M&CSAATCHI

M&C SAATCHI PLC
ANNUAL REPORT 2015

ANNUAL REPORT

CHAIRMAN

The Board is delighted to announce another year of healthy organic growth

There is a certain pleasure in seeing your strategy working There is another, almost equal, pleasure in seeing it being recognised The City regularly awards M&C Saatchi plc a 15% higher rating than the average of our media sector peers. Why?

Recently, the advertising industry trade paper, Campaign Magazine, carried this headline It pays to turn agency leaders into agency owners

The article* featured the graphic used on the front of this report

It also included the chart shown on across the page .opposite.

It appears that the area where ownership has its greatest effect is on the growth of profit, then upon the growth of gross income, then turnover As long term shareholders will know, shared ownership has been our philosophy since birth It allows us to attract people who are too driven to be employed, who won't be wage slaves, who feel they are born to be masters, not servants of their destiny

The table also suggests why many of our competitors have to rely on acquisition for growth Without incentive, companies don't grow, they shrink

Another part of our DNA is the constant creation of new companies New Business and New Businesses is the mantra

The table below that shows the number of the Group's start-ups over the years We are glad to see the rate shows no sign of slowing

Additionally the table highlights our profit splits between new company's and older company's since inception Broadly, it is a third, a third, a third. And the more recent the company, the greater the growth rate, perhaps obviously as it starts from a small base

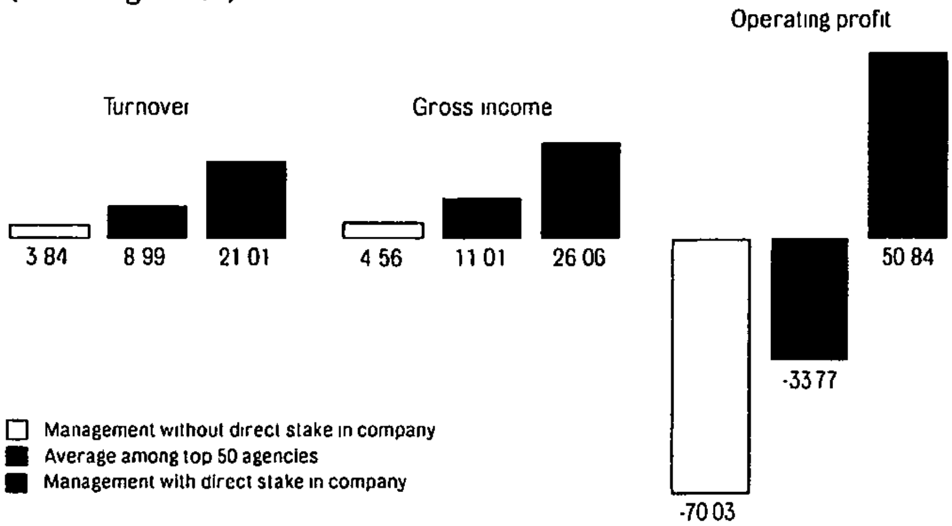
In a world driven by change, the only safety is change itself As veteran industry commentator, Bob Willott put it in a recent article· It is hard not to believe that M&C Saatchi's model is one that many other companies should be following

We can't let the year pass without recording the Board's praise for the Australian office They won back a cherished client who left us 5 years ago Welcome back Woolworths

Finally, the UK had an effective year Firstly in helping keep the United Kingdom united Secondly, in helping keep the Conservatives in office With a simple image you can change the world

Jeremy Sinclair

Ownership analysis at the top 50 independent marketing services companies
(% 2014 growth)



Number of companies	10+ years	6-10 years	0-5 years
UK	11	6	18
Europe	1	10	4
Middle East and Africa	-	2	5
Asia and Australasia	10	6	11
Americas	2	4	6
Total	**24**	**28**	**44**

Headline profit before tax (£m)	10+ years	6-10 years	0-5 years
UK	3 2	1 7	2 1
Europe	0 1	3 0	0 5
Middle East and Africa	-	0 8	0 3
Asia and Australasia	3 6	-	0 7
Americas	0 8	1 1	2 3
Total	**7.7**	**6 6**	**5.9**
In %	36	33	31

* Article by Mandy Merron of Kingston Smith, in Campaign magazine 26 02 2016

RESULTS

REVENUE + 6%
PROFIT + 17%
EARNINGS + 28%
EPS + 17%

All on a headline basis as defined in note 3.

NEW BUSINESS

ABU DHABI TOURISM
AIRBUS
BAKER & MCKENZIE
BECKS
BNY MELLON
CANYON RANCH
CARNIVAL
COM HEM
CONTINENTAL TYRES
CORNETTO (UNILEVER)
DELTA
E.ON
ING
LANCEWOOD
MALAYSIAN AIRLINES
MITSUBISHI
NCAA
PASSPORT SCOTCH (PERNOD RICARD)
PHE (ADULT HEALTH)
PLANNED PARENTHOOD
RENFE
ROYAL MAIL
SAMSUNG
THE NEW YORKER
TONI & GUY (UNILEVER)
TWINSAVER
UNICREDIT
WONDA COFFEE
WOOLWORTHS

CHIEF EXECUTIVE

Summary of results

2015 saw record results with very good revenue momentum and earnings growth

UK

Revenue in the UK was up 6%, with CRM and Mobile continuing to perform particularly positively. We experienced a strong run of account wins across our group of businesses, including Airbus, BNY Mellon, Carnival, PHE (adult health), Royal Mail, Samsung, Pernod Ricard's Passport Scotch, and Unilever's Toni & Guy and Cornetto

M&C Saatchi Mobile was again awarded Mobile Agency of the Year We are rolling out LIDA, our CRM agency together with M&C Saatchi PR internationally, which follows successful roll-outs in recent years of our Mobile and Sport & Entertainment operations In addition, we have launched M&C Saatchi Shop to help clients drive purchase conversion.

As ever, we retained a careful watch on costs to support margins, resulting in a headline operating margin of 14 0% (2014 14 9%). Both margins exclude the impact of Group recharges The UK headline operating profit was flat on 2014 but included restructuring costs of £900k in the advertising agency unit, which if discounted meant operating profit actually grew 8% on 2014 and a restated 2015 operating margin of 15.1% We are also now selling 30% of the advertising agency to management following our proven owner driver model.

Europe

European like-for-like revenues increased 19% year on year. Stockholm has maintained its very good new business performance, winning E.ON, and the TV and broadband supplier Com Hem Both Germany and Italy continue to shine, with Italy winning Becks, ING and UniCredit In spite of a slow advertising market, the French office is benefitting from PR and digital diversification.

In July, we acquired a minority stake in INSPI(RED) and formed M&C Saatchi Istanbul Our associate in Spain fared better compared with recent years, winning the state train operator RENFE as well as some assignments from Google, Jacobs Douwe Egberts' Saimaza and the utility provider Endesa Regionally, operating profit increased 27%, with a headline operating margin of 16 1% (2014 13 7%)

Middle East and Africa

Like-for-like revenues increased 11% with increased second half contributions from both Cape Town and Johannesburg Key new business wins in South Africa were Continental Tyres projects, Lancewood (a cheese brand), Twinsaver (tissues) and, significantly, Nando's They also picked up Agency of the Year

Our Abu Dhabi office is steadily building revenues beyond Etihad including Abu Dhabi Tourism and also opened in Dubai last month In January 2015, we acquired a majority stake in Ben-Natan Golan Advertising in Tel Aviv, Israel, forming a new agency, M&C Saatchi Tel Aviv With our associate in Beirut and our offices in Abu Dhabi and Dubai, we now have a strong presence in the region Overall, headline operating profit was up 2%, with a headline operating margin of 12 3% (2014 12 8%)

Asia and Australasia

In Asia and Australasia, like-for-like revenue was up 5% year on year Australia is doing very well and in the first quarter of this year won Woolworths, the second largest account in Australia without a pitch They were deservedly again awarded Agency of the Year

Otherwise, our associate in China, aeiou, continues to build its presence and impress network clients Malaysia thrives and won Mitsubishi, Wonda coffee and the Global relaunch of Malaysian Airlines Singapore is developing positively and has been steadily picking up more Government assignments Japan proved challenging with the loss of some clients and the business is now under review

The headline regional operating margin was down from 11 5% to 9.9%, with the headline operating profit falling 17% hit by currency headwinds and the drag from Japan.

Americas

Like-for-like revenues increased 27% with an excellent 631% increase in operating profit to £3.3m. The SS+K relationship in New York is flourishing. Their new business wins included the lawyers Baker & McKenzie, the spa group Canyon Ranch, Delta, NCAA, The New Yorker and Planned Parenthood In the light of this outstanding growth, in March 2016 we increased our shareholding in SS+K from 33% to 51% We have also just acquired 51% of MCD Partners in New York and Chicago, which gives us a significant foothold in the US to develop our CRM offer and to export our LIDA skills

Our office in Los Angeles performed impressively and acquired Heavenspot, a small social media and digital agency, last June, which will enhance our LA online capabilities We completed our São Paulo upgrade in February 2015, acquiring 25% of Santa Clara following the Chinese associate model It is a high quality independent agency which will add further to the network's creative capability.

Outlook

2015 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 current strong performance across the Global network positions us well for the future We are confident we will continue to make good progress in 2016 and beyond

David Kershaw
Chief Executive
17 March 2016

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 headline basis Our focus is 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% (2014 9.5%). Revenues advanced 5 6% in 2015 to £178 9m (2014 £169.4m). Excluding currency movement, the main influence being the positive effect of a strengthening of sterling against most currencies, the like-for-like revenue increase was 10.0% This resulted in headline operating profit increasing 16% to £18 6m (2014 £16 0m) Statutory operating profit increased to £14 7m (2014 £5 7m) with a charge of £3 9m (2014 £10.4m) for statutory items.

Headline results

The Group has used a 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 and acquired intangibles, but excluding software) acquired in business combinations, changes to deferred and contingent consideration and other acquisition related charges taken to the income statement, impairment of investment in associate, profit/loss on disposal of associates, income statement impact of put option accounting (whether accounted under IFRS2 or IAS39).

See note 3 for a reconciliation of statutory to headline results.

Statutory results

Leaving our improved trading performance aside, the improved year-on-year profit before tax of £6 3m and basic earnings per share increase was in the most part caused by no replication of the 2014 large impairment charge of £6.5m

The Group's operations achieved revenue of £178 9m (2014 £169 4m) a growth of 5 6%. Primarily due to a hugely reduced impairment charge, the Group's operations made a profit before tax of £12 5m (2014 £6 2m), and basic EPS was 9.08p (2014: (0 24)p)

Amortisation and impairment of acquired intangibles

We have reviewed the carrying values for intangible assets at the end of 2015 In view of Samuelson Talbot & Partners' and Bang PR's fall in profits, we have made a non headline impairment charge of £0.9m As can be seen in note 17, the carrying values are significantly above the recoverable amounts in all other cash generating units (CGU).

Financial income and expense

The Group's headline net interest payable was £472k (2014 £232k) The increase in interest payable arose mainly from increased Group borrowing to fund acquisitions during 2015

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 for 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 charge for non headline fair value adjustment to minority put option liabilities of £3 7m arose from some change in estimates of minority put liabilities offset by a modest movement in our share price movement in 2015, which decreased from 330 0p as at 1 January to 326 5p as at 31 December Further details can be seen in note 27

FINANCE DIRECTOR
Continued

Tax
The effective tax rate on headline profit before tax was 19 2% (2014 27.3%) The Group does not recognise a deferred tax asset on any losses until the future profits of these businesses are probable (note 14) The Group benefitted from lower rates in the UK and improved profitability from some of the newer offices utilising losses brought forward

The tax rate on statutory profit before tax was 27 0% (2014. 68 9%) On top of the move in headline tax rate, the reduction in statutory tax rate was caused by a reduction in the level of goodwill impairments

Non controlling interest
The proportion of headline profits attributable to non controlling shareholders increased to £3 0m (2014 £2 1m) with the elimination of loss making operations and some of our newer offices becoming more profitable, and 20% local equity sold to Australian management

Dividend
As part of a progressive dividend policy, the Board is proposing to pay a final dividend of 5.60p per share (2014 4 87p), giving a total dividend of 7.21p compared to 6 27p in 2014, which is an increase of 15% compared with our earnings growth of 28% The final dividend will be paid, subject to shareholder approval at the 8 June 2016 AGM, on 8 July 2016 to shareholders on the register at 10 June 2016.

Cash flow, banking arrangements and net assets
Cash net of bank borrowings at 31 December 2015 was £8.6m compared to £4.9m at 31 December 2014. The Group continued to generate cash which it used to make small tactical acquisitions and fund new offices. The Group spent £5 2m on acquisitions during the year including a further payment for Lean Mean Fighting Machine and 25% of Santa Clara in São Paulo To manage these and to fund acquisitions going forward, the Group increased its banking facilities with RBS on 6 January 2016 These comprise a revolving credit facility totalling £40 0m, which reduces by £2 0m annually and has been agreed to 30 April 2020 On top of the above to fund working capital in the UK, the Group has a £5m debt factoring arrangement, of which £3 1m was drawn down at the year end.

Net assets increased to £42 7m (2014· £35 9m) with investments up £3 3m, and the net cash balance increased to £8 6m (2014 £4 9m)

Capital expenditure

Total capital expenditure for 2015 decreased to £2.0m (2014 £3 4m) The main reduction in spend was decreased refurbishment costs with no fit out costs for the additional London office space that we took on in 2014

Associates

The return from our established associates was a profit of £2,017k (2014· £1,350k). There was no share of profits from M&C Saatchi SAL, our associate that covers the Middle East and North Africa region, as there was in 2014 In Asia and Australasia, our share of profits from associates of £325k (2014 £224k) came mainly from aeiou, our associate in China, whilst our share of our European associates based in Russia, Spain and Turkey was a profit of £25k (2014· loss of £19k). The profit share of our UK associates, being primarily Blue 449 (formerly Walker Media) was £809k (2014· £1,074k) and the share from the Americas, being predominantly our New York associate, SS+K, was £858k (2014. £71k)

Long term incentive plan

On 19 January 2015, 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 2014, 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 from 81p as at 31 December 2009 to an average of 180.5p for the last quarter of 2013 and to an average of 296.8p for the last quarter of 2014 In addition, M&C Saatchi was ranked first among 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 in 2014, a total of 2,771,736 M&C Saatchi plc ordinary shares wereawarded to the following M&C Saatchi Directors Jeremy Sinclair, David Kershaw, Maurice Saatchi and Bill Muirhead, with each Director receiving 692,934 shares in 2015

Principal activity, trading review and future developments

See Directors' Report on page 20

FINANCE DIRECTOR

Continued

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 6 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

Jamie Hewitt

Finance Director

17 March 2016

BOARD

EXECUTIVE DIRECTORS

JEREMY SINCLAIR
Chairman

DAVID KERSHAW
Chief Executive

NON EXECUTIVE DIRECTORS*

ADRIAN MARTIN
Independent Non Executive Director**

JONATHAN GOLDSTEIN
Independent Non Executive Director

* Lloyd Dorfman resigned as Non-Executive Director on 31 December 2015
** Adrian Martin is due to resign as Non-Executive Director at the 2016 AGM
*** Michael Dobbs was appointed as Non-Executive Director on 1 January 2016

MAURICE SAATCHI

Executive Director

BILL MUIRHEAD

Executive Director

JAMIE HEWITT

Finance Director

MICHAEL DOBBS

Independent 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 2015.

Results and dividends

The consolidated income statement on page 28 shows the results for the year. The Directors approved an interim dividend of £1,158,000 (2014 £947,000) and recommend a final dividend of 5 60p totalling £4,033,000 (2014 £3,442,000)

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, headline operating margin, headline profit before tax, headline tax rate, and cash generation) is on pages 9 to 16

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 where 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 negotiation of contractual terms Further details of our risks and risk management can be seen in note 6.

Going concern

Based on two year cash flow forecasts and covenant reviews, the Directors have a reasonable expectation that the Group 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 consolidated financial statements The Group's business activities, together with the factors likely to affect its future development, performance and position, are 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 (2014 nil)

Directors
The names of the Directors are given on pages 18 and 19, biographies can be found on our website (www mcsaatchiplc com).

The Board reviews the independence of the Non Executive Directors on an annual basis and considers them independent All three Non Executive Directors sit on our remuneration committee and audit committee, with Lloyd Dorfman serving as Chair of our remuneration committee and as Senior Independent Director and Adrian Martin serving as Chair of our audit committee. Following Lloyd Dorfman's resignation on 31 December 2015, Jonathan Goldstein became the Senior Independent Director and Chair of the remuneration committee.

The Board met six times during the year, with all members attending. The Board governs in the spirit of the QCA corporate governance code for small and mid-size quoted companies.

Audit committee
The audit committee meets formally three times a year with the Group's Auditor (KPMG LLP), planning and reviewing the audit, and considering the Group Auditor's independence. The committee's Chairman has regular direct contact with the Group's Auditor At the end of 2014, the Group appointed BDO LLP as an internal auditor The internal auditor has direct contact with the Audit committee Chairman.

Remuneration committee
Meets on an ad hoc basis, when there is a need to review Executive Directors' pay and rewards

Nominations committee
Meets on an ad hoc basis, when there is a need to appoint new Directors

Social responsibility
The Group follows the guidance in the International (Social Responsibility) Standard ISO 26000 and is working during 2015 and 2016 to get accredited certification to BS OHSAS 18001.

On top of which, the Group is involved with many campaigns (both paid, low-bono and pro-bono) that help create a socially responsible world

DIRECTORS' REPORT
Continued

Employees and 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, with succession planning performed on a regular basis at all levels Communication methods to employees vary according to need and local business size and can include all methods of communication

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 17 March 2016, the Company had been notified by shareholders representing 3% or more of issued share capital of the following interests:

	Number of shares	%
Paradice Investment Management	9,268,736	12 9%
Aviva plc and its subsidiaries	5,575,956	7 7%
Octopus Investments	5,490,012	7 6%
Herald Investment Trust plc	4,139,900	5 7%
David Kershaw	4,127,060	5 7%
Bill Muirhead	4,127,060	5 7%
Maurice Saatchi	4,127,060	5 7%
Jeremy Sinclair	4,127,060	5 7%
Hargreave Hale	3,151,951	4 4%
Invesco Perpetual	2,988,152	4 1%

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

Events since the end of the financial year

On 4 January 2016, the Group increased and extended its banking facility to £40 0m The facility reduces by £2 0m annually The facility now matures on 30 April 2020 and has same floating rates as before (note 25)

During March 2016, the Group made the following acquisitions

- 100% of the share capital Expression FZ LLC (Dubai);
- 51% of the share capital of MCD Partners (USA),
- increased our holding in Shepardson Stern + Kaminsky LLP (USA) from 33% to just over 50%, giving the Group majority control, and
- increased our holding of M&C Saatchi (Switzerland) SA by 16% to 76%

Overall, the Group spent £13,074k on the above acquisitions, of which £6,052k was borrowed under our banking facility, and the remainder came from our cash holdings

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.

Treasury shares

At the Annual General Meeting (AGM) in 2015, the Directors were given the authority to purchase up to 7,138,000 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 2015, the Directors were given the authority to issue up to 47,586,800 of its ordinary shares of which 7,138,000 were approved to be issued for cash During the year, the Company issued 4,336,390 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' REPORT
Continued

Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Strategic 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 consolidated 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)

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 consolidated financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the European Union;
- 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, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and Company will continue in business.

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 LLP will be seeking re-appointment as auditor of the Company and a resolution proposing this will be put to the 2016 AGM.

By order of the Board

Andy Blackstone
Company Secretary
17 March 2016

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

At 31 December 2015 no director held any options During the year the following options were exercised

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 total shareholder return (TSR) conditions were not met

The final award vested at the end of 2014, with the Company's average ninety day closing mid-market share price as at 31 December 2014, 296 8p, 97 9p greater than the schemes target 198 9p and the Company top of the TSR comparator group beating the target of being in top half by 188% As the conditions were fulfilled the participants are entitled to sell equity in a subsidiary with a value equivalent to ten percent of the Company's increase in market capitalisation above its 31 December 2012 value of £114 9m (i e 181 4p share price) This resulted in 2,771,736 M&C Saatchi plc shares being issued in January 2015. The award causes no accounting charge in the year (2014 £156,000)

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 vested on 31 December 2014 resulting in 229,897 shares being issued on 23 January 2015 The condition for vesting was that the Company's share price is greater than or equal to 200 0p There was no accounting charge for this arrangement in the year (2014 £19,000)

LTIP

The LTIP award was issued in October 2010 The maximum award vested over three years, the headline diluted earnings per share grew at 10% plus RPI or more This results in the issue of 55,379 shares and a £183,723 bonus in 2015 and 55,380 shares and a £144,126 bonus in 2014 The accounting charge per this arrangement is £31,000 (2014 £117,000)

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
17 March 2016

2015	Basic salary £000	Bonus £000	Benefits in kind[1] £000	Pension £000	Total £000
Directors					
David Kershaw	374	–	49	2	425
Bill Muirhead	374	–	55	–	429
Maurice Saatchi	374	–	50	–	424
Jeremy Sinclair	374	–	49	–	423
Jamie Hewitt	250	–	6	15	271
Total	1,746	–	209	17	1,972
Non Executive Directors					
Lloyd Dorfman	40	–	–	–	40
Adrian Martin	40	–	–	–	40
Jonathan Goldstein	40	–	–	–	40
Total	120	–	–	–	120
TOTAL REWARDS	1,866	–	209	17	2,092

2014	Basic salary £000	Bonus £000	Benefits in kind[1] £000	Pension £000	Total £000
Directors					
David Kershaw	374	–	50	1	425
Bill Muirhead	349	–	54	24	427
Maurice Saatchi	374	–	50	–	424
Jeremy Sinclair	374	–	49	–	423
Jamie Hewitt	250	–	6	15	271
Total	1,721	–	209	40	1,970
Non Executive Directors					
Lloyd Dorfman	40	–	–	–	40
Adrian Martin	40	–	–	–	40
Jonathan Goldstein	40	–	–	–	40
Total	120	–	–	–	120
TOTAL REWARDS	1,841	–	209	40	2,090

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 December	Note	2015 £000	Total 2014 £000
Billings		375,107	333,302
Revenue	3	178,928	169,373
Operating costs	7	(164,221)	(163,720)
Operating profit	3	14,707	5,653
Share of results of associates and joint ventures	10	2,017	1,350
Finance income	11	299	316
Finance costs	12	(4,477)	(1,087)
Profit/(loss) before taxation	3	12,546	6,232
Taxation	14	(3,386)	(4,293)
Profit/(loss) for the year		9,160	1,939
Attributable to			
Equity shareholders of the Group	3	6,474	(155)
Non controlling interests	3	2,686	2,094
Profit/(loss) for the year	3	9,160	1,939
Earnings per share			
Basic (pence)	3	9 08p	(0 24)p
Diluted (pence)	3	9 04p	(0 24)p

Headline results*

Operating profit	18,578	16,025
Profit before tax	20,123	17,143
Profit after tax attributable to equity shareholders of the Group	13,241	10,365
Basic earnings per share (pence)	18 57p	15 88p
Diluted earnings per share (pence)	18 49p	15 17p

* The reconciliation of headline to statutory results above can be found in note 3

The notes on pages 36 to 80 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 December	Total 2015 £000	Total 2014 £000
Profit/(loss) for the year	9,160	1,939
Other comprehensive income*		
Exchange differences on translating foreign operations before tax	(1,316)	(1,212)
Other comprehensive income for the year net of tax	(1,316)	(1,212)
Total comprehensive income for the year	7,844	727
Total comprehensive income attributable to		
Equity shareholders of the Group	5,158	(1,367)
Non controlling interests	2,686	2,094
Total comprehensive income/(loss) for the year	7,844	727

* All items in consolidated statement of comprehensive income will be reclassified to the income statement

The notes on pages 36 to 80 form part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET

At 31 December	Note	2015 £000	2014 £000
Non current assets			
Intangible assets	17	28,286	29,142
Investments in associates	20	24,811	18,731
Plant and equipment	21	8,197	8,409
Deferred tax assets	15	1,476	1,515
Other non current assets	22	8,349	5,899
		71,119	63,696
Current assets			
Trade and other receivables	23	87,692	71,043
Current tax assets		844	318
Cash and cash equivalents		32,344	23,446
		120,880	94,807
Current liabilities			
Bank overdraft		(98)	(125)
Trade and other payables	24	(94,533)	(75,995)
Current tax liabilities		(1,204)	(1,995)
Other financial liabilities	25	(3,155)	(22)
Deferred and contingent consideration	26	(1,792)	-
Minority shareholder put option liabilities	27	(16,738)	(15,835)
		(117,520)	(93,972)
Net current assets		3,360	835
Total assets less current liabilities		74,479	64,531
Non current liabilities			
Deferred tax liabilities	15	(30)	(422)
Other financial liabilities	25	(23,594)	(18,226)
Minority shareholder put option liabilities	27	(7,626)	(8,708)
Other non current liabilities	28	(1,208)	(1,303)
		(32,458)	(28,659)
Total net assets		42,021	35,872

The notes on pages 36 to 80 form part of these consolidated financial statements

At 31 December	Note	2015 £000	2014 £000
Equity			
Share capital	29	727	683
Share premium		17,338	16,807
Merger reserve		31,592	27,689
Treasury reserve		(792)	(792)
Minority interest put option reserve		(12,595)	(13,070)
Non controlling interest acquired		(9,233)	(7,882)
Foreign exchange reserve		(1,984)	(668)
Retained earnings		12,673	9,639
Equity attributable to shareholders of the Group		37,726	32,406
Non controlling interest		4,295	3,466
Total equity		42,021	35,872

These consolidated financial statements were approved and authorised for issue by the Board on 17 March 2016 and signed on its behalf by

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

The notes on pages 36 to 80 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000
At 1 January 2014		690	16,402	16,736	(792)
Acquisitions	18	-	-	-	-
Exercise of put options	27	48	-	13,011	-
Deletion of right to equity		-	-	-	-
Exchange rate movements		-	-	-	-
Tender offer		(63)	-	-	-
Merger reserve release on impairments*		-	-	(2,058)	-
Option exercise	30	8	405	-	-
Share option charge	30	-	-	-	-
Dividends	16	-	-	-	-
Total transactions with owners		(7)	405	10,953	-
Total comprehensive income for the year		-	-	-	-
At 1 January 2015		683	16,807	27,689	(792)
Acquisitions	18	-	-	-	-
Exercise of put options	27	13	224	3,903	-
Office closure		-	-	-	-
Exchange rate movements		-	-	-	-
Issue of shares to minorities		-	-	-	-
Issue of minority put options		-	-	-	-
Reclassification of minority put		-	-	-	-
Option exercise	30	31	307	-	-
Share option charge	30	-	-	-	-
Dividends	16	-	-	-	-
Total transactions with owners		44	531	3,903	-
Total comprehensive income for the year		-	-	-	-
At 31 December 2015		**727**	**17,338**	**31,592**	**(792)**

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

The notes on pages 36 to 80 form part of these consolidated 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
(16,587)	(1,532)	544	33,070	48,531	2,293	50,824
(1,653)	–	–	–	(1,653)	5	(1,648)
5,151	(4,791)	–	–	13,419	(429)	12,990
–	(1,559)	–	–	(1,559)	1,559	–
19	–	–	–	19	(121)	(102)
–	–	–	(21,451)	(21,514)	–	(21,514)
–	–	–	2,058	–	–	–
–	–	–	(413)	–	–	–
–	–	–	200	200	–	200
–	–	–	(3,670)	(3,670)	(1,935)	(5,605)
3,517	(6,350)	–	(23,276)	(14,758)	(921)	(15,679)
–	–	(1,212)	(155)	(1,367)	2,094	727
(13,070)	(7,882)	(668)	9,639	32,406	3,466	35,872
–	–	–	–	–	161	161
1,274	(1,274)	–	(48)	4,092	24	4,116
–	–	–	(158)	(158)	158	–
39	(77)	–	–	(38)	(121)	(159)
–	–	–	–	–	1,850	1,850
(2,190)	–	–	–	(2,190)	–	(2,190)
1,352	–	–	306	1,658	–	1,658
–	–	–	(3)	335	(338)	(3)
–	–	–	1,125	1,125	–	1,125
–	–	–	(4,662)	(4,662)	(3,591)	(8,253)
475	(1,351)	–	(3,440)	162	(1,857)	(1,695)
–	–	(1,316)	6,474	5,158	2,686	7,844
(12,595)	(9,233)	(1,984)	12,673	37,726	4,295	42,021

* Amounts were released from merger reserve to retained earnings on impairment of a subsidiary in 2014, these amounts are in respect of the investments that created 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	2015 £000	2014 £000
Revenue		**178,928**	169,373
Operating expenses	7	**(164,221)**	(163,720)
Operating profit		**14,707**	5,653
Adjustments for			
Depreciation of plant and equipment	21	**2,128**	2,055
Loss on sale of plant and equipment		**36**	198
Loss on sale of software intangibles		**12**	-
Profit on disposal associate		**(217)**	-
Loss on disposal of a subsidiary		**-**	76
Loss on acquisition of a subsidiary	18	**-**	813
Impairment and amortisation of acquired intangible assets	17	**1,940**	1,445
Impairment of goodwill	17	**889**	5,573
Amortisation of capitalised software intangible assets	17	**98**	120
Equity settled share based payment expenses	30	**1,125**	200
Operating cash before movements in working capital		**20,718**	16,133
Increase in trade and other receivables		**(17,192)**	(8,690)
Increases in trade and other payables		**18,018**	8,676
Cash generated from operations		**21,544**	16,119
Tax paid		**(5,326)**	(5,332)
Net cash from operating activities		**16,218**	10,787
Investing activities			
Acquisitions of subsidiaries net of cash acquired	19	**(79)**	(2,244)
Acquisitions of associates	19	**(3,765)**	(5,084)
Disposal of associates		**325**	-
Acquisitions of investments	22	**(1,366)**	(1,187)
Proceeds from sale of plant and equipment		**7**	70
Purchase of intangibles	17	**(327)**	-
Purchase of plant and equipment	21	**(1,970)**	(3,350)
Purchase of capitalised software		**(158)**	(77)
Dividends received from associates	20	**1,173**	660
Interest received		**299**	307
Net cash consumed investing activities		**(5,861)**	(10,905)
Net cash from/(consumed) operating and investing activities		**10,357**	(118)

The notes on pages 36 to 80 form part of these consolidated financial statements

Year ended 31 December	Note	2015 £000	2014 £000
Net cash from/(consumed) operating and investing activities		10,357	(118)
Financing activities			
Dividends paid to equity holders of the Company	16	(4,662)	(3,670)
Dividends paid to non controlling interest		(3,591)	(1,935)
Issue of shares to minorities		15	-
Tender offer		-	(21,514)
Issue of own shares		-	1
Repayment of finance leases		(31)	(61)
Inception of invoice discounting		3,130	-
Inception of bank loans		6,349	17,913
Repayment of bank loans		(968)	-
Interest paid		(771)	(532)
Net cash consumed by financing activities		(529)	(9,798)
Net increase/(decrease) in cash and cash equivalents		9,828	(9,916)
Effect of exchange rate fluctuations on cash held		(903)	(350)
Cash and cash equivalents at the beginning of the year		23,321	33,587
Cash and cash equivalents at the end of the year		32,246	23,321
Bank loans and borrowings	25	(23,800)	(18,462)
NET CASH*		8,446	4,859
CAPITAL			
TOTAL MARKET CAPITALISATION (at 31 December 326 50p, 330.0p)		237,414	223,339
GEARING RATIO*		nil	nil

* Gearing ratio and net cash are not defined under IFRS, see note 2

NOTES

1. Summary accounting policies

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

Going concern
Given the strength of the Group's balance sheet, its net cash, its bank covenants, the risks the Group faces (note 6), the expected trading performance and the long term cash flow projections, the management believe the Group will continue as a going concern for the foreseeable future

The Group continually reviews its profit forecasts, and reviews monthly its balance sheet and cash flow forecasts Annually, or earlier if needed, we review the long term (greater than one year) cash flow projections for the Group based on anticipated scenarios and acquisitions If additional funding is required, it is secured before expenditure is made, as we have done by extending our bank facility on 4 January 2016 (note 25).

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 and minority shareholder put option liabilities The term headline is not a defined term in IFRS Note 3 reconciles reported to headline results

Our segmental reporting (note 4) 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 and acquired intangibles, but excluding software) acquired in business combinations, changes to deferred and contingent consideration and other acquisition related charges taken to the income statement, impairment of investment in associate, profit/loss on disposal of associates, and income statement impact of put option accounting (whether accounted under IFRS2 or IAS39)

Accounting developments and changes
There were no significant accounting developments or changes during 2015 that affect these accounts. Other future developments are described in note 34

IFRS elections
IFRS provides certain options available within accounting standards Material judgements we have made, and continue to make, include goodwill and intangible asset acquisitions where the Group does not recognise the non controlling interests share of goodwill.

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 The primary input of all work performed under these arrangements is labour As a result of the relationship between labour and cost, there is normally a direct relationship between costs incurred and the proportion of the contract performed to date
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

Minority shareholder put option liabilities
The equity partners of the Group's subsidiaries hold put options that allow them to require the Group to purchase their non-controlling interest on exercise The put options can be exchanged for either a variable number of shares or cash The Group has elected to account for these as put option liabilities under IAS 32 and measures them at the present value of the amounts expected to be payable on exercise, this is deemed a proxy for fair value. The fair value is remeasured at each period end with the movements being recognised in the income statement in finance income or cost

On inception of a put option, the liability is recognised on the balance sheet and a corresponding debit is included in the minority interest 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)

Employee benefits – equity share based compensation
In addition to the put option liabilities, some entities have issued put options which are forfeited on termination of employment of the minorities As such, these arrangements are treated as share based payment and accounted for under IFRS 2, as opposed to IAS 39 The cost of such 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.

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

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

Put option conditional shares awards

The cost of awards to employees of subsidiary undertakings classified as conditional shares awards is accounted for as a share option under IFRS2 and is charged to the income statement over the period of the award

On exercise, the share for share exchange is treated at nominal value or initial acquired value

2. Definition of terms

Foreign exchange reserve

For overseas operations, results are translated at the annual average rate of exchange and balance sheets are translated at the closing rate of exchange The annual average rate of exchange approximates to the rate on the date that the transactions occurred Exchange differences arising from the translation of foreign subsidiaries 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 (excluding any capitalised finance cost and debt factoring)

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 are expensed 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 results and the headline results

Year ended 31 December 2015	Note	2015 £000	Amortisation of acquired intangibles (note 17) £000	Sale of associate (note 20) £000	Impairment of Goodwill (note 17) £000	Contingent acquisition cost classified as expense (note 8) £000	Put option accounting* (note 30 & note 27) £000	Headline results £000
Revenue	4	178,928	-	-	-	-	-	178,928
Operating profit	7	14,707	1,940	(217)	889	134	1,125	18,578
Share of results of associates and JV	10	2,017	-	-	-	-	-	2,017
Finance income	11	299	-	-	-	-	-	299
Finance cost	12	(4,477)	-	-	-	-	3,706	(771)
Profit before taxation	4	12,546	1,940	(217)	889	134	4,831	20,123
Taxation	14	(3,386)	(541)	71	-	-	-	(3,856)
Profit for the year		9,160	1,399	(146)	889	134	4,831	16,267
Non controlling interests		(2,686)	(162)	-	(178)	-	-	(3,026)
(Loss)/profit attributable to equity holders of the Group		6,474	1,237	(146)	711	134	4,831	13,241

* These values represent put options accounted for under IFRS2 (£1,125k) (note 30) and fair value adjustments to minority put option liabilities (£3,706k) (note 27)

The Directors believe that the headline results and headline earnings per share provide additional useful information on the underlying performance The headline result is used for internal performance management, calculating the value of subsidiary convertible shares and minority interest put options The term headline is not a defined term in IFRS

The items that are excluded from headline results are the amortisation or impairment of intangible assets (including goodwill and acquired intangibles, but excluding software) acquired in business combinations, changes to deferred and contingent consideration and other acquisition related charges taken to the income statement, impairment of investment in associate, profit/loss on disposal of associates, and income statement impact of put option accounting (whether accounted under IFRS2 or IAS39)

Year ended 31 December 2014	Note	2014 £000	Amortisation of acquired intangibles (note 17) £000	Acquisition of remaining shares in loss making associate (note 18) £000	Impairment of Goodwill (note 17) £000	Contingent acquisition cost classified as expense (note 8) £000	Put option accounting* (note 27) £000	Headline results £000
Revenue	4	169,373	–	–	–	–	–	169,373
Operating profit	7	5,653	1,445	813	5,649*	2,465	–	16,025
Share of results of associates and JV	10	1,350	–	–	–	–	–	1,350
Finance income	11	316	–	–	–	–	–	316
Finance cost	12	(1,087)	–	–	–	–	539	(548)
Profit before taxation	4	6,232	1,445	813	5,649	2,465	539	17,143
Taxation	14	(4,293)	(391)	–	–	–	–	(4,684)
Profit for the year		1,939	1,054	813	5,649	2,465	539	12,459
Non controlling interests		(2,094)	–	–	–	–	–	(2,094)
(Loss)/profit attributable to equity holders of the Group		(155)	1,054	813	5,649	2,465	539	10,365

* Of the £5,649k, £76k relates to a loss on disposal of an Indian subsidiary and £5,573k relates to impairment of goodwill

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 2015	2015 £000	Headline 2015 £000
Profit attributable to equity shareholders of the Group	6,474	13,241
Basic earnings per share		
Weighted average number of shares (thousands)	71,319	71,319
Basic EPS	9 08p	18 57p
Diluted earnings per share*		
Weighted average number of shares (thousands) as above	71,319	71,319
Add		
– Conditional shares	300	300
Total	71,619	71,619
Diluted earnings per share	9 04p	18 49p

* All the put options detailed in note 27 are non dilutive as the exercise price approximates fair value of the underlying non controlling interest

Year ended 31 December 2014	2014 £000	Headline 2014 £000
(Loss)/profit attributable to equity shareholders of the Group	(155)	10,365
Basic earnings per share		
Weighted average number of shares (thousands)	65,285	65,285
Basic EPS	(0 24)p	15 88p
Diluted earnings per share*		
Weighted average number of shares (thousands) as above	65,285	65,285
Add		
– LTIP	55	55
– 2012 LTIP	230	230
– New LTIP	2,772	2,772
Total	68,342	68,342
Diluted earnings per share**	(0 24)p	15 17p

* All the 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 2015	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	Total £000
Revenue	84,159	22,745	8,549	42,103	21,372	178,928
Operating profit excluding Group costs	11,782	3,668	1,049	4,187	3,253	23,939
Group costs	(4,970)	(83)	-	(308)	-	(5,361)
Operating profit	6,812	3,585	1,049	3,879	3,253	18,578
Share of results of associates and JV	809	25	-	325	858	2,017
Financial income and cost	(527)	(60)	(17)	69	63	(472)
Profit before taxation	7,094	3,550	1,032	4,273	4,174	20,123
Taxation	(506)	(1,190)	(268)	(1,209)	(683)	(3,856)
Profit for the year	6,588	2,360	764	3,064	3,491	16,267
Non controlling interests	(1,169)	(658)	(372)	(477)	(350)	(3,026)
Profit attributable to equity shareholders of the Group	5,419	1,702	392	2,587	3,141	13,241
Headline basic EPS						18 57p
Non cash costs included in headline operating profit:						
Depreciation	(1,269)	(208)	(145)	(242)	(267)	(2,131)
Amortisation of software	(9)	(51)	(16)	(18)	(4)	(98)
Share option charges	(5)	-	-	-	-	(5)
Office location	London	Paris Milan Berlin Madrid Geneva Stockholm Moscow	Johannesburg Cape Town Abu Dhabi Istanbul Beirut Tel Aviv	Sydney Melbourne New Delhi Hong Kong Shanghai Tokyo Kuala Lumpur Bangkok Singapore	New York Los Angeles San Francisco São Paulo	

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

Segmental and headline income statement

Year ended 31 December 2014	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	Total £000
Revenue	79,144	21,092	8,004	44,173	16,960	169,373
Operating profit excluding Group costs	11,757	2,892	1,027	5,064	445	21,185
Group costs	(4,710)	(72)	–	(331)	(47)	(5,160)
Operating profit	7,047	2,820	1,027	4,733	398	16,025
Share of results of associates and JV	1,074	(19)	–	224	71	1,350
Financial income and cost	(146)	(54)	(11)	58	(79)	(232)
Profit before taxation	7,975	2,747	1,016	5,015	390	17,143
Taxation	(1,593)	(954)	(271)	(1,652)	(214)	(4,684)
Profit for the year	6,382	1,793	745	3,363	176	12,459
Non controlling interests	(1,276)	(406)	(354)	(533)	475	(2,094)
Profit attributable to equity shareholders of the Group	5,106	1,387	391	2,830	651	10,365
Headline basic EPS						15 88p
Non cash costs included in headline operating profit.						
Depreciation	(1,126)	(239)	(185)	(264)	(241)	(2,055)
Amortisation of software	(2)	(47)	(25)	(33)	(13)	(120)
Share option charges	(200)	–	–	–	–	(200)
Office location	London	Paris Milan Berlin Madrid Geneva Stockholm Moscow	Johannesburg Cape Town Abu Dhabi Beirut	Sydney Melbourne New Delhi Hong Kong Shanghai Beijing Tokyo Kuala Lumpur Singapore	New York Los Angeles San Francisco São Paulo	

NOTES
Continued

4. Segmental information continued

Segmental balance sheet
This note includes balance sheet information required by IFRS8 and other information required by IFRS12

Year ended 31 December 2015	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	Total £000
Non current assets	45,905	3,416	600	3,318	16,404	69,643
Current assets	44,144	16,672	5,472	17,495	36,253	120,036
Total assets	90,049	20,088	6,072	20,813	52,657	189,679
Current liabilities	(13,703)	(18,269)	(4,667)	(15,337)	(44,349)	(96,325)
Non current liabilities	(366)	(140)	(21)	(350)	(331)	(1,208)
Total liabilities	(14,069)	(18,409)	(4,688)	(15,687)	(44,680)	(97,533)
Non controlling interest in equity at year end	1,924	636	249	970	516	4,295
Dividends paid to non controlling interests during year	1,167	384	248	1,578	214	3,591
Non headline amortisation	1,031	55	496	200	158	1,940
Non headline impairment	–	–	–	889	–	889
Capital expenditure	1,193	230	67	378	168	2,036
Depreciation	1,268	208	145	242	265	2,128

Year ended 31 December 2014	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	Total £000
Other non current assets	40,496	3,575	423	4,878	12,809	62,181
Current assets	35,466	12,154	4,670	16,767	25,432	94,489
Total assets	75,962	15,729	5,093	21,645	38,241	156,670
Current liabilities	(7,754)	(14,469)	(4,103)	(14,970)	(34,572)	(75,868)
Non current liabilities	(910)	(115)	(16)	(388)	–	(1,429)
Total liabilities	(8,664)	(14,584)	(4,119)	(15,358)	(34,572)	(77,297)
Non controlling interest in equity at year end	2,268	355	142	342	363	3,466
Dividends paid to non controlling interests during year	699	259	390	554	33	1,935
Non headline amortisation	(1,161)	–	–	(284)	–	(1,445)
Non headline impairment	(5,000)	(558)	–	(15)	–	(5,573)
Capital expenditure	1,987	278	224	236	702	3,427
Depreciation	(1,126)	(239)	(185)	(264)	(241)	(2,055)

Reportable segment assets are reconciled to total assets as follows

	2015 £000	2014 £000
Segment assets	189,679	156,670
Current tax asset	844	318
Deferred tax asset	1,476	1,515
Total assets per balance sheet	191,999	158,503

Reportable segment liabilities are reconciled to total liabilities as follows

	2015 £000	2014 £000
Segment liabilities	(97,533)	(77,297)
Deferred tax liabilities	(30)	(422)
Current tax liabilities	(1,204)	(1,995)
Bank overdraft	(98)	(125)
Invoice discounting	(3,130)	–
Other financial liabilities	(23,619)	(18,248)
Minority shareholder put option liabilities	(24,364)	(24,543)
Total liabilities per balance sheet	(149,978)	(122,630)

Additional regional splits required for IFRS 8.

Year ended 31 December 2015	UK £000	Europe £000	Middle East and Africa £000	Australia £000	Asia £000	Americas £000	Total £000
Revenue	84,159	22,745	8,549	33,272	8,831	21,372	178,928
Non current assets	45,904	3,416	600	2,291	1,028	16,404	69,643

Year ended 31 December 2014	UK £000	Europe £000	Middle East and Africa £000	Australia £000	Asia £000	Americas £000	Total £000
Revenue	79,144	21,092	8,004	34,020	10,153	16,960	169,373
Non current assets	40,496	3,575	423	4,147	731	12,809	62,181

NOTES
Continued

4. Segmental information continued

Segmental income statement translated at 2014 exchange rates

It is normal practice in our industry to provide like-for-like results In the year, we have 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 2015 results been translated at 2014 exchange rates then our results would have been

Year ended 31 December 2015	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	Total £000
Revenue	**84,159**	**25,135**	**8,906**	**46,505**	**21,602**	**186,307**
Operating profit excluding Group costs	**11,782**	**4,068**	**1,132**	**4,660**	**3,314**	**24,956**
Group costs	(4,970)	(92)	–	(345)	–	(5,407)
Operating profit	**6,812**	**3,976**	**1,132**	**4,315**	**3,314**	**19,549**
Share of results of associates and JV	809	39	–	309	802	1,959
Financial income and cost	(527)	(62)	(18)	77	53	(477)
Profit before taxation	**7,094**	**3,953**	**1,114**	**4,701**	**4,169**	**21,031**
Taxation	(506)	(1,319)	(292)	(1,349)	(623)	(4,089)
Profit for the year	**6,588**	**2,634**	**822**	**3,352**	**3,546**	**16,942**
Increase/(decrease) in 2015 results caused by translation differences	**–**	**(274)**	**(58)**	**(288)**	**(55)**	**(675)**

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

	2015	2014
US dollar	1.5282	1 6478
Malaysian ringgit	5.9695	5 3883
Australian dollar	2 0354	1 8264
South African rand	19 5022	17 8639
Brazilian real	5 0952	3 8717
Euro	1 3780	1 2406

5. Group subsidiaries

The principal group subsidiaries and associated companies are

As at 31 December 2015 UK	Country	Effective % ownership	Activities
Audience Communications Ltd**	United Kingdom	83*	Marketing
Clear Ideas Consultancy LLP**	United Kingdom	100	Marketing
Clear Ideas Ltd**	United Kingdom	100	Marketing
Horizon PR Ltd**	United Kingdom	30*	PR Agency (joint venture)
Influence Communications Ltd	United Kingdom	95	Dormant
Lean Mean Fighting Machine Ltd**	United Kingdom	80	Advertising
LIDA (UK) LLP**	United Kingdom	99	Direct Marketing
LIDA Ltd** & ***	United Kingdom	100	Direct Marketing
M&C Saatchi (UK) Ltd** & ***	United Kingdom	100	Adverting
M&C Saatchi Accelerator Ltd**	United Kingdom	80	Advertising
M&C Saatchi Brand Licensing Ltd	United Kingdom	100	Dormant
M&C Saatchi European Holdings Ltd**	United Kingdom	96	Holding Company
M&C Saatchi Export Ltd** & ***	United Kingdom	100	Advertising
M&C Saatchi German Holdings Ltd**	United Kingdom	96	Holding Company
M&C Saatchi International Ltd**	United Kingdom	100	Holding Company
M&C Saatchi Marketing Arts Ltd**	United Kingdom	50	Advertising
M&C Saatchi Merlin Ltd**	United Kingdom	55	Talent Management
M&C Saatchi Middle East Holdco Ltd**	United Kingdom	100	Holding Company
M&C Saatchi Mobile Ltd**	United Kingdom	100	Mobile Marketing
M&C Saatchi Native Ltd**	United Kingdom	100	Advertising
M&C Saatchi Network Ltd** & ***	United Kingdom	100	Holding Company
M&C Saatchi PR International Ltd**	United Kingdom	100	PR Agency
M&C Saatchi PR Ltd**	United Kingdom	100	PR Agency
M&C Saatchi PR UK LLP**	United Kingdom	52	PR Agency
M&C Saatchi Russia Ltd**	United Kingdom	100	Advertising
M&C Saatchi Shop Ltd**	United Kingdom	67*	Marketing
M&C Saatchi Sport & Entertainment Ltd** & ***	United Kingdom	91	Sport Sponsorship & Entertainment PR Agency
M&C Saatchi WMH Ltd**	United Kingdom	100	Holding Company
M&C Saatchi World Services LLP**	United Kingdom	80	Marketing
M&C Saatchi Worldwide Ltd** & ***	United Kingdom	100	Holding Company
Play London Ltd	United Kingdom	100	Dormant
Provenance Communication Ltd	United Kingdom	95	Dormant
SaatchInvest Ltd**	United Kingdom	100	IP Holding Company
Talk Content Ltd	United Kingdom	46	Dormant
Talk PR Ltd** & ***	United Kingdom	51	PR Agency
Talk Store PR Ltd	United Kingdom	51	Dormant
Talk Tech PR Ltd	United Kingdom	51	Dormant

NOTES
Continued

5. Group Subsidiaries continued

As at 31 December 2015	Country	Effective % ownership	Activities
UK			
The Source (London) Ltd**	United Kingdom	76	Research Agency
The Source (W1) LLP**	United Kingdom	65	Research Agency
Tricycle Communications Ltd**	United Kingdom	80	Holding Company
Walker Media Ltd	United Kingdom	25	Media Agency (Associate)
EUROPE			
FCINQ SAS	France	88	Website Construction
M&C Saatchi Gad SAS	France	100	Advertising
M&C Saatchi Little Stories SAS	France	80	Corporate PR
M&C Saatchi One SAS	France	100	Direct Marketing
Mademoiselle Scarlett SAS	France	80	Advertising
Over Easy SRL	France	50	TV Production
Paris Gad Holding SAS	France	60	Holding Company
M&C Saatchi Berlin GmbH	Germany	77	Advertising
M&C Saatchi Sports & Entertainment GmbH	Germany	58	Sport Sponsorship & Entertainment PR Agency
M&C Saatchi Sun GmbH	Germany	86	Dormant
M&C Saatchi SpA	Italy	60	Advertising
M&C Saatchi International Holdings BV	Netherlands	100	Holding Company
Clear Netherlands BV	Netherlands	100	Dormant
M&C Saatchi Madrid SRL	Spain	24	Direct Marketing (Associate)
M&C Saatchi Digital SL	Spain	24	Digital Advertising (Associate)
Media By Design Spain SA	Spain	24	Media Agency (Associate)
M&C Saatchi AB	Sweden	60	Advertising and Marketing
M&C Saatchi (Switzerland) SA	Switzerland	60*	Advertising
MIDDLE EAST AND AFRICA			
M&C Saatchi Bahrain WLL	Bahrain	100	Dormant
Ben Natan Golan Ltd	Israel	70*	Advertising
M&C Saatchi SAL	Lebanon	10	Advertising (Associate)
Creative Spark Interactive (Pty) Ltd***	South Africa	50	Advertising
Dalmation Communications (Pty) Ltd	South Africa	50	Advertising
M&C Saatchi Abel (Pty) Ltd	South Africa	50	Advertising
M&C Saatchi Africa (Pty) Ltd	South Africa	50	Dormant
M&C Saatchi Connect (Pty) Ltd	South Africa	50	Dormant
M&C Saatchi Sports & Entertainment South Africa Pty Ltd	South Africa	50	Dormant
M&C Saatchi Istanbul	Turkey	25	Advertising (Associate)
M&C Saatchi Fz LLC	United Arab Emirates	100	Advertising

As at 31 December 2015 ASIA AND AUSTRALASIA	Country	Effective % ownership	Activities
Bang Pty Ltd	Australia	76	Branding and Digital Marketing
Bellwether Global Pty Ltd	Australia	80	PR Agency
Brands In Space Pty Ltd	Australia	80	Design
Bright Red Oranges Pty Ltd	Australia	80	Design
Clear Australia Pty Ltd	Australia	100	Marketing Strategy
Go Studios Pty Ltd	Australia	80	Finished Art & Production Management Studio
LIDA Australia Pty Ltd	Australia	80	Digital Marketing
M&C Saatchi Agency Pty Ltd	Australia	80	Advertising
M&C Saatchi Asia Pac Holdings Pty Ltd	Australia	100	Holding Company
M&C Saatchi Direct Pty Ltd	Australia	80	Direct Marketing
M&C Saatchi Sport & Entertainment Pty Ltd	Australia	80	Sport Sponsorship & Entertainment PR Agency
M&C Saatchi Melbourne Pty Ltd	Australia	48	Advertising
Park Avenue PR Pty Ltd	Australia	80	PR & Marketing
Re Team Pty Ltd	Australia	76	Marketing
Tricky Jigsaw Pty Ltd	Australia	68	Marketing
eMCSaatchi Pty Ltd	Australia	80	Dormant
M&C Saatchi Advertising (Shanghai) Ltd	China	20	Consultancy (Associate)
Clear Asia Ltd	Hong Kong	93	Dormant
M&C Saatchi Asia Ltd	Hong Kong	100	Advertising
M&C Saatchi (HK) Ltd	Hong Kong	20	Advertising (Associate)
M&C Saatchi Communications Pvt Ltd	India	95	Advertising
February Communications Pvt Ltd	India	20	Advertising (Associate)
M&C Saatchi Ltd	Japan	60	Advertising
M&C Saatchi (M) Sdn Bhd	Malaysia	49	Advertising
M&C Saatchi World Services Pakistan (Pvt) Ltd	Pakistan	41	Marketing (joint venture)
Clear Ideas (Singapore) Pte Ltd	Singapore	93	Marketing
M&C Saatchi (S) Pte Ltd	Singapore	80	Advertising
M&C Saatchi Mobile Asia Pacific Pte Ltd	Singapore	95	Mobile Marketing
Love Frankie Ltd	Thailand	20	Marketing (Associate)

NOTES
Continued

5. Group Subsidiaries continued

As at 31 December 2015 AMERICAS	Country	Effective % ownership	Activities
Lily Participacoes Ltda	Brazil	100	Holding Company
M&C Saatchi Brazil Comunicação Ltda	Brazil	56	Advertising
M&C Saatchi Brasil Participacoes Ltda	Brazil	100	Holding Company
Santa Clara Participacoes Ltda	Brazil	25	Advertising (Associate)
M+C Saatchi/Insight Pesquisa & Planejamento Ltda	Brazil	100	Dormant
Clear USA LLC	USA	91	Marketing
M&C Saatchi Agency Inc	USA	100	Holding Company
M&C Saatchi LA Inc	USA	94	Advertising
M&C Saatchi Mobile LLP	USA	99	Mobile Marketing
M&C Saatchi PR LLP	USA	65	PR
M&C Saatchi Share Inc	USA	75	Marketing
M&C Saatchi Sports & Entertainment NY LLP	USA	88	Sport Sponsorship & Entertainment PR Agency
Shepardson Stern & Kaminsky LLP	USA	33	Marketing Consultant (Associate)
M&C Saatchi NY LLP	USA	100	Dormant
World Services US Inc	USA	80	Dormant
Clear NY LLP	USA	100	Dormant

* Following year end, minor acquisitions have been made to increase these shareholdings

** This subsidiary undertaking is exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as M&C Saatchi plc has guaranteed the subsidiary company under Section 479C of the Act

*** With the exception of M&C Saatchi Network Ltd and Creative Spark Interactive (Pty) Ltd where all our equity is directly held by M&C Saatchi plc, all other subsidiary companies equity are either in part or wholly held indirectly via subsidiaries of M&C Saatchi plc

Most of our subsidiaries, associates and joint ventures (entities) have different classes of equity so that board representation reflects parties equity splits, and minorities can be protected from right changes, in all other regards our entities equity ranks pari-passu

M&C Saatchi plc exists as a holding company with all direct client relationships performed by its indirect subsidiaries The results of the entities reflect the result of the Group less the results of M&C Saatchi plc

6. 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 13)	Credit risk (note 23)
Share price risk (note 27)	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.

2015 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%	(1,318)	1,082
(10)%	(954)	756

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	2015 %	2014 %
Top client	5.9	6 5
Top 10	30 4	31 2
Top 15	42 8	42 0
Top 30	56 2	55 6

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 £55,263k (2014 £48,942k) 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

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 apart from Clear Ideas Ltd and Ben Natan Golan Ltd, there are no significant possible changes in key assumptions, which would cause the recoverable amount of any of our CGUs to be below their carrying amount apart from if other CGUs have a significant loss of clients For all entities except for Clear Ideas Ltd and Ben Natan Golan Ltd (note 17), management have tested the key assumptions of pre-tax discount rates and management forecasts and projections by adjusting them 50% and 20% respectively, which would not lead to impairment

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 operations future profitability given expected market growth, inflation, exchange rates and rapidly growing/shrinking markets They are based on our budgets for 2016

They are used in calculating the fair value of minority put options, management's assessment of value in use calculations, to identify goodwill impairment indicators 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

7. Operating costs

Year ended 31 December	Note	2015 £000	Total 2014 £000
Total staff costs	8	118,089	113,696
Other costs		46,132	50,024
Operating costs		164,221	163,720
Other costs include			
Profit on exchange		1,134	227
Amortisation of intangibles			
– Acquired intangibles	17	1,940	1,445
– Capitalised software	17	98	120
Goodwill impairment	17	889	5,573
Depreciation of plant and equipment	21	2,131	2,055
Loss on disposal of fixed assets		35	198

Year ended 31 December	2015 £000	2014 £000
Operating lease rentals		
Plant	650	551
Property	6,777	7,313
	7,427	7,864
Property sublease receipts	(506)	(469)
	6,921	7,395

For finance leases are in note 25

Year ended 31 December	2015 £000	2014 £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	552	642
– Between two and five years	594	527
	1,146	1,169
Property		
Commitments for future minimum lease payments under non cancellable operating leases, which fall due as follows		
– Within one year	7,077	7,223
– Between one and five years	24,970	23,541
– Greater than five years	13,354	14,259
	45,401	45,023

8. Staff costs

Staff costs (including Directors) comprise

Year ended 31 December	2015 £000	2014 £000
Wages and salaries	99,898	94,544
Social security costs	11,019	10,632
Defined contribution pension scheme costs	3,108	3,020
Other staff benefits	2,779	2,742
Contingent acquisition cost with leaver provision (note 18)	134	2,465
	116,938	113,403
Share based incentive plans		
Cash settled	26	93
Equity settled	1,125	200
	1,151	293
Total staff costs	118,089	113,696
Staff cost to revenue ratio	66%	67%

Staff numbers		
UK	789	773
Europe	298	208
Middle East and Africa	227	185
Asia and Australasia	532	532
America	240	187
	2,086	1,885

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 £3,108k (2014 £3,001k) were made in the year and charged to the income statement in the period they relate to At the year end there were unpaid amounts included within accruals totalling £133k (2014 £95k)

Key management remuneration

	2015 £000	2014 £000
Short term employee benefit	4,140	3,591
Post employment benefit	34	66
Share based payments	779	285
Total	4,953	3,942

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

Year ended 31 December	2015 £000	2014 £000
Audit services		
Audit of the Company and its consolidated accounts	227	100
Audit of the Company's subsidiaries pursuant to legislation	173	187
	400	287
Other services provided by the auditors		
Taxation compliance services	31	20
Other advice	1	4
	32	24
Total	432	311

10. Share of associates and joint ventures

Year ended 31 December	2015 £000	2014 £000
Share of associates' profit before taxation	2,386	1,723
Share of associates' taxation	(369)	(373)
	2,017	1,350

11. Finance income

Year ended 31 December	2015 £000	2014 £000
Bank interest receivable	181	256
Other interest receivable	118	60
Total finance income	299	316

12. Finance costs

Year ended 31 December	2015 £000	2014 £000
Bank interest payable	(766)	(541)
Interest payable on finance leases	(5)	(7)
Total interest payable	(771)	(548)
Fair value adjustments to minority shareholder put option liabilities (note 27)	(3,706)	(539)
Total finance costs	(4,477)	(1,087)

13. 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 (non sterling denominated loans are at local 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 £30 0m bank facility, which expires in April 2017 The facility can borrow in sterling or euros At 31 December 2015, £23 8m (2014 £18 4m) of this loan was drawn down

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

For further details of Group borrowings, see note 25

14. Taxation

Year ended 31 December	2015 £000	2014 £000
Current taxation		
Taxation in the year		
– UK	817	1,373
– Overseas	3,919	3,292
Withholding taxes payable	5	6
Utilisation of previously unrecognised tax losses	–	(108)
Adjustment for under provision in prior periods	(526)	168
Total	4,215	4,731
Deferred taxation		
Origination and reversal of temporary differences	(46)	(218)
Recognition of previously unrecognised tax losses	(788)	(220)
Effect of changes in tax rates	5	–
Total	(829)	(438)
Total taxation	3,386	4,293

NOTES
Continued

14. 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	2015 £000	2014 £000
Profit before taxation	12,546	6,232
Taxation at UK corporation tax rate of 20.25% (2014: 21.50%)	(2,541)	(1,340)
Tax effect of associates	409	293
Non controlling interest share of partnership income	191	183
Expenses not deductible for tax	(378)	(366)
Option charges not deductible for tax	(256)	(593)
Different tax rates applicable in overseas jurisdictions	(1,099)	(832)
Effect of changes in tax rates on deferred tax	(5)	–
Withholding taxes payable	(5)	(6)
Utilisation of previously unrecognised tax losses	–	108
Recognition of previously unrecognised tax losses	788	220
Adjustment for current tax under provision in prior periods	526	(168)
Adjustment for deferred tax over provision in prior periods	–	(21)
Tax losses for which no deferred tax asset was recognised	(86)	(266)
Fair value adjustments on minority shareholder put options	(750)	(116)
Impairment of goodwill and investment in associates	(180)	(1,389)
Total taxation	(3,386)	(4,293)

Year ended 31 December	2015 £000	2014 £000
Headline profit before taxation (note 3)	20,123	17,143
Taxation at UK corporation tax rate of 20.25% (2014: 21.50%)	(4,075)	(3,686)
Tax effect of associates	409	293
Non controlling interest share of partnership income	191	183
Expenses not deductible for tax	(378)	(365)
Option charges not deductible for tax	–	(63)
Different tax rates applicable in overseas jurisdictions	(1,194)	(913)
Effect of changes in tax rates on deferred tax	(5)	
Withholding taxes payable	(5)	(6)
Utilisation of previously unrecognised tax losses	–	108
Recognition of previously unrecognised tax losses	788	220
Adjustment for current tax under provision in prior periods	526	(168)
Adjustment for deferred tax over provision in prior periods	–	(21)
Tax losses for which no deferred tax asset was recognised	(113)	(266)
Headline taxation (note 3)	(3,856)	(4,684)
Headline effective tax rate	19.2%	27.3%

As can be seen above, the largest driver of tax charge is our local entities profitability and local tax rates

15. 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	2015 £000	2014 £000
Deferred tax assets	1,476	1,515
Deferred tax liabilities	(30)	(422)
Net deferred tax	1,446	1,093

The movement on the net deferred tax asset is as follows

	2015 £000	2014 £000
At 1 January	1,093	827
Exchange differences	(184)	(99)
Income statement credit	829	438
Acquisitions	(292)	(60)
Disposals	–	(13)
At 31 December	1,446	1,093

The following is the deferred tax asset (liability) recognised by the Group and movements in 2015 and 2014

	Capital allowances and amortisation £000	Tax losses £000	Options and bonus accruals £000	Working capital differences £000	Total £000
At 1 January 2014	(645)	362	134	976	827
Exchange differences	(2)	(19)	–	(78)	(99)
Income statement credit/(charge)	456	185	(10)	(193)	438
Acquisitions	(60)	–	–	–	(60)
Disposed as part of discontinued operations	(13)	–	–	–	(13)
At 31 December 2014	(264)	528	124	705	1,093
Exchange differences	2	(40)	–	(146)	(184)
Income statement credit/(charge)	284	44	(124)	625	829
Acquisitions	(292)	–	–	–	(292)
Disposals	–	–	–	–	–
At 31 December 2015	(270)	532	–	1,184	1,446

Within capital allowances and amortisations, £534k (2014 £624k) relates to intangibles created as part of acquisition accounting

NOTES
Continued

15. Deferred taxation continued

Unrecognised deferred tax asset in respect of carried forward tax losses

	Loss £000	Unrecognised deferred tax £000
At 1 January 2015	11,109	3,752
Exchange differences	194	89
Change in potential tax rates	–	(3)
Losses utilised in year	(2,102)	(681)
Losses in year	533	170
At 31 December 2015	9,734	3,327

Expiry date of losses

	2015 £000	2014 £000
One to five years	23	23
Five to ten years	1,791	1,692
Ten years or more	1,513	2,037
Total	3,327	3,752

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

16. Dividends

Year ended 31 December	2015 £000	2014 £000
2014 final dividend paid 4 87p on 10 July 2015 (2013 4 24p)*	3,504	2,723
2015 interim dividend paid 1 61p on 13 November 2015 (2014 1 40p)	1,158	947
	4,662	3,670

The 2015 proposed final dividend of 5 60p, totalling £4,033k The dividends relate to the profit of the following years

Year ended 31 December	2015 £000	2014 £000
Interim dividend paid 1 61p on 15 November 2015 (2014 1 40p)	1,158	947
Final dividends payable 5 60p on 8 July 2016 (2014 4 87p)	4,033	3,442
	5,191	4,389
Headline dividend cover	2 6	2 4

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 2 and 3

* 2014 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 2014

17. Intangible assets

	Goodwill £000	Brand name £000	Customer relationships £000	Software £000	Total £000
Cost					
At 1 January 2014	33,255	3,338	5,788	1,050	43,431
Exchange differences	(377)	(15)	(47)	(29)	(468)
Acquired	–	–	–	73	73
Acquired through business combination	910	82	322	–	1,314
Disposal	–	–	–	(71)	(71)
At 31 December 2014	33,788	3,405	6,063	1,023	44,279
Exchange differences	(305)	(24)	(74)	(60)	(463)
Acquired	–	53	285	793	1,131
Acquired through business combination	288	729	282	–	1,299
Disposal	–	–	–	(71)	(71)
At 31 December 2015	**33,771**	**4,163**	**6,556**	**1,685**	**46,175**
Accumulated amortisation and impairment					
At 1 January 2014	1,578	520	5,223	841	8,162
Exchange differences	–	(14)	(53)	(27)	(94)
Amortisation charge*	–	1,051	394	120	1,565
Impairment	5,573	–	–	–	5,573
Disposal	–	–	–	(69)	(69)
At 31 December 2014	7,151	1,557	5,564	865	15,137
Exchange differences	–	(5)	(60)	(50)	(115)
Amortisation charge*	–	1,486	370	98	1,954
Impairment*	889	–	84	–	973
Disposal	–	–	–	(60)	(60)
At 31 December 2015	**8,040**	**3,038**	**5,958**	**853**	**17,889**
Net book value					
At 1 January 2014	31,677	2,818	565	209	35,269
At 31 December 2014	26,637	1,848	499	158	29,142
At 31 December 2015	**25,731**	**1,125**	**598**	**832**	**28,286**

* Charged to income statement

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

NOTES
Continued

17. Intangible assets continued

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

Cash generating units (CGUs)	Goodwill 31 December 2015 £000	Goodwill 31 December 2014 £000	Segment
M&C Saatchi (UK) Ltd**	5,977	5,977	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	539	UK
Clear Ideas Ltd	9,508	9,530	UK
M&C Saatchi Berlin GmbH	1,143	1,205	Europe
M&C Saatchi GAD SAS and associates	254	268	Europe
M&C Saatchi Agency Pty Ltd (Australia)	2,379	2,509	Asia and Australasia
Bang Pty Ltd (Australia)*	521	984	Asia and Australasia
Samuelson Talbot & Partners Pty Ltd (Australia)*	–	522	Asia and Australasia
Creative Spark Interactive (PTY) LTD (South Africa)*	181	–	Middle East and Africa
Total of the four CGUs with goodwill less than £0 5m*	663	537	Various
Total	25,731	26,637	

* Apart from these CGUs, whose movements are described in this note, all other movements are due to exchange
** £910k of Lean Mean Fighting Machine Ltd goodwill (note 18) is part of M&C Saatchi (UK) Ltd CGU

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 All recoverable amounts are from future trading and not from the sale of unrecognised assets or other intangibles i e the value in use The 2015 review was undertaken in the last quarter of the year in conjunction with our annual business planning process, £973k of goodwill and other intangible asset impairments were identified (2014 £5,573k)

Samuelson Talbot & Partners Pty Ltd (Australia) goodwill was fully impaired £489k (after exchange movement) along with its remaining customer relationships £84k The impairment reflects a severe deterioration in its financial position

Bang Pty Ltd (Australia) goodwill was partially impaired by £400k (after exchange movement) The trading of Bang Pty Ltd has improved in the year, however, it has not improved to the level that we predicted when we conducted our impairment review last year The impairment reflects the recoverable amount of this CGU being below or close to its carrying amount The amount of impairment is, we believe, a prudent judgement, based on the CGU's potential future trade

Management have approved the forecasts for 2016 and have prepared additional projections based on the 2016 numbers for the next four years These were used as the basis for determining the recoverable amount of each CGU In making the forecasts management has reflected on past performance and the present business and economic prospect Details of uncertainties in our forecasts are described in note 6

In conducting the review, we used a residual growth rate of 3% from year five onwards and a market beta of 1 for UK, 1 for Europe, and 1 2 for rest of world

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 the exception of Clear Ideas Ltd and Ben Natan Golan 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 of pre-tax discount rates and management forecasts and projections by adjusting them individually 50% and 20% respectively as well as comparing management forecasts to historic results None of these sensitivity tests lead to further impairments

Clear Ideas Ltd was impaired in 2014, and continues to trade above the forecast used to justify the impairment Ben-Natan Golan Ltd was acquired in the year, thus its carrying value is close to its recoverable amount In testing our key assumptions on Clear Ideas Ltd and Ben-Natan Golan Ltd, increasing pre-tax discount rates by 50% results in a £3 4m potential impairment and reducing management forecast by 20% creates a £1 0m potential impairment

Key assumptions	Residual growth rates 2014 and 2015 %	Pre-tax discount rates 2015 %	Pre-tax discount rates 2014 %
UK	3	11-13	11–12
Asia and Australasia	3	12-16	12–13
Middle East and Africa	3	14-16	-
Europe	3	11-15	12–15
Clear	3	12	11

We do not expect the residual growth rates to exceed the long term growth rates for these types of business in each location

Brand name

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

Brand name	CGU	Year acquired	Cost 2015 £000	Cost 2014 £000	Amortisation period
Clear	Clear Ideas Ltd	2007	2,640	2,640	3 years
Inside Mobile	M&C Saatchi Mobile Ltd	2010	103	103	Immediately
Direct One	M&C Saatchi GAD SAS	2010	79	84	Infinity
Bang	Bang Pty Ltd (Australia)	2012	245	262	3 years
ST&P	Samuelson Talbot & Partners Pty Ltd (Australia)	2013	44	48	Immediately
Merlin Elite	M&C Saatchi Merlin Ltd	2013	186	186	Immediately
Lean Mean Fighting Machine	M&C Saatchi (UK) Ltd	2014	82	82	Immediately
Mademoiselle Scarlett	M&C Saatchi GAD SAS	2015	56	-	Immediately
Heavenspot	M&C Saatchi LA Inc	2015	53	-	Immediately
Ben Natan Golan	M&C Saatchi Tel Aviv	2015	483	-	Immediately
Creative Spark	Creative Spark Interactive (PTY) LTD	2015	192	-	1 year
			4,163	3,405	

There is no foreseeable limit to the duration of 'Direct One' brands as we continue to use them for existing and future clients, hence the brand has been treated as having an indefinite life

NOTES
Continued

18. Acquisitions
During the year, the Group made minor acquisitions in South Africa (Creative Spark Interactive (PTY) LTD), Israel (Ben Natan Golan Ltd) and France (Mademoiselle Scarlett SAS) to enhance its service and offering.

Income statement effects of 2015 acquisitions
The results of these three small acquisitions included in the consolidation are a revenue of £711k and profit before tax and intangible amortisation of £10k Had the results been consolidated for the full year the revenue would have been £1,395k and profit before tax and intangible amortisation £180k, the majority of these profit values relate to Creative Spark Interactive (PTY) LTD

Goodwill on 2015 acquisition

2015	Note	Total £000
Consideration, satisfied by		
Cash		191
Deferred consideration		392
Total consideration		583
Less		
- Fair value of net assets made up of		
Intangibles		1,011
Plant and equipment		47
Other non current assets		14
Cash		267
Other current liabilities		(609)
Deferred tax liability		(274)
Non controlling interests share		(161)
- Total fair value of net assets		295
Goodwill arising	17	288

Of the £191k cash paid, £148k relates to our acquisition in Israel, and £43k relates to a small acquisition in France The £392k deferred consideration relates to Creative Spark (South Africa)

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

As part of the acquisition, put options were negotiated over remaining capital rights (note 27). In addition, the shareholder (management) of Creative Spark (South Africa) are entitled to further payments depending on the future performance of the company These payments are forfeited on termination of employment (collective or individual) and therefore have been accounted for within staff costs (note 8) in accordance with IFRS3

Income statement effects of 2014 acquisitions

80% of LMFM was acquired on 17 April 2014, to enhance and grow M&C Saatchi (UK) Ltd digital offering The results of this acquisition included in the consolidation were revenue of £3,355k and profit before tax of £590k Between 1 January 2014 and the acquisition date, LMFM had revenue of £818k and profit before tax of £3k

Goodwill on 2014 acquisition

2014	Note	Total £000
Consideration, satisfied by		
Cash		1,645
Total consideration		1,645
Less		
– Fair value of net assets made up of		
Book value of associate		
Intangibles		404
Plant and equipment		48
Other non current assets		-
Cash		61
Other current assets		322
Deferred tax liability		(100)
Fair value charged to income statement		
– Total fair value of net assets		735
Goodwill arising	17	910

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

As part of the acquisition, put options were negotiated on this acquisition over remaining capital rights associated with digital revenues (note 27) In addition, the shareholders (management) of LMFM are entitled to further payments depending on the future digital performance of M&C Saatchi (UK) Limited These payments are forfeited on termination of employment (collective or individual) and therefore have been accounted for within staff costs (note 8) in accordance with IFRS3

On 31 December 2014, the Group acquired the remaining 75% of the share capital of Human Digital Limited At the date of acquisition, this Company had net liabilities of £414k which largely related to a loan made by the Group to fund the company's activities The Directors consider that any intangibles acquired, which include the Human Digital brand, have an immaterial fair value and accordingly have not been recognised As a result of the accounting for this transaction, a charge of £813K has been recognised in the income statement (including £399k loss on disposal of associate, see note 20)

NOTES
Continued

19. Cash consumed by acquisitions

	2015 £000	2014 £000
Cash consideration		
– Samuelson Talbot & Partners Pty Ltd	–	(426)
– Lean Mean Fighting Machine Ltd	–	(1,645)
– Three small purchases of non controlling interests equity	(155)	(64)
– M&C Saatchi Brazil Comunicação LTDA (2014 9 8%)	–	(149)
– Two small acquisitions	(191)	–
	(346)	(2,284)
Less cash and cash equivalents acquired	267	83
Less cash lost on nominal value disposal	–	(43)
	(79)	(2,244)
Purchase of associates	(3,765)	(5,084)
	(3,844)	(7,328)

20. Associates and joint venture

The Group invests in associates and joint ventures, either to deliver its services to a strategic market place or to gain strategic mass by being part of a larger local or functional entity

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

Name	Nature of business	Country of incorporation or registration	Investment in associate 2015 £000	Investment in associate 2014 £000	Proportion of voting rights and ordinary share capital held at 2015	Proportion of voting rights and ordinary share capital held at 2014
Walker Media Limited	Media buying	UK	9,572	9,548	25%	25%
Milk Data Strategy Limited*	Data strategy	UK	–	173	–	25%
M&C Saatchi Russia Limited	Advertising	UK	38	45	50%	50%
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	3,347	3,327	20%	20%
February Communications Private Limited	Advertising	India	214	210	20%	20%
Shepardson Stern + Kaminsky LLP***	Advertising	USA	7,785	5,428	33%	33%
M&C Saatchi World Services Pakistan (PVT) Ltd (joint venture)	Development communications	Pakistan	–	–	50%	50%
Love Frankie Ltd	Advertising	Thailand	86	–	25%	–
Santa Clara Participacoes Ltda	Advertising	Brazil	3,383	–	25%	–
M&C Saatchi Istanbul	Advertising	Turkey	387	–	25%	–
Total			24,811	18,731		

* Sold in February 2015 for £325k cash, profit on disposal £217k
** Influence exerted through our board membership and contractual relationship, this entity services other countries in the region
*** £1,400k of investment movement due to contingent consideration

All shares in associates are held by subsidiary companies, and have no special rights Where the associate has a right to use our brand name we have a right to withdraw the brand name to stop it being lost, or protect it from damage In the case of joint ventures, all key decisions have to be jointly agreed The risk the Group is exposed to from its associates and joint ventures is our investment, our brand name and undistributed dividend flows

During the year the Group invested in Love Frankie Limited to service development clients in South East Asia, Santa Clara Participacoes Ltda to increase presence in Brazil, and M&C Saatchi Istanbul to service our clients in Turkey

	2015 £000	2014 £000
At 1 January	18,731	13,099
Exchange movements	(146)	(239)
Acquisition of associates	3,765	5,580
Contingent consideration	1,400	–
Impairment of associate	–	(399)
Dividends	(1,173)	(660)
Share of profit after taxation	2,017	1,350
Profit on disposal	217	–
At 31 December	24,811	18,731

Impairment 2014

On 31 December 2014, the Group acquired the 75% it did not own in Human Digital for £1, this resulted in an impairment of £399k in the existing book value of the associate prior to acquisition, plus a loss on acquisition of £414k due to the net liabilities acquired (note 18)

Summarised financial information

	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	2015 £000	2014 £000
Income statement							
Revenue	15,969	2,586	3,791	4,868	15,243	42,457	28,582
Operating profit	4,027	32	(1,267)	1,939	2,890	7,621	4,967
Profit before taxation	4,120	11	(1,387)	1,916	2,854	7,514	4,893
Profit after taxation	3,248	(21)	(1,387)	995	2,610	5,507	3,411
The Group's share of the results of associates	809	25	–	325	858	2,017	1,350
Dividends received from associates in the year	822	–	–	101	250	1,173	660

	UK £000	Europe £000	Middle East and Africa £000	Asia and Australasia £000	Americas £000	2015 £000	2014 £000
Balance sheet							
Total assets	54,658	4,491	3,722	4,884	13,004	80,759	70,685
Total liabilities	(44,944)	(4,812)	(7,511)	(1,276)	(11,225)	(69,768)	(59,013)
Net current assets/(liabilities)	9,714	(321)	(3,789)	3,608	1,779	10,991	11,672
Our share	2,383	(75)	(379)	734	598	3,261	3,161
Losses not recognised	–	253	379	–	57	689	531
Goodwill	7,189	248	–	2,913	10,511	20,861	15,039
Investment in associates	9,572	426	–	3,647	11,166	24,811	18,731

Human Digital Limited was included in the 2014 income statement table, but due to its acquisition on 31 December 2014 was not included in the Balance sheet

The UK is largely represented by Walker Media Limited, which contributed to £770k of the £809k profit during the period Similarly, the US is represented by Shepardson Stern + Kaminsky LLP, which accounts for £842k of the £858k profit As such, the summary financial information has not been disaggregated further

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 2014	6,087	5,769	4,609	151	16,616
Exchange differences	(50)	(66)	(46)	(6)	(168)
Additions	992	1,570	855	10	3,427
Acquisition of subsidiaries	–	47	–	–	47
Disposals	(383)	(627)	(393)	(29)	(1,432)
Disposal of subsidiaries	–	(2)	(14)	–	(16)
At 31 December 2014	6,646	6,691	5,011	126	18,474
Exchange differences	(113)	(152)	(108)	(15)	(388)
Additions	819	384	762	71	2,036
Acquisition of subsidiaries	11	14	22	–	47
Disposals	(75)	(111)	(194)	(42)	(422)
Disposal of subsidiary	–	–	–	–	–
At 31 December 2015	**7,288**	**6,826**	**5,493**	**140**	**19,747**
Depreciation					
At 1 January 2014	2,300	3,735	3,207	64	9,306
Exchange differences	(33)	(24)	(59)	(5)	(121)
Depreciation charge	752	380	901	22	2,055
Disposals	(300)	(490)	(362)	(9)	(1,161)
Disposal of subsidiaries	–	(2)	(12)	–	(14)
At 31 December 2014	2,719	3,599	3,675	72	10,065
Exchange differences	(94)	(77)	(84)	(8)	(263)
Depreciation charge	774	685	647	22	2,128
Disposals	(76)	(138)	(133)	(33)	(380)
Disposal of subsidiary	–	–	–	–	–
At 31 December 2015	**3,323**	**4,069**	**4,105**	**53**	**11,550**
Net book value					
At 1 January 2014	3,787	2,034	1,402	87	7,310
At 31 December 2014	3,927	3,092	1,336	54	8,409
At 31 December 2015	**3,965**	**2,757**	**1,388**	**87**	**8,197**

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 2014	–	8	48	99	155
At 31 December 2014	–	–	169	61	230
At 31 December 2015	**–**	**12**	**119**	**78**	**209**

22. Other non current assets

	2015 £000	2014 £000
Investments*	3,353	1,987
Rent deposits	1,110	1,636
Loans to associates**	2,336	2,222
Loans to employees***	1,496	–
Call option provision	54	54
Total other non current assets	8,349	5,899

* The Group engages in corporate venturing by investing in start-up companies that have technologies that relate to or could enhance the services the Group provides, or could become users of the Group's services when matured Under IFRS 13, these items are valued as level 3 financial instruments and have been recorded at cost, which was deemed fair value on the date of acquisition Given the start up nature of these investments, these are not remeasured to fair value at each reporting date, as fair value cannot be reliably measured However, the values of these investments are regularly reviewed and considered for impairment, which would be recorded in the income statement immediately No such indicators of impairment were identified at the balance sheet date The Group intends to realise its investments over a three to ten year period either through sale of the equity or receipt of dividends

** On acquisition of 33% of Shepardson Stern + Kaminsky LLP, we took over a AUD$3 5m working capital loan, which matured on our investment The terms of this loan are similar to the maturing loan and reflect an arm's-length transaction

*** This related to the AUD3 6m (balance at 31 December 2015, AUD3 0m) loans that the Group lent local management of M&C Saatchi Agency Pty Ltd, in 2015, to enable them to acquire 20% of that business The full recourse loan is repayable in full if the purchasers no longer have a beneficial interest in the shares of the Australian Group, or are no longer employed The loan is unsecured and charged interest at 0 1% above the five year Australian inter bank rate at the date the loan was advanced The carrying value of the loan approximated to fair value

The movement in investments during the year is as follows

	2015 £000	2014 £000
At 1 January	1,987	800
Acquisition of investments	1,366	1,187
At 31 December	3,353	1,987

23. Trade and other receivables

	2015 £000	2014 £000
Trade receivables	59,651	50,760
Provision for bad debts	(232)	(184)
Net trade receivables	59,419	50,576
Prepayments and accrued income	20,061	14,437
Amounts due from associates	654	515
VAT and sales tax recoverable	1,140	1,101
Other debtors	6,418	4,414
Total trade and other receivables	87,692	71,043

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

Movement in the bad debt provision

	2015 £000	2014 £000
As at 1 January	(184)	(186)
Exchange movements	7	–
Charged to the income statement	(132)	(6)
Utilisation of provision	77	8
As at 31 December	(232)	(184)

NOTES
Continued

23 Trade and other receivables continued

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

	2015 £000	2015 %	2014 £000	2014 %
Three to six months	1,250	2%	1,547	3%
Over six months	612	1%	923	2%
Total net trade receivables	59,419	100%	50,576	100%

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

	2015 £000	2015 %	2014 £000	2014 %
Sterling	38,004	43%	33,869	48%
US dollars	21,434	25%	10,586	15%
Australian dollars	7,052	8%	5,527	8%
Malaysian ringgit	1,956	2%	3,923	5%
Euros	9,878	11%	7,115	10%
South African rand	2,179	3%	2,516	4%
Brazilian real	1,713	2%	1,589	2%
Other	5,476	6%	5,918	8%
	87,692	100%	71,043	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, and the level of accruals and deferred income is reported regularly Age profiling is monitored both at local customer level and at 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

	2015 £000	2014 £000
Trade creditors	(37,970)	(26,414)
Sales taxation and social security payables	(7,946)	(8,269)
Employment benefit accruals	(1,195)	(1,363)
Accruals and deferred income	(43,349)	(36,998)
Other payables	(4,073)	(2,951)
	(94,533)	(75,995)

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

	2015 £000	2015 %	2014 £000	2014 %
Sterling	(36,284)	38%	(33,926)	45%
US dollars	(27,090)	29%	(14,618)	19%
Australian dollars	(9,413)	10%	(7,959)	10%
Malaysian ringgit	(2,530)	3%	(3,992)	5%
Euros	(10,814)	11%	(7,830)	10%
South African rand	(1,598)	2%	(1,111)	2%
Brazilian real	(1,667)	2%	(2,105)	3%
Other	(5,137)	5%	(4,454)	6%
	(94,533)	100%	(75,995)	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), and therefore will not reconcile with amounts disclosed on the consolidated balance sheet

	2015 £000	2014 £000
Non derivatives		
Up to six months	(77,310)	(56,957)
Six to twelve months	(12)	(11)
Later than one year and not later than five years	(24,576)	(19,304)
	(101,898)	(76,272)
Put options		
Up to six months	(16,739)	(15,835)
Later than one year and not later than five years	(7,974)	(7,887)
Greater than five years	–	(883)
	(24,713)	(24,605)
Total derivatives and non derivatives	(126,611)	(100,877)

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)

25. Other financial liabilities

Amounts falling due within one year

	2015 £000	2014 £000
Obligations under finance leases	(25)	(22)
Invoice discounting	(3,130)	-
	(3,155)	(22)

Invoice discounting relates to borrowings secured against trade receivables in the UK The amounts borrowed represent 60% of the receivable balance pledged As at the balance sheet date, £1 9m was not drawn under this facility Interest is accrued at 1 75% per annum on amounts drawn

Amounts falling due after one year

	2015 £000	2014 £000
Obligations under finance leases	(39)	(32)
Secured bank loans	(23,555)	(18,194)
	(23,594)	(18,226)

The carrying value of bank loans approximates to their fair value

Secured bank loans

At the year end, the Group had a banking facility of up to £30 0m (2014 £30 0m) plus a one year £0.3m (2014 £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 the Bank of England base rate The facility matures on 30 April 2017

Following the year end (on 4 January 2016), the Group increased and extended its banking facility to £40 0m The facility reduces by £2 0m annually The facility now matures on 30 April 2020 and has same floating rates as before

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 £98k (2014 £125k)

	2015 £000	2014 £000
Gross secured bank loans	(23,800)	(18,410)
Capitalised finance costs	245	216
Net secured bank loans	(23,555)	(18,194)
Future interest payable on secured bank loans at balance sheet date	(894)	(1,170)
Total secured bank loans and future interest	(24,449)	(19,364)

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

	2015 £000	2014 £000
In one year or less, or on demand	(671)	(502)
In more than one year but not more than five years	(23,778)	(18,862)
	(24,449)	(19,364)

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

	2015 £000	2014 £000
In one year or less, or on demand	(25)	(22)
In more than one year but not more than two years	(39)	(32)
	(64)	(54)

26. Deferred and contingent consideration

	2015 £000	2014 £000
Amounts falling within one year		
– Deferred (note 18)	(392)	-
– Contingent (note 20)	(1,400)	-
	(1,792)	-

	2015 £000	2014 £000
At 1 January	-	420
Exchange difference	-	6
Associate increase in contingency	(1,400)	-
Acquisition	(392)	-
Consideration paid (note 19)	-	(426)
At 31 December	(1,792)	-

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)

	2015 £000	2014 £000
Amounts falling due within one year		
– Cash	(1,136)	(1,031)
– Equity	(15,602)	(14,804)
	(16,738)	(15,835)
Amounts falling due after one year		
– Cash	(1,805)	(178)
– Equity	(5,821)	(8,530)
	(7,626)	(8,708)
	(24,364)	(24,543)

	2015 £000	2014 £000
At 1 January	(24,543)	(38,169)
Exchange difference	(138)	1
Additions	(2,190)	(1,653)
Exercises	4,555	15,817
Reclassification**	1,658	–
Income statement charge due to		
– Change in estimates	(3,907)	(886)
– Change in share price	194	442
– Time	7	(95)
Total income statement charge	(3,706)	(539)
At 31 December	(24,364)	(24,543)

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	2015 £000	2014 £000
At 1 January	(1,209)	(4,326)
Exchange difference	(138)	–
Reclassified to/(from) share based	385	(291)
Additions*	(2,190)	–
Exercises	–	2,553
Income statement charge due to		
– Change in estimates	201	841
– Change in share price	10	9
– Time	–	5
At 31 December	(2,941)	(1,209)

* Relating to Creative Spark Interactive (PTY) LTD and M&C Saatchi Agency Pty Ltd

Of the cash based put options, £1,496k will be offset against loans to employees (note 22)

Equity based	2015 equity*	2015 £000	2014 £000
At 1 January	(7,071)	(23,334)	(33,843)
Exchange difference	–	–	1
Additions	–	–	(1,653)
Exercises	1,279	4,555	13,264
Reclassified (from)/to cash based	(118)	(385)	291
Reclassification**	502	1,658	–
Income statement charge due to			
– Change in estimates	(1,156)	(4,108)	(1,727)
– Change in share price	–	184	433
– Time	2	7	(100)
At 31 December	(6,562)	(21,423)	(23,334)

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

** The reclassification relate to M&C Saatchi LA Inc and M&C Saatchi (S) Pte Ltd where, due to changes in shareholder agreements, the put options are now accounted for as conditional share awards under IFRS2 (note 30)

NOTES
Continued

27. Minority shareholder put option liabilities continued

Put options are exercisable from

Subsidiary	Year	% of subsidiaries' shares exchangeable
M&C Saatchi Marketing Arts Ltd	2016	50 0
M&C Saatchi (M) SDN BHD	2016	20 0
M&C Saatchi Sports & Entertainment Ltd	2016	2 8
Influence Communications Ltd	2016	5 0
M&C Saatchi Europe Holdings Ltd	2016	4 0
M&C Saatchi German Holdings Ltd	2016	4 0
M&C Saatchi Communications Pty Ltd	2016	13 0
M&C Saatchi Berlin GmbH	2016	15 0
Talk PR Audience Ltd	2016	17 0
FCINQ SAS	2016	15 0
Clear Ideas Consulting LLP	2016	12 5
M&C Saatchi PR LLP (US)	2016	35 0
Clear Ideas Consulting LLP	2016	12 5
M&C Saatchi Sport & Entertainment Pty Ltd	2016	49 0
Talk PR Ltd	2016	49 0
M&C Saatchi UK PR LLP	2016	35 0
M&C Saatchi Corporate SAS	2016	29 8
M&C Saatchi (Switzerland) SA	2016	40 0
Samuelson Talbot & Partners Pty Ltd	2016	31 2
M&C Saatchi Merlin Ltd	2016	22 5
The Source (London) Ltd	2016	24 0
M&C Saatchi Berlin GmbH	2017	5 0
M&C Saatchi Brazil Comunicação LTDA	2017	40 0
Lean Mean Fighting Machine Ltd	2017	13 3
Lean Mean Fighting Machine Ltd	2018	13 3
Samuelson Talbot & Partners Pty Ltd	2018	8 8
M&C Saatchi Merlin Ltd	2018	22 5
Lean Mean Fighting Machine Ltd	2019	13 3
Creative Spark Interactive (PTY) LTD*	2020	10 0
M&C Saatchi Agency Pty LTD*	2020	20 0

* New put options in 2015

At each period end, the fair value of the put option 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 (2015 326 5p, 2014 330 0)

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 2015 results of the companies who can exercise in 2016 Non current liabilities are determined by our year end share price and the projected results of the companies who can exercise after 2016 The projected results show management's best estimate of the growth rates and margin of the companies who can exercise after 2016 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 326 5p (2014· 330 0p) The 2015 charges would have changed as follows, had the share price been

Share price	Movement %	Increase/ (decrease) in profit before and after tax £000
391 8p	+20%	£(3,253)
346 5p	+6%	£(1,175)
326 5p	–	–
306 5p	(6)%	£1,208
261 2p	(20)%	£3,945

Forecast accuracy
Difference in actual and projected results of the companies could have an impact on the fair value adjustments as follows (assuming no change in the Group's forecast)·

Result	Increase/ (decrease) in profit before and after tax £000
+10%	£(1,171)
(10)%	£1,079

28. Other non current liabilities

	2015 £000	2014 £000
Employment benefit provisions*	(226)	(341)
Other	(982)	(962)
	(1,208)	(1,303)

* 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 2014	69,038,993	690
Tender offer	(6,337,800)	(63)
Fulfilment of options	825,367	8
Acquisition of 20% M&C Saatchi Agency Pty Ltd	2,398,932	24
Acquisition of 20% M&C Saatchi Mobile Ltd	2,030,131	20
Acquisition of 19 8% of M&C Saatchi GAD SAS	423,006	4
At 31 December 2014	68,378,629	683
Fulfilment of options	3,057,012	31
Acquisition of 10% M&C Saatchi Mobile Ltd	1,019,267	10
Acquisition of 4 9% M&C Saatchi Mobile LLP (USA)	192,289	2
Acquisition small percentages of three UK subsidiaries	67,822	1
At 31 December 2015	**72,715,019**	**727**

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

Tender offer

Following the sale of Walker Media Ltd in November 2013, the Group returned £21 4m of the proceeds by way of a tender offer on 23 January 2014 at 335p per share

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

NOTES
Continued

30. Share based payments

Share based payments include vested share options and conditional share awards

Expense recognised in year.

	2015 £000	2014 £000
Equity settled	1,125	200
Cash settled	26	93
Total	**1,151**	293

Vested share options

	Vested options	LTIP	New LTIP	2012 LTIP	UK growth shares	Total number
At 1 January 2014	128,495	-	-	-	-	128,495
Vested	-	110,759	2,771,736	229,897	641,492	3,753,884
Exercised paid in equity*	(128,495)	(55,380)	-	-	(641,492)	(825,367)
At 31 December 2014	-	55,379	2,771,736	229,897	-	3,057,012
Exercised paid in equity*	-	(55,379)	(2,771,736)	(229,897)	-	(3,057,012)
At 31 December 2015	-	-	-	-	-	-

* The average price when these options were exercised was 317 3p (2014 275 5p)

The LTIP was conditional that the employee remains employed by the Group on the day of exercise, the vested options do not have this condition Further details of these old share options can be found in the 2014 Annual Report

Conditional share awards
Minority interest put options with leaver provisions
In addition to the put option liabilities described in note 27, the following entities have issued put options which are forfeited on termination of employment of the minorities As such, these arrangements are treated as share based payment and accounted for under IFRS 2, as opposed to IAS 39

The fair value of these options is determined on the date of grant based on the value of the underlying subsidiary and the number of shares in M&C Saatchi plc expected to be issued on exercise The fair value of the subsidiary shares is established by means of a Monte Carlo model and the number of shares to be issued are determined in line with the formula prescribed in the respective shareholder agreements Typically, these are with reference to the profitability of the subsidiary over the vesting period in the context of overall Group profits such that profit growth in the underlying business would result in a larger number of shares to be issued

The fair value is charged to the income statement over the vesting period on a straight line basis

	Grant date	Share price at grant date	Vesting period years	Dividend yield	Volatility	Risk free rate	Fair value of option (per M&C Saatchi plc share issued)*	Company dividend rights	PE Cap	Vesting date***
M&C Saatchi Network Ltd	05/05/15	£3 23	2	1 94%	28%	0 70%	£3 10	No	No	15/04/17
M&C Saatchi Network Ltd	05/05/15	£3 23	4	1 94%	43%	1 20%	£2 93	No	No	15/04/19
M&C Saatchi LA Inc**	16/12/04	£1 30	15	1 78%	45%	1 64%	£1 00	Yes	No	15/04/20
M&C Saatchi LA Inc	15/01/15	£3 15	5	1 99%	54%	1 04%	£2 85	Yes	No	15/04/20
M&C Saatchi Shop Ltd	03/12/15	£3 32	4	0 70%	27%	1 17%	£3 21	Yes	No	15/04/20
M&C Saatchi Shop Ltd	03/12/15	£3 32	5	1 89%	42%	1 35%	£3 19	Yes	No	15/04/21
M&C Saatchi Shop Ltd	03/12/15	£3 32	6	1 87%	54%	1 48%	£3 06	Yes	No	15/04/22
M&C Saatchi Accelerator Ltd	26/11/15	£3 27	4	1 91%	26%	1 16%	£3 00	Yes	No	15/04/20
M&C Saatchi Accelerator Ltd	26/11/15	£3 27	5	1 91%	42%	1 32%	£2 94	Yes	No	15/04/21
M&C Saatchi Accelerator Ltd	26/11/15	£3 27	6	1 91%	54%	1 47%	£2 84	Yes	No	15/04/22
M&C Saatchi Mobile Singapore	24/06/15	£3 16	4	1 98%	43%	1 54%	£1 53	Yes	12	15/04/20
M&C Saatchi (S) Pte Ltd**	01/09/13	£2 68	6	1 85%	63%	1 84%	£0 96	Yes	12	15/04/19
Ben Natan Golan Ltd	21/05/15	£3 28	5	1 91%	44%	1 20%	£3 26	Yes	No	15/04/20

*The valuation was made using a Monte Carlo model

** Reclassified from Minority interest put option, due to new shareholder agreement being issued (note 27)

*** The vesting date is set in the agreements on the date that the Group's Annual Report is published These dates are estimates based on our historic timetable

The actual number of M&C Saatchi plc shares that these minority interests will convert into is based on the entities' proportion of Group profits Based on our future forecasts, that have not been discounted for risk, the following number of shares are likely to vest, giving rise to the following accounting charges

	% shareholding in entity	Vesting date	Fair value of option (Per M&C Saatchi plc share issued)	Estimated number of shares at vesting 000	Total accounting charge at vesting £000	Accounting charge 2015 £000	Accounting charge 2014 £000
M&C Saatchi Network Ltd	0 0%	15/04/17	£3 10	300	£931	£311	-
M&C Saatchi Network Ltd	5 0%	15/04/19	£2 93	880	£2,581	£430	-
M&C Saatchi LA Inc**	6 0%	15/04/20	£1 00	184	£184	£131	-
M&C Saatchi LA Inc	4 0%	15/04/20	£2 85	122	£350	£64	-
M&C Saatchi Shop Ltd	10 8%	15/04/20	£3 21	31	£98	£2	-
M&C Saatchi Shop Ltd	10 8%	15/04/21	£3 19	29	£93	£1	-
M&C Saatchi Shop Ltd	10 8%	15/04/22	£3 06	28	£85	£1	-
M&C Saatchi Accelerator Ltd	6 7%	15/04/20	£3 00	47	£141	£3	-
M&C Saatchi Accelerator Ltd	6 7%	15/04/21	£2 94	54	£158	£3	-
M&C Saatchi Accelerator Ltd	6 7%	15/04/22	£2 84	51	£145	£2	-
M&C Saatchi Mobile Singapore	5 0%	15/04/20	£1 53	66	£101	£11	-
M&C Saatchi (S) Pte Ltd	20 0%	15/04/19	£0 96	360	£347	£144	-
Ben Natan Golan Ltd	30 0%	15/04/20	£3 26	48	£156	£22	
				2,200	£5,370	£1,125	£0

In creating the accounting charge, we have assumed that all shareholders will be employed at time of vesting

NOTES
Continued

31. Post balance sheet events

On 4 January 2016, the Group increased and extended its banking facility to £40 0m The facility reduces by £2 0m annually The facility now matures on 30 April 2020 and has the same floating rates as before (note 25)

During March 2016, the Group made the following acquisitions
- 100% of the share capital Expression FZ LLC (Dubai),
- 51% of the share capital of MCD Partners (USA),
- Increased our holding in Shepardson Stern + Kaminsky LLP (USA) from 33% to just over 50%, giving the Group majority control, and
- Increased our holding of M&C Saatchi (Switzerland) SA by 16% to 76%

Overall, the Group spent £13,074k on the above acquisitions, of which £6,052k was borrowed under our banking facility, and the remainder came from our cash holdings

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 7

33. Related party transactions

Key management remuneration
Key management remuneration is disclosed in note 8

Unaudited detail on Directors' remuneration is disclosed in the Remuneration Report on pages 26 and 27

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

Tom Dery is a director of Australian Cancer During the year the Group passed on third party costs to Australian Cancer of £30k (2014: £54k), and charged them £4k (2014 £1k) in fees, of which nil (2014 nil) was outstanding at the year end

Lloyd Dorfman, for part of 2015, was chairman of Travelex Holdings Ltd During the year, the Group charged subsidiaries of Travelex Holdings Ltd, on an arm's-length basis, £216k (2014 £139k) for advertising and marketing services, of which £77k (2014 £19k) was outstanding at the year end.

Lloyd Dorfman is chairman of Doddle Parcel Services Ltd During the year, the Group charged Doddle, on an arm's-length basis, third party costs of nil (2014 £306k) and charged them nil (2014 £704k) in fees for advertising and marketing services, of which nil (2014 £587k) 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 £465k (2014 £643k), of which nil (2014 £178k) was unpaid at the year end

An Australian employee's wife owns Rapid Films Pty Ltd, purchase was made at an arm's-length basis £167k was owed at year end

To assist the local directors to acquire 20% of M&C Saatchi Agency Pty Ltd in 2015, loans of AUD3 6m were issued At the year end, the balance of the loan was AUD3 0m (see note 22 for further details)

To assist the local directors to acquire an additional 4% of M&C Saatchi LA Inc in 2015, loans of USD60k were issued At the year end, the balance of the loan was USD60k

During the year, the Group lent Antoine Barthuel, an arm's-length interest bearing Euro 150k loan

During the year, the Group made purchases of £37k (2014 £1,750k) from its associates At 31 December 2015, there was £799k due to associates in respect of these transactions (2014 £1,707k) During the year, £374k (2014 £1,180k) of fees were charged by Group companies to associates At 31 December 2015, associates owed Group companies £3,251k (2014 £2,603k)

During the year, the Company recharged its subsidiaries and indirect subsidiaries with £821k (2014 £824k) of its costs, £223k (2014 £210k) of interest The balance outstanding can be seen in notes 37, 38 and 39.

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

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 the 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 consideration paid 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

NOTES
Continued

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	- three years
Customer relationships	- one to five years
Brand name	- zero 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

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

Employee benefits – cash share based compensation
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

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
There are no significant new and amended standards that became effective for periods beginning on or after 1 January 2015 The Directors consider the impact of the minor changes in the year on the Group and conclude that none are material to the Group's results and financial position

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 2016 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 15 Revenue from Contracts with customers, replaces IAS 18 Revenue and all other revenue related standards (Effective for accounting periods beginning on or after 1 January 2018)*

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

IFRS 16 Leases will replace IAS 17 (Effective for accounting periods beginning on or after 1 January 2019)*

* These standards have not yet been endorsed by the EU

COMPANY BALANCE SHEET

At 31 December	Note	2015 £000	2014 £000
Non current assets			
Investments	36	83,459	81,942
Intangible assets		66	-
Deferred tax assets		-	115
Other non current assets	37	13,496	-
		97,021	82,057
Current assets			
Trade and other receivables	38	47,842	54,220
Cash at bank		1,407	824
		49,249	55,044
Current liabilities			
Trade and other payables	39	(35,153)	(31,512)
Deferred consideration		(392)	-
		(35,545)	(31,512)
Net current assets		13,704	23,532
Total assets less current liabilities		110,725	105,589
Non current Liabilities			
Other financial liabilities	40	(23,555)	(17,884)
Total net assets		87,170	87,705
Capital and reserves			
Share capital		727	683
Share premium		17,338	16,807
Merger reserve		63,197	59,294
Treasury reserve		(792)	(792)
Unrealised Profit account		1,125	-
Profit and loss account		5,575	11,713
Shareholders' funds		87,170	87,705

These financial statements were approved and authorised for issue by the Board on 17 March 2016 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 2015 is a loss after tax of £1,138k (2014 profit £8,316k)

The notes on pages 83 to 86 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	Merger reserve £000	Treasury reserve £000	Unrealised profit account £000	Profit and loss account £000	Total £000
At 1 January 2014	690	16,402	48,817	(792)	-	26,197	91,314
Options exercised	8	405	-	-	-	(413)	-
Share option charge		-	-	-	-	200	200
Tender offer	(63)	-	-	-	-	(21,451)	(21,514)
Put options exercised	48	-	13,011	-	-	-	13,059
Merger release on impairments		-	(2,534)	-	-	2,534	-
Dividends paid	-	-	-	-	-	(3,670)	(3,670)
Profit for the year	-	-	-	-	-	8,316	8,316
AT 31 DECEMBER 2014	683	16,807	59,294	(792)	-	11,713	87,705
Options exercised	31	307	-	-	-	(338)	-
Share option charge	-	-	-	-	1,125	-	1,125
Put options exercised	13	224	3,903	-	-	-	4,140
Dividends paid	-	-	-	-	-	(4,662)	(4,662)
Profit for the year	-	-	-	-	-	(1,138)	(1,138)
AT 31 DECEMBER 2015	**727**	**17,338**	**63,197**	**(792)**	**1,125**	**5,575**	**87,170**

The notes on pages 83 to 86 form part of these financial statements

NOTES

35. Accounting policies

New accounting standard and transition

The financial statements have been prepared under the historical cost convention in accordance with the reduced disclosure framework of FRS 101 The amendments to FRS 101 (2014/15 cycle) issued July 2015 and effective immediately have been applied

In adopting the reduced disclosure framework of FRS101, the Company has taken the following exemptions from disclosure

- the cash flow statement and related notes,
- disclosures in respect of transactions with wholly owned subsidiaries,
- disclosures in respect of capital management,
- the effects of new but not yet effective IFRSs, and
- an additional balance sheet for the transition to FRS101

In the transition to FRS 101, the Company has applied IFRS1 whilst ensuring its assets and liabilities are measured in accordance with FRS 101 The transition has resulted in no adjustments or restatements to our 1 January 2014 balance sheet or year ended 31 December 2014 comparative

Accounting policies applied

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) See Group policy (note 34 and note 1)
See Group policy for current tax, deferred tax, share based payments and borrowings

(d) Share based payments in Company
The cost of awards to employees of subsidiary undertakings classified as conditional shares awards is accounted for as an additional investment in the employing subsidiary

(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

	2015 £000	2014 £000
At 1 January	81,942	81,942
Acquisition of a subsidiary*	392	-
Put option rights**	1,125	
At 31 December	83,459	81,942

The direct and indirect subsidiary undertakings are listed in note 5 to the consolidated financial statements

* Acquisition of 50 1% of Creative Spark Interactive (Pty) Ltd (note 18)

** Conditional share awards (Minority interest put options with leaver provisions) (note 30)

NOTES
Continued

37. Other non current assets

	2015 £000	2014 £000
Amounts from subsidiary undertakings	12,000	–
Loans to subsidiary employees*	1,496	–
Total	**13,496**	–

* This related to the AUD3 6m (current balance AUD3 0m) loans that the Group lent local management of M&C Saatchi Agency Pty Ltd, in 2015, to enable them to acquire 20% of that business The full recourse loan is repayable in full if the purchasers no longer have a beneficial interest in the shares of the Australian Group, or are no longer employed The loan is unsecured and charged interest at 0 1% above the five year Australian inter bank rate at date loan advanced The carrying value of the loan approximated to fair value

38. Trade and other receivables

Amounts due less than one year	2015 £000	2014 £000
Amounts from subsidiary undertakings*	46,816	52,129
Prepayments and accrued income	33	202
Corporation tax debtor	993	1,889
Total trade debtors and other receivables	47,842	54,220

* Repayable on demand Amounts receivable from subsidiary undertakings include receivables relating to exercised put options As detailed in notes 1 and 27, the Group has a number of put option arrangements in place On exercise of these put options, the Company is required to issue shares in exchange for the shares of the minority interests Where the Company's shareholding of the acquired subsidiary becomes equal to or higher than 90% as a result, amounts are credited to the Merger Reserve on exercise

The acquired shares are then immediately sold to subsidiaries of the Company, thereby creating an intercompany receivable and eliminating the Company's increase in investments

During the year, put option liabilities of £4 1m were exercised in relation to M&C Saatchi Mobile Ltd, M&C Saatchi Mobile LLP and three smaller subsidiaries in the UK (note 29) These liabilities are not recorded in the books of the Company as these are treated as derivative instruments with a negligible fair value

39. Creditors falling due within one year

	2015 £000	2014 £000
Trade creditors	(243)	(151)
Amounts due to subsidiaries*	(34,560)	(30,540)
Accruals and deferred income	(350)	(555)
Other payables	–	(266)
	(35,153)	(31,512)

* Repayable on demand

40. Creditors falling due after more than one year

	2015 £000	2014 £000
Bank loans	(23,555)	(17,884)

See note 25 for more details

41. Directors' remuneration

	2015 £000	2014 £000
Total for eight Directors		
Directors' salaries and benefits	2,075	2,050
Contribution to money purchase pension schemes	17	40
Total remuneration before accounting charges	2,092	2,090
Share option charges	31	285
	2,123	2,375

	2015 £000	2014 £000
Highest paid Director		
Directors' salaries and benefits	429	404
Contribution to money purchase pension schemes	–	24
Total remuneration before accounting charges	429	428
Share option charges	–	36
	429	466

Unaudited detail on Directors' remuneration is disclosed in the Remuneration Report on pages 26 and 27 These numbers include accounting charges for the LTIP schemes which the Remuneration Report excludes

During the year, 2,827,115 (2014 nil) M&C Saatchi plc shares were issued to Executive Directors, in return for Directors' interest in M&C Saatchi Worldwide Ltd B ordinary shares and M&C Saatchi Network Ltd G shares The total gain made on these disposals of the M&C Saatchi Worldwide Ltd B ordinary shares and M&C Saatchi Network Ltd G shares was £9,178k with a maximum gain per Director of £2,114k.

Under the LTIP scheme, 55,379 shares worth £184k and £184k cash bonus was paid to a Director in the year

The number of Directors with a money purchase pension scheme was 5 (2014 5)

The Directors are the key management personnel of the Company

42. Related parties

During the year, the Company charged a management recharge to subsidiaries totalling £821k (2014 £824k) £45k (2014 £48k) 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, 38 and 39 The amounts due from subsidiary undertakings payable in cash of £58,816k (2014 £52,129k) is net of £5,874k (2014 £4,964k) provisions for doubtful accounts

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

INDEPENDENT AUDITOR'S 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 2015 set out on pages 28 to 85 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), including FRS 101 Reduced Disclosure Framework

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 24, 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 2015 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 LLP, statutory auditor
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom
17 March 2016

ADDITIONAL INFORMATION

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Secretary and registered office

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www mcsaatchiplc com

Country of registration
England and Wales

Company number
05114893

Investor relations website
www mcsaatchiplc com

Corporate events

AGM
8 June 2016

Final 2015 dividend paid
8 July 2016

To those on the register on
10 June 2016

Interim 2016 statement
22 September 2016

Interim 2016 dividend paid
11 November 2016

To those on the register on
28 October 2016

Preliminary announcement of 2016 result
Late March 2017

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