

4244479

Zenith Optimedia Group Limited

Directors' report and financial statements

31 December 2006

Registered number 4244479

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Directors' report

COMPANY INFORMATION

DIRECTORS:

Maurice Lévy
Jean-Michel Etienne

SECRETARIES:

Susie Ewing (appointed on 30 November 2007)
Minna Katarina Gonzalez-Gomez (appointed on 26 March 2007)
Elizabeth Kiernan (resigned on 30 November 2007)
Alison Wyllie (resigned 6 October 2006)

REGISTERED OFFICE:

Pembroke Building
Kensington Village
Avonmore Road
LONDON W14 8DG

COMPANY REGISTRATION NUMBER

4244479 England

AUDITORS:

Ernst & Young LLP
1 More London Place
LONDON SE1 2AF

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2006

Results and dividends

The profit for the year, after taxation, is £13,344,000 (2005 restated - £4,299,000) The Company received an interim dividend of £14,558,000 during the period (2005 £4,744,000) No interim dividend was paid (2005 £4,744,000) A final dividend of £58,338,000 was proposed for the year

Principal activity and review of the business

Zenith Optimedia Group Limited ('the Company') is an investment holding company with subsidiary groups carrying on the business of media planning and buying in the advertising industry

As the Company is wholly owned it is exempt, under section 228 of the Companies Act 1985, from the requirement to prepare group accounts Consequently, these financial statements present information about the Company as an individual undertaking rather than as a group

Since 2003 the Publicis group has been legally restructured, a process that is likely to continue in 2007 As part of this legal restructuring the shares in many subsidiaries, previously held by the subsidiary groups owned by the Company, were transferred to other Publicis group undertakings Consequently, the commercial function of the Company within the Publicis group has changed from that of an investment holding company to that of a brand head office

As part of Publicis Groupe S A ongoing programme of legal restructuring, the Company sold its investments in shares in Equinox Communications Ltd to MMS UK Holdings Limited on 5 June 2006

	2006	2005
	£000	£000
Turnover	412	537
Operating Loss	(1,251)	(44)
Profit After Tax	13,344	4,299
Shareholder's funds	(967)	43,789
Current Assets	20,893	6,708
Current Liabilities	118,667	61,424
Current Assets/Current Liabilities (%)	18%	11%
Average no employees	27	23

Part of Zenith Optimedia Group Limited (ZOGL) trading, comprises of the sale of various books published by ZenithOptimedia Publications, with 20 books currently available for sale These books consist of advertising expenditure data and advertising forecasts and trends across the world In 2006 the sale of these books reduced versus 2005

In 2006 Zenith Optimedia Group Limited invested in finance staff to cater for Sarbanes Oxley and the Publicis Groupe Financial Monitoring Controls ZOGL recruited two staff as auditors for the EMEA region. This along with the book sale reduction explains the increase in operating loss in 2006 versus 2005

Shareholder's funds have decreased during the year due to the dividend proposed in 2007 of £58,338,000

Directors' report

Principal risks and uncertainties

Zenith Optimedia Group also earns remuneration via a management fee which is based on a % of the local markets revenue

If a client's expenditure is reduced, thus reducing the local markets revenue, Zenith Optimedia Group's management fee may be impacted

Future developments

Zenith Optimedia Group are continually investing in the development of tools and systems to better co-ordinate advertising campaigns on behalf of our clients regionally and globally

Directors

The directors of the company at the date of this report are shown on page 1

The following directors have held office since 1 January 2006

M Lévy
J M Etienne

Maurice Lévy has interests in Publicis Groupe S A , the ultimate parent, and these interests are disclosed in the accounts of Publicis Groupe S A

Some directors have an interest in the share capital of the ultimate parent company Their aggregate interests are disclosed in Note 17 to the accounts

Payment of suppliers

It is the Company's general policy to pay trade creditors when they fall due for payment In the case of a number of suppliers, specific terms and conditions of business have been agreed and it is the Company's policy to pay in accordance with these terms provided that the supplier is also meeting all relevant terms and conditions Creditor days are 38 days (2005 18)

Disclosure of information to auditors

So far each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the group's auditor, each director has taken steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of the information

Directors' report

Re-appointment of auditors

A resolution to re-appoint Ernst & Young LLP as auditors will be proposed at the forthcoming annual general meeting

On behalf of the board



S Ewing
Company Secretary

15 May 2008

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period. In preparing those 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,
- 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 company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Independent auditors' report

to the members of Zenith Optimedia Group Limited

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Shareholders' Funds and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

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

Independent auditors' report

to the members of Zenith Optimedia Group Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

15 May 2008

Profit and loss account

for the year ended 31 December 2006

	Notes	2006 £'000	Restated 2005 £'000
TURNOVER	1(c)	412	537
Administrative expenses		(6,761)	(6,298)
Other operating income – group advisory service fees		5,098	5,717
		<u> </u>	<u> </u>
OPERATING LOSS		(1,251)	(44)
Income from shares in group undertakings		14,558	4,744
Interest receivable and similar income	2	6	4
Interest payable and similar charges	3	(382)	(465)
		<u> </u>	<u> </u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	12,931	4,239
Tax on profit on ordinary activities	7	413	60
		<u> </u>	<u> </u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		13,344	4,299
Dividends paid	8	(58,338)	(4,744)
		<u> </u>	<u> </u>
RETAINED LOSS FOR THE FINANCIAL YEAR	14	<u>(44,994)</u>	<u>(445)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses in either year other than the profit for the year of £13,344k (2005 £4,299k)

Balance sheet

at 31 December 2006

	Notes	2006 £'000	Restated 2005 £'000
FIXED ASSETS			
Tangible assets	9	20	28
Investments	10	96,787	98,477
		<u>96,807</u>	<u>98,505</u>
CURRENT ASSETS			
Debtors amounts falling due within one year	11	20,831	6,708
Cash at bank and in hand		62	-
		<u>20,893</u>	<u>6,708</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(118,667)</u>	<u>(61,424)</u>
NET CURRENT LIABILITIES		<u>(97,775)</u>	<u>(54,716)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES & NET ASSETS		<u>(967)</u>	<u>43,789</u>
CAPITAL AND RESERVES			
Called up share capital	13	9	9
Capital redemption reserve	14	(1)	(1)
Profit and loss account	14	<u>(975)</u>	<u>43,781</u>
EQUITY SHAREHOLDERS' FUNDS	14	<u>(967)</u>	<u>43,789</u>

The financial statements were approved by the directors on



Jean-Michel Etienne
Director 15 May 2008

Notes to the financial statements

For the year ended 31 December 2006

1. Accounting policies

The principal accounting policies of the company are set out below

(a) *Basis of preparation*

- *Accounting convention*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

- *Accounting period*

The accounting period is the year from 1 January 2006 to 31 December 2006

- *Exemptions applied*

The company is exempt, under section 228 of the Companies Act 1985, from the requirement to prepare group financial statements. Consequently, these financial statements present information about the company as an individual undertaking and not as a group. As the company's immediate holding company publishes a consolidated statement of cash flows in which the company's statement of cash flows are consolidated and all of the company's share capital is held within the group, the company is exempt from the requirement to prepare a company statement of cash flows.

(b) *Income recognition*

Income is derived from sale of various publications and from franchise fees periodically billed. Fee income is recognised on an accruals basis. Income from sale of publications is recognised in the period the sale took place.

(c) *Turnover*

Turnover represents the sum of book sales and fees invoiced stated net of value added tax and trade discounts. In the opinion of the directors, disclosure of segmental analysis of turnover would be seriously prejudicial to the interests of the entity and is therefore not disclosed.

(d) *Foreign currencies*

Transactions denominated in foreign currencies are recorded in sterling at the exchange rate as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported in the profit and loss account.

Notes to the financial statements

For the year ended 31 December 2006

1. Accounting policies (continued)

(f) *Operating leases*

Rentals paid under operating leases are charged to income on a straight line basis over the lease term

(g) *Share-based payments*

The cost of equity-settled transactions with employees is measure by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer of Publicis Groupe, Paris, using the Black-Scholes model.

No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the cumulative expense is calculated representing the extent to which the vesting period has expired and Group management's best estimate of the achievement or otherwise of non-market conditions number of equity instruments that will ultimately vest or in case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the term of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period of the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

The company has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2006.

Notes to the financial statements

For the year ended 31 December 2006

1. Accounting policies (continued)

(h) *Deferred tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable, and
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

(i) *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at historical cost. Depreciation is provided to write off the cost less estimated residual value of all fixed assets on straight line bases over their expected useful lives

- | | | |
|-------------------------|---|---|
| Fixtures | - | over the period of the lease or ten years
(whichever is shorter) |
| Furniture and equipment | - | 6 years |

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Notes to the financial statements

For the year ended 31 December 2006

1. Accounting policies (continued)

(j) Investments

The Company's balance sheet includes investments in subsidiary undertakings at cost

(k) Impairment review

The carrying values of the company's investments are reassessed at least annually. If an analysis indicates that the value recorded is too high, the assets recoverable value is set which is the higher of the fair value less costs to sell and its value in use. A writedown consists of the difference between carrying value and recoverable value.

2. Interest receivable and similar income	2006 £'000	2005 £'000
Bank interest receivable	6	4

3. Interest payable and similar charges	2006 £'000	2005 £'000
Bank interest payable	14	10
Intercompany interest payable	368	455
	382	465

4 Profit on ordinary activities before taxation	2006 £'000	2005 £'000
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Profit on ordinary activities before taxation is stated after charging

Auditors' remuneration	14	10
Staff costs (refer note 5)	5,149	4,854
Depreciation of owned tangible fixed assets (refer note 9)	12	14
Operating lease rentals land and buildings	302	207
Exchange losses	-	50
Loss on sale of tangible fixed assets	-	1

Notes to the financial statements

For the year ended 31 December 2006

5. Staff costs	2006 £'000	2005 £'000
Wages and salaries	4,256	3,778
Social security costs	308	423
Other pension costs	255	383
Share-based payments	330	270
	<u>5,149</u>	<u>4,854</u>

The average number of persons employed by the company during the year was	2006 No.	2005 No.
Media planning and administration	<u>27</u>	<u>23</u>

6. Directors' emoluments

The directors are remunerated by the shareholders and received no emoluments from the Company or its subsidiaries during the year or the previous year

Notes to the financial statements

For the year ended 31 December 2006

7 Tax on profit on ordinary activities	2006	2005
	£'000	£'000
(a) Analysis of charge for the period		
Current taxation:		
UK corporation tax credit on profits of the period	(449)	(60)
Prior year adjustment	127	-
	<u>(322)</u>	<u>(60)</u>
Deferred taxation:		
Origination and reversal of timing differences	114	-
Prior year adjustment	(114)	-
Share based payment transaction	(91)	-
	<u>(413)</u>	<u>(60)</u>

(b) Factors affecting tax charge for period:

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual current tax charge for the current and previous year differed from the standard rate for the reasons set out in the following reconciliation

Profit on ordinary activities before taxation	12,931	4,239
	<u> </u>	<u> </u>
Profit on ordinary activities multiplied by standard		
Rate of corporation tax in UK of 30% (2005 30%)	3,879	1,272
Intercompany dividends not taxed	(4,367)	(1,423)
Prior year adjustment	127	-
Depreciation in excess of capital allowances	(112)	-
Other permanent differences	65	10
Employee share options	86	81
	<u>(322)</u>	<u>(60)</u>

(c) There was no material deferred tax at the year end (2005 £nil)

Notes to the financial statements

For the year ended 31 December 2006

8. Dividends	2006 £'000	2005 £'000
Interim dividend paid	-	4,744
Dividends proposed	58,338	-
	<u>58,338</u>	<u>4,744</u>

9. Tangible fixed assets	Furniture fixtures and equipment £'000	Total £'000
COST		
At 1 January 2006	73	73
Additions	4	4
	<u>77</u>	<u>77</u>
At 31 December 2006		
DEPRECIATION		
At 1 January 2006	45	45
Charge for the year	12	12
	<u>57</u>	<u>57</u>
At 31 December 2006		
NET BOOK VALUE		
At 31 December 2006	20	20
	<u>28</u>	<u>28</u>
At 1 January 2006		
	<u>28</u>	<u>28</u>

Notes to the financial statements

For the year ended 31 December 2006

10. Fixed Asset Investments (subsidiary undertakings)	2006 £'000	2005 £'000
SHARE AT COST		
At beginning of year	98,477	98,477
Sale of subsidiaries to another group undertaking	(1,690)	-
	<u> </u>	<u> </u>
Cost at end of year	<u>96,787</u>	<u>98,477</u>

These represent investments in group and other undertakings. The company holds equity in the following companies

	Proportion of ordinary shares directly held %
Principal subsidiaries	
ZenithOptimedia Limited	100
ZenithOptimedia Services Limited	100
ZenithOptimedia International Limited	100
Zenith Trustees Limited	100
Meridian Outdoor Advertising Limited	50

As part of Publicis Groupe S A ongoing programme of legal restructuring, the Company sold its investments in shares in Equinox Communications Ltd to MMS UK Holdings Limited on 5 June 2006. The sale was for cash consideration of £1,690,000. No capital gain or loss arose from this transaction.

All the remaining subsidiaries are registered in England and Wales and carry on the business of media planning and buying in the advertising industry.

11. Debtors: Amounts falling due within one year	2006 £'000	2005 £'000
Trade debtors	268	87
Amounts owed by group undertakings	19,969	6,333
Other debtors	84	283
Corporation tax recoverable	472	-
Prepayments and accrued income	38	5
	<u>20,831</u>	<u>6,708</u>

Notes to the financial statements

For the year ended 31 December 2006

12. Creditors: Amounts falling due within one year	2006 £'000	2005 £'000
Trade creditors	36	269
Bank Overdraft	168	-
Amounts owed to group undertakings	57,032	58,248
Other taxes and social security costs	110	93
Other creditors	280	289
		-
Accruals and deferred income	2,703	2,525
Proposed dividends	58,338	-
	<u>118,667</u>	<u>61,424</u>
13. Authorised and issued share capital	2006 £'000	2005 £'000
Authorised share capital		
2,500 'A' ordinary shares of 50p each	1	1
7,500 'B' ordinary shares of £1 each	8	8
2,500 Deferred 'A' ordinary shares of 50p each	1	1
	<u>10</u>	<u>10</u>
Allotted, called up and fully paid		
2,500 'A' ordinary shares of 50p each	1	1
7,500 'B' ordinary shares of £1 each	8	8
	<u>9</u>	<u>9</u>

The Company is wholly owned by Saatchi & Saatchi Holdings Limited ('Saatchi'), which is itself wholly owned by Publicis Groupe S A ('Publicis') 'A' and 'B' shares rank pari passu in all respects as if they constituted one class of shares

Notes to the financial statements

For the year ended 31 December 2006

14. Shareholders' funds

	Share capital £'000	Capital redemption account £'000	Profit and loss account £'000	Total £'000
At 1 January 2005	9	(1)	43,956	43,964
Profit for the year	-	-	4,299	4,299
Dividends paid and proposed	-	-	(4,744)	(4,744)
Share based payment transaction			270	270
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005 (restated)	9	(1)	43,781	43,789
Profit for the year	-	-	13,344	13,344
Dividends paid and proposed	-	-	(58,338)	(58,338)
Share based payment transaction (net of tax)			238	238
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	9	(1)	(975)	(967)
	<hr/>	<hr/>	<hr/>	<hr/>

15. Capital commitments

At the end of the year there were no capital commitments contracted for (2005 - £Nil)

16. Contingent liabilities

The Directors were not aware of any contingent liabilities at the time the accounts were approved

Notes to the financial statements

For the year ended 31 December 2006

17. Share-based payments

Description of existing plans

Share Options are granted to senior employees of the company at the discretion of the Management Board of the ultimate parent Company Publicis Groupe. The stock option plans outstanding at 31 December 2006 have the following characteristics:

Long Term Incentive Plan (LTIP) 2006-2008 (twenty second tranche in 2006)

Options granted under this plan have an exercise price equal to the average Publicis Groupe share price for the 20 days preceding the date of grant. Out of the total number of options granted, the number which can be exercised is contingent on the achievement of growth and profitability objectives of Publicis Groupe over the entire period 2006-2008. The exercise period commences in 2009 when the number of options which may be exercised will be determined. Half of the number of options declared to be exercisable may be exercised as of this date, the other half will be exercisable one year later in 2010. The options expire 10 years after the date of grant.

Long Term Incentive Plan (LTIP) 2003-2005 (seventeenth tranche in 2003, nineteenth tranche in 2004, twentieth tranche in 2005)

Options granted under this plan have an exercise price equal to the average cost of Publicis Groupe's treasury stock in portfolio at the date of grant. Out of the total number of options granted, the number which can be exercised was determined in April 2006 on the basis of achievement of growth and profitability objectives for Publicis Groupe over the entire period 2003-2005. For half of the exercisable options the exercise period commenced in April 2006. The other half will be exercisable as from 25 April 2007. The options expire 10 years after the date of grant.

The expense recognised for share-based payments in respect of employee services received during the year to 31 December 2006 is £330,118 (2005: expense of £269,764). The total expense (expense in prior year) arose from equity-settled share-based payment transactions.

Notes to the financial statements

For the year ended 31 December 2006

17. Share-based payments (continued)

The following table illustrates the number and weighted average exercise process (WAEP) of, and movements in share options during the year

2006	2006 No	2005 WAEP- EUR	2005 No	2005 WAEP- EUR
Outstanding as at 1 January	208,800	24 92 (1)	143,900	24 92 (1)
Granted during the year	232,500	29 27	64,900	24 76
Exercised	(11,129)	24 15 (2)	-	-
Cancelled	(2,255)	25 38	-	24 45
Outstanding at 31 December	427,916	27 21	208,800	24 92
Exercisable at 31 December	94,431	25 21	-	-

Shares with 0.40 euro par value	Type of option	Date of grant	Exercise price of options (EUR)	Outstanding options at 31/12/06	Of which exercisable 31/12/06	Expiry date	Remaining contractual life (in years)
17 th tranche	Acquisition	28/08/2003	24 82	127,458	60,451	2013	6 65
19 th tranche	Acquisition	28/09/2004	24 82	8,507	4,254	2014	7 74
20 th tranche	Acquisition	24/05/2005	24 76	59,451	29,726	2015	8 39
22 nd tranche	Acquisition	21/08/2006	29 27	232,500	-	2016	9 64

The weighted average fair value of options granted during the year was €6.67 (2005: €2.42)

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model for the years ended 31 December 2006

Tranche	17 th	20 th	22 nd
Rate of return on dividends (%)	1.12	1.22	1.23
Expected Publicis share price volatility (%)	34	21	24
Expected comparator group volatility (%)	98.92	75.00	98.92
Risk-free interest rate (%)	-	2.28	3.70
Expected life of options (years)	4.2	2.4	4.3
Share price at the date of the grant	24.84	22.99	29.27

Notes to the financial statements

For the year ended 31 December 2006

17. Share-based payments (continued)

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur

No other features of options grant were incorporated into the measurement of fair value

The impact of Publicis stock options on the 2006 income statement amounts to £330k (2005 £270k)

18. Ultimate parent undertaking and controlling party

The ultimate parent company and the parent company of the largest and smallest group to include the company in its consolidated financial statements is Publicis Groupe SA, incorporated in France. The consolidated accounts of this group may be obtained from the secretary at 133, avenue des Champs-Élysées, 75008 Paris, France

The immediate parent company is Saatchi & Saatchi Holdings Limited, a company incorporated in the United Kingdom

19. Related party transactions

Under the provisions of FRS 8 the Company is exempt from the requirement to disclose its transactions with other companies within the group