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D. Risk Factors

The Company is subject to a variety of possible risks that could adversely impact its revenues, results of operations or financial condition. Some of these risks relate to the industries in which the Company operates while others are more specific to the Company. The table below sets out principal risks the Company has identified that could adversely affect it. See also the discussion of Forward-Looking Statements preceding Item 1.

Risk	Potential Impact
Clients	
The Group competes for clients in a highly competitive industry and client loss may reduce market share and decrease profits.	Competitors include large multinational advertising and marketing communication companies and regional and national marketing services companies. New market participants include database marketing and modeling companies, telemarketers and internet companies. Service agreements with clients are generally terminated by the client on 90 days' notice and many clients put their advertising and communications business up for competitive review from time to time. The ability to attract new clients and to retain existing clients may also in some cases be limited by clients' policies about conflicts of interest.
The Group receives a significant portion of its revenues from a limited number of large clients and the loss of these clients could adversely impact the Group's prospects, business, financial condition and results of operations.	A relatively small number of clients contribute a significant percentage of the Group's consolidated revenues. The Group's 10 largest clients accounted for almost 18% of revenues in the year ended 31 December 2009. Clients generally are able to reduce advertising and marketing spend or cancel projects on short notice. The loss of one or more of the Group's largest clients, if not replaced by new client accounts or an increase in business from existing clients, would adversely affect the Group's financial condition.
Corporate Responsibility	
Breaches of privacy and data protection rules could have an adverse impact on the Group.	Operating companies hold data on employees, clients and consumers, breaches of privacy and data protection rules could damage the Group's reputation and lead to disruption to the business and adversely affect the Group's financial condition.
Risk to the Group's reputation from undertaking controversial client work.	The Group's reputation could be damaged by undertaking controversial client work leading to disruption to the business and adversely affecting the Group's financial condition.
Economic	
The Group's businesses are subject to economic and political cycles. Many of the economies in which the Group operates have been under significant stress or in recession.	Reduction in client spending or postponing spending on the services offered by the Group or switching of client expenditure to non-traditional media and renegotiation of contract terms leading to reduced profitability and cashflow.
Financial	
Currency exchange rate fluctuations could adversely impact the Group's consolidated results.	The Company's reporting currency is pounds sterling. Given the Group's significant international operations, changes in exchange rates cause fluctuations in the Company's results when measured in pounds sterling.
Changes to the Group's debt issue ratings by the rating agencies Moody's Investor Services and Standard and Poor's Rating Service may affect the Group's access to debt capital.	The Company's long term debt is currently rated Baa3 and BBB by the rating agencies respectively and the Company's short term debt obligations P3 and A3 respectively. Standard and Poor's Rating Service has placed the Company's debt ratings on "negative outlook". If the Company's financial performance and outlook materially deteriorate, a ratings downgrade could occur and the interest rates and fees payable on certain of the Company's revolving credit facilities could be increased.
The Group may be unable to collect balances due from any client that files for bankruptcy or becomes insolvent.	The Group is generally paid in arrears for its services. Invoices are typically payable within 30 to 60 days. The Group commits to media and production purchases on behalf of some of its clients as principal or agent depending on the client and market circumstances. If a client is unable to pay sums due, media and production companies may look to the Group to pay such amounts to which it committed as an agent on behalf of those clients.

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Risk	Potential Impact
Mergers & Acquisitions	
The Group may be unsuccessful in evaluating material risks involved in completed and future acquisitions and may be unsuccessful in integrating any acquired operations with its existing businesses.	The Group regularly reviews potential acquisitions of businesses that are complementary to its operations and clients needs. If material risks are not identified prior to acquisition or the Group experiences difficulties in integrating an acquired business, it may not realise the expected benefits from such acquisition and the Group's financial condition could be adversely affected.
Goodwill and other acquired intangible assets recorded on the Group's balance sheet with respect to acquired companies may become impaired.	The Group has a significant amount of goodwill and other acquired intangible assets recorded on its balance sheet with respect to acquired companies. The Group annually tests the carrying value of goodwill for impairment. The estimates and assumptions about results of operations and cash flows made in connection with impairment testing could differ from future results of operations and cash flows. Future events could cause the Group to conclude that the asset values associated with a given operation have become impaired which could have a material impact on the Group's financial condition.
Operational	
The Group operates in 107 countries and is exposed to the risks of doing business internationally.	The Group's international operations are subject to exchange rate fluctuations, restrictions and/or taxation on repatriations of earnings, social, political and economic instability, conflicts of laws and interpretation of contracts.
People	
The Group's performance could be adversely affected if it were unable to attract and retain key talent or had inadequate talent management and succession planning for key management roles.	The Group is highly dependent on the talent, creative abilities and technical skills of our personnel as well as their relationships with clients. The Group is vulnerable to the loss of personnel to competitors and clients leading to disruption to the business.
Regulatory/Legal	
The Group may be subject to regulations restricting its activities.	Governments, government agencies and industry self-regulatory bodies from time to time adopt statutes and regulations that directly or indirectly affect the form, content and scheduling of advertising, public relations and public affairs and market research or otherwise limit the scope of the activities of the Group and its clients which could have a material adverse impact on our financial position. Changes in tax laws or their application may also adversely affect the Group's reported results.
The Group may be exposed to liabilities from allegations that certain of its clients' advertising claims may be false or misleading or that its clients' products may be defective.	The Group may be, or may be joined as a defendant in litigation brought against its clients in respect of services provided by the Group.
Civil liabilities or judgments against the Company or its directors or officers based on U.S. federal or state securities laws may not be enforceable in the U.S. or in England and Wales or in Jersey.	The Company is a public limited company incorporated under the laws of Jersey. Some of the Company's directors and officers reside outside of the United States. In addition, a substantial portion of the directly owned assets of the Company are located outside of the United States. As a result, it may be difficult or impossible for investors to effect service of process within the United States against the Company or its directors and officers or to enforce against them any of the judgments, including those obtained in original actions or in actions to enforce judgments of the U.S. courts, predicated upon the civil liability provisions of the federal or state securities laws of the United States.