

**Manning Gottlieb OMD (formerly Manning
Gottlieb OMD Limited)**

**Directors' report and financial
statements**

Registered number 2477134

16 month period ended

30 April 2006

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Directors' report

The directors present their report on the affairs of the company together with the financial statements and auditors' report for the 16 months ended 30th April 2006

As at the 30th April 2006, Manning Gottlieb OMD Ltd's assets were transferred to OMD Group Ltd, company number 02078820. Manning Gottlieb OMD Ltd was subsequently re-registered under the companies act as unlimited.

Principal activity and business review

The principle activity of the company until 31 March 2006 was as a media buying, planning and consultancy agency. The directors are satisfied with the company's results for the period to be satisfactory and in line with expectations.

With effect from 31 March 2006, the business and associated assets of the company were transferred to OMD Group Limited.

In March 2006, the company was re-registered as an unlimited company.

As the director does not intend to acquire a replacement trade, the financial statements have not been prepared on a going concern basis. This effect is explained in note 1.

Change of name

In March 2006 the company changed its name from Manning Gottlieb OMD Limited to Manning Gottlieb OMD.

Dividend in specie

On the 31st March 2006, the company declared a dividend in specie representing the company's business, associated assets less liabilities in order to transfer its activities to OMD Group Limited.

Share capital and share premium

In March 2006, the company cancelled 109,348 ordinary shares of 10p each and 1,425 deferred shares of 10p each and the entire balance on the share premium account was transferred to retained earnings.

Results

	16 months to 30 April 2006	2004
	£	£
Profit on ordinary activities before taxation	4,658,381	3,512,837
Tax on profit on ordinary activities	(1,373,377)	(1,108,763)
Profit on ordinary activities after taxation	<u>3,285,004</u>	<u>2,404,074</u>

Dividends

The directors recommend a final dividend of £3,285,004 (2004 £nil).

Directors' report *(continued)*

Directors and their interests

The directors who served during the year and subsequently together with their beneficial interests in the company's shares at the dates specified were as follows

B Dickerson	(resigned 20 March 2006)
R Fitch	(resigned 20 March 2006)
J Gittings	(resigned 20 March 2006)
S Hall	(resigned 20 March 2006)
N Hurman	(resigned 20 March 2006)
S Loney	(appointed 20 March 2006)
N Manning	(resigned 20 March 2006)
R Mudge	(resigned 20 March 2006)
P Nunn	(resigned 20 March 2006)
M Telling	(resigned 20 March 2006)
P Thomson	(resigned 20 March 2006)
B White	(resigned 20 March 2006)

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year except as indicated below

Directors Name	At start of year	Number of options during the year		At year end	Exercise Price	Date from which exercisable	Expiry date
		Granted	Exercised				
B Dickerson	547	-	-	547	87 219	1 Jan 2003	31 Dec 2006

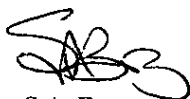
Political and charitable contributions

The company made no political contributions during the year

Auditor

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming AGM

By order of the board



S A. Bray
 Secretary

Seymour Mews House
 26-37 Seymour Mews
 London
 W1H 6BH

6th August, 2007

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the annual report and accounts,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.



KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of Manning Gottlieb OMD

We have audited the financial statements of Manning Gottlieb OMD for the 16 months ended 30th April 2006 which comprise the Profit and Loss Account, the Balance Sheets and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report and Accounts in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2006 and of the it's results for the period then ended, and
- have been properly prepared in accordance with the Companies Act 1985

KPMG Audit Plc
KPMG Audit Plc
Chartered Accountants
Registered Auditor

6, August 2007

8 Salisbury Square
London EC4Y 8BB
United Kingdom

Profit and loss account
for the 16 months ended 30th April 2006

	Notes	16 months to 30 April 2006	2004
		£	£
Turnover (Billings)	<i>1</i>	350,538,723	277,601,411
Rebillable costs		(330,941,844)	(263,852,481)
Revenue / gross profit	<i>1,2</i>	19,596,879	13,748,930
Administrative expenses		(15,665,765)	(10,931,212)
Operating profit		3,931,114	2,817,718
Interest receivable and similar income	<i>6</i>	727,267	802,859
Interest payable and similar charges	<i>7</i>	-	(107,740)
Profit on ordinary activities before taxation	<i>3-8</i>	4,658,381	3,512,837
Tax on profit on ordinary activities	<i>8</i>	(1,373,377)	(1,108,763)
Profit for the financial year		3,285,004	2,404,074

The results from above are derived wholly from discontinued operations

This profit and loss account includes all recognised gains and losses arising during the year and the prior year

There is no difference between the company's historical profit and that reported on the profit and loss account

The accompanying notes on pages 8 to 17 form an integral part of this profit and loss account

Balance sheet

at 30 April 2006

	Notes	16 months to 30 April 2006		2004	
		£	£	£	£
Fixed assets					
Tangible assets	9	-	-	160,317	
Investments	10	-	-	20,580	
			-	180,897	
Current assets					
Work in progress	11	-	44,115		
Debtors (including £74,793 (2003 £24,541) due after more than one year)	12	-	38,257,554		
Cash at bank and in hand		2	36,788,051		
		2	75,089,720		
Creditors amounts falling due within one year	13	-	(68,655,053)		
Net current assets			2	6,434,667	
Total assets less current liabilities			2	6,615,564	
Provisions for liabilities and charges	14	-	-	(160,000)	
Net assets			2	6,455,564	
Capital and reserves					
Called up share capital	15	2	11,078		
Share premium account	16	-	109,404		
Profit and loss account	16	-	6,335,082		
Total shareholders' funds	18	2	6,455,564		
Shareholders' funds may be analysed as					
Equity interests		2	6,455,421		
Non-equity interests		-	143		
		2	6,455,564		

The accompanying notes on pages 8 to 17 form part of this balance sheet

These financial statements were approved by the board of directors on
signed on its behalf by

6th August, 2007 and were



S Loney
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts as the company is included in the consolidated accounts of a larger group headed by Omnicom Europe Limited, a parent undertaking established under the law of a member state of the European Union. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standards ("FRS") 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of Omnicom Group Inc. which includes the company in its own published consolidated financial statements.

As a wholly owned subsidiary of Omnicom Group Inc., the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Omnicom Group Inc., within which this company is included, can be obtained from the address given in note 21.

In previous years, the financial statements have been prepared on a going concern basis. However with effect from 31 March 2006, the director took the decision to cease trading following the transfer of trade to OMD Group Limited. As there is no intention to acquire a replacement trade, the director has not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining assets are included in these financial statements.

Fixed assets depreciation

Fixed assets are stated at historical cost less accumulated depreciation and any provision for impairment.

Expenditure on leasehold improvements is depreciated at a rate calculated to reduce the value to £nil on expiry of the lease.

Depreciation is provided at rates calculated to write off the cost of the assets less estimated residual value over their expected useful lives on a straight line basis. The annual rates of depreciation are as follows:-

Furniture and equipment - 25% to 33 3%
Leasehold Improvement - Over the life of the lease

Prior Year Adjustment

During the year the company adopted FRS21 "Events after the Balance Sheet date" which superseded SSAP17. Under the new standard, dividends declared after the balance sheet date are no longer recognised as an asset at balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases are capitalized and the outstanding future lease obligations are shown in creditors. Operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Accounting policies (continued)

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost consists of direct expenses incurred on unbilled work. Net realisable value is based on estimated sales value less further costs to completion.

Work in progress consists of amounts spent by the company on behalf of its clients which have not been recharged to clients by the end of the year.

Taxation

Corporation tax payable is provided on taxable profits using the tax rates and laws that have enacted or substantially enacted by the balance sheet date.

Deferred taxation is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have not arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover (Billings)

Turnover (Billings) comprises the amounts billed to clients in respect of commission based income together with the total of other fees earned and amounts recharged to clients for rebillable costs.

Rebillable costs

Rebillable costs comprises media payments and third party production costs for those services that the company is arranging for its clients in its capacity as an intermediary. The company contracts directly with suppliers and is responsible for their payment, recharging its clients for all costs incurred. Although the company bears credit risk in respect of these activities, the arrangements with its clients are such that, in effect it acts as an intermediary on behalf of its client. Where the company acts as an intermediary, costs incurred with external suppliers are excluded from revenue.

Revenue

Consequently, revenue comprises fees, and commissions earned in respect of gross billings and direct costs, which meet the Companies Act definition of turnover. Revenue is recognised when services are performed, in accordance with the terms of arrangements reached with each client. Gross billings and revenue are stated exclusive of VAT, sales taxes and trade discounts.

2 Segmental information

The whole of the company's turnover (billings) and operating profit for the year related to its principle activity, which is that of media planning, buying and consultancy, was carried out in the United Kingdom. Revenue analysed by destination was not materially different from revenue by origin.

Notes (continued)

3. Profit on ordinary activities before taxation

	16 months to 30 April 2006	2004
	£	£
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation on tangible fixed assets	155,668	166,437
Property rentals under operating leases	545,824	417,461
Other rentals under operating leases	259,013	153,974
Auditors' remuneration - audit	58,013	44,910
<i>after crediting</i>		
Exchange gains	-	(84,182)
	<u> </u>	<u> </u>

4. Remuneration of directors

	16 months to 30th April 2006	2004
	£	£
Directors' emoluments	2,255,355	1,838,326
Compensation for loss of office	-	30,000
	<u> </u>	<u> </u>
	2,255,355	1,868,326
	<u> </u>	<u> </u>

The aggregate of emoluments and amounts receivable under long term incentives schemes of the highest paid director was £473,384(2004 £345,163)

	Number of Directors 16 months to 30 April 2006	2004
The number of directors who exercised share options was	-	2
	<u> </u>	<u> </u>

The company's directors participate in the restricted stock scheme operated by the Ultimate Parent Undertaking. Shares were received or receivable under this restricted share scheme by 0 directors (2004 10)

Under this scheme, certain directors have been awarded restricted shares in the ultimate parent undertaking, Omnicom Group Inc. The restricted shares typically vest in 20% annual increments provided the director remains an employee of the Omnicom group. Restricted shares may not be sold, transferred, pledged or otherwise encumbered until the restrictions lapse. Under most circumstances, the director forfeits the shares still subject to restriction in return of the nominal price they paid for them at the time the award was granted, if the director ceases employment prior to the end of the period of restriction.

Amounts recognised as long term incentive are in respect of restricted share awards vesting within the year. At the end of the year the company had accrued £68,205 (2004 £123,310) in respect of unvested restricted share awards to directors.

Notes (continued)

5. Staff numbers and costs

The average number of persons employed by the company (including executive directors) during the year, analysed by category, was as follows

	Number of employees	
	16 months to 30 April 2006	2004
Media planning and buying	129	116
Administration	13	9
	<u>142</u>	<u>125</u>

The aggregate payroll costs of these persons were as follows

	16 months to 30 April 2006 £	2004 £
Wages and salaries	8,467,161	5,882,916
Social security costs	948,718	653,458
Severance costs	-	30,000
	<u>9,415,879</u>	<u>6,566,374</u>

6. Interest receivable and similar income

	16 months to 30 April 2006 £	2004 £
Bank interest receivable	<u>727,267</u>	<u>802,859</u>

7 Interest payable and similar charges

	16 months to 30 April 2006 £	2004 £
Interest payable	=	<u>107,740</u>

Notes (continued)

8. Taxation

The tax charge is based on the profit for the year and comprise

	16 months to 30 April 2006	2004
	£	£
Corporation tax at 30% (2003 30%)	1,373,377	1,108,763

Factors affecting the tax charge for the current period

The effective tax rate (2006 29%, 2004 32%) for the current year is lower than the standard tax rate as explained below

	16 months to 30 April 2006	2004
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary profit before taxation	4,658,381	3,512,837
Current tax at 30% (2004 30%)	1,397,514	1,053,851
<i>Effect of</i>		
Expenses not deductible for tax purposes	66,280	22,100
Depreciation in excess of capital allowance	40,835	32,812
Over provision in 2004	(131,252)	-
Total current tax charge (see above)	1,373,377	1,108,763

Notes (continued)

9. Tangible fixed assets

	Short leasehold property improvements £	Furniture and equipment £	Total £
Cost			
At 1 January 2005	636,560	707,312	1,343,872
Additions			
Transfer to OMD Group Ltd	(636,560)	(707,312)	(1,343,872)
	<hr/>	<hr/>	<hr/>
At 30 April 2006	-	-	-
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2005	489,875	693,680	1,183,555
Charge for the period	142,077	13,591	155,668
Transfer to OMD Group Ltd	(631,952)	(707,271)	(1,339,223)
	<hr/>	<hr/>	<hr/>
At 30 April 2006	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 April 2006	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2004	146,685	13,632	160,317
	<hr/>	<hr/>	<hr/>

10 Fixed asset investments

	16 months to 30 April 2006 £	2004 £
Cost and net book value		
At 1 January 2005	20,580	-
Addition	-	20,580
Transfer to OMD Group Ltd	(20,580)	-
	<hr/>	<hr/>
At 30 April 2006	-	20,580
	<hr/>	<hr/>

Name of Company	Country of registration and operation	Class of share held	%	Activity
Goodstuff LLP	United Kingdom	Ordinary	25	Media Planning

Notes (continued)

11. Work in progress

	16 months to 30 April 2006	2004
	£	£
Work in progress	-	44,115
	<hr/>	<hr/>

12. Debtors

	16 months to 30 April 2006	2004
	£	£
Trade debtors	-	32,341,934
Amounts owed by group undertakings	-	3,064,219
Other debtors	-	138,168
Prepayments and accrued income	-	2,613,778
Unamortised restricted stock	-	24,662
	<hr/>	<hr/>
	-	38,182,761
Amounts due after more than one year:		
Unamortised restricted stock	-	74,793
	<hr/>	<hr/>
	-	38,257,554
	<hr/>	<hr/>

13. Creditors: Amounts falling due within one year

	16 months to 30 April 2006	2004
	£	£
Trade creditors	-	61,539,796
Amounts owed to group undertakings	-	1,155,297
Corporation Tax	-	512,346
VAT payable	-	553,163
Social security tax	-	417,426
Other creditors	-	-
Accruals and deferred income	-	4,477,025
Dividend payable	-	-
	<hr/>	<hr/>
	-	68,655,053
	<hr/>	<hr/>

Notes (continued)

14. Provisions for liabilities and charges

	16 months to 30 April 2006 £	2004 £
Dilapidation provision for leased property		
At 1 January	160,000	-
Provision for the year	80,000	160,000
Transfer to OMD Group Ltd	(240,000)	
	<hr/>	<hr/>
At 30 April 2006	-	160,000
	<hr/>	<hr/>

15. Called up share capital

	16 months to 30 April 2006 £	2004 £
<i>Authorised</i>		
124,765 ordinary shares of 10p each	12,476	12,476
1,425 deferred shares of 10p each	143	143
	<hr/>	<hr/>
	12,619	12,619
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
2 (2004 109,350) ordinary shares of 10p each	2	10,935
Nil (2004 1,425) deferred shares of 10p each	-	143
	<hr/>	<hr/>
	2	11,078
	<hr/>	<hr/>

In March 2006, the company cancelled 109,348 ordinary shares of 10p each and 1,425 deferred shares of 10p each and the resulting credit of £11,076 was transferred to the profit and loss reserve

16. Share premium and reserves

	Profit and loss Account £	Share Premium Account £
At the beginning of the period	6,335,082	109,404
Profit for the financial period	3,285,004	-
Dividend paid	(9,197,417)	-
Capital reduction	11,076	-
Transfer from share premium reserve	109,404	(109,404)
Dividend in specie to parent undertaking	(543,149)	
	<hr/>	<hr/>
At end of period	-	-
	<hr/>	<hr/>

In March 2006, the entire balance on the share premium account was transferred to the profit and loss reserve

Notes (continued)

17 Commitments

Capital commitments

There were no capital commitments contracted for at 30 April 2006 (2004 £nil)

Lease commitments

The company has annual commitments under operating leases as follows

	16 months to 30 April 2006		2004	
	Furniture fittings and motor vehicles £	Leasehold property £	Furniture fittings and motor vehicles £	Leasehold property £
Operating leases which expire				
Within one year	-	-	13,079	-
In the second to fifth years inclusive	-	-	110,217	417,461
Over five years	-	-	2,774	-
	<hr/>	<hr/>	<hr/>	<hr/>
			126,070	417,461
	<hr/>	<hr/>	<hr/>	<hr/>

Guarantees

Omnicom Europe Limited, jointly and severally with certain of its subsidiary undertakings including Manning Gottlieb OMD Limited, has entered into an £8,000,000 collective net overdraft facility with HSBC Bank plc. HSBC Bank plc has the right to apply positive cash balances of the company against indebtedness or liability of any of the other companies named in the agreement. This facility is guaranteed by Omnicom Group Inc.

18. Reconciliation of movement in shareholders' funds

	16 months to 30 April 2006 £	2004 £
Profit for the financial period	3,285,004	2,404,074
Dividend in specie to parent undertaking	(543,149)	-
Dividend Paid	(9,197,417)	-
	<hr/>	<hr/>
Net reduction in shareholders' funds	(6,455,562)	-
Opening shareholders' funds	6,455,564	4,051,490
	<hr/>	<hr/>
Closing shareholders' funds	2	6,455,564
	<hr/>	<hr/>

19. Sale of business

During the year the trade and net assets of Manning Gottlieb OMD were transferred to OMD Group Limited at their book value in return for intercompany consideration of £543,149. The book values of the assets transferred were as follows

	Net Assets £
Fixed Assets	10,409
Work in Progress	864,934
Debtors	39,493,849
Cash	27,333,438
Less creditors falling due within one year	(66,919,481)
Less provisions for liabilities and charges	(240,000)
	<u>543,149</u>
Satisfied by	
Intercompany consideration	<u>543,149</u>

20. Ultimate parent company

Manning Gottlieb OMD Limited is a wholly owned subsidiary of Omnicom Europe Limited, a company registered in England and Wales

The immediate parent company of Manning Gottlieb OMD is OMD Europe Ltd whose principal place of business is at Seymour Mews House, 26-37 Seymour Mews, London W1H 6BN

The smallest group in which the company's results are included are the consolidated accounts of its ultimate United Kingdom parent company, Omnicom Europe Limited, whose principal place of business is at 239 Old Marylebone Road, London NW1 5QT

The largest group in which the company's results are included is the consolidated accounts of the ultimate parent company, Omnicom Group Inc, a company incorporated in the United States of America. These consolidated accounts are available to the public and may be obtained from Omnicom Group Inc, 437 Madison Avenue, New York, NY10022, U S A