operations, net of cash disposed of	16	**15,082**	–
Acquisitions of investments	22	**(800)**	–
Proceeds from sale of plant and equipment		**20**	28
Purchase of plant and equipment		**(2,771)**	(2,652)
Purchase of capitalised software		**(90)**	(163)
Dividends received from associates		**73**	–
Interest received		**473**	422
Net cash from / (consumed) by investing activities		**8,886**	(5,564)
Net cash from operating and investing activities		**22,847**	8,222

The notes on pages 46 to 88 form part of these financial statements.

Year ended 31 December	Note	2013 £000	2012 £000
Net cash from operating and investing activities		**22,847**	8,222
Financing activities			
Dividends paid to equity holders of the Company	15	**(3,421)**	(2,910)
Dividends paid to non controlling interest		**(2,544)**	(1,526)
Subsidiaries sale of own shares to non controlling interest		**1**	30
Repayment of finance leases		**(42)**	(214)
Inception of bank loans		**4,261**	5,416
Repayment of bank loans		**(8,200)**	(4,755)
Interest paid		**(321)**	(390)
Net cash consumed by financing activities		**(10,266)**	(4,349)
Net increase in cash and cash equivalents		**12,581**	3,873
Cash and cash equivalents at the beginning of the year		**22,248**	18,779
Effect of exchange rate fluctuations on cash held		**(1,242)**	(404)
Cash and cash equivalents at the end of the year		**33,587**	22,248
Bank loans and borrowings		**(356)**	(4,322)
NET CASH		**33,231**	17,926
CAPITAL			
TOTAL CAPITALISATION (at 333.25p; 180.5p)		**227,740**	114,396
TOTAL CAPITAL		**227,740**	114,396
GEARING RATIO		**nil**	nil

* 2012 comparatives have been restated for discontinued operations (note 16).

Gearing ratio and net cash are not defined under IFRS; see note 2.

Notes

1. Summary accounting policies

Basis of preparation
The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union.

In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the comparative income statement has been re-presented so that the disclosures in relation to discontinued operations relate to all operations that have been discontinued by the balance sheet date.

Going concern
Given the strength of the Group's balance sheet, its net cash, the risks the Group faces (note 5) and expected trading performance the management believe it is correct to account for the Group as a going concern for foreseeable future.

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 IFRS 8.

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, changes to contingent and deferred consideration taken to the income statement; impairment of investment in associate; and fair value gains and losses on liabilities caused by our put and call option agreements. Headline results treats discontinued operations as if they had not been disposed.

Accounting developments and changes
There are no significant accounting developments and changes during 2013 that affect these accounts. Other future developments are described in note 34.

IFRS choices
IFRS provides certain options available within accounting standards. Material choices we have made and continue to make, include the following:
- Goodwill and intangible asset acquisition – the Group does not recognise the non controlling interests share of goodwill.
- Timing of goodwill impairment reviews – occur at the end of each year following the conclusion of the budgetary process, or if a significant event occurs to indicate impairment.

Critical accounting policies
Revenue recognition
Billings comprises the gross amounts billed to clients in respect of commission based and fee based income together with the total of other fees earned. Revenue comprises commission and fees earned in respect of amounts billed. Revenue and billings is stated exclusive of VAT, sales taxes and trade discounts.

Each type of revenue is recognised on the following basis:

a) Project fees are recognised over the period of the relevant assignments or agreements, in line with incurred costs.

b) Retainer fees are spread over the period of the contract on a straight line basis.

c) Commission on media spend is recognised when the advertisements appear in the media.

Employee benefits – share based compensation
Certain employees receive remuneration in the form of share based payments, including shares or rights over shares.

Share based payments include options issued to employees, phantom bonuses and other long term equity linked bonuses. Payments may be in the form of cash or equity.

Minority shareholder put option liabilities
Liabilities in respect of put option agreements that allow the Group's subsidiaries' equity partners to require the Group to purchase the non controlling interest are measured as liabilities on a gross basis at the present value of the exercise price; this is deemed a proxy for the fair value. The fair value of such put option liabilities is remeasured at each period end in accordance with IFRS 13. The movement in the fair value is recognised in the income statement as part of finance income or cost. The Group measures fair value as its best estimate of the amount it is likely to pay, should these put options be exercised by the non controlling interests, as a liability in the balance sheet.

On inception of a put option, the liability is recognised on the balance sheet and a corresponding debit is included in the minority put option reserve (note 2).

On exercise the liability is extinguished, and its related minority interest put option reserve is moved to the non controlling interest acquired reserve (note 2).

Assets and liabilities in respect of put options held by shareholders in associates are accounted for as derivatives and not recognised until the Group gains control and fully consolidates the entity.

Sensitivities to accounting estimates
Our results and financial position are sensitive to assumptions made in determining accounting estimates, as set out below:

Management are satisfied that the only possible changes in key assumptions, which would cause the recoverable amount of any of our CGUs to be below their carrying amount, is if Clear Ideas Ltd do not increase their future monthly profitability in line with their forecast, or other CGUs have a significant loss of clients. For all entities except for Clear Ideas Ltd (note 17), Management have tested the key assumptions on pre-tax discount rates and management forecasts and projections by adjusting them 50% and 20% respectively, which would not lead to impairment.

The remaining accounting policies, details of IFRS 13 hierarchy's and additional details on the above, are set out in note 34.

2. Definition of terms

Foreign exchange reserve
For overseas operations, results are translated at the average rate of exchange and balance sheets are translated at the closing rate of exchange. The average rate of exchange approximates to the rate on the date that the transactions occurred. Exchange differences arising from the translation of foreign subsidiary are taken to a separate component of equity. Such translation differences will be recognised as income or expense in the period in which the operation is disposed of.

Gearing ratio
Is equal to net debt divided by market capitalisation.

Key management
The Group has defined the key management as the M&C Saatchi plc Directors and the Executive Board.

Net cash (debt)
Cash and cash equivalents at the end of the year less external borrowings.

Merger reserve
Premium paid for shares above the nominal value of share capital, caused by the acquisition of more than 90% of subsidiaries' shares. The merger reserve is released to retained earnings when there is a disposal or impairment charge or amortisation charge posted in respect of the investment that created it.

Minority interest put option reserve
Corresponds to the initial fair value of the liability in respect of the put options at creation. When the put option is exercised, the related amount in this reserve is taken to non controlling interest acquired reserve. All revaluations of the put option goes via the income statement to profit and loss reserve.

Non controlling interest
Contains the non controlling interest's share of equity reserves in our subsidiaries.

Non controlling interest acquired reserve
From 1 January 2010 a non controlling interest acquired reserve is used when the Group acquires an increased stake in a subsidiary. If the stepped acquisition is due to a put option then the non controlling interest acquired reserve is equal to the minority interest put option reserve transferred less book value of the minority interest acquired. Otherwise the non controlling interest acquired reserve is equal to the consideration paid less book value of the minority interest acquired. If the equity stake in the subsidiary is subsequently sold then balances from this reserve will be taken to retained earnings.

Retained earnings
Cumulative gains and losses recognised.

Share premium
Premium paid for shares above the nominal value of share capital, where that premium was not taken to merger reserve.

Treasury reserve
Amount paid for own shares acquired.

Notes
Continued

3. Headline results and earnings per share
The analysis below provides a reconciliation between the Group's statutory continuing results and the headline continuing results. Then between the headline continuing results and pro forma headline results, which assume that the discontinued operations continued as a 100% subsidiary. The pro forma headline results with full year consolidation of discontinued operations as a 100% owned continued operations have been what management have used for management and control.

Year ended 31 December 2013	Note	Continuing operations 2013 £000	Amortisation of acquired intangibles (note 17) £000	Fair value adjustments to minority put option liabilities (note 27) £000	Headline continuing operations 2013 £000	Discontinued operations 2013 £000	Full year effect of discontinued operations* £000	Pro forma headline and segmental results* £000
Revenue	4	**162,039**	–	–	**162,039**	13,562	1,824	**177,425**
Operating profit	6	**12,757**	900	–	**13,657**	3,974	829	**18,460**
Share of results of associates & JV	9	**163**	–	–	**163**	–	(184)	**(21)**
Impairment of associate	20	**–**	–	–	**–**	–	–	**–**
Gain on disposal of discontinued operations	16	**–**		–	**–**	7,048	(7,048)	**–**
Finance income	10	**376**	–	–	**376**	117	14	**507**
Finance cost	11	**(15,852)**	–	15,503	**(349)**	–	–	**(349)**
Profit before taxation	4	**(2,556)**	900	15,503	**13,847**	11,139	(6,389)	**18,597**
Taxation	13	**(4,207)**	(230)	–	**(4,437)**	(1,046)	(100)	**(5,583)**
Profit for the year		**(6,763)**	670	15,503	**9,410**	10,093	(6,489)	**13,014**
Non controlling interests		**(1,847)**	(134)	–	**(1,981)**	–	–	**(1,981)**
Profit attributable to equity holders of the Group		**(8,610)**	536	15,503	**7,429**	10,093	(6,489)	**11,033**

* Unaudited.

The Directors believe that the pro forma headline results and headline earnings per share provide additional useful information on the underlying performance. The pro forma headline result is used for internal performance management, calculating the value of subsidiary convertible shares and minority interest put options. The term pro forma 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, changes to contingent and deferred consideration taken to the income statement; impairment of investment in associate; and fair value gains and losses on liabilities caused by our put and call option agreements. Pro forma headline results treats discontinued operations as if they had not been disposed.

Year ended 31 December 2012	Note	Continuing operations 2012 £000	Amortisation of acquired intangibles (note 17) £000	Impairment of goodwill & associate (note 16 & 20) £000	Fair value adjustments to minority put option liabilities (note 27) £000	Headline continuing operations 2012 £000	Discontinued operations 2012 £000	Total Headline and segmental results £000
Revenue	4	154,476	–	–	–	154,476	15,010	169,486
Operating profit	6	10,581	705	608	–	11,894	5,174	17,068
Share of results of associates	9	91	–	–	–	91	–	91
Impairment of associate	20	(1,552)	–	1,552	–	–	–	–
Gain on disposal of discontinued operations	16	–	–	–	–	–	–	–
Finance income	10	306	–	–	–	306	116	422
Finance cost	11	(4,835)	–	–	4,436	(399)		(399)
Profit before taxation	4	4,591	705	2,160	4,436	11,892	5,290	17,182
Taxation	13	(4,002)	(185)	–	–	(4,187)	(1,355)	(5,542)
Profit for the year		589	520	2,160	4,436	7,705	3,935	11,640
Non controlling interests		(2,061)	(19)	–	–	(2,080)	–	(2,080)
Profit attributable to equity holders of the Group		(1,472)	501	2,160	4,436	5,625	3,935	9,560

Notes
Continued

3. Headline results and earnings per share continued
Basic and diluted earnings per share is calculated by dividing profit attributable to equity holders of the Group by the weighted average number of shares in issue during the year.

Year ended 31 December 2013	Continuing operations 2013 £000	Discontinued operations 2013 £000	Total 2013 £000	Pro forma headline and segmental results £000
Profit attributable to equity holders of the Group	(8,610)	10,093	1,483	11,033
Basic earnings per share				
Weighted average number of shares (thousands)	66,094	66,094	66,094	66,094
Basic EPS	(13.03)p	15.27p	2.24p	16.69p
Diluted earnings per share				
Weighted average number of shares (thousands) as above	66,094	66,094	66,094	66,094
Add				
– UK growth shares	631	631	631	631
– Options	128	128	128	128
– LTIP	102	102	102	102
– 2012 LTIP	230	230	230	230
– New LTIP	2,751	2,751	2,751	2,751
– Dilutive put options**	359	359	359	359
Total	70,295	70,295	70,295	70,295
Diluted earnings per share* **	(3.03)p	14.38p	2.11p	15.70p

Year ended 31 December 2012	Continuing operations 2012 £000	Discontinued operations 2012 £000	Total 2012 £000	Headline and segmental results £000
Profit attributable to equity holders of the Group	(1,472)	3,935	2,463	9,560
Basic earnings per share				
Weighted average number of shares (thousands)	63,317	–	–	63,317
Basic EPS	(2.32)p	6.21p	3.89p	15.10p
Diluted earnings per share				
Weighted average number of shares (thousands) as above	63,317	63,317	63,317	63,317
Add				
– UK growth shares	1,581	1,581	1,581	1,581
– Options	128	128	128	128
– LTIP	111	111	111	111
– New LTIP	3,547	3,547	3,547	3,547
Total	68,684	68,684	68,684	68,684
Diluted earnings per share***	(2.32)p	5.73p	3.59p	13.92p

**Apart from one entity, in 2013, all the other put options detailed in note 27 are non dilutive as the exercise price approximates fair value of the underlying non controlling interest.

*** There is no dilutive effect on losses.

Notes
Continued

4. Segmental information

Segmental and headline income statement

Year ended 31 December 2013	Discontinued operations (for year) £000	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	Clear £000	Total £000
Revenue	**15,386**	**68,147**	**19,424**	**8,055**	**48,299**	**10,502**	**7,612**	**177,425**
Operating profit excluding Group costs	**4,985**	**11,057**	**1,902**	**376**	**4,438**	**(90)**	**919**	**23,587**
Group costs	(185)	(4,546)	(71)	–	(234)	(91)	–	(5,127)
Operating profit	**4,800**	**6,511**	**1,831**	**376**	**4,204**	**(181)**	**919**	**18,460**
Share of results of associates	–	41	23	(152)	67	–	–	(21)
Financial income and cost	131	(45)	(55)	104	37	(19)	5	158
Profit before taxation	**4,931**	**6,507**	**1,799**	**328**	**4,308**	**(200)**	**924**	**18,597**
Taxation	(1,146)	(1,560)	(670)	(186)	(1,671)	(137)	(213)	(5,583)
Profit for the year	**3,785**	**4,947**	**1,129**	**142**	**2,637**	**(337)**	**711**	**13,014**
Non controlling interests	–	(1,232)	(208)	(214)	(811)	509	(25)	(1,981)
Profit attributable to equity shareholders of the Group	**3,785**	**3,715**	**921**	**(72)**	**1,826**	**172**	**686**	**11,033**
Headline basic EPS								**16.69p**
Non cash costs included in operating profit:								
Depreciation	**(176)**	**(966)**	**(229)**	**(172)**	**(454)**	**(82)**	**(154)**	**(2,233)**
Amortisation of software	**–**	**(38)**	**(39)**	**(29)**	**(14)**	**(23)**	**–**	**(143)**
Share option charges	**–**	**(290)**	**–**	**–**	**–**	**–**	**–**	**(290)**
Office location	London	London	Paris Berlin Madrid Geneva Milan Moscow Stockholm	Beirut Cape Town Johannesburg 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	

Segmental results are reconciled to the income statement in note 3. Our segmental and headline results are one and the same. The above segments reflect the fact that our business is run on an operating unit basis. In accordance with IFRS 8 paragraph 12 we have aggregated our operating units into regional segments. Clear has a different nature of service, and it is reported to the Board on a consolidated basis rather than on an office basis; as with other operating units, therefore, we have disclosed Clear as a separate segment.

Segmental and headline income statement

Year ended 31 December 2012	Discontinued operations (for year) £000	UK* £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	Clear £000	Total £000
Revenue	15,010	60,391	16,164	6,604	53,798	8,031	9,488	169,486
Operating profit excluding Group costs	5,544	9,708	2,331	237	3,443	66	276	21,605
Group costs	(370)	(3,899)	(71)	–	(110)	(87)	–	(4,537)
Operating profit	5,174	5,809	2,260	237	3,333	(21)	276	17,068
Share of results of associates	–	77	(88)	102	–	–	–	91
Financial income and cost	116	(41)	(45)	15	14	(38)	2	23
Profit before taxation	5,290	5,845	2,127	354	3,347	(59)	278	17,182
Taxation	(1,355)	(1,601)	(743)	(167)	(1,566)	(52)	(58)	(5,542)
Profit for the year	3,935	4,244	1,384	187	1,781	(111)	220	11,640
Non controlling interests	–	(1,231)	(435)	(98)	(565)	255	(6)	(2,080)
Profit attributable to equity shareholders of the Group	3,935	3,013	949	89	1,216	144	214	9,560
Headline basic EPS								15.10p
Non cash costs included in operating profit:								
Depreciation	(307)	(811)	(250)	(144)	(527)	(79)	(171)	(2,289)
Amortisation of software	–	(1)	(30)	(25)	(61)	(24)	–	(141)
Share option charges	–	(855)	–	–	–	–	–	(855)
Office location	London	London	Paris Berlin Madrid Geneva Milan Moscow Stockholm	Beirut Cape Town Johannesburg Abu Dhabi	Sydney Melbourne Auckland Wellington New Delhi Mumbai Kuala Lumpur Hong Kong Beijing Shanghai Tokyo Singapore	Los Angeles São Paulo New York	London Hong Kong New York Sydney Singapore	

*The discontinued operations only affect the UK segment; these items have been restated.
The discontinued operations is accounted for in sterling so is not affected by translation differences.

Notes
Continued

4. Segmental information continued

Segmental balance sheet

Year ended 31 December 2013	Note	UK discontinued £000	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	Clear £000	Total £000
Total assets		–	99,587	14,542	3,475	21,506	7,391	9,673	156,174
Total liabilities		–	(18,588)	(13,519)	(3,068)	(17,371)	(8,462)	(4,312)	(65,320)
Associates included in total assets		9,148	610	64	–	3,277	–	–	13,099
Non-headline amortisation		–	(630)	–	–	(270)	–	–	(900)
Capital expenditure		24	1,921	205	205	230	71	51	2,707
Depreciation		(175)	(967)	(229)	(172)	(454)	(82)	(154)	(2,233)

Year ended 31 December 2012	Note	UK discontinued £000	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	Clear £000	Total £000
Total assets		58,544	70,909	12,102	5,316	29,403	5,484	9,396	191,154
Total liabilities		(43,276)	(14,863)	(11,780)	(4,601)	(23,283)	(6,287)	(3,874)	(107,964)
Associates included in total assets	20	–	569	41	146	–	–	–	756
Non-headline amortisation	17	–	(76)	(65)	–	(220)	(303)	(41)	(705)
Capital expenditure	21	41	1,692	262	340	207	91	133	2,766
Depreciation	21	(307)	(810)	(250)	(144)	(527)	(79)	(172)	(2,289)

Reportable segment assets are reconciled to total assets as follows:

	2013 £000	2012 £000
Segment assets	**156,174**	191,154
Current tax asset	**1,355**	881
Deferred tax asset	**1,313**	1,612
Total assets per balance sheet	**158,842**	193,647

Reportable segment liabilities are reconciled to total liabilities as follows:

	2013 £000	2012 £000
Segment liabilities	**(65,320)**	(107,964)
Deferred tax liabilities	**(486)**	(669)
Current tax liabilities	**(3,552)**	(2,937)
Current tax liabilities held for sale	**–**	(872)
Other current liabilities and overdraft	**(135)**	(215)
Other non current liabilities	**(356)**	(4,322)
Minority shareholder put option liabilities	**(38,169)**	(20,482)
Total liabilities per balance sheet	**(108,018)**	(137,461)

Additional regional splits required for IFRS 8

Year ended 31 December 2013	UK discontinued £000	UK £000	Europe £000	Middle East and Africa £000	Australia £000	Asia and New Zealand £000	Americas £000	Total £000
Revenue	**13,562**	**72,873**	**19,322**	**7,976**	**37,847**	**12,113**	**11,908**	**175,601**
Non current assets	**–**	**50,775**	**3,767**	**581**	**4,447**	**662**	**762**	**60,994**

Year ended 31 December 2012	UK discontinued £000	UK £000	Europe £000	Middle East and Africa £000	Australia £000	Asia and New Zealand £000	Americas £000	Total £000
Revenue	15,010	65,366	16,867	5,888	41,723	14,571	10,061	169,486
Non current assets	26,522	36,608	3,679	694	4,420	838	813	73,574

Notes
Continued

4. Segmental information continued

Segmental income statement translated at 2012 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 2013 results been translated at 2012 exchange rate then our results would have been:

Year ended 31 December 2013	UK discontinued £000	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	Clear £000	Total £000
Revenue	**15,386**	**68,147**	**18,560**	**9,123**	**50,845**	**10,771**	**7,650**	**180,482**
Operating profit excluding Group costs	**4,985**	**11,057**	**1,819**	**475**	**4,711**	**(54)**	**923**	**23,916**
Group costs	(185)	(4,546)	(68)	–	(252)	(99)	–	(5,150)
Operating profit	**4,800**	**6,511**	**1,751**	**475**	**4,459**	**(153)**	**923**	**18,766**
Share of results of associates	–	41	23	(150)	63	–	–	(23)
Financial income and cost	131	(45)	(56)	122	38	(21)	5	174
Profit before taxation	**4,931**	**6,507**	**1,718**	**447**	**4,560**	**(174)**	**928**	**18,917**
Taxation	(1,146)	(1,560)	(640)	(213)	(1,749)	(135)	(214)	(5,657)
Profit for the year	**3,785**	**4,947**	**1,078**	**234**	**2,811**	**(309)**	**714**	**13,260**
Increase / (decrease) in 2013 results caused by translation differences	**–**	**–**	**51**	**(92)**	**(174)**	**(28)**	**(3)**	**(246)**

The key currencies that affect us and the average exchange rate used were:

	2013	2012
US dollar	**1.5643**	1.5849
Malaysian ringgit	**4.9279**	4.8926
Australian dollar	**1.6212**	1.5306
South African rand	**15.0952**	13.0054
Brazilian real	**3.3772**	3.0955
Euro	**1.1776**	1.2332

5. Risk and risk management

M&C Saatchi plc have identified specific categories of business risk and developed policies for their management and control. These policies are kept under constant review as risk and risk perceptions change.

Currency risk (see below, and note 23 and 24)	Market risk (see below)
Interest rate risk (note 12)	Credit risk (note 23)
Share price risk (note 27 and 30)	Talent risk (Directors' report)

Income statement currency exposure

The Group's results are presented in sterling and are subject to fluctuation as a result of exchange rate movements. The Group continues to review its exposure to exchange rate movements and considers methods to reduce the exchange rate risk.

2013 profits would have changed as follows, had average exchange rates been changed by:

Exchange rate	Increase / (decrease) in profit before tax £000	Increase / (decrease) in profit after tax £000
+10%	(555)	(304)
(10)%	679	373

See note 4 for the income statement translated at prior year exchange rates.

Market risk

The Group does not have a substantial market share in any market. The key risk the Group is exposed to is the loss of clients. The Group has policies to monitor client feedback and act where there are issues.

Largest clients as a % of total revenue	2013 %	2012 %
Top client	**7.0**	5.7
Top 10	**34.1**	32.9
Top 15	**41.1**	39.5
Top 30	**53.5**	52.5

Liquidity risk

Centrally the Group ensures that bank facilities are available to meet the Group's liquidity needs. Liquidity is monitored centrally and managed locally. Spare local cash is released to the centre by way of dividends and loan repayments. In managing its liquidity risk, management considers its net cash and minimises its gearing ratio, and where working capital is utilised to fund the business, management makes sure that the Group has sufficient bank facilities to cope with an unwinding of positive working capital flows and to fund the negative working capital effect of revenue growth. Our bank debt maturity analysis can be seen in note 25 and financial liability maturity analysis can be seen in note 24.

Capital risk

The Group's capital reserves consist of all its equity reserves with the exclusion of the minority interest put option reserve. The Group maintains its capital reserves to safeguard the Group's going concern, as well as providing adequate return to its shareholders. The capital reserves total £67,411k (2012: £69,861k). The Group minimises the amount of debt it uses to finance its activities, to reduce the risk to the shareholders. Excess working capital is used to reduce debt. Excess cash is used to invest or is returned to shareholders by way of dividend or through buying shares into treasury. Our key process for managing capital is regular Board reviews of our capital structure and needs.

Key estimates

Management's estimates of the future profitability of the Group can be significantly affected by single account wins or losses, and to a lesser extent by the estimated phase of a project, exchange rates and underlying economic growth rates. We have therefore based our estimates on the budgets for the coming year and estimated growth rates and margins thereafter.

Changes in these underlying assumptions could give rise to material adjustments as set out in the following notes:
Note 17 – Intangible assets – Goodwill estimation of value in use;
Note 27 – Minority shareholder put options liabilities; and
Note 30 – Share based payments – Conditional share awards.

Key judgements

Management has made the following key judgements, which have a significant effect: deciding which of its leases are operating and which are finance leases; deciding which of its shareholder contracts are share options and which are put options; deciding to what extent tax losses are recognised as an asset in the balance sheet; useful lives of assets – tangible and intangible; recoverability of amounts receivable, and to use a discount to value an associate when it is created from selling a controlling stake in a subsidiary.

Projections

Projections take account of management's view of the local operation's future profitability, given expected market growth, inflation, exchange rates and rapidly growing / shrinking markets. They are based on our budgets for 2014.

They are used in calculating the fair value of minority put options, management's assessment of value in use calculations and in calculating the value of conditional share awards.

IFRS 13 disclosures with respect of fair value have been detailed in note 34 and relevant notes.

Notes
Continued

6. Operating costs

Year ended 31 December	Note	Continuing operations 2013 £000	Discontinued operations 2013 £000	Total 2013 £000	2012 £000
Total staff costs	7	**105,952**	**6,082**	**112,034**	107,234
Other costs		**43,330**	**3,506**	**46,836**	46,497
Operating costs		**149,282**	**9,588**	**158,870**	153,731
Other costs include:					
Loss / (profit) on exchange		**487**	**–**	**487**	(40)
Amortisation of intangibles					
– Acquired intangibles	3	**900**	**–**	**900**	705
– Capitalised software		**143**	**–**	**143**	141
Goodwill impairment	3	**–**	**–**	**–**	608
Depreciation of plant and equipment		**2,058**	**175**	**2,233**	2,289
Loss on disposal of capitalised software		**–**		**–**	35
Loss on disposal of fixed assets		**23**	**–**	**23**	99

Year ended 31 December	2013 £000	2012 £000
Operating lease rentals		
Plant	**304**	356
Property	**5,699**	6,753
	6,003	7,109

Year ended 31 December	2013 £000	2012 £000
Total commitments		
Plant and equipment		
Commitments for future minimum lease payments under non cancellable operating leases, which fall due as follows:		
– Within one year	**660**	801
– Between two and five years	**786**	509
	1,446	1,310
Property		
Commitments for future minimum lease payments under non cancellable operating leases, which fall due as follows:		
– Within one year	**12,861**	6,904
– Between one and five years	**21,310**	21,787
– Greater than five years	**19,860**	24,608
	54,031	53,299

7. Staff costs

Staff costs (including Directors) comprise:

Year ended 31 December	2013 £000	2012 £000
Wages and salaries	**95,665**	91,294
Social security costs	**10,404**	9,388
Defined contribution pension scheme costs	**2,892**	3,007
Other staff benefits	**2,617**	2,620
	111,578	106,309
Share based incentive plans		
Cash settled	**166**	70
Equity settled	**290**	855
	456	925
Total staff costs	**112,034**	107,234
Staff cost to revenue ratio	**64%**	63%
Staff cost in respect of discontinued operations	**6,082**	5,883
Staff numbers		
UK discontinued operations	**117**	104
UK	**616**	552
Europe	**198**	165
Middle East and Africa	**175**	120
Asia and Australia	**516**	602
America	**130**	91
Clear	**54**	74
	1,806	1,708

Pensions

The Group does not operate any defined benefit pension schemes. The Group makes payments, on behalf of certain individuals, to personal pension schemes.

Payments of £2,931k (2012: £3,007k) were made in the year and charged to the income statement in the period they fall due. At the year end there were unpaid amounts included within accruals totalling £75k (2012: £114k).

Key management remuneration

	2013 £000	2012 £000
Short term employee benefit	**4,427**	4,652
Post employment benefit	**153**	173
Share based payments	**354**	776
Total	**4,933**	5,601

Notes
Continued

8. Auditors' remuneration
Services provided by the Group's auditors and network firms.

Year ended 31 December	2013 £000	2012 £000
Audit services		
Audit of the Company and its consolidated accounts	**100**	100
Audit of the Company's subsidiaries pursuant to legislation	**187**	182
	287	282
Other services provided by the auditors		
Taxation compliance services	**7**	14
Taxation advisory services	**33**	5
Other advice	**1**	15
	41	34
Total	**328**	316

9. Share of associates and joint ventures

Year ended 31 December	2013 £000	2012 £000
Share of associates' profit before taxation	**195**	120
Share of associates' taxation	**(32)**	(29)
	163	91

10. Finance income

Year ended 31 December	2013 £000	2012 £000
Bank interest receivable	**173**	282
Other interest receivable	**203**	24
Total interest receivable	**376**	306
In respect of discontinued operations	**117**	116
Total finance income	**493**	422

11. Finance costs

Year ended 31 December	2013 £000	2012 £000
Bank interest payable	**(342)**	(390)
Interest payable on finance leases	**(7)**	(9)
Total interest payable	**(349)**	(399)
Fair value adjustments to minority shareholder put option liabilities (note 27)	**(15,503)**	(4,436)
Total finance costs	**(15,852)**	(4,835)

12. Interest rate risk

The Group is exposed to interest rate risk on both interest bearing assets and liabilities. The majority of interest paying and earning assets are exposed to UK inter bank rates. An analysis of net interest by our segmented geographic regions is provided in note 4.

At the year end the Group had a £14.5m bank facility, which runs out in April 2017. The facility can borrow in sterling or euros. At 31 December 2013, £0.3m (2012: £4.3m) of this loan was drawn down.

The Group regularly reviews its treasury structures to minimise commercial interest rate margins.

13. Taxation

Year ended 31 December	Continuing operations 2013 £000	Discontinued operations 2013 £000	Total 2013 £000	Continuing operations 2012 £000	Discontinued operations 2012 £000	Total 2012 £000
Current taxation						
Taxation in the year						
– UK	**1,945**	**1,046**	**2,991**	1,784	1,339	3,123
– Overseas	**2,756**	**–**	**2,756**	2,916	–	2,916
Withholding taxes payable	**9**	**–**	**9**	–		–
Utilisation of previously unrecognised tax losses	**–**	**–**	**–**	(147)	–	(147)
Adjustment for under provision in prior periods	**72**	**–**	**72**	86	268	354
Total	**4,782**	**1,046**	**5,828**	4,639	1,607	6,246
Deferred taxation						
Origination and reversal of temporary differences	**(658)**	**–**	**(658)**	(632)	(245)	(877)
Recognition of previously unrecognised tax losses	**83**	**–**	**83**	(11)	–	(11)
Effect of changes in tax rates	**–**	**–**	**–**	6	(7)	(1)
Total	**(575)**	**–**	**(575)**	(637)	(252)	(889)
Total taxation	**4,207**	**1,046**	**5,253**	4,002	1,355	5,357

Notes
Continued

13. Taxation continued

The differences 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	Continuing operations 2013 £000	Discontinued operations 2013 £000	Total 2013 £000	Continuing operations 2012 £000	Discontinued operations 2012 £000	Total 2012 £000
Profit before taxation	**(2,556)**	**11,139**	**8,583**	4,591	5,290	9,881
Taxation at UK corporation tax rate of 23.25% (2012: 24.5%)	**594**	**(2,590)**	**(1,996)**	(1,125)	(1,296)	(2,421)
Tax effect of associates	**38**	**–**	**38**	22	–	22
Non controlling interest share of partnership income	**112**	**–**	**112**	69	–	69
Expenses not deductible for tax	**(125)**	**(94)**	**(219)**	(181)	(35)	(216)
Option charges not deductible for tax	**(50)**	**–**	**(50)**	(201)	–	(201)
Different tax rates applicable in overseas jurisdictions	**(685)**	**–**	**(685)**	(452)	–	(452)
Effect of changes in tax rates on deferred tax	**–**	**–**	**–**	(6)	7	1
Withholding taxes payable	**(9)**	**–**	**(9)**	–	–	–
Utilisation of previously unrecognised tax losses	**–**	**–**	**–**	147	–	147
Recognition of previously unrecognised tax losses	**83**	**–**	**83**	(11)	–	(11)
Adjustment for current tax under provision in prior periods	**(72)**	**–**	**(72)**	(86)	(268)	(354)
Adjustment for deferred tax over provision in prior periods	**–**	**–**	**–**	12	237	249
Tax losses for which no deferred tax asset was recognised	**(489)**	**–**	**(489)**	(574)	–	(574)
Fair value adjustments on minority shareholder put options	**(3,604)**	**–**	**(3,604)**	(1,087)	–	(1,087)
Non-taxable gain on disposal of discontinued operations	**–**	**1,638**	**1,638**	–	–	–
Impairment of goodwill and investment in associates	**–**	**–**	**–**	(529)	–	(529)
	(4,207)	**(1,046)**	**(5,253)**	(4,002)	(1,355)	(5,357)

Year ended 31 December	2013 £000	2012 £000
Headline profit before taxation	**18,597**	17,182
Less associates loss / (profit)	**21**	(91)
Headline profit before tax and associates	**18,618**	17,091
Taxation at UK corporation tax rate of 23.25% (2011: 24.5%)	**(4,329)**	(4,187)
Non controlling interest share of partnership income	**112**	69
Expenses not deductible for tax	**(124)**	(216)
Option charges not deductible for tax	**(50)**	(201)
Different tax rates applicable in overseas jurisdictions	**(705)**	(465)
Effect of changes in tax rates on deferred tax	**–**	1
Withholding taxes payable	**(9)**	–
Utilisation of previously unrecognised tax losses	**–**	147
Recognition of previously unrecognised tax losses	**83**	(11)
Adjustment for current tax under provision in prior periods	**(72)**	(354)
Adjustment for deferred tax over provision in prior periods	**–**	249
Tax losses for which no deferred tax asset was recognised	**(489)**	(574)
	(5,583)	(5,542)
Headline effective tax rate	**30.0%**	32.4%

14. Deferred taxation

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the Group intends to settle its current tax assets and liabilities on a net basis.

At 31 December	2013 £000	2012 £000
Deferred tax assets	**1,313**	1,612
Deferred tax liabilities	**(486)**	(669)
Net deferred tax	**827**	943

The movement on the net deferred tax asset is as follows:

	2013 £000	2012 £000
At 1 January	**943**	285
Exchange differences	**(201)**	(60)
Income statement credit	**575**	889
Acquisitions	**(189)**	(171)
Disposed as part of discontinued operations	**(301)**	–
At 31 December	**827**	943

There was no 2013 deferred tax movement in relation to discontinued operations.

The following is the deferred tax asset (liability) recognised by the Group and movements in 2013 and 2012:

	Capital allowances and amortisation £000	Tax losses £000	Options and bonus accruals £000	Working capital differences £000	Total £000
At 1 January 2012	(767)	369	59	624	285
Exchange differences	1	(34)	–	(27)	(60)
Income statement credit / (charge)	335	(100)	50	604	889
Acquisitions	(171)	–	–	–	(171)
At 31 December 2012	(602)	235	109	1,201	943
Exchange differences	(14)	(23)	–	(164)	(201)
Income statement credit / (charge)	461	150	25	(61)	575
Acquisitions	(189)	–	–	–	(189)
Disposed as part of discontinued operations	(301)	–	–	–	(301)
At 31 December 2013	**(645)**	**362**	**134**	**976**	**827**

Within capital allowances and amortisations, £933k (2012: £858k) relates to intangibles created as part of acquisition accounting.

Notes
Continued

14. Deferred taxation continued

Unrecognised deferred tax asset in respect of carried forward tax losses:

	Loss £000	Unrecognised deferred tax £000
At 1 January 2013	**11,297**	3,534
Exchange differences	**(473)**	(145)
Change in potential tax rates	**–**	16
Disposal of subsidiaries	**(1,117)**	(254)
Losses utilised in year	**(191)**	(59)
Losses in year	**2,040**	584
At 31 December 2013	**11,556**	3,676

Expiry date of losses

	2013 £000	2012 £000
1 to 5 years	**25**	165
5 to 10 years	**1,535**	1,217
10 years or more	**2,116**	2,152
Total	**3,676**	3,534

A deferred tax asset in respect of certain losses in overseas territories has not been recognised as there is insufficient certainty of future taxable profits against which these would reverse.

15. Dividends

Year ended 31 December	2013 £000	2012 £000
2012 final dividend paid 3.85p on 5 July 2013 (2011: 3.50p)	**2,596**	2,213
2013 interim dividend paid 1.21p on 15 November 2013 (2012: 1.10p)	**825**	697
	3,421	2,910

Proposed final dividend of 4.24p totalling £2,629k. Dividends relate to the profit of the following years:

Year ended 31 December	2013 £000	2012 £000
First interim dividend paid 15 November 2013	**825**	697
Final dividends payable 4 July 2014 *	**2,629**	2,596
	3,454	3,293
Headline dividend cover	**3.2**	2.9

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.

* 2012 dividend has been restated to reflect the number of shares in issue when the dividend was paid, as opposed to the number of shares in existence at 31 December 2012.

16. Discontinued operations

On 28 November 2013 the Group sold its 75.1% of Walker Media Limited. No gain or loss arose on the measurement to fair value less cost to sell on this reclassification.

75.1% of Walker Media Limited was sold for £36.0m cash and a pre-tax and post-tax gain of £7.0m was recorded. At the time of disposal it was stated that the majority of proceeds would be returned to shareholders. On 23 January 2014 the Company completed a tender offer returning £21.2m to shareholders in return for 6,337,800 M&C Saatchi plc shares that were cancelled.

The results of discontinued operations can be seen in note 3 and on face of the income statement.

	11 Months 2013 £000	Year 2012 £000
Net cash used in operating activities	**2,072**	(916)
Net cash used in investing activities	**(6)**	(41)
Net cash from financing activities	**(383)**	(1,384)
Net (decrease) / increase in cash and cash equivalents	**1,683**	(2,341)
Cash and cash equivalents at the beginning of the period	**15,194**	17,535
Net cash from (used in) discontinued operations	**16,877**	15,194

Effect of the disposals on individual assets and liabilities:

	28 November 2013 £000	31 December 2012 £000
Plant and equipment	**211**	367
Deferred tax assets	**301**	301
Trade and other receivables	**24,930**	33,200
Cash and cash equivalents	**16,877**	15,194
Trade and other payables	**(33,501)**	(42,993)
Current tax liabilities	**(1,046)**	(872)
Net identifiable assets and liabilities	**7,772**	5,197
Consideration received, satisfied in cash, net of expenses	**31,959**	–
Cash disposed of	**(16,877)**	–
Net cash (inflow)	**15,082**	–

Notes
Continued

17. Intangible assets

	Goodwill £000	Brand name £000	Customer relationships £000	Software £000	Total £000
Cost					
At 1 January 2012	58,104	2,835	5,010	996	66,945
Exchange differences	(163)	(2)	(22)	(28)	(215)
Acquired	1,157	319	256	159	1,891
Disposal	–	–	–	(1)	(1)
At 31 December 2012	59,098	3,152	5,244	1,126	68,620
Exchange differences	(60)	(48)	(40)	(62)	(210)
Acquired	1,076	234	584	133	2,027
Disposal	–	–	–	(107)	(107)
Disposal of subsidiaries (note 20)	(704)	–	–	(40)	(744)
Disposal discontinued operations (note 16)	(26,155)	–	–	–	(26,155)
At 31 December 2013	**33,255**	**3,338**	**5,788**	**1,050**	**43,431**
Accumulated amortisation and impairment					
At 1 January 2012	1,714	105	4,130	767	6,716
Exchange differences	(40)	–	(28)	(20)	(88)
Amortisation charge	–	108	597	141	846
Impairment charge	608	–	–	–	608
Disposals	–	–	–	(2)	(2)
At 31 December 2012	2,282	213	4,699	886	8,080
Exchange differences	–	(37)	(32)	(41)	(110)
Amortisation charge	–	344	556	143	1,043
Disposal	–	–	–	(107)	(107)
Disposal of subsidiaries (note 20)	(704)	–	–	(40)	(744)
At 31 December 2013	**1,578**	**520**	**5,223**	**841**	**8,162**
Net book value					
At 1 January 2012	56,390	2,730	880	229	60,229
At 31 December 2012	56,816	2,939	545	240	60,540
At 31 December 2013	**31,677**	**2,818**	**565**	**209**	**35,269**

Goodwill's accumulated amortisation and impairment all relate to impairments all other columns relate to amortisations.

Goodwill is allocated to the Group's cash generating units (CGU). Goodwill is made up of:

Cash generating units (CGU)	Goodwill 31 December 2013 £000	Goodwill 31 December 2012 £000	Segment
Walker Media Ltd (note 16)	–	26,155	UK
M&C Saatchi (UK) Ltd	**5,067**	5,067	UK
LIDA Ltd	**1,462**	1,462	UK
M&C Saatchi Sport & Entertainment Ltd	**690**	690	UK
M&C Saatchi Export Ltd	**600**	600	UK
M&C Saatchi Mobile Ltd	**1,814**	1,814	UK
M&C Saatchi Merlin Ltd*	**539**	–	UK
M&C Saatchi Berlin GmbH	**1,293**	1,261	Europe
M&C Saatchi GAD SAS and associates, including Direct One SAS	**886**	864	Europe
M&C Saatchi Agency Pty Ltd (Australia)	**2,658**	2,591	Asia and Australasia
Bang Pty Ltd (Australia)	**1,012**	1,197	Asia and Australasia
Samuelson Talbot & Partners Pty Ltd (Australia)*	**537**	–	Asia and Australasia
Clear Ideas Ltd	**14,518**	14,518	Clear
Total of the four CGUs with goodwill less than £0.5m	**601**	597	Various
Total	**31,677**	56,816	

* Apart from these CGUs, whose movements are described in this note, all other movements are due to exchange.

Goodwill and other intangibles are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the assets may be impaired. The 2013 review was undertaken in the last quarter of the year in conjunction with our annual business planning process, no goodwill or other intangible asset impairments were identified (2012: £608k).

Management have approved the forecasts for 2014 and have prepared additional projections based on the 2014 numbers for the next four years. This were used as the basis for determining the recoverable amount of each CGU. Details of uncertainties in our forecasts are described in note 5.

In conducting the review we used a residual growth rate of 3% from year five onwards and a market beta of 1.

The pre-tax discount rates are based on the Group's weighted average cost of capital adjusted for specific risks relating to the country and market in which the CGU operates.

Management are satisfied, with exception of Clear Ideas Ltd, that no possible changes in key assumptions, apart from a significant loss of clients by a CGU, would cause the recoverable amount of any of our CGUs to be below their carrying amount. Management have tested the key assumptions on pre-tax discount rates and management forecasts and projections by adjusting them individually 50% and 20% respectively, which would not lead to impairment.

In respect of Clear Ideas Ltd, the company continues to recover from its weak performance in 2012 by controlling cost; a focused proposition; and a more focused organic investment strategy. In the event that the pre-tax discount rate should be 20% higher or management revenue forecasts and projections are 20% lower, the impairment will be £1.8m or £1.3m respectively.

Notes
Continued

17. Intangible assets continued

Key assumptions	Residual growth rates 2012 and 2013 %	Pre-tax discount rates 2013 %	Pre-tax discount rates 2012 %
UK	**3**	**14–15**	14–15
Asia and Australasia	**3**	**13–17**	14–15
Europe	**3**	**15–19**	14–18
Clear	**3**	**14**	14

We do not expect the residual growth rates to exceed the long term growth rates in each location.

Brand name
This is made up of the brands that we acquired with acquisitions.

Brand name	CGU	Year acquired	Cost 2013 £000	Cost 2012 £000	Amortisation period
Clear	Clear Ideas Ltd	2007	**2,640**	2,640	Infinity
Inside Mobile	M&C Saatchi Mobile Ltd	2010	**103**	103	Immediately
Direct One	M&C Saatchi GAD SAS	2010	**91**	90	Infinity
Bang	Bang Pty Ltd (Australia)	2012	**270**	319	3 years
ST&P	Samuelson Talbot & Partners Pty Ltd (Australia)	2013	**48**	–	Immediately
Merlin Elite	M&C Saatchi Merlin Ltd	2013	**186**	–	Immediately
			3,338	3,152	

There is no foreseeable limit to the duration of the ‘Clear’ and ‘Direct One’ brands as we continue to use them for existing and future clients; hence the brands have been treated as having indefinite lives. Inside Mobile, ST&P and Merlin Elite were immediately amortised as we stopped using the names shortly after acquisition. Bang is amortised over 3 years as no decision has been made over the long term use of the name.

Subsidiaries
The Group's significant subsidiary undertakings included in the consolidation are:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held at 2013	2012	Trading / dormant
M&C Saatchi (UK) Ltd	UK	**100%**	100%	Advertising
LIDA Ltd	UK	**100%**	100%	Direct marketing
Talk PR Ltd	UK	**51%**	51%	PR
M&C Saatchi Sport & Entertainment Ltd	UK	**97%**	97%	Sport & Entertainment
Walker Media Ltd (Note 16)	UK	–	100%	Media buying
Clear Ideas Ltd	UK	**100%**	100%	Brand consulting
M&C Saatchi Mobile Ltd	UK	**70%**	75%	Mobile
M&C Saatchi Agency Pty Ltd	Australia	**80%**	80%	Advertising
M&C Saatchi GAD SAS*	France	**80%**	61%	Advertising
M&C Saatchi Berlin GmbH	Germany	**80%**	80%	Advertising

* On 1 May 2013 the Group acquired 19% of M&C Saatchi GAD SAS on exercise of a put option.

Notes
Continued

18. Acquisitions
With the exception of Merlin Elite Ltd and Samuelson Talbot & Partners Pty Ltd there were no acquisitions during the year that resulted in a change of control.

Income statement effects of 2013 acquisitions
60% of shares and voting rights of Merlin Elite Ltd (renamed M&C Saatchi Merlin Ltd) was acquired by M&C Saatchi (UK) Ltd on 17 January 2013 to enable the Group to have a have talent management offering. The results of this acquisition date as included in the consolidated income statement for the reporting period were revenue £911k and profit before tax of £81k. The results between 1 January 2013 and the acquisition date were not significant. Subsequently 5% was sold to management.

On 26 September 2013 M&C Saatchi Agency Pty Ltd (Australia) acquired 60% of share capital of Samuelson Talbot and Partners Pty Ltd to and merged it into its Melbourne office to create a combined CGU. The results of the CGU were not material.

Goodwill on 2013 acquisition

2013	Note	Merlin Elite Ltd £000	Samuelson Talbot and Partners Pty Ltd £000	Total
Consideration, satisfied by:				
Cash		926	420	1,346
Contingent consideration		–	420	420
Total consideration		926	840	1,766
Less				
– Fair value of net assets made up of:				
Intangibles		387	431	818
Plant and equipment		59	27	86
Other non current assets		–	5	5
Cash		474	433	907
Other current assets		(181)	(296)	(477)
Deferred tax liability		(94)	(95)	(189)
Non controlling interests 40% share of assets		(258)	(202)	(460)
– Total fair value of net assets		387	303	690
Goodwill arising	17	**539**	**537**	**1,076**

Samuelson Talbot and Partners Pty Ltd's contingent consideration is dependent on its results in the half year to 31 December 2013 and the year to 30 June 2014. Details of valuation can be found in note 26.

Put options were negotiated in both acquisitions (note 27).

Income statement effects of 2012 acquisitions
85% of shares and voting rights of Bang Pty Ltd was acquired by M&C Saatchi Agency Pty Ltd on 10 January 2012 to enable the Group to have a PR offering in Australia.

Goodwill on 2012 acquisition

2012	Note	Bang Pty Ltd £000
Consideration, satisfied by:		
Cash		1,666
Less		
– Fair value of net assets made up of:		
Intangibles		575
Plant and equipment		56
Cash		7
Other current assets		113
Deferred tax liability		(171)
Non controlling interests 15% share of assets		(71)
– Total fair value of net assets		509
Goodwill arising	17	1,157

Goodwill relates to value of the business's staff. There is no local tax deduction for goodwill.

Notes
Continued

19. Cash consumed by acquisitions

	2013 £000	2012 £000
Cash consideration		
– M&C Saatchi Mobile Ltd*	–	(1,300)
– M&C Saatchi GAD SAS (part of 4% put)	–	(45)
– Clear USA LLC (20%)	–	(64)
– Bang Pty Ltd (85%)	–	(1,666)
– Direct One SAS (final payments for 70%)	–	(126)
– M&C Saatchi Communications Pvt Ltd (2012: 5%)	–	(5)
– FCINQ SAS (2013: 2%)	**(12)**	–
– M&C Saatchi Merlin Ltd (2013: 60%)	**(926)**	–
– Samuelson Talbot and Partners Pty Ltd (2013: 60%)	**(480)**	–
	(1,418)	(3,206)
Less cash and cash equivalents acquired	**906**	7
	(512)	(3,199)
Purchase of associates	**(2,589)**	–
	(3,101)	(3,199)

* Share buyback of 20% of company's equity.

20. Associates and joint venture

The following associates and joint ventures are included in the consolidated financial statements:

Name	Nature of business	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held at 2013	2012
Walker Media Limited (from discontinued operations, note 16)	Media buying	UK	**25%**	100%
Human Digital Limited	Social web insight and strategy	UK	**25%**	25%
Milk Data Strategy Limited	Data strategy	UK	**25%**	25%
M&C Saatchi Russia Limited	Advertising	UK	**50%**	50%
Zapping / M&C Saatchi S.A. and subsidiaries	Advertising	Spain	**25%**	25%
M&C Saatchi SAL*	Advertising	Lebanon	**10%**	10%
M&C Saatchi (Hong Kong) Limited	Advertising	China	**20%**	100%
M&C Saatchi World Services Pakistan (PVT) Ltd (joint venture)	Development marketing	Pakistan	**50%**	nil

* Influence exerted through our board membership and contractual relationship.

	2013 £000	2012 £000
At 1 January	**756**	2,226
Exchange movements	**2**	(9)
Acquisition of associates	**3,214**	–
Transferred from discontinued operations	**8,964**	–
Impairment of associate	**–**	(1,552)
Share of profit after taxation	**163**	91
At 31 December	**13,099**	756

China transaction 2013
During the year the group transferred the trade and assets of M&C Saatchi (Hong Kong) Limited to a local entity in China, aeiou. In return the group received 20% of the combined entity. The fair value of the consideration was deemed to be £3.2m, of which £1.9m was satisfied in cash.

Impairment of associate 2012
Given the trading performance of the Zapping / M&C Saatchi SA group and the present prospects for the Spanish economy we decided to fully impair this Spanish associate. The Group's unrecognised share of the Zapping / M&C Saatchi S.A group's trading loss is £172k (2012: £30k).

Summarised financial information

	UK discontinued £000	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	2013 £000	2012 £000
Income statement							
Revenue	**1,824**	**1,856**	**2,621**	**4,203**	**558**	**11,062**	13,081
Operating profit	**826**	**207**	**194**	**(1,406)**	**452**	**273**	1,287
Profit before taxation	**840**	**204**	**194**	**(1,519)**	**452**	**171**	1,173
Profit after taxation	**740**	**163**	**155**	**(1,519)**	**452**	**(9)**	970
Our share	**184**	**41**	**23**	**(152)**	**67**	**163**	91

	UK discontinued £000	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	2013 £000	2012 £000
Balance sheet							
Total assets	50,970	713	1,944	5,812	2,168	**61,607**	11,882
Total liabilities	(42,472)	(518)	(1,661)	(6,268)	(1,015)	**(51,934)**	(10,010)

Notes
Continued

21. Plant and equipment

	Leasehold improvements £000	Furniture, fittings and other equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2012	4,371	5,760	5,162	161	15,454
Exchange differences	(83)	(128)	(69)	(6)	(286)
Additions	1,017	955	752	42	2,766
Acquisition of a subsidiary	12	12	6	26	56
Disposals	(19)	(389)	(96)	(72)	(576)
At 31 December 2012	5,298	6,210	5,755	151	17,414
Exchange differences	(228)	(208)	(241)	(15)	(692)
Additions	1,438	516	717	36	2,707
Acquisition of subsidiaries	–	63	21	–	84
Disposals	(20)	(279)	(556)	(21)	(876)
Disposal of subsidiaries	(183)	(183)	(456)	0	(822)
Discontinued operations	(218)	(350)	(631)	–	(1,199)
At 31 December 2013	**6,087**	**5,769**	**4,609**	**151**	**16,616**
Depreciation					
At 1 January 2012	1,668	3,237	3,542	66	8,513
Exchange differences	(41)	(129)	(5)	(3)	(178)
Depreciation charge	531	1,056	669	33	2,289
Disposals	(13)	(307)	(85)	(42)	(447)
At 31 December 2012	2,145	3,857	4,121	54	10,177
Exchange differences	(163)	(145)	(211)	(6)	(525)
Depreciation charge	660	633	915	25	2,233
Disposals	(10)	(70)	(739)	(9)	(828)
Disposal of subsidiaries	(197)	(144)	(427)	–	(768)
Discontinued operations	(135)	(396)	(452)	–	(983)
At 31 December 2013	**2,300**	**3,735**	**3,207**	**64**	**9,306**
Net book value					
At 1 January 2012	2,703	2,523	1,620	95	6,941
At 31 December 2012	3,153	2,353	1,634	97	7,237
At 31 December 2013	**3,787**	**2,034**	**1,402**	**87**	**7,310**

Net book value of assets, included in the above balances which have been purchased through finance lease arrangements are:

	Leasehold improvements £000	Furniture, fittings and other equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
At 1 January 2012	–	18	101	67	186
At 31 December 2012	–	168	101	67	336
At 31 December 2013	**–**	**8**	**48**	**99**	**155**

22. Other non current assets

	2013 £000	2012 £000
Investments*	**800**	–
Rent deposits	**2,069**	2,377
Loans to employees**	**2,393**	2,610
Call option provision	**54**	54
Total other non current assets	**5,316**	5,041

* The Group is engaging in corporate venturing, investing in companies that have technologies that relate or could enhance to the services the Group sells, or when mature will be in industries that will be a heavy user of the Group's services. Under IFRS 13 these items are valued as a level 3 given they are recent investments they have been recorded at cost. We will review their value periodically.

** This relates to the £1.2m and the AUD2.0m loans that the Group lent local management of M&C Saatchi Agency Pty Ltd, in 2010, to enable them to acquire 20% of that business. The loan is repayable if the purchasers no longer have a beneficial interest in the shares of the Australian Group. The loan is unsecured and charges interest at the Bank of England's base rate of interest; interest on the loan compounds annually and is payable on repayment. The carrying value of the loan approximates to fair value.

23. Trade and other receivables

	2013 £000	2012 £000
Trade receivables	**42,352**	77,338
Provision for bad debts	**(186)**	(139)
Net trade receivables	**42,166**	77,199
Prepayments and accrued income	**14,186**	13,170
Amounts due from associates	**624**	149
VAT and sales tax recoverable	**1,101**	1,245
Other debtors	**3,401**	3,485
Total trade and other receivables	**61,478**	95,248

The carrying amount of trade and other receivables approximates to their fair value.

Movement in the bad debt provision

	2013 £000	2012 £000
As at 1 January	**(139)**	(160)
Exchange movements	**19**	9
Charged to the income statement	**(126)**	(92)
Released to income statement	**16**	51
Utilisation of provision	**44**	53
As at 31 December	**(186)**	(139)

Notes
Continued

23. Trade and other receivables continued

As at 31 December the following trade receivables were past their due date (of 0 to 3 months) but not impaired.
It is management's belief that these debts will be fully repaid.

	2013 £000	2013 %	2012 £000	2012 %
3 to 6 months	**1,838**	**4%**	2,180	3%
Over 6 months	**301**	**1%**	285	0%
Total net trade receivables	**42,166**	**100%**	77,199	100%

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

	2013 £000	2013 %	2012 £000	2012 %
Sterling	**34,194**	**54%**	60,861	64%
US dollars	**4,239**	**7%**	3,714	4%
Australian dollars	**6,300**	**11%**	10,617	11%
Malaysian ringgit	**2,703**	**4%**	3,320	3%
Euros	**7,583**	**12%**	7,532	8%
South African rand	**1,562**	**3%**	2,513	3%
Brazilian real	**1,425**	**2%**	2,459	3%
Other	**3,472**	**6%**	4,232	4%
	61,478	**100%**	95,248	100%

Credit risk

The Group monitors credit risk at both a local and Group level. Credit terms are set and monitored at a local level according to local business practices and commercial trading conditions. The age of debt is reported regularly. Age profiling is monitored both at local customer level and a consolidated entity level. Bad debt provisions are determined locally. There is only local exposure to debt from our significant global clients. Whilst the Group has some exposure to foreign currency risk this is limited by the proportion of debt denominated in sterling. The Group continues to review its debt exposure to foreign currency movements and will review efficient strategies to mitigate risk as the Group's overseas debt increases.

There are no significant concentrations of credit risk in the Group.

24. Trade and other payables

Amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	**(21,537)**	(46,062)
Sales taxation and social security payables	**(7,253)**	(7,507)
Employment benefit accruals	**(2,143)**	(2,189)
Accruals and deferred income	**(31,474)**	(46,904)
Other payables	**(1,597)**	(4,210)
	(64,004)	(106,872)

The carrying amount of trade and other payables approximates to their fair value.

Settlement of trade and other payables is in accordance with our terms of trade established with our local suppliers.

The carrying amount of the Group's trade and other payables are denominated in the following currencies:

Amounts falling due within one year

	2013 £000	2013 %	2012 £000	2012 %
Sterling	**(34,830)**	**57%**	(73,721)	69%
US dollars	**(3,069)**	**5%**	(3,279)	3%
Australian dollars	**(7,116)**	**10%**	(9,397)	9%
Malaysian ringgit	**(4,650)**	**7%**	(5,135)	5%
Euros	**(7,960)**	**12%**	(6,794)	6%
South African rand	**(2,690)**	**4%**	(2,383)	2%
Brazilian real	**(1,227)**	**2%**	(2,419)	2%
Other	**(2,462)**	**4%**	(3,744)	4%
	(64,004)	**100%**	(106,872)	100%

The table below analyses the Group's financial liabilities and derivative financial liabilities into relevant maturity groupings based on the period remaining until the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest), so will not reconcile with amounts disclosed on the statement of financial position:

	2013 £000	2012 £000
Non derivatives		
Up to 6 months	**(48,173)**	(86,658)
6–12 months	**(8)**	(4)
Later than 1 year and not later than 5 years	**(1,031)**	(5,101)
	(49,212)	(91,763)
Put options		
Up to 6 months	**(14,552)**	(2,549)
6 months to 1 year	**(8,814)**	–
Later than 1 year and not later than 5 years	**(15,857)**	(17,465)
Greater than 5 years	**(598)**	(598)
	(38,299)	(20,612)
Total derivative and non derivative	**(89,033)**	(112,375)

The value of put options represents the minority shareholder put option liability excluding any discount for time. The majority of these financial instruments will be fulfilled by the issue of equity (note 27).

The above table is an indicator of our liquidity risk. The risk is mitigated by the receipt of cash from trade and other receivables, and in the case of put options, the majority of the liability will be fulfilled by the issue of equity (note 29).

Notes
Continued

25. Other financial liabilities

Amounts falling due within one year

	2013 £000	2012 £000
Obligations under finance leases	**(17)**	(8)
Other bank loans	**(3)**	(123)
	(20)	(131)

Amounts falling due after one year

	2013 £000	2012 £000
Obligations under finance leases	**(52)**	(88)
Secured bank loans	**(304)**	(4,234)
	(356)	(4,322)

The carrying value of bank loans approximates to their fair value.

Secured bank loans
The Group has a banking facility of up to £14.5m (2012: £10m) plus a one year £0.3m (2012: £0.3m) overdraft facility. The facility has floating rates of interest set at 1.75% above LIBOR and the overdraft has floating rates of interest set at 1.75% above Bank of England base rate. The facility matures on 30 April 2017.

Our operations in India have overdrafts and local short term bank loans that are guaranteed by the Group. The balances outstanding at the year end were £115k (2012: £84k).

	2013 £000	2012 £000
Gross secured bank loans	**(333)**	(4,324)
Capitalised finance costs	**29**	90
Net secured bank loans	**(304)**	(4,234)
Future interest payable on secured bank loans at balance sheet date	**(30)**	(147)
Total secured bank loans and future interest	**(334)**	(4,381)

Total secured bank loans and future interest are due as follows:

	2013 £000	2012 £000
In one year or less, or on demand	**(10)**	(98)
In more than one year but not more than five years	**(324)**	(4,283)
	(334)	(4,381)

Obligations under finance leases and hire purchase contracts are due as follows:

	2013 £000	2012 £000
In one year or less, or on demand	**(17)**	(8)
In more than one year but not more than two years	**(52)**	(88)
	(69)	(96)

26. Deferred and contingent consideration

	2013 £000	2012 £000
Amounts falling within one year		
– Contingent (note 18)	**420**	–

	2013 £000	2012 £000
At 1 January	**–**	(128)
Exchange difference	**–**	2
Acquisition	**420**	–
Consideration paid	**–**	126
At 31 December	**420**	–

The consideration is dependent on its results in the half year to 31 December 2013 and year to 30 June 2014 (IFRS 13 level 3). The key assumptions taken into consideration when measuring the contingent consideration are the performance expectations of the acquisition. Due to the short term nature of this liability, there is no impact of discounting on the liability. There is no reasonable change in discount rate or performance targets that would give rise to a material change in the liability at year end.

27. Minority shareholder put option liabilities

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

	2013 £000	2012 £000
Amounts falling due within one year		
– Cash	**(3,642)**	(847)
– Equity	**(18,202)**	(1,702)
	(21,844)	(2,549)
Amounts falling due after one year		
– Cash	**(684)**	(2,450)
– Equity	**(15,641)**	(15,483)
	(16,325)	(17,933)
	(38,169)	(20,482)

	2013 £000	2012 £000
At 1 January	**(20,482)**	(17,092)
Exchange difference	**4**	(1)
Additions	**(3,359)**	(480)
Exercises	**1,171**	161
Termination	**–**	1,366
Income statement charge due to		
– Change in estimates	**1,333**	2,627
– Change in share price	**(16,760)**	(6,932)
– Time	**(76)**	(131)
Total income statement charge	**(15,503)**	(4,436)
At 31 December	**(38,169)**	(20,482)

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

Cash based	2013 £000	2012 £000
At 1 January	**(3,297)**	(234)
Exchange difference	**158**	–
Reclassified from share based	**–**	(2,863)
Additions	**(684)**	–
Income statement charge due to		
– Change in estimates	**(136)**	(71)
– Change in share price	**(367)**	(129)
At 31 December	**(4,326)**	(3,297)

Equity based	2013 Equity*	2013 £000	2012 £000
At 1 January	**(9,517)**	**(17,185)**	(16,858)
Exchange difference	**–**	**(154)**	(1)
Additions	**(803)**	**(2,675)**	(480)
Exercises	**512**	**1,171**	161
Reclassified to cash based	**–**	**–**	2,863
Terminations	**–**	**–**	1,366
Income statement charge due to			
– Change in estimates	**297**	**1,469**	2,698
– Change in share price	**(621)**	**(16,393)**	(6,803)
– Time	**(23)**	**(76)**	(131)
At 31 December	**(10,156)**	**(33,843)**	(17,185)

* The estimated number of M&C Saatchi plc shares that will be issued, in thousands, to fulfil.

Notes
Continued

27. Minority shareholder put option liabilities
continued

Put options are exercisable from:

Subsidiary	Year	% of subsidiaries' shares exchangeable
M&C Saatchi LA Inc	2014	16.0
M&C Saatchi Marketing Arts Ltd	2014	50.0
M&C Saatchi (M) SDN BHD	2014	20.0
M&C Saatchi Sports & Entertainment Ltd	2014	2.8
Influence Communications Ltd	2014	5.0
M&C Saatchi Europe Holdings Ltd	2014	4.0
M&C Saatchi German Holdings Ltd	2014	4.0
M&C Saatchi Communications Pty Ltd	2014	13.0
M&C Saatchi Berlin GmbH	2014	10.0
Talk PR Audience Ltd	2014	17.0
M&C Saatchi GAD SAS**	2014	19.6
FCINQ SAS**	2014	15.0
M&C Saatchi Berlin GmbH	2014	5.0
Clear Ideas Consulting LLP	2014	12.5
M&C Saatchi Mobile Ltd*	2014	20.0
M&C Saatchi Agency Pty Ltd	2014	20.0
M&C Saatchi PR LLP (US)	2015	35.0
Clear Ideas Consulting LLP	2015	12.5
M&C Saatchi Mobile Ltd*	2015	10.0
M&C Saatchi Sport & Entertainment Pty Ltd	2015	49.0
Talk PR Ltd	2015	49.0
M&C Saatchi UK PR LLP	2015	35.0
M&C Saatchi Corporate SAS	2015	29.8
M&C Saatchi (Switzerland) SA	2016	40.0
Samuelson Talbot and Partners Pty Ltd*	2016	31.2
M&C Saatchi Merlin Ltd*	2016	22.5
The Source (London) Ltd	2016	30.0
Direct One SAS	2016	10.0
Direct One SAS	2017	10.0
M&C Saatchi Berlin GmbH*	2017	5.0
M&C Saatchi Brazil Cominicação LTDA	2017	49.9
Samuelson Talbot and Partners Pty Ltd*	2018	8.8
M&C Saatchi Merlin Ltd*	2018	22.5
Direct One SAS*	2018	10.0

* New or amended options in 2013.

** Holding changed or shares put in 2013.

At each period end the fair value of the put options' liability is calculated in accordance with the shareholders' agreement and any movement is charged to the income statement. Where the agreement gives a right to convert to a variable number of shares (rather than a value), the number of shares is converted to a value by using the period end share price (2013: 333.3p, 2012: 180.5p).

The liability will vary with our share price, and with the results of the subsidiary companies. Current liabilities are determined by our year end share price and the 2013 results of the companies who can exercise in 2014. Non current liabilities are determined by our year end share price and the projected results of the companies who can exercise after 2014. The projected results show management's best estimate of the growth rates and margin of the companies who can exercise after 2014, given that these companies are small, single account wins / losses can have a significant effect on their results. Such account wins are far more significant than changes to exchange rates and underlying economic growth rates.

The fair value of minority shareholder put option liabilities is measured using some inputs that are not based on observable market data (i.e. IFRS13, Level 3 fair value measurement).

Share price risk
Changes in our year end share price will impact the fair value adjustment to minority shareholder put options. The year end share price was 333.3p (2012: 180.5p). The 2013 charges would have changed as follows, had the share price been:

Share price	Movement %	Increase / (decrease) in profit before and after tax £000
433.3p	+30%	£(6,644)
400.0p	+20%	£(5,528)
366.6p	+10%	£(3,420)
333.3p	–	–
300.0p	(10)%	£3,446
266.6p	(20)%	£6,913

Forecast accuracy
Difference in actual and projected results of the companies could have an impact on the fair value adjustments as follows:

Result	Increase / (decrease) in profit before and after tax £000
+10%	£(1,277)
(10)%	£1,265

28. Other non current liabilities

	2013 £000	2012 £000
Employment benefit provisions*	**(222)**	(313)
Other	**(674)**	(779)
	(896)	(1,092)

* This relates to long term service leave in some locations.

29. Issued share capital

Allotted, called up and fully paid

	Number of shares	1p Ordinary shares £000
At 1 January 2012	63,529,133	635
Fulfilment of options	471,183	5
Acquisition of 4.0% of M&C Saatchi GAD SAS	77,202	1
At 31 December 2012	64,077,518	641
Fulfilment of options	4,449,180	44
Acquisition of 5.0% of M&C Saatchi GAD SAS	512,295	5
At 31 December 2013	**69,038,993**	**690**

The Group holds 700,000 of the above M&C Saatchi plc shares in treasury.

Capital management

The Group aims to use cash generated from our operations to fund growth. Debt is used to fund short term investment and working capital cycles.

Long term and major investment obligations are fulfilled by issuing equity e.g. put options (note 27). In this way we reduce the financial risk of debt markets being closed or rationed. The Group will minimise the amount of equity issues when long term and major investment obligations vest by using any available cash instead of equity.

Our long term targets are to be debt free and to minimise the dilution to our shareholders and maximise our organic growth.

30. Share based payments

Share based payments include vested share options and conditional share awards.
Expense recognised in year:

	2013 £000	2012 £000
Equity settled	**290**	855
Cash settled	**166**	70
TOTAL	**456**	925

Vested share options

Year of grant	Description	Exercise price (pence)	Exercise period	2013 number	2012 number
2004	Vested options	1	2009–2014	**128,495**	128,495

	Vested options number	LTIP	New LTIP	UK growth shares	Total number
At 1 January 2012	128,495	–	–	–	128,495
Vested	–	–	3,546,932	471,183	4,018,115
Exercised paid in equity*	–	–	–	(471,183)	(471,183)
At 31 December 2012	128,495	–	3,546,932	–	3,675,427
Vested	–	–	–	902,248	902,248
Exercised paid in equity*	–	–	(3,546,932)	(902,248)	(4,449,180)
At 31 December 2013	**128,495**	**–**	**–**	**–**	**128,495**

* The average price when these options were excised was 270.0p (2012: 145.6p).

The LTIP were conditional that the employee remains employed by the Group on the day of exercise; the vested options do not have this condition.

The number of shares granted under the UK growth shares and LTIP is dependent on the subsidiaries' and Group's profits. The number of shares granted under the New LTIP and 2012 LTIP is dependent on the Company's share price. As the number of shares to be awarded is variable, and it has not been included in the table above.

Conditional share awards

UK growth shares

M&C Saatchi (UK) Ltd has classes of equity whose restrictions classify them as share options under IFRS 2. The equity is convertible into M&C Saatchi plc's equity based on a valuation formula. If the participants exercise their rights to convert their equity in 2014, management estimate that this equity will exchange into 631,379 shares of M&C Saatchi plc (2012: 1,570,008).

During the year, 902,248 (2012: 471,183) M&C Saatchi plc shares were issued in return for subsidiaries' equity. The participants in this share scheme made a £2.7m gain, the highest payment to one person was £0.9m.

The options were valued based on the following assumptions:

Vesting and exercised at end	2011	2010
Share price at grant date	£0.50	£0.50
Vesting period	3 years	2 years
Dividend yield	7.24%	7.24%
Risk free rate	1.47%	1.47%
Fair value of option (per M&C Saatchi plc share issued)	£0.40	£0.43

As these options are nil value options, volatility has no effect on their fair value and there is no maximum term to these options. Valuation method used Black Scholes.

Conditional share awards

LTIP

In 2010 the Group issued new options under its long term incentive plan (LTIP) for senior employees. This could result in the issue of up to 110,759 (2012: 110,759) ordinary shares between 2014 and 2020 and a maximum bonus of £369,104 (based on our 31 December 2013 share price of 333.25p). The number of shares under option will vary with the real increase in diluted earnings per share. The maximum award will vest if real diluted earnings per share grows by 10% or more. At a real diluted earnings per share growth of 3%, 30% of the options will vest. Below 3% earnings per share growth no options will vest.

Grant date	14 October 2010
Share price at grant date	£1.16
Exercise price	£0
Maximum unvested shares under option	110,759
Vesting period (years)	4 to 5
Dividend yield	3.12%
Risk free rate	1.06%
Fair value of option	£1.02

As these options are nil value options volatility has no effect on their fair value. Valuation method used Black Scholes.

New LTIP

In 2010 each of the four participants paid £97,250 for the award, in the form of equity in a subsidiary. This is not refundable if the share price hurdles and a total shareholder return (TSR) conditions are not met.

During the year a total of 3,546,932 (2012: nil) M&C Saatchi plc shares were issued equally to four Directors of the Company in return for subsidiaries' equity. The four Company Directors shared equally in a £9.4m gain.

The final award will vest in 2014 if the Company's average ninety day closing mid-market share price as at 31 December 2014 is greater than or equal to 198.9p and if the Company's TSR is in the top half of the comparator group. If this condition is fulfilled then the participants are entitled to an award worth, in aggregate, ten percent of the Company's increase in market capitalisation above its 31 December 2013 value of £114.9m (i.e. 181.4p share price).

The accounting charge for the New LTIP in 2013 was £156,000 (2012: £653,000).

At exercise the subsidiaries' equity is converted into equity in the Company.

Grant date	14 October 2010
Share price at grant date	£1.16
Vesting period (years)	2 to 4
Dividend yield	3.12%
Risk free rate	1.06%
Volatility	30.77%
Total fair value of option	£1,756,000

Valuation method used Monte Carlo.

Share price risk New LTIP

On top of the 3,546,932 shares that vested in 2012, the number of shares that will vest in 2014 depends on the share price:

Share price	Movement %*	Number of shares to issue '000	Percentage of share capital
366.8p	+10.0%	3,065	4.94 %
333.3p	–	2,751	4.25%
300.0p	(10.0)%	2,369	3.82%
270.8p	(18.7)%	1,956	3.15%
180.4p	(45.6)%	–	–

The table has been adjusted for the 6,337,800 shares that the Company cancelled following the tender offer on 23 January 2014, as well as the 2,236,168 shares that the four participants sold.

* The movement is based on a yearend share price of 333.25p.

Notes
Continued

30. Share based payments continued

2012 LTIP

The 2012 LTIP was issued on 19 January 2012 when the Company's share price was 123.5p. The participants paid the fair market price for the award of £2,550. The award can be vested once at either 31 December 2014, 31 March 2015 or 30 September 2015. The condition for vesting is that the Company's share price is greater than or equal to 200.0p. The maximum number of the Company's shares awarded is equal to 255,000 M&C Saatchi Network Ltd G shares issued. This award reduces as the share price increases.

Grant date	14 October 2011
Share price at grant date	£1.24
Vesting period (years)	3
Dividend yield	3.6%
Risk free rate	1.02%
Volatility	50%
Total fair value of option	£0.23

Valuation method used Black Scholes binominal pricing model.

Share price risk 2012 LTIP

The number of shares that will be issued:

Share price	Movement %	Number of shares to issue '000	Percentage of share capital[1]
300.0p and above	(10.0)%	230	0.37%
250.0p	(25.0)%	255	0.41%
200.0p	(40.0)%	128	0.21%
199.0p	(40.3)%	–	–

[1] The table has been adjusted for the 6,337,800 shares that the Company cancelled following the tender offer on 23 January 2014.

Liability arising from share based payment

The following balances relate to cash based equity payments and employer's tax on share and cash based payments.

	2013 £000	2012 £000
Share based payment liabilities	**312**	146

31. Post balance sheet events

Following General Meeting approval on 7 January 2014, on 23 January 2014 the Company acquired and cancelled, by way of a tender offer, 6,337,800 shares at 335p each. The tender offer returned £21.2m of cash to shareholders.

We have been informed that the shareholders of 20% of the Group's Australian subsidiary wish to put their shares. This obligation will be fulfilled in July 2014 in accordance with the rules of their put option.

There are no other significant post balance sheet events.

32. Commitments

Capital commitments

There are no other significant capital commitments contracted for but not provided.

Operating leases

Commitments under operating leases are reported within note 6.

33. Related party transactions

Key management remuneration

Key management remuneration is disclosed in note 7.

Unaudited detail on Directors' remuneration is disclosed in the Remuneration Report on pages 36 and 37.

Other related parties

During the year, the Group entered into the following transactions with related parties:

Lloyd Dorfman is chairman of Travelex Holdings Ltd. During the year the Group charged subsidiaries of Travelex Holdings Ltd, on an arm's length basis, £105k (2012: £263k) for advertising and marketing services, of which £34k (2012: £109k) was outstanding at the year end.

Lloyd Dorfman is also chairman of The Office Group. During the year the Group charged The Office Group, on an arm's length basis, nil (2012: £10k) for advertising and marketing services, of which nil (2012: nil) was outstanding at the year end.

Tom Dery is a director of Australian Cancer. During the year the Group passed on third party costs to Australian Cancer of £2k (2012: nil), and charged them nil (2012: £4k) in fees, of which nil (2012: nil) was outstanding at the year end.

Maurice Saatchi is a trustee of Josephine Hart Foundation. During the year the Group charged, on an arm's length basis, Josephine Hart Foundation £94k (2012: £153k), of which £8k (2012: nil) was outstanding at the year end.

Lara Hussein has an equity interest in Brand Energy. During the year the Group was charged, on an arm's length basis, by Brand Energy £833k, of which £177k was unpaid at the year end.

David Kershaw is a member of board of governors of South Bank Enterprises. During the year the Group charged, on an arm's length basis, South Bank Enterprises £2k (2012: nil), of which nil (2012: nil) was outstanding at the year end.

During the year the Group made purchases of £66k (2012: £32k) from its associates. At 31 December 2013, there was £48k due to associates in respect of these transactions (2012: £33k). During the year, £1,084k (2012: £255k) of fees were charged by Group companies to associates. At 31 December 2013, associates owed Group companies £624k (2012: £149k).

To assist Tom Dery and Tom McFarlane (subsidiary directors) in acquiring 20% of M&C Saatchi Agency Pty Ltd in 2010, loans of £1.2m and AUD 2.0m (2012: £1.2m and AUD2.0m) were issued. These loans remain outstanding (see note 22 for further details).

During the year the Company recharged its subsidiaries and indirect subsidiaries with £1,006k (2012: £1,191k) of its costs, £202k (2012: £291k) of interest and paid £1k (2012: £2k) of interest. The balance outstanding can be seen in note 37 and 38.

34. Accounting policies

Critical accounting policies are set out in note 1.
Additional accounting policies followed by the group are:

Cost convention

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments. The principal accounting policies are set out below.

Basis of consolidation

The M&C Saatchi plc consolidated financial statements incorporate the financial statements of M&C Saatchi plc and entities (including special purpose entities) controlled by M&C Saatchi plc (and its subsidiaries). Control is achieved where M&C Saatchi plc has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where subsidiaries are acquired in the year, their results and cash flows are included from the date that we gain control up to the balance sheet date.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra Group transactions, balances, income and expenses are eliminated on consolidation.

Where a consolidated company is less than 100% owned by the Group, the non controlling interest share of the results and net assets is recognised at each reporting date.

Subsidiary acquisitions

The acquisition of subsidiaries is accounted for using the purchase method. The cost of acquisition is measured at the aggregate of the fair values of the assets given, liabilities incurred or assumed and the equity instruments issued by the Group in exchange for control. The identifiable assets and liabilities (including contingent liabilities) acquired that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the date of acquisition.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

All acquisition costs are expensed to income statement in the period that they occur.

Goodwill

Goodwill arising on the acquisition of a subsidiary is recognised as an asset, being the excess of the cost of the business combination over the interest in the fair value of the identifiable net assets acquired. Cost comprises the fair value of assets given, liabilities assumed (contingent and deferred consideration) and equity instruments issued.

In 2009 and before, where the Group increased its stake in a subsidiary, goodwill equals the difference between the consideration paid and the fair value of the minority interest acquired. In 2010 and beyond, such balances are taken to reserves in accordance with IAS 27. The amendment to the standard did not require retrospective restatement.

Goodwill relating to associates is included within the carrying value of the investment in associates.

Following initial recognition, goodwill is carried at cost less any accumulated impairment losses. Goodwill recognised under UK GAAP prior to the date of transition to IFRS is stated at net book value as at that date.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication of impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

The impairment test is based on management's projections for the next five years and regional growth rates thereafter.

Goodwill arising from foreign investments is retranslated at the year end rate.

Disposals of subsidiaries' equity that do not affect control

The difference between the consideration received and the credit to the non controlling interest reserve is credited directly to retained earnings. In the event that equity had previously been acquired under this revised standard then such a disposal will result in a release from non controlling interest acquired reserve to retained earnings.

Acquisitions of subsidiaries' equity that do not affect control

From 1 January 2012, acquisitions of subsidiaries' equity that do not affect control have been accounted for using non controlling interest reserve. How the non controlling interest reserve is used is described in note 2.

Corporate venturing investments

Investments in debt and equity securities held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the fair value reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

34. Accounting policies continued

Associates and joint ventures
Associates and joint ventures are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 10% and 50% of the voting rights, minority or equal board representation and, in case of shareholdings of between 10% and 20%, the Group treats the entity as an Associate where there are significant minority and contractual protections that allow us to influence dividend and investment flows. Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associates' and joint ventures' post acquisition profits or losses is recognised in the income statement, and its share of post acquisition movements is recognised in other comprehensive income. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Discontinued operations
Discontinued operations are a component of the Group's business that represents a separate major line of business or geographical area of operation that has been disposed of or is held for sale. Classification as discontinued operations occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

Intangible assets
Separately acquired intangible assets are capitalised at cost. Intangible assets acquired as part of a business combination are capitalised at fair value at the date of acquisition if they arise from contractual or other legal rights, and sufficient information exists to measure the fair value of the asset. Intangible assets that relate to associates are included within the carrying value of the investment in associates. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Intangible assets are stated at historical cost less accumulated amortisation and impairment.

Amortisation is provided to write off the cost of all intangible assets, less estimated residual values, evenly over their expected useful lives. The charge in the income statement is included in operating costs. Intangible assets are amortised to residual values over the useful economic life of the asset as follows:

Software	– 3 years
Customer relationships	– 1 to 5 years
Brand name	– 0 to infinity

The need for any intangible asset impairment write down is assessed by comparison of the carrying value of the asset against the higher of value in use and fair value less cost to sell.

Plant and equipment
Tangible fixed assets are stated at historical cost less accumulated depreciation.

Depreciation is provided to write off the cost of all fixed assets, less estimated residual values, evenly over their expected useful lives.

Depreciation is calculated at the following annual rates:

Leasehold improvements	– over the period of the lease
Furniture and fittings	– 10% in equal instalments
Computer equipment	– 33% in equal instalments
Other equipment	– 25% in equal instalments
Motor vehicles	– 25% in equal instalments

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the asset against the higher of fair value less cost to sell and the value in use.

Cash and cash equivalents
Cash and cash equivalents include, for the purposes of the balance sheet and cash flow statement, cash at bank and in hand and deposits with an original maturity of three months or less, net of legally offsettable overdraft, which are managed as part of cash balances.

Leased assets
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance lease agreements are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Where operating lease agreements include a fixed uplift for rental payments, the expense is straight lined, except in cases where another systematic basis better represents the benefit to us. Reverse premiums and similar incentives to enter into operating lease agreements are initially recorded as deferred income and released to profit or loss on a straight line basis over the lease term.

Segmental reporting
Segmental reporting reflects how management controls the business. Sales between business units are on an arm's length basis. The assets and liabilities of the segments reflect the assets and liabilities of the underlying companies involved.

Our business is run on an operating unit basis. In accordance with IFRS 8 paragraph 12, we have aggregated our operating units into regional segments. Clear has a different nature of service, and it is reported to the Board on a consolidated basis rather than on an office basis, as with other operating units; we therefore have allocated Clear as a separate segment.

Employee benefits – pensions
Contributions to personal pension plans are charged to the income statement in the period in which they are due.

UK growth shares
Some of our UK subsidiaries have shares that do not pay a dividend but instead have a right attached to the share allowing them to be exchanged into shares of M&C Saatchi plc via a put / call option. The value of the option, which can be exchanged into M&C Saatchi plc shares, is based on the Group's headline profit after tax multiple and excludes loss making companies. The valuation uses the growth of normalised post-tax profits of the subsidiary company above that company's 2007 profits plus a compounded growth factor. The Group has a nominal value call option in the event that the shareholders are no longer employed. This transaction has been treated as an equity settled transaction under IFRS 2.

The cost of equity settled transactions with these shareholders is measured and accounted for in accordance with the Group's stated policy for equity settled share based compensation.

M&C Saatchi Worldwide Ltd A and B shares
Some of the Company's Directors have purchased M&C Saatchi Worldwide Ltd A and B shares. These shares have rights to be converted into shares of the Company (see note 30). This transaction has been treated as an equity settled transaction under IFRS 2.

Taxation
Current tax, including UK and foreign tax, is provided for, using the tax rates and laws that have been substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not provided for temporary differences that arise: from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or loss; and on the initial recognition of goodwill.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the Group intends to settle its current tax assets and liabilities on a net basis.

Dividends
Interim dividends are recorded when they are paid and the final dividends are recorded when they become legally payable.

Earnings per share
The dilutive effect of unvested outstanding options is calculated based on the number that would vest had the balance sheet date been the vesting date. This dilution is reflected in the computation of diluted earnings per share.

Foreign currency
Foreign currency transactions arising from normal trading activities are recorded in functional currency at the rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the year end exchange rate. Where they form part of the net investment in foreign operations the gain or loss is charged directly to the foreign exchange reserve.

Foreign currency gains and losses are credited or charged to the income statement as they arise.

For overseas operations, results are translated at the average rate of exchange and balance sheets are translated at the closing rate of exchange. The average rate of exchange approximates to the rate on the date that the transactions occurred. Exchange differences arising from the translation of foreign subsidiary results are taken to a separate component of equity. Such translation differences will be recognised as income or expense in the period of disposal.

Financial instruments
Financial assets and financial liabilities principally include the following:

Trade receivables
Trade receivables do not carry any interest and are stated at amortised cost. Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms receivable.

Notes
Continued

34. Accounting policies continued

Trade and other liabilities
Trade and other liabilities are not interest bearing and are stated at their amortised cost.

Classification of financial instruments
The financial assets and liabilities of the Group are classified into the following financial statement captions in accordance with IAS 39 financial instruments:

Loans and receivable
Measured at amortised cost, separately disclosed as cash and cash equivalents; current tax assets; trade and other receivables (with the exclusion of prepayments); and loans to employees within other non current assets.

Financial liabilities at fair value through profit or loss
Separately disclosed as minority shareholder put option liabilities.

Financial liabilities measured at amortised cost
Separately disclosed as trade and other payables; current tax liabilities; other financial liabilities; deferred and contingent consideration; and other non current liabilities.

Bank borrowings
Interest bearing bank loans and overdrafts are initially recorded as the proceeds received, net of direct issue costs. Direct issue costs are amortised over the period of the loans and overdrafts to which they relate. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement using the effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Treasury shares
When the Group reacquires its own equity instruments, those instruments (treasury shares) are debited to treasury reserve. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's treasury shares. Such treasury shares may be acquired and held by other members of the Group. Consideration paid or received is recognised directly in equity.

IFRS 13 hierarchy – Capital structure and finance cost

Level 1
Fair values measured using quoted (unadjusted) prices in active markets for assets and liabilities (e.g. cash, debtors and creditors).

Level 2
Fair values using inputs, other than quoted prices including within Level 1, that are observable for assets or liability either directly or indirectly. The Group does not hold such items at year end, though may hold such items during the year. These items include forward foreign exchange contracts.

Level 3
Fair values measured using inputs for assets or liabilities that are not based on observable market data. Such items include the Group's put option liability, contingent consideration, investments, and some inputs to profit based share options.

Standards effective for the first time this year
A number of new and amended standards became effective for periods beginning on or after 1 January 2013. The Directors consider the impact of these standards on the Group and conclude that none are material to the Group's results and financial position. They include:

IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. (Effective for accounting periods beginning on or after 1 January 2013.)

Standards not yet effective
New standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting periods beginning after 1 January 2014 and which the Group has decided not to adopt early. None of these standards have a material effect on our accounts. Those that are relevant to the Group are:

IFRS 9 Financial Instruments will eventually replace IAS 39 in its entirety. (Effective for accounting periods beginning on or after 1 January 2018.)*

IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The new standard replaces the consolidation requirements in SIC-12 Consolidation – Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2014).

IFRS 11 Joint arrangements treats accounting of joint ventures the same as associates (effective for accounting periods beginning on or after 1 January 2014).

IFRS 12 Disclosure of Interests in Other Entities includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities (effective for accounting periods beginning on or after 1 January 2014).

Standards, not yet effective, which are not expected to be relevant to the Group
Amendments to IAS 28 (effective for accounting periods beginning on or after 1 January 2014).

Amendments to IAS 27 (effective for accounting periods beginning on or after 1 January 2014).

* These standards have not yet been endorsed by the EU.

Company balance sheet

At 31 December	Note	2013 £000	2012 £000
Fixed assets			
Investments	36	**81,942**	81,537
Current assets			
Cash at bank		**15,008**	–
Debtors			
– due within one year	37	**17,898**	8,155
– due after one year	37	**2,473**	2,657
		35,379	10,812
Creditors falling due within one year	38	**(26,007)**	(15,726)
Net current liabilities		**9,372**	(4,914)
Total assets less current liabilities		**91,314**	76,623
Creditors falling due after more than one year	39	**–**	(3,910)
Total assets		**91,314**	72,713
Capital and reserves			
Share capital	41	**690**	641
Share premium	41	**16,402**	14,625
Merger reserve	41	**48,817**	48,817
Treasury reserve	41	**(792)**	(792)
Profit and loss account	41	**26,197**	9,422
Shareholders' funds		**91,314**	72,713

These financial statements were approved and authorised for issue by the Board on 19 March 2014 and signed on its behalf by:

Jamie Hewitt
Finance Director
M&C Saatchi plc
Company Number 05114893

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. Included within the consolidated income statement for the year ended 31 December 2013 is a profit after tax of £20,457k (2012: £184k).

The notes on pages 90 to 92 form part of these financial statements.

Notes

35. Accounting policies

The financial statements have been prepared under the historical cost convention in accordance with applicable UK accounting standards.

The following principal accounting policies have been applied:

(a) Valuation of investments
Investments held as fixed assets are stated at cost, less any provision for impairment.

(b) Pensions
Contributions to personal pension plans are charged to the profit and loss account in the period in which they are due.

(c) Deferred taxation
Deferred tax balances are recognised for all timing differences that have originated but that have not reversed by the balance sheet date. The recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

(d) Share based payments
Certain employees receive remuneration in the form of share based payments, including shares or rights over shares. The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted, excluding the impact of any non market vesting conditions (for example, profitability and sales growth targets). The non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date the entity revises its estimates of the number of the options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to equity over the remaining vesting period. Where awards depend on future events we assess the likelihood of these conditions being met and make an appropriate charge at the end of each reporting period. The credit for equity settled transactions is taken to the share option reserve.

The charge for equity settled share based payments is recognised, together with a corresponding increase in equity, over the vesting period of the related share options. The cumulative expense recognised for equity settled share based payments at each reporting date reflects the extent to which the Directors consider, as at the balance sheet date, that the awards will ultimately vest.

For cash settled share based payments, a liability is recognised for the amount payable at the balance sheet date with a corresponding charge being made to the profit and loss account. Where payments depend on future events an assessment is made of the likelihood of these conditions being met in determining the amounts to be recorded. Where cash settled share options are only part of the way through their vesting period, the liability and profit and loss account charge are adjusted to reflect the proportion of the vesting period that has been covered up to the balance sheet date.

Share based payments include options issued to employees and other long term equity linked bonuses. Payments may be in the form of cash or equity. When options are exercised, the cash received for the issued shares is taken to share capital and share premium and the related balance in the share option reserve is taken to the profit and loss reserve.

Where equity settled share options are issued to employees of subsidiary companies, the Company charges the employer (subsidiary) with its employees' share of cumulative expense. This is paid within 30 days.

(e) Dividends
Interim dividends are recorded when they are paid and the final dividends are recorded when they become legally payable.

(f) Treasury shares
When the Company reacquires its own equity instruments, those instruments (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's treasury shares. Such treasury shares may be acquired and held by the Company or by other members of the Group. Consideration paid or received is recognised directly in equity.

36. Investments in subsidiary undertakings

	2013 £000	2012 £000
At 1 January	**81,537**	81,537
Disposal of subsidiaries	**–**	(81,537)
Increased investment in subsidiary	**405**	81,537
At 31 December	**81,942**	81,537

The significant subsidiary undertakings are listed in note 17 to the consolidated financial statements.

In 2012 the Company sold its direct interest in M&C Saatchi Worldwide Ltd in return for equity in M&C Saatchi Network Ltd.

In 2013 the Company increased its investment in M&C Saatchi Worldwide Ltd.

37. Current assets

Amounts due less than one year	2013 £000	2012 £000
Amounts from subsidiary undertakings	**16,914**	7,754
Prepayments and accrued income	**91**	72
Corporation tax debtor	**839**	327
Other debtors	**54**	2
Total trade debtors and other receivables	**17,898**	8,155
Amount due after more than one year		
Deferred tax asset	**80**	47
Loans to employees*	**2,393**	2,610
Total debtors due after more than one year	**2,473**	2,657

* This relates to the £1.2m (2012: £1.2m) and the AUD2.0m (2012: AUD 2.0m) loans that the Company lent local management of M&C Saatchi Agency Pty Ltd to enable them to acquire 20% of that business. The loan is repayable if the purchasers no longer have a beneficial interest in the shares of the Australian Group. The loan is unsecured and is at the Bank of England's base rate of interest; interest on the loan compounds annually and is payable on repayment.

38. Creditors falling due within one year

	2013 £000	2012 £000
Overdrafts	–	(11,083)
Trade creditors	**(243)**	(87)
Amounts due to subsidiaries	**(25,200)**	(4,210)
Accruals and deferred income	**(207)**	(151)
Other payables	**(357)**	(195)
	(26,007)	(15,726)

39. Creditors falling due after more than one year

	2013 £000	2012 £000
Bank loans	–	(3,910)

40. Directors' remuneration

	2013 £000	2012 £000
Total for eight Directors:		
Directors' salaries and benefits	**2,069**	2,077
Contribution to money purchase pension schemes	**65**	62
Total remuneration before accounting charges	**2,134**	2,139
Share option charges	**354**	762
	2,488	2,901

	2013 £000	2012 £000
Highest paid Director:		
Directors' salaries and benefits	**427**	428
Contribution to money purchase pension schemes	**1**	1
Total remuneration before accounting charges	**428**	429
Share option charges	**38**	163
	466	592

Unaudited detail on Directors' remuneration is disclosed in the Remuneration Report on pages 36 and 37. These numbers include accounting charges for the LTIP schemes which the Remuneration Report excludes.

During the year, 3,546,932 (2012: nil) M&C Saatchi plc shares were issued to four directors, in return for Directors' interest in M&C Saatchi Worldwide Ltd A ordinary shares. Further details including the resulting gains can be found in note 30.

The number of Directors with a money purchase pension scheme was 5 (2010: 5).

Notes
Continued

41. Capital and reserves

Year of grant	Share capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	Profit and loss account £000	Total £000
At 1 January 2012	635	13,832	48,817	(792)	11,976	74,468
Issue of shares	1	115	–	–	–	116
Options exercised	5	678	–	–	(683)	–
Reclassification of share to cash based options	–	–	–	–	–	–
Equity settled share based payments	–	–	–	–	855	855
Dividends paid	–	–	–	–	(2,910)	(2,910)
Profit for the year	–	–	–	–	184	184
AT 31 DECEMBER 2012	641	14,625	48,817	(792)	9,422	72,713
Options exercised	44	496			(551)	(11)
Equity settled share based payments	–	–	–	–	290	290
Put options exercised	5	1,281	–	–	–	1,286
Dividends paid	–	–	–	–	(3,421)	(3,421)
Profit for the year	–	–	–	–	20,457	20,457
AT 31 DECEMBER 2013	**690**	**16,402**	**48,817**	**(792)**	**26,197**	**91,314**

42. Related parties

During the year, the Company charged a management recharge to subsidiaries totalling £1,006k (2012: £1,191k). £46k (2012: £230k) was due in relation to this management recharge from subsidiaries as at the balance sheet date. Including these amounts the Company also provides short-term working capital loans to and borrows funds from certain subsidiaries, disclosed in Notes 37 and 38. The amounts due from subsidiary undertakings of £16,914k (2012: £7,754k) is net of £7,406k (2012: £8,553k) provisions for doubtful accounts.

Further details of related parties of the Company are provided in note 33.

Independent auditors' report to the members of M&C Saatchi plc

We have audited the financial statements of M&C Saatchi plc for the year ended 31 December 2013 set out on pages 38 to 92. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 33, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:
- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2013 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

John Bennett
(Senior statutory auditor)
For and on behalf of KPMG Audit Plc, statutory auditor
Chartered Accountants
15 Canada Square
London, E14 5GL
United Kingdom

19 March 2014

KPMG Audit Plc is a subsidiary of KPMG Europe LLP registered in England and Wales (with registered number 3110745).

Additional information

Advisors
Nominated advisor and broker
Numis Securities Ltd
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT
www.numiscorp.com

Solicitors
Olswang
90 High Holborn
London WC1V 6XX
www.olswang.com

Auditors
KPMG Audit Plc
15 Canada Square
Canary Wharf
London E14 5GL
www.kpmg.com

Bankers
National Westminster Bank Plc
1 Princes Street
London EC2R 8BP
www.natwest.com

Registrars
Computershare Investor Services Plc
The Pavilions
Bridgwater Road
Bristol BS13 8AE
www.computershare.com

Secretary and registered office
Andy Blackstone
M&C Saatchi plc
36 Golden Square
London W1F 9EE
www.mcsaatchiplc.com

Country of registration
England and Wales

Company number
05114893

Investor relations website
www.mcsaatchiplc.com

Corporate events
AGM
11 June 2014

Final 2013 dividend paid
4 July 2014

To those on the register on
6 June 2014

Interim 2014 statement
11 September 2014

Interim 2014 dividend paid
14 November 2014

To those on the register on
31 October 2014

Preliminary announcement of 2014 result
Late March 2015

Designed and produced by Addison Group
www.addison-group.net

M&CS