

DLKW Lowe Limited

Directors' Report and Financial Statements
Year ended 31 December 2011

(Registered Number: 680779)



DLKW Lowe Limited

Directors' report for the year ended December 2011

The directors present their report and the audited financial statements of DLKW Lowe Limited ("the Company") registered number 680779 for the year ended 31 December 2011

Principal activities and future outlook

The Company's principal activity during the year was those of advertising agents, advertisement contractors and designers of advertisements of every kind. No significant change to this activity is expected in the forthcoming year.

Business review and results

The Company's loss for the year is £129,000 (2010 profit of £3.3m). The directors do not recommend the payment of a dividend (2010 £nil) and accordingly the loss for the year has been transferred to reserves. The directors consider that the result for the year is in line with expectations.

The Company had net assets of £29.7m as at 31 December 2011 (31 December 2010 £28.4m).

The Company, along with 12 other participating employers, has an obligation to fund the outstanding deficit on the Interpublic Pension Plan, who in December 2011 made a one-off additional contribution of £25m to fund this deficit. The Company's allocated share of this additional funding contribution was £1,380,000 which was settled by the issuance of 1,446,240 shares of £1 each. The amounts owed to and by Lowe International Limited have been net settled through an intercompany offset agreement. For additional details, refer to Note 19 and Note 23.

The ultimate parent undertaking, The Interpublic Group of Companies, Inc. (IPG), has confirmed in writing its intention to continue to support the Company for a period of not less than one year from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on a going concern basis.

Key performance indicators ("KPIs")

The following are key performance indicators of the business:

Revenue

Revenue for the year £27.1m (2010 £19.3m)

Operating Margin (%)

Ratio of operating loss to revenue in the year 0.97% (2010 operating profit to gross income of 10.97%)
(Expressed as a percentage and excluding exceptional and one-off items)

Operating profit

Operating loss for the year £263,000 (2010 operating profit of £2.1m)

Employee costs / revenue (%)

Employee costs as a percentage of Revenue 66.4% (2010 54.7%)

DLKW Lowe Limited

Directors' report for the year ended December 2011 (continued)

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks

The key business risks and uncertainties affecting the Company are considered to relate to competition from both independent and other international advertising groups and the influence of new media products in the market. From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of The Interpublic Group of Companies, Inc. ('the Group') and are not managed separately. These risks are discussed in the Group's annual report for the year ended 31 December 2011, which are publicly available and does not form part of this report. Copies of its consolidated financial statements are available at, 1114 Avenue of the Americas, New York, New York 10036, U S A

Financial Instruments

The entity's financial risk management objectives and policies are cash and intercompany loans from/to other group companies

The entity's financial exposures exist to the extent that a change in the underlying base rate of interest will affect the level of income received or paid on cash balances, overdrafts and the intercompany loans. This risk is not considered material and thus the Company does not employ the use of hedging instruments

Directors

The directors who held office during the year, and up to the date of signing the financial statements, are given below

N Camera	Resigned 1 st April 2012
A Wright	
M Wall	
T Knox	
H Doherty	
R Warren	
G Delaney	

Charitable and political donations

Contributions made by the Company for various charitable purposes in the United Kingdom amounted to £3,350 (2010 £3,802). No contributions were made for political purposes

Policy and practice on payment of creditors

Trade creditors at the year end represented 28 days (2010 114 days) of purchases. It is the Company's policy in respect of all suppliers to agree payment terms in advance of the supply of goods and to adhere to those payment terms

DLKW Lowe Limited

Directors' report for the year ended December 2011 (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Disclosure of information to auditors

Each director of the Company confirms that

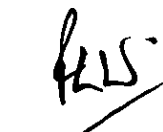
(a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

(b) that each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting

By order of the Board



R K Warren
Director

17 DECEMBER 2012

DLKW Lowe Limited

Independent auditors' report to the members of DLKW Lowe Limited

We have audited the financial statements of DLKW Lowe Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

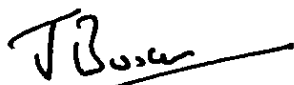
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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.



J Booker (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

17 December 2012

Profit and loss account for the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Turnover	2	67,081	44,308
Cost of sales - recurring		(39,934)	(24,972)
Revenue		27,147	19,336
Administrative expenses		(25,561)	(16,065)
Amortisation of goodwill		(1,849)	(1,150)
Operating (loss)/profit	3	(263)	2,121
Interest payable	4	(21)	(3)
Interest receivable	5	14	763
(Loss)/profit on ordinary activities before taxation		(270)	2,882
Tax on (loss)/profit on ordinary activities	8	141	374
(Loss)/profit for the financial year	20	(129)	3,256

The Company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

There are no material differences between the (loss)/profit on ordinary activities before taxation and (loss)/profit for the financial year stated above and their historical cost equivalents

All results relate to continued operations

The accompanying notes form an integral part of these financial statements

DLKW Lowe Limited

Balance Sheet as at 31 December 2011

	Notes	31 December 2011 £'000	31 December 2010 £'000
Fixed assets			
Tangible assets	9	1,385	1,282
Intangible assets	10	24,959	26,808
Investments	11	-	42
		26,344	28,132
Current assets			
Work in Progress	12	362	505
Debtors	13	15,424	11,982
Cash at bank and in hand		7,023	8,538
		22,809	21,026
Creditors Amounts falling due within one year	14	(14,567)	(16,008)
Net current assets		8,242	5,018
Provisions for liabilities and charges	18	(2,339)	(2,652)
Total assets less current liabilities		32,247	30,498
Creditors Amounts falling due after more than one year	15	(2,535)	(2,103)
Net assets		29,712	28,395
Capital and reserves			
Called-up share capital	19	7,275	5,829
Profit and loss account	20	(6,193)	(6,064)
Capital contribution	20	28,630	28,630
Total shareholders' funds	21	29,712	28,395

The financial statements on pages 6 to 26 were approved by the board of directors on 17 DECEMBER 2012 and signed on its behalf by



R K Warren
Director

DLKW Lowe Limited
UK Registration Number 680779

Notes to the financial statements – 31 December 2011

1 Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The accounting policies have been applied consistently, other than where new policies have been adopted. The principal accounting policies are set out below.

a) Turnover

Turnover represents amounts receivable from clients exclusive of value added tax, in respect of billings for media advertising, production work, commissions and fees provided during the year.

b) Revenue

Revenue represents the commissions and fees earned for services provided to customers. The timing of recognition is summarised below.

- Fees are recognised in accordance with contractual terms, which may be either proportional performance, straight-line, annual or monthly.
- Commissions earned on the sale of media space are recognised at the date of publication or broadcast.

Contractual arrangements with clients may also include performance incentive provisions designed to link a portion of the turnover to the Company's performance relative to both qualitative and quantitative goals. Performance incentives are recognised as revenue for quantitative targets when the target has been achieved and for qualitative targets when confirmation of the incentive is received.

c) Basis of preparation

These financial statements are prepared on the going concern basis as IPG has confirmed in writing its intention to continue to support the Company for a period of not less than one year from the date of approval of these financial statements, by providing sufficient funds to enable it to meet its liabilities as they fall due. On this basis, the directors have concluded that it remains appropriate to prepare the financial statements on a going concern basis.

Having undertaken the analysis required by Urgent Issues Task Force Bulletin 43 'The interpretation of equivalence for the purposes of section 400-401 of the Companies Act 2006', the directors have concluded that the Company is able to take advantage of the Companies Act exemption from preparing consolidated financial statements on the basis that its ultimate parent undertaking, The Interpublic Group of Companies, Inc. prepare Group financial statements, which incorporate all the subsidiary and associated undertakings of the Company ownership structure and meet the equivalence test in accordance with the EU Seventh Directive.

d) Operating leases

Operating lease rentals are charged to the profit and loss account in the year in which they fall due. The company does not have any finance leases.

Notes to the financial statements – 31 December 2011 (continued)

e) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of the assets evenly over their expected useful lives as follows:

Equipment, fixtures and fittings	3 to 10 years
Computer hardware and software	3 years
Leasehold improvements	Over the period of the lease

f) Intangible fixed assets

Intangible assets comprise goodwill which arose following the acquisition of Dialogue DLKW Limited, The Composing Room Limited and Delaney Lund Knox Warren and Partners Limited during 2010. The goodwill is calculated as the difference between the consideration and the book value of the acquired net assets and is being amortised over its estimated useful life of 15 years.

g) Asset retirement obligation

The fair value of estimated asset retirement obligations is recognised in the balance sheet when identified and a reasonable estimate of fair value can be made. The fair value is determined based on the net present value of the estimated asset retirement obligations which include those legal obligations where the company will be required to retire tangible long-lived assets such as leaseholds. The asset retirement costs, equal to the estimated fair value of the asset retirement obligation, is capitalised as part of the cost of the related long-lived asset. Asset retirement costs are amortised over the life of the lease.

Amortisation of asset retirement costs is included in depreciation of fixed assets. Increases in the asset retirement obligation resulting from the passage of time are recorded as interest expense in the profit and loss account. Actual expenditures incurred are charged against the accumulated obligation.

h) Lease incentives

In the event that lease incentives are received to enter into non-cancellable operating leases, such incentives are recognised as a liability. Lease payments are allocated between rental expense and the reduction of such a liability.

In the event that lease incentives are offered when entering into non-cancellable operating subleases, such incentives are recognised as an asset. Lease receipts are allocated between rental income and the reduction of such an asset.

i) Work in progress

Work in progress comprises external charges for services incurred on behalf of clients which have still to be recharged to clients. Work in progress is stated net of amounts billed to clients. It is stated at the lower of cost and net realisable value.

Notes to the financial statements – 31 December 2011 (continued)

j) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising from the revaluation of foreign currency assets and liabilities are taken to the profit and loss account during the year.

k) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates and laws that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

l) Deferred income

Deferred income represents revenue invoiced in advance of services that have not yet been rendered to clients.

m) Investments

Investments are stated at cost less provision for impairment in value. A review of the investments held is performed to determine whether an impairment trigger has occurred during the year. Any impairment in the value of the investment is carried at and is charged to the profit and loss account in the year it is identified.

n) Netting-off policy

Balances with other companies of The Interpublic Group of Companies, Inc, are stated gross, unless all of the following conditions are met:

- (i) The company and the counterparty owe each other determinable monetary amounts, denominated either in the same currency, or in different but free convertible currencies,
- (ii) The company has the ability to insist on a net settlement, and
- (iii) The company's ability to insist on a net settlement is assured beyond doubt. For this to be the case it is necessary that the debit balance mature no later than the credit balance. It is also necessary that the company's ability to insist on a net settlement would survive the insolvency of the counterparty.

Notes to the financial statements – 31 December 2011 (continued)

o) Share based payments

Some employees of the company participate in a share option plan operating by Interpublic Group of Companies, Inc, the ultimate parent company. All share based payments are cash settled and are measured at fair value at the balance sheet date. The fair value determined at each balance sheet date is expensed over the vesting period, based on the share price at that time.

In accordance with FRS20, the charge arising for share based payments is recognised in the income statement of the company which employs those to whom the share based awards are granted. The credit entry is reported within 'Other Creditors'.

p) Pension costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge disclosed in Note 23 represents contributions payable by the Company to the fund.

The Company is a member of the Interpublic Pension Plan, a defined benefit scheme. The Company has adopted the reporting requirements of Financial Reporting Standard No. 17. As the Company is unable to identify its share of the assets and liabilities of the Group scheme, it accounts for contributions as if they were to a defined contribution pension scheme. Contributions are charged to the profit and loss account in the year to which they relate. Details of the scheme are given in the financial statements of The Interpublic Group of Companies Inc. and are referred to in Note 23.

q) Cash flow statement and related party disclosures

The cash flows of the Company are included in the consolidated cash flow statement of The Interpublic Group of Companies, Inc., the ultimate parent undertaking. Consequently, the Company is exempt under the terms of FRS 1 "Cash flow statements" from disclosing a cash flow statement.

The Company is owned 94.3% by The Interpublic Group of Companies, Inc. and therefore utilises the exemption contained in FRS 8 ("Related Party Disclosures") not to disclose any transactions with entities that are part of the Interpublic Group. The address at which the consolidated financial statements of The Interpublic Group of Companies, Inc. are publicly available is shown in Note 25.

2 Turnover

	2011 £'000	2010 £'000
By geographical region		
UK	55,262	43,680
Rest of Europe	11,296	628
Rest of World	523	-
	67,081	44,308

Within the turnover figure includes the release of a long term creditor provision for the value of £nil (2010: £0.5m).

Notes to the financial statements – 31 December 2011 (continued)

3 Operating (loss)/profit

The following amounts have been charged/(credited) in arriving at the operating (loss)/profit

	2011 £'000	2010 £'000
Employee costs	16,227	10,175
Pension costs		
- Defined contribution scheme	78	72
- Defined benefit scheme	1,733	329
Depreciation		
- Tangible fixed assets	101	72
- Leasehold improvement	241	123
Amortisation of Intangible assets	1,849	1,150
Bad Debt – provision increase/(reduction)	29	(32)
Remuneration of auditors		
- Auditors' remuneration for UK Statutory audit services	48	44
Operating lease rentals		
- Plant and machinery	205	114
- Land and buildings	1,477	1,120
Rent receivable from subletting	(1,247)	(1,136)
Exchange losses/(gains)	246	(187)

No non-audit services were provided by the auditors during the year (2010 nil)

4 Interest payable

	2011 £'000	2010 £'000
Interest payable on bank overdrafts	21	3

5 Interest receivable

	2011 £'000	2010 £'000
Interest receivable on bank accounts	14	763

Notes to the financial statements – 31 December 2011 (continued)

6 Employee costs

	2011	2010
	£'000	£'000
Salaries and wages (including directors)	14,857	9,051
Social security costs	1,369	1,127
Other pension costs	1,812	401
Employee costs	18,038	10,579

Further details relating to pension costs are outlined in Note 23

The average number of employees (including directors) during the year was **192** (2010 230) and consists of

	2011	2010
	Number	Number
By country		
United Kingdom	192	230

	2011	2010
	Number	Number
By Job type		
Client Services	166	205
Managerial	5	5
Finance	8	8
Information Technology support	4	4
Administration	9	8
Total employees	192	230

Notes to the financial statements – 31 December 2011 (continued)

7 Directors' emoluments

The directors are remunerated by the Company in respect of their services to the Company

	2011 £'000	2010 £'000
Aggregate emoluments, including benefits in kind	983	502
Long term incentive	232	24
Defined contribution scheme – Company contributions	36	
	1,251	526
Highest paid director	2011 £'000	2010 £'000
Aggregate emoluments, including benefits in kind	319	315
Long term incentive	77	24
Defined contribution scheme – Company contributions	36	
	432	339

8 Tax on (loss)/profit on ordinary activities

The charge for taxation for the year is based on the results for the year and comprises

	Note	2011 £'000	2010 £'000
Current taxation			
UK corporation taxation		1	-
Double taxation relief		-	-
Foreign tax		19	7
Adjustments in respect of prior years		53	-
Total current tax		73	7
Deferred taxation			
Rate change on opening balance		49	
Origination & reversal on timing differences		(263)	(381)
Total deferred taxation	16	(214)	(381)
Tax on (loss)/profit on ordinary activities		(141)	(374)

The Deferred taxation is outlined in Note 16

Notes to the financial statements – 31 December 2011 (continued)

8 Tax on (loss)/profit on ordinary activities (continued)

Factors affecting the tax charge/(credit) for the year

The tax assessed for the year varies from the standard rate of corporation tax in the UK of 26.5% (2010: 28%). The differences are explained below

	2011 £'000	2010 £'000
(Loss)/profit on ordinary activities before taxation	(270)	2,882
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010: 28%)	(71)	807
Effects of		
Expenses not deductible for taxation purposes – impairment	11	322
Expenses not deductible for taxation purposes – other	506	217
Capital allowances in excess of depreciation	65	80
Pension deficit spreading	243	-
Other short term timing differences	12	(54)
Foreign tax	19	7
Utilised/unutilised losses	(761)	(1,159)
Group relief for nil consideration	(4)	(213)
Adjustments in respect of prior periods	53	-
Current tax for the year	73	7

A change to the UK Corporation Tax rate reducing it from 28% to 26% was enacted in the Finance Act 2011, with a further reduction to 25% effective from 1 April 2012. In accordance with legislation included within Finance Act 2010, the anticipated and enacted rate of tax as from 1 April 2011 had been 27%.

There are deferred tax assets in respect of trading losses of £520,568 (2010: £751,567), capital losses of £17,747 (2010: £29,386) and £962,191 (2010: £1,579,749) in respect of short term timing differences that have not been recognised due to the uncertainty of future taxable profits or future capital gains.

A further reduction of 1% in the UK Corporate Tax rate was announced in the 2012 budget statement and was substantively enacted on 26 March 2012 and 3 July 2012, reducing it to 24% from 1 April 2012 and 23% from 1 April 2013.

There are further proposed changes to the UK Corporate Tax rate for subsequent years, reducing the main rate by 2% per year to 21% by 1 April 2014. These rate changes are expected to be enacted separately each year.

The above changes were not substantively enacted at the balance sheet date and, therefore, the effect of these changes are not included in these financial statements.

The overall effect of the changes from 25% to 22%, if applied to the unprovided deferred tax balance at 31 December 2011, would be to reduce the unprovided deferred tax by £180,061 in total (being a reduction of £120,040 in 2012 and £60,020 in 2013).

Notes to the financial statements – 31 December 2011 (continued)

9 Tangible fixed assets

	Leasehold improvements £'000	Computer hardware and software £'000	Equipment, fixtures and fittings £'000	Total £000
Cost				
At 1 January 2011	4,905	539	469	5,913
Additions	70	212	163	445
At 31 December 2011	4,975	751	632	6,358
Accumulated depreciation				
At 1 January 2011	3,798	383	450	4,631
Charge for year	241	87	14	342
At 31 December 2011	4,039	470	464	4,973
Net book amount				
At 31 December 2011	936	281	168	1,385
At 31 December 2010	1,107	156	19	1,282

10 Intangible fixed assets

	Goodwill Total £'000
Cost	
At 1 January 2011	27,958
Additions	-
At 31 December 2011	27,958
Accumulated depreciation	
At 1 January 2011	1,150
Charge for year	1,849
At 31 December 2011	2,999
Net book amount	
At 31 December 2011	24,959
At 31 December 2010	26,808

Goodwill arose on the acquisition of Dialogue DLKW Limited, The Composing Room Limited and Delaney Lund Knox Warren and Partners Limited in 2010. The goodwill is calculated as the difference between the consideration and the book value of the acquired entities and is being amortised over 15 years.

Notes to the financial statements – 31 December 2011 (continued)

11 Investments

	Investments Total £'000
Cost	
At 1 January 2011	42
Additions	-
At 31 December 2011	42
Provision for impairment	
At 1 January 2011	-
Charge for year	42
At 31 December 2011	42
Net book amount	
At 31 December 2011	-
At 31 December 2010	42

Provision for impairment in value

An impairment review has been performed to identify where a triggering event has occurred which would result in an investment impairment. The investment carrying value of those businesses affected has been compared to their recoverable amounts. From the review undertaken, an impairment was necessary for the year ending 31 December 2011.

The Company has the following investments. To avoid a statement of excessive length, details of investments which are not significant are omitted.

Entity	Country of Incorporation	Principal Activity	Status	Percentage Holding
Lowe Open Limited (formerly Open Activation Limited)	UK	Advertising Agency	Trading	100%
Delaney Lund Knox Warran and Partners Limited	UK	Property Management	Trading	100%

12 Work in Progress

Work in progress is comprised of

	2011 £'000	2010 £'000
Unbilled client media costs	362	505

Notes to the financial statements – 31 December 2011 (continued)

13 Debtors

	2011 £'000	2010 £'000
Trade debtors	5,121	5,677
Deferred tax	808	594
Amounts owed by Group undertakings – subsidiaries	7,148	4,306
Amounts owed by undertakings in which group has participating interests	44	
Other debtors	125	283
Prepayments and accrued income	2,178	1,122
	15,424	11,982

All amounts due from Group undertakings are unsecured and repayable on demand. None of the balances accrue interest.

14 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Bank overdraft	55	-
Deferred income	627	2,276
Corporation tax	177	-
Trade creditors	1,410	5,099
Amounts due to Group undertakings	2,026	1,239
Amounts due to undertakings in which group has participating interests	235	240
Taxation and social security	481	1,266
Other creditors	146	25
Client payments on account	7,798	3,179
Accruals	1,612	2,684
	14,567	16,008

All amounts due to Group undertakings are unsecured and repayable on demand. None of the balances accrue interest.

The Company participates in The Interpublic Group of Companies Inc pooling arrangement with Lloyds parent undertaking guarantee as outlined in Note 22. The remaining creditors are unsecured.

Notes to the financial statements – 31 December 2011 (continued)

15 Creditors: amounts falling due after more than one year

	2011 £'000	2010 £'000
Other creditors	530	762
Restricted cash awards	270	177
Deferred lease credits	1,735	1,164
	2,535	2,103

16 Deferred tax asset

	2011 £'000	2010 £'000
Accelerated capital allowances	-	-
Other timing differences	-	-
Total deferred tax asset	-	-
As at 1 January	594	-
Charge in profit and loss account	214	381
Transfer from DLKW & TCR	-	213
As at 31 December	808	594

The charge in the profit and loss account is outlined in Note 8

Notes to the financial statements – 31 December 2011 (continued)

17 Operating lease commitments

As at 31 December 2011 commitments for the following years under operating leases were as follows

	2011 £'000	2010 £'000
Operating leases which expire within one year		
Land and buildings	1,477	1,477
Total	1,477	1,477
Operating leases which expire within two to five years		
Land and buildings	4,053	5,529
Total	4,053	5,529
Operating leases which expire over five years		
Land and buildings	-	-
Total	-	-
Total operating lease commitments	5,529	7,006

18 Provisions for liabilities and charges

	Credits, discounts and other rebates £'000	Asset retirement obligation £'000	Total £'000
As at 1 January 2011	2,054	598	2,652
Disposals	-	(21)	(21)
Charge/(credit) to profit and loss account	(292)	-	(292)
Utilised during the year	-	-	-
Unwinding of discount	-	-	-
As at 31 December 2011	1,762	577	2,339

Asset retirement obligation

A provision of £577,018 (2010 £598,205) has been made as an estimate of the associated repair costs at the end of the property leases held by the company. The obligation assessment is calculated based on a valuation provided by an independent third party surveyor.

Notes to the financial statements – 31 December 2011 (continued)

18 Provisions for liabilities and charges (continued)

Credits, discounts and other rebates

In the normal course of business the company receives rebates, discounts, and other credits from vendors for the procurement of goods and services that the company commission on behalf of third party clients. Following an extensive review in 2004, the company established that in some instances, the accounting for these amounts was inconsistent with the underlying contractual requirements and a provision was established. In 2011 £292,039 (2010 £1,744,691) was released in relation to FSR & non FSR related WIP credits.

19 Called up share capital

		2011 Number (000's)	2010 Number (000's)	2011 £'000	2010 £'000
<hr/>					
Allotted and fully paid					
Ordinary shares of £	1 each	7,275	5,829	7,275	5,829

20 Reserves

	Called up share capital £'000	Profit and loss account £'000	Capital contribution £'000	Total £'000
<hr/>				
At 1 January 2011	5,829	(6,064)	28,630	28,395
Additions	1,446	-	-	1,446
Loss for the year	-	(129)	-	(129)
<hr/>				
At 31 December 2011	7,275	(6,193)	28,630	29,712
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In December 2011, the Company made an exceptional contribution of £1,380,000 towards the defined benefit pension plan – The Interpublic Pension Plan. In order to fund this contribution, the company issued 1,446,240 shares of £1 shared for the consideration of £1,446,240 to Lowe International Limited. For additional details, refer to Note 23.

Notes to the financial statements – 31 December 2011 (continued)**21 Reconciliation of movement in shareholders' funds**

	2011 £'000	2010 £'000
Opening shareholders' funds at 1 January	28,395	(3,491)
New shares issued	1,446	28,630
(Loss)/profit for the year	(129)	3,256
Closing shareholders' funds at 31 December	29,712	28,395

22 Contingent liabilities

The company is not party to any other commitments or guarantees including composite cross guarantees between banks and fellow subsidiaries except for the Interpublic pooling arrangements with Lloyds TSB Bank plc. The interest rate is linked to a variable base rate and the overdrafts are secured by parent company guarantees.

23 Pensions**Defined contribution scheme**

The Company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund and amounted to £78,412 (2010 £72,242).

The company had £nil prepaid/£nil outstanding as at 31 December 2011 (£nil prepaid/£nil outstanding as at 31 December 2010).

Defined benefit scheme

The Company, along with other companies in The Interpublic Group of Companies, Inc. also participates in The Interpublic Pension Plan ("the Plan"), which is a defined benefit plan providing benefits based on members' service and pensionable earnings. DLKW Lowe Limited, along with other companies in the Group, is unable to identify its share of the underlying assets and liabilities in the Plan and so accounts for its participation in the Plan as a defined contribution plan, with contributions payable being charged to the profit & loss account in the period to which they relate.

The latest actuarial valuation of the Plan for funding purposes was carried out as at 31 March 2009 by a qualified independent actuary. The financial assumptions used in the valuation were as follows:

Discount rate 5.5% a year
Rate of price inflation 3.1% a year
Rate of pay increases (before promotional increases) 4.1% a year
Rate of pension increases 3.0% a year (benefits up to 30 June 2007)
Rate of pension increases 2.1% a year (benefits from 1 July 2007)
Rate of deferred pension increases 3.1% a year

Notes to the financial statements – 31 December 2011 (continued)

23 Pensions (continued)

As at 31 March 2009, the actuary calculated the funding deficit to be £47.6 million. The actuary recommended that all participating employers pay 17.8% of pensionable earnings for the period 1 July 2007 to 30 June 2010 and 19% of pensionable earnings for the period 1 July 2010 to 30 June 2012. In respect of the shortfall in funding in accordance with the revised recovery plan dated 1 January 2012, the employers will additionally contribute to the Plan amounts such that at any point in time the cumulative amount of these contributions (from all participating employers) from 1 July 2010 to 30 June 2018 is no less than had £401,000 per month been paid, but with a payment holiday for the deficit funding between 1 January 2012 to 30 June 2013. Such monthly contributions are due for the period of 8 years from 1 July 2010 to 30 June 2018. DLKW Lowe Limited is contributing £22,135 a month towards this total.

In December 2011, the members entered into a pension funding arrangement in order to reduce the cash costs of funding the Interpublic Pension Plan. As part of this transaction, an additional one off exceptional pension contribution of £25m was made by the member agencies to the Plan of which DLKW Lowe Limited contributed £1,380,000 towards this total. To fund this contribution, the company issued shares to the value of £1,446,240. The transaction was settled by the means an Intercompany offset agreement.

Active members contribute to the Plan at the rate of 9% of pensionable earnings for the period 1 July 2007 to 30 June 2010 and 6.3% of pensionable earnings from 1 July 2010.

The cost of contributions to the Plan by the Company amounted to £1,733,366 during the year (2010: £329,153).

24 Share-based payments

The Interpublic Group of Companies, Inc. issues share and cash based incentive awards to our employees under a plan established by The Interpublic Group of Companies, Inc. DLKW Lowe Limited, along with other companies in the Interpublic group, participates in the Interpublic Group of Companies, Inc. Long Term Incentive Plans (LTIP). Refer to The Interpublic Group of Companies, Inc. 2011 Form 11-K for further disclosures related to its share-based incentive plans.

Effect of share based payment transactions on company's results and the financial position

	2011 £'000	2010 £'000
Total expense recognised for equity settled share based transactions	215	50
Total expense recognised for cash settled share based transactions	88	133
Total expense recognised for share based transactions	303	183
Closing liability for cash settled share based transactions	229	161
Closing other reserve for equity settled share based transactions restated	11	-

Notes to the financial statements – 31 December 2011 (continued)

24 Share-based Payments (continued)

Cash Settled Restricted Stock Units

The Interpublic Group of Companies Inc grants both time based and performance based restricted stock units settled in cash

Under the LTIP, time based restricted stock units are granted to key employees and generally vest over three years. Upon completion of the vesting period and remaining in employment, the grantee is entitled, at the discretion of The Interpublic Group of Companies, Inc's Compensation Committee, to receive a payment in cash based on the then fair market value of the corresponding number of shares in common stock. The fair value of cash settled awards is adjusted at the end of each quarter based on The Interpublic Group of Companies, Inc's share price. At 31 December 2011, the market value of The Interpublic Group of Companies Inc shares was \$9.73 (2010 \$10.62).

Stock-based compensation expense related to these units is amortised over the vesting period based upon the fair value.

Performance-based awards have been granted subject to certain restrictions and vesting requirements as determined by The Interpublic Group of Companies, Inc's Compensation Committee. Performance-based awards are a form of stock-based compensation in which the number of units ultimately received by the participant depends on the Company and/or individual performance against specific performance targets.

The holder of the cash-settled awards, as described above, has no ownership interest in the underlying shares of common stock and no monetary consideration is paid by a recipient for a cash-settled award.

Cash Settled Time Based Restricted Stock Units

Movements in the number of cash settled time based restricted stock units outstanding and their related weighted average exercise prices are as follows:

	2011		2010	
	Number of units	Weighted average fair value per unit (£)	Number of units	Weighted average fair value per unit (£)
Outstanding as at 1 January	47,506	6.88	31,400	4.57
Vested during the year	(2,522)	7.23	-	-
Granted during the year	-	-	14,792	5.61
Transferred to another group company	-	-	1,314	4.57
Outstanding as at 31 December	44,984	6.31	47,506	6.85

Cash payments of £18,243 were made in 2011 (2010 £nil) in respect of restricted stock units distributed to participants. Total accrued liability in relation to unvested units as at 31 December 2011 is £228,664 (2010 £161,099).

Notes to the financial statements – 31 December 2011 (continued)

24 Share-based Payments (continued)

Equity Settled Restricted Stock Units

The Interpublic Group of Companies Inc grants both time based and performance based restricted stock units settled in shares

Under the LTIP, time based restricted stock units are granted to key employees and generally vest over three years. Upon completion of the vesting period and remaining in employment, the grantee is entitled, at the discretion of The Interpublic Group of Companies, Inc's Compensation Committee, to receive a corresponding number of shares in common stock. The fair value of share-settled awards is adjusted at the end of each quarter based on The Interpublic Group of Companies, Inc's share price. At 31 December 2011, the market value of The Interpublic Group of Companies Inc shares was \$9.73 (2010 \$10.62).

Stock-based compensation expense related to these units is amortised over the vesting period based upon the fair value.

Performance-based awards have been granted subject to certain restrictions and vesting requirements as determined by The Interpublic Group of Companies, Inc's Compensation Committee. Performance based awards are a form of stock based compensation in which the number of shares ultimately received by the participant depends on the Company and/or individual performance against specific performance targets.

The holder of the share settled awards, as described above, has no ownership interest in the underlying shares of common stock until and unless actual payment is made in shares and no monetary consideration is paid by a recipient for a share-settled award.

Equity Settled Time Based Restricted Stock Units

Movements in the number of time based equity settled restricted units outstanding and their related weighted average exercise prices are as follows:

	2011		2010	
	Number of units	Weighted average fair value per unit (£)	Number of units	Weighted average fair value per unit (£)
Outstanding as at 1 January	20,176	6.88	39,903	6.51
Vested during the year	(10,088)	7.23	(8,547)	5.61
Transferred to another group company	-	-	(11,180)	5.68
Outstanding as at 31 December	10,088	6.31	20,176	6.85

Compensation expense in connection with the equity settled restricted stock units was £72,227 in 2011 (2010 £43,159). The Interpublic Group of Companies, Inc is responsible for issuing the shares upon settlement of the units and therefore holds the equity balance for the equity settled units.

Notes to the financial statements – 31 December 2011 (continued)

24 Share-based Payments (continued)

Equity Settled Performance Related Restricted Stock Units

Movements in the number of performance based equity settled restricted units outstanding and their related weighted average exercise prices are as follows

	2011		2010	
	Number of units	Weighted average fair value per unit (£)	Number of units	Weighted average fair value per unit (£)
Outstanding as at 1 January	-	-	10,683	7.25
Vested during the year	-	-	(10,683)	5.61
Outstanding as at 31 December	-	-	-	-

Compensation expense in connection with the equity settled restricted stock units was £nil in 2011 (2010 £6,932). The Interpublic Group of Companies, Inc. is responsible for issuing the shares upon settlement of the awards and therefore holds the equity balance for the equity settled awards.

Cash and equity settled restricted stock units are subject to national insurance contributions on the vesting of restricted stock units to employees. An accrual of £nil (2010 £nil) has been recognised as at 31 December 2011 in respect of national insurance contributions payable on non-vested shares.

25 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Lowe Investments Limited, a company registered in Mauritius. Copies of its financial statements are available at Ground Floor, 84 Eccleston Square, London, SW1V 1PX.

The ultimate parent undertaking and controlling party is The Interpublic Group of Companies Inc., a company incorporated in USA.

The Interpublic Group of Companies Inc. is the parent undertaking, the largest group of undertakings to consolidate these financial statements at 31 December 2011. The consolidated financial statements of The Interpublic Group of Companies, Inc. can be obtained from 1114 Avenue of the Americas, New York, New York 10036 and as an appendix to the statutory accounts of CMG Holding Limited (company 3389561), a fellow group subsidiary as filed with Companies House. This is both the immediate and ultimate entity into which the Group is consolidated.